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Author(s): Edward S. Mason
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REFLECTIONS ON THE MOSCOW CONFERENCE

EDWARD S. MASON

It is a mistake to underestimate the extent and the significance of the failure at Moscow. With respect to Germany the conference ended with the participants further apart than they had been at Potsdam. Nor can a modicum of comfort be salvaged by asserting that Moscow achieved a clearer understanding of the aims and ambitions of the four powers now occupying Germany. While the discussion contributed something in detail to a clarification of points of agreement and disagreement, on major issues the initial positions of the participants were known before the conference assembled. And at Moscow no power receded from its initial position on any major issue. The pertinent question is, why did the Moscow conference fail?

There are two possible answers to this question, in both of which some truth is, probably, to be found. The first runs in terms of what has come to be standard negotiating technique at meetings of the Conference of Foreign Ministers. Following the practice favored by Soviet negotiators, no country is willing to make a concession until convinced by protracted and exhausting debate that the positions of others are firm. If one accepts this interpretation a certain measure of optimism is possible even after Moscow. One can refer to the experience of the satellite treaties in the negotiation of which the powers came to final agreement only after some fifteen months of what seemed at times hopeless disagreement.[1] If it took four meetings of the Council of Foreign Ministers to obtain agreement on the much less difficult questions involved in the satellite treaties, it can be argued that to write off the possibility of agreement on Germany after only one meeting is, at least, premature.

A certain measure of support for this view may be gleaned from the interview of ex-Governor Stassen with Stalin in which, according to the Stassen report, Stalin appeared confident that divergent views could be successfully compromised. Secretary Marshall, in his address following the

DR. EDWARD S. MASON, Dean of the Graduate School of Public Administration at Harvard University, was recently appointed to the President's National Inventory Committee, created to study United States resources available for economic assistance to foreign countries. While he attended the Moscow meeting of the Council of Foreign Ministers as an adviser to Secretary of State George C. Marshall, the views here expressed are strictly his own and not necessarily those of the United States Government.

[1] *Cf.* a recent article in this journal by Philip E. Mosely, "Peace-Making, 1946," *International Organization*, I, p. 22.

Moscow conference, also referred to the Generalissimo's view, as expressed in an interview with him:

> "He said with reference to the Conference, that these were only the first skirmishes and brushes of reconnaisance forces on this question. Differences had occurred in the past on other questions, and as a rule, after people had exhausted themselves in dispute, they then recognized the necessity of compromise. It was possible that no great success would be achieved at this session, but 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 pessimistic." [2]

Secretary Marshall's comment, "I sincerely hope that the Generalissimo is correct in the view he expressed and that it imples a greater spirit of cooperation by the Soviet delegation in future conferences," may, however, be interpreted to indicate that he regards Stalin's prediction somewhat dyspeptically.

The other possible interpretation of failure at Moscow leaves no ground for optimism. According to this interpretation Moscow represents, in a sense, the culmination of a trend away from Yalta; away from the position held, at least by American representatives at Yalta, that a sufficient community of interest existed between east and west to permit agreement on certain basic principles of international organization, and toward the position that such a community of interest is lacking. The London *Economist* advances this view in its usual pithy fashion. Moscow "ended the phase of post-war history in which the victors clung to the belief that they could work out agreed policies. . . . Willy-nilly, world politics moves back towards the balance of power, and issues now tend to be determined by the relative strength or influence of the two groups." [3]

It would be a mistake to draw too sharp a distinction between what the *Economist* calls "agreed policies" and "balance of power" politics. Even at Yalta, which represented the high point of western optimism, there was no disposition to deny the strength or relevance of power relationships. Both Britain and the United States were willing to concede a priority of Soviet interest in eastern Europe though they hoped for — and thought they had attained — Soviet agreement to tripartite action in the establishment of popular governments. On the other hand balance of power considerations do not preclude "agreed policies" if the balance is relatively stable.

However, although sensible devotees of international organization do not overlook the importance of power relationships, there *is* a difference — and a large one — between the conception of European order envisaged

[2] Department of State, *Bulletin*, May 11, 1947, p. 924.

[3] "Great Britain Finished," *The Economist* May 10, 1947.

by the west at Yalta, and the realities apparently revealed at Moscow. The policy of agreement is practical only on the basis of the reconstruction in Europe of a number of independent states free of dominance from either east or west. A Soviet area of influence in eastern Europe is not precluded by this policy, but the influence must be exercised within limits established by mutual agreement and changed only with mutual consent. Obviously the same considerations apply to British and American influence in western and southern Europe. With respect to Germany, the crux of the European settlement, what the policy of agreement implies, is a united and independent Germany eventually free of domination by either east or west.

