

740.00119 Council/4-1547

*Memorandum of Conversation*⁶¹

TOP SECRET

[Moscow,] April 15, 1947.

Present: Secretary Marshall
Ambassador Smith
Mr. Bohlen
Generalissimo Stalin
Mr. Molotov
Ambassador Novikov
Mr. Pavlov

THE SECRETARY, after greeting Stalin, said that he had been very busy since he had been here, as Mr. Molotov could testify. He said he recalled with great interest their meeting at the Teheran Conference and their discussions concerning amphibious and cross-river operations.⁶²

STALIN interrupted to say, "Yes, the second front."

THE SECRETARY said he had anticipated more rapid progress through the CFM agenda, and that before this they would have reached the Austrian treaty which would have meant that the issues on Germany would have been clarified. He said that this was the reason for his delay in asking to see the Generalissimo, that he had not wanted to talk with him until he had some real subjects to discuss.

THE SECRETARY said he wished to tell Stalin that he was very concerned and somewhat depressed at the extent and depth of misunderstandings and differences which had been revealed at this conference. He said he intended to speak frankly with the Generalissimo, since that was the way he had been trained as a soldier and he was no diplomat. He had been out of the United States for more than a year, in China, but he had kept in touch with American public opinion and since his return in January he had had an opportunity to study the state of mind of the American people. He could say, therefore, that there had been a serious and steady deterioration in public

⁶¹ The conversation took place at the Kremlin, April 15, 1947, 10 p.m. to 11:30 p.m. This memorandum, and an early draft of it, filed separately under 711.61/4-1547, were presumably prepared by Mr. Bohlen. It was transmitted to Acting Secretary of State Acheson in telegram 1405, Kosmos 46, April 16, 1947, from Moscow, with the request that it be delivered to President Truman (711.61/4-1647). Additional details regarding the circumstances of this conversation are provided in the account in Walter Bedell Smith, *My Three Years in Moscow*, pp. 210-212.

⁶² For documentation on the American-British-Soviet Conference at Tehran, November 27-December 2, 1943, see *Foreign Relations, The Conferences at Cairo and Tehran, 1943*, pp. 459 ff.

regard toward the Soviet Union. This deterioration, he felt was one of the reasons of their difficulties and affected everything they did, not only at this conference, but in the future. At the end of the war no country had enjoyed such public esteem and even admiration in the United States, as the Soviet Union, because of what it had done in the war. Criticism could at that time be heard against Great Britain and against France, but that there was nothing but admiration for the Soviet Union. During the war there had been misunderstandings between the United States and the Soviet Union, but he was sure that history would show that these misunderstandings had been unjustified and that in general the cooperation during the war had been sound; at least that was his impression as Chief of Staff of the United States Army.

STALIN said that was correct and it had likewise been their impression. The war had brought them closer together and this was the reason why they had defeated a very powerful enemy.

THE SECRETARY continued that he had been deeply interested in a statement made by Mr. Molotov during the discussion of the lend lease question with General Smith.⁶³ Mr. Molotov was reported to have said that in the past few weeks there had been instances of an unfriendly attitude in the United States toward the Soviet Union and implied that this was one of the reasons for the delay in the lend lease question. The Secretary said he wished to state frankly that in his opinion the exact opposite was true. It was unfortunate that at the present time public opinion in the United States had come to lose its regard for the Soviet Union, largely if not entirely due, he thought, to the numerous acts on the part of the Soviet Union, or the failure of the Soviet Government to act. These matters had perhaps in themselves been relatively unimportant, but the sum total had created a most unfortunate impression, particularly among the section of the public who were informed on such matters. He said, for example, many communications had been sent to the Soviet Government with no answer being received and that this was a most unusual practice indulged in by only the Soviet Government and could not be regarded as a friendly or courteous attitude. General Smith had informed him that he had sent many communications concerning the establishment of an additional consulate in the Soviet Union, to which no reply had been received.⁶⁴ The people of the United States simply could not understand such behavior. He said it was his opinion that these practices of the Soviet Government had resulted in the loss of a great deal of good will towards the Soviet

⁶³ For documentation on the unsuccessful efforts of the United States to negotiate a lend lease settlement agreement with the Soviet Union during this year, see volume IV.

⁶⁴ Documentation on the exchanges under reference here is included in volume IV.

