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GERMANY—NATION OR NO MAN'S LAND

JAMES P. WARBURG

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*Germany—
Bridge or Battleground*

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New York

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*This book is dedicated to all those who, by their sacrifice,
contributed to the defeat of Nazi Germany, in the
hope that it may help at least some of them
to work and fight effectively for the
fruits of their victory.*

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JAMES P. WARBURG

New York City

March 5, 1947

OUR STAKE IN GERMANY

The problem of Germany is not some remote academic question of interest only to students of foreign affairs. It directly affects our own future and that of our children. Upon its solution may depend not only our own future happiness and prosperity, but our national safety, and even the continued life of civilized man upon this planet.

In this shrunken world, not only peace but prosperity is indivisible. Just as today war anywhere in the world means the likelihood of war everywhere in the world, so poverty, oppression and unrest anywhere in the world today threaten the happiness and tranquillity of people everywhere.

Thus, what happens in Germany may or may not interest us very much so far as any sympathy for the German people is concerned, but what happens in Germany is of profound and vital interest to us for a different reason—because it will affect not only the German people but the whole human race, including ourselves. There are three reasons why this is true:

1. Modern Germany came into being in 1871 as the result of three wars of expansion, deliberately and successfully waged by Prussia under the leadership of Bismarck. This was in the time of our grandfathers. Within our own memory, this modern Germany—born as a warrior nation—has shared the responsibility for bringing on one world catastrophe and has been almost solely responsible for bringing on a second. A German warrior nation must never be allowed to disturb the world's peace again. That is one reason why we have a vital interest in Germany's future. We have the duty to see to it that no German

- warrior nation, dedicated to the doctrine that might makes right, exists.
2. We have a vital interest in the future of Germany, because Germany is the chief testing-ground for the great experiment, to which we are now committed—the experiment of building an enduring peace upon the foundation of great power co-operation. Germany is the laboratory in which that experiment must succeed or fail. Nowhere else in the world is co-operation so difficult. Nowhere else is it so necessary. Every aspect of the problem of building an enduring peace is reproduced in that troubled and troublesome part of Europe which lies between the Vistula and the Rhine. Between these two rivers East and West must meet, join hands, and go to work in friendship and in peace—if there is to be peace in this world. Between the Vistula and the Rhine the peace of the world cannot be wholly made—but it can be lost there beyond redemption.
 3. We have a vital interest in the future of Germany, because Germany—besides being the chronic troublemaker of Europe—is also the hub of the whole European economy.

Geography, geology and technology have conspired to bring about the inescapable fact of Germany's key position in the life of Europe. Whether we like it or not, German rivers and railroads are the gateways to the heart of the European Continent; German coal fields are the sole producers of surplus coal in Western Europe. The German people—even in defeat—are still the largest single compact mass of skilled labor on the Continent.

These elements combine to make Germany a major factor in Europe's productive capacity, as well as a major market place for the goods produced by other nations.

Before Hitler came to power, Germany ranked third, after

the United States and Britain, in world commerce. Half of Italy's foreign trade was with Germany. Next to Britain Germany was the best customer and supplier of the Western European countries. During the Nazi period of forced draft penetration into Southeastern Europe, Germany bought more than one third of all the exports of Hungary, Bulgaria, Rumania, Greece, Yugoslavia, and Turkey, and likewise supplied more than one third of the imports of those countries.

Coal is the heart of a modern industrial economy, but few nations in the world possess coal fields capable of producing their own requirements. Apart from Russia, every country in Europe has been dependent for all or part of its coal supply upon one of three great sources of surplus. These used to be Britain, the German Ruhr, and Upper Silesia. Two of these sources are at the present moment unavailable or uncertain. Britain, which once exported as much as 78 million tons of coal per annum, is now finding it difficult to produce enough to satisfy home requirements. Upper Silesia, which is said to have produced over 100 million tons per annum for the Nazis during the war, is now held by Poland, and the products of its mines will probably go to Russia or to countries in the Russian trade orbit, even though some coal may, from time to time, be sold to other countries. Thus, for all of Western Europe, there remains only the German Ruhr as a source of exportable surplus. If the Ruhr fails to provide coal for Scandinavia, the Low Countries, France, Switzerland, Italy, Greece, and the Iberian Peninsula, the peoples of these countries must go without sufficient fuel, or else pay an exorbitant premium for coal brought all the way across the ocean from the United States—provided that our own coal mines are working at the time, and our ships sailing.

These are some of the reasons why Germany has been, and will, to a very great extent, remain the economic hub of Europe, unless her people are wholly destroyed or enslaved and her lands partitioned and annexed to other countries. Since no such

drastic course is contemplated, the problem is not merely how to render the German people peaceful and law-abiding, but how to harness the skill, energy, and natural resources of a new, peaceful German nation to the best interests of Europe and of the world.

It is true that a carefully planned and faithfully executed long-range endeavor to build up the backward nations of Europe may eventually reduce the relative importance of Germany in the European economy. But such an effort, no matter how desirable, cannot bear fruit except over a long period of years. In the meantime, the whole European economy cries out for swift rehabilitation. Delay means not only protracted suffering, but unrest and a consequent threat to the as yet precarious structure of peace.

In other words, we in this country cannot hope for peace unless there is peace in Europe. There can be no peace in Europe unless the peoples of Europe are reasonably prosperous, reasonably soon. And there can be no early revival of prosperity in Europe so long as its traditional powerhouse remains a poorhouse.

To summarize:

We must, in our own interest, prevent a recurrence of German aggression;

We cannot, in our own interest, allow the planned structure of peace to be undermined by failure of the laboratory test in Germany; and

We cannot reasonably hope for lasting peace unless a peaceful and productive German nation takes its place in the heart of a peaceful and reasonably prosperous Europe.

That is why a solution in Germany is as vital to us as any domestic problem we face today.

PART ONE

FOUR-POWER FAILURE

CHAPTER ONE

Germany Two Years After Hitler

On March 10, 1947, the Foreign Ministers of Great Britain, France, the Soviet Union, and the United States finally met to face the facts with regard to Germany, and to decide upon a future course of action. The facts confronting them were these:

Two years after the Allied armies had crossed the Vistula and the Rhine in their victorious march into Hitler's fortress, Germany was a desert. The Hitler régime had been destroyed. Most of the top Nazi leaders were dead. The National Socialist Party, the SS, the SA, and the secret police had been disbanded. The Wehrmacht had ceased to exist. German ships were banned from the seas and German planes from the skies. Except for the German police, organized under Allied control and supervision, no German legally possessed firearms of any sort, not even a shotgun to kill rabbits.

What had once been the German nation was now partitioned into six pieces: one piece had been annexed by Russia; a much larger and more important part had been annexed by Poland; and the remaining rump, lying roughly between the Oder and the original western frontier, had been cut up into four separate zones of occupation.

As a result of this partition, the economic life of Germany was paralyzed. The parts annexed to Russia and Poland, as well as the Soviet zone of occupation, were being made to produce reparations for Germany's Eastern conquerors. The French zone of occupation was similarly being milked by France. The British and American zones, living on subsidy to the extent of about half a billion dollars a year paid by British and American

taxpayers, were in the process of economic unification. Between them and the French zone there was but little exchange of food, raw materials, or manufactured goods. Between eastern Germany and the western zones there was practically no normal commerce at all,* no movement of people to and fro, no exchange even of information. It was more difficult for a German to get from Leipzig to Munich or Hamburg than for a British subject to get from Montreal to Calcutta.

Eastern Germany, which normally supplied the food for itself and for a large part of western Germany as well, was supplying all its food to the Soviet authorities, except for a minimum it was permitted to keep to sustain the life of its own population. Its industries were gradually running down, owing to war damage, removals of plant equipment, lack of effective manpower, and the absence of raw materials and parts formerly derived from the West.

Western Germany was in even worse condition. Never self-sufficient in food and now deprived of the normal surplus from the East, it lived on French leavings and Anglo-American charity. Deaths from privation were frequent, hunger oedema prevalent, infant mortality high. Industry was at a low level of production: some plants were at a standstill and few were operating at more than a fraction of their normal capacity. In part this was due to war damage, in part to a shortage of manpower and the low productivity of available skilled labor. But most of all it was due to a shortage of coal. The great Ruhr coal fields, capable of producing something like 130 million tons a year, were turning out less than half of that amount, most of which was needed for railroads, public utilities, for the armies of occupation, and for export. Only a trickle was reaching German industry—not enough to make steel for even the most needed reconstruction and repair.

* There were a few limited barter arrangements between the occupying authorities.

Throughout all of Germany consumers' goods were practically unobtainable. Foodstuffs, apart from rationed items, clothing, household utensils, furniture, or even the simplest hand tools were not to be found anywhere except in limited quantities and at fantastic prices on the black market. Those who had goods refused to sell them for currency, because even the most simple-minded citizen knew that the German currency was inflated and intrinsically worthless. Cigarettes—at a dollar per cigarette—had become the accepted medium of exchange. Farmers hoarded their produce, hungry hordes of gleaners invaded their fields after harvests, and those who worked for wages could buy nothing for their money except the scanty food called for by their ration cards.

The children in Germany were theoretically at school again, under new teachers supposedly free from Nazi taint. But the teachers were so few that classes were usually oversize. School hours were short in winter because of a lack of fuel to heat the schools. New textbooks, if available at all, were scarce.

Millions of Germans had been rendered homeless by war damage. But scarcely a new house had been built in Germany since the surrender. Even window glass for repairs was practically unobtainable. Families were living crowded together in the available housing, with a whole family frequently compressed into one room. Many were still living in cellars. Here and there a windowbox with blooming geraniums would indicate where someone was living in the still habitable portion of a ruined building.

To make matters worse, some thirteen million Germans were in the process of being expelled from the lands taken over by Poland and Russia, from the Sudetenland in Czechoslovakia, and from parts of Hungary. These "expellees"—preponderantly old men, women, and children—had no place to go, after leaving temporary camps, except into the already overcrowded homes of the native population. To cap the climax, as the occupying powers began to bring in the families of their troops

and officials stationed in Germany, more and more of the better houses were taken over. Often as many as four or five German families were evicted to make room for one Allied household.

Furthermore, there were still in Germany nearly a million "Displaced Persons"—mostly Poles and Balts unwilling to return home, and Jews from the East trying to make their way to Palestine. These people were living in so-called "DP Camps" scattered throughout the western zones.

While the rump of Germany was terribly overcrowded, there was actually a shortage of male workers. Some 5,700,000 males were estimated to have been killed or permanently disabled. 3,000,000 to 4,000,000 prisoners of war were still held in work camps in Russia, Poland, France, Britain, and Belgium. Others were held in Germany pending trial as Nazis or war criminals. Mr. Herbert Hoover estimated in his report of February 26, 1947, that in the age groups between twenty and forty there were ten women for every six men in Germany, and ten women for every seven men between forty and sixty. He added this terse comment: "The results upon productive power are bad enough, but the consequences to morals are appalling."

Allied occupation had set out to accomplish three immediate objectives—to disarm, to demilitarize, and to democratize the German nation.

Disarmament had been thoroughly accomplished.

As for demilitarization, little had actually been done beyond the original war damage to industry and the destruction or removal of a few war plants and shipyards. In terms of physical plant capacity, the German war potential was far less impaired than might have been supposed from a casual inspection of the ruined and damaged cities of the Ruhr. The truth was that bombing could temporarily put out of action a steel mill or a huge plant for the manufacture of synthetic oil or rubber. But such damage was more often to easily repaired structures than to the vital machinery. The greatest damage had been to workers' housing. Furthermore, the planned process of destruc-

tion or removal of war plants had proceeded at a snail's pace—in the east because of Russian vacillation, and in the west because reparations removals were largely suspended as the result of inter-Allied bickering.

More important than the lag in physical demilitarization was the fact that very little had been accomplished in the way of demilitarizing the mind and spirit of the German people. The formal process of "denazification" had been carried out in varying degrees in the four zones, but at best this was only a first step toward the desired democratization. It was apparent that democracy could not be taught or learned effectively on empty bellies, and that, so long as they went hungry under democratic rule, the Germans would look back nostalgically to the days when they had plenty to eat under Adolf Hitler.

The political vacuum in Germany was almost as complete as the economic vacuum. Because of partition and the widely differing concepts of the occupying powers, many divergent trends had set in. While there was considerable progress in the establishment of democratic institutions in the American and, to a lesser extent, in the British zones, there was also considerable progress toward "democratic institutions" of a different nature in the Soviet zone. There had been no progress at all toward a peaceful, democratic German nation. Germany as a political whole had ceased to exist.

These were the facts which confronted the Council of Foreign Ministers in March 1947 when they sat down to contemplate the accomplishments of their four Governments to date in the post-surrender management of Germany.

In addition, the Foreign Ministers could scarcely ignore the effects of the status in Germany upon conditions in Europe and upon the prospects for durable peace.

In 1941, when Nazi bombs were raining upon Britain, Anthony Eden, then Foreign Secretary, had the vision and the courage to make a declaration of British policy after Germany should have been defeated. "Our conditions for peace with

Germany," he said, "will be designed to prevent a repetition of Germany's misdeeds. But, while these military measures must be taken, it is not part of our purpose to cause Germany . . . to collapse economically. I say that, not out of any love for Germany, but because a starving and bankrupt Germany in the midst of Europe would poison all of us, who are her neighbors. That is not sentiment; it is common sense."

As they surveyed the European scene, the Foreign Ministers might well have recalled this prophetic statement. Germany was "starving and bankrupt." Germany's neighbors were already complaining and demanding a voice in the settlement of the German problem. They were fearful of living next door to a moral morass and an economic desert—a plague-center which had come into being in place of an area which had once been their second-best supplier and customer. Nor was this true only of Germany's smaller neighbors. French reconstruction was delayed and impeded by the lack of German coal. The same thing applied even more to Italy. The British, after six years of war, were still compelled to remain on wartime rations; and even we—remote and fortunate—were made aware that a coal strike or a shipping strike in this country might mean the death of cold and hungry thousands in Europe. The worst physical disaster that had befallen Western Europe as a result of the war was the economic collapse of Germany, and especially the cutting in half of the output of the Ruhr coal mines.

Perhaps even more dangerous than the economic repercussions of the four-power failure in Germany was its effect upon the world's confidence in the whole concept of a peace based upon great power co-operation. The Foreign Ministers of the Soviet Union, Britain, France, and the United States had to face this fact, too: that their failure to agree upon a policy in Germany—or their failure to carry out an agreed-upon policy—had made people throughout the world wonder whether they had made a fatal mistake in placing their hopes for preserving peace in a structure which rested precisely upon the ability of the

great powers to reach and carry out agreements. The Foreign Ministers had to face the fact that none of their countries had developed a clear policy and that each had contributed to the failure in Germany—Russia by thinking almost solely of extracting reparations, France by an almost exclusive emphasis on permanent partition, Britain by preoccupation with restoring the prewar map of the world, and the United States by concern over preserving the world's prewar economic order.

Whether they viewed the problem from the narrower standpoint of Germany itself, or from the wider approach of the effect on Europe as a whole and upon the prospects of world peace, the Foreign Ministers had to face the necessity for a new appraisal and a new plan of action.

In order that we too may understand the problem and thus, each in our own way, help toward the development of a new four-power policy firmly rooted in the soil of informed public opinion, we must first of all examine the causes of the failure of the first Allied effort in Germany.

CHAPTER TWO

Pre-Surrender Planning

Two years after the first Allied soldier set foot upon German soil, the failure of Allied occupation policy had created a situation in Germany which, as we have seen, seriously endangered the prospects of durable peace. To understand why this happened, it is necessary to examine briefly the historical development of Allied policy toward Germany. This story—told here in its briefest form—falls naturally into three periods: pre-surrender planning; from surrender to the Potsdam Agreement (May to August 1945); and from Potsdam to the Moscow Conference of March-April 1947.

For the reader who may wish to make a more careful study, the texts of the original documents relevant to this discussion have been placed in appendices, to which reference will be made from time to time. The high spots of pre-surrender planning are these:

In August 1941, before the United States had entered the war, President Roosevelt and Prime Minister Churchill issued the first definition of Allied policy toward the Axis powers once these should have been defeated. They renounced any desire for "territorial or other aggrandizement," expressed the wish that there should be "no territorial changes that do not correspond to the freely expressed wishes of the people concerned," and in general set forth the broad principles of a just rather than a vengeful peace. Shortly after Pearl Harbor, on January 1, 1942, the eight principles of this Atlantic Charter were embodied in a declaration eventually signed by all the United Nations. The United Nations Declaration was never revoked or

modified. (For the text of the Atlantic Charter see Appendix I, page 257.)

The next important step in the development of Allied policy took place almost exactly one year later, when the tide of battle had taken its first favorable turn for the Allies. Again Churchill and Roosevelt met—this time at Casablanca in newly conquered North Africa—and announced their determination to bring about the “unconditional surrender” of the Axis powers. This declaration—or rather the fact that it was never amplified nor interpreted—had certain unfortunate repercussions. Whereas the United Nations Declaration forged the first great propaganda weapon for the Allies, the Casablanca Declaration backfired to a considerable extent in the enemy’s favor. (See Appendix II, page 259.)

The Allied leaders made no further major pronouncements of policy toward Germany until Roosevelt, Stalin, and Churchill met at Yalta in February 1945, when the defeat of Germany was already imminent. Nevertheless, in the two intervening years, a number of important developments occurred.

In November 1943 the United States Secretary of State, Cordell Hull, and the British Foreign Secretary, Anthony Eden, flew to Moscow to meet jointly for the first time with Soviet Foreign Minister Molotov. The most important results of this conference so far as German policy was concerned were the reaffirmation of the unconditional surrender principle, a declaration of intention to punish war criminals, and the creation of the European Advisory Council. The Council was to be a permanent Soviet-Anglo-American group, sitting in London, whose function it would be to develop joint plans for the post-surrender world. (France, being still occupied by the enemy and having no government recognized by all the Allies, could not join until later.)

Shortly after the Moscow Conference of Foreign Ministers, President Roosevelt and Prime Minister Churchill met for the first time with Generalissimo Chiang Kai-shek at Cairo, and

then, a few days later, with Marshal Stalin at Teheran. The Cairo communiqué, later amplified by Chiang Kai-shek, cast considerable light upon Allied plans for peace in the Far East. But no similar clarification with regard to Allied intentions in Europe was forthcoming from the Teheran meeting.

In the period between Teheran and Yalta a fierce battle was fought over German policy, not so much between the major Allies as between two schools of thought in Washington. Although much of this battle took place behind the veil of wartime secrecy, the fact that it was being fought became common knowledge and had its repercussions in a lively debate in the press. Much of what went on behind the scenes in Washington still remains buried in the official archives, but the outlines of the story are clear.

In September 1944 Roosevelt and Churchill met at one of their joint staff war councils at Quebec. The then United States Secretary of the Treasury, Henry Morgenthau, placed before this meeting a plan for the post-surrender treatment of Germany. (See Appendix III, page 266.) This "Morgenthau Plan" was an extremely drastic proposal for the "de-industrialization" of Germany, seeking to destroy or remove from that country all industrial plant and equipment capable of being used for war production. The plan provided that Germany should become primarily an agricultural nation with only the so-called light or consumer-goods industries continuing to operate. The plan even went so far as to propose that all equipment should be removed from the Ruhr coal mines "and the mines closed."

Both the War and State Departments had been working on plans for the treatment of Germany which were quite different in nature. These plans were based upon the conviction that it was not the possession of a war potential which made a nation a threat to peace, but the will to use it. The Secretaries of War and State took violent issue with the Morgenthau proposal, pointing out, among other things, that, as our own remarkable conversion from peace to war production demonstrated, any

industry was potentially a war industry. The experts of the Foreign Economic Administration pointed out, moreover, that the Morgenthau Plan was based upon erroneous assumptions of fact, particularly as to the availability in Germany of sufficient arable land to make the "pastoralization" of Germany practicable. The verbal battle raged in Washington throughout the winter of 1944-45, with the result that the United States Joint Chiefs of Staff finally adopted a compromise plan which endeavored to accomplish the impossible—namely, to find middle ground between Mr. Morgenthau, who wished to destroy or remove all heavy industry, and the War and State Departments, who thought that German industry should be strictly controlled, but that actual destruction of productive capacity, other than that for direct armament production, would seriously impede the rehabilitation of Europe as a whole.

The Joint Chiefs' compromise (JCS 1067) was presented by General Eisenhower to Great Britain and France at the European Advisory Council in London. (For full text see Appendix IV, page 279.) It was opposed before the same body by the representatives of the Department of State and the Foreign Economic Administration. Thus, instead of taking a constructive lead toward the shaping of coalition policy, the United States merely provided a spectacle of internal dissension and an excuse for postponing once more the necessity for reaching agreement.

This was the background against which the Big Three met at Yalta three months before the German surrender. The communiqué which they issued upon the conclusion of their conference showed clearly—by what it did *not* say—that the Big Three were far from seeing eye to eye in matters concerning the post-surrender treatment of Germany. The Big Three did, however, reach and announce several important decisions:

1. They fixed the Russo-Polish boundary approximately along the so-called Curzon Line, and promised that Poland should be "compensated by substantial accessions of terri-

tory in the North and West.” This was part of the price paid for the promise of Russian intervention against Japan after the defeat of Germany. It meant that Roosevelt and Churchill had in effect allowed Stalin to persuade them to abandon two important principles of the Atlantic Charter and the United Nations Declaration: namely, the renunciation of territorial aggrandizement and of “territorial changes that do not accord with the freely expressed wishes of the people concerned.”

2. They confirmed their decisions—because Roosevelt supported Stalin against Churchill in regard to this—to divide Germany in separate zones of occupation co-ordinated and controlled through an Allied Control Commission in Berlin. (Churchill had fought for the joint occupation of Germany as a whole.)
3. They agreed—because Roosevelt here supported Churchill against Stalin—that France should be invited to take over a zone of occupation and to participate as a fourth member of the Control Commission.
4. They determined the general and broad principles of denazification, demilitarization and disarmament, and to “eliminate *or control* * all German industry that could be used for military production.” Thus they adopted the Joint Chiefs’ compromise proposal and abandoned the major thesis of the Morgenthau Plan.
5. The Big Three expressed the determination to bring all war criminals to justice and to “exact reparations in kind for the destruction wrought by the Germans.” This vague language merely indicated that no real agreement on reparations had been possible.

(For the text of that part of the Yalta Declaration which is relevant to Germany, see Appendix V, page 303.)

* Author's italics.

It was also presumably at Yalta that President Roosevelt finally lost the battle he had for months been waging with Mr. Churchill over the allocation of zones between Britain and the United States. It has frequently been said that, whereas Poland and Russia got the breadbasket and Britain the heart of German industry, the United States got the scenery. Mr. Roosevelt did not want the scenery. He wanted the Ruhr. Also, he did not want our lines of communication to run through France. He wanted direct lines from America to ports on the German North Sea coast. But Mr. Roosevelt's strength was failing and Mr. Churchill would not be denied British control of the Ruhr industrial area. The most he would concede was an American enclave at Bremen and transit rights through the British zone, thus giving us direct lines of communication with the United States zone in southwestern Germany.

Yalta was Franklin D. Roosevelt's last battle. He did not live to see the victory toward which he had so greatly contributed.

Meanwhile, events were not waiting on policy decisions. The first American troops had entered German territory in September 1944. In December, as the Allied armies closed up to Hitler's Westwall, the Germans flung their last desperate offensive through the Ardennes. In January 1945, the Red Army captured Warsaw, crossed the Vistula, invaded both East Prussia and Silesia, and moved up to the Oder. In March the Allies crossed the Rhine. In April American and Russian soldiers met in the heart of Germany. On May 8, 1945, Hitler's Germany surrendered.

During all this time, and for two months thereafter, there was still no joint directive to govern the four Allied commanders.

JCS 1067 was issued to General Eisenhower in April and became binding upon his United States forces, but not upon the British and French armies under his command. (This was not known at the time because the JCS directive remained a "Top

Secret" document until several months after the Potsdam Agreement.) There was in fact no agreed-upon policy or directive for the converging armies of occupation until the Potsdam Agreement was signed on August 2, 1945, almost three months after the German surrender. The absence of any such agreement during the first three months of occupation had an important bearing upon the later problems of quadripartite government, because it permitted divergent trends and policies to become firmly established in the various zones.

CHAPTER THREE

Post-Surrender Confusion

During the first month after the German surrender on May 8, no definitive demarcations for the zones of occupation were established, although their eventual boundaries had already been roughly determined. Each of the four Allied armies operated more or less on its own. There was no semblance of the over-all central control machinery envisaged at Yalta, and, as a consequence, the policies pursued by the four occupying powers varied widely.

The French were preoccupied with obtaining as large a zone as possible. The British were chiefly concerned with establishing and maintaining order. The American Army—although this was not known at the time—was operating under the extremely complicated and far-reaching provisions of JCS 1067. And the Russians were playing a wholly different game quite on their own.

While the British commander-in-chief told his troops to “behave as conquerors” and the Americans assured the Germans that “they were going to know this is a military government,” the Soviet command laid aside some of its recent toughness and reverted to the theme of Stalin’s earlier wartime speeches, in which he had drawn a line between “the Hitlerite bandits and the German people.” In his victory address of May 9, Stalin even went so far as to declare that the Soviet Union did not “intend to dismember or destroy Germany.”

The Russians made no bones about the fact that the German people would have to make restitution and reparation. Their army lived off the land. More than that, large quantities of

foodstuffs and equipment were seized and shipped back to Russia. There was, at first, considerable raping and looting. Once discipline was re-established, the Russians made every effort to restore normal living conditions. Elementary schools, recreational centers, and the like were quickly reopened. Radio stations went on the air. Newspapers were allowed to be printed—subject to Russian control—and on June 10 permission was granted to re-establish trade unions and “anti-fascist” political parties. Subject to its primary consideration of extracting the maximum in reparations, the Russian high command was most concerned, it seemed, with overcoming the widespread terror of the Red Army, and with creating, ultimately, a new Germany friendly to the Soviet Union.

As against this purposeful performance in the East of Germany, the Western Allies moved uncertainly. The “tough conqueror” attitude was implemented by a ban on fraternization, the continuation of curfews, and the suspension of all organized forms of social and cultural life. Almost all surviving industrial plants were closed down. All political activities were prohibited.

The British moved hesitantly with regard to denazification. The French made no moves at all in that direction. And the United States forces seemed reluctant to carry out the drastic denazification procedures called for by their Joint Chiefs of Staff directive.

The Russians were ruthless with Nazis but made it clear that anti-fascist Germans could look forward to a tolerable future, once Germany had paid the bill for its aggression and so long as the new Germany behaved in a manner friendly to the Soviet Union. The Western Allies, on the other hand, left *all* Germans in a state of doubt and suspended animation.

The first step in the direction of co-ordinating policy and establishing over-all control was taken on June 5, when the four occupying powers jointly issued a series of statements in Berlin. The substance of the main points of these proclamations was:

1. Assumption of supreme authority over Germany by the four powers and avowal of intention to consult other members of the United Nations.
2. Division of Germany into four zones, with the boundaries not yet specified.
3. Establishment of a four-power Kommandatura to govern Berlin.
4. Investment of supreme authority in each of the four commanders-in-chief in their respective zones.
5. Creation of the Control Council, consisting of the four commanders-in-chief, each assisted by a political advisor.
6. Provision that "the Control Council, whose decisions shall be unanimous, will ensure appropriate uniformity of action by the commanders-in-chief in their respective zones of occupation and will reach agreed decisions on the chief questions affecting Germany as a whole."
7. Establishment of a permanent co-ordinating committee composed of one representative of each commander and a control staff organized in functional divisions, such as transportation, finance, politics, etc.

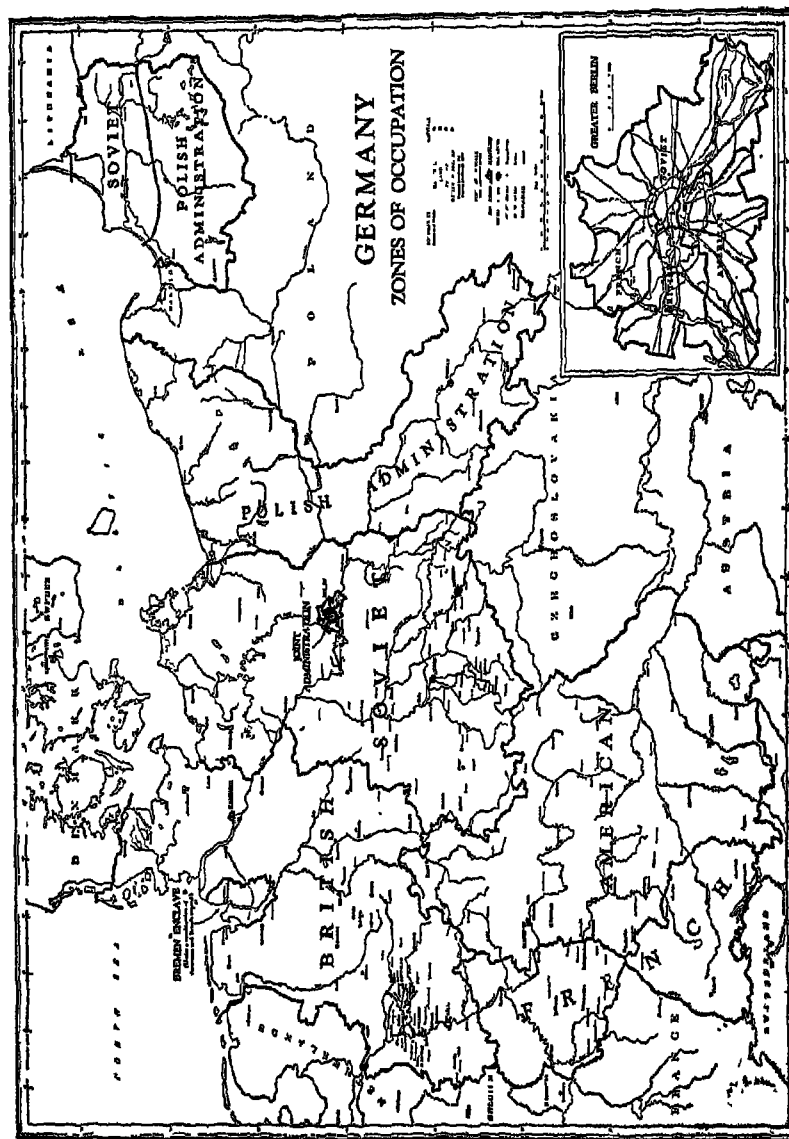
The remaining sections dealt at length and in detail with carrying out the physical surrender of the German armed forces, the release of prisoners, the turning over to the occupying authorities of military and other required information, equipment, military supplies, ships, etc., and the assumption by the four powers of all civil and military authority in Germany.

It was obvious that, if this effort to co-ordinate the four zones were to have any chance of success, the four powers would have to reach agreement on a number of long-postponed questions. These included both political and economic matters—such as: fixing the frontiers of the new Germany; agreeing upon the nature of its political organization; and determining the size and character of its economy. A basic decision had to be reached whether to de-industrialize Germany, or to control and decen-

tralize its industry, or to control and socialize it. In addition, agreement had to be reached upon immediate procedures, and these procedures had in turn to be brought into some sort of harmony with the necessity for a certain amount of immediate rehabilitation of German economic life. Finally, the amount and method of collecting reparations had to be determined.

This was the purpose of the Potsdam Conference, which began on July 17, 1945, with Stalin, Churchill, Truman, and their staffs and Foreign Ministers attending. In the midst of the Conference the final returns of the British general election were announced—the Labour party had won an overwhelming victory. As a result, Clement Attlee supplanted Winston Churchill as Prime Minister and Ernest Bevin took over from Anthony Eden as Foreign Secretary.

Partly because of British unsteadiness in the face of the political overturn at home, partly because of Russian preoccupation with reparations and annexation, and partly because of the uncertainties and contradictions inherent in United States policy, the Potsdam Agreement provided only a partial answer to the many basic questions which awaited settlement.



CHAPTER FOUR

The Potsdam Agreement

The first thing the Potsdam conferees did was to set up a Council of Foreign Ministers with a permanent seat in London. This body, superseding the European Advisory Commission, was charged with the preparation of peace treaties with Italy, Rumania, Bulgaria, Hungary, and Finland, and eventually with Austria and Germany. In addition to the Foreign Ministers of the United States, the Soviet Union, and Great Britain, France and China were invited to become permanent members of the Council. Other nations were to be invited to attend when matters directly concerning them were under discussion.

Having set up this permanent peacemaking machinery, the Potsdam conferees addressed themselves to a number of pending matters concerning Austria, Poland, reparations, transfers of populations, trusteeships, conclusion of peace treaties, and admission to the United Nations. The bulk of the resulting Potsdam Agreement of August 2, 1945 (sometimes referred to as the Berlin Declaration), relates to the treatment of Germany and is briefly discussed here. The whole document, however, merits careful perusal, since it is the key document of the first period of Allied occupation. (For full text see Appendix VI, page 305.)

As for Germany, the newly reconstituted Big Three attempted to accomplish four broad major purposes. These were:

1. To define the new Germany's frontiers.
2. To free the German people from all Nazi or militarist influence.

3. To demilitarize, decentralize, limit, and control German industry and commerce.
4. To extract reparations.

On the whole, so far as the operating directive was concerned, the Potsdam conferees produced a reasonably complete, though somewhat obscure and inconsistent, document, setting forth procedures for reparations, disarmament, demilitarization, and denazification. However, the directive lacked a clear statement of priorities—a fault largely inherited from Joint Chiefs of Staff Directive 1067. Likewise the Potsdam Agreement inherited from JCS 1067 the confusing remnants of Morgenthauism. Furthermore, it left some questions unsettled altogether, such as Germany's western frontier and, especially, the disposition of the Ruhr industries. Worst of all, in dealing with the broader aspects of European policy, the Potsdam conferees made *two very serious and far-reaching blunders*.

The first of these concerned territory.

Although they failed to define the new Germany's western frontier, the British and American delegations allowed themselves to become parties to a Polish-Russian land-grab in eastern Germany which went far beyond any reasonable interpretation of what had been agreed at Yalta. Under the Yalta formula of "compensation" to Poland for the loss of its eastern territories, one might have expected Poland to receive the industrial area of Upper Silesia with its rich mineral deposits and its partly Polish population, and perhaps East Prussia for strategic reasons, even though East Prussia had never been anything but German. But the Potsdam conferees established the German-Polish frontier at the line of the Oder and Western Neisse Rivers, taking away from Germany not only Upper Silesia and East Prussia, but also most of Pomerania and Lower Silesia, as well as important parts of Brandenburg. All these territories were awarded to Poland, except the northern half of East Prussia, which was given to Russia for no better reason than that Stalin demanded

it. (See map on page 28.) It is true that the Polish awards were subject to the final determination of the peace settlement. But this reservation was largely offset by the fact that the Russians and Poles were tacitly permitted to proceed with the eviction of the German population from the annexed areas, thus greatly prejudicing any chance of later rectification.

The ceded territory contained some eight to nine million Germans who were thus doomed to expulsion and resettlement in the truncated 80 per cent of prewar Germany. In addition, the Potsdam Agreement provided for similar compulsory transfer of some four million minority Germans from Hungary and Czechoslovakia. In other words, the eastern land-grab meant that some twelve or thirteen million more Germans would in future have to live in 80 per cent of the former German "*Lebensraum*."

The problems resulting from this reduction of German territory were aggravated by the fact that the ceded regions contained prewar Germany's second largest coal deposits, its second most concentrated industrial area, and—most critical of all—its most important food-producing provinces. In addition to feeding its own nine million Germans, the annexed territory had formerly supplied the food for eight million Germans living in other parts of the country. In other words, it had produced almost one quarter of prewar Germany's food supply. In spite of great efforts to become self-sufficient, and in spite of the fact that the average German diet had been considerably below the average American standard, prewar Germany used to import 20% to 25% of its foodstuffs. As a result of the Potsdam decision, about 50 per cent of the new Germany's food would have to be purchased abroad. (Even this estimate rests upon the assumption that the Germans will be able to maintain the relatively high acreage yield of the past—which means heavy imports of fertilizer.)

The future German food supply is closely related, of course, to the problem of limiting German industrial production and

foreign trade. Export of industrial products must pay a large part of the bill for imported food and fertilizer. The eastern annexations, therefore, placed an obstacle in the way of reducing the German war potential. Furthermore, it is apparent that the increased necessity for importing food reduces the amount of possible reparations. Since it was decided at Potsdam that reparations should be taken chiefly in the form of labor or in non-recurring transfers of capital assets, it follows that the more such equipment is needed to produce an exportable surplus of goods to pay for imported food, the less equipment can be removed for reparations account.

The second great Potsdam blunder was this:

In accordance with the Yalta Declaration, the British and American delegations insisted upon the inclusion of France in the four-power management of Germany as provided by the Potsdam Agreement. They neglected, however, to obtain the French signature to the Potsdam Agreement itself, thus leaving the French in a position where they were not bound by the terms of the Agreement and yet able to veto their execution.

Taken in combination, these two blunders brought about the complete frustration of the Potsdam design for the quadripartite management of Germany.

The immediate result was a solidification of that section of French opinion which favored the annexation of all German territory west of the Rhine plus the political and economic separation from Germany of the Ruhr industrial area. There were two reasons for this: first, it was very simple and easy to argue that, if Poland and Russia were going to grab territory in the East—contrary to the pledges of the United Nations Declaration—why not France in the West? And second, there existed a feeling that the amputation of the eastern territory would in effect create the conditions precedent to another German invasion of France. Therefore, the French argued, if a German spirit of revenge was to be kindled, and if population pressures were to be piled up in the rump of Germany, then France must

be allowed to protect herself by holding the Rhine frontier and by denying Germany the use of the Ruhr arsenal.

In order to enforce these demands for a revision of Germany's western boundary, the French proceeded to veto in the Allied Control Council every move which might lead to the treatment of Germany as a political or economic whole and thus might bring about the re-establishment of a German nation. They refused to allow free interzonal trade and economic integration. They blocked the organization of political parties on a national basis. They vetoed a proposal to allow German trade unions to organize on a nationwide scale. They even vetoed the issuance of uniform postage stamps in the four zones.

As a result, the four zones continued to be treated as four separate entities by the four occupying powers, each applying its own ideas in its own way. The centrifugal tendencies inherent in the quadripartite experiment became magnified. The boundaries between the four zones became as impassable as any frontiers in Europe. And the machinery of the Allied Control Council, designed as a four-power central management, became in effect a mere bargaining and treaty-making apparatus between four independent states.

All this did not become apparent immediately. It was not until September 1946 that the United States Secretary of State publicly declared the Potsdam Agreement a failure. In the intervening period various efforts were made to salvage the four-power undertaking from the effects of the blunders made at its inception.

CHAPTER FIVE

Attempts to Make Potsdam Work

The first practical step toward the management of Germany as an economic unit was taken by the Allied Control Council at its sixth meeting, on September 20, 1945, when it announced the principles of an export-import policy. Actually, this agreement was little more than an agreement to agree. The four powers decided that "the imported amount of goods, merchandise and raw materials shall be limited to that indispensable to the economy decided upon for occupied Germany." Pending the formulation of an exact import-export plan it was agreed that "imports into Germany shall be limited to the minimum subsistence requirements as determined by each zone commander in accordance with the principles already laid down." Finally, it was agreed that imports and exports should be controlled, even as to price, by the Council or its agency, and that the receipts from exports should be kept in a fund to be used for the payment of imports.

The next step was political and came a month later in the form of a proclamation by the Allied occupation authorities announcing juridical reform and the promulgation of a bill of rights. This proclamation set forth that, since the elimination of the Nazi tyranny "all persons are equal before the law" and that no person, whatever his race, nationality, or religion, should be deprived of his legal rights. The proclamation declared "People's Courts, Nazi Party Courts, and Special Courts" abolished and promulgated the following guarantees:

- "1. No person shall be deprived of life, liberty or property without due process of law.

- "2. Criminal responsibility shall be determined only for offenses provided by law.
- "3. Determination by any court of any crime 'by analogy' or by so-called 'sound popular instinct' as heretofore provided in the German criminal code is prohibited.*
- "4. In any criminal prosecution the accused shall have the rights recognized by democratic law—namely, the right to a speedy and public trial and to be informed of the nature and cause of the accusation, the right to be confronted with witnesses against him and to have process for obtaining the witnesses in his favor and the right to have the assistance of counsel for his defense. Excessive or inhuman punishments or any not provided by law will not be inflicted.
- "5. Sentences on persons convicted under the Hitler régime on political, racial or religious grounds must be quashed."

The proclamation further declared the independence of judges from executive control, with promotion depending upon merit and legal qualifications alone.

As the months wore on, it became more and more apparent that something would have to be done to clarify the obscurities and contradictions in the economic provisions of the Potsdam Agreement. There were, first of all, the three basic contradictions: between fixing the frontiers in the east and leaving them undetermined in the west; between amputating Germany's breadbasket and setting out to make the new Germany a predominantly agricultural nation; and between the maintenance of law and order and bringing about a revolutionary change in the social and economic order.

In addition to these basic contradictions, there were a number of less fundamental conflicts of policy arising from failure to decide which things were to come first. For example:

There was a strong desire "to get things going in Germany" so as to avoid having a permanent charity patient and to prevent outbreaks of disorder consequent upon unemployment, disease,

* This was a Nazi addition to the German criminal code.

and starvation. In his first report on the progress of American Military Government, General Eisenhower said: "Far from restraining resurgent German business, great efforts must be exerted to build up industrial, transport and communications facilities, which are essential for the production of coal required in Western Europe and for the provision of minimum food and other essential supplies." At various times, both the American and British commanders warned of the danger of outbreaks of violence and emphasized the possible growth of a German resistance movement if German social and economic life were not rapidly rehabilitated.

This desire to "get things going" stood in sharp conflict with practically all the long-range objectives expressed in the Potsdam Declaration, such as rapid and thorough denazification, decentralization and control of German industry, and making the German people conscious of the reality of defeat. Much of the criticism which poured out of Germany in a steady stream from American and British newspaper correspondents was occasioned by the fact that the Potsdam Agreement could be variously interpreted. Thus Military Government was belabored for a lot of contradictory reasons, for being too tough and for being too gentle, too quick and too slow, too radical and too conservative—for carrying out and for not carrying out what various critics conceived to be the Potsdam policy.

This is not to say that Military Government was blameless. Even when policy was clear, execution was frequently delayed or prevented by incompetence or disinclination to carry out agreed-upon policy. But that is another story. The fact remained that a clear policy directive did not exist.

Yielding to the necessity for clarification, Secretary Byrnes announced on December 11, 1945, that the Department of State had formulated a statement of economic policy toward Germany for guidance of the United States forces of occupation, and that this statement had been transmitted to the governments of the other three occupying powers. "The purpose of

this statement," Mr. Byrnes said, "is to make clear the American conception of the meaning of the Potsdam Declaration as it bears on present and impending economic issues in Germany."

In an attempt to set up the long-needed system of policy priorities, Mr. Byrnes then proceeded to outline a program for "three stages in the return of Germany to normal economic conditions." He announced that the first stage would last from surrender until the end of the first peacetime winter. During this stage, he said, the "broad objectives" were to insure the maximum recovery "in areas recently liberated from the Germans" and "to set up a structure that will provide for the future recovery of Germany in conformity with the principles agreed at Potsdam." Within these broad objectives, Mr. Byrnes announced four immediate aims for the first stage:

1. "To increase to the greatest possible extent the export of coal from Germany to liberated areas."
2. "To set up and set in motion, in conjunction with our Allies, the machinery necessary to execute the reparations and disarmament programs . . . agreed at Potsdam." Mr. Byrnes called attention to the fact that "the reparations calculation, which requires definition of the initial postwar German economy, must be completed before February 2, 1946," and emphasized that a large part of the Department's statement was directed toward clarifying the basis of that calculation.
3. "To set up German administrative agencies, which would operate under close policy control of the occupying authorities in the fields of finance, transport, communications, foreign trade and industry." Mr. Byrnes stressed that such agencies "must operate if Germany is to be treated as an economic unit and if we are to move forward to German recovery and the eventual termination of military occupation."

4. "To prevent mass starvation in Germany" without interfering with definite priorities for the liberated nations.

Concerning the second and third stages of occupation Mr. Byrnes was far less precise, confining himself to a repetition of past policy statements, with one important exception: he said that the limitations to be permanently imposed upon the German economy "should in the opinion of this Government be designed primarily to prevent German rearmament and not to restrict or reduce the German standard of living." (This theme is further amplified by the Department's statement, the full text of which appears in Appendix VII, page 322.)

The reparations calculation, due on February 2, 1946, was delayed by almost two months. A partial agreement was reached by the Allied Control Council on March 26. The essential features of this "Level of Industry Plan" were the following:

Agriculture, coal mining, potash production, building construction and building materials were to be given maximum encouragement. These were to be excluded altogether from reparation claims. Likewise excluded from reparations were: furniture and woodworking, flat glass, bottle and domestic glass, ceramics, bicycles, and low-powered motorcycles.

It was decided to set the over-all limit on German heavy industry in such a way as to give the German people a standard of living at about the 1932 level.

Exclusive of primary war industries, such as plants turning out arms, ammunition, aircraft, and seagoing vessels, which were already designated for abolition, fourteen specific industries were totally abolished. These included synthetic gas and oil, rubber, ammonia, ball-bearings, heavy machine tools and tractors, primary aluminum, magnesium, beryllium and vanadium, radio-transmitting equipment, and certain specified war chemicals.

Steel capacity was limited to 7,500,000 tons per annum and production was restricted to 5,800,000 tons; non-ferrous metal

production was held to fixed quotas; basic chemicals were reduced to 40 per cent and other chemicals to 70 per cent of 1936 production.

The building of locomotives was prohibited until 1949; passenger automobiles and trucks were limited to 40,000 each per annum.

The plan contemplated that German industrial production as a whole should eventually be limited to about half of the 1938 level.

As to foreign trade: exports and imports were each scheduled to reach a volume of three billion Reichsmarks (as against four billion Reichsmarks in 1936).

(For the full text of the "Level of Industry Plan" see Appendix VIII, page 330.)