Secretary Byrnes, in his Stuttgart speech of September, 1946,[4] spoke of a Germany which was to be neither "a pawn or a partner." The principal basis, in fact, for the American view that a united Germany is necessary to the policy of agreement in Europe is the realization that the separate parts of a partitioned Germany must inevitably drift into the orbit of neighboring great powers.

Moscow made absolutely no progress toward economic or political unification in Germany. Taken in conjunction with Soviet actions in eastern Europe, of which the démarche in Hungary is only the latest, a strong case can be made for the view that failure at Moscow was not merely, or importantly, the result of negotiating difficulties but the culmination of a trend away from Yalta toward quite a different conception of international organization.[5]

Even if this second view is accepted it does not follow that agreement becomes, in the course of time, impossible. What does follow, however, is that agreement will be produced not by the process of negotiation but by the course of events. If the course of events favors the spread of Soviet influence in Europe agreement may still be possible, but on quite different terms from those envisaged at Yalta or even at Potsdam. The same thing might be said for developments that favored the growth of western influence in Europe. It is even conceivable that the course of events will on balance favor neither east nor west and that agreement may be achieved at some future date on the basis of something like the present alignment of forces in Europe. The point is that if one accepts the second interpretation of failure at Moscow, he will not expect agreement to be achieved by the mere process of negotiation. Nor will he view with favor the possibility that, by appropriate concessions, the process of negotiation may be facilitated.

. . . . . .

The Moscow Conference was the first meeting of the Council of For-

[4] For text of this speech see Department of State, *Bulletin*, XV, p. 496.

[5] The recent failure in Paris of the Three Power Conference adds strong support to this interpretation.

eign Ministers devoted to Germany. Two previous meetings of Heads of State, however, had been concerned with the problem of Germany: Yalta in January, 1945, and Potsdam in July and August, 1945. Reference to these previous meetings by participants at Moscow was in itself interesting and characteristic. The Soviet delegation never referred to Potsdam without coupling it with Yalta. The British and American delegations avoided mention of Yalta as they would avoid the plague. With Gallic irony M. Bidault observed that the principal defect both of Yalta and of Potsdam was the absence of France.

The Soviet predilection for Yalta stems, of course, from the reparations decisions of the Crimean conference made public for the first time by Molotov at Moscow. President Roosevelt agreed at Yalta to accept the Soviet figure of 20 billion dollars reparations as a *basis of study* and also agreed to direct the Reparations Commission there established to consider as possible sources of reparations, capital removals, current output and various services including labor services. The British delegation refused to commit itself on the proposed figure even as a basis for study.

Although the British were uncommitted and the United States agreed only to study the question, the Soviet delegation at Moscow chose to interpret the Yalta protocol as meaning that the three powers had agreed that 20 billion in reparations was the proper sum for Germany to pay. It also chose to interpret the Potsdam agreement as confirming the Yalta decisions, quoting in support the preamble to the fourth section of the Joint Report released at Potsdam which reads as follows:

> "In accordance with the Crimea decision that Germany be compelled to compensate to the greatest extent for the loss and suffering that she has caused to the United Nations and for which the German people cannot escape responsibility, the following agreement on reparations was reached: . . ."

The British and American representatives at Moscow considered the Soviet contention to be wholly untenable. Not only was the agreement at Yalta merely an agreement to study the problem but even this arrangement had been superseded. At Potsdam the Soviet government had again put forward its reparations claims in the Economic Committee and these claims had been debated and rejected in favor of a reparations program limited to capital removals. These capital removals furthermore were designed to leave Germany with productive capacity just sufficient to maintain a minimum standard of living without provision for reparations payments. Finally the Potsdam protocol provided that the proceeds from German exports should be used in the first place to pay for imports necessary to the maintenance of the German standard of living. Only after such payment had been provided might German export capacity be considered to be available for reparations deliveries. But if capital removals con-

formed to the Potsdam agreement, German export capacity would be sufficient only to permit payment for necessary imports. Although Potsdam made no reference to reparations from current output, such reparations, by the logic of Potsdam, were excluded.

