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REPORT

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Germany /Russia

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- A continuous struggle is bein carried on in the Polithuro in Moscow over the Russian attitude towards Cermany and, although no solution has yet been reached, the appointment of new political deputies to the SMA strengthens the conclusion that the faction which favors a sharper policy has triumphed.
- One group in the Politburo is anxious at all costs to enter into good rela-2. tions with Germany. They are convinced that under present conditions neither the KPD nor the SED can hope to win a clear majority of the population. Consequently they are faced with two alternatives- either to launch a new party, friendly towards the USSE, which can secure a majority by putting out nationalist propaganda and giving an appearance of pursuing an independent policy, or to draw from those parties which were formed spontaneously and rrew on truly democratic lines elements friendly to the USSR, and to secure them under Soviet tutslace in such a way as to ensure the carrying out of a policy which would not bind Germany to the Western Powers. This would be the surest way to win Germany over to the Soviet side.
- 3. This group is prepared initially to renounce the policy of carrying out a thorough communication of the country, for they take the view that communization and socialization do not constitute an ideal basis for collaboration. They also favor free elections to a National Assembly and their slogan, which is now being echoed in Karlshorst, is: "We must take this risk in order to win Germann". It is not completely out of the question that one day a proclamation might be made on these lines which would deal a severe blow to the Western Powers. The conditions attached to such an offer would be:
  - Thorough democratization (without any clear indication of what is is required).
  - b. A clear reco mition of Socialist principles (with no exact definition of what that infers).

It would also be stressed that the fulfilment of these conditions would be a matter for the Germans themselves to achieve.

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4. The other group in the Politburo reco nizes that the Eastern Zone of Germany has been thoroughly drained and that economically it is no longer of importance. They see, however, the necessity of obtaining raw materials and finished goods, which they urgently need, by sharing in the control of the Ruhr, and therefore regard it as their primary and most important task to obtain a firm economic foothold in Germany, and from these new positions thus won in eastern Germany to extend their influence further afield into western Germany and even beyond.

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