In this way the Allies finally agreed to apply the formula of decentralization, limitation, and control. The plan received remarkably little attention in the United States, but in Britain it became the object of severe criticism. British Government officials were reported as making no secret of the fact that they considered the plan foolish and shortsighted. The *Manchester Guardian* said flatly, "Everyone knows that the Potsdam Agreement was stupid," and urged "that the British Government repudiate the decision of the Control Council."

The London *Economist* said:

"It is a naïve illusion—an illusion which betrays an extraordinary ignorance of the dynamics of modern industry—to believe that a highly industrialised country like Germany can be compelled to stabilise its industrial activity on some wantonly chosen low level, and then remain on that level for any length of time. The result of such restrictionist operations is almost certain to be a decline even below the modest level of industry that has been allowed Germany under the plan. . . .

"The present policy, in fact, is a vicious circle. The more it impoverishes the Germans, the more surely unregenerate it makes them, the more difficult it makes a tight control of them, and the more

necessary it makes the complete devastation of Germany as a means of defence. But the spiral could work upwards. The more hope is held out to the Germans, the more ready they would be to accept the conditions on which it is offered, the safer it would be to relax their conditions of life, and the more hope could be held out to them. . . .

“What is so defeatist and self-defeating about the present policy is that it holds out no hope either to the Germans of ever purging their guilt and bettering their condition or to the occupying powers of ever being relieved of the very heavy burden of repressing and administering the Germans. . . .”

In spite of all attempts at clarification of the Potsdam Agreement, the basic difficulty became more and more apparent.

The plain fact was that the major thesis of Potsdam—the treatment of Germany as a political and economic whole—was not being carried out. There was still no new Germany. There were four Germanys, each almost hermetically sealed off from the others. Instead of co-operating toward the creation of a new peaceful German nation, each of the four occupying powers was trying to create a piece of Germany in its own image.

PART TWO

GERMANY UNDER POTSDAM

CHAPTER SIX

Berlin Under Four Flags

During the first two years of four-power occupation Berlin was perhaps the most interesting capital city of Europe. Intended as the seat of four-power government of Germany, it was actually a four-power island situated in the Soviet zone of occupation. Trains operated by the Western Allies were allowed to approach it only over one railway line to the west; motor traffic had to follow a single highway paralleling this railroad; and other than Russian airplanes had to fly along this same corridor. The island itself was divided into four sectors: British, French, Russian, and American.

Berlin itself had a more or less successfully working four-power government—the Berlin Kommandatura. Here one could see the British, French, Russian, and American generals, who were the commandants of the four districts, sitting together around a table and working out their problems as these arose from day to day. Sometimes they would agree without much difficulty. At other times there would be violent and protracted arguments. But usually they came to some sort of understanding and, as a result, Berlin had a four-power government.

The Berlin Kommandatura was intended to be a miniature replica of the Allied Control Council set up by the Potsdam Agreement to govern Germany. The miniature showed what the original might be—if only there were an agreed-upon Allied policy for Germany. It showed that on the operating level the four powers could work together, could even like each other and respect each other's points of view. One could see here

an American general and a Russian angrily shouting at each other across the table, and a moment later going out to lunch arm in arm, laughing over some joke.

At the Allied Control Council, located in Berlin's courthouse in another part of the city, a different atmosphere prevailed. Here too the representatives of the four powers met on an amicable basis, and, for the most part, liked and trusted each other. But whereas the Kommandatura gave one the feeling of a busy going concern, the ACC had an atmosphere vaguely reminiscent of the League of Nations Palace in Geneva, suddenly attired in military "spit and polish." The ACC was a beehive of activity, but it was the feverish activity of frustration rather than the steady hum of smoothly working machinery. As might be expected, the four Allied commanders-in-chief and their deputies and staffs showed signs of strain and irritation. Their feeling was that a four-power government of Germany could be brought into being—if only London, Washington, Paris, and Moscow would get together and make up their minds about what they wanted. Meanwhile, so far as the men who made up the ACC were concerned, a lot of hard work was going to waste and the problem of Germany was growing daily more difficult, while Messrs. Molotov, Byrnes, Bevin, and Bidault talked about Finland, or the Balkans, bickered about Trieste, or argued about the veto in the Security Council.

Here, at the ACC, was one place where the machinery was set up for joint action, where there was work waiting to be done and men ready to do it, because they had learned to respect and understand each other. Yet all these men could do was to meet occasionally, discuss the failure of their principals to agree, and go off—each to his own zone—and govern his own little kingdom.

The people of Berlin were as interesting as the four-power machinery. The city itself was a desert of rubble and jagged walls—a city of the moon. Incredibly, some three million of

its inhabitants were still living somehow among the ruins. Many of them worked, one way or another, for the military governments of the occupying powers. Rations—though barely at the subsistence level—were a little better than in other German cities, and the opportunities for that peculiar parasitical activity known as “scrounging” were the best in Germany.

The people of Berlin were better informed than anywhere else in Germany. They were closer to the seat of authority, closer to four-power failure, and provided with newspapers which set forth the four (often different) points of view of the Allies, as well as the points of view of the various German political parties.

In the less damaged outer suburbs of the city were the working and living establishments of the four conquerors—each occupying a separate suburb in their respective sectors. The Allied officials lived well—some of them far better than they had ever lived at home. Their food was plentiful, their houses comfortable and often palatial. Generals lived in the incredibly tasteless showplaces of erstwhile German magnates, Nazi big-shots, and motion picture stars. Colonels lived in the next most “desirable” houses, and so on down through the well-ordered echelons. The same thing was true of civilian officials, each of whom had been assigned a “simulated military rank” according to his civil service category. Servants were supplied by the German Labor Office at no cost to the Allied officials. So were chauffeurs. Many officials had their families living with them. Their children went to their own special schools, and their wives amused or busied themselves, each according to their native habits and customs.

Between the Allied colonies and the German population there was practically no contact except through German servants and employees. There was a certain amount of social intercourse between the four Allied colonies; but, on the whole, each lived a curious Alice-in-Wonderland life of its own, with its own clubs, golf and tennis facilities, and with its own corps of news-

paper correspondents. The newspaper men and women did get around among the German population, of course, but a surprising number of them spoke no German and frequently depended upon the services of German secretaries or interpreters. The result was often more "interpretation" than translation of question and answer.

The Allied occupation troops—as distinct from military government officials and employees—again lived lives of their own, each in their different way: The enlisted personnel of the four armies "fraternized" in varying degrees, according to their individual inclinations. Likewise they participated in varying degrees—as did many of their officers—in the flourishing black market opportunities growing out of the plentiful supply of Allied cigarettes, chocolate, coffee, etc., and the craving of the German population for such luxuries. Inter-Allied relations among the troops of occupation were sometimes good, sometimes bad, but for the most part non-existent.

Berlin under four flags was a strange city—a city in which the Allies learned less about the German people than the German people learned about their conquerors—a city in which the Allies found each other far more of a problem than they found the Germans whom they had come to govern. Berlin, under the ill-fated Potsdam Agreement, was not a seat of government. It was a meeting place for the provincial satraps of the four occupying powers.

That being the case, a true picture of Germany under Potsdam could be obtained only by looking at the conditions existing in each of its four parts.

CHAPTER SEVEN

The Soviet Zone

Marshal Sokolovsky's Soviet zone consisted of the western parts of Pomerania and Brandenburg, most of Mecklenburg, and all of Thuringia and the two Saxonies—one a former Prussian province and the other a state. (See map on page 50.)

Economically it was the best balanced of the four zones, being more than self-sufficient in the production of foodstuffs and containing extensive natural resources as a foundation for its industries. The most important natural resources were a sub-lignite soft coal known as *Braunkohle* and a number of mineral deposits not yet fully explored or developed. *Braunkohle* is useful chiefly in the form of briquets, or in natural form at plants built in the immediate vicinity of the mines. It is uneconomical to transport because of its high moisture content, and is not suitable for steam or steel production. The Soviet zone in 1946 produced about one hundred and ten million tons of *Braunkohle*, as against about forty million in the British zone. It produced no hard coal such as that from the Ruhr or Upper Silesia.

As might be expected, the Germans had built many of their huge hydrogenation and synthetics plants near the soft coal deposits in the Saxonies and Thuringia. They had also established in this relatively safe area many of their most modern aircraft and armament factories. In addition, the Soviet zone contained a large textile and machine-building industry and a wide variety of smaller industries.

The chief weakness of the zone's economy was that it depended to a large extent upon the import of raw materials, such



as hard coal, steel, and cotton, and that much of its industry was geared to western Germany, on which it relied for parts and semi-manufactured materials.

Politically the Soviet zone was far from homogeneous. Among its eighteen million inhabitants, it contained a large number of traditionally conservative Prussian peasants, a politically progressive industrial urban population in Berlin and Saxony, and the three million inhabitants of Hitler's favorite province, Thuringia, who once distinguished themselves by almost 90 per cent adherence to National Socialism.

The western part of the area which became the Soviet zone was originally conquered by American troops, who later with-

drew from Saxony and Thuringia to the present line of demarcation. During their short period of occupation, the United States forces did two things of subsequent significance: they installed as heads of the governments of Thuringia and the province of Saxony two men—Rudolf Paul and Ehrhardt Huebener—who were retained in office by the Russians when they took over; and they carried off from a number of large industries, such as the Zeiss Optical Works, not only certain machines and tools but some of the top business managers and scientists—thereby creating a precedent.

As the Red Army first moved into the eastern German territories, the troops, by all accounts, behaved with considerable brutality. At first, also, it seems to have been the policy of the Soviet command to carry off to Russia whatever was not firmly nailed down. After the first few weeks, however, discipline was restored and since then the Russian troops have apparently behaved on the whole about as well as our own. In the summer of 1946 this writer could observe no evidence of terror on the part of the German population. The common expression at this time was:

"They're not nearly so bad as we expected." And many a German would add, "especially when you consider what we did to them."

Likewise, after the first few months, Russian policy with regard to reparations began to swing away from carrying off the means of production toward their exploitation for Russian benefit. By the winter of 1945-46, when it had become apparent that French obstructionism was making the execution of the Potsdam Agreement impossible, the Soviet command began openly to embark upon a policy of taking reparations out of current production, without regard to the somewhat ambiguous Potsdam provision that exports of surplus production were to be used in the first instance to pay for the imports for Germany as a whole.

As a result of this change of Soviet policy, less damage than generally supposed was done to the economy of the zone by

plant removals. For example, in the summer of 1946, President Huebener of Province Saxony told the writer that the Russians had taken the machinery from fourteen sugar mills, out of a total of sixty-four, and that these removals, though painful, would not seriously affect the output of sugar. He made the same general statement with regard to Saxon industry as a whole, adding significantly: "We Germans must not forget that we made a desert from the Vistula to the Volga." President Paul of Thuringia said much the same thing. Neither of these men were handpicked by the Russians; they were middle-of-the-road conservatives originally installed by our own army of occupation. Furthermore, a number of random sampling visits to industries in the Soviet zone showed plants like Leuna going full blast making synthetic gasoline and buna rubber. How much of the output was going to Russia could not be readily ascertained; certainly by far the largest part of it, although some was being bartered with the other zones and a little left over for the German population.

This picture changed somewhat after the elections of October 1946, when the Russians failed to get the results they had anticipated, and when a new turn in Soviet policy toward the removal of plants and personnel became manifest. Part of the Zeiss plant was, for example, removed, along with some of the personnel. We shall discuss the political causes for this change in a moment, but, before we do so, we must note certain economic factors which likewise contributed to a second revision of Soviet policy.

For more than a year after the Potsdam Agreement was signed, the Russians were content to take a position which amounted to saying to Britain and the United States: "If you want to go on letting the French sabotage the Potsdam Agreement, well and good. We have the only zone which is capable of producing a surplus and we can use that surplus to good effect. You two can go on making up deficits in your zones as long as you like. Meantime, we shall be taking what we can get

out of our zone until you make up your minds whether or not you intend to let French obstructionism continue indefinitely."

By the autumn of 1946, however, this position became less satisfactory to the Russians. They found the industries in their zone increasingly limited by shortage of raw materials and machine parts formerly manufactured in the west. Tires, for instance, were impossible to obtain, even though their zone manufactured plenty of rubber. In addition, the Russians were faced with the fact that the United States and Britain decided upon an economic merger of their two zones, leaving the door open to France and to Russia, but refusing to wait any longer for their agreement. This served notice upon the Soviet authorities that, if necessary, Britain and the United States would be willing to expend the rather large sums required to rebuild the economy of western Germany and make it self-supporting, thus weakening the Soviet's hitherto favorable negotiating position.

Under a veil of secrecy which was not penetrated for some months, the Soviet authorities set up ten large Russian trusts to control and manage the industry in the Soviet zone, and to divert not only its products but part ownership to the Soviet Union. The details of this operation remained somewhat obscure, but its purpose was clear and caused considerable apprehension among the Western powers, since this action not only contravened the Western interpretation of the Potsdam Agreement as to reparations but also ran counter to the Potsdam plan for decartelization. The ten trusts included mineral oil, machine building, concrete, light metals, iron and steel, potash, coal, electric power, chemicals, and the Zeiss Optical Works.

Because of the indeterminate value of German currency, figures given in Reichsmarks have little meaning. Nevertheless, the following figures, giving the estimated deliveries by German industry in the Soviet zone out of current production in 1946, give some idea of the magnitude of Russian exploita-

tion.* It should be noted that these figures do not include plant removals or deliveries of food or petroleum.

1946	Reichsmarks
First quarter	600,000,000
Second quarter	750,000,000
Third quarter	1,050,000,000
Fourth quarter (<i>estimated</i>).....	1,200,000,000
Total	<u>3,600,000,000</u>

When the Foreign Ministers met in the winter of 1946-47 there were some apparent signs of Russian preparations to join in the long-contemplated economic merger of the four zones. As a matter of fact, so far as declarations of Soviet policy were concerned, Mr. Molotov had never ceased to demand that the Potsdam Agreement for unification be carried out. But these declarations had hitherto been offset by Russia's obvious willingness to let the stalemate continue. Now it began to look as if the Soviet leaders had decided to abandon their unilateral exploitation but had determined, before they did so, to take out some of the most desirable capital equipment, and some of the personnel to help operate it.

In the field of agriculture, the Soviet authorities pursued from the very beginning a plan to which they adhered throughout. This was a plan to accomplish three purposes: to feed the largest possible Soviet army of occupation in the zone, in order to relieve the pressure of food scarcity in the Soviet Union; to export from the zone to Russia as much food as possible, for the same reason; and to destroy the power of the feudal Junker militarists by breaking up their landed estates.

To accomplish this latter purpose, the Soviet authorities approved a German-sponsored land reform, by which some 7000 estates of more than 100 hectares (250 acres) were confiscated and distributed to 300,000 former tenant farmers or new set-

* *Sozialdemokrat*, Berlin, November 27, 1946.

tlers in farms of 5 to 7.5 hectares (roughly 12 to 19 acres). Visiting some of these new farm-owners in the summer of 1946, one had the impression that these were about the only people in Germany who were better off because of the war. The new farmer-owners were full of confidence, in spite of shortage of tools and fertilizer; both they and the German agricultural officials believed that under the new system they would get more out of the land than it had ever produced before. After the 1946 harvest, however, there were conflicting reports as to the success of the operation.

There was also considerable conflict of opinion among the experts as to the ultimate meaning of the experiment. Some, such as Dr. Karl Brandt, formerly of Berlin University and now of Leland Stanford University, expressed the belief that the land reform measure was deliberately designed to fail, and, through its failure, to lead to what the Russians really wanted—namely, collectivization. Other equally qualified observers believed that the experiment was designed to succeed, and would succeed, because the German tenant farmers were typical small farmers by nature, rather than serfs or hired farmhands. They viewed the reform not as a step toward ultimate bolshevization, but as just the opposite—the creation of a new class of small landowners, who, if they followed precedent, would tend to become a conservative political element.

This brings us to political development in the Soviet zone.

Denazification was carried out by the Russians on two separate and distinct standards, one applying to public servants and citizens engaged in politics, the other to people engaged in industry, commerce, or agriculture. In the first category they instituted a thorough housecleaning. In Thuringia, for example, 113,439 officials of various kinds were removed from office, among them 98 per cent of all the school teachers. In the second category, the Russians were content to remove the "bigshot" Nazis many of whom, had, as a matter of fact, fled into the western zones before the Red Army arrived on the scene.

The Soviet zone was governed largely by general directives issued from Karlshorst, the Russian headquarters in Berlin. Each German *Land* (province) was given a Russian military governor and a German president. The president, plus his four vice presidents, formed the *Praesidium*, and this was the executive body, operating under broad instructions from the Soviet authorities. In addition there was an advisory council, consisting of ten members from each of the political parties, ten from the Trade Union Federation, five from the farm co-operatives, three from the chambers of commerce, three from the artisans' guilds, two from the churches, and thirteen picked as individuals by the *Praesidium*. The advisory council was later supplanted by a legislative assembly elected by the people of each province. A uniform constitution, drafted under Russian supervision, was adopted by the various provinces. Courts functioning independently of the executive were established throughout the zone.

As already stated, the Russians were the first among the Allies to attempt the restoration of political life, permitting the almost immediate organization of anti-fascist political parties and labor unions. For approximately one year they licensed four political parties—the Communist (KPD), the Social Democratic (SDP), the Christian Democratic Union (CDU), and the Liberal Democratic (LDP). These same parties were later licensed in the western zones. Of the three non-Communist parties, the Social Democrats believed that political democracy should rest upon a socialist economy; the Liberal Democrats believed that it should rest upon a free enterprise system; and the Christian Democrats (or Christian Socialists) stood somewhere in between. The CDU membership was the most heterogeneous and included many remnants of extreme reaction as well as non-Marxian socialists.

In March 1946, before any elections had been held in the Soviet zone, the Soviet authorities suddenly embarked upon an experiment of dubious wisdom. They ordered a merger of the

two leftist parties which they had previously permitted to organize separately, namely, the Social Democrats and the Communists. These two parties were forced into a shotgun marriage as a single workers' party, and given the name of Socialist Unity party (SED). The order caused an uproar among the Social Democrats and evoked considerable support for their protest in the western zones and among the Western Allies. Nevertheless, the merger was put through in all parts of the Soviet zone and in the Soviet sector of Berlin.

The result of this action, and of the drastic sanctions and pressures used to enforce it, was to becloud the political picture in the Soviet zone and to stimulate the Social Democrats to renewed vigor in the three other zones and in the French, British, and American sectors of Berlin. When elections were held in the Soviet zone in September 1946, the Soviet-sponsored and -favored Unity party, with its satellite groups, won a majority, but the CDU and LDP together polled an almost equally large opposition vote. The size of the LDP vote was particularly surprising—since this party had shown no similar strength in other parts of Germany—and undoubtedly reflected a large Social Democratic protest. It was noteworthy that in some of the large industrial cities, like Leipzig and Magdeburg, the two right-wing parties polled a majority.

In the Berlin city elections, held in October 1946, the Soviet-sponsored SED received a resounding defeat; the Social Democrats, even though banned in the Soviet sector, carried the election with 48.7 per cent of the vote; the CDU was second, and the SED ran a poor third with 19.8 per cent of the vote. Furthermore, in the October zone elections for state legislatures the SED strength declined by 365,000 votes, although the total of votes cast was about one million greater than in September.

It was almost immediately after this election that the Soviet policy began to show signs of changing. The economic factors already mentioned undoubtedly had much to do with this

change, but perhaps the failure of the SED maneuver was also influential in demonstrating that Russia had more to gain from a unified Germany than from an attempt to make the Soviet zone into a more or less permanent colony.

In any case, it was there that the matter stood when Mr. Molotov sat down to discuss Germany with his associates of the Council of Foreign Ministers in the winter of 1946-47.

CHAPTER EIGHT

The French Zone

Of the three western zones of occupation, General Pierre Koenig's French zone most closely resembled the Soviet area. This was both because of the nature of the zone and because of the character of the occupation.

The physical nature of the zone was such as to make it more nearly self-supporting than either the British or the American zone, though not nearly so productive as the Soviet area. Its economy was fairly well balanced between industry and agriculture. The most important industries were located in or near the Saar district, which contains important hard coal deposits. The Saar mines normally produced about 14,500,000 tons of coal per annum. On the average this coal was considered about 90 per cent as efficient for steam and metallurgy as Ruhr coal. Whereas Ruhr mines were privately owned, until expropriated by the British, the Saar mines were the property of the Prussian state. Under French management, these properties were brought back, by the end of 1946, to about 75 per cent of normal production. During the same period, the Ruhr mines, under British direction, were unable to reach more than 50 per cent of normal.

There were three major reasons why the French were so much more successful in this respect than the British: first, the Saar mines suffered somewhat less war damage and some of them were efficiently repaired by United States Army Engineers when the American Army first captured the Saar territory; second, the French not only fed the Saar miners somewhat better than the British fed the miners in the Ruhr, but also gave



their families a high ration, including a wine allowance of three liters a week; third, the French were able to bring back to the Saar the same mine managers who had run the properties when the region was under League of Nations mandate, prior to the plebiscite of 1935, which returned it to Germany. The French made no secret of their determination to incorporate the Saar into France. Their argument was a curious reversal of that used by Bismarck in 1870 to justify the German annexation of Lorraine. The French said: "We are entitled to the Saar because we need its coal to go with the iron ore of Lorraine." The French authorities expressed the view, in July 1946, that if

another plebiscite were to be held then and there, the majority of Saar inhabitants would vote to be annexed to France. It was difficult at that time to find many Germans who shared this belief, although later in the year there was considerable evidence to support the French contention.

Outside of the favored Saar district, the French pursued a tough policy reminiscent of the Soviet zone in that its major objective was the extraction of reparations. There was, however, this important distinction: whereas after the first flush of victory, the Russians decided that they would rather have the golden eggs laid by the goose than the goose itself, the French seemed determined to have both the goose and the eggs. Their operations outside the Saar impressed this observer as an unhappy product of emotion rather than reasoned planning. For example:

A surgical instrument plant—hardly a war industry as defined at Potsdam—was carried off to France lock, stock, and barrel. One of the two tracks of the important Freiburg-Muehlheim-Offenburg railway was removed—not so much because the French needed rails, but because they wanted to divert the lucrative north-south traffic to the French side of the Rhine.

The same sort of thing could be observed in agriculture. Much of the French zone was rich farmland, which, however, never produced enough food for the inhabitants, even in normal times. This was because a large part of the land lay in orchards and vineyards, the products of which were formerly sold in exchange for foodstuffs grown elsewhere. The French were taking the German wines and making them into French cognac or selling them as "Alsatian" vintages. The fruit, formerly exchanged for Bavarian bread grains and potatoes, was taken to France. Worst of all, the region was being stripped of dairy cattle and even of draft animals. In certain parts of the Palatinate, horses were being requisitioned at the very moment when they were most needed to bring in the harvest.

In noting such examples one had to bear in mind several

extenuating circumstances. The French had been three times invaded by the Germans. They had suffered greatly at German hands. They feared that the amputation of Germany's eastern provinces and the compression of thirteen million expellees into the rump of Germany might create the pressure necessary to cause a fourth invasion. And, finally, the French were not bound by the Potsdam Agreement. One might be tempted to feel that whatever the French or Russians did to the Germans was a matter of retributive justice. Nevertheless, it was a fact worth noting that the Russians, who suffered far more than the French, seemed less animated by a spirit of blind vengeance and therefore more intelligent in the pursuit of reparation.

In this respect, a psychological factor operated strongly against the French forces of occupation: when the Red Army lived off the land and carried off its products, the German inhabitants felt that these were the acts of a conqueror, who had proved himself stronger than they. But when the French army did the same thing, the Germans felt that here was an army which they had conquered in a few weeks, and which rightfully belonged not among the victors but among the vanquished. The French felt this themselves to a certain extent, and their own insecurity as conquerors made them jumpy and vindictive.

Whereas the Germans in the Soviet zone were, on the whole, surprised to find themselves no worse off than they were, the Germans under French rule seemed sullen and resentful. One had a sense of explosive tension, more pronounced than anywhere else in Germany, and one heard more talk than in the east about turning to Communism as a way out of despair.

Another difficulty faced by the French in governing their zone was its geographical configuration. Created largely as an afterthought and as the result of horsetrading, the zone was composed of bits and pieces and contained no former political or economic entities. Moreover, as is evident from a glance at the map (see page 59), the zone was shaped like an hourglass,

with very inadequate communications between the upper and lower halves.

The French originally established five administrative regions:

1. *Rhineland-Hesse-Nassau*: this consisted of the southern part of the old Prussian Rhine province, which used to feed the northern—now British—part; plus the Koblenz bridgehead on the east bank of the Rhine.
2. *Hesse-Palatinate*: this comprised Rhenish Hesse around Mainz; and the Bavarian Palatinate, economically dependent upon Bavaria.
3. *The Saar*, which contained the second most important coal mines and steel industry in western Germany.
4. *Southern Baden*, politically and economically a part of northern Baden, in the United States zone.
5. *Southern Wuerttemberg*, which was likewise an integral part of the larger territory in the United States zone.

In July 1946 the French combined regions one and two into one *Land* leaving four and five as separate entities. By leaving the Saar and about six hundred square miles of Rhineland out of this administrative set-up, they served further notice of their intention to annex this territory to France.

Prior to this reorganization there had been practically no effort to create any sort of German government. Each region had an *Ober-Regierungspraesident*, with a cabinet of so-called *Referenten*, but these rudimentary executive agencies operated only nominally and under the closest supervision of the French military governor. The French, in fact, rather resented the organization of full-fledged German governments in the neighboring United States zone. One high French official complained that "Sometimes interzonal dealings are very awkward, because our Germans merely accompany a French officer while your Germans act on their own, which means that a German is put in a position where he can say 'No' to a French officer."

Nevertheless, in October 1946, the French did proceed to

hold their first local elections. The Christian Socialist Union, closely affiliated with the Christian Democratic Union in northern and eastern Germany, won a substantial majority of the county council seats. The Social Democrats ran second (26.8 per cent), with the Communists a poor third (7.7 per cent) and the Liberal Democrats an even poorer fourth (7.1 per cent). Only some 60 per cent of the eligible voters participated, as against 80 per cent in similar earlier elections in the neighboring American zone.

In denazification, the French were slower than any of the other occupying powers. Their attitude seemed to be that "A Boche is a Boche, and it doesn't much matter whether or not he was also a Nazi." There were a number of cases of officials who had been dismissed from the public services in the American zone crossing over and finding immediate re-employment at practically the same jobs in the French zone.

The truth of the matter seemed to be that the French simply were not interested in seeing any kind of a new Germany come to life, unless they were assured that such a Germany would be deprived of the Ruhr, the Rhineland, and the Saar. On the other hand, perhaps just because of their preoccupation with the detachment of the western provinces, the French made a considerable effort to re-establish cultural life in these areas. Where they were content to leave a political and economic vacuum, they seemed much concerned to fill the cultural void. The outstanding accomplishment in this direction was the re-establishment of a first-rate university at Mainz.

By the winter of 1946-47, the French were faced with the fact that the British and American Governments, weary of French and Russian obstruction, had embarked upon an economic merger of their two zones. With an uncertain political situation at home, the French Government had to face the difficult decision of whether to continue its obstructive tactics in the hope of realizing its aims, or to abandon its further demands for partition and be satisfied with annexation of the Saar.

Apart from this, the French were in a position quite similar to that of the Soviet Union. They too had a "going concern" in their zone which yielded them a profit. By a rigid policy of maximizing exports they managed to extract about \$60,000,000 from their zone in 1946, which left a margin over imports. This figure was more than double that of exports from the American zone, although the population of six million was less than 40 per cent of the American zone. Also, like the Russians, the French were feeding a large number of civilians, as well as their army, off the land. All these factors militated against their joining the Anglo-American merger.

CHAPTER NINE

The British Zone

The British zone, governed by Air Marshal Sir Sholto Douglas and his deputy, Lieutenant General Sir Brian Robertson, comprised the bulk of what used to be Prussia west of the Elbe, plus the Free City of Hamburg. (See map on page 68.) It was the most thickly settled of the four zones and contained the heart of prewar Germany's industry.

As one set foot in the British zone, in the summer of 1946, one had the sense of entering a well-integrated section of the British Empire. Whereas the Russians acted on the principle of telling the Germans what they wanted done, leaving them to do it in their own way, the British were inclined to tell the Germans nothing and to proceed to do most of the important things themselves. They applied the well-established principles of British colonial government. Where the Russians maintained a huge army of occupation and a comparatively small military-government establishment, the British reversed the process. Their Army of the Rhine was a relatively small force, but their military-government establishment was highly organized and heavily staffed.

From an economic point of view, the British took over the potentially most valuable of the four zones, but by far the most difficult and expensive to maintain during the period of reorganization and rehabilitation. They took over an area which, in spite of the most intensive cultivation, had always shown a food deficit, depending for more than half of its food upon imports from eastern Germany and from foreign countries. This was in part a result of its thickly settled industrial districts and



in part a result of its poor soil. The only rich agricultural land in the whole British zone was in Schleswig-Holstein.*

As a consequence, the United Kingdom found itself compelled from the outset to ship food from its own meager resources to sustain even a bare subsistence ration in the British zone of Germany. In the summer of 1946, a Select Committee of Parliament reported: "The present normal consumer's ration in the British zone is as low as 1052 calories a day." (This is less than a third of average American consumption.) "About

* The British undertook no land reform to break up large estates.

one third of the ration now comes from within the zone; of the remainder, about 16 per cent of the total to be imported will be taken from the United Kingdom." (The rest was to be imported from the United States, or other countries.) The same committee reported that in money terms, the deficit in the British zone—apart from occupation costs—was running at an annual rate of eighty million pounds sterling. In the winter of 1946-47 the ration was increased to 1550 calories but even at that level it remained wholly incapable of supporting health. Furthermore, the British zone contained a high percentage of what had been the major targets for Allied bombing. In 1939 it had possessed five and a half million houses. On VE Day, only two million of these could be classified as undamaged or very slightly damaged. Likewise, on VE Day the great industrial machine in the Ruhr had come to a standstill. Mines and factories had for the most part ceased to operate, and transportation was almost completely disorganized.

In contrast to this dismal immediate picture, the British took over an area which, when and if restored, was capable of producing a very substantial surplus, even if the Ruhr steel industry were to operate at no more than the annual rate of about 4,300,000 tons * permitted under the Level of Industry Plan. (This output would be less than one quarter of German wartime steel production.) Actually, a year after VE Day, steel production in the Ruhr was running at less than 40 per cent of the permitted level, and remained thereabouts throughout 1946, in spite of all efforts at rehabilitation. In part, this was due to bomb damage, but even more to the shortage of coal.

Never before had it become so apparent that every problem in the British zone, in Germany as a whole, and in all of Europe, was intimately related to the production of coal from the Ruhr mines. Food production was held up for want of fertilizer which could not be manufactured without coal. Tin cans could not be made without coal. Chemicals and especially

* Out of a total of 5,800,000 tons for all of Germany.

synthetics could not be produced without coal. Power, light, and transport were largely dependent upon coal. Throughout Europe, not only reconstruction but the maintenance of public health was jeopardized by the fact that the British were unable to bring the German coal mines back to even half of their normal production.

There were a number of factors which stood in the way of easing this number-one headache. Bomb damage was one factor. Worn-out equipment was another. Both repairs and the replacement of machinery meant a need for steel to be used right where it was made, in the Ruhr. And making steel in the Ruhr meant holding coal in the Ruhr, while people throughout Europe were clamoring for it.

By far the most difficult obstacles were manpower factors; that is, an actual shortage of miners, and—more important—the falling off in efficiency of available personnel. The manpower shortage was most acute in the highly skilled categories of underground workers, especially those men who actually cut coal at the face. Some fifty to sixty thousand of these face-workers would have filled the 30 per cent deficiency, but recruiting efforts were singularly unsuccessful.

In addition, however, the available labor could not be induced to produce anything like the output per man-shift of prewar times. This problem was in part physical, in part psychological. It was physical in the sense that the average age of miners had risen and that the workers were actually weakened by inadequate food. The miners themselves were given a much higher calory ration than the ordinary laborer, but their families received only the normal hunger ration, and, as one grizzled miner put it: "You can't expect a man to fill his own belly while his wife and children go hungry."

The problem was psychological in a number of aspects. There was no incentive for the miners to work beyond the point of earning enough to buy what little food their ration-cards called for. This they could do in two or three days a week. If they

earned any more, there was no way of spending it usefully. Clothes, household utensils, tools—whatever they might normally buy for themselves and their families—were unobtainable. It was more profitable to spend one's time raising hens or cultivating a small garden, or trying to barter an egg or a head of lettuce for a few potatoes. There was no incentive to save, because the currency was probably worthless. In addition to the lack of incentive to work, there were other psychological factors: depression resulting from overcrowding in unhealthy and unsanitary housing facilities; loss of pride in their craft; the lack of any recreational outlet; and the absence of coffee, cigarettes, and good beer.

The result of all these factors, physical and psychological, was that where the average underground worker had produced 1.99 tons of coal per day in 1938, he was producing only about 1.16 tons in 1946.

There was no easy answer to this problem. It was all very well to say: "Solve the coal problem in the Ruhr, and you will have solved most of the problem of Germany"—but it was difficult to see how the British alone, in a four-zoned Germany, could ever work out a solution.

From a political point of view, the twenty-three million inhabitants of the British zone comprised about as wide a mixture as those of the Soviet zone. The Rhineland and Westphalia were predominantly Catholic and conservative. This applied even to the once radical coal miners and to many of the industrial workers. Hanover contained a fairly large normally leftist industrial population, and in Hamburg not only the Social Democrats but the Communists traditionally played an important part. The peasants throughout the zone were conservative, especially in Schleswig-Holstein, which had been a National Socialist stronghold.

The British originally organized their zone in five regions. These were:

1. *North Rhine* (the southern part of the former Prussian Rhine province became part of the French zone).
2. *Westphalia*, containing most of the Ruhr area.
3. *Hanover*, including Brunswick, Oldenburg, and Lippe.
4. *Schleswig-Holstein*.
5. *The Free City of Hamburg*.

Each region originally had a British military governor, under whom there was appointed a German *Oberpraesident*. (In Hamburg he was called *Oberbuergermeister*.) The *Oberpraesident* had no *Praesidium*, as in the Soviet zone, nor any cabinet of ministers, as in the American zone. He was not very much more than a figurehead, and, with the notable exception of *Oberpraesident* Stelzer of Schleswig-Holstein, the British picked rather mediocre talent for these positions. The British also organized an advisory council for each of the five regions, without legislative power and without representation of functional bodies such as labor unions or co-operatives. The councils were composed, pending elections, of members picked by the four political parties.

Whereas, in the United States zone, the first local elections were held in January 1946, and provincial legislatures were elected and installed before the end of the year, the British did not begin to hold elections until September. Before these took place, the British abolished their five regions and set up three *Laender*, or provinces: Rhine-Westphalia, Hanover (henceforth to be called Lower Saxony), and Schleswig-Holstein. The City of Hamburg remained an independent free city.

The results of the first borough council and town elections showed the Social Democrats and the Christian Democratic Union running neck and neck, with the former polling a slightly greater number of votes, but with the latter obtaining a larger number of seats.* The Communists ran third, with about 8

* The SDP was no doubt handicapped by being the most closely identified with the British Labour Government and therefore with the current conditions of distress under the occupation.

per cent of the vote, and the Liberal Democrats last. (In 1932 the Communist vote had been about 75 per cent as large as that of the Social Democrats. In 1946 it was only 22 per cent, but a fairly large "independent" vote may have concealed a certain amount of Communist strength.) The election of provincial parliaments was scheduled for April 1947. The chances favored the CDU in Rhine-Westphalia and the Social Democrats in Lower Saxony and Schleswig-Holstein.

The British tried also to develop at least the rudiments of a German zonal government. A zonal advisory council and an economic advisory board were established, but without the vitality and vigor to be found in the corresponding *Laenderrat* at Stuttgart in the American zone.

Denazification in the British zone was slow and not very well handled. The German workmen complained that, while the small fry and technical Nazis were often caught, the real profiteers of the Nazi régime were still at liberty. Businessmen and public servants, on the other hand, would tell you that the British dragnet took in too many innocents along with the guilty, that people disappeared and were never heard from, that individuals were held for months without trial or hearing and sometimes released after months of confinement, apparently without rhyme or reason. The Select Committee of Parliament made this forceful comment:

"There are now approximately 40,000 persons confined in internment camps, some of whom have been there for over a year, without trial; and this number is increased from time to time, equally without trial or denunciation. If part of the object of occupation is to attract the Germans to the British way of life, this is a singular method of setting about it."

On the whole, however, one gained the impression that the British were treating the Germans with great fairness, and that most Germans realized it. They appreciated that the British army was not living off the land, as were the Russian and

French armies, even though Britain herself was still on wartime rations. The one recurring German complaint, which seemed to this observer justified, was that the British did not give the Germans enough of a chance to show what they could do themselves. This too was recognized and brought out by the report of the visiting committee from Parliament.

Moreover, the extremely competent top authorities in British Military Government were well aware of the necessity for eliminating the "colonial" spirit prevalent in some of the lower echelons. This "colonial" spirit took many forms, as might be expected among men who had their training in the India Office or the British Colonial administration. One form was a stubborn determination not to learn German—"Make the beggars speak English; most of them can, you know." (In this respect many American officers were no better.) Another form was in the frequent reference to the Germans as "the natives," and to the police as "the native constabulary." But these colonial "Blimps" were the exception rather than the rule. They were important only because they seemed to have a fatal tendency to favor the wrong Germans—the ones who spoke Oxford English, who liked a good horse and good wine, and who were likely to be members of the old Junker-industrialist aristocracy which had made Hitler possible.

So far as democratization was concerned, the British did very little to fill the vacuum created by denazification. They declared a "nationalization" of the coal mines and announced that Military Government would hold the mining properties in trusteeship for an eventual German Government. They announced plans for further socialization. But these moves meant but little to the Germans in the British zone. What the Germans noticed was that many of the old managers of industries were back on their jobs, that nothing was being done to break up the huge cartels, and that there seemed to be a considerable discrepancy between the declared policies of the British Labour

Government in London and the policies carried out by the British Military Government in Germany.

The London *Economist* put its finger on the sore spot, when it said: "The weakness in British rule is its negative character, its lack of defined political purpose, its underlying conception that there is a democracy hidden somewhere below the surface in Germany, which can be called into being by a majority vote in politics and by *laissez faire* in economics. . . . The assumption behind British rule in Germany appears to be that democracy was temporarily submerged there by a gang of Nazi wild men. The British responsibility is therefore simply to remove the wild men, 'restore order,' and allow submerged democracy to reassert itself by popular vote."

By the winter of 1946-47, much of the original good will toward British Military Government had been lost. The prolonged shortages of food and consumer goods, the continued requisitioning of houses in the face of the unrelieved housing shortage, the haphazard and apparently irrational dismantling of plants, and the absence of any clear policy made the Germans in the British zone anxious to dissociate themselves from any responsibility whatsoever. Whereas Germans of various political parties complained in the summer of 1946 that they were not being given a chance to show what they could do, the same Germans six months later were reluctant to accept any part of the onus. Germans with long-range political ambitions apparently began to fear that a record of collaboration with the British authorities might later turn out to be a handicap.

CHAPTER TEN

The United States Zone

The United States zone consisted of three major entities, each of which was truncated by the more or less arbitrary creation of a zone of occupation for France. These three entities were:

1. *Great Hesse*, comprising the various former Hessian principalities, but minus Rhenish Hesse on the west bank of the Rhine, and minus a curious French "bridgehead" on the east bank opposite Koblenz.
2. *Wuerttemberg-Baden*, comprising the two former German states, except that the southern tip of each was part of the French zone.
3. *Bavaria*, except for a corridor across its southern tip connecting the French zone in Germany with the French zone in Austria.

In addition, the Free City of Bremen was made an American enclave in the British zone, thus providing the United States forces with their own port of entry. (See map on page 78.)

Economically the zone was very largely dependent upon imports from the other zones and from abroad. No other zone illustrated so clearly the essential interdependence of the whole Germany economy. All its hard coal requirements had to come from the Ruhr (British) or the Saar (French); 83 per cent of its previous steel consumption came from outside the zone. Because of the coal shortage, the United States zone received in 1946 less than one third of the coal which it normally consumed. Because of the lack of coal and steel, the largest com-



pany manufacturing food tins in Bavaria was closed down just when tins were urgently needed to put up the 1946 crop of peas, beans, and fruit. Because of coal shortage the fabricating, processing, and finishing establishments in the United States zone could not work to capacity. Nor could the pharmaceutical indus-

try, which needed coal tar; nor the tire industry, which needed buna, which again meant coal.

Although largely agricultural, the United States zone was not and could not be self-sufficient in the production of food-stuffs. To make up the deficit and maintain even a dangerously unhealthy subsistence level for its population required—given the maintenance of interzonal barriers—an annual expenditure of \$200,000,000 of the American taxpayers' money.

There were, in 1946, almost half a million unemployed in the United States zone, not counting those considered unemployable. In addition, there were over half a million Displaced Persons being supported in DP camps. The population of the zone itself had been increased from about fourteen million to about seventeen million by the influx of German refugees expelled from Eastern Europe, most of them unfit to earn a living.

Considering the basic nature of the zone's economy and its dependence upon interzonal trade, the record of American Military Government in the field of economic rehabilitation was highly creditable. Production in 1946 increased 85 per cent over 1945, and reached a figure at the end of 1946 estimated to represent about 44 per cent of the 1936 level. The basic industries—mining, metals production, chemicals, and lumber—led the recovery, with the light industries—textiles, ceramics, leather, and paper-making—lagging somewhat behind.

The United States zone was not, however, particularly interesting or important from an economic point of view. Its political and psychological development was far more significant.

In the early days of occupation, the American Army had and fumbled a great opportunity to fill the vacuum left by the destruction of the Nazi régime. Immediately after the surrender, the few real anti-Nazi Germans looked to us more than to any other nation for an example of dynamic democracy. They looked to us for an unequivocal rejection of any compromise with former Nazis or Nazi hangers-on. They looked to us for

an understandable and acceptable alternative to Communism. All of Germany—in fact, all of Europe—looked to us for confident strength and firm resolve.

What they saw was uncertainty—toughness alternating with weakness; officers who seemed to know little about the job of occupying an enemy country; and GIs who fraternized in spite of the ban against fraternization, and who talked about nothing so much as the fact that they wanted to go home. What they saw was an American field commander, whom they respected more than any other American commander because he had beaten them at their own game, showing a predilection for ultra-conservatives and even former Nazi sycophants, and talking openly about the absurdity of the denazification orders he was supposed to execute. Nor was this an isolated instance.

In those early days there appeared to be, in the United States zone of Germany, no clear attitude or policy. This absence of a sense of direction and the conflict of ultimate aims with immediate necessities made it possible for Military Government officials to interpret the still secret Joint Staff Directive each according to his personal prejudices and predilections.

The most flagrant of the delays and failures occurred with regard to carrying out the program of denazification. When the American Army first set foot on German soil, long before the surrender, American Military Government set up in Aachen an entire Nazi régime under the notorious Mayor Oppenhoff. This was before JCS 1067 was issued. But after the Allies had entered Berlin, United States Army Headquarters issued an order, on July 7, 1945, which considerably watered down the denazification instructions of JCS 1067 and made the removal of Nazis from important positions discretionary rather than mandatory. When the American Army took over Bremen as a supply port from the British, it installed in office as mayor the very man—his name was Vagts—who had served as the Berlin representative of the Nazi government of Bremen and Olden-

burg. These mistakes were corrected, of course, but not until after they had attracted wide attention.

In September 1945 General Eisenhower found it necessary to administer a public rebuke to his commandant in Bavaria for failure to carry out denazification, informing him that "the discussion stage of this question is long past and any expressed opposition to the faithful execution of the order cannot be leniently regarded by me." The dismissal of General Patton and of the tainted Bavarian régime he had sponsored did not end the matter. The opposition to the denazification orders among high AMG officers extended well beyond Patton's Bavarian domain. But that was the highwater mark. Thereafter a slow but steady improvement set in.

By the summer of 1946 denazification had been handed over to the German Governments of the three *Laender* in the American zone. At first it seemed as if this move put the Americans far ahead of the other three occupying powers in accomplishing the desired purpose. But, before the end of the year, it became apparent that the problem had by no means been solved. In fact, the deputy governor of the zone, Lieutenant General Lucius D. Clay, the sponsor of the experiment, found it necessary to appear personally before the *Laenderrat* to state that, unless a drastic tightening up was undertaken by the Germans, AMG would have to take back the job it had entrusted to them.

Before we take up the interesting and imaginative efforts made by the extremely able deputy commander to organize political life in the American zone and to turn over responsibility to the Germans, it may be well to pause for a moment in order to take note of two very serious handicaps under which he and his commander-in-chief labored. These were: the over-hasty and ill-considered demobilization of our armed forces in Europe; and our inadequate program for training military government personnel. By the end of 1945 these two factors had combined to create a situation in which high-ranking American officers spoke openly of the "disintegration" of the American

Army of Occupation, while enlisted personnel staged demonstrations in the streets of German cities and shouted: "We want to go home!"

Almost immediately after VE Day, agitation had begun in Congress and throughout the United States to "bring the boys home." In the midst of this mounting hysteria, the War Department announced its now well-known system of high-point demobilization, under which those who had served longest, or with greatest distinction, or who had the greatest number of dependents, were to be sent home first. There was much to be said for such a system if it were carefully carried out, with due regard to the jobs remaining to be done abroad. But it was not so applied. The result was the breaking up of units, their reduction to impotence, and, quite literally, the disintegration of the United States Army of Occupation.

In December 1945 the United States Army Air Force Headquarters at Wiesbaden admitted that it would take a week to get one medium bomber squadron into operational shape. The ground forces found it necessary to employ German civilians to guard American military supplies. Worst of all, the few officers and men who had been especially trained for military government were sent home under the point system, just like the combat troops. Those who remained were disheartened by the chaotic conditions in which they had to work, by the absence of any clear idea of what they were supposed to do, and by the hopeless inadequacy of the 'teen-age replacements.