It will be worth while examining the reparations debate at Moscow somewhat further since this was the principal economic issue discussed at the conference. Maximum reparation is, in fact, one of the two principal, but somewhat incompatible, Soviet aims in Germany. The other, of course, is political control. Since political control in the German context will mainly be brought about, if at all, by the rise to power of indigenous political forces favorable to the Soviet Union, and since large reparations claims are not very encouraging to these forces, the Soviet delegation at Moscow was in somewhat of a dilemma. It made political capital on the one hand by espousing positions favorable to at least a large fraction of the German people, but, on the other hand, inevitably lost political capital through its reparations demands.

As we have seen, the formal side of the reparations debate at Moscow turned around the status of the 20 billion reparations figure advanced at Yalta, of which the Soviet government was to receive half. In combating this figure the British and American delegations argued mainly from the text of Potsdam.

It is fashionable these days in certain circles to condemn the Potsdam agreement as one of the most senseless and vicious international arrangements ever concluded. The opinion of the writer is wholly contrary to this view. If the Potsdam agreement could be effectively implemented, economic recovery in Germany and in Europe and the peace of the world would be more effectively served than they are likely to be under any practicable alternative. This is not to argue that the Potsdam agreement was an ideal settlement; in fact, it was a confused and vindictive settlement. But, on paper at least, it did accomplish two things: the treatment of Germany as an economic unit, and a limitation, in amount and in time, of reparations claims. If the Moscow conference had succeeded in implementing these provisions of Potsdam it would have been a magnificent achievement.

Both the United States and the United Kingdom stood ready at Moscow to put into effect the reparations decisions of Potsdam, on condition that the Soviet government was prepared to treat Germany as an economic unit. The Soviet delegation, however, not only reiterated her Yalta reparations claims but announced that the Soviet government made the satisfaction of these claims an absolute condition to agreement on other matters concerning Germany.

Faced with this impasse the United States delegation offered a limited concession. To understand the nature of this concession and the economic

issues involved it is necessary to refer to the level-of-industry agreement of March, 1946, which was a determination by the four occupying Powers of the output and industrial capacity to be permitted Germany under the provisions of Potsdam. This agreement had been subject to certain conditions among which were the following: that the actual population of Germany would turn out to be approximately equal to the estimate of March, 1946, and that the territory of Germany would be the territory recognized as German at Potsdam.

By the time of the Moscow conference, however, it was clear that the German population was, in fact, some four million larger than the estimate. To provide for this population additional productive resources would have to be left to Germany. The United States and the United Kingdom had, furthermore, agreed to the detachment of the Saar territory in favor of France. Since the resources of this territory would thereby be withdrawn from Germany some revision of capacity to be left would have to be undertaken.

Implicit in the level-of-industry agreement, moreover, was the principle that if subsequent investigation should make it clear that the production facilities to be left to Germany were inadequate to support the permitted standard of living, the level-of-industry figures would have to be revised. By the time of the Moscow conference it had become abundantly clear that there were serious inconsistencies in the level-of-industry plan. For example, the planned allowance of electric generation capacity was inadequate; permitted heavy chemicals capacity was too low, as was the permitted capacity for iron and steel.

Correction of the level-of-industry agreement to take account of population and territorial differences and inconsistencies in planned industrial outputs required a substantial upward revision of the capacity of German industry. Such a revision was necessary to attain the objectives envisioned at Potsdam. American officials, moreover, had at the time of the Moscow conference come to the conclusion that if Germany were to make a contribution to economic recovery in Europe she would have to be allowed to produce at a rate substantially above that envisioned at Potsdam. They were, therefore, anxious to see an upward revision of the level-of-industry agreement not only sufficient to bring output in line with the Potsdam objectives but to contribute, through normal foreign trade channels, to the economic recovery of Europe.

Since an upward revision would reduce the plant and equipment available for reparations transfers, the United States proposed to compensate prospective reparations recipients by commuting the value of capital equipment which would have been available for reparations transfer but which, by reason of an upward revision of capacity permitted to Ger-

many, was no longer available, into reparations from current output.[6] At the same time the United States was anxious to hold, so far as possible, to the Potsdam limitation on the volume and value of reparation transfers.

The American proposal departed from Potsdam, however, in two respects. The permitted level of German industry was to be raised to an extent more than sufficient to produce the Potsdam standard of living. The economic recovery of Germany was considered to be necessary to the economic recovery of Europe. Secondly, reparations from current output were to be substituted for capital transfers with no diminution in the value of reparations deliveries below that contemplated in the level-of-industry agreement.