Union which he felt was unfortunate in view of the very great importance of Soviet-American relations.

As to lend lease, Mr. Marshall stated that the delay in reaching a settlement had a very bad effect on the United States Congress and on public opinion. The lend-lease arrangement with the Soviet Union had been the most generous of all and the United States was not asking for the return of payment for any war material, but was only seeking negotiations in respect of non-military material. We could not understand why the Soviet Union alone among our Allies had delayed a settlement. As to the merchant ships and others (since he understood there were some 40 war vessels) the law requires the return of these ships at the end of the war and that this requirement had been plainly stated to the Soviet Union. It was necessary for the United States Government to render an accounting of these vessels. Great Britain, for example, had concluded charters for all such ships and he understood they were paying the United States four million dollars a year for these charters, the payment for which had begun the day the war ended. He said the point he was trying to make was that all these practices unfortunately led to accusations and inevitable suspicion, so that as a result, when they came to the conference, everyone was so filled with suspicion and distrust as to make agreement virtually impossible.

In regard to the Conference, he wished to mention that Mr. Vyshinsky had told General Smith that we must understand that the U.S. attitude indicated that we intended to dismember Germany. He wished to assure Stalin that his Government did not have any such intention and, in fact, desired the exact opposite. The United States deeply desired economic unity. He was, however, seriously concerned at the idea of a centralized, and by that he meant dominant German Government which would control industry, education, finance and other matters. The United States felt that such a German government would constitute a real danger for the peace of the world. Mr. Marshall continued that Mr. Molotov had undoubtedly informed the Generalissimo of the lengthy discussions which they had had concerning the Potsdam Agreement and Mr. Molotov's statements that the United States and frequently Great Britain were departing from that agreement, while the Soviet Union was supporting it. Without going into the pros and cons of the matter, he wished to state that his opinion was exactly the opposite of that of Mr. Molotov, based on his understanding of a clear English text. He said this difference of opinion had already led them into a lengthy series of disputes, the most serious aspect of which he thought was that they were possibly giving rise to a situation where the German people might be able to profit from the dissension among the Allies. He repeated that the United States stood for a unified

Germany in an economic sense. The Secretary continued that for example, Mr. Molotov had charged that the British-American bi-zonal agreement was in violation of Potsdam. Mr. Marshall said he could not agree with this and felt that it was as plain as this table that the United States and Great Britain had been forced to take this action in defense of their own taxpayers, by reason of the failure to establish economic unity in Germany.

As to reparations, he must say that the statements which had been made on this subject had not contributed to an understanding. He had in mind the fact that he had reported to the Conference the amount of reparations which the United States had received from this zone,⁶⁵ which, as he recalled it, was between twenty and thirty million dollars, but Mr. Molotov had referred to ten billion dollars of reparations which the United States had received in the form of patents. He had submitted these figures in writing and signed them as Secretary of State of the United States and he expected such official statements to be believed and not disregarded. He added that so far no figures on reparations received had been submitted by the Soviet Government.

He said they had reached this afternoon an impasse on the demilitarization treaty and after today's meeting he had come to the conclusion that there was no desire here for such a treaty and would so inform the President. He stated that his government and he himself were entirely sincere in their desire to reach an agreement on the subject of economic unity and on a four-power treaty which would have a chance of practical and lasting execution and also to conclude an Austrian treaty so as to dispose of that question. He said that nothing could be farther from the thoughts of President Truman or himself than any desire or intention to deprive the Soviet Union of any of its legitimate rights. Reverting to the attitude of the United States toward the Soviet people, Marshall said that the United States had their form and concept of government and the Soviet Union another. There was no desire on the part of the United States to attempt to convert the Soviet people to our form of government. He said we are frankly determined to do what we can to assist those countries which are suffering from economic deterioration which, if unchecked, might lead to economic collapse and the consequent elimination of any chance of democratic survival. He said that it was our intention to help, insofar as we could, to restore the economy of such countries. The U.S. had no intention of dominating or trying to dominate any country in the world.

He said he would like to say a few words on China where, as the

⁶⁵ The reference here is presumably to the Statement by the United States Delegation on the reparations received by the United States, document CFM(47) (M) 63, March 25, 1947, the text of which is printed in *Germany 1947-1949*, pp. 372-373 or Department of State *Bulletin*, April 6, 1947, p. 609.