The second limiting factor under which our Military Government labored was the fact that the War Department had never properly planned for or trained an army of occupation. Our civil affairs people were selected and trained primarily for the purpose of being able to establish and maintain order and to "get things going" in the rear of an army fighting the enemy. In this they proved, on the whole, excellent. But they were not selected or trained to govern a defeated enemy country.

With very few exceptions they knew literally nothing about

Germany. They neither spoke the language, which forced them to rely upon unreliable interpreters, nor had they been given any idea of German history, politics, or economic problems. In fact, few of them knew anything about politics or economics anywhere. They had been selected because they possessed certain special skills, as engineers, lawyers, sanitation experts, or fire chiefs. They knew how to get a wrecked municipality functioning. They knew next to nothing about how to deal with the wreckage of human minds and spirits which was to constitute their major problem in Germany. This was not their fault. It was the fault of the system which had selected and trained them.

These two handicaps would have been enough to discourage most men. Almost a year after the German surrender, the situation was still so bad that Lieutenant General Joseph T. McNarney, who had succeeded General Eisenhower as United States Commander, found himself compelled to issue and publish the following extraordinary order:

"Due to rapid demobilization and frequent change of station of units and assignments of enlisted men and officers, firm ties of unit pride have been weakened. The traditional constant concern of officers for the welfare of their men and consequent mutual loyalties have been difficult to maintain during this transition period. Teamwork often has been forgotten.

"Consequently discipline in certain localities and commands in this theater has deteriorated to a point of discrediting the fine performance of our troops in general. Indications of this state can be found in:

"A. Participation in black market activities and indulgence in drunkenness.

"B. A high absent-without-leave rate and excessive incidence of other disciplinary infractions.

"C. The high automobile accident rate.

"D. The excessive venereal disease rate.

"E. The general lack of smartness in appearance and conscientious observance of military courtesy.

"F. The complaining attitude toward constituted military authority and those duties essential to maintain high standards of soldierly efficiency.

"The low state of discipline within commands leads to a loss of respect for American authority by enemy people and injures our reputation among our Allies. But even more important is the loss of self-respect to the individual Americans concerned. Officer replacements and newly enlisted and newly inducted soldiers are being received in large numbers and if low standards of discipline and performance of duty exist in any organization they will extend to the new arrivals.

"The theater is now approaching a condition of reasonable stabilization. Excuses previously made that effective action was impossible because of the rapid turnover of officers and men are no longer valid. Continued tolerance of low standards of discipline will be considered as evidence of failure in command.

"All commanders and their subordinates must now devote themselves to the re-establishment of discipline, esprit de corps and pride in fulfilling our mission as indicated in all phases of military performance. This becomes their most important immediate function."

While General McNarney set about reorganizing and restoring discipline in the Army of Occupation, General Clay addressed himself to the herculean task of building an effective military-government machine. By the end of 1946, the United States zone of Germany was in many respects the best governed of the four. This was due chiefly to the conviction of the American commanders that the way to do the job effectively was to make the Germans learn how to do it themselves. In following this course they inevitably made mistakes and encountered disappointments. But the result, by the winter of 1946-47, compared favorably with that in the three other zones of occupation.

United States Military Government was thoroughly organized in a number of major divisions many of them subdivided into branches. Three of the most important divisions, for example, were those concerned with economics, political affairs, and public welfare. Economics in turn was subdivided into

industry, food and agriculture, imports and exports, and so forth. Each month the military governor issued a full report, with supporting documents detailing the work of the various divisions and branches. These reports, which can be obtained in limited quantity from the War Department, are a mine of information for anyone who wishes to make a thorough study of the development of United States Military Government in Germany. They are also a model of clarity and precision for anyone interested in the technique of making official reports. (If the people of the United States are ill-informed about the operations of their representatives in Germany, it is not because the information was unavailable to the press, but rather because the press did not deal effectively with the mass of material placed each month at its disposal.)

In the last months of 1945, with his AMG machine in better working order, and with a certain amount of progress made in demilitarization and denazification of the American zone, General Clay undertook the first steps toward formal democratization. The zone had been divided at the outset into the three *Laender* of Great Hesse, Wuerttemberg-Baden, and Bavaria. Each had been given a German president, and each president had a cabinet of ministers with portfolios roughly corresponding to the divisions of Military Government. Executive responsibility for the carrying out of policy was gradually entrusted to these embryonic state governments.

In January 1946 the first local elections were held throughout the American zone. These rural elections resulted in an overwhelming victory for the conservative elements and were sharply criticized as having been held too soon to give the liberals a chance to organize. In the light of subsequent developments, this criticism does not seem to hold much validity. While it may be true that many of our officers were by nature and tradition favorably inclined toward the more conservative elements—especially the church groups—they were operating in an area two thirds of which was in any case predominantly conservative.

The rural elections were followed by city and county elections, and finally by statewide elections of constitutional assemblies, all of which showed the same trend. The assembly elections were held on June 30, 1946, and crystallized the already demonstrated party strengths in the three *Laender* as follows:

SEATS WON BY VARIOUS PARTIES

	<i>Bavaria</i>	<i>Greater Hesse</i>	<i>Wuerttem- berg-Baden</i>	<i>Total</i>
Christian Democrats and Christian So- cialists (CDU and CSU)	109	35	41	184
Social Democrats (SDP)	51	42	32	126
Liberal Democrats and affiliated parties (LDP, etc.)	4	6	17	27
Communists (KPD)	8	7	10	25
Economic Recon- struction (ERP)	8			8
	180	90	100	370

The early trends thus developed into a clear majority for the CDU and CSU in Bavaria, a plurality for the same group in Wuerttemberg-Baden, and a plurality for the Social Democrats in Greater Hesse.

(In the light of these later developments it seems clear that our greatest political mistake was not that we held elections too soon and proceeded too fast, but rather that we missed the opportunity which existed in the earliest days of occupation. In these early days the Germans still had a considerable stock of food, clothing, and consumers goods. They were not, as they later became, preoccupied with the necessities of maintaining

existence. Moreover, they were at the high tide of resentment against the Nazi régime which had brought them to defeat. There were some active anti-Nazi groups formed into "working committees"—*Arbeitsausschüsse*—anxious and eager to work with us for political regeneration. But for three months we did not seem to know what to do. It was not until August 6, 1945, that General Eisenhower issued permission for political parties to form in the United States zone—and then only at the local level. By this time the few active elements had become discouraged and confused. The scramble for the bare necessities of life had become the great preoccupation. The most favorable moment had been lost.)

By midsummer of 1946 the three states were fully organized from the bottom up on a democratically elected basis, except for the adoption of constitutions and the election of state legislatures. These steps were to follow soon, but in the meantime General Clay had also proceeded to organize the rudiments of zonal government.

In October 1945 the three *Land* presidents had been authorized to function as a zonal co-ordinating agency. In May 1946 this agency was changed into a *Laenderrat* (council of states) by a new statute. The new law established a *Laenderrat* directorate composed of one special delegate and one plenipotentiary from each of the three *Laender* and a secretary general. This directorate was to function as a permanent body in Stuttgart. Major decisions were reserved for the three *Land* presidents.

The responsibility of the *Laenderrat* was now defined as to over-all zonal matters, making it directly responsible for transport, postal service, and communications in the zone, as well as for certain economic matters, such as price control. Furthermore, the *Laenderrat* was made the designated channel for relations with other zones, as for instance in co-ordinating a food and agriculture program with the British zone under the proposed merger. In other words, what General Clay began to create in Stuttgart, with the able help of his senior advisor, Dr. James K.

Pollock of Michigan University, was the beginning of a federal government. This zonal structure was especially interesting, because it might someday serve as a model for a larger federal structure to embrace all of Germany.

Toward the end of October 1946 the constitutional assemblies of the three *Laender* submitted their draft constitutions to United States Military Government for approval.

Bavaria desired a bicameral legislature, with a lower house (*Landtag*) elected for four years by popular vote and a senate composed of sixty members democratically chosen by public organizations such as trade unions, co-operatives, welfare organizations, and universities. The senate was to be elected every six years. The *Landtag* was to elect the president for a four-year term, provided he continued to hold the confidence of the majority. The constitution contained a bill of rights, prohibited cartels and price agreements, and provided that the production of electric power should be the sole prerogative of the state. General Clay approved the draft after insisting upon a clarification of one clause which might have been construed as a right to secede from Germany after a federal Germany had come into being.

The Wuerttemberg-Baden constitution provided for a unicameral legislature and leaned a little more toward socialization. The Bavarians mentioned private enterprise as desirable in principle, but stated that "the means of production vitally important to the community can be socialized, if consideration for the general good requires it." Wuerttemberg-Baden omitted the bow to private enterprise, but did not make socialization mandatory.

Greater Hesse produced a draft very similar to that of Wuerttemberg-Baden, except that it contained an article (Number 41) which provided for mandatory socialization of mines, iron and steel manufacture, power, and railroads, with state supervision of large banks and insurance companies.

General Clay approved both constitutions, but insisted that

Article 41 of the Hesse constitution be submitted to the voters in a special referendum.

The Wuerttemberg-Baden elections were held on November 24, 1946. The voters approved the constitution by two to one. They elected a *Landtag* composed of 39 CDU members, 32 SPD, 19 LDP, and 10 KPD. The difference from the composition of the constituent assembly consisted of two seats lost by the CDU and gained by the LDP.

Bavaria voted on November 30. The constitution was overwhelmingly approved and the composition of the *Landtag* was as follows: CSU 104, SDP 54, ERP 13, LDP 9. The CSU had lost five seats, the Social Democrats had gained three, the Economic Reconstructionists had gained five, the Liberal Democrats had gained five, and the Communists had lost all eight of the seats they had held in the constitutional assembly.*

Greater Hesse, which now became Hesse, adopted its constitution, as well as Article 41, on which 75 per cent voted in favor. The *Landtag* showed little change from the composition of the assembly, the Social Democrats holding their plurality, but the CDU lost strength, as in the rest of the zone, to the LDP.

On an over-all basis for the zone, these elections, which presumably were to stand for four years, showed that the Liberal Democratic group jumped from 6.9 per cent of the vote in June to 11.2 per cent on December 1, passing the Communists to take third place. The Communists themselves gained slightly, from 7.3 per cent to 8.3 per cent, the Social Democrats went from 32.6 per cent to 32.8 per cent, while the Christian Democrats (and Christian Socialists) declined from 46.4 per cent in June to 43.5 per cent in December.

The explanation for this shift of strength from the Church party, mostly to the Right, was opposition from its more con-

* The Communists lost their seats, not because they lost votes, but because of a peculiar provision in the Bavarian constitution disqualifying any party which did not poll more than 10 per cent of the vote in any one district.

servative elements to the party's acceptance of the strongly leftward-tending constitutions. The churches made their big fight on the issue of denominational schools and on the question of continued state support, including the principle of levying taxes for this purpose. In order to gain these points, the CDU-CSU leadership was willing to go along with the Social Democrats in backing the draft constitutions. As a result, the party lost some votes, but gained its primary objectives, since all three constitutions contained the desired provisions.

The American zone was now fully organized to govern itself. On December 3, 1946, Major General Frank A. Keating, acting deputy military governor in General Clay's absence in America, gave the *Laenderrat* its new directive. This charter provided for "a tremendous increase in responsibility" for the German Government and a "gradual decrease in the operating responsibilities" of American Military Government. General Keating summarized the restrictions under which this new responsibility was conveyed. These included its subjection to international agreements, four-power policies (such as decisions of the Anglo-American Bipartite Economic Authority), and the resumption "at any time of full occupation powers in the event that the purpose of the occupation is jeopardized."

Among the purposes of the occupation General Keating mentioned: maintenance of free elections and the democratic processes; protection of individual rights; maintenance of a press free from government domination; recognition that a rule of law is the greatest protection against capricious government; maintenance of an independent judiciary and a governmental structure, federal in character, decentralized to the maximum consistent with modern economic life and with Germany's economic unity remaining a controlling objective.

Henceforth, General Keating said, Military Government would limit itself to "review, observation and advice." Disapproval would be limited to such actions as might "clearly violate the occupation objectives and basic democratic principles." Mili-

tary Government's operational activities would be limited to demilitarization, reparations, and possibly denazification. (The last was a strong reminder of General Clay's recent criticism of the German governments.)

Thus, United States Military Government had completed the formal establishment of democracy in its zone by the end of 1946, whereas the process had barely begun in the other three zones of occupation. This did not mean, however, that the United States zone was necessarily further advanced than the others in the real substance of democratization.

As shown by a number of public opinion polls undertaken by the Information Control Division, the minds and spirits of the Germans in the American zone were still very little influenced or reoriented. The vacuum created by the destruction of the Nazi régime had not been filled by any new ideals or concepts. Most Germans expressed the view that what Germany needed most was a new "good" leader.

We—not they—had destroyed the Nazi régime. We—not they—had set up the new forms of democratic government. The natural, or rather traditional, submissiveness of the German people had not yet grown into a more mature political attitude of accepting responsibility. The submissiveness had merely shifted from Hitler to American Military Government. Democracy was not an ideal to be fought for; it was a gift received from the conqueror.

To say this is not to belittle what had been accomplished, but merely to set the accomplishment in its proper context. There was, however, a certain danger that our Military Government officials might from now on assume that, because they had created the forms of democracy, they had also created its substance. There was, furthermore, the danger that we as a nation might not fully realize the extent to which we had accepted further responsibility.

CHAPTER ELEVEN

The Lost Breadbasket

Before World War I, Poland and the Baltic States were a part of the Czar's Russia. Germany's eastern boundary was a Russo-German frontier, with East Prussia bordering upon the Russian province of Lithuania and the rest of the line running in a rough semicircle around the northern, western and southern borders of Russian-owned Poland. Under the terms of the Versailles Peace Treaty, roughly half of Upper Silesia and the Danzig Corridor through eastern Pomerania were ceded by Germany to the newly created independent Poland. Thus, East Prussia became an island between Poland and Lithuania, cut off from overland contact with the rest of Germany. (See map on page 94.)

(Poland's eastern frontier was tentatively fixed in 1919 at the so-called Curzon Line, but, as a result of the Polish-Russian War of 1920-1921, Poland annexed the western parts of Byelo-Russia and the Ukraine. The boundary fixed by the Treaty of 1922 remained until 1939, during the period of the Moscow-Berlin Pact, when the Red Army reoccupied the lost territory, up to the Curzon Line.)

The cession of German territory to Poland in 1919 took from Germany and gave to Poland roughly half of the important coal deposits in Upper Silesia. This was considered justifiable on historical and ethnological principles, and also on the grounds that these coal deposits were more important to a new, well-balanced Poland than to a Germany, which retained the other half of Upper Silesia as well as the coal deposits in the Ruhr. The remaining eastern cession in 1919—the Danzig Corridor—

did not deprive Germany of any vital economic asset, except that Danzig had been its most important Baltic seaport. It did, on the other hand, create an extremely awkward strategic and political situation, with East Prussia left as an enclave cut off from the rest of Germany.

At Yalta on February 12, 1945, the Big Three definitely fixed the Curzon Line as the Russo-Polish frontier and at Potsdam on August 12, 1945, announced their decision permanently to remove the northern half of East Prussia from German control. This territory, including the important seaport city of Königsberg, was definitively awarded to the Soviet Union. In addition, the southern half of East Prussia, all of Upper Silesia, all but a tip of Lower Silesia, a slice of Brandenburg, and all but the western extremity of Pomerania were placed by the Potsdam Agreement under Polish administration, pending a final peace settlement; the port of Stettin was later placed under Polish administration by the Soviet authorities. This was the dubious action already described as the "eastern land-grab."

The effect of the Potsdam decision upon the German economy, with particular reference to the German food supply, has been discussed in a previous chapter. It remains to be said that, from the scanty information available a year after Potsdam, it appeared that Poland did not need and was not in a position to utilize most of the agricultural territory taken over. The expected migration of Polish farmers from the now-Russian area east of the Curzon Line did not materialize to the extent anticipated. In the summer of 1946 the few Westerners who were able to visit Pomerania and Lower Silesia reported great areas of the finest agricultural land weed-grown and uncultivated. In December 1946 the Polish Government declared that 3,286,000 Poles had been resettled on land taken from the Germans—in place of the six million Germans who had been expelled. From the available evidence it seemed clear that the farm lands of Pomerania, Brandenburg, and Lower Silesia were far more

essential to a peaceful, economically well-balanced Germany, than to a peaceful, economically well-balanced Poland.

On the other hand, the cession by Germany to Poland of Upper Silesia, with its important hard coal mines and the aggregation of heavy industry which had grown up in their vicinity, seemed one which might well be made permanent, provided that Germany were permitted to retain the Ruhr coal and industry in the west. Moreover, the Poles did extremely well in getting the coal mines back into operation. Given the Ruhr, a peaceful, well-balanced Germany did not appear to need Silesian coal and industry, whereas this asset was of great importance to a peaceful and well-balanced Poland.

A proposal for a clarification of United States policy in general, and, in particular, for a reopening of the frontier question along these lines, was put forward by the author in late July 1946. (See Appendix XI, page 354.) On September 6, 1946, Mr. Byrnes made a partial move in this direction. He announced that the United States favored a retention by Germany of all its western territory, except the Saar, and would insist upon reopening the question of the eastern frontier, except for the agreed-upon disposition of East Prussia. Unfortunately, he made no distinction with regard to the agricultural provinces and the industrial region of Upper Silesia. This led to difficulties which will be discussed in the next chapter.

So far as the condition of Germany under Potsdam is concerned, there is little more that needs to be said about the annexed provinces. By the time the Foreign Ministers finally got down to a consideration of the German problem, most of the Germans had been expelled from these areas. Many had died on the roads. Those that remained were working, as voluntary or slave labor, for Poland or Russia. They were completely and utterly cut off from whatever developments might take place in the direction of re-creating a new peaceful German nation.

PART THREE

THE BIG FOUR UNDER POTSDAM

CHAPTER TWELVE

1946 Maneuvering

The Council of Foreign Ministers which was created at Potsdam held its first meeting in London in September 1945. The session was ill-tempered and inconclusive. Besides ventilating disagreement between the Soviet Union and the Western powers as to procedural matters, it accomplished little except the appointment of deputies to prepare drafts of the peace treaties with Italy, Finland, Hungary, Rumania, and Bulgaria.

In December Messrs. Byrnes and Bevin went to Moscow for an informal nine-day session with Mr. Molotov. Here some of the procedural difficulties which had arisen at London were ironed out.

The Council reconvened in Paris in April 1946 to consider draft treaties prepared by the deputies. It held three sessions at Paris: the first lasting until the middle of May, the second from the middle of June to the middle of July, and the third a nine-weeks session lasting into October, held simultaneously with an advisory peace conference of twenty-one nations interested in the peace settlements. At none of these meetings was the topic of Germany formally discussed, although both Mr. Byrnes and Mr. Bidault made several attempts to introduce it. The time was consumed chiefly with attempts to reach agreement on the Italian, Finnish, and Balkan treaties, and on the thorny questions of Trieste and the control of the Danube.

These agreements were finally reached at the last 1946 session of the Council, held in New York in November and December.

It was not until December 7, 1946—at the 117th meeting of the Council—that the Foreign Ministers at last agreed that the

time had come to take up the questions of Germany and Austria. Even then, the Foreign Ministers merely set the time and place for this discussion—March 10, 1947, at Moscow.

While no formal action was taken by the Council with regard to Germany for the first year and a half of its existence, a considerable amount of sparring took place between the great powers in private conversation and occasionally in the full light of worldwide publicity. The first of such sparring began in April 1946, at the first Paris session. The French Foreign Minister, Mr. Bidault, tried to bring up the matter of Germany's western frontiers. He demanded at the very least a decision in principle to permit France to annex the Saar, although this did not imply that the French would withdraw their objections to the execution of the Potsdam Agreement without the further assurance that the Ruhr and Rhineland would be separated from Germany. The Russians were cold to any discussion of Germany, which they considered premature. The British and Americans vacillated between sympathy for French apprehension and irritation at French intransigence and obstructionism.

Toward the end of the session, in May, Mr. Byrnes made a move to calm French fears of a resurgent Germany by proposing a twenty-five year treaty to be signed by the four occupying powers, guaranteeing to each other the enforcement of the total disarmament and demilitarization of Germany. (For the full text of the treaty see Appendix IX, page 337.)

This proposal had been privately made through diplomatic channels some months before. As a matter of fact, the original idea came from a speech made by Republican Senator Arthur Vandenberg before the United States Senate. In suddenly bringing this proposal out into the open, Mr. Byrnes somewhat surprised and apparently embarrassed both Mr. Bevin and Mr. Molotov. Nevertheless, British reaction was favorable, even if somewhat delayed. Russian reaction, on the other hand, was immediate and most unfavorable. The Russians took the view that the proposal meant a withdrawal by the United States from

its previous commitments with regard to the disarmament, demilitarization, and democratization of Germany. Disappointingly, the French, too, took the position that the proposed treaty merely indicated an American desire to cut short the occupation. (For a quotation from the Soviet official news agency's report, see Appendix IX, page 341.)

On May 16, 1946, the Foreign Ministers broke up without having reached any decision with regard to Germany. The atmosphere is well described by the following dispatch cabled to the *New York Times* by its Paris correspondent, Harold Callender:

"M. Bidault insisted today on a decision, at least in principle, to give France control of the Saar. But Mr. Bevin infuriated M. Bidault by saying that no decision on this or the Ruhr could be taken until Germany as a whole had been studied.

"Mr. Byrnes as deeply offended the French—to judge by comment of their officials tonight—by saying that the disposition of the Saar should be dependent upon French acceptance of the centralized German agencies, which the French have been stubbornly vetoing in Berlin for months to get a decision on the Ruhr. The French called Mr. Byrnes' remark an 'unacceptable proposal for a deal.'

"The French were bitter tonight since they had received not the least support from any of the Big Three for their program of dismembering western Germany, which they regard as vital to their and Europe's security.

"The Foreign Ministers' failure to act on the Saar was described by M. Bidault tonight as 'another link in the chain of disappointments that France has experienced in negotiations concerning Germany in the last quarter of a century.' . . .

"The breach between Mr. Bevin and M. Bidault over the Ruhr seemed even greater today as the result of these futile conversations. For Mr. Bevin bluntly said that his Government would not express its views on the Ruhr until the other powers had done so about their zones. In other words, he implied that the British would cling to the Ruhr until they knew whether the Russians would relinquish any part of their complete control of their part of Germany." . . .

"Mr. Molotov chimed in to say that he wanted to know what was happening in the British-controlled Ruhr, where he had heard there was a plan to nationalize the mines. This was only the last of many querulous references by Mr. Molotov to the British zone.

"Thus Britain and Russia, in the persons of their Foreign Ministers, glowered suspiciously across the map of Germany, where each power has dug in at its own end of the country to watch anxiously the intentions of the other."

Immediately upon the adjournment of the first Paris conference, the American, Russian, and British Foreign Ministers returned to their respective countries. Each made a report of the proceedings to his own people. These reports were interesting in that they showed how wide was the gap still to be bridged before any agreement could be hoped for on Germany. (For the texts of those parts of the three Foreign Ministers' reports which relate to Germany, see Appendix IX, page 341.)

While the first Paris conference was in session, the deputy commander of the United States zone ordered the suspension of deliveries of plants to be removed from his zone for reparation account under the terms of the Potsdam Agreement. General Clay announced that such deliveries would not be resumed so long as the Potsdam Agreement was not being carried out in other respects. The action was obviously designed as a counter-measure to the Russian and French practice of taking reparations out of current production.

The next sparring took place at the second Paris session. The French continued to press for a settlement of the western frontier of Germany. Britain and America continued to avoid taking a clear position for or against the French desires for revision. Finally, on July 10, Mr. Molotov unexpectedly seized the initiative. In a carefully prepared statement of Russian policy, Mr. Molotov declared unequivocally against any further reduction of German territory, and stressed the necessity for the political and economic unification of a new "democratic" Ger-

many. The Russians not only desired to see the Potsdam Agreement carried into effect, he said, but wished to go further and establish as soon as possible a central German Government. (For the full text of Mr. Molotov's statement, see Appendix X, page 348.)

Coming as it did shortly before the French general elections, this Russian move took the Western powers by surprise; they had hardly expected the Soviet Union at this moment to undercut the powerful French Communist party. Obviously, however, the Soviet authorities considered the alienation of French opinion and the embarrassment of the French Communists less important than the making of an effective move on the German chess-board. By taking advantage of British and American vacillation in the face of French revisionist demands, the Russians now sought to establish themselves in the minds of the German people as the champions of German unity and the integrity of German territory. It was this move which inspired the author's conviction that, if the United States had any intention to preserve the right of reconsideration of the eastern frontier question, as provided at Potsdam, the time had come for action. It seemed not impossible that, unless forestalled, the Russians might themselves suggest a partial revision of the eastern land-grab and, by so doing, capture for good the nationalist aspirations of the German people. The author's suggestion, made to the Department of State shortly thereafter, was that the United States should privately propose a specific revision to the Russians, with the idea that it then be put forward as a joint United States-Soviet proposal to the Council of Foreign Ministers. Failing Russian agreement, the author proposed that we make the move alone. (Appendix XI already referred to.)

Meanwhile, the day after the Molotov bombshell exploded, Mr. Byrnes countered with two proposals:

1. A suggestion that each of the four Foreign Ministers immediately appoint a special deputy to work on the

preparation of a German treaty draft to be submitted to the Council at the earliest possible moment.

2. An invitation to Britain, France, and Russia—or any of them—to cause their respective zones to enter upon an economic merger with the United States zone.

The first suggestion was vetoed by Mr. Molotov and the second ignored. Britain and France supported the proposal to appoint special deputies, and Britain also indicated prompt acceptance of the economic merger. France hesitated about the merger and finally answered with a counter-proposal, which amounted to polite rejection.

On September 6, 1946, Mr. Byrnes suddenly left the Paris Conference in order to make a declaration of United States policy at Stuttgart, in the American zone of occupation. (For the full text of the Stuttgart speech see Appendix XII, page 360.) The Secretary of State publicly declared that the Potsdam Agreement for the four-power government of Germany had so far been a failure. Although he seemed to criticize the Allied Control Council, Mr. Byrnes was obviously well aware that this failure had been due to the absence of effective four-power policy; and that this, in turn, had been caused by the two Potsdam blunders and by our own slowness in making clear where we stood. With these facts in mind, Mr. Byrnes addressed himself to the rectification of the two Potsdam blunders and the clarification of United States policy.

The Secretary sought to put an end to French obstructionism by defining for the first time the United States position with regard to Germany's frontiers. He placed his government on record as insisting upon a partial readjustment of the Polish annexations in the east. Tacitly admitting that it had become impossible to adhere to the Atlantic Charter pledge of no annexation, Mr. Byrnes conceded that the Russians should retain the northern half of East Prussia; that the Poles should retain some, but not all, of the eastern German provinces; and that

France should be permitted to annex the Saar coal basin. On the other hand, he firmly insisted that the Rhineland and the Ruhr should remain a part of Germany.

In taking this position, Mr. Byrnes recognized that Ruhr coal was the heart of the German economy, without which it would be impossible to create a peaceful and reasonably prosperous German nation. For security, Mr. Byrnes placed his reliance upon over-all controls of the whole German economy rather than upon any device of artificial political or economic separation of the Ruhr.

Regarding revision of the eastern frontier, Mr. Byrnes was less specific, confining himself to a general insistence that this settlement had been made subject to the determination of a peace conference and could not be considered final. The clear implication was that some territory should be returned to Germany. Unfortunately, Mr. Byrnes did not say what territory.

Having thus moved toward clarifying at least in part *what* Germany the United States wanted to see recreated, Mr. Byrnes proceeded to discuss *what kind* of Germany he envisaged, politically and economically.

On the political side, Mr. Byrnes insisted that the Potsdam provisions for treating Germany as a whole be put into effect forthwith. He seconded the motion, previously made in July by Mr. Molotov, that a central government be established and a constitution drafted at the earliest possible date. The language in this section of his speech was regrettably vague. Some commentators, notably Russians, criticized it as advocating a weak federal government, while others, mostly Americans, lamented that it meant the abandonment of the federal principle in favor of an over-strong central government. (Speaking at Paris on October 3, 1946, Mr. Byrnes clarified this point, stating that the United States hoped to see a central government established on the federal principle by the states.)

The ambiguity of his references to the gradual withdrawal of large occupation armies gave rise to a further interpretation—

probably unjust—that Mr. Byrnes thought the time had come when complete political power could safely be turned over to the Germans.

In defining United States economic policy, Mr. Byrnes reaffirmed four basic principles which had been agreed to at Potsdam by Britain, the Soviet Union, and the United States. These were:

1. That Germany was to be treated as an economic entity.
2. That the German economy was to be permanently demilitarized—partly by the removal of war plants and partly by the limitation and control of industries which create a war potential.
3. That reparations were to be taken in physical removal of designated plants and not out of current production.
4. That the result of demilitarization and reparation should be so calculated as to leave a German economy capable of supporting a peaceful German nation on at least an average West European standard of living.

Perhaps the most important statement made by Mr. Byrnes was this: "It is not in the interest of the German people or in the interest of world peace that Germany should become a pawn or partner in a military struggle for power between the East and the West."

This statement—no doubt made in deep seriousness and sincerity—was almost entirely overlooked by commentators here and abroad. The Stuttgart speech was hailed or condemned, according to the individual commentator's point of view, as a move in a diplomatic struggle with Russia for the control of Germany. There were several reasons for this.

The first reason is to be found in the ambiguities and omissions in the Stuttgart speech itself. In defining *what Germany* the United States wished to see re-created, Mr. Byrnes was specific with regard to the western frontier but hazy as to the east. By not being specific, Mr. Byrnes permitted the assumption that

he was advocating a return to Germany of the Upper Silesian industrial area, which would deprive Poland of its richest prize and run counter to the idea of a demilitarized German economy. As a matter of fact, this very assumption was made the basis of an immediate and violent Polish reaction to the Secretary's proposal.

Second, in defining the nature of the Germany to be created, the Stuttgart speech left much unsaid. This was perhaps inevitable but none the less unfortunate. Mr. Byrnes said that Germany must not become "a pawn or a partner in a military struggle between the East and the West." What needed to be said with equal force and clarity was that it must not be allowed to become a pawn or partner in a political or economic struggle.

The Secretary's pronouncements about the political structure of the new German state were, as already stated, subject to various and even diametrically opposite interpretations. As for the economic structure, Mr. Byrnes did not go beyond saying that Germany must be treated as an economic unit.

But what kind of an economic unit was it to be?

The real test of whether we could develop a proposal acceptable as four-power policy for the creation of a peaceful and productive German nation lay in the answer to this question. It was never even raised at Potsdam. Mr. Byrnes did not raise it at Stuttgart. Yet it had to be raised and answered if there was to be peace in Europe.

The answer would have to take into account economic and political realities as they existed in Europe. The fact was that in Germany and throughout Europe the former landowning or economic power-wielding groups had been so weakened that the prewar economic structure could not be restored even if the majority of Europeans had wanted it.

It was a further fact that the majority of the Western European people apparently did not want any such restoration. They seemed to favor a large measure of economic socialism of a non-authoritarian nature—that is, they wanted the state to own

transport, communications, utilities, and large industrial combines; they wanted to retain free enterprise in agriculture and small business; and they wanted to maintain individual political freedom. Such mixed economies had existed for some time in Scandinavia. And Britain, under a Labour Government, had embarked upon a similar effort to prove that economic and political democracy were not mutually exclusive.

Quite apart from these considerations, if we wished to create a peaceful Germany, our thoughts about its economic structure would have to take into account another factor. After the last war we made the mistake of leaving undisturbed the two great economic power groups in Germany—the landed Junkers; and the industrial barons, who, having promoted and lost one war, proceeded immediately to the preparation of the next. The power of the Junkers had now been largely destroyed by Soviet-sponsored land reform in the east, and would probably be completely eliminated by similar action in the western zones. In the American zone such action was already under way and included church holdings. But the power of the industrial barons, which had its seat in the western zones, had so far merely been placed in temporary and partial trusteeship.

Trusteeship for whom? For a new generation of supposedly non-Nazi and non-militarist industrial magnates? Or trusteeship for the German people? So far, Washington's policy had tended toward restoration, wherever possible, of our particular brand of free-enterprise capitalism, although our people in Germany were inclined to regard this as a lost hope. British policy, bitterly resisted by a diehard opposition, had tended toward a mixed economy with a large degree of socialization. French policy had been indeterminate. And Russian policy had favored a completely socialized German economy.

What was the final answer to be? Mr. Byrnes did not touch upon this all-important question.

Apart from the ambiguities and omissions in the Stuttgart

speech, its *stage management* had much to do with the reaction that it produced.

We do not know what private conversations between the Foreign Ministers may have taken place before Mr. Byrnes left the Paris Conference to make his declaration of policy at Stuttgart. We do know, however, that in the midst of a period of somewhat strained relations between the United States and the Soviet Union, Mr. Byrnes chose to make his declaration in Germany to a German audience instead of making it as a proposal to his colleagues on the Council of Foreign Ministers. This had the inevitable effect of making his speech appear to most observers, here and abroad, as a maneuver in a struggle of power politics between the East and the West. The American press so interpreted it, and applauded or condemned according to its predilections. And the foreign reaction, instead of being a clear-cut reaction to a specific proposal with regard to Germany, was confused and partly obscured by the same overtones of power politics.

In Britain the speech received restrained but favorable comment. In France it produced consternation and dismay, in spite of the concession of the French claim to the Saar territory. In Poland it caused—as was to be expected—an outbreak of anti-American demonstrations, which might have been less serious had Mr. Byrnes' proposal for frontier revision been more specific. For ten days after the Stuttgart speech, Moscow remained strangely silent. There were a few critical comments in the Russian press and on the radio concerning the cession of the Saar and concerning that part of Mr. Byrnes' proposal which dealt with the nature of the future German government. There was no mention whatsoever of the question of frontier revision in the East.

It was not until September 16 that Mr. Molotov took official cognizance of the Stuttgart speech. When he did so, it was in characteristic fashion. He addressed a memorandum to the Polish Information Bureau in which he admitted that the Polish-

German frontier fixed at Potsdam had been made subject to the final determination of a peace conference, but contended that this was only "a formal aspect of the problem." Actually, he claimed, the Potsdam annexations must remain final, because the Western powers had acquiesced in the expulsion of the German population from these areas. "The historical decision of the Berlin Conference," he said, "cannot be reversed, for the facts prove it is impossible now to do so." That was the Russian answer to Mr. Byrnes' proposal. It left the basic German tangle unchanged. For without a revision of the eastern annexations, the whole Byrnes proposal could not be logically sustained.

Would the Soviet Union have taken this position if the American proposal had been couched in more specific terms, if it had been made at a more propitious moment, and if, above all, it had been made as a proposal to America's partners in the four-power administration of Germany instead of to the German people?

We cannot tell. Certainly there was much in the proposal itself which coincided with the Soviets' own policy of insisting on the creation of a unified, peaceful and productive German nation.

An account of the alternately rising and relaxing tensions between the Soviet Union and the West during the year 1946 falls outside the scope of this study. It is necessary, however, to bear in mind, while focusing upon the German problem, that this problem was actually never in the forefront of great power discussion during this period. The disputes over Iran, Palestine, the question of control over the use of atomic energy and other armaments, the use of the veto and the vote in United Nations deliberations, and, above all, the struggle over the treaties affecting the future of southeastern Europe held the attention of the great power statesmen and of the world. More broadly viewed, 1946 was a year in which the East and West were struggling to find an over-all *modus vivendi*—a year in which the statesmen to a certain extent sought escape from the difficult

problem of a general peace settlement by concentrating on a series of specific peripheral problems where they hoped that quick agreement might be possible.

It so happened that Mr. Byrnes chose to make his declaration of policy with regard to Germany at a moment when the tensions were high and when irresponsible talk of war between Russia and the United States filled the headlines. This, plus the stage management of his speech, minimized the chances for a favorable Russian reception of any specific American proposal.

On October 22 Foreign Minister Bevin followed Mr. Byrnes' lead in putting forward a somewhat clearer definition of British policy with regard to Germany than had previously been made by the Labour Government. After repudiating in broad terms a policy of mediation between the United States and Russia and asserting that Britain had its own contribution to make, Mr. Bevin became a little more specific with regard to Germany. Denouncing the great industrial trusts as having formed the basis of German militarism, the Foreign Secretary announced that Britain would take steps to nationalize, in her own zone, not only coal, iron, and steel, but also the heavy chemical and mechanical engineering industries; he further declared that Britain would support similar action for the whole of Germany, once it became possible to treat Germany as a unit. In this respect at least, Mr. Bevin was more specific than Mr. Byrnes had been a month earlier. The *kind of Germany* he wanted began to emerge as a nation organized economically upon socialist lines. This declaration might have seemed superfluous from a socialist British Foreign Secretary had it not been for the fact that British military government in Germany had to date shown so little energy or determination in that direction.

From a political point of view, Mr. Bevin sketched somewhat vaguely the kind of Germany Britain desired to see re-created. He tried to strike a mean between the Russian desire for a strong central government and what he conceived to be the American desire for an excess of decentralization in political

power. Here, however, he was at least as vague as was Mr. Byrnes at Stuttgart and Paris.

As to frontiers, Mr. Bevin accepted Mr. Byrnes' concession to France of the Saar and likewise Mr. Byrnes' position with regard to the Ruhr and the Rhineland. Concerning the eastern frontier, Mr. Bevin was even more ambiguous than Mr. Byrnes. He, too, stressed the fact that the Polish annexations had been made subject to final determination at the peace settlement and upon certain conditions (free elections, etc.) but he did not make it clear whether, if these conditions were fulfilled, Britain would nevertheless insist upon revision.

There was one other item of considerable importance in the British Foreign Secretary's declaration of policy. In speaking of the Level of Industry Plan, Mr. Bevin restated the British view that Germany should ultimately be permitted a steel capacity of eleven million tons per annum, as against the seven and a half million tons permitted by the March 26 plan. He said that Britain had been forced at the time to yield to a combination of the Russian desire for the destruction of German industry and the American "Morgenthau Plan for the ruralization of Germany" which had "influenced the United States outlook considerably." He welcomed the apparent trend in Moscow and Washington toward a reconsideration of what he considered to have been a mistaken conclusion. (For the full text of that part of the Bevin speech of October 22, 1946, which relates to Germany, see Appendix XIII, page 371.)

On October 28 Mr. Hugh Baillie, president of the United Press, published thirty-one questions which he had addressed to Premier Stalin and the replies which he had received. Of these questions, nine related directly to Germany. (For the full text of these nine questions and answers, see Appendix XIV, page 380.) The gist of Premier Stalin's answer was:

1. It was necessary to re-establish the political and economic unity of Germany.

2. It was possible at the present time to create a central German Government under Allied control, which would make it possible for the Foreign Ministers to draft a German peace treaty.
3. It was not certain, for the time being, that Germany was developing politically along democratic lines to an extent which would give hope for its future as a peaceful nation.
4. It was desirable that the Level-of-Industry Plan for Germany should be revised upwards, so that Germany could pay her own way more fully.
5. To prevent Germany from again becoming a military menace, it was necessary—beyond the present four-power program—actually to extirpate the remnants of fascism and to democratize Germany most thoroughly.
6. The German people should be allowed to reconstruct their industry and trade and become self-supporting.
7. At present the provisions of Potsdam were not always adhered to, especially in the field of democratization.
8. The further the Allied powers went in hunting down and trying war criminals the better.
9. The Soviet Union considered the western frontiers of Poland permanent.

These answers were extremely significant. They showed that the Soviet Premier agreed very largely with American and British policy, except that he felt that not enough was being done to democratize Germany and that the eastern frontier of Germany should not be revised. The Soviet Union had previously made clear, through Mr. Molotov, that it opposed all French annexations in the west. The thorny question of reparations—especially reparations taken, contrary to Potsdam, out of current production—had been avoided. (The evasion of the latter issue is apparent from the text of Question 19 and the answer given by Premier Stalin, paraphrased above as 7.)

Reports from Paris at this time indicated mounting apprehension that a Soviet-American "deal" on Germany was in progress. The French feared that such a deal might involve granting the Russians the right to take reparations out of current production in exchange for their now evident willingness to raise the level of permitted German industrial output. Furthermore, the French were angered by the solid front which now opposed their desire to separate the Ruhr and the Rhineland from Germany. As a gesture of defiance, the French representative on the Allied Control Council in Berlin, vetoed, on October 30, a proposed new four-power directive which would have permitted the amalgamation of the German political parties on a national basis. He said that France did not oppose the plan "in principle" but could not agree to it "in the present circumstances."

The scene now shifted to New York, where both the United Nations Assembly and the Council of Foreign Ministers convened in November; and to Washington, where the British and American deputy zone commanders and their staffs came together to arrange the details of the Anglo-American zone merger.

Upon arrival in the United States, the French delegation lost no time in making it clear that the French would not be prepared to discuss the problem of Germany until some time in 1947. The French general elections had been held, but, owing to the usual three-party split with no party having a majority, there were the usual difficulties about forming a Government. Mr. Bidault, who had for months sat upon the anxious seat because of the impending elections, could not now come to the United States while his own position and that of his party, the MRP, remained in doubt.

The Russians were apparently in no hurry either. They continued to use the French delaying tactics to cover their own desire to postpone for a little longer the end of their unilateral exploitation of the Soviet zone. Messrs. Byrnes and Bevin

pressed for an early tackling of the German problem, but the most they could obtain was an agreement that the Foreign Ministers should reconvene at Moscow on March 10, 1947, for a session devoted primarily to Germany, and that, in the meantime, special deputies should prepare the ground for their discussion. These deputies were scheduled to meet at London on January 14, 1947, and were instructed to prepare drafts of both German and Austrian treaties, after first hearing the views of other interested nations.

Meanwhile, the bizonal Anglo-American negotiations proceeded smoothly. On December 2, 1946, Messrs Byrnes and Bevin announced a definitive agreement between their two countries providing for the economic merger of the United States and British zones of occupation. (See Appendix XV, page 382, for the full text.) The agreement was designed to make the economically merged zones, containing a population of about forty million Germans, self-supporting within three years. The effective date of the merger was set at January 1, 1947. The three-year cost of reaching a self-supporting basis was estimated at one billion dollars, to be shared equally by the two countries. Whereas the United States zone showed a 1946 deficit of two hundred million dollars, exclusive of occupation costs, as against three hundred million dollars for the British zone, the British zone had a much higher export potential than could ever be achieved by the American. A fifty-fifty division of cost therefore seemed reasonable. On the other hand, the assumption of the five hundred million dollar liability by the British Government might mean a heavy strain upon its foreign exchange resources, which had only recently been bolstered by a large loan from this country.

Mr. Bevin and Mr. Byrnes made it plain that they considered the merger merely a first step toward the economic unification of all of Germany and repeated their invitation to the Soviet Union and to France to integrate their zones as well. They

stressed that the Anglo-American merger was purely economic and not a political fusion.

In Berlin, the British and American Military Government economic chiefs, Sir Cecil Weir and General William H. Draper, Jr., held a joint press conference on December 4, at which they announced that the merger would not affect the question of socialization. The decision as to this, they said, would be left to the Germans. Both men stressed the crucial importance of increasing coal production in the Ruhr—a problem now no longer British but Anglo-American.

The outstanding question with regard to the bizonal merger was this: Would time show that the move had been an effective step toward the unification of Germany as intended, or would it turn out to be a move toward the eventual division of Germany into East and West?

Finally, on December 11, the Council of Foreign Ministers announced a six point agenda for the Moscow meeting.

1. Consideration of the report of the Allied Control Council, which would be requested to report on:
 - (a) its work to date on demilitarization, denazification, decentralization, economic principles and reparations;
 - (b) establishment of central administrations and other problems connected with the economic, financial and political situation in Germany;
 - (c) the liquidation of Prussia, with reference to the decentralization of the Prussian administration.
2. Form and scope of the provisional political organization in the future.
3. Preparation of the peace treaty with Germany, including:
 - (a) consideration of the report of the special deputies, embracing as well questions of procedure and a hearing of the interested states;

- (b) basic directives pertaining to the peace treaty, including questions of frontiers, the French proposal on the Ruhr and the Rhineland, and other questions.
- 4. The United States draft disarmament and demilitarization treaty, and other measures for the political, economic and military control of Germany.
- 5. Consideration of the report already submitted by the experts on coal.
- 6. The treaty with Austria.

A seventh point proposed by Mr. Byrnes, providing for the future limitation of occupation forces, was omitted from the agenda upon Mr. Molotov's objections, although it was agreed that the question should be discussed at Moscow.

In the last days of 1946, the French made another move in the direction of nailing down their hold over the Saar territory. They suddenly announced, without prior consultation with the Allied Control Council, that they were establishing what amounted to an economic frontier between the Saar and the rest of their zone of occupation. To enforce this decree they threw a cordon of customs officials across the Saar border. The reason given for the move was that some of the food supplied to the favored Saar population was leaking out into the rest of the undernourished zone. At about the same time it became known, through the publication of an official request for explanation by General Clay, that the French had removed the Bosch Electrical Works from southern Wuertemberg to the Saar territory. Simultaneously, French military officials in the zone declared that the recent municipal elections had shown that "up to 78 per cent of the Saar population" wanted economic union with France. "The customs union," these officials were reported as saying,* "is not an annexation, but France's position is clear. We claim a historic and economic right to the

* Associated Press to the *New York Herald Tribune*, December 28, 1946.

Saar." Nevertheless, the general impression was that the French authorities were trying to create as much of a *fait accompli* as possible with regard to the Saar territory and part of the Rhineland, which they had added to the Saar in July.

This brought to a close the 1946 maneuvering of the four powers with regard to Germany.

CHAPTER THIRTEEN

Too Many Doctors

The reader who has followed thus far with some measure of agreement will no doubt have realized the basic difficulty during the first two years of four-power occupation of Germany: A very sick patient was in the hands of four doctors.