This proposal was never seriously discussed at Moscow. Apart from a press conference statement by Vishinsky that the Soviet delegation welcomed the recognition by the United States of the validity of the principle of reparations from current output, it met with no response.

At Potsdam the signatory powers agreed to the treatment of Germany as an economic unit and to a reparations program limited to a removal of capital equipment. At Moscow the Soviet Government in effect repudiated Potsdam and took the position that the treatment of Germany as an economic unit was conditioned on the acceptance by the other powers of a quite different reparations program.

There can be little doubt that *if* the treatment of Germany as an economic unit were to be followed in the course of time by the emergence of a politically united Germany, economically self-supporting and subservient neither to east nor west, a Germany from which occupation forces could be withdrawn to be replaced by a system of inspection and controls of the sort proposed in the American twenty-five year treaty, the result would be worth large concessions. As emphasized earlier in this paper the success of a policy of agreement is dependent, among other things, on the reconstruction in Europe of a series of independent states dominated neither by east nor west. The most important of these states is Germany.

The alternative to an independent Germany is a partitioned Germany. For the United States this means not only a much more serious economic problem, *i.e.*, the reconstruction of a self-supporting western Germany, but it means the maintenance of troops in western Germany for an in-

[6] This proposal was, however, subject to a number of qualifications designed, among other objectives, to postpone the meeting of a reparations obligation until Germany was, in fact, self-supporting. *Cf.* Statement by the U. S. Delegation, April 3, 1947: "Any plan for providing such compensation must not increase the cost of occupation, retard the payment of allied advances to Germany, retard the establishment of a self-supporting Germany, nor could it be permitted to prevent the equitable distribution of coal and other raw material in short supply among the countries dependent upon these resources. It could not become operative until economic and political unity as well as the other related objectives have been attained."

definite period of time. Furthermore the longer Germany remains partitioned the more difficult does eventual union become. Certainly the partition of Germany is not a solution to be faced lightly.

It is nevertheless a solution that will have to be faced unless there is good reason to believe that an independent Germany free of foreign dominance can be brought into being at the expense of concessions that are not excessive. It is much easier to estimate the probable cost of the concessions that would have to be made to secure Russian agreement than it is to estimate whether the kind of agreement which would thereby be secured would lead to the emergence of a Germany unsubservient to Russian influence. The answer to the latter question depends not only on Soviet policy and behavior in Germany but on the trend of local political development. It may be taken for granted that, if this trend led to the victory in Germany of the Communist Party or of communist dominated parties, a government subservient to Soviet influence would exist in fact, whether or not it had been brought to power by Soviet intervention in Germany.

This possibility illustrates the dilemma confronting United States policy not only in Germany but elsewhere in Europe. In holding Soviet penetration within the limits required for the functioning of democratic forces, is it necessary to pursue a deliberately anti-communist policy? While there is no doubt that local communist parties throughout Europe and the world follow closely a line established in Moscow, there can also be little doubt that they represent one segment of a socialist revolutionary movement indigenous to the countries in which these parties are domiciled. It is one thing to oppose Soviet penetration in central and western Europe, but quite another thing to attempt to sweep back local political forces which are determinedly on the march. Yet, in dealing with parties which represent not only domestic revolutionary forces but the foreign policy of the Soviet government it is difficult to grapple with the one without grappling with the other.

Despite the difficulty there appears to be only one practicable course of action and that is the course we have been following in Germany. Both in the American zone and in the Reich we are committed to a policy of holding the ring within which the struggle of local political parties, including the Communist Party, takes place. In a united Germany this admits of the possibility that the Communist Party or a communist-dominated group of parties might come to power by democratic means. This, however, is a danger that will have to be risked. The alternative, which lies in the direction of suppression of communist political activity in our zone and the construction and support of an anti-communist party or group of parties, is a game the United States is simply not equipped to play.

What the United States can do in its own zone, and what it can require

for Germany as a whole as a condition of unification, is to assure freedom of action for all political parties and the maintenance of civil liberties for all citizens. Assuming that the reparations question was settled in its favor, would the Soviet government agree to a political solution in Germany along liberal democratic lines? It is difficult from the discussion at Moscow to derive a clear-cut answer to this question. The Soviet delegation opposed certain of the conditions necessary to this solution but it is quite possible that a large concession of reparations from current output might have brought about their agreement.

