DELEGATION OF THE UNITED STATES OF AMERICA

Council of Foreign Ministers
American Embassy, Moscow

March 24, 1947

Dear John, Clevy et al,

It is still too early to determine whether the conference will break up in an explosion, adjourn or get down to business. General Clay is trying to force a decision on the U.S. side, but this has not without result. He is proposing that the Council of Foreign Ministers direct the AHA to study reparations out of current production to see what the effects of various programs would be on the costs of making up the deficit in the German balance of payments to the British and the Americans (I don't see the reason for the amount the problem of sharing the deficit), and the availability of coal for export. Sam Cohen is suggesting a delay until the Soviet Union puts our concrete proposals, on the ground that to recommend a study, except possibly as a counter-proposal, would be to indicate that it is not likely to satisfy the Soviet Union at all. It seems to be the maximum position we could stand, however. This proposal has not yet been shown to Clay or to Dallek.

The Ruhr - The Times' article and editorial on the breach in the US rears on the subject of the Ruhr are accurate, and the letter excellent. I have been disturbed over the areas in which the Beale has been carried out. Clay and Draper claim that Germany will go communist shortly after any proposal to infringe on its sovereignty over the Ruhr is carried out; Dallek claims that France will go communist if the demands of the French for coal and the Ruhr are not met. Clay claims that he would be willing to agree to internationalization on a basis which would use in France, Belgium, Dutch coal and steel. Cohen is proposing as a compromise adding the Saar and Ruhr to the areas to be internationalized. All of this mind you, is not on the basis of the French proposals, but on that of our Departmental draft which provides for local exercise of sovereignty subject only to international supervision with limited rights of appeal to the German government and not to the (anti-German to be sure) Ruhr.

I would be happier if our conception of European politics were less timid than suggested either by Clay or Dallek. I wonder if we cannot now see that Communism in Europe has already ceased its post-war peak, and that Europe today, as in 1919 with the failure of Luxembourg and Liebknecht in
Berlin. Instead of being on the timid defence with respect to France and Germany, and particularly attempting to decide which we would defend if we have to make a choice, I should prefer that we adopt a policy of trying to unify all of Europe. In the Clay-Wallace-Cohen discussion, however, it was impossible for me to get the discussion off the existing basis. More on this later.

Coal. As you have doubtless gathered, we have been making some headway with General Draper on the coal question. I doubt, however, whether our coal will stick unless we can impress the Berlin people, who continue to feed him what we regard as phoney statistics. It is lucky that Katherine Kellogg is not here, for she would have long since been a candidate for a strait-jacket. I am having some difficulty in keeping George's safety valve in good working order.

One awkwardness is that the French do not have a decent coal expert here, which is very foolish of them. In their innocence, they accept propositions put forward in innocence by Draper and Robertson, but behind which lies a lot of guile as George thinks, or more likely in my view a complete Freudian identification of the Belgian area with German welfare. We have hammered hard the point that the French demands are in reality the demands of all of Europe, including the Greeks, Italy, Austria, France etc. which are equally with Germany on U.S. relief, and that it booms it little with incessant care to get Germany balanced and leave all our other step-children in need of support.

But the French have just come through with a paper of proposals which has to be worked into the synthetic on economic principles being enclosed. I shall have to halt this and get to work.

Mostly and sincerely yours,

Charles

PS. He has just come down from the Secretary's morning briefing (which I do not attend) to say that General Clay has suffered a resounding defeat on reparations from current production and that if we are required to expose a point of view today or shortly, it should be that put out in the Stuttgart speech.