The four doctors came from four different countries and belonged to four different schools of medicine. They had never fully agreed upon a diagnosis of the patient's illness; they had agreed only that the patient had become dangerous to society. (And, indeed, this was true.) Since they did not agree upon the nature of the illness each doctor prescribed a somewhat different remedy. Worse yet—the doctors not only disagreed about the nature of the patient's malady; they disagreed also about the definition of good health; they disagreed, in other words, about the condition to which the patient should be restored. And, since each doctor was in a position to call a policeman and force the patient to take whatever medicine he prescribed, the result had turned out as might be expected: apathy, hopelessness, and increasing resentment on the part of the patient. The case was further complicated by the fact that the doctors were unable to obtain adequate food for their patient, so that he was gradually losing what natural vitality and recuperative powers he might have possessed.

There were two major reasons for this state of affairs:

First, the four powers collectively had never clearly understood the limitations imposed upon their possible range of action. They had assumed, implicitly or explicitly, that it lay within the power of the victorious nations to remake a defeated

nation, to reorganize the political and economic life of its people, to re-educate it and to fit it finally into a law-abiding world society.

Actually, the most that the victorious nations could realistically have hoped to do was to organize themselves and their friends into a peaceful and law-abiding society, to render the former aggressor nations impotent for a time, and ultimately to help the peoples of the aggressor nations fit themselves into the new order. More specifically, so far as Germany is concerned, the most that the four powers should have hoped from occupation, disarmament, and demilitarization, imposed and maintained by force, was to gain a period of time during which the German people would be denied the *means* of renewed aggression. *During this period the German people would have to lose the will to aggression*, would have to regenerate and re-educate themselves, if, at the period's end, they were to be received into a peaceful world society.

The four powers should have realized that they could not solve the German problem. The German people had to solve it themselves. The four powers could prevent the German people from finding the solution—or they could help to clarify the problem and create conditions in which a solution would become possible. This was, from the outset, the limit of the range of possible four-power action. The limitation had never been clearly understood.

The second basic reason for the failure was the division of the defeated Germany not merely into four zones of occupation (which was reasonable on practical grounds) but into four zones of independent administration by four separate military governments. The latter was, as we have seen, more accident than design—even though the accident had been clearly predictable.

Operating in combination, these two factors created a condition in which the four doctors were never forced to sit down and agree upon a diagnosis, or upon a cure, or upon what would

constitute a desirable state of health. The result, inevitably, was that each of the four occupying powers set about re-creating a piece of Germany in its own image, and that the common purpose of creating a new peaceful and productive German nation was obscured and frustrated.

One doctor had charge of the patient's stomach, another of his lungs, the third of his heart, and the fourth of his liver and kidneys. Each was preoccupied with the organ under his control and tried out upon it his favorite theories of treatment. No doctor was in charge of the patient's health as a whole; and none of the physicians seemed to realize that what ailed the patient was primarily a psychological disorder.

The case was further complicated by the fact that each of the four doctors was distracted by a preoccupation of his own.

The French doctor, whose family had been several times attacked by the patient, wanted to insure against a recurrent outburst of violence by making the patient permanently impotent. The Russian doctor's family had suffered even more at the hands of the patient and was still without adequate food and shelter because of his depredations. The Russian wanted to make the patient get well in order to pay for what he had done. His idea of "getting well" was somewhat different from that of the other physicians: it did not involve being made physically impotent (although that was a tempting idea) but it did involve the patient's leading a strictly regimented life.

The British and American doctors viewed the case somewhat similarly; basically, they believed in "nature's cure"—that is, they believed that in the long run the patient would recover his mental balance if he were put on a healthy diet and a temporary regimen under good care, meanwhile being kept under strict surveillance. They disagreed with each other about some of the procedures to be applied in the treatment, and they disagreed also in two rather important aspects of the case. The American doctor was tempted by an idea that the patient should, after his

recovery, give up his accustomed life in the city and become a farmer. But the English colleague persuaded him that this was nonsense and that the patient would never be able to make a living that way. So the idea was given up. But it left its impress on the minds of both physicians.

Finally, the two Anglo-Saxon physicians disagreed somewhat about what "getting well" meant. The Englishman thought it important that the patient should eventually live in the same place, but in a more modest sort of establishment. The American thought it desirable that the patient eventually resume his former social and economic status, unless he gave it up altogether and became a farmer. This difference, no doubt, had something to do with the fact that the American doctor still enjoyed at home a rather lucrative private practice, whereas his British colleague's originally similar practice had, through force of circumstance, taken on more of a community service character.

The condition of the patient, after two years of quadripartite treatment, clearly showed that a continuation of this sort of thing would be dangerous. The patient—a most unattractive fellow who varied between aggressive resentment and whining submissiveness—was quite obviously getting no better. He was beginning to play off the doctors against each other, telling each that, if only the others would go away, everything would soon be all right. He also began to diagnose his own case but not with the insight which would have indicated a true convalescence. His diagnosis of his own aberrations and misdeeds took on more and more the nature of a justification, which was, of course, the very opposite of a step in the direction of regaining his mental health.

The patient's neighbors, too, began to worry about the case and to question the competence of the four doctors.

Something had to be done.

And so the four doctors decided at last to have a meeting and talk it over. Would they agree upon a diagnosis? Or would

they merely argue, as they had before, about procedures and end up by compromising on some sort of composite treatment? Would they agree about what "getting well" should mean, or would they continue to be distracted from this important question by their own personal prejudices and predilections?

PART FOUR

BASIS FOR DIAGNOSIS

CHAPTER FOURTEEN

The Starting Point

After first noting why whatever happens in Germany is of vital concern to us, we have now completed our review of what did happen during the first major phase of four-power occupation. The question of the Nuremberg trials and of the other efforts to convict and punish war criminals has been omitted for two reasons: first, because this is a subject in itself and has but little to do with our present study; and second, because there is available a wealth of material—including the documents of the various trials—prepared by others far more competent than the author.

It is not intended by this omission to minimize the importance of what was done by these tribunals, especially as the major trial at Nuremberg was perhaps the best example of successful four-power co-operation to be found in the dismal record of the first two years of occupation. The fact is, however, that—apart from the extremely important new concepts of individual responsibility for plotting or carrying out crimes against civilization, now added to the body of international law—the Nuremberg and other trials produced material more relevant to the story of what had happened in Germany *before* surrender than to the story of what happened *after*. For students of the Nazi régime and for historians of the Third Reich, this material will prove invaluable. We, however, are here concerned with the past only insofar as it affects our finding a practical solution to the problems of the present and of the future.

For this reason our interest in the past must be in the *whole* past of Germany and its people, including, but not placing too

great an emphasis upon, the twelve years of National Socialism. Having seen what has happened in Germany so far under Allied occupation, and wishing to think our way toward a solution of the difficult problems presented, we must now seek to gain at least a broad understanding of the nature of the people and of the country with which we are concerned.

Anyone who wishes to understand and help contribute toward a solution of the "German problem" is faced at the outset with the necessity of answering one basic question:

Is it correct to say that militarism, brutality, and aggression flow in the bloodstream of a German "race"? Is it, in other words, correct to hold that all Germans—or nearly all Germans—have certain inherent *racial* characteristics peculiar to themselves, which differentiate them from other Europeans and from other human beings in general?

Many people believe this to be true. Many more half accept the hypothesis, without ever stopping to examine their semi-belief or its logical consequences. If it is true—if the evil that causes wars literally flows in the German bloodstream—then, of course, there is no cure for the German people. The only way to rid the world of a perpetual threat to peace would be to disperse and assimilate, or else exterminate, the German people. Dispersal and assimilation would mean the permanent partition of all German territory and the scattering of the German people over the face of the globe in such a way that each of the other peoples would absorb a small part of them through intermarriage—a part small enough to make sure that the "German poison" would be harmlessly assimilated. If this were considered impractical or dangerous, there would remain only extermination—either at once, by mass killing, or more slowly by starvation and disease, or still more slowly by sterilization.

This is, of course, the Nazi racial theory in reverse. It is precisely what Hitler set out to do—and very largely accomplished—with the Jewish people in Europe. That fact alone, however,

should not be allowed to settle the question. There are other facts less surrounded by emotional bias.

For one thing, almost all scientific students of the races of mankind agree that there is no such thing as a German race. There is scarcely a people in Europe which contains so great a mixture of different racial strains as the German people. A very similar racial mixture inhabits not only Austria and Switzerland but the Low Countries and the British Isles as well.

Another point upon which most anthropologists agree is that there is really no such thing as purely racial superiority or inferiority. The Negroes, for example, are not—according to scientific opinion—inherently inferior as a race to the Caucasian or so-called White race. This is not to say that the average Negro in Alabama is today as advanced in the development of his inherent capabilities as his White neighbor. It means, however, that the backwardness of the Negro is due to the circumstances in which his race has developed and not to any basic biological inferiority.

Finally, there is the fact that at other times in the history of man other now "peace-loving" peoples have gone through protracted periods of warmaking and aggression. We need not delve into ancient history for examples. The now peaceful Swedes were once the scourge of Europe. France, under Napoleon I, held the Western world in terror for the better part of a generation. The British Empire was created by aggressive and by no means always peaceful expansionism. Our own wars against Mexico and Spain were aggressive wars of conquest. As for persecution and oppression, the Spanish Inquisition, the French expulsion of the Huguenots, the British treatment of the Boers, and the Boers' treatment of the African natives, our own treatment of Negro citizens, and an infinite number of other examples tend to deny that cruelty and aggression are the peculiar properties of any one race or people, and to affirm that they are latently inherent in all races and all peoples.

These are some of the facts which the reader should consider

in coming to a conclusion about the first basic question to be answered in any consideration of the problem of Germany. If, having weighed these facts, the reader feels that there is, nevertheless, a racial "evil" in the German bloodstream, the following chapters will scarcely change his point of view, for they are based upon a different premise.

The underlying premise of this analysis is that the Germans are a people—not a race—composed of both "good" and "bad" individuals, just like any other people; and that the individual German is composed of "good" and "bad" components, just like any other individual.

If this be true, how are we to account for the undeniable fact that the "bad" in German society has in the recent past increasingly dominated the "good"? How are we to account for the fact that modern Germany has been a warrior nation, has behaved with aggressiveness and brutality toward its neighbors, and that the German people, under National Socialism, sank to a point of bestiality and criminal brutishness unique in modern history? If the German people are not inherently "evil," what has happened to them? What malady has befallen them?

To say that it *is* a malady which has befallen the German people is not to exonerate them nor to absolve them from responsibility. On the contrary, to say this is to say that the German people—far from being cursed with "evil" at birth—have somehow, somewhere, and at some time gone wrong, and ruined their national health and character as a consequence of their own action.

How did this come about?

To find the full answer would require an authoritative study of German history and of German social, psychological, economic, and political development. To be of practical value, such a study would have to be undertaken jointly by the four occupying powers, assisted by competent advisors from other interested nations. That is how the four doctors could reach a diagnosis on which they could agree. The following chapters can

only attempt to sketch the broad outlines of the type of study through which a solution might be found. They can aim only at emphasizing the most obvious causes of the German disaster, which are to be found (1) in certain aspects of German history; (2) in certain aspects of the German cultural tradition; and (3) in the psychological, political, and economic structure of German society.

The reader should be forewarned that these chapters have been written in a belief, with which others may disagree, that the germs of the disease which has afflicted the German people are latent in all human beings of every race and of every nation; and that these germs have flourished with particular virulence and vigor in the German body politic largely because the German way of life became a culture peculiarly qualified to nourish their growth and to kill off their anti-bodies. To one who holds this belief the "German disease" is all the more terrifying because it could so easily become epidemic throughout the human race.

CHAPTER FIFTEEN

A Few Facts of German History

From the breakup of the Holy Roman Empire until 1871 there was no German nation.

Beginning with the Reformation, in the early sixteenth century, "Germany"—then a part of the already decaying Holy Roman Empire—became, for the better part of a century, the battleground for a long series of religious wars. The last and most devastating of these wars was fought from 1618 to 1648, destroyed most German towns and cities, and reduced the population of "Germany" from twenty to twelve million inhabitants. This "Thirty Years' War" is commonly held to have set the German people back two hundred years in their development out of medieval feudalism.

At the very moment when the American Colonies were beginning to flourish, when the first American universities were being established, and when our forefathers were beginning to grow restive under the feudal yoke of European rule, the German people were reduced to a condition of poverty and servitude worse than any they had yet experienced. When the United States of America established their independence, some 130 years after the Peace of Westphalia had ended the Thirty Years' War, "Germany" still consisted of some three hundred principalities, grand duchies, duchies, free cities, and other "independent" and mostly feudal states. Both Hapsburg and Bourbon policy traditionally supported this German particularism and frustrated every attempt on the part of the people to overthrow the power of the princes. French and Latin were the

languages used at court. The German language was considered the vulgar idiom of the uneducated.

In the eighteenth century Prussia gradually became the largest and most powerful of the German states. The Elector of Brandenburg succeeded in establishing himself as the Prussian king only after the turn of the eighteenth century (1701). Thereafter the Prussian kingdom expanded across northern "Germany" from East Prussia to the Rhineland and down into Silesia and a part of Saxony.

Bavaria, Wuerttemberg, and Saxony were independent kingdoms. The rest of "Germany" was ruled by a variety of feudal princes, dukes and princelings, many of them loosely affiliated with Prussia or with one of the southern kingdoms. Nowhere, except in the three Hanseatic Cities of the north—Bremen, Hamburg, and Luebeck—was there anything even resembling a government representative of the people.

Throughout this hodge-podge of German states there were from time to time peasant revolts against the feudal landlords, but there was never a successful revolution of the German people. The American Revolution and its European counterpart, the French Revolution, were in essence revolts of the middle class against the feudal aristocracy in which the people as a whole followed a strong middle-class leadership. But, largely because of the set-back suffered as a result of the Thirty Years' War, a strong middle class had never developed in "Germany." At the time of the French Revolution, Prussia was ruled by the landowning Junker military aristocracy and a civil service directly dependent upon an absolute monarch. The monarch himself was dependent upon the Junker aristocracy. Mirabeau described the Prussia of his time as "not a state possessing an army, but an army possessing a state." As a result, the people of "Germany" were not ready for the widespread liberal revolution which swept through Western Europe in the late eighteenth century. To them the French army was merely another foreign invader, again making their country a battle-

ground. The "imported revolution" and the imported concept of freedom stirred only a feeble and easily smothered reaction among the mass of the German people. As D. W. Brogan puts it: "The Rights of Man entered Germany in the baggage-wagons of a foreign army."

The same thing was still largely true half a century later, when, in 1848, a second wave of liberal revolt spread throughout Europe. When the Paris Commune swept away the re-established reactionary monarchy of Louis-Philippe, there were mutterings and rumblings of revolt among the German people. But, when, under the impact of the industrial revolution,^{*} the slowly awakening popular desire for a unified democratic Germany began to assert itself, the Prussian ruling clique was once more able to abort and stifle the movement. It was at this time that men like Carl Schurz fled from Germany to this country.

The Prussian Junkers wanted a unified Germany, but not a democratic nation created by the German people. They wanted to make Germany one under the feudal overlordship of Prussia and to weld its unity in "blood and iron." This they set out to do, and succeeded in doing, by a series of maneuvers which included three dynastic wars of expansion—against Denmark in 1864, against Austria in 1866, and against France in 1870-71. Under the leadership of Prince Otto von Bismarck, Prussia not only added to its territory and prestige, but forged a military coalition of German states which, in 1871, became the modern German nation.

Thus, during the period when we were finally welding our own unity in a bloody struggle to abolish human slavery, Bismarck created the new Germany—born as a warrior nation, dedicated to the ancient Prussian doctrine that "might makes right," and owing its very existence to successful oppression of its own people combined with successful aggression against its neighbors.

There followed then a period of forty odd years, during which the slowly rising tide of German liberalism struggled

* See Chapter Twenty.

unsuccessfully against the régime of the *Kaiserreich*. In essence this struggle revolved around the question of whether the king-emperor or the people, through their elected parliament, should control the army. Bismarck brutally suppressed the workers and bribed the liberal middle-class elements with tariffs and subsidies. Once more, Bismarck won; and Germany remained—as Prussia had been—"not a state possessing an army, but an army possessing a state."

Having had the ill-luck to be successful at the outset of his career, a criminal rarely of his own free will abandons crime. And so it was with the new Germany. William II tried to do in 1914 what William I had done in 1866 and 1870. The difficulties and dissensions which beset Europe in the early years of the twentieth century were not alone of Germany's making. Stubborn aggressiveness of tottering reactionary régimes in Austria-Hungary and in Czarist Russia, French desire for revenge, British anxiety to maintain leadership in world trade, and a host of social, political and economic factors combined to create much of the tinder which was to ignite in flame. But the constant saber-rattling of the German Kaiser, the ruthlessly aggressive thrusting of the new German nation into the world arena, and, in the last analysis, the old Prussian eagerness to settle disputes by a trial of strength probably warrant the judgment that Germany contributed more than any other single nation to the outbreak of World War I. Whatever may be a just analysis of the causes of this war, the Kaiser's Germany, once embarked upon it, left no doubt that the German war aim had become the conquest of Europe. The treaty imposed upon Russia at Brest-Litovsk, on March 3, 1918, was sufficient proof.*

Where William I had succeeded, William II failed and, as a consequence of his failure, lost his throne. Imperial Germany ceased to exist, and the Weimar Republic became the

* Under the Treaty of Brest-Litovsk, Germany annexed Russian territory inhabited by 55,000,000 Russians, from Narva on the Gulf of Finland to Odessa on the Black Sea.

Second German Reich. But, unhappily, the long-delayed German revolution was again aborted—by the political immaturity of the German people and by an Allied army of occupation which, in its anxiety to maintain “law and order,” helped to keep in power the old ruling clique.

When the German army surrendered, on November 11, 1918, Allied policy-making was subjected to two powerful influences: first, the Germans had shown at Brest-Litovsk what sort of peace they would have made, had they been victorious, and this had killed the Wilsonian concept of “peace without victory”; second, the Allies were already embarked upon a military effort to overthrow the new Bolshevik régime which had come into power on November 7, 1917, and had a few months later taken Russia out of the coalition war against Germany. The unsuccessful Allied attempt to overthrow the Soviet Government did more than prejudice Anglo-Soviet, Franco-Soviet, and United States-Soviet relations for years to come. It influenced profoundly the Allied treatment of the defeated Central Powers, both before and after the Versailles Treaty.

The first immediate effects became apparent in the procedure of the Allied forces of occupation when they moved into Germany.

When the Kaiser fled and Ludendorff finally confessed defeat by asking for an armistice, revolution broke out in Germany. Sailors of the fleet had already mutinied and other incidents had occurred before the armistice was signed. The vast majority of the German people had voted overwhelmingly for a republican form of government. The most popular slogan was “Never again war.” In the confusion of the collapse of Imperial Germany, the Social Democrats were the only group capable of restoring order. They comprised a majority of the German workers and had the support of millions of men in the defeated German army. They—and they represented the unquestioned majority of the German people—were determined to destroy the power of the former rulers, who had led them

into war. They demanded the breaking up of the Junker estates into small people's farms, the socialization of the heavy industries hitherto controlled by the industrial barons, and the creation of a people's army to protect the newly-founded republic. Workers' and soldiers' councils sprang up all over Germany and "people's governments" were established in many of the cities. In Hamburg and Berlin there were relatively small but noisy groups of Communists, who wanted to follow the more extreme example of the Bolsheviks in Russia, but they were a minority even in these cities.

This was the condition in which the Allies found Germany at the time of the armistice negotiations.

On November 10, 1918, the Supreme Allied Command decreed that it would deal with none but the officials of the ex-Kaiser's Imperial Government. Allied Military Government proceeded to insist upon the reinstatement everywhere of the Imperial officials in place of the functionaries put into office by the revolution. This was done under Paragraph V of the Armistice Agreement, which, according to the official report to the United States War Department by Colonel I. L. Hunt, "was so interpreted by both Germany and the Allies that 'local authorities' meant officials of the old régime." Whether the new Social Democratic Government of Germany made this interpretation of its own free will may be doubted, but it is clear that the Allies so interpreted the Armistice Agreement.

The Allies welcomed "revolution" insofar as it meant substituting a formal republic in place of the Kaiser's Empire, but they insisted upon the preservation of the prewar social-economic structure of Germany: they refused to permit the Junker-industrial clique which had ruled Germany under the Kaiser to be displaced or destroyed. They even went so far—over President Wilson's protest—as to enforce this position by extending the food blockade against Germany until April 1919.

The Social Democrats were too weak to resist. Some of them—such as the new Defense Minister Noske—did not want to

resist. Under compulsion and through betrayal by some of their own leaders, the Social Democrats made an unholy alliance with the Junkers and the big industrialists. One part of the German army "rebelled" and was bloodily defeated by another part of the army which remained "loyal" to the inducements offered by the Junker clique.

Thus formal political democracy was established with the adoption of the Weimar Constitution, but social and economic democracy was strangled at birth by the Allied military government working hand in hand with the reactionary forces in Germany. And so the Junker-industrial clique survived in power and retained control over the German General Staff and the new German Reichswehr—which meant control of Germany. Having led Germany into one war, these men lost no time in beginning to prepare for the next, even before the ink was dry on the peace treaty. Worst of all, the German people did not learn from their first great defeat that "crime does not pay."

These events took place before the Treaty of Versailles was ever written. They had more to do with the future of Germany—and of the world—than all the mistakes embodied in the Treaty itself.

Of the Versailles mistakes the most serious was the original imposition of unlimited reparations and the various subsequent efforts to accomplish the impossible in collecting them. In attempting to extract out of German production the entire cost of the war, the Western world undermined its own economic health as well as that of Germany. Out of this mistake and out of the failure to understand and correct it as provided for in the Treaty came the rebuilding of the German war machine and the growth of economic nationalism throughout the world. Out of this mistake came, in large measure, the false world prosperity of the 'twenties and the economic collapse of the early 'thirties.

And out of the collapse came Hitler and a Third German Reich dedicated to the doctrine of evil as no nation has been

willfully dedicated to evil since history began. Economic depression finished what centuries of delayed political development had prepared. The German people, still politically adolescent, were again ready to follow when a messianic leader appealed to their martial spirit and preached aggression as an escape from real or imagined suffering.

These are some of the relevant facts of German history. They do not excuse or mitigate the crimes committed under the Nazi régime. But they are fundamental to an understanding of how, when, and where the German people went wrong and, in so doing, ruined their national health and their national character.

Even more important than these few facts of history, however, are some of the characteristics of what we might call the German "way of life."

CHAPTER SIXTEEN

The German "Way of Life"

The first important fact about the traditional German "way of life" is that *it is traditional*. Hitler did not invent National Socialism. National Socialism grew quite logically out of the German past. It was the culmination of a progressive disease which had previously produced the Prussian military state and the warrior nation of the Hohenzollerns.

The second important fact about the German "way of life" is that *it has traditionally been authoritarian* as opposed to democratic. These terms require a working definition.

For the purposes of this discussion, "authoritarian society" is used to mean one in which the individual is primarily trained to obey authority; that is, to obey first parents, then the school-teacher, then the church and finally the state, in whatever civil or military form it may clothe its authority. The aim of the authoritarian society is to preserve order. The order it seeks to preserve is one in which each individual knows his place and willingly accepts it. Those who are "above" are to be obeyed and respected. Those who are "below" may be expected to render similar obedience and respect.

By contrast, a "democratic society" is one in which the individual is trained primarily for the responsible enjoyment of the maximum of freedom consistent with the similar rights of other individuals. A democratic society likewise demands obedience, but this democratic obedience is a self-disciplined compliance with rules of the game, freely adopted and on occasion modified in accordance with the wishes of a free society. It is an obedience to customs, laws, and such authority as may,

through custom and law, be vested from time to time in certain individuals by their fellow citizens. The aim of a democratic society is to create the democratic individual—that is, the individual who may ultimately become capable of truly living by the Golden Rule.

The nature of authoritarianism is *to divide society* into castes and groups united only through the arbitrary authority of the ruling power. The nature of democracy is *to unite society and divide authority* in accordance with the principle that power and responsibility should go hand in hand, and should be vested in those affected by the exercise of that power.

An authoritarian society tends to resist change and to freeze the status of all individuals except those in supreme authority. A democratic society must change constantly and provide the means for orderly change if it is to avoid slipping into authoritarianism.

If these working definitions are acceptable, it remains to be said—before we examine the nature of traditional German authoritarianism—that in the world in which we live no democracy is perfect; that, since democracy is not merely a form of government but a spirit which must pervade the home, the school, the playground, the church, the market-place and every aspect of society, no society has yet fully achieved the democratic goal. Moreover, it is also true that the mass of human beings throughout the world is seeking democracy—each people in its own way and according to its own capabilities. No *people*—as opposed to a ruler or ruling clique—rejects the ideal of democracy and cherishes the ideal of authoritarianism. Some peoples have gone further than others in pursuit of the democratic ideal—some have progressed toward it in one way, and others in another. It is therefore idle to speak of peoples or nations in the absolute sense as democratic or authoritarian. All democracies are tainted in various degrees with remnants of authoritarianism; and all peoples under authoritarian régimes are striving, in greater or less degree, toward democracy.

The obvious parallel between the growth of human society out of authoritarianism toward democracy and the growth of the human individual out of infancy into manhood will not have escaped the reader. It is in many respects a true parallel. The infant and the small child must be guarded, guided, told what to do, and where and how and when to do it. The grown man should need no guardianship or authoritarian guidance. But in the present state of human society, comparatively few individuals reach that state of true maturity in which they are always ready to accept the full responsibility for their own decisions and actions. The material progress of man has so far outstripped his spiritual, intellectual, and psychological growth that "life has become too complicated to understand." And so we seek leaders who will understand it for us, who will tell us what we ought to think and even what we ought to do. This is only another way of saying that we have not yet fully matured, have not yet fully achieved the democratic ideal.

It does not follow that a democracy must reject leadership. (This conclusion is frequently drawn nowadays as an over-reaction from the recent struggle against fascism—a struggle which is by no means successfully concluded.) *Democracy requires leadership. But democratic leadership is something very different from authoritarian command.* The function of the democratic leader is not to decide what is to be done and then to issue appropriate orders. The function of the democratic leader is to ascertain what the people desire and to carry out their desire as nearly as possible in the way they would like to see it carried out. If the people have developed no clear idea of what they want concerning a matter which requires decision or action, the function of the democratic leader is to make the people aware of the problem, of the facts relating to the problem, and perhaps of the predictable consequences of one or more possible courses of action.

The essence of democratic leadership is to welcome intelligent participation in government by the greatest possible number of

citizens. The essence of authoritarian leadership is to exclude from participation in government all but the chosen few. The democratic leader stimulates, the authoritarian leader suppresses, free discussion. The one seeks to help people grow up into true maturity; the other seeks to keep them in a state of perpetual adolescence.

What we mean, then, when we say that German society has been traditionally authoritarian, is that the German people have been relatively slow to emerge from authoritarianism toward democracy, slower than their neighbors in Scandinavia, the Low Countries, Great Britain, France, Switzerland, and Czechoslovakia. This could have been said of Germany even in the days of the Weimar Republic; but in those days—before the German regression * into National Socialism—it would have been less self-evident. In the days of Weimar it would also have been true to say that the Germans had emerged further toward democracy than the people of Poland, or of Italy, or of the agrarian countries of Central and Southeastern Europe. It comes down to this: among the peoples of Western Europe, who enjoyed the material benefits of the industrial revolution, the Germans have been the slowest to develop into political maturity.

Some of the reasons for this retarded development we have seen in the facts of German history. Others we must now seek to find in the facts of what is generally called the German "culture." Again, to be of practical value, a diagnosis of the German "way of life" would have to be an agreed diagnosis, reached as the result of a joint study by the occupying powers. One of the most important aspects of such a study would consist of a critical analysis of German creative art in the past and in the present. This subject lies entirely beyond the competence of the author; but, if undertaken by competent authorities, it might

* The term regression is here used in the sense of a return to a more immature phase of behavior. The Huey Long period in Louisiana illustrates a similar authoritarian relapse in our own society.

well be more revealing than any other single approach to the problem. The remainder of such a study would probably fall into six major categories, each of which will be briefly treated in the succeeding chapters. These categories are: the home, the school, the church, the world of business, the world of politics, and the media of information.

CHAPTER SEVENTEEN

The German Home

Any conscientious writer, setting out to describe "the home life" of the people in a small, familiar village, would inevitably find himself writing more about individual families, individual parents, and individual children than about any hypothetical "average family." There simply is no "average family" in any community. Describing the home life of a nation which comprises Prussians, Bavarians, Saxons, etc., as well as farmers, fishermen, factory workers, white-collar workers, professional people, businessmen, bureaucrats, aristocrats, and intellectuals is an almost impossible task. To attempt it is to risk either or both of two evils: to make specific statements which are inaccurate; or to deal in generalizations so broad as to be meaningless. Nevertheless the attempt must be made because the character of a people is so largely molded by the influence of home surroundings upon its pre-school-age children.

Let us begin with a broad generalization:

The pre-Hitler German home was a benevolent authoritarian organism. (So are many homes in this country and in other countries.) German infants and small children grew up in an atmosphere of parental love and gentle care (as in most other countries). The first thing a German child learned was to obey its parents—at first its mother, and then, with particular emphasis, its father. What the father said was not to be questioned or necessarily understood. His orders were to be obeyed and his statements were to be accepted as true. (The parental "Because I tell you to" is not an exclusively German invention, but it was

more prevalent in German families than in ours, or in those of other Western European countries.)

Of course, not all German families were authoritarian. Nor were all authoritarian parents benevolent. But many *more* German families could be thus described than would be the case in, let us say, neighboring Sweden or The Netherlands.

The insistence upon *unquestioning* obedience was more prevalent in German families because the parents themselves, throughout their adult lives, were accustomed to yield unquestioning obedience to "those above" and to exact it from "those below." The "order" in which they lived demanded this from them, and would presumably demand it from their children. And right here we find ourselves getting into the vicious circle of authoritarianism, which lies at the heart of the German problem.

Let us now make a second generalization:

The pre-Hitler German home began at a very early age to prepare its boys and girls for quite different careers in later life. (So do we, in one sense; but we are concerned *primarily* with preparing both boys and girls to become mature citizens of a democracy; we are interested primarily in what they will *be*.) The German emphasis lay upon what their children would *do*. This will become more apparent when we come to consider the traditional German system of education, but even in the home the difference is striking.

Again, the reason is part of the vicious circle. German parents aimed their boys and girls at different targets, because they themselves were so aimed and had subsequently lived in totally different grooves. The traditional German motto for womanhood, "*Kueche, Kinder, Kirche*" (kitchen, children, church), is still no great exaggeration. "*Das muessen Sie meinen Mann fragen*" (that is something you must ask my husband) is a phrase far more frequently heard in Germany than in the Western democracies.

Whereas the German woman's life has been largely fore-

ordained, the German man's was only slightly less so. For generations every German boy had to become a fully trained soldier, unless he was physically unfit. He had to be placed in one of two channels at the age of ten, one of which led, broadly speaking, to a trade of some sort while the other led to a professional career.

Since boy and girl would one day have to fall willy-nilly into more or less predetermined functional grooves, the German home began at the earliest age to divide the family accordingly. The idea of preparing boys and girls equally for the duties of citizenship, in the democratic sense, played very little part in the German home, because the duties of citizenship meant taking one's allotted place in the "order" and working hard at it. Hence the favorite German motto: "*Pflicht und Arbeit*" (Duty and Work).

Finally, we come to a third generalization:

The pre-Hitler German home atmosphere was escapist, in the sense that conversation tended away from the contemplation of reality and toward idealistic romanticism, philosophical abstraction, and the arts—especially music. (This is true, to some extent, of most homes, but it was *more* true of German homes.)

Since German political life was largely a game of follow the leader, and since the average German did not really participate in government, the escape from this indignity would take any number of conceptual "idealistic" forms. Glorification of the leader was one form. The belief that the "mass of common people are incapable of wise decision" was another. Being disinterested—"unpolitical"—was a third and most common variety. In a similar way, the escape from the indignity of being chained to a fixed position in the well-ordered hierarchy of the economic order frequently took the form of reading fairy stories, or heroic sagas, or playing music, or becoming deeply religious.

Thus the German child was likely to acquire from early infancy a richness of cultural heritages but also a familiarity with the parental method of retreat, through idealistic and esthetic

concepts, from actually realizing the intolerable condition of servitude imposed by a militaristic authoritarian society.

With regard to all three of these generalizations it should be noted that they would ordinarily be found most true at the top of the social-economic scale and least true at its bottom. The characteristics described were most pronounced in the upper and middle income groups and among the social élite. These were the groups which set the authoritarian pattern, which held the German people frozen in it. A large part of the intellectual élite likewise conformed to the pattern, but the intellectual élite also provided occasional liberal leadership away from it. The strongest tendency to diverge from the authoritarian scheme of life was ordinarily to be found in the homes of trade unionists.

During the Nazi period, the German home came under violent attack from "above." Needing to destroy all authority other than its own, the Nazi régime set about systematically destroying the authority of parents over their children and of perverting to its own ends the authority of the schools and of the churches. It set about destroying likewise those idealistic concepts, of "good" and "evil," of "honorable" and "dishonorable," which stood in the way of its own ideology of ruthless amorality. Its success was due, in large measure, to the ingrained German habit-pattern of obedience, and to the fact that the Nazi leaders shrewdly supplied new and tempting avenues of psychological escape by the removal of traditional moral sanctions and prohibitions. Sexual promiscuity, theft, and murder were removed from the category of "Thou shalt not"; they were sanctioned, if done for the Fuehrer or for the Fatherland. Never before, in the history of man, had man been enabled to sin so freely with the blessing of the highest temporal authority. The family, the churches and the reservoir of decency left in the individual conscience were the sole remnants of what had been German civilization. The strength of the family was not great, because so many families were physically broken up. The strength of the churches was impaired by Nazi inroads into the

clergy itself, and by the brutal coercion or removal of the stronger spirits. The residue of decency in the individual German's conscience was a candle-flame in the holocaust, because the German people had for generations been trained to abdicate their conscience—or the largest part of it—to “those above.”

CHAPTER EIGHTEEN

The German School

The authoritarian process of dividing society, begun in the traditional German home, continued at an accelerated pace through the traditional German system of education.

German children at the age of six years were sent to elementary school, where they remained until their tenth year. Most of the elementary schools were state-supported and tuition-free. Attendance was compulsory. So far, the German system resembled the pattern of our own elementary schools.

But *all German elementary schools were, in a sense, church schools, although supported by the state.* These schools were of two sorts: *Confessional Schools (Bekenntnisschulen)*, in which all the pupils were either all Catholic or all Evangelical; and *Community Schools (Simultanschulen)*, in which two hours a week of religious instruction was given by teachers of the respective religion to their own coreligionists. The German children were separated at six years of age into religious groups, with one group usually forming a majority in the community, and others belonging to one or more minority groups. Beyond this, the elementary schools were to a large extent caste-segregated, with little intermingling of the various socio-economic groups.

From its tenth year onward, the German child entered into a system of education which was designed to produce a definite caste society. Five to ten per cent of the eleven year olds would go into one of the various types of "secondary schools" which were preparatory schools for the universities. These children constituted the social, economic and intellectual "élite." Accord-

ing to the specific type of secondary school to which they were sent, they were again subdivided into a considerable number of sub-castes determined very largely by their parents' status in the social "order." The remaining ninety to ninety-five per cent of the German children would go back for four more years of tuition-free elementary school, corresponding roughly to our grade or grammar school, and from there into three years of vocational training. By the time a German child was ten, it was sorted out for the "élite" or for the common herd.* By the time the child was fourteen, it was again sorted out for a particular branch in the hierarchy of the "élite" or for a particular branch of the more common trades and vocations.

Under the Weimar Republic, some progress was made in simplifying the complicated educational system, the number of different types of secondary schools being reduced and the over-all curriculum broadened somewhat. The Weimar youth movement was, in fact, a protest against the formal rigidities of the existing system. Youth groups, mostly in age-groups of fourteen to twenty-one, were sponsored by the churches, the trade unions, and other civic organizations to bring youth of all types together outside of school in sports, hiking clubs, musical societies, and so forth. But this trend toward reform was short-lived, and largely frustrated by the reactionary bureaucracy of the teaching profession.

The Nazis took over the school system as well as the youth movement and perverted both to their own ends. Every child at the age of ten was forced to join the Hitler Jugend, which laid its emphasis almost exclusively upon pre-military and para-military training.

Under the Weimar Republic the universities likewise showed a trend toward a new liberalism—at least within the relatively narrow limits of their curricula. The German universities had,

* The term "élite" is here used to denote the privileged few rather than the few selected upon the basis of merit. The basis of selection was not scholastic accomplishment, but rather social and financial status under the caste system.

however, with few exceptions, always been institutions of learning rather remote from contemporary life. They produced distinguished scholars in their four faculties of philosophy, theology, law and medicine, but they lacked direct contact with everyday reality and experience. Above all, they lagged woefully in the teaching of the empirical social sciences and in the application of the social-scientific point of view to their activities as a whole. They tended to stress theory, methodology, and philosophy rather than the practical application of knowledge to life. The typical German scholar was to a large extent an escapist, although numerous outstanding exceptions tended to obscure this general tendency.

It is also an important fact that the typical university professor was a reserve officer in the army. The process of selection for admission to the universities was conditioned almost entirely by financial status. The universities were not for the people; they existed for the "élite" and were dominated largely by the exclusive and reactionary student fraternities.

The general characteristic of teaching throughout the German educational system—even before it was perverted by the Nazis—was authoritarian instruction. At the age of six, the German child began to transfer its unquestioning obedience from its parents to its teacher, along with its unquestioning acceptance as true of whatever the teacher said was true. This process continued right through into the vocational schools or universities. Tasks and projects were assigned. Methods were dictated. There were few elective courses and little chance for the student to deviate within the prescribed courses from the prescribed procedure.

Divided into groups by sex, by social and economic status, and by religion, the German children grew up with little chance to have any experience common to the whole community. There was not even the concept, let alone the reality, of equal opportunity. Nor was there much chance for a growing child to discover that it was embarked upon the wrong course and to change direction.

The whole system was designed to maintain the status quo of society as a whole and of each individual in society. The teachers were the servants of the state, and the state was not the servant of the people. The pupils were not active agents in their own education; they were the passive and submissive recipients of instruction. The whole set-up was in effect a highly integrated propaganda instrument for the maintenance in power of the ruling clique. All the Nazis had to do was to seize political power, establish a new ruling clique and continue to use the propaganda instrument under a new set of directives compatible with their aims and purposes.

Even the Nazi directives were not altogether new. They too sprang out of the pre-Nazi past. The traditional German teaching of history will serve to illustrate the point.

Because the German people had never had a fully successful revolution of their own, and because they remained politically backward in comparison with other Western Europeans, they began to consider themselves essentially different from their neighbors. Since being different was uncomfortable, unless it also meant being superior, the Germans began to think of themselves as a very special people. Finally, when their nation-state was born out of criminal military aggression, they were able to forget the criminality and remember only that they had proved themselves stronger than their neighbors—and therefore definitely superior. Hence the idea of the German *Herrenvolk*, or master race. This notion was carefully fostered by the ruling clique, especially through the teaching of history in the schools. Many of the German people were easily convinced, first, because they were trained to believe what they were told, and second, because being a member of a superior race offset much of the discomfort of having always to obey orders.

Essentially, however, the myth of superiority was only a thin cover for what was actually a deep feeling of inferiority—especially toward the English-speaking peoples. Even a substantial part of the “élite” tended to ape British customs, espe-

pecially the customs of the leisure class. Similarly, another part of the "élite" tended to emulate French culture; and the German businessman and manufacturer had an almost childlike veneration for American mass production and American dollars. In spite of the efforts of the ruling clique to instill the idea of German superiority, the average German never really knew why he was supposed to be superior; but he did feel insecure in the presence of his Western neighbors, partly because he was conscious, or semi-conscious, of his political backwardness, and partly because he entertained doubts as to the actual and enduring reality of the relatively new German nation-state. (A somewhat similar phenomenon could have been observed at various times in other countries, as, for example, in the United States during our early period of "manifest destiny.")

Notwithstanding its lack of over-all success, the effort to convert inferiority into superiority feelings explains the incredible distortions of history to be found in German literature and even in German textbooks. The French, or other neighboring peoples, are pictured as hating the Germans because the Germans are superior. Germany is forever "encircled by enemies," forever "seeking peace," and forever being "wantonly attacked." Mixed in with these major themes are a host of minor distortions aimed to reinforce the belief that the Germans really are superior and deserve a special "place in the sun." (This is not to say that the Germans did not actually acquire the ill-will of some of their neighbors. Indeed, their arrogant swaggering in international affairs and often in commercial intercourse earned them a considerable measure of unpopularity as did the whining self-pity which often expressed their feeling of inferiority. But it was their *behavior*—their acting as if they were superior—which caused them to be disliked.)

If today many people mistakenly believe in the "racial characteristics" of the German people, it is very largely the Germans' own fault. They themselves created the legend, long before Hitler, Rosenberg, and Goebbels began to use it and to super-

impose upon it their own evil structure of morbid fantasy. The problem of re-educating the German people is not, therefore, simply a matter of clearing away the rubbish which remains as the result of the Nazi interlude and of restoring a once-healthy educational system. It is not merely Nazi rubbish but German rubbish that must be cleared away, if there is to be a new democratic German nation.

Much of what has been said in this brief analysis applies in varying degrees to other countries, and even to Western society as a whole. The shortcomings of the Germans are to a large extent the failings of our contemporary class society—exaggerated and exacerbated by conditions peculiarly German.

CHAPTER NINETEEN

The German Church

The church in Germany—whether Protestant or Catholic—has always been closely linked to the state. The state collects taxes for it and supports parochial schools. As we have seen, this will continue to be the case in the future, at least in Wuerttemberg, Baden, Bavaria, and probably Hesse. It seems likely that the eventual constitutional arrangements in the French zone will be similar, as will be those in the western part of the British zone. It is less clear what will happen in central and eastern Germany.

Since the time of the Reformation, Germany has been the scene of an unending struggle between Catholicism and Protestantism. Before 1871, when Germany consisted of a large number of small independent states, the religion of each state was determined by the religion of its ruler. A Catholic prince would automatically make the Catholic Church the official church of his domain and support it with state funds. A Protestant duke would similarly establish the Evangelical Church. Since the unification of Germany both churches have enjoyed equal state support.

One result of the continuance of the medieval church-state relationship in the German principalities was that another anti-democratic trend was established. Protestants in a Catholic state, or Catholics in a Protestant principality, found themselves in a disadvantaged minority. This led quite frequently to the migration of minority groups to states where they would be part of the favored majority. In other words, so far as religion was concerned, the earlier Germans never really went through the

experience of learning the democratic process of protecting minority groups and guaranteeing them equal rights with the majority. Furthermore, the Germans acquired the habit, when things became unpleasant, of moving away from injustice instead of struggling to correct it. (The same thing happened in other European countries; America was largely settled by such refugees; but the process went on longer in Germany, as witness the great emigration to America in 1848.)

Being state-supported and themselves authoritarian, the churches, like the educational system, tended to exert their temporal influence in the direction of preserving the traditional German "order." With notable exceptions, the German clergy as a whole has been strongly conservative, nationalistic, and even militaristic. Martin Niemoeller, the former head of the Protestant Church, was tortured and put into a concentration camp by the Nazis, because he objected to Nazi interference with religious affairs. Later he became one of the few German leaders to make a public avowal of the collective responsibility of the German people; yet while in the concentration camp, he did not hesitate to offer his services to the Wehrmacht to fight for a Nazi-led Germany in a war of unprovoked aggression.*

* On June 6, 1945, just a month after the German surrender, the *New York Herald Tribune* printed a dispatch from its correspondent, John Chabot Smith, which makes interesting reading in view of Dr. Niemoeller's subsequent visit to the United States. Mr. Smith reported:

"Pastor Martin Niemoeller, who above all other living Germans has the reputation of being an anti-Nazi leader, said today that the German people are incapable of democracy as it is known in America and would not like it if they had it. The Germans must have an authoritarian régime, in which ordinary people are not bothered with politics, he said.

"Mr. Niemoeller said he planned to go to England and the United States and ask Christians there to send food to Germany through their churches, because he did not think the British and American governments would send enough food. He wanted to investigate the attitude of Christians in America in that respect, he said, emphasizing the word 'Christians.'

"'The world will be astonished when it sees how many so-called good people are left in Germany,' Mr. Niemoeller said. Asked what he meant by

Could there be a better example of confused mysticism, escape from reality, and political immaturity? And this was the great anti-Nazi leader on whom so many hopes were pinned in the early years of the Hitler régime, and on whom many Americans of good will still pin their hopes today.

Nor was it an accident that prominent members of the Catholic hierarchy in Germany signed a document in Hitler's favor as late as 1936.

The German church has traditionally taken an active interest in politics. Its chief motivations seem to have been anxiety to preserve the status quo, and a consequent fear of revolutionary trends—especially, in recent years, of Communism. Many clergymen, while openly and bravely denouncing the excesses of Nazism, were nevertheless not fundamentally out of sympathy with the authoritarian and essentially reactionary nature of the Nazi régime.

Under Allied occupation, the church in Germany became more powerful than it had been in the days of the Weimar

'good people' he said: 'I mean honest people, obedient people, people who are not planning any wars or such things.'

"The German people are very different from American and English people,' he continued in English. 'The Germans like to be governed. They like to live under some authority and not to be mingled into politics and such things. . . . The greatest shortcoming of the Weimar régime was that it was never able to impart any decisive authority. That was what gave Hitler his tremendous success.'

"Mr. Niemoeller said the Germans thought Nazism was idealistic because it preached sacrifice of the individual for the common good. Nobody knew the evil side of Nazism, and even he, after seven years in a concentration camp, was shocked by the pictures of Dachau and Buchenwald. The Germans were hypnotized by Hitler, he said. . . .

"Mr. Niemoeller said his own opposition to Nazism was based purely on religious doctrinal grounds, and was not political. He explained that, according to Lutheran doctrine, his soul belonged to God, and therefore he opposed Hitler because he felt Hitler was fighting God. By the same Lutheran doctrine, however, he said his physical life was at the service of the state—"Render unto Caesar the things which are Caesar's"—and he saw no inconsistency in offering to fight in defense of the very authority which had imprisoned him and which denied all his religious principles."