The Soviet representatives, for example, wished to limit the freedom of movement of personnel between the zones in ways which would have been quite incompatible with a liberal democratic organization of Germany. On the other hand, they were willing to see written into the all-German constitution and the *Land* constitutions "the democratic freedoms, including freedom of speech and press, religious worship, assembly and association."

The Soviet delegation continued to insist in various ways on the *de facto* maintenance of the veto power of zone commanders over policies of the central administrative agencies. Such a power would be, of course, quite incompatible with the treatment of Germany as an economic unit. However, it is possible that the Soviet government would yield this point granted a favorable settlement of the reparations question.

With respect to the structure of a provisional German government, important differences arose in Moscow concerning both the composition of such a government and its powers. In general the Soviet delegation argued that central German governing bodies should be composed not only of duly elected representatives but should include "representatives of free trade unions and other anti-Nazi organizations." We may assume that "anti-Nazi" is to be interpreted as meaning "pro-communist."

While the United States, the United Kingdom and the French delegations favored a central government of limited powers with residual powers belonging to the *Länder*, the Soviet delegation argued for more power for the central government and made a good deal of political capital in Germany by defending the rights of Germans to determine such questions for themselves. A similar question arose in connection with the structure of trade unions. The French wanted to limit unions to the area of the *Land*. The United States and the United Kingdom favored national unions but the United States, in particular, fearful of communist domination of a centralized trade union movement, favored the financial and organizational autonomy of the individual unions. The Russians again took the position, popular in Germany, that this was a matter for the Germans themselves to work out.

These are but a few of the numerous disagreements on issues concerning

the political structure of Germany that were discussed at Moscow. Returning to the question whether, granted a reparations determination favorable to the Soviet Union, these differences could be reconciled in ways consistent with a liberal democratic regime in Germany, the author's answer would be a qualified "yes." It would have to be recognized, however, that the distance between a paper agreement and the effective implementation of such an agreement is considerable. As evidence for this statement one has only to look to the Potsdam experience.

It should be taken for granted that even if agreement were reached on all questions concerning the short- and long-run political structure of Germany formidable difficulties would be faced in putting this agreement into effect. In part these difficulties would arise from the great divergencies in the development of the various zones in Germany since the end of the war; in part they would result from the very great negotiating difficulties which adhere to any four-power administration, particularly when one of those powers is the Soviet Union. It should also be taken for granted that agreement on the principles of a liberal democratic regime in Germany would not prevent the Russians, through all the clandestine and undercover channels known to them, from working for the political victory of their friends in Germany. No doubt the other three powers would attempt to do the same thing, but, if experience is any teacher, much less effectively.

If the author is correct in his estimate of the situation, agreement could probably be reached with the Soviet Union on questions concerning the political structure of Germany, subject to the limitations mentioned above, if Soviet demands for reparations were satisfied. It would be well to recognize, however, that a reparations settlement involves more than a mere agreement to divert a certain proportion of German resources to production for reparations account. It also involves agreement on the sharing of the German foreign trade deficit, the covering of occupation costs, and the treatment of Soviet property acquisitions in Germany.

Since the beginning of the occupation of Germany, the United States and the United Kingdom have been forced, in order to prevent starvation in their zones, to import substantially more than German exports from these zones could pay for. The excess of imports over exports for the two zones is currently running at the rate of about 700 million dollars per year. The Soviet delegation made it very clear at Moscow that past deficits were no concern of theirs and, as for the future, there should be no deficits. How such deficits are to be avoided, however, is not immediately obvious. Under the most optomistic assumptions British and American experts do not, even with unification, foresee a balancing of German exports and imports before the year 1950.

As to occupation costs, the Russian, and to a smaller extent the French,

forces live mainly off the land while British and American occupation troops depend to a very small extent on German production. A reparations settlement would clearly necessitate fairly stringent limitations on the amount of German production allocated to the support of occupation forces. It is probable, however, that a solution to this question could be found without much difficulty.

Much more serious is the question of Soviet acquisition of property in Germany. To date the Soviet government has taken title to some 200 of the best industrial facilities in its zone in Germany. Neither extraterritoriality rights nor ownership by a foreign power of so large a bloc of industrial property can be countenanced in a Germany which is expected to be independent of foreign dominance. It is, moreover, directly contrary to the Potsdam agreement which provided that plants available on reparations account should either be removed from Germany or destroyed.

