

### III. Europe

#### The German Settlement

As a result of continuing Soviet intransigence, the prospects of restoring Four-Power control, or of reaching a general settlement for Germany as a whole, have become even more remote. In the Eastern Zone the powers of the "government" are still ill-defined, and although much has been made of its alleged independence, the Soviet Control Commission appears to have exercised strict supervision over its activities. At the same time a number of measures have been taken to absorb Eastern Germany more completely into the Soviet orbit. In the Western Zones the trend has been for the Occupying Powers to transfer to the Federal Government an increasing measure of control over its own affairs and, at the same time, to encourage the closer association of Western Germany with the democratic community of Western Europe.

Thus the division of Germany has been further accentuated by the pursuit of independent and divergent policies in the two parts of the country. The fact that on November 3, 1950 the Soviet Union extended an invitation to the three Western Powers to discuss a settlement for Germany as a whole has not altered the fact that the former Reich is still further from re-unification. The Soviet offer was based on the decisions of the Prague Conference of the Soviet Union and its satellites, held in October, calling primarily for the creation of an all-German constituent assembly with equal representation from East and West, a peace treaty for Germany as a whole, and the withdrawal of occupation forces within one year of its conclusion. The offer appeared to be a further attempt to solve German problems on terms dictated by the Soviet Union. It contained nothing new which might serve as a basis for promising negotiations, nor could it be regarded as a notable step towards a solution of the German problem.

To a large extent Germany holds the key to the re-establishment of normal conditions throughout Europe. Developments in the four Zones of Occupation have therefore been of particular interest for Canada, not only because German ambitions in the past have drawn this country into two world wars, but also as our future is even more closely linked with that of Western Europe as a result of our participation in the North Atlantic Treaty Organization. Through reports received from our Missions in Bonn and Berlin the Department has followed with close attention all phases of events in Germany which may have some bearing on Canadian security. Special and continuing study has been given to the political and economic scene in the country as a whole, and to the measures taken to preserve the internal and external security of the Federal Republic in the face of the increasing threat from a re-militarizing Eastern Germany.