Republic. The German people did not object to its nationalism or, for the most part, to its political conservatism. They felt that the church had been an anti-Nazi influence and that it had saved them from some of the worst Nazi excesses. Moreover, they liked the church for frequently criticizing Allied military government and for telling them that they were being unjustly treated. The church was the one *German* authority which remained intact under Allied occupation, and which could still be obeyed.

CHAPTER TWENTY

German Economic Life

Before the industrial revolution, in the late eighteenth century, "Germany" was a land of feudal agriculture and handicraft trades. Its soil was, on the whole, poor, and it possessed few natural resources except for timber, potash and coal; even the uses of these were still limited.

With the discovery of the steam engine, "Germany" became potentially rich overnight, because of its enormous undeveloped coal deposits. Coal not only became the most important single item in "Germany's" export trade; it also became the basis of a ramified and highly integrated modern industrial economy.

The industrial revolution in most Western European countries came *after* a middle-class liberal revolution had largely destroyed the feudal aristocracies; but in Germany there had been no liberal revolution, largely because the structure and nature of German society had prevented the growth of a strong middle class. The impact of the industrial revolution upon Germany was, therefore, quite different from what it had been in, let us say, England or France.

In most of Western Europe the industrial revolution accelerated the development of an essentially middle class society based upon "free enterprise capitalism." The basic concept of this society, defined by Adam Smith in his *Wealth of Nations* at the time of the American Revolution, was the concept of the free market, in which prices were governed by demand and supply and goods were produced under conditions of free competition and exchanged under conditions of free trade. It took the better part of a century for this *laissez-faire* system to run

into difficulties. These difficulties arose when the system began to defeat itself by permitting the stifling of free competition and the erection of barriers to free trade. Competition was increasingly throttled through the growth of monopolistic practices and devices, such as the development of corporate (rather than individual) enterprise, the formations of trusts and cartels, and various other methods of artificially controlling production and prices. Free trade was increasingly throttled *within countries* by monopolistic controls of distribution, and *between countries* by the growth of economic nationalism, expressed in import tariffs, export subsidies, quotas, and currency controls.

Germany missed the entire early period of this development. The industrial revolution brought sudden wealth to a feudal economy and to a society ruled by landowning aristocrats and civil servants. Gradually, as German industry developed, there grew up a new power group more accurately described as an industrial aristocracy than as a top stratum of a middle class. A middle class did belatedly develop in Germany, but the industrial magnates did not evolve out of the typical middle-class competitive process; they were born out of an extension to industry of the feudal principle. German capitalism was never "free enterprise capitalism" in the Western sense. It was born into the rigid monopolistic structure of an already sick "finance capitalism." Monopolies in Germany did not come about as the result of the abuse and perversion of a *laissez-faire* system. They came about as the result of a deliberate alliance between the new industrial barons and the landed Junker aristocracy. The Junkers needed the industrialists to equip and supply a modern army; the industrialists needed the army as their best customer. Both wanted, and obtained, huge subsidies from the German state.

An important corollary to the distinctive development of industrial capitalism in Germany was the equally different development of the social protest against the abuses of capitalism. When "free enterprise" began to create recognized social injustice in the Western world, two conflicting trends of reform

became manifest: first, a tendency to restrict and regulate private enterprise in the public interest, as exemplified by anti-trust legislation, rate regulation, and social legislation; second, a tendency to deny the social validity of the whole capitalistic premise and to move toward public ownership of the means of production. In Germany, the tendency to restrict or abolish monopoly never really developed at all. From the very outset, the question in Germany was merely who should own or control the monopolies—the ruling clique, or the people as a whole. Thus, the destruction of the ruling clique came almost inevitably to mean that Germany would become a socialist state. This was what frightened the Allies in 1918 and had much to do with their insistence upon a preservation of the old social and economic order. This is what accounts for the American interest in the “decartelization” of German industry at the present time, as against the definite Russian desire for socialization and the less definite but none the less evident British tendency in the same direction.

The German state, under the control of the Junker-industrialist clique, was careful, from the earliest days of the machine age, to protect itself against working-class disaffection. Prussia, and later, Bismarck's Reich, took the lead among the Western nations in establishing pensions, health insurance, and various forms of then very “advanced” social security. By these measures the state prevented what might have become a fusion of anti-capitalist (socialist) impulses in German society with such vague democratic stirrings as might threaten the continued existence of an authoritarian dynastic state in the modern industrial era.

These vague rebellious sentiments (of which the Prussian statesmen were more conscious than the people themselves) were not anything like what we should call democratic sentiments. They were not a revulsion against servility as such. They were rather a dawning realization that the needs of a dynastic military state actually inhibited the people from enjoying the full fruits of modern technology. The Prussian dynastic

state was always prepared, though not avowedly preparing, for war. To be prepared for war, it had to be as self-sufficient as possible. To be self-sufficient, it had to impose tariffs and other barriers to trade in order to keep out foreign products and foster the often un-economical production of domestic equivalents or substitutes. The effect of this striving for what the Germans call "*Autarkie*" was twofold: it held down the German standard of living (German-grown bread grains were, for example, much more expensive than would have been tariff-free imported American bread grains); and it provoked retaliatory action on the part of other nations, which curtailed German exports.*

The structure of German industry, as it developed up to its twentieth century pre-Hitler state, becomes clear from the mere recital of a few of the major monopolies. The *Kohlensyndikat* and the *Kalisyndikat* controlled the nation's two most important natural resources—coal and potash. The *I. G. Farben* combine controlled the chemical industry, from heavy chemicals such as synthetic oil and nitrate to pharmaceuticals. The merger of the Hamburg-American Line and the North German Lloyd gave the *Hapag-Lloyd* control over German shipping. The *Vereinigte-Stahlwerke* comprised the greater part of the German steel industry. The five big branch banking systems—*Deutsche Bank*, *Dresdner Bank*, *Diskontogesellschaft*, *Darmstaedter u. Nationalbank*, and the *Commerz u. Privatbank*—had a monopoly of deposit banking and acted as giant holding companies, or voting trusts, for the greater part of German industry. The boards of directors of all these monopolistic structures were controlled by the ruling clique.

Control of the state by the Junker-industrial alliance (which also directly controlled the land and the monopolies) froze the pre-Hitler German business world into carefully stratified and card-indexed regimentation. Each individual fitted into a certain

* It is only fair to note that the United States tariff policy, beginning in the late nineteenth century, contributed as much, if not more, than German foreign trade policy to the worldwide growth of this type of economic nationalism.

well-defined place in the smoothly working machine. Each individual had a definite "status." All sorts of titles were used to make the identification of "status" easier, and to foster the individual's pride in his position. A minor railway official would, for example, be addressed as "*Herr Eisenbahnbeamter*" (Mr. Railway Official). Everyone in the German business world knew—as in the whole of German society—just who was "above" and who "below." Those "above" were to be obeyed and respected. Those "below" were to be bullied and ordered about with impunity. Even the trade unions—by far the most democratic organizations in Germany—were set up on basically authoritarian lines of leadership and obedience.

It is easy to see how such a society lends itself to the complete usurpation of power by a tyrant, who substitutes himself for the father, the teacher, the church, the chamber of commerce, and any other form of established authority. It is important to realize that any form of military government—no matter how necessary—also very largely continues the accustomed pattern: it merely substitutes a foreign authority for the domestic.

CHAPTER TWENTY-ONE

German Politics

In the period between the birth of the German nation, in 1871, and the end of the *Kaiserreich* in 1918, political development in Germany was slow and inhibited. The various parties of the Right and the Catholic *Zentrum* (Center party) as a rule supported the monarchy. The Left, such as it was, consisted of a well-disciplined trade union movement, which found its political expression in a steadily growing Social Democratic party. But this party, while relatively "liberal," was in no sense a militant progressive movement aiming to attain political power. Accustomed to suppression, it was essentially defensive in nature, and doctrinaire rather than revolutionary. The German socialists, like many of their foreign counterparts in the Second International, dreamed of socialism but never really got ready to fight for it. They debated endlessly about a "gradual" evolution into socialism—which was possible in democratic countries—ignoring the fact that they lived in an authoritarian society in which only a revolution could upset the existing "order." They were anti-militarist and pacifist. Yet, when war was declared, in August 1914, they voted for the war credits.

The defeat of 1918 and the abdication of the Kaiser set the stage for revolution. But, as we have seen, the German Left missed its great moment—partly because of its own immaturity, partly because it was frightened as well as encouraged by the Bolshevik overturn in Russia, and partly because of reactionary Allied occupation policy. The Social Democrats nominally came into power with the birth of the Weimar Republic; actually,

they became merely the shield behind which the Junker-industrialist clique continued to rule.

Having missed its great moment, the Left lost its cohesiveness and sank gradually into impotence. It broke up into more and more numerous fractions busily engaged in fighting each other. The conservative elements clung more and more closely to the unholy alliance with the power groups on the Right; the more radical elements drifted away into splinter parties of the Left, or joined with the Communists. When the Great Depression hit Germany, after a period of false prosperity nourished on British and American loans, the Left was completely unable to assemble its many pieces into a political whole. While the Social Democrats and Communists were busy fighting each other, Hitler and his National Socialist movement stepped in to take advantage of mass discontent and to create a new political force in Germany.

What Adolf Hitler did was to combine skillfully an appeal to the ancient and ever-present spirit of German nationalism, with enough real and fake radicalism to attract the anti-capitalistic sentiments of the discontented masses. He promised to restore national self-respect; and he promised social justice, full employment, and abolition of plutocratic privilege. Hence the name: National Socialist Workers party.

The appeal to reactionary nationalism focused upon the demand to "right the wrongs of Versailles," to restore Germany's "honor and prestige," to free the German people from "encirclement and enslavement," while at the same time promising to defend "German civilization against the Asiatic menace of Bolshevism." In launching this campaign, the Nazis played upon all the well-established German myths and perversions of history. The legend of the "master race" was reinforced by new racial theories, fortified by the explicit definition of certain other races as "sub-human" (Jews, Negroes, and later Poles and Russians). The Kaiser's dream of "a place in the sun" became the Nazi demand for *Lebensraum*.

The appeal to radical discontent was made by asserting over and over again that only Hitler and the National Socialist Workers party could "make order out of the chaos created by effete parliamentarism"—that only the National Socialist state could guarantee the welfare of German farmers, factory workers, white-collar workers, and small businessmen. This witches' brew was served up with a strong sauce of virulent scapegoatism. The widespread suffering resulting from mass unemployment was blamed upon the Weimar Republic, upon the capitalists, and most of all upon the Jews. German defeat and humiliation were likewise blamed upon the Jews and upon a weak government, which had "stabbed the victorious German army in the back."

Thus the Nazis fostered the two things they wanted: a revolutionary atmosphere, which they needed in order to be able to overthrow the republican government; and anti-Semitism, which they needed in order to have an identifiable continuing scapegoat, in order to be able to hold out the bribe of minority expropriation, and—most of all—in order to find a means of training the docile German people in systematic brutality.

For years the Junker-industrialist ruling clique had considered the little Austrian corporal with the absurd mustache a ridiculous figure. When they belatedly realized that he had actually acquired mass support, they made a cynical attempt to capture the Nazi movement and use it to their own ends. Choosing a moment when Hitler's popularity had suffered a set-back and when the Nazi treasury was low in funds, they engineered what they thought was a Machiavellian "deal": they supplied the needed cash and thought they had bought the Nazi movement. That was how Hitler finally came to power after ten years of struggle—supposedly as the tool of the old gang, which had rescued his party from imminent bankruptcy.

Instead of this, Hitler captured the Wehrmacht, which was still the real seat of power, and with it he captured Germany.

In one sense the Nazis were nothing more than a gang of terrorists. Pretending to be revolutionary, they made a typical

protective gangster alliance with the ruling clique, by which they bargained for power in exchange for their guarantee that there would be no real revolution. In a much deeper sense, however, the National Socialist party was the product and the true reflection of German history and German "culture." Its slogans did not create anything new; they merely echoed existing sentiments, released existing emotional drives, and activated the inert submissive mass of the German people.

What happened to the political life of Germany between January 1933 and May 1945 is too well known to require description here. Rearmament provided both full employment and a renewed sense of national power. Discontent was lulled. "*Ein Reich, Ein Volk, Ein Fuehrer*"—and one political party. Elections became a mockery. The Reichstag, when it was allowed to meet, did as it was told. The independent judiciary ceased to exist. The legislator became a rubber stamp, and the judge a hangman. The business of "obey and be obeyed," "bully and be bullied," had reached its apogee.

With the crash of the Nazi régime, all political activity in Germany ceased—for a strange, still moment. There had never been an organized political opposition to the Nazi régime. There had been sporadic resistance—at times even well-organized and well-planned conspiracies—but such "movements" had no political homogeneity. Even the most widespread conspiracy—the plot of July 14, 1944—had no particular political color; had it succeeded, as it very nearly did, it would in no sense have constituted a popular revolution. It would have meant merely a changing of the palace guard. At the time of surrender, the best of the potential anti-Nazi leaders had long since escaped abroad or died in concentration camps; others were still rotting there, awaiting liberation. There had been no second growth of revolutionary timber. When the Nazis crashed, there was literally no one to take power. A political vacuum had been created.

We have already noted how the Allied armies moved into this vacuum—those from the West at first decreeing its per-

petuation in a political moratorium, those from the East filling it as rapidly as possible with "anti-fascist" concepts and institutions, as these were conceived by the Soviet authorities. We have traced briefly, as well, the later political developments under Allied occupation in the four zones. These developments may mean much or little as a guide to what may happen in the future. Until Germany is treated as a political whole, it will be impossible to measure accurately the relative strength of the political parties or of the political ideals and concepts which are now contending there for ascendancy.

A few general conclusions may, however, be drawn. The first of these, already indicated in preceding chapters, might be that the pre-unification history of Germany was such as to stand in the way of the Germans' learning the art of living peacefully with people of diverse beliefs and convictions. The art of finding a compromise between the various sections and segments of society, so that the interests and aspirations of each are reflected in the course of the whole, is the essence of political democracy. In Germany, what should have been a healthy contest of wills and ideas *within* the state became merely a contest between a great number of little states, each resting upon the authoritarian principle of uniformity instead of upon democratic diversity.

A second conclusion might be that unification as the result of successful military aggression froze German society in its traditional pattern of feudal, military authoritarianism, and that, as a consequence, the German people has in its entire past no democratic experience upon which to draw for the future.

A third conclusion might be that German political leadership has throughout German history, with few exceptions, been military leadership; so that even the ruling élite has no tradition of experience in political affairs. The military chieftain, when he assumes the rôle of political leadership, seldom forgets that he has a sword, if not dangling by his side, at least in the cupboard. He may listen to divergent advice and opinion from civilian colleagues, but, in the last analysis, he has always in the back of

his mind that he can, if necessary, call upon the sanction of force. He will rarely forget the old saying, borne out by his own experience, that one man with a gun can control a dozen in their shirtsleeves. One must conclude, then, that the German people, itself inexperienced in democracy and accustomed to follow the leader, also lacks a reservoir of trained civilian leadership. (It has a huge reservoir of highly trained civil servants; but that is a different matter because the German civil servant is conditioned to obey the man in uniform and not to argue with him.) With all their faults, the German trade unions are perhaps the most hopeful element in the political life of the nation. Their memberships have had at least some experience of the democratic process, and their leaders have had at least some training in democratic leadership.

The Germans as a whole have not yet learned to think as political adults. The individual takes little or no interest in his party's platform or in its candidates. He votes for a label, which represents a class interest; and he accepts his opinions from the party leadership without questioning very much whether the leadership is wise or foolish.

CHAPTER TWENTY-TWO

The Media of Information

Just as the political parties in Germany have traditionally represented class interests, so the media of information have tended to become organs of the political parties, or, if not that, organs of the class interests underlying the political structure. The strongest of these interests was, of course, the politico-economic clique which controlled the state.

Some of the cultural media were actually state-controlled, such as the opera, most of the theater, and much of the music. The radio, born during the Weimar period, was state-controlled from the outset. The printed mass media were traditionally channels for the dissemination of opinion rather than factual information. The vast majority of German newspapers slanted and editorialized their news. In the days of the *Kaiserreich*, *lèse majesté* was strictly punished. The Weimar Republic brought about at least a freer and wider expression of opinion, even if it did not alter the fact that the German people were fed opinion rather than fact.

During the Nazi period, the state, or the Nazi party, took over control of all the media. They became instruments of Nazi propaganda pure and simple. Not a word could be spoken or written for the people to hear or read that did not conform to the directives issued by the Propaganda Ministry. As a result, the German people had little if any idea of what was going on in the world outside of Germany, and not very much of an idea of what went on in Germany itself. Worse yet, for twelve years the German people were systematically fed on lies, many of

which will take years to eradicate. As Mark Twain would have said, they learned "a powerful lot o' things that ain't so."

In the three western zones, the Allied authorities have been trying to establish a free press, under supervision and with certain definite limitations. The licensed newspapers may not, for instance, criticize the military government, sow dissension among the Allies, or preach Nazi or militarist doctrines. If they disobey these injunctions they are subject to revocation of their licenses. There is no pre-censorship.

In the Soviet zone pre-censorship was not lifted until after about eighteen months of occupation. Even after it was lifted, however, the press was strictly controlled and fairly uniform in its representation of the point of view sponsored by the Soviet authorities. Some divergence was permitted in the treatment of strictly local affairs by the party organs of the Christian Democrats and Liberal Democrats.

The tendency all through Germany is for the press to revert to its pre-Hitler pattern of a party press subservient to class interests. When left to their own devices, the Germans apparently still want to be told what to think by the leaders of the social and economic groups to which they belong. Nevertheless, in spots considerable improvement has been made, especially in the United States zone. On the whole, reasonably democratic-minded editors have been chosen, although these are not always easy to find. The radio, under Allied control, is still not very far developed as a democratic medium of information. Books and periodicals are scarce, and there are few motion picture theaters in operation. Little has been done to build up the ruined libraries.

There is a tremendous job still to be done in this field. Not only must the German people be informed and taught to want information concerning the present and the future, they have also much to unlearn about the past. This is not merely a matter of stimulating the Germans to produce the needed materials themselves. It is also a matter of making available to them the materials produced in other nations.

More than a year after the surrender the state of mind of the German people was fairly well indicated by a series of public opinion studies undertaken by United States Military Government. These studies showed that about one third of the German people still believed that the Germans had been justified in their treatment of Jews and Poles; that the German race was superior; that the common people could not be entrusted with political responsibility; and that Germany went to war for a just cause. One in every three Germans actually *stated* these views; they were not indicated or interpreted.

An actual majority of those interviewed stated the following beliefs: That National Socialism was "badly managed" rather than fundamentally wrong; and that what Germany needed most was a "good leader."

This gives some rough idea of the magnitude of the task to be accomplished.

PART FIVE

YARDSTICKS FOR THE FUTURE

CHAPTER TWENTY-THREE

The Twofold Problem

We have now traced the development of Allied policy toward Germany prior to surrender; the application of that policy after surrender; the meaning of the Potsdam Agreement; and the effect of the Potsdam policy upon Germany and upon the four occupying powers. We have noted the absence of four-power agreement as to a basic diagnosis of the German problem and the need for such an agreement. Finally, we have endeavored to outline the type of study which, if undertaken jointly by the four powers, might have led—and might still lead—to an agreed-upon diagnosis.

The Council of Foreign Ministers is about to meet at Moscow as this book goes to press. The preliminary sessions of the deputies, held in London in January and February 1947, accomplished little in preparing the ground for a new four-power agreement on Germany. The report of the Allied Control Council, called for in the Moscow agenda (see Chapter Twelve), likewise produced little more than historical data and a record of four-power dissension. Whatever else the Moscow Conference may accomplish (such as a treaty with Austria) it seems highly improbable that it will succeed in carrying out Paragraph Three of its agenda—"The preparation of the peace treaty with Germany."

Should this prognostication prove correct, it is quite likely that the Moscow Conference will be widely regarded as a failure. Yet such a judgment might well prove altogether unwarranted.

In the first place, the Conference will not have been a failure,

if it produces a clear definition of the points of view of the four occupying powers. This will be true even though clarification brings out areas of strong disagreement.

In the second place, it was a misleading idea that a peace treaty with Germany could possibly be prepared or written at this time. A treaty is an agreement between two or more sovereign nations, signed by their respective governments. Some nations empower their chief executive, or his foreign minister, to sign treaties. Others, such as the United States, require that the executive's act be ratified by the legislature, or one of its branches. In March 1947 Germany was not a sovereign nation, nor had it a government—not even central government by the four occupying powers. There could be no peace treaty with Germany because there was no Germany, and because no government existed which could sign on behalf of the German people.

But—it could be argued—there might be four-power agreement as to a treaty to be signed at a later date, whenever a duly constituted German government comes into existence. In other words, the Big Four Foreign Ministers might write a treaty *for* rather than *with* Germany—assuming that they can agree upon what its terms should be. Whether or not the Moscow Conference actually produces all or part of such a treaty, it is probable that subsequent conferences may, by the end of 1947, move a considerable distance in that direction. This constitutes a danger. Failure to agree upon a treaty *for* Germany will, in this writer's opinion, actually be a factor on the side of progress toward a real solution.

This apparent paradox is readily explained. A treaty *for* Germany might eventually be ratified by a future German government. It might even be ratified by a plebiscite of the German people. But in spite of all that it would remain an *imposed* treaty, and whatever restrictions it might place upon the future of the German people would remain as restrictions

imposed by Germany's conquerors. Such restrictions, no matter how reasonable and just, could be maintained only so long as the victors in World War II stand ready to enforce them. The Treaty of Versailles would probably look mild in comparison with any treaty likely to be written today. Yet even that treaty was considered by the Germans as an imposed treaty, and hence as a document to be circumvented, revised, and, if possible, annulled. Hitler's rise to power was based in large measure upon the exploitation of this attitude.

In other words, writing a treaty *for* Germany would commit the victorious nations to *permanent* guardianship. Such a step might well prove fatal to the whole structure of lasting peace.

Why?

Because there can be no lasting peace in a world in which some peoples are doomed to second-class citizenship *for eternity*, while others take on *for eternity* the job of maintaining such a second-class status by force. We shall discuss this more fully in a subsequent chapter.

The time to write a German treaty will have come only when it is possible to write it *with* the German people—not *for* them. This means that the treaty will not be written for a long time, because it will be a long time before there can be a German government which we can fully trust and treat on terms of equality. We shall be able to trust a German government only when we are sure, beyond reasonable doubt, that it is the true and responsive servant of a regenerate and mature German people.

To the extent that four-power conferences clarify the existing problems and the existing conflict of aims and ideals, and eventually bring about a practical reconciliation, they will take us nearer to the goal of peace. To the extent that they waste time over the attempt to formulate an imposed treaty and end up by failing to agree upon immediate functional procedure, they will only make Germany more and more a stumbling block on the road to peace.

The period immediately following upon the conclusion of new agreements with regard to Germany will be the time when an informed public opinion will be of the greatest value. Here at least, and probably in all countries in varying degrees, the reaction of public opinion will very largely shape the early interpretation of the formal decisions reached by the Foreign Ministers. And these early interpretations, which will, in turn, directly affect the application of policy, may be almost as important as the policy itself.

It may, therefore, be useful to carry our study yet one step further to see if we can provide ourselves with a few simple yardsticks with which to measure the Foreign Ministers' accomplishments—or, to state it more accurately, to see whether we can establish for ourselves the basic criteria for the judgments, which we as citizens shall be called upon to make. For we shall be called upon to make these judgments, if only by default. Our choice is not between making a judgment and not making it. Our choice is between making a judgment based upon reason applied to factual knowledge, or making a judgment based upon ignorance and emotion.

If we have failed thus far in making satisfactory progress toward an ultimate solution of the many and complicated problems of the peace, it is not altogether the fault of our Government. We have a form of government which is, in the long run, responsive to the will of the people. And we *are* the people. The failure to date is in large measure our own failure. The opportunity to redeem it is in large measure our opportunity.

What are the criteria, then, upon which we should try to base an intelligent and constructive analysis of any new four-power policy?

Broadly speaking, there are two problems to be considered, rather than one. There is the long-range problem of finding a way to fit a new, peaceful, and productive German nation into

a world organized for lasting peace. This involves a decision as to what territories and what peoples are to constitute the new German nation; what sort of political and economic structure this new nation is to be permitted to erect; and—above all—how the German people is to be helped to shake off the shackles of its authoritarian past and to attain political maturity. The second problem is how to insure an immediate period of tranquillity and a rapid recovery of the whole European, and even world, economy. This involves a new short-range plan for the immediate maximum utilization of German resources for general reconstruction and rehabilitation.

Obviously, there will be some conflict between the long- and short-range plans if each is designed solely to accomplish its particular purpose. The long-range plan will seek to limit the ultimate German economy to legitimate peacetime requirements and will endeavor gradually to reduce the dependence of other countries upon Germany's heavy industries. To take steel as an example, the long-range plan would endeavor to build up steel capacity where practicable in some of the backward countries, at the same time limiting steel capacity everywhere as nearly as possible to the requirements of nations which are neither building nor planning to build armaments. The long-range plan would most certainly never permit Germany again to build up a capacity of twenty-one million tons per annum, roughly half of which existed solely for the production of the weapons of war. On the other hand, the carrying out of such a long-range endeavor would take years. In the meantime, every country of Europe—and many in other parts of the world—is crying for steel to repair, to rebuild, and to undertake new construction. The short-range plan would therefore be concerned with the immediate rehabilitation of maximum steel production wherever it now exists—and that would have to include Germany. The short-range plan would seek to find ways of immediately restoring German steel production from its present level of about

two million tons to a figure which might even temporarily exceed the ultimately desirable peacetime level.*

The essence of the twofold problem of Germany is how to make the present poorhouse and plague-center into a powerhouse for the rapid reconstruction of Europe, without letting the powerhouse acquire too broad a permanent franchise and—above all—without letting the powerhouse ever again become an arsenal. The reconciliation of the short- and long-range plans must be worked out in such a way as to lift the German economy quickly out of the cellar, without allowing its upward momentum to carry it permanently beyond the floor it is eventually intended to occupy.

Any new four-power plan of action must be evaluated from this dual point of view.

* As a practical matter this would not mean adding to existing plant capacity. It might mean deferring the destruction of some of the existing plant capacity.

CHAPTER TWENTY-FOUR

What Germany?

The first question to be answered with regard to the future of Germany in Europe is: What territories and what peoples are to constitute the new German nation?

There are two ways in which this question could be decided: by a decision based on certain agreed and then applied principles; or by a decision based upon horsetrading among the interested parties.

A decision based upon principle will not necessarily be a right or wise decision. That will depend upon the rightness and the wisdom of the principle and upon the manner in which it is applied. The Wilsonian doctrine of the "self-determination of peoples" was, for example, the principle which underlay many of the decisions reached at Versailles. It appeared at the time to be a wise principle. It still appeals to those who hold a basic belief in the right of all men everywhere to decide their own destinies. But experience in the last twenty-five years has shown that it is not always easy to determine what constitutes a people. Poland was created—or re-created—because the Poles were considered a people, as they certainly are; but trouble arose immediately over the question whether the westernmost Ukrainians and Byelo-Russians belonged to the Polish people or to the Russians, who are not one people but many peoples. The Yugoslavs were considered a people; but the Serbs, the Croats, and the Slovenes did not, and still do not, consider themselves one people.

Experience has likewise shown that the unabridged right to self-determination leads to trouble, if it is taken to mean that

TERRITORIAL CHANGES IN GERMANY SINCE 1918

LEGEND:

- TERRITORY DETACHED FROM GERMANY AFTER WORLD WAR I
- TERRITORY DETACHED FROM GERMANY AFTER WORLD WAR II
- GERMANY TODAY

Map Details:

- Neighboring Countries:** DENMARK, SWEDEN, LITHUANIA, U.S.S.R., POLAND, CZECHOSLOVAKIA, HUNGARY, AUSTRIA, FRANCE, BELGIUM, LUXEMBOURG, NETHERLANDS.
- German Cities:** Berlin, Hamburg, Kiel, Bremen, Hannover, Magdeburg, Leipzig, Dresden, Prague, Wrocław (Breslau), Silesia, Krakow, Stuttgart, Mannheim, Nürnberg (Nuremberg), Augsburg, Munich, Linz, Vienna.
- Territorial Changes:**
 - TO DENMARK:** Schleswig (Sønderborg).
 - TO POLAND:** Poznań (Posen), Gdansk (Gdańsk), West Prussia, Danzig Free City, East Prussia (part), West Silesia, Upper Silesia.
 - TO FRANCE:** Alsace-Lorraine.
 - TO BELGIUM:** Eupen-Malmedy.
 - TO USSR:** Memel (Klaipėda).
 - TO POLAND:** "THE CORRIDOR TO POLAND" (connecting Gdansk to the rest of Poland).
- Other Features:** Baltic Sea, Vistula River, Danube River, Rhine River, Saar River, Saar Basin (status still to be determined), "Present International Boundaries".
- Scale:** 0 to 150 Miles.
- Copyright:** 1947 The New York Times.

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any people may set up any kind of a government, including a fascist dictatorship. It is, of course, true that peoples do not voluntarily set up dictatorships over themselves, nevertheless, through weakness, or apathy, or ignorance, peoples do, as we have seen, sometimes slip into the clutches of fascist tyranny. Under the Wilsonian principle, no other nation has a right to interfere with the internal affairs of a self-determining nation. But after the experiences of the last two decades, most people, at least in this country, are agreed that fascist dictatorship cannot be tolerated because it inevitably leads sooner or later to external aggression. That was why, on April 9, 1944, Mr. Cordell Hull, then Secretary of State, said in a radio address to the American people and to the world: "We have moved from a careless tolerance of evil institutions to the conviction that free governments and Nazi and Fascist governments cannot exist together in this world."

This merely illustrates how an apparently sound principle may later require reconsideration and modification. Another difficulty frequently arises not from the principle but from its faulty application: for example, the principle of giving Poland access to the sea may or may not have been a wise principle. (If it was right for the new Polish nation-state, it is hard to see why it would not have been equally right for the new Czechoslovak nation-state.) But, leaving aside the wisdom of the principle, its application by carving a Polish corridor through German territory to Danzig was unwise for reasons which are now apparent to everyone.

The fact that there are serious difficulties inherent in making territorial adjustments upon the basis of principle does not necessarily mean that decisions based on horse-trading are any better. As a matter of fact, horse-trading decisions are likely to be worse, because they are too likely to constitute a determination by the strong of the destinies of the weak. Such settlements leave resentment and a burning sense of injustice, which may

cause further outbreaks of violence—especially if there is a shift in the balance of power.

The problem which confronts the makers of the peace in settling territorial questions is *how to create the least possible sense of injustice among all the peoples concerned.*

It would be difficult to reduce this formula to any hard and fast set of principles; yet some principles of justice must obviously play their part. This, in turn, means that different concepts of justice must be considered and that the different concepts be evaluated and reconciled without weighting each too heavily according to its relative position in the existing scale of power. Thus, in settling the question of the German frontiers, the French are more powerful than the Dutch or the Belgians, and the Russians are more powerful than the Czechs or Poles; yet the point of view of the smaller nations deserves consideration out of all proportion to their military or economic power if the least possible sense of injustice is to be created among all the peoples concerned. This applies even to the Germans, who have at present no power position at all; they too must feel that the settlement is just—not for the sake of their own happiness, but for the sake of world peace.

It would be both foolish and presumptuous for us, as private citizens of a remote republic, to attempt to redraw the map of Europe. But we, as private citizens dwelling across the ocean, should be aware of those dangers to the peace which might arise from injustices or inconsistencies in the territorial settlements.

We should be aware, for example, that we as a nation are still bound, along with the other signatories to the United Nations Declaration, to the pledge against "territorial aggrandizement" and to the pledge against "territorial changes that do not accord with the freely expressed wishes of the peoples concerned." If we wish to abrogate these pledges, we shall make a sorry record in history unless we do so openly and without subterfuge. A clever legalistic "interpretation" may satisfy some

students of international jurisprudence. It will not satisfy future generations, who will have to bear the burden of the record we write.

Let us be quite clear about this. So long as these pledges stand, France, which signed the United Nations Declaration after she was liberated, cannot annex the Rhineland or the Saar; Russia cannot annex the northern half of East Prussia; Poland cannot annex one square foot of East Prussia, Pomerania, Brandenburg, or Silesia. Nor can the United States of America annex one coral atoll in the Pacific Ocean.

Perhaps these two first principles of the Declaration were hastily enunciated; perhaps they have since been rendered obsolete. If so, we, as citizens, have not only the right but the duty to see that they are openly reconsidered and, if necessary, openly modified. (The same thing is true of the United Nations Declaration as a whole. The third principle, affirming "the right of all peoples to choose the form of government under which they will live," has already been openly modified—at least unilaterally—by Mr. Hull, as stated above.) We owe it to ourselves and to our children to see that no other people in the future can justly say that we promised one thing and did another.

Next, we should be aware, as citizens, that whatever territorial settlement is made must be consistent with the peace treaty as a whole. We must not countenance a territorial settlement which makes it impossible for the vanquished to live within whatever economic limitations are imposed by the treaty. If the new Germany's production and export of manufactured or semi-manufactured goods is to be limited in the interests of peace, then its ability to import foodstuffs and raw materials is automatically likewise limited. If import of food is limited, the Germans must grow a large part of the food they eat. If they are to grow a large part of their own food, they must have the land on which to grow it. This is one of the two major questions to be considered in the final settlement of Germany's eastern frontier, for this involves her richest agricultural provinces. Its

reverse aspect is equally important: namely, how badly do the Poles need additional agricultural territory, and how well able are they to colonize it?

The second major question with regard to eastern Germany concerns Upper Silesia, which, as we have seen, is important because of its coal and industry. The problem is linked to that of the western frontier. *If the new Germany is to keep the western coalfields and industries, it can probably afford to lose Upper Silesia and still be self-supporting within the terms of the treaty.* If Germany were to lose all or a substantial part of its industrial foundation in the west, Upper Silesia would become of vital importance to a peaceful German economy. Again there is the reverse of the question: is it more important that a peaceful Poland should have Upper Silesia or more important that the Ruhr and the Rhineland be detached from a peaceful Germany?

This brings us to the treatment of the people who inhabit the disputed territories. What principle is to be applied here? Or is there to be any principle? The Poles and Russians have made it clear that annexation by them means eviction of the German population. The Czechs and Hungarians have followed suit, not in annexation, but in the eviction of their own minority Germans. This is the principle of the racial state applied to the Germans in reverse. The idea of transferring minorities was not invented by the Nazis; it had been applied in earlier days and with some success to the transfer of minority Greeks out of Turkey, and vice versa. But in the case of the Nazi expulsions, there was no vice versa; and the evictions of the eastern Germans simply mean crowding more Germans into less territory.

No one can blame the Czechs, after their experience with the Sudeten Germans, for not wishing to harbor a potentially subversive element inside their borders. Yet the principle of ejecting a whole minority, without distinguishing among the individuals composing it, is an anti-democratic principle and one which endangers all minorities everywhere.

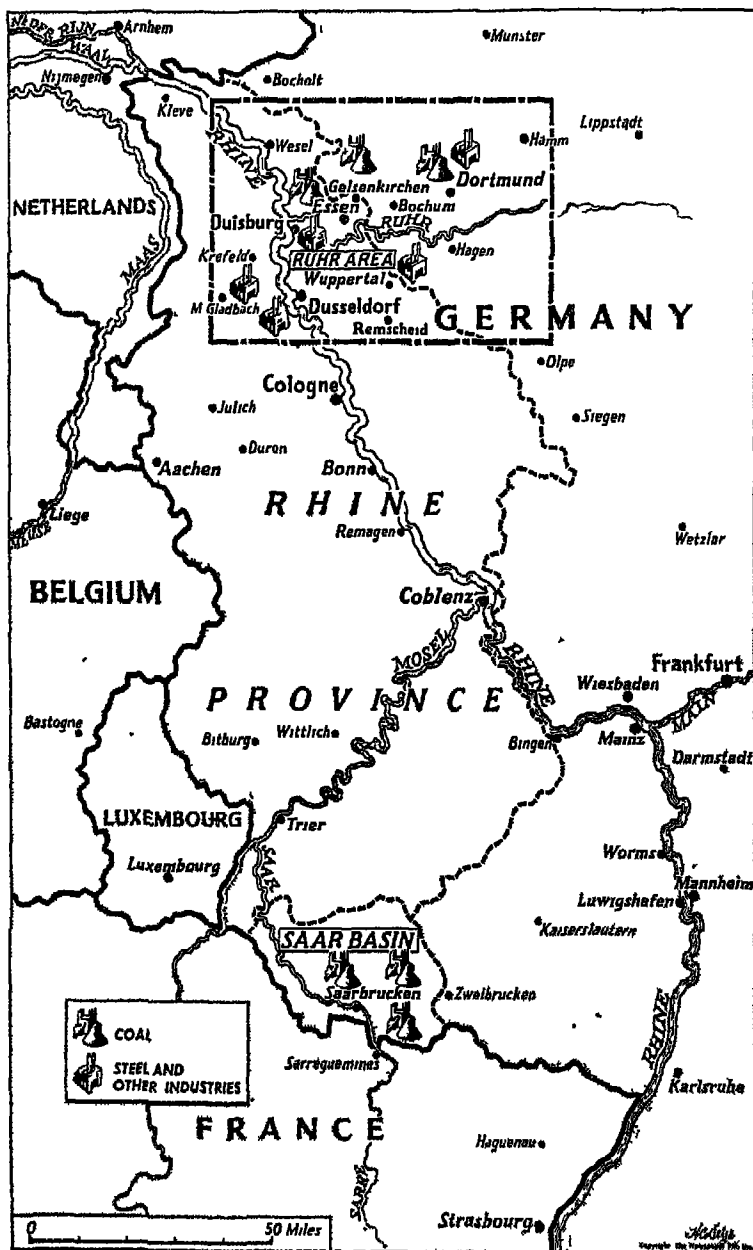
The French do not approve of mass eviction. They wish to

annex the Saar and a contiguous part of the Rhineland, but they want to leave the German inhabitants where they are and eventually make them French citizens.* They would like to see the rest of the Rhineland and the Ruhr politically and economically separated from the new Germany, as a sort of internationalized protectorate; this, too, is contrary to the United Nations Declaration, unless the German populations concerned freely express their desire to be so treated.

Both eviction and transfer of populations to other sovereignty along with their homelands are dangerous expedients. Both are likely to leave a strong sense of injustice. If some annexations are nevertheless deemed necessary, the resulting sense of injustice would probably be less if some one clear principle were adhered to with regard to all annexed territory. Such a principle might be that of at least allowing the original populations concerned to choose between eviction and transfer of citizenship. This would be difficult in view of the evictions which have already taken place, but it would not be impossible.

The probabilities are that there will be some annexations in both East and West. Some will appear more easily justifiable than others. Upper Silesia, for instance, has a mixed Polish-German population and its economic resources are, as already stated, more essential to Poland than to Germany if Germany keeps the Ruhr. East Prussia, while historically and ethnically German, would probably continue to be a strategic provocation if it remained as a German island in a Polish sea. Moreover, Poland needs some additional agricultural territory to make up for the loss of Western Byelo-Russia and the Western Ukraine. It is less easy to justify any Soviet annexation of East Prussian territory, or Polish annexation of Pomerania, Brandenburg, and Lower Silesia. As for the West, there are two reasons for Dutch, Belgian, and French demands: security and economic advantage.

* The French speak of "economic incorporation" only, but it is difficult to see how this can ultimately fail to mean outright annexation.



So far as the economic side is concerned, there would seem to be no reason why the Germans, having done what they did to their neighbors, should not pay some part of their reparation bill in territory—provided that all neighbors' claims are measured by the same yardsticks, and provided that sufficient economic resources remain to the Germans to enable them to be self-supporting and reasonably prosperous. But if this is to be the over-all justification for any annexations, it should be so stated, and the United Nations Declaration should be openly abrogated in favor of this reparations principle.

Under some such over-all rationalization, the Dutch and Belgians might be granted the minor annexations and border rectifications they desire, and the French might be granted the right to annex the Saar. This would not, however, take care of the French demand for the separation of the Ruhr and the Rhineland from the new Germany. This is a different matter altogether, since the demand arises mostly on the grounds of security. Before we attempt to deal with this question, let us summarize the criteria we might apply to whatever disposition is made of the question of outright annexation:

If all annexations are undertaken on the reparations principle, and co-ordinated with all other reparations payments;

If the territorial base for a potentially healthy, well-balanced economic structure is assured to a new peaceful German nation;

If the populations of all annexed territory are treated in accordance with a uniform and easily understood principle; and

If the United Nations Declaration pledges are openly abrogated or modified to the extent necessary;

Then we shall probably have made sure that the minimum sense of injustice achievable in the existing circumstances will remain as a result.

This is not to say that annexations of any sort are desirable, but only to admit that some annexations have probably been made inescapable by history already written—and written to a very large extent by the German people themselves. In a world

which now at long last knows that it can find lasting peace only through a rapid approach to universality, nationalistic territorial annexations, with their implications of continued economic nationalism, are a strange and dangerous anachronism. Yet even this anachronism is a part of the time in which we live—an action to which we may be compelled for reasons arising out of the past but for which the future holds no rational justification.

One thing is certain. Once the new German frontiers are finally determined, they must be guaranteed by the United Nations, so that the whole question may be forever eliminated.

CHAPTER TWENTY-FIVE

What Kind of Germany?

ULTIMATE ECONOMY

Once it has been decided what territories and what peoples are to constitute the new German nation, the twofold question arises: What kind of economy and what kind of political structure is the new Germany to have?

This question will have to be answered both by the victorious powers and by the German people. More accurately stated, it will have to be answered by the German people within the limits laid down for them by the Allies. Let us consider the criteria to be applied to whatever limitations are imposed upon a free German decision.

The primary Allied consideration will, of course, be security. Not only must Germany be prevented from ever again disturbing the world's peace by military, economic, or psychological aggression; the new Germany must also be prevented from becoming "a pawn or partner" in any future military, economic, or political struggle. When we say this, we must realize that we are talking about an objective much broader than any that can be directly encompassed by Allied policy in Germany. When we say that Germany must not be allowed to become "a pawn or partner" in any future struggle, we are really saying that there must be no future struggle, for if there should be a major conflict there would be no way to prevent Germany from taking some sort of a part in it. The broader question of safeguarding the world against a renewed outbreak of violence, which would mean a war more terrible than any we have yet

experienced, lies beyond the scope of this study. The narrower field, with which we are concerned, is how to prevent Germany from becoming either the initiator or the primary bone of contention in another world war. These are really two separate objectives, and each involves its own set of considerations.

One way to prevent the new Germany from ever initiating a new conflict is *to deny it permanently the right to make, acquire, or possess the means of aggression*. This involves making the new Germany *permanently* into a second-class nation, and places *permanently* upon the enforcing powers the responsibility for keeping Germany demilitarized, for preventing the development by the new German nation of any plans or means of military, economic or psychological aggression.

Military or economic preparations for war or for provocation of war are comparatively easy to detect and frustrate, even though the control of scientific research presents difficult problems. Psychological aggression or provocation is extremely difficult to define, detect, or prevent; yet it should be evident by this time that psychological warfare cannot be ignored as one of the three major elements of modern warfare. Lasting peace among the nations of the world requires not only eventual military and economic disarmament, but psychological warfare disarmament as well.* This again goes beyond our present field of inquiry, but—so far as Germany is concerned—Hitler's "bloodless" conquests of Austria, Czechoslovakia, Norway, Denmark, the Low Countries, and France are as important to remember as the battle of Stalingrad.

The alternative way to prevent Germany from actively precipitating another conflict is to deny it the right to make, acquire, or possess the means of aggression until such time as the new German nation shall have demonstrated beyond reasonable doubt that it has rid itself of the will to aggression.

It is obvious that the difference between the two methods is

* See the author's *Unwritten Treaty*, New York: Harcourt, Brace and Company, 1946.

one of end objective. The immediate procedures would not vary greatly, but their effect would vary, both upon the German people and upon the peoples of the enforcing nations. A people doomed to permanent second-class citizenship in the world society will behave differently from a people which sees some ray of hope for equality in the future—even if only for its unborn generations. Similarly, peoples who have assigned themselves a troublesome and unpleasant police job for eternity will react differently from peoples who have undertaken such a job with a definite end in view, even though they do not know how long it will take until the job is completed.

This brings us to the second security consideration: namely, how is the new Germany to be prevented from becoming the major bone of contention in another world conflict? How is the new Germany, even though incapable of actively instigating war, to be rendered incapable of becoming its passive cause?

In considering this aspect of the problem, we find at once the strongest reason for not robbing the German future of all hope. A new Germany placed *permanently* under guardianship will present an infinite number of inter-Allied problems and provocations. It will tend to become a battleground for conflicting aims and aspirations rather than a meeting ground where conflict is resolved. Many of these problems and provocations will exist also during a protracted period of temporary guardianship, but they will tend to be alleviated as the German people gradually take over more and more of their own responsibilities. This presupposes, of course, that under temporary guardianship the German people would be given a chance to re-educate themselves and that they would take advantage of it. But—whether or not the assumption proves valid—the fact remains that under permanent guardianship there would be no possibility of such a development. A permanent guardianship would foreclose any possibility that the German people might someday grow up out of authoritarian political adolescence into democratic manhood, because a permanent guardianship would mean,

by definition, perpetual dependence upon external authority. It would mean that the enforcing powers would be in the position of parents who knew that their children would never fully grow up, would always be a demand upon their time and resources, and would forever present them with the problems of childhood and adolescence.

The validity of this argument has been recognized by the leading Allied statesmen. No one favors a permanent guardianship. And yet, in stating the case, we are not altogether knocking down a strawman. There was, not so long ago, a strong tendency, especially in this country, to think of the desirable new Germany as a permanently impotent, permanently second-class nation. There are strong traces of this idea in the Potsdam Agreement. There may well be traces of it in the new treaty. To say that we must be on our guard against this type of thinking does not mean that we should reject any and all permanent limitations upon the German economy. It means only that we must think of such limitations in terms of ultimately universal application. Not only the Germans but all peoples must eventually by mutual agreement restrict the manufacture of whatever endangers world peace. The Germans must for a time have these restrictions imposed upon them, but in the end they must impose them upon themselves.*

It is not the nature of the German economy, which will, in the long run, make a peaceful nation, but the nature of the German people. If this point of view is accepted, the limitations to be imposed by the Allies upon the ultimate German economy automatically become those which world society will impose upon itself.

