

paid for at a fair price. Mr. Marshall announced on the same day that his country had so far taken in reparation only 275,000,000 dollars making, with the British figure, a total of less than £100 million. So the matter rests—for the time being. A paper designed to help German economy was tabled by Mr. Marshall on the 24th March when he advocated reducing the occupation forces to a minimum in progressive stages; the first review of troops to be in July of this year. The need for compensation for United Nations property affected by industrial removals was also raised, and Mr. Marshall enunciated the important principle that there ought to be no compensation for enterprises organised exclusively for war production. The French delegation tabled proposals for dealing with cartels. M. Molotov's contribution was to give a definite promise that the overdue demolition of damaged German warships would be completed by August 1947.

The German press and radio has given full coverage to reports of the Conference. The Socialist Unity Party (SED) press has rejected outright M. Bidault's proposal for organised emigration of Germans. *Berlin am Mittag* of the 17th March called it an attempt to revive Hitler's spurious theory of "ein Volk ohne Raum," but, surprisingly enough, the idea was welcomed by Pieck, a veteran leader of the Party. The American-licensed *Tagesspiegel* cautiously approved the plan if meant as a conciliatory gesture, but obviously feared that it might turn out to be a scheme for concealed deportation. The British-licensed paper *Telegraf* saw in it chiefly a welcome fillip to the morale of the refugees. The French Government now wish the subject to be discussed at a conference before July 1947. Apart from comments on reparations and figures for prisoners-of-war in the Soviet Union the other main Moscow news interesting the German press and radio were the proposals on the structure of German Government. That some members of the SED were disconcerted by M. Molotov's proposal for a bi-cameral Parliament was shown by Berlin Radio on the 24th March. The commentator objected, if only on the ground that the second Chamber would not be elected in the usual parliamentary way. However, forced into conciliation, he stated that if this proposal was likely to provide a basis for agreement, all such objections would have to recede into the background. He still insisted that a second Chamber would only serve a purpose

if designed to promote German unity, and provided that it did not become the first Chamber. Clearly recognizing that M. Molotov had left the question of centralism or federalism completely in the air, the commentator declined to accept Mr. Marshall's view that there might only be a difference of interpretation between the proposals of the Soviet Union and the United States. Mr. Bevin's proposals were given prominence by all sections of the Berlin press. Soviet-controlled organs reacted cautiously, although they opposed any attempt to put the clock back by giving the *Laender* as much independence as in the pre-Weimar period. Comment may have been restrained by Mr. Bevin's insistence that the German people should be fully associated in drafting a constitution.

The Eastern Zone still appears to present the most solid front in its clamour for German unity, whereas discordant voices are raised from the Western Zones on many subjects. Bavaria in particular is a thorn in the flesh of German unionists. Yet it is evident that in the West a consensus of opinion on the structure of Germany now has some hope of forming. A fortnight ago it was recorded that the SPD made proposals for a united but decentralised system of Government which seemed to draw nearer to the views of His Majesty's Government. The Rhineland-Westphalian Diet has unanimously approved a federal system. Now the Christian Democrats all over Germany have agreed that there should be a federal structure, in which a second Chamber representing the *Laender* should have equal rights with the Chamber elected on a nation-wide basis. This goes further than the SPD would wish, since presumably the *Laender* have the right of absolute veto on all matters, whereas even under Mr. Bevin's scheme the *Laender* would be limited to a suspensory veto except on constitutional matters. The Left wing of the Christian Democrats, however, is likely to support a system giving less power to the *Laender*. Another important point is that, although the Social Democrats were forced to refuse the Christian Democrats' invitation for four-party meetings, because it would have meant sitting down with the Socialist Unity Party, the Christian Democrats, and Social Democrats, together presumably holding the allegiance of 80% of the German electorate, are conferring on possibilities of further cooperation in representing Germany's interests.

The Germans are not alone in these activities. The Soviet Authorities have

been making active preparations for some months past in order to take the initiative if the opportunity arises for setting up a Central German Government. The first step might be the establishment of a number of Central German Administrations under Allied Control. In either case the Russians would wish to be first in the field in proposing candidates suited to themselves, but not necessarily all stamped as followers of the Socialist Unity Party. Such candidates are now being sought. Foremost among those reported to have been selected for a post in the Central Government, presumably for that of Foreign Minister, is Herr Nadolny. His name has already been mentioned in this connection by the press of the Western Zones. Nadolny was Ambassador to Russia for some months after September 1933, but retired in June 1934. He was a strong advocate of Russo-German understanding. He had represented Germany for a time at the Disarmament Conference in Geneva, when Germany demanded equality of status. He is believed to be a strong nationalist of the traditional type, whose views are unlikely to be wholly palatable even to Russia. Other possible candidates are Otto Grotewohl, the Socialist Unity Party leader, and less probably Karl Germer of a Berlin SPD opposition group.

Whatever the activities of politicians the ordinary population throughout Germany is infected with bitterness and depression. In the Soviet Zone the population lives under a cloud of uncertainty. The Soviet Authorities have now stated that the arrested Berlin students were charged with secret fascist activities. Two more arrests were reported on the 28th March. In the Soviet Zone proper the deportation of prisoners to Russia has increased in recent weeks, many of the prisoners being members of the Intelligentsia who were not deeply involved with Nazism. German apprehensions were described by a Social Democratic Speaker in Berlin City Council on the 27th March, when she said that "the shadow of the régime whose . . . illegal methods left everybody in doubt at what a sudden ring at the door might portend still hangs over us." Inhabitants of the U.S. Zone, although probably less hopeless, live in an atmosphere darkened with corruption and intrigue. In the French Zone there is apathy engendered by food shortages and the heavy drain of exports. The British Zone is probably the most

marked by bitterness. One day strikes and other demonstrations have occurred in Ruhr towns. During a mass food demonstration of 30,000 people in Duesseldorf on the 28th March, unruly elements smashed windows of British offices and overturned into a lake a *Volkswagen* in the British service. An orderly demonstration in Dortmund the following day demanded the resignation of Dr. Schlange-Schoeninger, the head of the food administration in the Zone (all internal food distribution is in German hands). Every effort is being made to increase supplies in an area which has been living from hand-to-mouth since last May and is further hampered by mismanagement by German authorities. The Regional Commissioner supported the German view that the demonstrations were not directed against Military Government but in order to call attention to the food situation. Dr. Schumacher has called on the people to show discipline or perish and declared that Germans, particularly farmers, were to blame for past failures, as well as the Occupying Powers. The first serious example of non-co-operative policy has come from Essen where the Town Council is refusing to evacuate accommodation required owing to re-distribution of occupying forces. In such conditions the people will be particularly open to inflammatory election speeches preceding the poll for State Assemblies on the 20th April. Adenauer (CDU) spoke on the 23rd March against transferring industries from the dangerous hands of private monopolists to the equally dangerous clutches of the State rather than of less centralised bodies. He asked, however, for an all-party truce on those questions in which the German people should show a united front in their dealings with the Allies. He spoke disparagingly of the Moscow Conference where the German people was "merely one of the pawns being pushed here and there" as the interests of the Powers demanded. He added a salutary reminder, however, that "nothing good for us can come out of differences between the Allies."

#### AUSTRIA

The Council of Foreign Ministers, acting on the proposal made by Mr. Marshall in his memorandum of the 21st March, have held two further meetings in an attempt to resolve the deadlock reached by the Deputies on certain of the economic clauses