Generalissimo knows, he had spent over a year in a struggle between two concepts of government—one of which was the Communist and the other the National Government. He said the Communists were operating on a revolutionary basis with armed force and the National Government had many rotten elements in it. He said in the first months when he was there, the Communists had been more disposed to negotiation and compromise than the National Government and he felt that the first breakdown of the agreed truce was due more to the fault of the National Government than the Communist, but that subsequently events had gotten worse and both sides had committed impossible acts, until at last the United States had been forced to withdraw from any participation in this matter.⁶⁶

In conclusion the Secretary stated that it was his desire to rebuild the basis of cooperation which had existed during the war and that he had come to Generalissimo Stalin with that hope, feeling that if they cleared away some of the suspicion it would be a good beginning for the restoration of that understanding. He expressed his gratitude to Stalin for having allowed him to speak so long and so frankly.

STALIN said that Mr. Marshall was quite right, that only on the basis of frankness and sincerity could cooperation and friendship be developed. As to lend lease, he said that there was occasional sloppiness in the operation of the Soviet Government and that delays in replying to communications might arise from that. They were very busy here because they had suffered such great losses in the war and they were only learning every day how badly hurt they had been. This might be the reason for the delays. However, there was another side to the lend lease question, namely of credits which had been linked with lend lease. Two years ago Ambassador Harriman had asked them what credits they needed and what orders they were prepared to place in the United States. The Soviet Government had submitted a memorandum stating that they could use three to six billion dollars.⁶⁷ Two years had passed and no reply had been received and this possibly was due to sloppiness on the part of the United States Government. Concerning Germany, Stalin stated that whenever the Foreign Minister met they must take into account the agreements entered into by the three governments. Mr. Marshall knew how those agreements had been made—they had not been done by a majority vote or leaving anyone in the minority, but had been by unanimous decision and were therefore solid agreements. The CFM had no authorization to repeal

⁶⁶ For documentation on the beginning of the Marshall Mission to China during 1945, see *Foreign Relations*, 1945, vol. VII, pp. 745 ff. Documentation on the 1946 phase of the Mission is included in *ibid.*, 1946, vols. IX and X.

⁶⁷ For documentation on the conclusion of wartime assistance from the United States to the Soviet Union, the consideration of the request for long-term postwar credits, and the explanations given in replies to the Soviet Union on this subject, see *Foreign Relations*, 1945, vol. V, pp. 937 ff.

these agreements and could not do so. The Council of Foreign Ministers could only adhere to the agreements reached by the three powers since they were subordinate to their governments. It is possible, Stalin continued, that some of the three-power agreements had outlived their usefulness and they did not wish to cling to outmoded agreements. Such agreements should be revised but this could only be done by the three or four powers. This was the point of departure of the Soviet Government. As to the German government, Stalin stated that they were against a strong centralized German government and they no less, and perhaps even more than anyone, did not wish to see Germany rise again as an aggressive power. He said there was a decision of the three powers to establish central economic departments and then to proceed with a provisional government. He inquired what is the German government if it is to be vested with less authority than the *Laender* government—that would not be a German government. The German government must be higher than the *Laender* government but not an over-centralized German government which would aspire to the creation of a greater Germany. But this German government should stand above and not below the *Laender* government. This, however, was the formal aspect of the question and there was another. He said he had no pity, sympathy or love for the Germans, he had no reason to have such sentiments any more than Mr. Marshall had. They had suffered too much from the Germans for any such sentiments to be conceivable. Why then was the Soviet Government against dismemberment? He said he feared that the splitting of the German people meant danger for future peace. They must not repeat the same mistakes as Napoleon, who set up scattered German governments. Napoleon achieved only a tactical advantage from a temporarily weakened Germany, but subsequently his action had resulted in placing in the hands of German militarists the idea of reuniting Germany. Napoleon's action in effect gave birth to Bismarck and the Franco-Prussian war, and all the other consequences. He said that he was afraid of losing control of the instrument of German unity and handing it over to the militarists and chauvinists—that would only result in the birth of another Bismarck. If our views on this subject, Stalin continued, cannot be reconciled, there was a way out: let the German people decide through a plebiscite what they wished. If the German people wished the *Laender* governments to have all powers as Bevin suggested, then there would be no objection from the Russian side since the Germans would have to bear the responsibility.