In the meantime, however, there will be a period of at least a generation during which certain security limitations will have to be imposed from without. To make the immediate problem

*The "Period of Observation and Control" suggested by the author (Appendix XI, page 358) was in effect a specific proposal for temporary guardianship.

more difficult, the first part of this period coincides with a period during which the peace of the world will be endangered, not by renewed German aggression, but by a number of quite different factors. High on the list of possible causes of war stands the possibility that great masses of people on the European Continent will for some time be so wretchedly fed, clothed, and housed that the whole of Europe will become a mass of dry tinder, ready for any demagogic spark to ignite it into flame. To prevent this from happening, concerted planning and concerted effort to speed recovery and rehabilitation will be necessary, and this endeavor cannot succeed without the utilization of German productive resources.

The important factors to consider in thinking about the ultimate nature of the German economy are human factors. It will not be *what* the German machine produces so much as *for whom* it produces that will make the difference. If the German machine produces, as it has in the past, for an authoritarian state controlled by a Junker-industrialist clique, it will probably produce ultimately for war—no matter what limitations are imposed on it. If the German machine produces for the German people, and if the German people become adult, it will probably produce for peace, even though it is permitted to turn out products with a high war potential.

The German people must decide—as soon as they are fit to decide—in what manner they want to make themselves the masters instead of the slaves of their industrial machine. The mere transference of the ownership of the means of production from private hands to the state would not in itself guarantee anything, if the state and the state-controlled monopolies remained, as they have been, in the hands of a ruling clique. Whether public ownership would make the German machine work for the benefit of the people would depend upon whether or not the German state and the monopolies became the servants of the people. Theoretically, an enlightened capitalism, regulated in the public interest and freed from monopolistic abuse,

would be an alternative. Practically speaking, however, there seems little chance of such a development. This is true not only in Germany but in most of Europe. The old power groups have been weakened or destroyed; there is little chance for the new formation of private capital in the form of large individual accumulations; and the whole of recent history tends to show that while European man could theoretically solve his problems without resort to monopolistic practices and devices, he will not, as a practical matter, choose this course. This being the case, public ownership of the monopolies becomes inevitable.

It follows that the problem of Germany's economic future is largely identical with the problem of its political future. A peaceful Germany means a Germany which will produce for its people and for the peoples of other countries, to a very great extent through the intermediary of the state. Much depends, therefore, upon what kind of state the new Germany will be.

CHAPTER TWENTY-SIX

What Kind of Germany? (Continued)

POLITICAL STRUCTURE

We come now to the question: What limitations are to be imposed upon the German people in setting up the ultimate political structure of the new German nation?

One such limitation we have already noted: the German people are not to be permitted to set up a fascist dictatorship. This stricture is capable of universal application to a free world society. It was stated in universal form by Secretary of State Cordell Hull, but it has not yet been universally applied, since the United States still tolerates the existence of fascist governments, even though it has affirmed its belief that "free governments and fascist governments cannot exist together on this earth."

What is our policy going to be? What is the policy of the United Nations going to be? Is one principle going to be applied to former enemy states, and another to states which were friendly—like Greece—or "neutral"—like Spain? Unless the stricture is universally applied, its application to former enemy states alone will make them permanent second-class members of the world society, with all the implications we have already discussed. If the enforcing nations deny the German, Italian, or former satellite peoples the right ultimately to reject fascism for themselves, while retaining this right for their own peoples, a curious situation would arise, if, at some future date, one or more of the enforcing powers should slip into fascism.

It seems clear that the prohibition must be universally applied

and enforced, if it is to be effective. This does not mean that special strictures should not be applied to Germany and other former aggressor nations during the period of probation through which they must pass before they are admitted on equal terms to a free world society. On the contrary, so far as Germany is concerned, it seems clear that a considerable time must elapse before the German people can be depended upon to reject fascism for themselves. We are concerned here, however, with the ultimate political structure.

No sooner have we jumped over the fascist hurdle than we come to a second, and even more difficult, obstacle. What about other forms of totalitarianism? Is any kind of single-party state to be forbidden to the Germans? Again, we are discussing the long-range future, not the immediate present. The same reasoning which applies against a prohibition of fascism, unless it is a universal prohibition, holds good here. Indeed, it is more obvious, because it would be ridiculous to imagine the Soviet Union agreeing to enforce a prohibition against the setting up of its own type of government in Germany or elsewhere. The same thing is true to a lesser extent of some of the other countries in the Soviet orbit.

As a matter of fact, recent trends in the near-Communist countries, especially in Czechoslovakia, suggest a development which may possibly hold the key to the future. This would be a state with an economy varying in the individual instance between complete socialism and a mixture of socialism and free enterprise, and with a political structure based upon two or more socialist or semi-socialist parties. Such a state, which seems actually to be evolving in Czechoslovakia, could be—but would not necessarily be—a “Communist” state; it would not, however, be totalitarian. It would not only tolerate but constitutionally require the existence of a “loyal opposition.” It would guarantee freedom of speech and press as well as the other accepted elements of a bill of rights. It would very likely add an economic bill of rights and more closely define the duties and obligations

that should go with the enjoyment of the guaranteed privileges and immunities. It is not altogether fanciful to hope that the Soviet Union itself may move in that direction. If it does, the possibility will then exist of enforcing a new principle throughout world society—the principle that no governments shall exist anywhere which do not tolerate and encourage the existence of a “loyal opposition,” whether through a two-party or a multi-party system. This would outlaw the police state and totalitarianism of all sorts.

In Germany the Soviet authorities have so far gone part way in this direction. They have tried to force all socialists into one party, but they have tolerated the existence of the two “bourgeois” opposition parties in their zone. The elections in the Soviet zone have not been entirely “free” by our standards, but they have been very much freer by those standards than any elections held in the Soviet Union itself—and freer than some of our own Southern primaries. Germany may well turn out to be the pilot plant in which the conflicting political beliefs and theories of East and West evolve a common denominator.

These are the important long-range considerations. They far overshadow such much-discussed matters as whether Germany should be a loose confederation of independent states, a federal union, or a strongly centralized state. To a very large extent this discussion is academic. As a practical matter, neither extreme is possible. A loose confederation of independent states runs counter to the course of history and could be imposed upon the German people only so long as they remain under guardianship. For the Germans such a loose confederation would mean a denial of nationhood and a turning back of the clock to the nineteenth century. Similarly, a completely centralized state would have to be imposed by force, since it would run counter to the still very powerful sentiments of local pride and loyalty existing especially in Wuerttemberg, Baden, and Bavaria. Moreover, the policies of the occupying powers to date have encouraged—even in the Soviet zone—the re-creation of

Laender governments. Everything points to a new German nation set up on the principles of a federal union.

The real argument will boil down to the question of how much or how little power is to be vested in the new federal government. The Russians favor strongly centralized power. The French would like to see decentralization amounting to partition. The United States and Britain apparently desire a federal structure rather similar to that existing in the United States or in the British Dominions.*

In trying to form a judgment about whatever decisions are arrived at by the Council of Foreign Ministers, we must bear in mind an important development in our own constitutional structure. The basic principle of our own federal union is that all powers not specifically delegated to the federal government belong to the states. The idea of the Founding Fathers was to guard against the usurpation of power by the federal government and to entrust it with only those powers which directly affect the people of more than one state in the union. The whole history of the development of our constitutional law by amendment and interpretation has been in the direction of widening the powers of the federal government. This has come about because the whole trend of modern industrial and technological development has been in the direction of eliminating time and distance, and of making the peoples of the various

* This may turn out to be an incorrect interpretation of the United States position. On January 11, 1947, Senator Vandenberg, the new Republican Chairman of the Senate Foreign Relations Committee, said, when speaking of Germany: "Meanwhile the business of renewed decentralized political autonomy—looking toward federated states which shall be the masters instead of the servants of a new Berlin—makes encouraging progress in the American zone. But the pressing need is a plan for total peace—a plan which omits no possible precautions against recurrent Hitlerism, yet which offers some reward other than eternal degradation to new German states when they faithfully strive toward democratic self-redemption."

This indicates a much greater desire for decentralization than any previous declaration by a responsible American official.

states more and more dependent upon each other. The same tendency is manifest throughout the entire world.

In our anxiety to prevent the rebirth of a German warrior nation, we must be careful not to fall over backwards into the error of creating an impotent federal government which would be unable to deal effectively with the social and economic problems of the German people as a whole. Decentralization is a sound principle; but, like any principle applied in too doctrinaire a manner, it can become a fetish. Given the fact that the economic monopolies in Germany will in all probability be transferred to public ownership, rather than broken up into small private enterprises, *the really important question will be to what extent socialization is to mean nationalization* (ownership by the federal union) and to what extent it is to mean "Laenderization" (ownership by the constituent states).

The criterion for us to apply in attempting to evaluate any proposed solution of this problem is not conformity or non-conformity with any particular theory of federalism. The proper criterion is how the public interest will best be served. For example: if one state in a federal union of several states contained all the sources of hydroelectric power in the whole union, it would seem obvious that a monopoly controlling these sources should be owned by the people of the whole union, and not simply by the people of the state in which the waterpower happened to exist. On the other hand, if the component states were, let us say, evenly timbered, and if the forests were to be publicly owned, it might work out better in the public interest to let each state control its own timber resources. These hypothetical examples are far less complicated than the actual problems which will have to be decided. In addition to the elementary economic questions there will be other factors; such as the probability that the people of one state will desire a greater degree of socialization than the people of another, as shown by the respective constitutions of Hesse and Bavaria.

There will also be the difficult question of balancing the de-

sire for low-cost production, which may in some cases demand a single, nationwide monopoly, against the desire for maximum security, which may militate against centralized national ownership of war-potential industries such as steel. These are merely a few indications of the type of consideration upon which we must try to base our judgment, rather than upon any preconceived notions of what constitutes the ideal federal republic.

Furthermore, we must bear in mind that what suits us will not necessarily suit other peoples. Our banking system, for example, operates under forty-eight different state banking laws as well as under federal law and regulation. If we were to start out today to set up a banking system for this country, it is extremely doubtful whether we should choose the system which has resulted from our particular historical development. To insist upon applying our system to Germany would be the height of folly, yet a strong tendency in that direction is already manifest in the United States zone of occupation; we are setting up separate state banking systems in each of the three *Laender*; we do not permit a bank in Stuttgart to operate a branch in Nuremberg across the Bavarian border. Perhaps this is a good idea—perhaps not. But certainly it is not a good idea simply because a bank in Kansas City, Missouri, is not permitted under our laws to operate a branch across the river in Kansas City, Kansas. The same principle applies throughout the political and economic structure. What is sauce for the gander is not necessarily sauce for the goose.

What about the component parts of the new Germany?

The Prussian state was formally liquidated by the Allied Control Council on February 20, 1947. Nevertheless, there remains the question of what is to become of the former Prussian territory. There remains also the question whether the former Prussian capital is to be the capital of the new Germany.

If Germany is to be reconstituted as a federal union, some of its component *Laender* are more or less predetermined. It seems reasonably clear that Bavaria, Wuerttemberg, and Baden (now

mostly in the United States and partly in the French zone) would become three of the states. The latter two might be combined into one, as they now are under Allied occupation, but there is strong sentiment against this. Hesse, as now constituted in the United States zone, would probably become a state, with perhaps the parts added which are now in the French zone. *Land* Saxony (as opposed to Province Saxony) and Thuringia—now in the Soviet zone—would probably become states. Except for the three Hanseatic cities of the north, practically all of the rest of Germany now in the four zones of occupation formerly belonged to Prussia, as did the eastern territories now under Polish administration and the now Russian part of East Prussia. The former Prussian Province of Saxony will in all probability become a state, although it might perhaps be consolidated with *Land* Saxony. If the present administrative set-up of the British zone is carried over into the new Germany, the present British areas would be divided into three states—Rhine-Westphalia, Schleswig-Holstein, and Lower Saxony.* To Rhine-Westphalia would probably be added the Southern Rhineland, now in the French zone, unless the Rhineland were permanently separated from Germany. The same thing applies to the Palatinate, which might be added to either the Rhineland or to one of the southern states.

This would leave of the old Prussia only Mecklenburg, most of its original Mark Brandenburg, and the bits of Pomerania and Silesia now in the Russian zone, plus such parts of these provinces as might be returned to Germany by Poland under the final peace settlement. These might be combined into a new state, or perhaps two states.

The thing to avoid is again the danger of falling over backwards. The crux of the matter is not merely to prevent the new Germany from being dominated by Prussia, but also to prevent it from being dominated by any one disproportionately large

* Not to be confused with the other two Saxonies. See Chapter Nine, page 72.

or powerful state. In dismembering Prussia we must be on our guard not to carry the dismemberment so far that Bavaria would become the dominant state in the new federal union. The people of Bavaria have been at least as dangerous, if not more dangerous, to a healthy Germany than the people of Prussia; and they are far more homogeneous. The sins of the Bavarians have been obscured by Prussian dominance of the German scene, but the people of Bavaria have been and are the most compact bloc of reactionary sentiment in Germany.

This brings us to the question of Berlin. Should the Allies decree that the Prussian capital may not again become the capital of a new Germany? Such a decree would, of course, hold only so long as the new Germany would remain under guardianship; but a later free decision by the German people could no doubt be prejudiced by establishing all the machinery of a capital city elsewhere during the guardianship period. There is much to be said against the whole tradition of Berlin. There is also something to be said for the fact that Berlin remains the railway and communications center of the whole country. There is perhaps even more to be said for the belief that a rejection of Berlin as the capital of the new Germany will mean little unless that decision is made by a repentant and regenerate German people.

When all is said and done, the political structure of the new Germany will not alone determine its nature. Just as the important thing about the future German economy will be not so much *what* it produces as *for whom* it produces, so also the important thing about the political structure will be less *what* it is than *how* it is used. The character of the new Germany can and will be influenced by both its economic and its political organization, but in the end the determining factor will be the nature of its people.

CHAPTER TWENTY-SEVEN

Re-education for Maturity

The reader will have been aware that what we have been discussing in the preceding chapters is actually the nature of the economic and political revolution which is to take place in Germany under Allied tutelage. We come now to the far more important question of the nature of the cultural revolution which must take place if a new, peaceful, and mature German nation is eventually to emerge from Allied guardianship.

In attempting to indicate the type of study which might lead to a universally accepted diagnosis of the German disease, we have noted how the whole structure of German society has brought about a malformation of the German character. To the extent that this tentative basis for diagnosis may be correct, it also indicates the direction which must be taken by the cure. If the German people are to become politically adult—that is to say, democratic—they must rid themselves of the spirit which pervades their homes, their schools, their churches, their state, and every form of their everyday life.

The Allies cannot do this for them. The Allies can remove by force the traditional machinery of authoritarianism; they can weaken or destroy those particular power-groups which in the past have managed that machinery; they can even set up the machinery of a free democratic society. But the German people must generate the will to use that machinery; they must acquire the ability to use it; they must find within themselves the determination to defend and maintain their own freedom as their most cherished possession.

At best, this process will be long and arduous. The most that

can probably be hoped for of the present generation of German children is that they will grow up into parents, who, while themselves still far from democratic maturity, will at least have learned not to force their children into the ancient authoritarian mold. In other words, it will probably be an as yet unborn generation of Germans which earns its way back into a position of full equality in a peaceful world. Even this will come about only if the powers who assume the responsibility of guardianship act as democratic guardians and not as authoritarian managers of German society.

What are some of the implications of democratic guardianship? Basically they are much the same as the implications of democratic parenthood. The aim of the democratic parent is to help the child to grow up as a responsible citizen in a free society, with an awareness of the problems of that society and a sense of participation in them. The democratic parent is concerned, as we have already noted, with what the child is and will become rather than with what it does, with the development of its character as an individual rather than with its eventual functional status. The democratic parent seeks to open the doors to knowledge in order to make possible an intelligent free choice on the part of the child. Much the same thing is true of a democratic guardian of a people struggling out of arrested development into belated maturity.

The problem of guardianship for the German people is complicated, however, by two additional factors: first, the German people are so sick that they will probably not respond to immediate democratic guidance, and will require, in the early stages of their cure, a certain amount of direct therapeutic treatment; second, there are four guardians who are themselves struggling, in various stages of health and maturity, toward the democratic goal. This means that the four powers primarily responsible as trustees find themselves in a position where they must act first of all as physicians, must then know when the time has come to drop the rôle of physician and become guard-

ians, and must finally be able to act as trained democratic guardians even though they themselves have not yet attained full maturity.

Stated in somewhat different terms, the solution of the "German problem" would be difficult enough if the whole world were in a state of health and only the Germans needed to be cured. The fact is, however, that not only the Germans, Japanese, Italians, and other former Axis peoples are sick. The fact is that the whole world, including ourselves, is suffering in varying degrees from the sickness of authoritarianism, and that the Germans are distinguished only by the fact that they are the most seriously and most chronically affected. If this seems a shocking statement, its truth will nevertheless become apparent when we consider the criteria to be applied to whatever steps may be taken by the Foreign Ministers in the cultural and educational field.

The primary aim of a cultural revolution in Germany must be to rid the whole cultural structure of German society of its traditional authoritarian pattern. But this is only the first step. The second and far more important objective is the training of parents and teachers, including clergymen, in order that they may use a democratic cultural structure for the successful bringing up of democratic citizens. Somewhere between these two steps lies the point at which the doctors must become guardians. The first phase, which has to do with machinery, corresponds roughly to the economic and political reorganization which we have discussed in the preceding chapters. The second phase, which has to do with people, overlaps the first and is, of course, just as necessary to the successful completion of the politico-economic revolution as it is to the success of the cultural revolution.

It is not too difficult to see what needs to be changed in the machinery of the German school system. Basically, it must be redesigned to unite where it now divides society, to provide

equal opportunity for all where it now provides special privilege for the few, and to foster the development of personality and the growth of free citizens where it now turns out functional cogs for an authoritarian machine. We know that the traditional German system continues the fetish of blind obedience taught in the home and fosters the home-bred acceptance of a caste society. We know that the system itself is set up to divide, and keep divided from childhood, the various religious, social, and economic groups—at first in separate classes and later in separate schools.

It is clear that this whole machinery must be changed in such a way as to give all German children the maximum of common experience and the maximum freedom of choice as to their ultimate destination in society. This means not only a different and much simpler organization of the schools themselves, but a broadening of the curricula in all the schools with particular emphasis upon the social sciences and elective courses. It means that the students must become active agents in their own education. It means that free tuition schools must be available to all children up to the age of eighteen, and that the universities open their doors to all qualified students irrespective of sex, race, religion, social or financial status, or political belief.

If such a system were set up under the guidance of the guardian powers, each one of them would be forced to recognize that in some respects this system would excel their own. Neither we, nor Britain, nor the Soviet Union, nor France have educational systems which conform entirely to these standards. Our own system, for example, has developed the most democratic methods of any, but has failed to apply its own discoveries evenly throughout our still frequently hidebound schools and colleges; in fact, some of the recent trends have been in the wrong direction.* Nor has our system as yet provided anything

* The reactionary trend in our own country is illustrated by the recent introduction into the California legislature of a series of "thought-control" bills. These measures were introduced by six state Senators under the leadership

like equal opportunity for children in all parts of the country, or for Negro and White. To do the job which needs to be done in Germany the four guardians must together accomplish something which no one of them has yet fully accomplished at home.

If this is true of setting up a new German educational machinery, it is even more true of the incomparably more important question of providing the teachers to operate a new educational system.

Our own schoolteachers are, on the whole, devoted and well intentioned. Some of them are highly talented. Yet every American parent knows how many of our elementary schoolteachers are simply young women waiting to get married; how many more are disappointed spinsters, social misfits, and warped characters; and how few are properly selected and trained for their

of Senator Jack B. Tenney, Chairman of the State Senate's Committee on Unamerican Activities.

One of these bills provides that: "No publication of a sectarian, partisan or denominational character, or other propaganda book or material, shall be used or distributed in any school, or be made part of any school library, nor shall any sectarian or denominational doctrine or politically controversial subject be taught in any school. No propaganda in any form shall be included in the course of study." This bill would, if enacted, make ignorance of all public affairs the aim of the California school system, since every event in current history is "politically controversial." It would also outlaw as "propaganda" the teaching of the theory of democracy, or for that matter of Christianity.

Another bill provides that "Geography and history shall be taught as independent branches. . . . No merger or combination of these studies, or either of them, with any other subject or under any social studies or other program shall be permitted."

Still another of the proposed bills prohibits the teaching of "problems in sociology, political science, economics, foreign trade, foreign affairs and subjects of like complexity" to pupils below the eleventh grade, that is, pupils below the age of 15 or 16.

Finally one of the bills introduced outlaws all classroom instruction on "sex relations, marital problems or like questions."

The mere introduction of such legislation in one of the most highly developed states of the Union, should be a danger-signal to the entire nation. It also serves to illustrate the point that our own educational system is still in jeopardy from the very evils of authoritarianism which we are seeking to combat in Germany.

task. Every American parent knows how poorly schoolteachers are paid. And every American parent should know that the elementary schoolteachers, who are the most poorly paid and the most casually chosen of all, are the ones who should be most carefully selected and trained. The trouble is that not enough of us do know the tremendous responsibility we entrust to the teachers of our little children. The trouble is that not enough of us realize the tremendous responsibility we bear ourselves as parents.

The training of teachers and parents is the crux of the whole problem of Germany; but it is also the crux of the whole problem of mankind. In Germany we can see authoritarianism with the naked eye because it is present everywhere throughout German society in exaggerated form. But it does not take a very strong magnifying glass to see the little germs of the same disease moving about in the fabric of our own family life. What parents can say that they have not loaded down their children with authoritarian precepts of some sort? What man or woman cannot remember being given, as a child questioning a parental edict, the answer: "Because I tell you so"? Who among us has not accepted from past generations truths that are no truths, prohibitions for which there is no rational explanation, but which, when violated, still torture our adult conscience? How many parents realize what they are doing to their children, and to their children's confidence in them, when they tell them that babies are brought in the doctor's bag, or by the stork, or by some other fanciful method?

The answer to the parent-teacher problem has been indicated to a very large extent by scientific research during the last fifty years into the workings of the human mind and the human emotions. Modern child psychology and preventive rather than therapeutic psychiatry have opened the doors to the knowledge which the world so badly needs. The trouble is that there are still too few trained psychologists and psychiatrists; that too many of them are concerned with curing the sick and too few

with preventing the spread of mental sickness; and that the existing body of knowledge has not yet been adequately translated into terms which the ordinary citizen can understand. Nevertheless, we *are* making progress in the right direction. There *are* men and women who know how to free the human race from the bondage of taboo, superstition, and "convention" inherited from the past, in order that future generations may grow up as truly free men and women capable of reaching their own reasoned decisions upon the basis of their own experience and observation. The trouble is that there are not enough of those who know in the right places in our society, and that too many of those who occupy the positions of power are too timid or too stubbornly anxious about the preservation of their own positions to welcome new discoveries and new ideas of education.

Whether or not the guardian powers can help the Germans train parents and teachers effectively will depend to a very large extent upon their ability to accomplish the same thing at home. The best teaching will be the precept of example. In this connection it is interesting to note the efforts being made by the United States Military Government. These efforts have not been confined to reopening and reorganizing the schools; they have included teacher training, youth activities, and adult education programs. Admittedly this program is only a beginning—a beginning made in spite of shortages of just about everything needed to make such an effort successful. There is a shortage of school buildings and a shortage of heat for those that exist. There is a shortage of textbooks and teaching materials. There is a shortage of teachers and teacher material, a shortage of capable teacher trainers, and a shortage of the human material out of which democratic citizens and democratic leaders can be made. Nevertheless, the enrollment in elementary schools in the zone had reached 2,223,240 in October 1946, the pupil-teacher ratio had been brought down to seventy-five, and the secondary schools were almost fully staffed with teachers. Between August 1 and November 1, 1946, the number of organ-

ized youth groups in the zone rose from 2900 to 6621, with a November enrollment of 718,000 as against 477,000 in August. Girls participated in these groups as well as boys, with a wide attendance of both at co-operatively planned weekend discussion institutes.

In reporting upon these activities, General McNarney said that the principal handicap to the youth program was "the lack of German leaders with an understanding of democratic processes"; nor was there, he said, "a widely held understanding of what democratic leadership really means." He might have added that there were also few men and women in the American forces at his disposal who possessed these qualifications.

In spite of difficulties and defects, in spite of overemphasis upon baseball and upon "how we do things back home"—which leads, frequently, to long dissertations by the Germans upon how different is the German "national character"—the American educational program was one of the few hopeful things happening in all of Germany in 1946. It did at least bring all sorts of Germans together on common ground in every village of the zone; and it did stimulate them to elementary community thought and action.

Unfortunately, this well-intentioned educational program could not counteract the bad example frequently set by the general behavior of the occupying forces. Furthermore, the fact remained that, even without lax discipline, luxurious habits, and black market corruption, a military organization could never be an effective teacher of democracy. An army as such is an anti-democratic organization; and an army composed largely of 'teen-age boys is a poor representative of any mature nation.

The same thing applies to each of the occupying powers. They are each represented in Germany by agents who cannot truly reflect their natures. They are each represented by the least democratic manifestation of their own civilizations. The major job in Germany will never be accomplished by armies of occupation.

If we assume that the four powers will agree at long last upon a program to train parents and teachers and thus eventually to produce a generation of healthy and mature Germans, and if they place the execution of this program in competent civilian hands, there will still remain the great question of how far anyone can effectively preach that which he does not entirely practice himself. We all live in glass houses. So far as we in this country are concerned, we have a long way to go before we can afford to find too much fault with our Allies; we have an even longer way to go before we can afford to affirm too loudly to the Germans that the way to do things is "the way we do them back home."

These are only some of the many facets of the central problem. These are some of the things which we, as citizens, must bear in mind in trying to understand and evaluate any new long-range plan designed to create a peaceful German nation through helping to create a mature German people.

A NOTE ON DENAZIFICATION

There has been no mention in the foregoing chapter of denazification. This is not because the author views as unimportant the matter of removing former Nazis or Nazi-sympathizers from positions of influence or power. It is rather because this process, while necessary as a first step in democratization, is *only* a first step and, even as such, largely illusory. The attempt to set up various categories of Nazi criminality—based on information concerning past activity, as elicited through questionnaire, denunciation, and evidence brought in support of denunciation—is at best an attempt to separate the sheep from the goats. Insofar as this process brings to justice actual perpetrators of crime, it has value. But insofar as it attempts to set up a formula by which some individuals are separated into various classifications of guilt while others are pronounced pure, the whole process rests upon a dangerous fallacy.

If our analysis of the German "disease" has shown anything

at all, it has shown that Nazism was not a sudden epidemic carried into the German social system by certain infected persons, but rather an endemic sickness inherent for many generations in the whole population—a sickness which finally burst out under National Socialism in its most virulent form. In cases where the progressive disease resulted in specific criminal action by the individual, it is clear that such an individual should be treated in a manner calculated to prevent his committing further crimes. This may be done by capital punishment, by imprisonment, by confinement under treatment, by permanent or temporary disqualification from various types of activity, or by whatever means may be considered appropriate to protect society. This is what the denazification procedure attempts to accomplish.*

But the denazification procedure does not stop there. It goes further, on the theory that, beyond the provably criminal "goats," there are other identifiable "goats," guilty in various degrees of having been "active Nazis," "nominal Nazis," of having been over a certain age when they joined the party, or under that age, and so forth. Tribunals are set up to determine the degree of guilt, and punishments in the form of fines or disqualifications are imposed. Any such rule-of-thumb procedure is bound to inflict a certain amount of injustice; but that is not the worst of it. The real evil lies in the implication that anyone not found guilty is innocent—in other words, healthy; and the further implication that certain degrees of guilt (sickness) can be cured by paying a pecuniary fine. This tends to undermine the whole basis of an eventual cure of the German

* This does not imply that the denazification procedure has in fact successfully accomplished any such objective. Unfortunately there are all too many businessmen and industrialists and quite a few politicians who without any doubt profited by the Nazi régime and collaborated with it, but who have escaped disqualification or punishment. This is partly because they were clever enough to make a legal conviction difficult, and partly because many of them are experts in their respective lines and therefore "useful" to military government.

people. In declaring an amnesty for "little Nazis" on the basis of their having incomes of less than a certain amount, or bank balances of less than such and such a figure, the pecuniary yardstick has been further emphasized. And, in exempting altogether those Germans who were presumably too young to know better, because they were born after a certain date, the most diseased category of all has been given an implied certificate of good health.

The trouble with denazification is that it confuses two issues: the punishment of those who have committed proven crime; and the attempt to identify those who have given varying degrees of evidence that they were sympathetic to a régime of crime.

Stated in somewhat different terms, denazification, as carried out by the occupying powers, confuses actual transgression against the law with a state of mind; it confuses guilt in the legal sense with guilt in the moral sense. Legally, a considerable number of Germans are demonstrably guilty; morally, all Germans, except those who actively resisted Nazism, are probably—though not always demonstrably—guilty. Moreover, "moral guilt" is not something for which the individual can be held accountable to a society which is itself "morally guilty" as a whole. "Moral guilt" in Germany means to be afflicted with the authoritarian tradition and culture of German society, and the most "morally guilty" of all are those members of that society who have lived their entire lives during the time when the disease was at its height—in other words, during the Nazi period. It is not the fault of these individuals that they know little or nothing of the pre-Nazi, German "morality" (such as it was) and for this reason we adjudge them "innocent." But we forget that in adjudging them "innocent" we are also giving them a certificate of health. We forget that while the young Germans are probably, as a group, thoroughly disillusioned with Nazism, they are also, as a group, cynical,

disillusioned and nihilistic about everything else, and especially about the ideals and concepts of Western democracy.

Actually, the young Germans born into Nazism are probably the most difficult, and certainly the most necessary, to cure. They will be the parents of the future generation. Unless we recognize—and make them recognize—that they are in need of cure, they will not be cured; and unless they are cured, they will not rear a generation of children capable of becoming mature democratic citizens of a peaceful German nation.

CHAPTER TWENTY-EIGHT

Short-Range Planning

Having attempted to set ourselves a few basic criteria upon which to judge a long-range plan for eventually integrating a new peaceful German nation with a peaceful world society, let us now try to do the same thing with regard to a short-range plan for utilizing German resources toward general European recovery.

One thing is certain: any long-range plan, no matter how good it may be, is doomed to failure, if war breaks out or if the world is divided into two hostile camps glowering at each other across a German no-man's land. Lasting peace is more than the mere absence of war; lasting peace depends upon the ultimate establishment of a world order, recognized by the majority of men as just—and capable of remaining just through orderly change in accordance with changing circumstance. Nevertheless, while lasting peace is more than the mere absence of armed conflict, its ultimate structure cannot be built unless there is first, for a considerable period of time, an absence of war and of the threat of war. Thus the primary objective of any immediate short-range plan for Germany—and for the world—must be to attain a period of relative tranquillity in which the ultimate structure of peace can be built.

The achievement of a period of tranquillity demands the earliest possible ending of the acute misery which is the after-effect of the last great armed conflict. Two years after VE Day the ending of human misery was being put off by a number of tangible and intangible factors. Europe appeared as a continent of vast accumulated needs and requirements, stripped of accu-

mulated supplies and largely unable to get its productive machinery going. Chief among its needs were raw materials—coal, steel, lumber, and textile fibers—but even with these at hand, they could not be used and manufactured without machines and machine parts, which were likewise lacking. To acquire these fundamental pump-priming necessities, Europe needed ready cash, especially United States dollars; and normal means of raising foreign exchange balances were thrown out of kilter by the fact that Europe was no longer one trading community but an area broken up into East and West—with the German bridge between East and West still unrepaired. Even East and West were not trading communities in themselves; artificial barriers to transport, communication and exchange of goods and services were, for the most part, still standing. Currencies—the normal media of exchange—were depreciated or worthless. And, because of all these factors, the incentive for productive work had been almost eliminated. Worst of all, the European Continent suffered from the fear that it might soon become the battleground for another war.

In this over-all European setting the various individual countries were faring some better and some worse. Scandinavia and the Low Countries had recovered, up to a certain point, with surprising speed, although they were inhibited from anything like a complete resumption of normal life by the shortage of coal and the absence of any trade with Germany. In Czechoslovakia, too, rapid strides had been made; and Polish industry, stimulated by the accession of Silesia, was making good progress. Slow but substantial gains were being made in France in spite of the uncertain political situation, an acute labor shortage, and insufficient coal. The trouble centered primarily in the former Axis nations. Hungary had passed through a complete and drastic inflation. Austria was flat on its back. Italy in spite of its hydroelectric power, was suffering from lack of coal, steel and machinery. Rumania and Bulgaria were still struggling in the first phases of recovery.

Germany, the former market-place and supplier for Central Europe, just did not exist. Not only were German coal, German steel, German chemicals, and German machinery lacking—not only was the German market for agricultural products and manufactures closed—not only was the German transportation system unavailable—but Germany was also the most likely bone of contention between the two dominant power groups which would decide Europe's destiny.

This was the immediate short-range problem which confronted the Council of Foreign Ministers at Moscow on March 10, 1947. In attempting to appraise any solution reached at Moscow or later, we must bear in mind three major questions. First, does the new short-range plan go to the root of the problem of European recovery? Second, is the short-range plan consistent with the long-range plan for a peaceful Germany? Third, does the short-range plan hold forth a reasonable promise of helping to create a period of tranquillity by removing Germany from the position of being the most likely cause of serious four-power dissension?

As to the first question, coal lies at the heart of the problem of European recovery. Heat, power, food, and shelter depend upon coal. Food means fertilizer; and fertilizer means coal. To illustrate this in its simplest form, *the output of one coal miner for one day will, if converted into nitrogen and thence into wheat, provide enough calories to nourish eleven individuals for one year.* Coal, through the hydrogenation process, supplies motor fuel. Without motor fuel, farming must be done with draft animals. One pair of draft horses eats more calories than three average workmen's families. Without coal there can be no steel; and without steel there can be no reconstruction and repair of industrial plants throughout Europe; without steel there can be no machines or machine parts. Without machine parts and new machines there can be no clothes or shoes or houses.

The new short-range plan must, therefore, provide an ade-

quate answer to Europe's coal problem. It must, if possible, assure Western Europe that some dependable percentage of Silesian coal will be made available to countries outside the Russian orbit. This should not be too difficult, for Poland is now exporting appreciable quantities to France and other countries. The plan must, if possible, assure to Europe an emergency reservoir of American coal, even though transportation costs very nearly double its price. Most important of all, the new plan must provide the means whereby Ruhr coal production is quickly brought back to normal and made available for European recovery on a carefully worked out system of equitable priorities. This is more easily said than done.

One difficulty with the Ruhr problem is that anyone who examines it even superficially finds his sentiment in immediate conflict with his reason. Sentiment demands that cold and hungry Dutch, Norwegians, French, and Belgians be taken care of before cold and hungry Germans. Sentiment likewise demands that the war-devastated industries in the countries which were the victims of Nazi aggression be restored to capacity before German industry is restored. Yet reason answers that, unless certain things are first done in Germany, there will be no coal to distribute from the Ruhr, at least not for a long time. For one thing, the machinery at the Ruhr mines must be put into shape. This requires steel; and the quickest and cheapest way to get steel is to make it right next door to the mines in the Ruhr steel mills. Moreover, the machinery and machine parts which are needed to produce Ruhr coal are made only in Germany.

Further, unless the manpower difficulties in the Ruhr are solved, there will still be no coal to distribute, even with the mines in working order. This involves a number of subsidiary questions.

Coal mining is largely a hereditary profession. The father-to-son cycle has been upset throughout the world by the dislocations incident to war. Some miners have failed to go back

to the mines after leaving the armed forces; others have been killed or disabled; sons of miners have tended to drift into other, more attractive occupations. This is true in all the coal-producing countries. France, for example, is suffering from an acute shortage of miners and it is largely for this reason that France has retained some sixty thousand German miners as prisoners of war working in the French coal mines. These missing men would just about make up the present shortage of face-workers in the Ruhr coal fields, where they would produce a higher grade of coal at more economical costs. But in the present state of affairs it will be difficult to persuade the French that, in the interests of Europe as a whole, these German miners should be allowed to go home.

Far more serious than the actual shortage of miners is the low rate of manpower production in the Ruhr. We have already analyzed its causes. (See Chapter Nine.) We must examine carefully whatever new plan is developed to see whether it takes care of both the physical and psychological factors which now impede production. Broadly speaking, the new plan must accomplish three things, if it is to have any chance of success: it must improve the physical condition of the Ruhr population, which is largely a matter of food and housing; it must restore the incentive to work by making at least some consumers' goods available to miners and their families; and it must restore confidence in money wages by carrying out a long-overdue currency reform. These are not the only things that need to be done, but unless these essentials are accomplished, there is little chance of success.

Currency reform—which means officially facing the facts of German bankruptcy—is fundamental to any recovery in Germany and to any revival of German trade with other countries. The fact is that the old German currency is intrinsically worthless, that the German war bonds are worthless, and that the savings of the German people have been largely destroyed. In this writer's opinion it has been one of the major mistakes of

Allied policy to allow these facts to remain obscured for two years after the Nazi defeat, not only because it has resulted in economic chaos but because of its psychological effects. When finally a belated reform is undertaken, there will be many Germans who will blame the loss of their savings either upon the Allies or—worse—upon a new German government instead of putting the blame where it belongs, upon the Nazi régime and the Nazi war. Nevertheless, the facts must be faced, and further delay will only make matters worse. (One thing which could still be done, since the chief architect of Nazi finance has escaped hanging, is to make Dr. Schacht tell the German people in detail just how their savings were undermined and destroyed.) In any case, we must be aware that any plan which does not provide for a drastic reorganization of the whole German credit and currency structure is foredoomed to failure.

If industry and agriculture are pushed off deadcenter by getting the Ruhr coal mines into operation, and if the incentive to work is restored by reforming the currency and making available a certain amount of pump-priming in the form of consumers' goods, then it seems reasonable to assume that German industry and agriculture will be at least started on their way to recovery. This presupposes, of course, that the new plan provides for the elimination of zonal barriers and the treatment of Germany as an economic unit. Unless this assumption holds, there can be no revival of Germany either as a producer for European needs or as a consumer of European production.

Assuming that the already mentioned requirements are fulfilled by the new short-range plan, the problem then arises to what extent German recovery is to be considered an end in itself for the good of the whole Continent, and to what extent German recovery is to be held back in order to provide either reparations or the raw materials to promote recovery in other countries. To this complicated problem there can be no easy answer. As a practical matter, German recovery must come first in the very early stages in order to get the Ruhr working. Once it is working, an

infinite number of variations are possible. The German consumption of coal could, for example, be restricted to a minimum; this would speed up recovery in neighboring countries but would delay the German production of steel, machines, and machine parts, which are needed throughout Europe. Or—theoretically—the reverse would be possible. The fact is, however, that any plan must be a compromise between using Germany purely as a raw material producer for reparations and using Germany as the powerhouse for a reintegrated European economy.

The yardsticks for us to apply in this part of our examination of the short-range plan must therefore be:

Does the plan provide for treating Germany as an economic unit?

Does it provide adequate means to eliminate the present obstacles to full production of Ruhr coal?

Does it provide the fundamental basis for incentive to work and for trade with other countries by drastic reorganization and stabilization of the German currency?

Does it provide what seems a reasonable compromise between sentiment and reason in the working out of German and non-German priorities, especially in coal and steel?

Whatever plan is adopted will necessarily modify the existing reparations and Level-of-Industry Plan developed under the Potsdam Agreement. It is clear that the Russians will not accept any plan which does not permit them to take reparations out of current production; and, once this right is granted to the Soviet Union, there will be other claimants to the same privilege. It is clear also that the idea of taking non-recurring reparations in the form of second-hand plant and equipment has lost much of its charm. For one thing, such plant and equipment is not too easy to install and utilize in other countries; for another the idea could all too easily lead to a modernized Germany existing in a Europe equipped largely with obsolescent machinery. Finally, there has been an increasing recognition on

all sides that the de-industrialization idea holds little merit as a guarantee of security. (As a matter of fact, it is not a new idea. The Romans sowed salt in the fields of Carthage. There is also the story that the Romans cut down the yew trees in England in order to prevent the early Britons from manufacturing the deadly long-bow, with the result that the Britons soon invented the more deadly cross-bow.) The chances are, therefore, that the new plan will not continue to confuse the reparations idea with any remnants of Morgenthauism. The danger lies in another direction.

If some reparations are to be paid by the Germans out of current production, then it must be clearly established that the payment for imports ranks ahead of reparations; otherwise Germany cannot be self-supporting, cannot maintain a sound currency, and cannot be a factor in European recovery. This means that the amount of permissible imports will have to be fixed in order that a base for reparations may be established. And finally, if reparations are to be paid out of current production, there must be some total reparations figure set—otherwise we shall fall into the same error as the peacemakers of Versailles. These are technical matters, the details of which lie beyond the competence of the ordinary citizen, but the basic principles are clear and cannot be ignored. We must ask ourselves these three additional questions:

Does the plan clearly define a reparations program which is not confused by any secondary objective of de-industrialization?

Does it clearly make the payment for necessary imports a first charge on the proceeds of German exports—ahead of reparations? And does it define “necessary” imports?

Does it fix a total reparations bill, defining how much of it is to be paid in capital assets (including territory) and how much out of current production?

So much for the yardsticks relating directly to recovery.

The second group of factors to be considered in relation to a new short-range plan concern the compatibility of such a plan

with the long-range projection of a new peaceful German nation. The underlying consideration here is the reconciliation of short-range and long-range security measures. If the long-range plan relies upon the ultimate regeneration of the German people as the final guarantee of a peaceful Germany, then by definition most of the security limitations imposed during the period of guardianship are temporary and therefore not in conflict with the ultimate aim. If, on the other hand, the long-range plan relies for security upon "cutting down the yew trees"—that is, upon permanent limitations to be permanently imposed by force—then every step taken in the short-range procedure must be carefully studied in relation to the final picture. Since, in the opinion of this writer, any long-range plan which contemplates permanent guardianship, and thereby robs the German people's future of all hope, is in any case foredoomed to failure, only the first alternative will be here considered.

Within this frame of reference there is only one major hurdle over which we are likely to come a cropper: namely, the ultimate disposition of the Ruhr. The danger lurks in any plan which forcibly separates the Ruhr and the Rhineland from Germany and places a large number of Germans under some sort of permanent international protectorate. In the first place, such a plan is dangerous because it creates irredentism; second, because it means a *permanent* guardianship for a part of Germany, with all the international frictions and complications which that implies; and third, because experience shows that international management is either management by nobody, or management by one "paramount power," which amounts to annexation.

A more fruitful approach would seem to lie along the lines of recognizing that the real problem is coal—and Ruhr coal in particular; that the real problem is not merely French security but world security; and that world security is far more intimately linked to "equal access to the world's raw materials and markets" than to any arrangement of geographical frontiers. If the new plan recognizes that all the coal in Europe should be

Europe's coal, and not the sole property of individual nations, it will be a plan of great promise. Such a plan would not deprive the coal-owning nations of the financial benefits of their ownership; but it would deprive them of the right to decide arbitrarily how much of their coal they would keep, and how much they would sell abroad, and where. This would mean something in the nature of a European Coal Authority, in some respects similar to our own Tennessee Valley Authority, which would have the power to allocate available resources in accordance with existing requirements. (The same idea might be applied to other natural resources.)

If a plan of this sort were applied to the Ruhr, the threat of the "Ruhr arsenal" would be extinguished, for it would not rest with the Germans but with the European Coal Authority to determine the base of Germany's (and every other country's) steel industry. Far more important—since, in the atomic age, coal and steel may not long remain the measure of war potential—will be the fact that a new principle will have been established in the relations between sovereign nation-states. But this principle will have been only half established if it is applied only to German coal and not to all European coal sources as well.

This brings us to the consideration of those factors which will or will not remove Germany from its present position of being the chief potential bone of contention between East and West.

The fear which overhangs Europe and the whole world is that the Soviet Union and the Western powers will not be able to find a peaceful way of getting along together. To deny that there is a basis for this fear is as foolish and irresponsible as to affirm that a war between East and West is inevitable. Between the Soviet Union and the Western powers there are deep cleavages of fundamental belief, of aspiration, and of behavior. There are old-fashioned conflicts of "national interest" between Russia and Britain and between Russia and the United States. There is the conflict between the capitalist and socialist extremes of present-day social organization, which finds its sharpest expression

between the United States and the Soviet Union. And the deepest cleavage of all lies between the Eastern and the Western concepts of the relation of the individual to the state. Added to these fundamental differences are the more superficial difficulties arising out of different customs and patterns of behavior in official conferences and elsewhere.

What sharpens the conflict arising from these various causes is the sometimes avowed and sometimes denied conviction on both sides that the mere existence of the Eastern order is a threat to the existence of the Western order—and vice versa. This undercurrent of mutual fear leads both sides to try to push out their physical and ideological frontiers as far as possible. And the thrusting forward of the two systems inevitably brings them into collision in various parts of the world.

The alleviation of this conflict by finding common ground for compromise and eliminating mutual distrust and fear throughout the world constitutes the major immediate problem of the peace. We are concerned here, however, with only one of the several points of collision where the choice between conflict or collaboration is inevitable. We are concerned here with Germany as a possible battle-ground, as a possible "pawn or partner" in the East-West struggle, or as a possible bridge across the cleavages which threaten to divide the world into hostile camps.

From this point of view, the first criterion to apply to any new plan for the immediate treatment of Germany is whether the plan is *really a compromise*. A diplomatic "victory" for either side spells defeat for both. If the plan is such as to make Germany eventually into an Eastern salient projecting into the Western world, it is not a good plan. Nor is any plan good which would result in making Germany into a Western bridge-head jutting into the East. Neither would be a compromise. Each would mean that Germany had become "a pawn or partner." To answer this argument by saying that, after all, "Germany belongs to the West," is merely to express a Western hope in terms of dubious affirmation of fact. The truth is that

Germany belongs neither to the East nor to the West; its proper rôle in a peaceful world is that of a link between the two.