Assuming, however, that all these issues were satisfactorily settled there remains the question of reparations from current output. Concerning this question it must be said that 1) there seems to be no way of collecting reparations from current output except at the expense of the United States; 2) the division of German output between reparations and other purposes is likely to prove a continual source of disagreement among the occupying powers; and 3) in case of German default the possibility is raised of unilateral action by one of the powers which may jeopardize whatever settlement may be achieved in Germany.

At the present time, it has been pointed out, the excess of imports into the British and American zones above exports from the zones is running at approximately 700 million dollars per annum. The Soviet and French zones have yielded an excess of exports but only at the expense of exhaustion of stocks of materials and serious depreciation of equipment. If the four zones were put together the immediate effect would probably be to increase the trade deficit since these zones would have to be restocked. Over a longer period, however, German output and export capacity would certainly benefit from the unification of Germany.

A program of reparations from current output would, moreover, inevitably increase the trade deficit in other ways and postpone the attainment of an import-export balance. Such a program would require additional quantities of imported raw materials on the one hand and, on the other, would hamper the sale of German commercial exports. The reparations recipients would normally be Germany's chief customers. However, they certainly would prefer to receive Germany's exports free as reparations rather than purchase them at commercial prices, which would yield foreign exchange to pay for necessary imports. Consequently reparations from current output could not fail to increase the magnitude of the Ger-

man trade deficit and to postpone the attainment of trade balance.

But who would pay for this deficit? Both France and Russia indicated clearly at Moscow that they had no intention of sharing a German trade deficit. Britain currently shares the export deficit for the bi-zonal area. But, in so far as this deficit has to be met in dollars, which is largely the case, it is indirectly financed by American loans to the United Kingdom. The conclusion is inescapable that any action, such as a program of reparations from current output, that would increase the size of the German trade deficit, would inevitably be at the expense of the United States.

To secure a settlement in Germany conducive to the peace of Europe and of the world, however, would be worth substantial sacrifices by the United States. Unfortunately a program of reparations from current output involves other than purely monetary costs. The administration of a program of reparations from current output would have to be the responsibility either of the occupation authorities or of a German government still to be established. The difficulties of four-power administration in Germany have been adequately revealed in matters much less complex than the management of a reparations program. It seems more than likely that such a program would lead to continual friction among the occupying powers. Nor would these difficulties be removed by placing responsibility on a German government. The experience after the last war indicated that there are innumerable ways by which a German government can sabotage a reparations program. How would this difficulty, if it arose, be handled? There appear to be clear and unbridgeable differences between the courses of action toward a recalcitrant government and its population deemed appropriate by the Soviet government and those courses of action which would appear appropriate to the western powers. It may therefore be surmised that however a program of reparations from current output is devised the administration of such a program, which, of necessity, must extend over several years, would probably be a constant source of disagreement among the occupying powers.

Finally it should not be overlooked that the imposition of a substantial and continuing reparations obligation would be likely to create on the part of the reparations recipients, or, at least, some of them, a disposition to take unilateral action against Germany in case of default. We have only to look at the French occupation of the Ruhr in 1923 to realize the possible occasion and consequences of such unilateral action. Unless we are willing to undertake, along with a reparations program, the maintenance of occupation troops on a four-power basis in Germany until the program has been fulfilled, the possibility of a unilateral re-occupation of Germany must be recognized.

Reflection on these considerations leads the author to the view that *if* it is deemed wise to purchase agreement on a German settlement by con-

cessions which increase American expenditures it would probably be better to make these expenditures directly, in the form of a loan or a grant, than indirectly by way of a program of reparations from current output.

This paper has paid what may appear to be undue attention to the reparations problem largely because of the author's opinion that, at the next meeting of the Council of Foreign Ministers in November, if in fact the meeting is held, this will be the main question facing American negotiators in their search for a German settlement. How sizeable a concession would have to be made to secure agreement, what the nature of that agreement would be, and how firmly such an agreement should be implemented, are questions that will be answered differently depending on one's view of the current status of great power relationships as revealed at Moscow and since. If failure at Moscow is to be interpreted as a typical impasse to be expected in the initial stages of a difficult negotiation there may be reason to believe that subsequent conferences will work out a settlement for Germany acceptable to all four powers.

If, on the other hand, Moscow represents a definite drawing of lines between east and west it seems probable that, at the next conference, impossible concessions will be asked with little assurance that these concessions, if made, would purchase a firm and satisfactory agreement. In such an event the settlement in Germany would have to wait, not on future negotiations, but on the course of events.