On the subject of German unity, Stalin said that he stood like the British and Americans for economic unity; but he did not think it was feasible without political unity and a German government. For economic unity there must be a government which could adopt a budget,

legislation and a tax system, otherwise it would not be possible to achieve economic unity. Without some government it would remain on paper.

STALIN said that as to reparations the Russians were being refused the right to reparations since that is what the present position of the Allies meant in fact. Reparations would be restricted to what had already been removed from Germany. For the Soviet Union this meant a total of barely two billion dollars, including assets in Eastern Europe and some reparations from current production. This was insignificant and much too small. He felt the Allies were not inclined to let them have reparations since in view of the proposed increase in the level of industry there were to be no more removals and were to be no reparations from current production. At Yalta when they had suggested ten billion dollars, all the Americans, including President Roosevelt, Stettinius and Hopkins, had said they thought it was very small.⁶⁸ Mr. Bohlen must remember those conversations. Now, Stalin continued, there was apparently a different point of view and that was to take no more reparations than had already been taken. This the Soviet Union could not accept. Their people had been told the figure of ten billion. Over 20 years this would not be hard for the Germans. The United States and England might be willing to give up reparations; the Soviet Union could not. Their people who had suffered more than any other people would not agree, and while reparations might not be popular in the United States and England, ten billion dollars of reparations were very popular in the Soviet Union.

At this point Stalin said he wished to make a factual correction in his statement on credits. Ambassador Smith had brought the answer to the question of credits so that instead of two years delay it had only been one.⁶⁹

AMBASSADOR SMITH said that this delay had frankly been due to the mislaying of the original Soviet communication which had caused a great deal of comment in the American press; that there had been no intention to delay a reply.

STALIN replied that he did not believe there was any such intention as such tactics were not characteristic of United States policy; that the same could be said about the Soviet delays on lend lease since such tactics were likewise not characteristic of Soviet policy.

Turning to the Conference, Stalin stated that he did not think the situation was so tragic, and he was more optimistic than Mr. Marshall. After all, these were only the first skirmishes and brushes of reconnais-

⁶⁸ See *Foreign Relations*, The Conferences at Malta and Yalta, 1945, index, p. 1005, section on "Germany—Reparations".

⁶⁹ Concerning Ambassador Smith's first interview with Stalin on April 4, 1946, and his report of the subjects discussed, see telegram 1053 from Moscow on April 5, *Foreign Relations*, 1946, vol. VI, p. 732.

sance forces on this question. Differences had occurred before on other questions, and as a rule after people had exhausted themselves in dispute they then recognized the necessity of compromise. It is possible that no great success would be achieved at this session, but that should not cause anyone to be desperate. He thought that compromises were possible on all the main questions including demilitarization, political structure of Germany, reparations and economic unity. It was necessary to have patience and not become depressed. This, he said, after all was an extremely important problem directly affecting many other important questions, and that this was the first time that the Council of Foreign Ministers had considered these matters. He said that in this connection he wished Mr. Marshall to be convinced that the Russians will be frank and open in their dealings and that they considered it impermissible to turn the problem of Germany into any sort of a game or in any way to play up to or flirt with the Germans.

THE SECRETARY said that he very much appreciated the frankness of Generalissimo Stalin's statement and he would consider it carefully. He was encouraged by his last words and he only hoped that Generalissimo Stalin was right.

STALIN assured the Secretary that his closing remarks were correct.

THE SECRETARY then took his leave of Generalissimo Stalin at 11 : 30.

CFM Files : Lot M-88 : Box 60

Record of Decisions of the Council of Foreign Ministers, Thirtieth Meeting, Moscow, Aviation Industry House, April 16, 1947, 4 p. m.

SECRET

CFM (47) (M) 30th Meeting

PRESENT

FRANCE

M. Bidault (Chairman)
General Catroux
M. Couve de Murville
M. Alphand
M. Paris

U.S.A.

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

U.K.

Mr. Bevin
Sir Maurice Peterson
Sir William Strang
Lord Hood
Mr. Mack
General Robertson
General Winterton
Sir E. Hall-Patch

U.S.S.R.

M. Molotov
M. Vyshinski
M. Smirnov
M. Kiselev