There can be no period of tranquillity in which to build a lasting peace *if Germany comes under the control of either East or West*. German natural resources and sixty-five to seventy million Germans added to either side mean the domination of Europe. Neither East nor West will accept the domination of Europe by the other without a struggle, which would almost inevitably mean war.

Nor can there be a period of tranquillity in which to build a lasting peace *if Germany is permitted to become an intermediary between East and West*. There is no room for an "honest broker" in the East-West effort at accommodation; and, if there were, Germany in its present circumstances could most certainly not be relied upon to be an *honest* broker. There is probably no surer way to precipitate a conflict than to allow the Germans to play off one side against the other.

A corollary to this second criterion is that we should be alive to danger whenever we see our own statesmen, or any statesman of any other nation, making a speech or delivering a formal pronouncement which seems to us directed at currying favor with the Germans rather than at reaching agreement among the responsible powers. Mr. Molotov's speech of July 10, 1946, and Mr. Byrnes' speech of September 6, 1946, are both good examples. Statesmen are human; the load upon them is often almost inhuman; and temptation is great. Nevertheless, we as citizens must be able to recognize and be courageous enough to denounce any future tendencies in this direction. *Any attempt by either side to woo the Germans from the other is a move toward war.*

The third yardstick which we might usefully employ in appraising a new short-range plan from the point of view of whether or not it will lead to a period of tranquillity, is this: Does the new plan resolve conflicts of belief, aspiration and behavior *in a compromise affecting all of Germany? Or does it*

seek to effect a compromise by dividing Germany into spheres of influence? The first is a real compromise; the second is a confession of failure. The first implies an honest facing and reconciliation of conflicting points of view; the second is merely the temporary evasion of conflict. The first leads to a Europe, and a world, united in the determination to maintain peace; the second leads to a divided Germany, a divided Europe, and a divided world. Any solution which permits Britain, France, or the United States to do one thing in western Germany while the Russians do something else in eastern Germany is no solution at all. Nor is any plan by which the West seeks to exclude the East, let us say, from the Ruhr, or the East seeks to exclude the West from some other part of the German problem.

This does not mean that a uniform pattern of political or economic organization must be imposed upon all Germans from Frankfurt-on-the-Main to Frankfurt-on-the-Oder. But it does mean that the relations between the Americans and the Germans along the Main must be governed by the same principles and policies as the relations between the Russians and the Germans along the Oder. These principles and policies may leave much or little free choice to the Germans. That is not the point: the point is that they must leave the *same* amount of free choice to *all* Germans.

To summarize: if the new short-range plan is to eliminate Germany as one of the factors making for war between East and West, it must be a real compromise; it must be achieved by direct meeting of the minds, without either side seeking to win the support of the Germans against the other; and it must be a compromise which applies to all of Germany.

Finally, we have one more yardstick to apply. If the new plan is to make the German settlement a factor leading towards a period of worldwide tranquillity, it must be a compromise which not only satisfies the four occupying powers but also appears as just to other nations, and especially to Germany's other neighbors. Furthermore, it must take into account not only

the old trade routes and trade alignments, but some of the more recent developments as well.

Once the German currency is stabilized and normal business intercourse between Germans and other nationals is permitted, the way will be open for a resumption of trade. The new short-range plan will make it either possible or impossible for countries like Holland or Sweden to regain their former trade connections. If the plan is drawn to further only the interests of the four occupying powers, Holland would suffer seriously in its shipping trade. Before the war Rotterdam was the busiest port on the Continent; its annual turnover exceeded forty million tons, three quarters of which was German trans-shipment. The largest part of Dutch shipping was employed in river traffic on the Rhine. In 1946 the port of Rotterdam was practically idle, largely because Ruhr shipments were being diverted through northern German ports by the British in order to save foreign exchange. Moreover, before the war Germany bought about one sixth of Dutch exports and supplied about one quarter of Dutch imports, including most of the coal and 60 per cent of all imported iron, steel, chemicals, and machinery. About half of Dutch industrial equipment was made in Germany, and Germany alone can supply it with spare parts. Since the war, the resumption of German trade has become even more important to the Netherlands because of the postwar disruption of Dutch trade with the East Indies. The new plan, to be fair to The Netherlands, must take all these factors into account.

A different problem is presented by the Scandinavian countries. Norway, Sweden, and Denmark also used to do a large part of their foreign trade with Germany. But here the vacuum created by the disruption of the German economy is being rapidly filled by the Soviet Union. Before the war, Sweden did less than 1 per cent of its trade with Russia. Since the Swedish-Soviet trade agreement of 1946 the amount has risen to over 15 per cent. Sweden, formerly dependent upon German coal, became a wood-burning country during the war and is now

dependent for coal upon Poland. Swedish trade with Czechoslovakia and other Central European countries used to flow through German ports and over German railways. Most of it now goes through Polish ports and over Polish railways. Not only Swedish interests but Polish interests must be taken into consideration by the new plan for Germany.

To a lesser, but none the less striking extent, Norway and Denmark have oriented their trade in an eastward direction. Both want Polish coal; and the Soviet Union wants Norwegian fish and Danish dairy products. The political implications of these economic shifts cannot be ignored. There is no longer a Scandinavian bloc. The Scandinavian countries have lost their feeling of close cousinship as a result of their different rôles in the war. Norway fought on the side of the Allies; Denmark submitted and became the "model protectorate"; Sweden remained neutral; and Finland became embroiled in the war on the side of the Nazis. Their interests are no longer the same as they were before the war, yet each has a vital interest in whatever happens in Germany. Each will be affected, politically as well as economically, by the terms of the new German plan.

As private citizens we cannot possibly judge to what extent the new plan does justice to the various interests of the various affected countries. But we, as private citizens, can be alert to whatever claims or complaints may from time to time be put forward. We can be aware of the fact that the new German plan, if it is to militate toward a period of European tranquillity, must take into account all the currents and cross-currents of the shifting economic and political scene. We can and must bear in mind that a new plan for Germany must actually be a new plan for Europe—a plan which moves toward the integration of the whole European economy, which eliminates artificial barriers to the free flow of trade, and which rests upon the basic realization that nations can no longer achieve either peace or prosperity at the expense of other nations. This has its very direct implications for us in this country. We cannot co-operate in such a plan,

if at the same time we are pursuing a nationalistic foreign trade policy ourselves. We cannot help rebuild the world, if at the same time we are trying to take advantage of it. We can help rebuild the world only if we develop our policy with world recovery as its primary objective.

CHAPTER TWENTY-NINE

The Broader Context

I. NATIONALISM AND WORLD ORGANIZATION

The history of the German states and of the German nation serves to illustrate one of the most important and difficult aspects of the over-all problem of peace: namely, the necessity for creating a world order in which justice is codified in a supra-national law, interpreted by supra-national tribunals, and enforced by supra-national authority. The word "supra-national" is used here rather than "international" precisely because the difference between the accurate meanings of these two words probably expresses the difference between success and failure. The law, the courts, and the enforcement agency which govern a peaceful world society must in the end be established by the united peoples of the world if they are to govern those peoples. They cannot be laws, courts, and enforcement agencies created by agreement between sovereign nations, each of which continues to hold the undivided loyalty and allegiance of its people; if they are, they will function only so long as those particular sovereign nations, which hold the balance of military power, choose to enforce them.

This is not to say that a supra-national (world government) organization can be created overnight, nor to belittle the United Nations, which can and must develop eventually into such an organization. Nor is it to say that the eventual creation of a world government will abolish nation-states, or interfere in those affairs of the peoples of the various nation-states which do not affect or impinge upon the peoples of other nation-states.

It is to say merely that where, in the interests of justice and peace, certain powers now residing in the nation-states are to be yielded, they must be yielded to an authority higher than those nation-states—an authority directly created by and dependent upon the peoples of the world, and to which the peoples of the world give their ultimate allegiance. (This is the principle upon which our nation was founded—the principle which was challenged once in the fratricidal struggle between North and South—and which now binds the peoples of the forty-eight states together as a nation.)

The history of Germany shows most clearly—because it exaggerates the evil of nationalism—where the alternative course leads. It shows how a state which commands the completely undivided loyalty of its people, as subjects rather than citizens, becomes a thing-in-itself; a power-wielding organism in world society, *responsible to no one but itself, considerate of no interests other than its own*, and inevitably encroaching upon the interests of other peoples and other power-wielding organisms. It shows how such a state lives by conquest and chicanery, seeking always to extend its power by conquering the weak and outwitting the strong. It shows how such a state diverts the productive capacity of its subjects to maintenance of an ever-growing “defense” establishment, which forces its neighbors to do the same; how it seeks to become self-sufficient, sacrificing the living standards of its people to constant readiness for war, and thereby provokes retaliatory economic warfare on the part of its neighbors. It shows how such a state perverts the nature of its people, isolates them from other peoples, builds up false fears, false hopes, and false hatreds, and channels the emotional product into false patriotism. It shows how such a state quite naturally comes to assume that “war is only the extension of policy by other means.”

But what has all this to do with nationalism and world government? Simply this: the Prussian state (or Prussianized Germany) was an extreme example of nationalism running

amok; through it we see what the state, when it becomes a thing-in-itself, tends to do; but all nation-states, when they become powerful, tend to do these very same things. All nation-states tend to become irresponsible power-wielding organisms considerate only of their own interests and encroaching upon the interests of others. This tendency is curbed and mitigated in nation-states which are the servants of their people, particularly when they are responsive to the will of a mature people; but the tendency is there just the same. And the tendency will remain inherent in nation-states so long as certain sanctions and powers remain in their hands.

Broadly speaking, these powers and sanctions are those, which, when exercised, affect peoples in other nation-states. The power to use force, or the threat of force, in settling a dispute is the most obvious. But equally important is the power of one nation-state to deny to others access to the unevenly distributed raw materials of this earth, or to upset the economies of other nation-states by arbitrarily and without consultation erecting artificial barriers to normal trade. Equally important is the power of one nation-state to wage psychological warfare upon another by seeking to undermine the confidence of its people in their government or in their form of social organization or in themselves.

It is true enough that these powers can be curtailed and regulated by a multilateral treaty among sovereign nation-states. But it is also true that treaties are invariably abrogated, circumvented, or denounced whenever those nation-states which hold the balance of power conceive it to be in their interest to find a reason for doing so. And this will remain true until we apply to the world the lesson which is clearly implicit in the history of Germany.

This lesson is that a people cannot grow into healthy maturity unless its life is so organized that each individual within the state is co-responsible—and feels co-responsible—for the action of the state. The same thing is true of a world which modern tech-

nology has shrunk into interdependence until all its peoples are one people.

The peoples of the world, having become one people, cannot grow into healthy maturity unless ultimately their life is so organized that each individual in the world is co-responsible—and feels co-responsible—for the action of world society. At Nuremberg we have taken a step in this direction; we have established the responsibility of the individual for participating in the planning or execution of criminal acts of aggression by his state. Eventually we must establish the responsibility of the individual not merely for the acts of his state, but for the actions of mankind, if there is to be peace on this earth.

The world organization which we are attempting to create must not become a thing-in-itself like the Prussian state. It must ultimately become the supreme custodian of the world's power, created by the peoples of the world, responsive to their will, and commanding their direct loyalty and allegiance as individuals.

2. A UNITED STATES OF EUROPE

The idea of a federation of European nation-states has been discussed in various forms for over a century. The French statesman Aristide Briand revived it after World War I. Wickham Steed and Coudenhove-Kalergi wrote about it in the period between the two great wars. And recently the idea has again been taken up and sponsored by a group, under the leadership of Winston Churchill, which has its adherents in this country.

Before the emergence of the Soviet Union from its self-imposed isolation into the position of a world power, the idea of a United States of Europe seemed attractive to most students of international affairs as a step toward world peace—even though to most such students it seemed also somewhat utopian, or at least extremely difficult of realization. The chief difficulty lay in the lack of homogeneity among the peoples of Europe,

in their cultural traditions, in their industrial development and living standards, and in their varying concepts of the relationship to be desired between the individual citizen and the state. Moreover, many of the peoples of Europe were still in a semi-feudal state of dependence upon the arbitrary whims of absolute monarchs or ruling cliques and thus unable to throw their weight into the scales in favor of a federation, while the rulers or ruling cliques were free to oppose any move which would curtail their own sovereign power.

Today the situation is infinitely more complicated. Today a United States of Europe means either a federation which includes the Soviet Union—and which is therefore something beyond a European federation—or else it means a United States of *Western* Europe, which is in effect an anti-Soviet bloc.

This is clearly understood by those who are now urging the formation of a United States of Europe; but it is unfortunately not so clearly understood by most ordinary citizens. The move sponsored by the Churchill group in Britain and its adherents in this country is clearly not a move to create a federation including the Soviet Union; it is a move to unite those countries of Europe which are outside of the Soviet orbit, or might be persuaded to move out of it. In effect it is a move to divide Europe down the middle—not to unite it. It is a move to organize Scandinavia, the Lowlands, France, Switzerland, Spain, Portugal, Italy, and Greece—with as much of Germany and Austria as possible—into a political and economic federation to resist Soviet (or Communist) expansion. As such it is not a move toward finding a peaceful solution between East and West, but rather a dangerous move in the ancient game of power politics designed to fortify the West in a struggle implicitly accepted as inevitable.

The fact that the Soviet Union has already taken steps toward the creation of an Eastern bloc of European nations does not alter the nature of the Churchill proposal. It merely supplies a reason for it—if one accepts the inevitability of the struggle

This question has a direct bearing upon the German problem.

The present advocates of a "United States of Europe" are also, quite logically, advocates of partitioning Germany to the greatest extent possible. A united Germany—even without its eastern provinces—might too easily dominate the Western federation; therefore, it is argued, Germany must be split up into a number of independent states. This is the view expressed by Mr. Sumner Welles and also by Mr. John Foster Dulles.

With all due respect to such eminent authorities, the author must point out that the logical consequences of the course they advocate are likely to be quite different from what they desire or anticipate. The logical consequences of a Western European federation and a partitioned Germany are likely to be a Europe divided by a line running roughly from the Baltic to the Adriatic Sea, with the East and West glowering at each other across it. The Western half would hunger for lack of foodstuffs produced in the East; and the Eastern half would suffer for want of manufactured goods produced in the West. Each would blame the other for its misfortunes. Each would cast covetous eyes upon the resources of the other. Eastern Europe would be a drain upon the industrial resources of the Soviet Union; Western Europe would be a drain upon the food resources of the Western Hemisphere, especially upon the United States. Worse than that, unless the United States were willing to import enormous quantities of Western European manufactures, it would soon find itself supporting Western Europe on charity.

The fact that the present advocates of a "United States of Europe" profess their eagerness to have *all* the European countries, including those in the Soviet orbit, join the federation is surely no answer. Is it conceivable that Yugoslavia or Czechoslovakia would join unless the major underlying East-West problems were first resolved? And, if they were resolved, would not the need be for something more than a United States of Europe?

The problems of the peoples of Europe will not be solved by any old-fashioned political alliance or customs union. They can

be solved only by a process which emancipates the backward nations from their backwardness and the enslaved peoples from their oppressors.

The westward thrusting of Communism will not be stopped at any physical frontier. It can be stopped only by a planned, U. S. aided reconstruction so liberal and even revolutionary as to meet the challenge on its own grounds, and to strike the meaning from the accusation of American "dollar diplomacy."

Only those whose eyes and minds are upon the past can think of peace in the atomic age as resting upon a precarious balance of physical power. For those whose eyes and minds are upon the fast-moving present and the unpredictable future there can be no division of power—there can be peace, but only if peace rests upon the *united* power of all the peoples of the world.

3. UNITED STATES FOREIGN POLICY

Our country is one of the few great powers charged by the peoples of the world with the responsibility for making the peace. We are one of the trustees for all humanity. And among the great power trustees we are, for the moment, the strongest.

This is our crisis of opportunity and responsibility.

We have emerged from the war ahead of all other nations in the development of airpower. We have a Navy stronger alone than all the combined fleets of the world. Momentarily we hold in our hands the secrets of atomic energy. Our lands, our cities, and our workshops have been immune to the devastation of war. While the productive power of other nations declined, ours has increased. Our people have jobs and purchasing-power and plenty of things to buy with their money. We are the world's great creditor nation. We alone have the resources that can help to start other nations back on the road to recovery.

This is our great moment to use our strength—not to hoard it; to use our strength not as an insecure and aggressive people, in arrogant flexing of military and economic muscles, but as a

strong, mature people uses its strength, firmly but quietly to accomplish a clearly defined purpose.

We cannot afford at this moment to flounder in vagueness and ambiguity. Nor can we afford to let our actions be dictated by fear of what others may do, rather than by our own vision of the future. Never in our history as a nation has history demanded of us as it now demands courage tempered by wisdom; determination conditioned by respect for the rights of others; and strength made gentle by a sense of responsibility.

One of our leading statesmen, a sincere and courageous convert from isolationism, recently made a statement in which he stressed that the abandonment of political isolationism would mean but little unless it were accompanied by the renunciation of economic nationalism. He was, in fact, making an eloquent plea for a foreign trade policy which would encourage the expansion of world trade. In making his argument, he said that the expansion of mutual trade was "an even greater need for us than for any other country, because our vastly expanded national economy and employment require it." He went on to say, "We shall fit our procedures to the necessities which are forced upon us. Certainly," he said, "we intend to keep our own American industry and agriculture in sound domestic health and to protect our system of free enterprise. Anything less would be a calamity, not only for us, but for the Western world. But sane, healthy mutual trade expansion is best for all concerned."

This passage—though undoubtedly well intentioned—is nevertheless deeply disturbing because of the misapprehension of fact upon which it rests. An expansion of world trade is not "an even greater need for us than it is for any other country," and certainly not "because our vastly expanded economy and employment require it." It is a need for us—as it is for every country in the world—because it is an essential prerequisite to world peace. Apart from that, so far as our economy and employment are concerned, we need an expansion of foreign trade less than almost any other country. We need foreign trade, to

be sure, in order to keep production and employment at a maximum; and it is most desirable to keep them at a maximum. But there is no other major country in the world, except perhaps Russia, which can, if necessary, get along so well *without* an expansion of foreign trade. Without an expansion of foreign trade we should probably face a minor depression; without a maintenance of our present foreign trade we might face a major depression. But many of the nations in the world cannot even subsist in the long run unless there is a substantial revival of world trade: Great Britain, The Netherlands, and Denmark will suffice as examples. And the raw-material-producing countries like Argentina cannot subsist much longer, if the great trading nations like Britain dry up as a market.

This is important because it reflects the way in which even internationally-minded statesmen, with the best will in the world, almost inevitably lose sight of the world woods for the domestic trees. Nor can they be blamed for this as long as the world as such commands no allegiance similar to the allegiance commanded by each individual nation. No statesman charged with the preservation of his nation's welfare can be expected to see clearly at all times the outstanding single fact which confronts the world today and which was expressed by Stephen Spender in these words:

"The one hope for the world is that many people in all countries should realize that they are equidistant in time from a disaster which will affect all if it is allowed to happen. For it is only the recognition by all of them—the prosperous and the poor, the victorious and the defeated, the socialist and the capitalist—that they are at the same distance in time from an event which may destroy civilization, which can save them all. . . .

"The countries of the world are isolated in their separate experience. Yet the pressure of awareness is so great that the world today has a kind of transparency. We look through our own experience to those of other countries." *

* *European Witness*, New York, Reynal and Hitchcock, 1947.

If we think nationalistically—in terms of *our* need for greater exports to keep *our* economy going, in terms of protecting *our* system of free enterprise, in terms of fear of the ascendancy of other systems than our own—we shall fail. Only if we think in terms of the world's prime necessity—peace—and only if we recognize that world peace means world reconstruction, sometimes at our nationalistic expense, shall we live up to our greatest opportunity as a nation.

4. THE RÔLE OF THE CITIZEN

What can you and I do, as citizens, to see that our country lives up to its great moment of responsibility?

First of all, we can try to inform ourselves. We can try to learn the facts about the world we live in and to see them, not only as they appear to us, but as they appear to others. This we can do by reading our daily newspapers, listening to newscasts, and reading such supplementary material as a weekly news magazine and such special articles or books as we may hear about or run across.

We can try to teach ourselves how to evaluate opinion and how to balance one opinion against another. The simplest and best way we can do this is by frequently discussing current affairs with our friends, our neighbors, and those with whom we are associated through our work. In this way we are able to learn how the same facts often produce totally different reactions in different people. Or how the same facts, differently presented, produce different reactions and attitudes. Best of all, we can learn in this process of discussion how often we ourselves read or listen carelessly, and how frequently the opinions we think we form on the basis of fact are actually based upon a prior prejudice or predilection.

All this, you may say, takes time. And so it does. But it takes time to read the sports page, or the comic strips. It takes time to listen to soap operas. It takes time to gossip with one's neigh-

hors, or to discuss unimportant personal matters, or to go to the movies. Yet most of us do some or all of these things regularly, without counting the cost in time. Nor is there any reason why we should deprive ourselves of these escapes and harmless pleasures. The point is merely that we have plenty of time, if we really care enough, to keep ourselves and each other informed about what is happening in the world.

Second, we can try to learn to think more as citizens of the world in addition to thinking as citizens of one country, or one state, or one city, town, or village. We can try to think more as members of human society as a whole in addition to thinking as members of the particular social, economic, or functional groups to which we happen to belong. We can try to see things as others see them—to explore more than we do the great areas of common interest which exist between all human beings everywhere, instead of being as preoccupied as we often are with finding the differences.

Finally, we can try to avoid the pitfalls which arise out of the effort of human beings to express their ideals in words or labels. "Democracy," for example, not only means one thing in the United States, another in Britain, and a third in the Soviet Union; it also means different things to different people in our own domestic society. "Freedom" to one man may mean freedom from want; to another, freedom from the necessity to do uncongenial work; to a third, freedom—not *from* anything—but freedom *to do*, or think, or say what he pleases. When we discover that our aims or ideals are not identical with those of others, even though we use the same labels for them, we tend to assume that the other fellow is misusing the label. Because his "democracy" is not identical with ours, we tend to say that his is no "democracy" at all. In this way we often lose sight of the fact that there is a common denominator in all human aspiration.

This common denominator does not necessarily exist as between all separate individuals in human society, any more than it exists among animals. Freedom for the sparrow hawk has

nothing in common with freedom for the sparrow. In certain circumstances freedom for the factory owner may have little or nothing in common with freedom for the factory worker. But we go wrong when we transfer this analogy to peoples as a whole. Peoples as a whole do strive for much the same aspirations. They mean much the same basic things by such words as "freedom" and "democracy." But because they are in varying stages of development and have had varying backgrounds of experience, their immediate objectives along the road to "freedom" or "democracy" vary.

"Freedom" is the common label for the human struggle against oppression. For one people it may mean a struggle to free itself from political tyranny, for another a struggle against economic enslavement. Usually the struggle for freedom is a combination of both, but the emphasis varies according to the particular circumstances.

"Democracy" is the common label for the human struggle for equality. Here, too, the emphasis is conditioned by the nature of the obstacles which stand in its way. In a country where people enjoy a relatively high standard of living, where there is no great difference between the rich and the poor, but where an absolute monarch and his court hold arbitrary political power, the emphasis will be upon the attainment of political democracy. In a country where there is universal suffrage and constitutional government, but where the masses of the people are forced to live in a condition of want and insecurity while the privileged few inhabit marble palaces, the emphasis will be upon the attainment of economic equality. Of course, no such blacks and whites exist in reality. Political and economic development go hand in hand. But the emphases vary, and these varying emphases make one people willing to sacrifice at times precisely those objectives which another is struggling to attain.

The world in which we live is torn by two conflicting forces: the revolt of the underprivileged masses of humanity against injustice and exploitation; and the determination of the privi-

leged few to maintain their positions of advantage. The trend toward various forms and degrees of socialism is the product of mass insecurity, mass unhappiness and mass determination to seek a better world. The counter-trend toward various forms and degrees of authoritarianism (fascism) is the product of the fear of the privileged few.

If Marx had never been born, and if there were no Soviet Union in the world today, the trend toward socialism would exist just the same. And if neither Hitler nor Mussolini had ever existed—if there were no Franco and no Peron in the world today—the trend toward fascism would exist.

We are living in a time when no man can be neutral in this struggle—when no man can afford not to recognize who are his friends and who are his enemies.

This is what we must learn to understand, if we, as citizens, are to create the foundations for a United States foreign policy that leads to peace.

Foreign policy is no longer simply a function of government. More and more it is becoming a function of peoples. Peace used to rest uneasily upon the diplomatic skill of foreign ministers. Today it rests upon the determination of the peoples of the world that there shall be peace.

To exercise its will to peace, a people must learn to know not only its neighbors but itself. It must, through knowledge, acquire trust in its neighbors and confidence in itself. No other people in the world has at this moment freer access to the sources of knowledge than the American people. No other people in the world can so well afford the time and effort needed to acquire that knowledge. No other people in the world has a greater obligation to acquire the tools by means of which it may effectively exercise its will to peace.

APPENDIX

Introductory Note

This collection of documents should by rights be divided into two parts, the one containing only official declarations, directives, plans, and speeches, and the other containing three personal and relatively unimportant contributions by the author. The latter are included for several reasons.

The memorandum of May 4, 1943, on "Unconditional Surrender" is included because it represents the thinking at the time, not merely of the author, but of many of those American and British officials who were responsible for psychological warfare policy against Germany.

The author's proposal for the post-surrender treatment of Germany of February 1944 is included for a similar reason; namely, that it is the only available document of that time which represents a school of thought directly opposed both to the Morgenthau idea of "de-industrialization" and to the Welles (and French) reliance upon partition.

Finally, the author's proposal of July 1946 for a revised United States policy is included because it would be disingenuous to omit a previously published document which openly declares the author's position on a number of highly debatable issues treated in this book.

To place these three documents in a separate appendix would disturb the chronological sequence and require cumbersome cross-references. They are therefore included in their proper chronological context, despite the fact that in terms of significance they merit no such interposition.

I

THE ATLANTIC CHARTER

The first step in the making of our postwar policy was taken before we were at war. This was the famous shipboard declaration signed by President Roosevelt and Prime Minister Churchill on August 14, 1941, which later became known as the Atlantic Charter. It consisted of a short preamble and eight short but highly significant clauses.

The President of the United States of America and the Prime Minister, Mr. Churchill, representing His Majesty's Government in the United Kingdom, being met together, deem it right to make known certain common principles in the national policies of their respective countries on which they base their hopes for a better future for the world.

FIRST, their countries seek no aggrandizement, territorial or other;

SECOND, they desire to see no territorial changes that do not accord with the freely expressed wishes of the peoples concerned;

THIRD, they respect the right of all peoples to choose the form of government under which they will live; and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them;

FOURTH, they will endeavor, with due respect for their existing obligations, to further the enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity;

FIFTH, they desire to bring about the fullest collaboration between all nations in the economic field with the object of securing, for all, improved labor standards, economic adjustment and social security;

SIXTH, after the final destruction of the Nazi tyranny, they hope to see established a peace which will afford to all nations the means

of dwelling in safety within their own boundaries, and which will afford assurance that all the men in all the lands may live out their lives in freedom from fear and want;

SEVENTH, such a peace should enable all men to traverse the high seas and oceans without hindrance;

EIGHTH, they believe that all of the nations of the world, for realistic as well as spiritual reasons, must come to the abandonment of the use of force. Since no future peace can be maintained if land, sea or air armaments continue to be employed by nations which threaten, or may threaten, aggression outside of their frontiers, they believe, pending the establishment of a wider and permanent system of general security, that the disarmament of such nations is essential. They will likewise aid and encourage all other practicable measures which will lighten for peace-loving peoples the crushing burden of armaments.

Franklin D. Roosevelt
Winston S. Churchill

In signing this declaration with the chief executive of a nation then actively fighting Nazi Germany, President Roosevelt dramatically asserted the intention of the United States to take a hand in the shaping of the peace even though it might or might not become an active participant in the war.

On January 1, 1942, less than a month after the Japanese attack upon Pearl Harbor, the eight principles of the Atlantic Charter became embodied in the United Nations Declaration, signed by the United States, Britain, Russia, China, and twenty-two other nations at war with one or more of the Axis powers.

II

UNCONDITIONAL SURRENDER

The next step in the development of United States policy toward then enemy nations came almost exactly a year later, in January 1943. In the intervening twelve months the tide of war had turned: the threat to Egypt and the Suez had been beaten off at El Alamein; the Allies had successfully landed in North Africa and were pushing into Tunisia; and the Red Army, having withstood the climactic Nazi effort at Stalingrad, now held the German Sixth Army encircled between the Volga and the Don. In this atmosphere of relief and renewed confidence the Prime Minister of Britain and the President of the United States met with their respective Chiefs of Staff at Casablanca.

The two leaders issued a brief communiqué in which they declared the Allied aim to be "the unconditional surrender" of the Axis powers.

This term, "unconditional surrender," was left undefined and uninterpreted. The Nazi Propaganda Ministry was not slow to seize upon the opportunity thus presented. It launched a major campaign to show that at Casablanca the Allied leaders had repudiated the principles of a just peace proclaimed in the Atlantic Charter. To the world in general Dr. Goebbels used this theme to discredit the good faith of the Allies. To the German people he used it to maintain their will to fight on in the face of military reverses, drawing upon his imagination to paint the most terrifying picture of what unconditional surrender would mean to each individual German.

At that time the author was Deputy Director of the Overseas Branch of the Office of War Information in charge of propa-

ganda warfare in the European Theater. As such, it was his responsibility to keep close tabs on Dr. Goebbels and to devise means to counteract and, whenever possible, to anticipate Nazi propaganda. A few months after Casablanca it became clear from analysis of enemy propaganda as well as from prisoner interrogation that the "unconditional surrender" formula was backfiring against us. On May 4, 1943, the author submitted the following suggestion to the Director of OWI who in turn passed it on with his endorsement to the President.

MEMORANDUM

TO: Mr. Davis

SUBJECT: State of Mind of German People and the Need for a Statement of American Policy

Even if we discount as possible enemy "plants" the increasingly frequent reports of sagging morale in Germany and the satellite countries, there is sufficient evidence to warrant the following assumptions:

1. The Germans no longer see how they can win the war through decisive military victory. We now have such phrases as Goebbels' "The war in its fourth year has reached its hardest stage and the way out of its trials and sufferings, or even its end, can nowhere be discerned," instead of the former promises of victory.

2. A large number of Germans are more or less openly saying "Let's get it over with." Otherwise, Goebbels would not find it necessary to attack over and over again the idea that there could be another 1918. This indicates that the effectiveness of the "strength through fear" line is beginning to wear off. It will not really lose its power so long as the United Nations fail to define their attitude toward Germany after its unconditional surrender, so long as Goebbels can continue to assure the German people that we intend to destroy them utterly and dismember their country.

This is the moment when an authoritative statement—no matter how tough—could be used to prove to many Germans that what they will suffer from defeat, no matter how unpleasant, is actually not as

bad as what they will suffer from a continuation of the war. The attached draft has been prepared to illustrate what sort of statement would in our judgment constitute a good propaganda weapon.

DRAFT STATEMENT: POLICY TOWARD THE GERMAN PEOPLE

1. The objective of the United States is the unconditional surrender of all our enemies. The United States Government will not conclude a peace or armistice, nor will it enter into any negotiations whatever, with the present German Government or with any other groups or individuals in Germany.

2. The United Nations have in their possession evidence concerning the crimes committed by officials and agents of the Hitler régime. Persons guilty of such crimes will be suitably punished. The United States will not be a party to any mass reprisals against the German people.

It must be noted, however, that any further executions of hostages or other nationals of the United Nations, whether outside or inside of Germany, must be taken into account. Also that internal disturbances may prevail in Europe at the close of hostilities; and that it will be impossible to guarantee the personal safety of any German national in the liberated countries, even if he be innocent of crime against non-combatants, unless he is a prisoner of war of the United Nations armies.

3. The United States will insist on the restoration of all property looted or stolen from the occupied countries, by whatever means.

4. After the end of hostilities German resources will be held in trust for the German people and order will be maintained in Germany by the United Nations.

5. The United States at the end of the war will aid in feeding the hungry and in general economic rehabilitation. Our first responsibility, however, is to our Allies, particularly to those who have been plundered, starved, and enslaved by the Nazi régime. The longer the war continues, the less food will be available for the German people.

6. The United Nations are not fighting the German people as a race; we are fighting the Nazi and militarist philosophy of aggression, and all persons in whom that philosophy is embodied. Those German people who support their government which has brought

war upon the world must be presumed to adhere to that philosophy. German individuals or groups who repudiate it must prove their repudiation not only by words but by acts.

7. The United States and its allies are working for a world based upon the four freedoms. The German people will be encouraged to reorient their lives toward a faith in freedom under law; and will be invited to take part in the free world of the future when and if they demonstrate that they have accepted their share of its duties and responsibilities, and will forego the use of force or the threat of force in their relations with other nations.

President Roosevelt was at first favorably inclined toward this suggestion and made a number of revisions and improvements. On May 26, however, he sent it back to Mr. Davis, with a note reading as follows:

I talked about some further statement to the Italian and German peoples, but we all agree that the matter should be held in abeyance for a short time at least.

F.D.R.

The memorandum came back from Mr. Davis with a slip pinned to it on which Mr. Davis had merely made three exclamation points and three question marks and signed his initials.

The answer to the mystery became clear a day or so later when it was learned that Mr. Churchill had spent several days in the White House.

Similar efforts undertaken in London, during the joint Anglo-American planning of psychological warfare operations in preparation for the invasions of Italy and France, likewise proved unsuccessful. In fact, far from being modified or interpreted, the "unconditional surrender" formula was reaffirmed in most emphatic terms.

On November 1, 1943, the world was told of the results of the Moscow Conference of Foreign Ministers, which had just concluded its session. In the words of the communiqué:

The Conference agreed to set up machinery for insuring the closest co-operation between the three Governments in the examination of European questions arising as the war develops. For this purpose the Conference decided to establish in London a European Advisory Commission to study these questions and to make recommendations to the three Governments. . . .

In an atmosphere of mutual confidence and understanding which characterized all the work of the Conference, consideration was given to other important questions. These included not only questions of a current nature but also questions concerning treatment of Hitlerite Germany and its satellites, economic co-operation, and assurance of general peace.

A Four-Power Declaration, signed by the United States, Great Britain, the Soviet Union, and China, specifically pledged united action for the prosecution of the war until the enemy should lay down his arms *"on the basis of unconditional surrender."*

Within the same month two other important conferences took place. At Cairo, President Roosevelt met with Generalissimo Chiang Kai-shek and the British Prime Minister. A few days later, at Teheran, Mr. Roosevelt and Mr. Churchill for the first time sat down at a conference table with Marshal Stalin.

The Cairo meeting resulted in some interesting and concrete announcements concerning the development of our postwar policy in the Far East. But no similar statement as to the treatment of Germany emerged from the meeting at Teheran, which merely reaffirmed the substance of the declarations made at Moscow by the Foreign Ministers. Thus, all through the crucial pre-invasion winter and spring the "unconditional surrender" formula stood unmodified and uninterpreted, remaining, in the judgment of those of us responsible for psychological warfare, a boon to the hard-pressed Nazi Propaganda Ministry. That our opinion came to be shared in the highest military echelons was later brought to light through the publication of Captain Butcher's *My Three Years with Eisenhower*. The Supreme

Allied Commander's personal aide reported the following incident (*italics supplied*):

Widewing, Friday, April 14, 1944.

Ed Stettinius told me . . . there have been discussions with the President as to the meaning of "unconditional surrender" as applied to Germany. Any military person knows that there are conditions to every surrender. There is a feeling that the President and the Prime Minister, more likely the former, seized on Grant's famous term at Casablanca *without realizing the full implications to the enemy. Goebbels has made great capital of it to strengthen the morale of the German Army and people.* Our psychological experts believe it would be wiser if we created a mood of acceptance of surrender in the German Army, which would make possible the collapse of resistance similar to that which took place in Tunisia. *General Ike strongly advocates this view* and asked Ed Stettinius to transmit to the President, which he did by cable.

But even General Eisenhower's strong advocacy did not produce the desired results—at least not until six months later.

In October 1944, speaking in New York City at a dinner of the Foreign Policy Association, President Roosevelt finally made the statement from which Mr. Churchill had dissuaded him since May 1943. He made it in his own masterly way, with those peculiar personal touches of humor, sympathetic insight, and uncompromising determination which characterized so many of his utterances. He said:

As for Germany, that tragic nation which has sown the wind and is now reaping the whirlwind—we and our Allies are entirely agreed that we shall not bargain with the Nazi conspirators, or leave them a shred of control—open or secret—of the instruments of government.

We shall not leave them a single element of military power—or of potential military power.

But I should be false to the very foundations of my religious and political convictions, if I should ever relinquish the hope—and even

the faith—that in all people, without exception, there lives some instinct for truth, some attraction toward justice, and some passion for peace—buried as they may be in the German case under a brutal régime.

We bring no charge against the German race, as such, for we cannot believe that God has eternally condemned any race of humanity. For we know in our own land how many good men and women of German ancestry have proved loyal, freedom-loving, peace-loving citizens.

There is going to be stern punishment for all those in Germany directly responsible for this agony of mankind.

The German people are not going to be enslaved—because the United Nations do not traffic in human slavery. But it will be necessary for them to earn their way back into the fellowship of peace-loving and law-abiding nations. And, in their climb up that steep road, we shall certainly see to it that they are not encumbered by having to carry guns. They will be relieved of that burden—we hope, forever.

III

PRE-SURRENDER PLANS

The end of the unconditional surrender chapter, marked by the President's foreign policy speech, overlapped the beginning of the second stage in the development of United States policy towards Germany. This second phase centered about the argument as to what the nature and purposes of an Allied occupation of Germany should be.

In February 1944 the then Assistant Secretary of War, John J. McCloy, asked the author to express an opinion on this subject. The following are the high spots of the suggestion put forward in accordance with this request.

AUTHOR'S PROPOSAL

Basic Principles

I. Our problem is to organize a durable peace. The problem of fitting Germany into a world so organized is not primarily our problem, but the problem of the German people.

II. We can and should render Germany incapable of renewed aggression during a probationary period.

III. We should not make a peace treaty or in any way recognize German sovereignty during the probationary period. This period may be long or short, depending upon many factors. It should end with the full recognition of German sovereignty, including the same rights as those of other nations, and entailing the same duties. The peace treaty should be signed only after a Government exists with which we are willing to deal on terms of equality.

Background

A. At the time of surrender we shall find a German people which is tired, sullen, and apathetic, far more concerned with questions of food or shelter than with ideas of political reconstruction.

B. It will take some time for the German people to realize that the SS and Gestapo are off their necks. Political consciousness will awaken first in the local rather than the national sense.

C. Almost every German we meet will assure us that he was never really a Nazi. We shall find the only true anti-Nazis in concentration camps, among the German workers and in the armed forces.

D. Some 12,000,000 prisoners and foreign workers form the most powerful anti-Nazi element in Germany. They will be in a position to denounce war criminals and some of those who are masquerading as anti-Nazis.

E. When the Allied forces are disbanded, there will be a tendency to form roving bands or *Freikorps*, as after the last war.

F. Both the Nazi Party (particularly remnants of the SS) and the General Staff will tend to go underground.

G. Since everything in Germany today depends upon the Nazi Party Organization, the liquidation of the Party machinery plus the stoppage of work in war plants will cause a complete disorganization of German life.

Suggested Principles of Action

A. The purpose of Allied Occupation is:

- (1) To render Germany incapable of renewed aggression;
- (2) To free war prisoners and forced labor held in Germany;
- (3) To impress upon the German people the reality of their defeat;
- (4) To remove the elements of suppression—the Nazi Party, the SS, and the Gestapo—which otherwise would prevent the German people from rehabilitating themselves;
- (5) To set up the machinery for the restoration of looted property, reparations, the punishment of war criminals, as well as the machinery for necessary food and medical relief.

B. The purpose of Allied Occupation is not:

(1) To reorganize and rehabilitate the Germans' political and economic life;

(2) To re-educate the German people.

C. When the purposes of Allied Occupation have been accomplished, it will be up to the German people to reorganize and rehabilitate their political and economic life, to re-educate themselves and eventually to fit themselves into a world organization for durable peace.

D. We shall make no peace treaty nor in any other way recognize the sovereignty of the German nation until there shall exist in Germany a Government with which we feel that we can deal in full confidence and on terms of full equality.

E. Until such a Government exists we shall consider Germany on probation, shall occupy her borders and keep her isolated from the rest of Europe, controlling her imports and exports, as well as the passage of individuals across her borders.

F. In seeking to accomplish our purposes, we should try to do as little as possible, and stimulate the Germans to do as much as possible. We should make as few martyrs as we can. We should avoid solidifying the democratic and reactionary elements in Germany by giving them common ground for resentment.

Period of Probation

When the purposes of occupation have been fulfilled, there should probably be a Roosevelt-Churchill-Stalin proclamation defining the United Nations' intentions for the subsequent phase of Observation and Control. During this phase, Allied troops would guard the frontiers of Germany but only certain skeleton forces and control commissions would remain within Germany itself. The control commissions would:

(1) See that no military or para-military organizations would come into being;

(2) See that there would be no industrial rearmament and exercise control over imports and exports;

(3) See that reparation payments were made;

(4) Observe and report on all social, political, and economic development in Germany.

This phase would end whenever the United Nations should decide that a Government existed in Germany which could be recognized and accepted into the family of nations. At this time Germany would accept her full share of the burdens and responsibilities of preserving world peace.

This proposal was worked out in some detail, including a specific proposal for immediate recognition of the devaluation of the German currency. The following were some of the arguments later publicly presented for its adoption: *

The only alternative rests upon the assumption that the German people are incapable of curing themselves and that the United Nations must effect the cure. This means making the assumption that the United Nations are capable of effecting the cure. It means a long occupation and protracted guardianship.

There are several great dangers involved in such a course:

The assumption of responsibility for the future of Germany means that Russia, Britain, France, and the United States must agree on exactly what sort of Germany is to be created, and what means are to be employed to create it. This implies, in all probability, constant minor, if not major, disagreement among the Allies and the playing off by Germany of one against the other.

A long occupation would almost certainly mean that the occupying forces of the Allies would be blamed by the German people for all the inevitable evil consequences of the war, such as inflation and the destruction of savings—instead of the blame falling where it belongs, upon the Nazis and those reactionary militarist groups within Germany who brought the Nazis to power.

A long occupation and the assumption of responsibility would almost inevitably imply that the occupiers would "preserve law and order," which means that they would prevent the very catharsis which must take place in Germany, if she is to be cured. It would mean a strong likelihood of our repeating precisely the mistakes we

* First published in the *New York Times*; later included in *Foreign Policy Begins at Home*, New York: Harcourt, Brace and Company, 1944.

made in Germany in 1918, and which we have already partly repeated in Italy. But, whereas in Italy there is the justification that we are still fighting a war and must prevent disorder behind our fighting lines, there will be no such justification in Germany. (This does not mean that disorder is desirable. What is to be desired is the birth of democracy, even if it has to be attended by a certain amount of disorder. The danger is that, by preventing disorder, we may also prevent the birth of democracy. Since no military government can be expected to tolerate disorder, it is essential that military government be withdrawn at the moment when democracy can be born with a minimum of disorder—that is, at the moment when the forces of reaction have been stripped of their power to suppress a popular movement by force and intimidation.)

A corollary to the foregoing is the belief that it is not our job to “re-educate the German people.” It is most desirable that we should help the German people to free their schools and universities from all teachers who have served in the Nazi régime and who have accommodated themselves to its demands. This is perhaps more important than changing the textbooks and the curricula, although these too must be changed. But, to be effective, the reorganization of German education must come about—not as the compliance of a defeated people with the demands of the victors—but as a result of the regeneration of a liberated people, the re-establishment of free thought, and the rebirth of science free from preconception. Our task is not to be teachers ourselves—even though we make available whatever good teaching material may be wanted. Our task is to help the Germans free themselves from the reactionary bureaucracy of the teaching profession—just as it is our task to help them free themselves from the reactionary Junker-militarist-industrialist clique which has exploited them and led them astray in the past.

This proposal was based upon several assumptions, two of which proved false: first, that Germany would surrender while the German armed forces were still for the most part on foreign soil; and, second, that when the Russian, American, British, and French forces entered Germany, they would operate under a single agreed directive.

The proposal was rejected by the War Department, not because the Joint Staff planners disagreed with these assumptions, but on the grounds that "the Government of the United States cannot undertake a policy designed to induce chaos." Such was the interpretation placed upon the suggestion that we allow a democratic revolution to occur if there should prove to be any democratic strength left in Germany.

On the other hand, Mr. McCloy wrote, "I think there is no quarrel with the idea of a short occupation and the more desirable punishment of the criminals by their own people."

The author's own hindsight criticism of this proposal, three years later, would be that it assumed too great a residuum of democratic strength in the German people and did not, therefore, sufficiently foresee the necessity for direct therapeutic treatment.

THE WELLES PLAN

A few months later a different point of view was put forward by the former Under Secretary of State, Sumner Welles.* Mr. Welles placed his chief reliance upon the partitioning of Germany. He advocated giving East Prussia to Poland to compensate her for the loss of territory east of the Curzon Line, and proposed that the remainder of Germany be divided into three separate states, "the boundaries being determined primarily by cultural, historic and economic factors":

A new state of Southern Germany, comprising the former sovereign nations of Bavaria, Wuerttemberg, Baden, and Hesse-Darmstadt, together with those regions which may roughly be defined as the Rhineland and the Saar. It will be noted that the populations which would be comprised within this division are predominantly Catholic.

A state consisting of the following old German subdivisions, together with the smaller subdivisions contiguous to them: Upper Hesse, Thuringia, Westphalia, Hanover, Oldenburg, and Hamburg.

* *The Time for Decision*, New York: Harper and Brothers, 1944. See pp. 336-361.

THE MORGENTHAU PROPOSAL FOR POST-WAR GERMANY

This map illustrates the Morgenthau Proposal for the post-war division of Germany. The territory is divided into several key regions:

- INTERNATIONAL ZONE:** A central area including major cities like Hamburg, Berlin, Leipzig, and Dresden, surrounded by an international zone.
- NORTH GERMAN STATE:** Located to the north of the International Zone, with cities like Hamburg and Berlin.
- SOUTH GERMAN STATE:** Located to the south of the International Zone, with cities like Stuttgart, Frankfurt, and Munich.

Surrounding countries and regions include:

- North:** Denmark, Sweden, Baltic Sea, Lithuania.
- East:** East Prussia (with Königsberg), U.S.S.R., Poland (with Warsaw, Krakow, Breslau), Czechoslovakia, Rumania.
- West:** Netherlands (with Amsterdam, Rotterdam), Belgium (with Brussels), Luxembourg, France (with Metz, Strasbourg), Switzerland (with Bern), Italy.
- South:** Austria (with Vienna), Hungary (with Budapest).

LEGEND:

- GERMAN BOUNDARIES IN 1937
- OTHER BOUNDARIES IN 1937
- PROPOSED NEW GERMAN STATES
- PROPOSED PARTITION BOUNDARIES IN GERMANY
- A POSSIBLE POLISH-USSR BOUNDARY

Scale: 0 to 150 Miles.

From Germany is Our Problem by Henry Morgenthau, Jr.—Harper & Brothers

A state, omitting the enumeration of small contiguous political subdivisions, composed of Prussia (exclusive of East Prussia), Mecklenburg, and Saxony. It will be noted again that in the second and third states the populations are predominantly Protestant. In each of these three new states the historical, as well as the religious and cultural, divisions which existed during the centuries prior to the creation of the Third Reich have been maintained.

The capacity for economic development in each of the proposed states [said Mr. Welles] is almost unlimited.

Mr. Welles held that two factors acting in conjunction made Germany a menace: the belief in "militarism as the supreme glory of the race," and the centralization of authority in a unified Reich. Neither factor, he said, would have "proved a major danger without the other." Holding this belief, he came to the conclusion that "Partition will do more than anything else to break the hold which German militarism has on the German people."

THE "MORGENTHAU PLAN"

In September 1944, just before the Third Quebec Conference, President Roosevelt asked his Secretary of the Treasury, Henry Morgenthau, for suggestions as to what should be done with Germany.

The Department of State and the War Department had for some time been jointly discussing plans for the occupation of Germany. So had the European Advisory Council in London. In these early discussions the British were in accord with the State and War Department planners that the occupation should be primarily a military affair, jointly administered by the occupying powers and concerned chiefly with disarming the German people and keeping them disarmed. The Russian attitude was less clear, being concerned mostly with what part of Germany they themselves would occupy. France, being still under enemy occupation, did not take part in these early discussions; she became a member of the Council in November 1944.

The real difficulties of the Council arose after the Quebec Conference in September 1944. They derived not so much from inter-Allied difficulties as from a wide open split among our own policy makers in Washington. This cleavage between Secretaries Hull and Stimson on the one side and Secretary Morgenthau on the other became sharply focused when the President bypassed the War and State Departments and asked the Secretary of the Treasury to present a plan. The proposal which Mr. Morgenthau put forward read as follows:

Program to Prevent Germany from Starting a World War III

1. Demilitarization of Germany

It should be the aim of the Allied Forces to accomplish the complete demilitarization of Germany in the shortest possible period of time after surrender. This means completely disarming the German Army and people (including the removal or destruction of all war material), the total destruction of the whole German armament industry, and the removal or destruction of other key industries which are basic to military strength.

2. New Boundaries of Germany

(a) Poland should get that part of East Prussia which doesn't go to the USSR and the southern portion of Silesia. . . .

(b) France should get the Saar and the adjacent territories bounded by the Rhine and the Moselle Rivers.

(c) As indicated in 4 below an International Zone should be created containing the Ruhr and the surrounding industrial areas.

3. Partitioning of New Germany

The remaining portion of Germany should be divided into two autonomous, independent states, (1) a South German state comprising Bavaria, Wuerttemberg, Baden and some smaller areas and (2) a North German state comprising a large part of the old state of Prussia, Saxony, Thuringia and several smaller states.

There shall be a custom union between the new South German state and Austria, which will be restored to her pre-1938 political borders.



From *The Time for Decision* by Sumner Welles—Harper & Brothers

4. *The Ruhr Area.* (The Ruhr, surrounding industrial areas, as shown on the map, including the Rhineland, the Kiel Canal, and all German territory north of the Kiel Canal.)

Here lies the heart of German industrial power. This area should not only be stripped of all presently existing industries but so weakened and controlled that it cannot in the foreseeable future become an industrial area. The following steps will accomplish this:

(a) Within a short period, if possible not longer than 6 months after the cessation of hostilities, all industrial plants and equipment not destroyed by military action shall be completely dismantled and transported to Allied Nations as restitution. All equipment shall be removed from the mines and the mines closed.

(b) The area should be made an International Zone to be governed by an international security organization to be established by the United Nations. In governing the area the international organization should be guided by policies designed to further the above-stated objective.

5. *Restitution and Reparation*

Reparations, in the form of future payments and deliveries, should not be demanded. Restitution and reparation shall be effected by the transfer of existing German resources and territories, *e.g.*,

(a) by restitution of property looted by the Germans in territories occupied by them;

(b) by transfer of German territory and German private rights in industrial property situated in such territory to invaded countries and the international organization under the program of partition;

(c) by the removal and distribution among devastated countries of industrial plants and equipment situated within the International Zone and the North and South German states delimited in the section on partition;

(d) by forced German labor outside Germany; and

(e) by confiscation of all German assets of any character whatsoever outside of Germany.

6. *Education and Propaganda*

(a) All schools and universities will be closed until an Allied Commission of Education has formulated an effective reorganization program. It is contemplated that it may require a considerable period

of time before any institutions of higher education are reopened. Meanwhile the education of German students in foreign universities will not be prohibited. Elementary schools will be reopened as quickly as appropriate teachers and textbooks are available.

(b) All German radio stations and newspapers, magazines, weeklies, etc., shall be discontinued until adequate controls are established and an appropriate program formulated.

7. Political Decentralization

The military administration in Germany in the initial period should be carried out with a view toward the eventual partitioning of Germany. To facilitate partitioning and to assure its permanence the military authorities should be guided by the following principles:

(a) Dismiss all policy-making officials of the Reich Government and deal primarily with local governments.

(b) Encourage the re-establishment of state governments in each of the states (*Laender*) corresponding to 18 states into which Germany is presently divided and in addition make the Prussian provinces separate states.

(c) Upon the partition of Germany, the various state governments should be encouraged to organize a federal government for each of the newly partitioned areas. Such new governments should be in the form of a confederation of states, with emphasis on states' rights and a large degree of local autonomy.

8. Responsibility of Military for Local German Economy

The sole purpose of the military in control of the German economy shall be to facilitate military operations and military occupation. The Allied Military Government shall not assume responsibility for such economic problems as price controls, rationing, unemployment, production, reconstruction, distribution, consumption, housing, or transportation, or take any measures designed to maintain or strengthen the German economy, except those which are essential to military operations. The responsibility for sustaining the German economy and people rests with the German people with such facilities as may be available under the circumstances.

9. Controls over Development of German Economy

During a period of at least twenty years after surrender adequate controls, including controls over foreign trade and tight restrictions

on capital imports, shall be maintained by the United Nations designed to prevent in the newly-established states the establishment or expansion of key industries basic to the German military potential and to control other key industries.

10. *Agrarian Program*

All large estates should be broken up and divided among the peasants and the system of primogeniture and entail should be abolished.

11. *Punishment of War Crimes and Treatment of Special Groups*

[A program for the punishment of certain war crimes and for the treatment of Nazi organizations and other special groups is contained in section 11.]

12. *Uniforms and Parades*

(a) No German shall be permitted to wear, after an appropriate period of time following the cessation of hostilities, any military uniform or any uniform of quasi-military organizations.

(b) No military parades shall be permitted anywhere in Germany and all military bands shall be disbanded.

13. *Aircraft*

All aircraft (including gliders), whether military or commercial, will be confiscated for later disposition. No German shall be permitted to operate or to help operate any aircraft, including those owned by foreign interests.

14. *United States Responsibility*

Although the United States would have full military and civilian representation on whatever international commission or commissions may be established for the execution of the whole German program, the primary responsibility for the policing of Germany and for civil administration in Germany should be assumed by the military forces of Germany's continental neighbors. Specifically, these should include Russian, French, Polish, Czech, Greek, Yugoslav, Norwegian, Dutch, and Belgian soldiers.

Under this program United States troops could be withdrawn within a relatively short time.

IV

THE JOINT CHIEFS' COMPROMISE

The Morgenthau Plan aroused so much criticism within the Roosevelt Administration that its status as an indication of United States policy immediately became unclear. A considerably diluted version of the Morgenthau proposals was adopted by the Joint Chiefs of Staff and the War Department, but the State Department and the Foreign Economic Administration insisted that even this greatly modified version was unworkable.

The Joint Chiefs sent their directive to General Eisenhower in December 1944 with the request that he obtain the consent of the other Allied commanders. When General Eisenhower reported that this consent was unobtainable, the Joint Chiefs tried to bring their proposal before the European Advisory Council. Here it bogged down completely because it was opposed by our own State Department and Foreign Economic Administration.

The directive was finally reissued to General Eisenhower in April 1945 as applying to the United States forces of occupation, even though it was not recognized by Britain, France or the Soviet Union. It remained a secret document until October 17, over six months after the German surrender, and two months after much of it had been incorporated in the Potsdam Agreement.

*Directive to Commander-in-Chief of
United States Forces of Occupation
Regarding the Military Government
of Germany (JCS 1067)*

1. The Purpose and Scope of This Directive:

This directive is issued to you as Commanding General of the United States Forces of Occupation in Germany. As such you will serve as United States member of the Control Council and will also be responsible for the administration of military government in the zone or zones assigned to the United States for purposes of occupation and administration. It outlines the basic policies which will guide you in those two capacities after the termination of the combined command of the Supreme Commander, Allied Expeditionary Force.

This directive sets forth policies relating to Germany in the initial post-defeat period. As such it is not intended to be an ultimate statement of policies of this Government concerning the treatment of Germany in the postwar world. It is, therefore, essential that, during the period covered by this directive, you assure that surveys are constantly maintained of economic, industrial, financial, social and political conditions within your zone and that the results of such other surveys as may be made in other zones are made available to your Government, through the Joint Chiefs of Staff. These surveys should be developed in such manner as to serve as a basis for determining changes in the measures of control set forth herein as well as for the progressive formulation and development of policies to promote the basic objectives of the United States. Supplemental directives will be issued to you by the Joint Chiefs of Staff as may be required.

As a member of the Control Council you will urge the adoption by the other occupying powers of the principles and policies set forth in this directive and, pending Control Council agreement, you will follow them in your zone. It is anticipated that substantially similar directives will be issued to the Commanders-in-Chief of the U.K., U.S.S.R., and French forces of occupation.

PART I. GENERAL AND POLITICAL

2. *The Basis of Military Government:*

A. The rights, power and status of the military government in Germany are based upon the unconditional surrender or total defeat of Germany.

B. Subject to the provisions of Paragraph 3 below, you are, by virtue of your position, clothed with supreme legislative, executive and judicial authority in the areas occupied by forces under your command. This authority will be broadly construed and includes authority to take all measures deemed by you necessary, appropriate or desirable in relation to military exigencies and the objectives of a firm military government.

C. You will issue a proclamation continuing in force such proclamations, orders and instructions as may have heretofore been issued by Allied commanders in your zone, subject to such changes as you may determine. Authorizations of action by the Supreme Commander, Allied Expeditionary Force, may be considered as applicable to you unless inconsistent with this or later directives.

3. *The Control Council and Zones of Occupation:*

A. The four Commanders in Chief, acting jointly, will constitute the Control Council in Germany, which will be the supreme organ of control over Germany in accordance with the agreement on control machinery in Germany. For purposes of administration of military government Germany has been divided into four zones of occupation.

B. The authority of the Control Council to formulate policy and procedures and administrative relationships with respect to matters affecting Germany as a whole will be paramount throughout Germany. You will carry out and support in your zone the policies agreed upon in the Control Council. In the absence of such agreed policies you will act in accordance with this and other directives of the Joint Chiefs of Staff.

C. The administration of affairs in Germany shall be directed toward the decentralization of the political and administrative structure and the development of local responsibility. To this end you will

encourage autonomy in regional, local and municipal agencies of German administration. The German economic structure shall also be decentralized. The Control Council may, however, to the minimum extent required for the fulfillment of purposes set forth herein, permit centralized administration or establish central control of (a) essential national public services, such as railroads, communications and power, (b) finance and foreign affairs and (c) production and distribution of essential commodities.

D. The Control Council should adopt procedures to effectuate, and you will facilitate in your zone, the equitable distribution of essential commodities between the zones. In the absence of a conflicting policy of the Control Council you may deal directly with one or more zone commanders on matters of special concern to such zones.

E. Pending the formulation in the Control Council of uniform policies and procedures with respect to interzonal travel and movement of civilians, no civilians shall be permitted to leave or enter your zone without your authority, and no Germans within your zone shall be permitted to leave Germany except for specific purposes approved by you.

F. The military government personnel in each zone, including those dealing with regional and local branches of the departments of any central German administrative machinery, shall be selected by authority of the commander of that zone except that liaison officers may be furnished by the commanders of the other three zones. The respective Commanders in Chief shall have exclusive jurisdiction throughout the whole of Germany over the members of the armed forces under their command and over the civilians who accompany them.

G. The Control Council should be responsible for facilitating the severance of all governmental and administrative connections between Austria and Germany and the elimination of German economic influences in Austria. Every assistance should be given to the Allied Administration in Austria in its efforts to effectuate these purposes.

4. Basic Objectives of Military Government in Germany:

A. It should be brought home to the Germans that Germany's ruthless warfare and the fanatical Nazi resistance have destroyed the

German economy and made chaos and suffering inevitable and that the Germans cannot escape responsibility for what they have brought upon themselves.

B. Germany will not be occupied for the purpose of liberation but as a defeated enemy nation. Your aim is not oppression but to occupy Germany for the purpose of realizing certain important Allied objectives. In the conduct of your occupation and administration you should be just but firm and aloof. You will strongly discourage fraternization with the German officials and population.

C. The principal Allied objective is to prevent Germany from ever again becoming a threat to the peace of the world. Essential steps in the accomplishment of this objective are the elimination of Nazism and militarism in all their forms, the immediate apprehension of war criminals for punishment, the industrial disarmament and demilitarization of Germany, with continuing control over Germany's capacity to make war and the preparation for an eventual reconstruction of German political life on a democratic basis.

D. Other Allied objectives are to enforce the program of reparations and restitution, to provide relief for the benefit of countries devastated by Nazi aggression and to ensure that prisoners of war and displaced persons of the United Nations are cared for and repatriated.

5. Economic Controls:

A. As a member of the Control Council and as zone commander, you will be guided by the principle that controls upon the German economy may be imposed to the extent that such controls may be necessary to achieve the objectives enumerated in Paragraph 4 above, and also as they may be essential to protect the safety and meet the needs of the occupying forces and assure the production and maintenance of goods and services required to prevent starvation or such disease and unrest as would endanger these forces. No action will be taken in execution of the reparations program or otherwise which would tend to support basic living conditions in Germany or in your zone on a higher level than that existing in any one of the neighboring United Nations.

B. In the imposition and maintenance of such controls as may be prescribed by you or the Control Council, German authorities will to

the fullest extent practicable be ordered to proclaim and assume administration of such controls. Thus it should be brought home to the German people that the responsibility for the administration of such controls and for any breakdowns in those controls will rest with themselves and German authorities.

6. Denazification:

A. A proclamation dissolving the Nazi party, its formations, affiliated associations and supervised organizations, and all Nazi public institutions which were set up as instruments of party domination, and prohibiting their revival in any form, should be promulgated by the Control Council. You will assure the prompt effectuation of that policy in your zone and will make every effort to prevent the reconstitution of any such organization in underground, disguised or secret form. Responsibility for continuing desirable non-political social services of dissolved party organizations may be transferred by the Control Council to appropriate central agencies and by you to appropriate local agencies.

B. The laws purporting to establish the political structure of National Socialism and the basis of the Hitler régime and all laws, decrees and regulations which establish discrimination on grounds of race, nationality, creed or political opinions should be abrogated by the Control Council. You will render them inoperative in your zone.

C. All members of the Nazi party who have been more than nominal participants in its activities, all active supporters of Nazism or militarism and all other persons hostile to Allied purposes will be removed and excluded from public office and from positions of importance in quasi-public and private enterprises such as (1) civic, economic and labor organizations, (2) corporations and other organizations in which the German Government or subdivisions have a major financial interest, (3) industry, commerce, agriculture and finance, (4) education and (5) the press, publishing houses and other agencies disseminating news and propaganda. Persons are to be treated as more than nominal participants in party activities and as active supporters of nazism or militarism when they have (1) held office or otherwise been active at any level from local to national in the party and its subordinate organizations or in organizations which further militaristic doctrines, (2) authorized or participated affirma-

tively in any Nazi crimes, racial persecutions or discriminations, (3) been avowed believers in nazism or racial and militaristic creeds or (4) voluntarily given substantial moral or material support or political assistance of any kind to the Nazi party or Nazi officials and leaders. No such persons shall be retained in any of the categories of employment listed above because of administrative necessity, convenience or expediency.

D. Property, real and personal, owned or controlled by the Nazi party, its formations, affiliated associations and supervised organizations and by all persons subject to arrest under the provisions of Paragraph 8, and found within your zone, will be taken under your control pending a decision by the Control Council or higher authority as to its eventual disposition.

E. All archives, monuments and museums of Nazi inception, or which are devoted to the perpetuation of German militarism, will be taken under your control and their properties held pending decision as to their disposition by the Control Council.

F. You will make special efforts to preserve from destruction and take under your control records, plans, books, documents, papers, files and scientific, industrial and other information and data belonging to or controlled by the following:

(1) The central German Government and its subdivisions, German military organizations, organizations engaged in military research, and such other governmental agencies as may be deemed advisable;

(2) The Nazi party, its formations, affiliated associations and supervised organizations;

(3) All police organizations, including security and political police;

(4) Important economic organizations and industrial establishments, including those controlled by the Nazi party or its personnel;

(5) Institutes and special bureaus devoting themselves to racial, political, militaristic or similar research or propaganda.

7. Demilitarization:

A. In your zone you will assure that all units of the German armed forces, including para-military organizations, are dissolved as such, and that their personnel are promptly disarmed and controlled.

Prior to their final disposition, you will arrest and hold all military personnel who are included under the provisions of Paragraph 8.

B. The Control Council should proclaim, and in your zone you will effectuate, the total dissolution of all military and para-military organizations, including the general staff, the German officers' corps, the reserve corps and military academies, together with all associations which might serve to keep alive the military tradition in Germany.

C. You will seize or destroy all arms, ammunition and implements of war and stop the production thereof.

D. You will take proper steps to destroy the German war potential, as set forth elsewhere in this directive.

8. Suspected War Criminals and Security Arrests:

A. You will search out, arrest and hold, pending receipt by you of further instructions as to their disposition, Adolf Hitler, his chief Nazi associates, other war criminals and all persons who have participated in planning or carrying out Nazi enterprises involving or resulting in atrocities or war crimes.

B. All persons who if permitted to remain at large would endanger the accomplishment of your objectives will also be arrested and held in custody until trial by an appropriate semi-judicial body to be established by you. The following is a partial list of the categories of persons to be arrested in order to carry out this policy.

[There follows at this point in the directive a detailed list of categories of Nazi war criminals and others who are to be arrested. Some of these have not yet been found. It is considered that to publish the categories at this time would put the individuals concerned on notice and would interfere with the apprehension and punishment, where appropriate. The list of categories is therefore withheld from publication for the present.]

If in the light of conditions which you encounter in Germany you believe that it is not immediately feasible to subject certain persons within these categories to this treatment, you should report your reasons and recommendations to your Government through the Joint Chiefs of Staff. If you believe it desirable, you may postpone the arrest of those whose cases you have reported, pending a decision communicated to you by the J.C.S. In no event shall any differentia-

tion be made between or special consideration be accorded to persons arrested, either as to manner of arrest or conditions of detention, upon the basis of wealth or political, industrial, or other rank or position. In your discretion you may make such exceptions as you deem advisable for intelligence or other military reasons.

9. *Political Activities:*

A. No political activities of any kind shall be countenanced unless authorized by you. You will assure that your military government does not become committed to any political group.

B. You will prohibit the propagation in any form of Nazi militaristic or pan-German doctrines.

C. No German parades, military or political, civilian or sports, shall be permitted by you.

D. To the extent that military interests are not prejudiced and subject to the provisions of the three preceding Sub-paragraphs and of Paragraph 10, freedom of speech, press and religious worship will be permitted. Consistent with military necessity all religious institutions will be respected.

10. *Public Relations and Control of Public Information:*

As a member of the Control Council, you will endeavor to obtain agreement for uniform and co-ordinated policies with respect to (a) control of public information media in Germany, (b) accrediting of foreign correspondents, (c) press censorship, and (d) issuance of official news communiqués dealing with Control Council matters. United States policies in these matters will be sent to you separately and you will be guided by these in your negotiations on the Control Council.

11. *German Courts:*

A. All extraordinary courts, including the Volksgerichtshof (People's Court) and the Sondergerichte (Special Courts), and all courts and tribunals of the Nazi party and of its formations, affiliated associations and supervised organizations will be abolished immediately.

B. All ordinary criminal, civil and administrative courts, except those previously re-established by order of the military government,

will be closed. After the elimination of all Nazi features and personnel you will permit those which are to exercise jurisdiction within the boundaries of your zone to resume operations under such regulations, supervision and control as you may consider appropriate. Courts which are to exercise jurisdiction over territory extending beyond the boundaries of your zone will be reopened only with the express authorization of the Control Council and under its regulation, supervision and control. The power to review and veto decisions of German courts shall be included within the power of supervision and control.

12. Police:

With the exception of the Reichskriminalpolizei (Criminal Police), all elements of the Sicherheitspolizei (Security Police), e.g. Geheimsstaatspolizei (Gestapo), and the Sicherheitsdienst der S.S. will be abolished. Criminal and ordinary police will be purged of Nazi personnel and utilized under the control and supervision of the Military Government.

13. Political Prisoners:

Subject to military security and the interests of the individuals concerned, you will release all persons found within your zone who have been detained or placed in custody on grounds of race, nationality, creed or political opinions and treat them as displaced persons. You should make provision for the review of convictions of alleged criminal offenses about which there may be substantial suspicion of racial, religious or political persecution, and in which sentences of imprisonment have not been fully served by persons imprisoned within your zone.

14. Education:

A. All educational institutions within your zone, except those previously re-established by Allied authority, will be closed. The closure of Nazi educational institutions, such as Adolf Hitler Schulen, Napolas and Ordensburge, and of Nazi organizations within other educational institutions will be permanent.

B. A co-ordinated system of control over German education and an affirmative program of reorientation will be established, designed completely to eliminate Nazi and militaristic doctrines and to encourage the development of democratic ideas.

C. You will permit the reopening of elementary (Volksschulen), middle (Mittelschulen) and vocational (Berufsschulen) schools at the earliest possible date after Nazi personnel has been eliminated. Textbooks and curricula which are not free of Nazi and militaristic doctrine shall not be used. The Control Council should devise programs looking toward the reopening of secondary schools, universities and other institutions of higher learning. After Nazi features and personnel have been eliminated and pending the formation of such programs by the Control Council, you may formulate and put into effect an interim program within your zone and in any case may permit the reopening of such institutions and departments which offer training which you consider immediately essential or useful in the administration of military government and the purposes of the occupation.

D. It is not intended that the military government will intervene in questions concerning denominational control of German schools, or in religious instruction in German schools, except insofar as may be necessary to insure that religious instruction and administration of such schools conform to such Allied regulations as are or may be established pertaining to purging of personnel and curricula.

15. Arts and Archives:

Subject to the provisions of Paragraph 6 above, you will make all reasonable efforts to preserve historical archives, museums, libraries and works of art.

PART II. ECONOMIC

General Objectives and Methods of Control:

16. You will assure that the German economy is administered and controlled in such a way as to accomplish the basic objectives set forth in Paragraphs 4 and 5 of this directive. Economic controls will be imposed only to the extent necessary to accomplish these objectives, provided that you will impose controls to the full extent necessary to achieve the industrial disarmament of Germany. Except as may be necessary to carry out these objectives, you will take no steps (a) looking toward the economic rehabilitation of Germany, or (b) designed to maintain or strengthen the German economy.

17. To the maximum extent possible without jeopardizing the successful execution of measures required to implement the objectives

outlined in Paragraphs 4 and 5 of this directive you will use German authorities and agencies and subject them to such supervision and punishment for non-compliance as is necessary to insure that they carry out their tasks.

For this purpose you will give appropriate authority to any German agencies and administrative services you consider essential; provided, however, that you will at all times adhere strictly to the provisions of this directive regarding denazification and dissolution or elimination of Nazi organizations, institutions, principles, features and practices.

To the extent necessary you will establish administrative machinery, not dependent upon German authorities and agencies, to execute or assure the execution of the provisions of Paragraphs 19, 20, 30, 31, 32, 39 and 40 and any other measures necessary to an accomplishment of your industrial disarmament objectives.

18. In order to decentralize the structure and administration of the German economy to the maximum possible extent, you will:

A. Insure that the action required to maintain or restore essential public utilities and industrial and agricultural activities is taken as far as possible on a local and regional basis;

B. On no account propose or approve in the Control Council the establishment of centralized administration of controls over the German economy except where such centralization of administration is clearly essential to the fulfillment of the objectives listed in Paragraphs 4 and 5 of this directive. Decentralization in administration should not be permitted to interfere with attainment of the largest practicable measure of agreement on economic policies in the Control Council.

19. You will institute or assure the maintenance of such statistical records and reports as may be necessary in carrying out the objectives listed in Paragraphs 4 and 5 of this directive.

20. You will initiate appropriate surveys which may assist you in achieving the objectives of the occupation. In particular you will promptly undertake surveys of supplies, equipment and resources in your zone. You will endeavor to obtain prompt agreement in the Control Council to the making of similar surveys in the other zones of occupation, and you will urge appropriate steps to co-ordinate the methods and results of these and other future surveys conducted in

the various zones. You will keep the Control Council, United States representative on the reparation commission and other appropriate authorities currently apprised of the information obtained by means of intermediate reports or otherwise.

German Standard of Living:

21. You will estimate requirements of supplies necessary to prevent starvation or widespread disease or such civil unrest as would endanger the occupying forces. Such estimates will be based upon a program whereby the Germans are made responsible for providing for themselves, out of their own work and resources. You will take all practicable economic and police measures to assure that German resources are fully utilized and consumption held to the minimum in order that imports may be strictly limited and that surpluses may be made available for the occupying forces and displaced persons and United Nations prisoners of war, and for reparation. You will take no action that would tend to support basic living standards in Germany on a higher level than that existing in any one of the neighboring United Nations and you will take appropriate measures to insure that basic living standards of the German people are not higher than those existing in any one of the neighboring United Nations when such measures will contribute to raising the standards of any such nation.

22. You will urge the Control Council that uniform ration scales be applied throughout Germany, that essential items be distributed equitably among the zones, that net surpluses be made available for export to Allied countries, and that imports be limited to the net deficits of Germany as a whole.

Labor, Health and Social Insurance:

23. You will permit the self-organization of employees along democratic lines, subject to such safeguards as may be necessary to prevent the perpetuation of Nazi or militarist influence under any guise or the continuation of any group hostile to the objectives and operations of the occupying forces.

24. You will permit free collective bargaining between employees and employers regarding wage, hour and working conditions and the establishment of machinery for the settlement of industrial disputes.

Collective bargaining shall be subject to such wage, hour and other controls, if any, as may be instituted or revived by your direction.

25. Subject to the provisions of Paragraph 48 of this directive you are authorized to direct German authorities to maintain or re-establish non-discriminatory systems of social insurance and poor relief.

26. You are authorized to direct the German authorities to maintain or re-establish such health services and facilities as may be available to them.

Agriculture, Industry and Internal Commerce:

27. You will require the Germans to use all means at their disposal to maximize agricultural output and to establish as rapidly as possible effective machinery for the collection and distribution of agricultural output.

28. You will direct the German authorities to utilize large-landed estates and public lands in a manner which will facilitate the accommodation and settlement of Germans and others or increase agricultural output.

29. You will protect from destruction by the Germans, and maintain for such disposition as is determined by this and other directives or by the Control Council, all plants, equipment, patents and other property, and all books and records of large German industrial companies and trade and research associations that have been essential to the German war effort or the German economy. You will pay particular attention to research and experimental establishments of such concerns.

30. In order to disarm Germany, the Control Council should:

A. Prevent the production, acquisition by importation or otherwise, and development of all arms, ammunition and implements of war, as well as all types of aircraft, and all parts, components and ingredients specially designed or produced for incorporation therein;

B. Prevent the production of merchant ships, synthetic rubber and oil, aluminum and magnesium and any other products and equipment on which you will subsequently receive instructions;

C. Seize and safeguard all facilities used in the production of any of the items mentioned in this paragraph and dispose of them as follows:

- (1) Remove all those required for reparation;
- (2) Destroy all those not transferred for reparation if they are especially adapted to the production of the items specified in this paragraph and are not of a type generally used in industries permitted to the Germans (cases of doubt to be resolved in favor of destruction);
- (3) Hold the balance for disposal in accordance with instructions which will be sent to you.

Pending agreement in the Control Council you will take these measures in your own zone. You will not postpone enforcement of the prohibitions contained in Sub-paragraphs A and B and the instructions in Sub-paragraph C without specific approval of your Government through the Joint Chiefs of Staff except that, in your discretion, you may permit the production of synthetic rubber and oil, aluminum and magnesium, to the minimum extent necessary to meet the purposes stated in Paragraphs 4 and 5 of the directive pending action by the Joint Chiefs of Staff upon such recommendation for postponement as you may make.

31. As an additional measure of disarmament, the Control Council should

A. Prohibit initially all research activities and close all laboratories, research institutions and similar technical organizations except those considered necessary to the protection of public health;

B. Abolish all those laboratories and related institutions whose work has been connected with the building of the German war machine, safeguard initially such laboratories and detain such personnel as are of interest to your technological investigations, and thereafter remove or destroy their equipment;

C. Permit the resumption of scientific research in specific cases, only after careful investigation has established that the contemplated research will in no way contribute to Germany's future war potential and only under appropriate regulations which (1) define the specific types of research permitted, (2) exclude from further research activity any persons who previously held key positions in German war research, (3) provide for frequent inspection, (4) require free disclosure of the results of the research and (5) impose severe penalties, including permanent closing of the offending institution, whenever the regulations are violated.

Pending agreement in the Control Council you will adopt such measures in your own zone.

32. Pending final Allied agreements on reparation and on control or elimination of German industries that can be utilized for war production, the Control Council should

A. Prohibit and prevent production of iron and steel, chemicals, non-ferrous metals (excluding aluminum and magnesium), machine tools, radio and electrical equipment, automotive vehicles, heavy machinery and important parts thereof, except for the purposes stated in Paragraphs 4 and 5 of this directive;

B. Prohibit and prevent rehabilitation of plant and equipment in such industries except for the purposes stated in Paragraphs 4 and 5 of this directive; and

C. Safeguard plant and equipment in such industries for transfer on reparation account.

Pending agreement in the Control Council, you will put such measures into effect in your own zone as soon as you have had an opportunity to review and determine production necessary for the purposes stated in Paragraphs 4 and 5 of this directive.

33. The Control Council should adopt a policy permitting the conversion of facilities other than those mentioned in Paragraphs 30 and 32 to the production of light consumer goods, provided that such conversion does not prejudice the subsequent removal of plant and equipment on reparation account and does not require any imports beyond those necessary for the purposes specified in Paragraphs 4 and 5 of this directive. Pending agreement in the Control Council, you may permit such conversion in your zone.

34. Subject to the provisions of Paragraphs 30 and 32, the Control Council should assure that all feasible measures are taken to facilitate, to the minimum extent necessary for the purposes outlined in Paragraphs 4 and 5 of this directive:

A. Repairs to and restoration of essential transportation services and public utilities;

B. Emergency repair and construction of the minimum shelter required for the civilian population;

C. Production of coal and any other goods and services (excluding goods specified in Paragraphs 30 and 32, unless measures to facilitate production are specifically approved by this Government through the

Joint Chiefs of Staff) required for the purposes outlined in Paragraphs 4 and 5 of this directive.

You will assure that such measures are taken in your own zone pending agreement in the Control Council.

35. In your capacity as zone commander and as member of the Control Council you will take steps to provide for the equitable interzonal distribution and the movement of goods and services essential to the purposes set forth in Paragraphs 4 and 5 of this directive.

36. You will prohibit all cartels or other private business arrangements and cartel-like organizations, including those of a public or quasi-public character, such as the Wirtschaftsgruppen, providing for the regulation of marketing conditions, including production, prices, exclusive exchange of technical information and processes, and allocation of sales territories. Such necessary public functions as have been discharged by these organizations shall be absorbed as rapidly as possible by approved public agencies.

Industry to Be Dispersed:

37. It is the policy of your Government to effect a dispersion of the ownership and control of German industry. To assist in carrying out this policy you will make a survey of combines and pools, mergers, holding companies, and interlocking directorates and communicate the results, together with recommendations, to your Government through the Joint Chiefs of Staff. You will endeavor to obtain agreement in the Control Council to the making of this survey in the other zones of occupation and you will urge the co-ordination of the methods and results of this survey in the various zones.

38. With due regard to Paragraph 4A, the Control Council should adopt such policies as are clearly necessary to prevent or restrain inflation of a character or dimension which would definitely endanger accomplishment of the objectives of the occupation. The Control Council, in particular, should direct and empower German authorities to maintain or establish controls over prices and wages and to take the fiscal and financial measures necessary to this end. Pending agreement in the Control Council you will assure that such measures as you consider necessary are taken in your own zone. Prevention or restraint of inflation shall not constitute an additional

ground for the importation of supplies, nor shall it constitute an additional ground for limiting removal, destruction or curtailment of productive facilities in fulfillment of the program for reparation, demilitarization and industrial disarmament.

Power, Transportation and Communications:

39. Both as member of the Control Council and zone commander you will take appropriate steps to ensure that

A. Power, transportation and communications facilities are directed in such a way as to carry out the objectives outlined in Paragraphs 4 and 5 of this directive;

B. Germans are prohibited and prevented from producing, maintaining or operating all types of aircraft.

You will determine the degree to which centralized control and administration of power, transportation and communications is clearly necessary for the objectives stated in Paragraphs 4 and 5 and urge the establishment of this degree of centralized control and administration by the Control Council.

Foreign Trade and Reparations:

40. The Control Council should establish centralized control over all trade in goods and services with foreign countries. Pending agreement in the Control Council you will impose appropriate controls in your own zone.

41. Both as member of the Control Council and as zone commander you will take appropriate steps to ensure that

A. The foreign trade controls are designed to carry out the objectives stated in Paragraphs 4 and 5 of this directive;

B. Imports which are permitted and furnished to Germany are confined to those unavoidably necessary to the objectives stated in Paragraphs 4 and 5;

C. Exports to countries other than the United Nations are prohibited unless specifically authorized by the Allied Governments.

42. Both as member of the Control Council and as zone commander you will adopt a policy which would forbid German firms to participate in international cartels or other restrictive contracts and arrangements and order the prompt termination of all existing German participations in such cartels, contracts and arrangements.

43. You will carry out in your zone such programs of reparation and restitution as are embodied in Allied agreements and you will seek agreement in the Control Council on any policies and measures which it may be necessary to apply throughout Germany in order to ensure the execution of such programs.

PART III. FINANCIAL

44. You will make full application in the financial field of the principles stated elsewhere in this directive and you will endeavor to have the Control Council adopt uniform financial policies necessary to carry out the purposes stated in Paragraphs 4 and 5 of this directive. You will take no steps designed to maintain, strengthen or operate the German financial structure except insofar as may be necessary for the purposes specified in this directive.

45. The Control Council should regulate and control to the extent required for the purposes set forth in Paragraphs 4 and 5 the issue and volume of currency and the extension of credit in Germany and in accordance with the following principles:

A. United States and other Allied forces will use Allied military marks and Reichsmark currency or coins in their possession. Allied military marks and Reichsmark currency and coin now in circulation in Germany will be legal tender without distinction and will be interchangeable at the rate of 1 Allied military mark for 1 Reichsmark. Reichskreditkassenscheine and other German military currency will not be legal tender in Germany.

B. The Reichsbank, the Rentenbank or any other bank or agency may be permitted or required to issue bank notes and currency which will be legal tender; without such authorization no German governmental or private bank or agency will be permitted to issue bank notes or currency.

C. The German authorities may be required to make available Reichsmark currency or credits free of cost and in amounts sufficient to meet all the expenses of the forces of occupation, including the cost of Allied Military Government and including to the extent that compensation is made therefor, the cost of such private property as may be requisitioned, seized, or otherwise acquired, by Allied authorities for reparations or restitution purposes.

Pending agreement in the Control Council you will follow these policies in your own zone.

You will receive separate instructions relative to the currency which you will use in the event that for any reason adequate supplies of Allied military marks and Reichsmarks are not available, or if the use of such currency is found undesirable.

You will not announce or establish in your zone, until receipt of further instructions, any general rate of exchange between the Reichsmark on the one hand and the U. S. dollar and other currencies on the other. However, a rate of exchange to be used exclusively for pay of troops and military accounting purposes in your zone will be communicated separately to you.

46. Subject to any agreed policies of the Control Council, you are authorized to take the following steps and to put into effect such further financial measures as you may deem necessary to accomplish the purposes of your occupation.

A. To prohibit or to prescribe regulations regarding transfer or other dealings in private or public securities or real estate or other property.

B. To close banks, but only for a period long enough for you to introduce satisfactory control, to remove Nazi and other undesirable personnel and to issue instructions for the determination of accounts to be blocked under Sub-paragraph 48E below.

C. To close Stock Exchanges, insurance companies and similar financial institutions for such periods as you deem appropriate.

D. To establish a general or limited moratorium or moratoria only to the extent clearly necessary to carry out the objectives stated in Paragraphs 4 and 5 of this directive.

47. Resumption of partial or complete service on the internal public debt at the earliest feasible date is deemed desirable. The Control Council should decide the time and manner of such resumption.

48. Subject to any agreed policies of the Control Council,

A. You will prohibit:

(1) The payment of all military pensions, or emoluments or benefits, except compensation for physical disability limiting the recipient's ability to work, at rates which are no higher than the

lowest of those for comparable physical disability arising from non-military causes.

(2) The payment of all public or private pensions or other emoluments or benefits granted or conferred:

(a) By reason of membership in or services to the former Nazi party, its formations, affiliated associations or supervised organizations.

(b) To any person who has been removed from an office or position in accordance with Paragraph 6, and

(c) To any person arrested and detained in accordance with Paragraph 8 during the term of his arrest, or permanently, in case of his subsequent conviction.

B. You will take such action as may be necessary to insure that all laws and practices relating to taxation or other fields of finance, which discriminate for or against any persons because of race, nationality, creed or political opinion, will be amended, suspended or abrogated to the extent necessary to eliminate such discrimination.

C. You will hold the German authorities responsible for taking such measures in the field of taxation and other fields of public finance, including restoration of the tax system and maintenance of tax revenues, as will further the accomplishment of the objectives stated in Paragraphs 4 and 5.

D. You will exercise general supervision over German public expenditures in order to insure that they are consistent with the objectives stated in Paragraphs 4 and 5.

E. You will impound or block all gold, silver, currencies, securities, accounts in financial institutions, credits, valuable papers and all other assets falling within the following categories:

1. Property owned or controlled directly or indirectly, in whole or in part, by any of the following:

(a) The German Reich, or any of the Laender, Gaue or provinces, any Kreis, municipality or other similar local subdivision; or any agency or instrumentality of any of them, including all utilities, undertakings, public corporations or monopolies under the control of any of the above;

(b) Governments, nationals or residents of other nations, including those of territories occupied by them, at war with any of the United Nations at any time since 1 September, 1939;

(c) The Nazi party, its formations, affiliated associations and supervised organizations, its officials, leading members and supporters;

(d) All organizations, clubs or other associations prohibited or dissolved by Military Government;

(e) Absentee owners of non-German nationality including United Nations and neutral governments and Germans outside Germany;

(f) Any institution dedicated to public worship, charity, education or the arts and sciences which has been used by the Nazi party to further its interests or to cloak its activities;

(g) Persons subject to arrest under provisions of Paragraph 8, and all other persons specified by Military Government by inclusion in lists or otherwise.

2. Property which has been the subject of transfer under duress or wrongful acts of confiscation, disposition or spoliation, whether pursuant to legislation or by procedure purporting to follow forms of law or otherwise.

3. Works of art or cultural material of value or importance, regardless of the ownership thereof.

You will take such action as will insure that any impounded or blocked assets will be dealt with only as permitted under licenses or other instructions which you may issue. In the case particularly of property blocked under 1(a) above, you will proceed to adopt licensing measures which, while maintaining such property under surveillance, would permit its use in consonance with this directive. In the case of property blocked under 2 above, you will institute measures for prompt restitution, in conformity with the objectives stated in Paragraphs 4 and 5 and subject to appropriate safeguards to prevent the cloaking of Nazi and militaristic influences.

Foreign Exchange Control:

49. All foreign-exchange transactions, including those arising out of exports and imports, shall be controlled with the aim of preventing Germany from developing a war potential and of achieving the other objectives set forth in this directive. To effectuate these purposes the Control Council should:

A. Seek out and reduce to the possession and control of a special agency all German (public and private) foreign exchange and exter-

nal assets of every kind and description located within or outside Germany.

B. Prohibit, except as authorized by regulation or license, all dealings in gold, silver, foreign exchange. Make available any foreign exchange proceeds of exports for payment of imports directly necessary to the accomplishment of the objectives stated in Paragraphs 4 and 5 of this directive, and authorize no other outlay of foreign exchange assets except for purposes approved by the Control Council or other appropriate authority.

C. Establish effective controls with respect to all foreign-exchange transactions, including:

(1) Transactions as to property between persons inside Germany and persons outside Germany;

(2) Transactions involving obligations owed by or to become due from any person in Germany to any person outside Germany; and

(3) Transactions involving the importation into or exportation from Germany of any foreign-exchange asset or other form of property.

Pending agreement in the Control Council, you will take in your zone the action indicated in Sub-paragraphs A, B and C above. Accordingly, you will in your zone reduce to the possession and control of a special agency established by you, within your command, all German foreign-exchange and external assets as provided in Sub-paragraph A. You will endeavor to have similar agencies for the same purpose established in the other zones of occupation and to have them merged as soon as practicable in one agency for the entire occupied territory. In addition, you will provide full reports to your Government with respect to all German foreign-exchange and external assets.

50. No extension of credit to Germany or Germans by any foreign person or Government shall be permitted except that the Control Council may in special emergencies grant permission for such extensions of credit.

51. It is not anticipated that you will make credits available to the Reichsbank or any other bank or to any public or private institution. If, in your opinion, such action becomes essential, you may

take such emergency action as you may deem proper, but in any event, you will report the facts to the Control Council.

52. You will maintain such accounts and records as may be necessary to reflect the financial operations of the Military Government in your zone and you will provide the Control Council with such information as it may require, including information in connection with the use of currency by your forces, any governmental settlements, occupation costs and other expenditures arising out of operations or activities involving participation of your forces.

V

THE YALTA DECLARATION

On February 12, 1945, President Roosevelt, Prime Minister Churchill and Generalissimo Stalin issued a communiqué summarizing the results of the Conference just held at Yalta in the Crimea. The communiqué began as follows:

We have considered and determined the military plans for the final defeat of the common enemy. . . . Nazi Germany is doomed. The German people will only make the cost of their defeat heavier to themselves by attempting to continue a hopeless resistance.

Then, under the heading, "Occupation and Control of Germany," the communiqué continued:

We have agreed on common policies and plans for enforcing the unconditional surrender terms which we shall impose together on Nazi Germany after German armed resistance has been finally crushed. These terms will not be made known until the defeat of Germany has been accomplished.

Under the agreed plan the forces of the three powers will each occupy a separate zone of Germany. Co-ordinated administration and control have been provided for under the plan through a control commission consisting of the Supreme Commanders of the three powers, with headquarters in Berlin.

It has been agreed that France shall be invited by the three powers, if she should so desire, to take over a zone of occupation and to participate as a fourth member of the control commission. The limits of the French zone will be agreed by the four Governments concerned through their representatives on the European Advisory Council.

It is our inflexible purpose to destroy German militarism and

Nazism and to insure that Germany will never again be able to disturb the peace of the world. We are determined to disarm and disband all German armed forces; break up for all time the German General Staff that has repeatedly contrived the resurgence of German militarism; remove or destroy all German military equipment; eliminate *or control* [author's italics] all German industry that could be used for military production; bring all war criminals to just and swift punishment and exact reparations in kind for the destruction wrought by the Germans; wipe out the Nazi party, Nazi laws, organizations and institutions; remove all Nazi and militarist influences from public office and from the cultural and economic life of the German people; and take in harmony such other measures in Germany as may be necessary to the future peace and safety of the world.

It is not our purpose to destroy the people of Germany, but only when Nazism and militarism have been extirpated will there be hope for a decent life for the Germans and a place for them in the community of nations.

The statement went on to announce the creation of a reparation commission, to call the San Francisco Conference and to make various declarations of policy with regard to Poland, Yugoslavia, and the countries to be liberated.

The Big Three did not announce the boundaries of the proposed zones of occupation; they said nothing about partition; but they did indicate an amputation of German territory in the East by fixing the Russo-Polish frontier approximately along the Curzon Line and promising that Poland should be compensated by "substantial accessions of territory in the North and West."

VI

THE POTSDAM AGREEMENT

(As published Aug. 2, 1945)

I. REPORT ON THE TRIPARTITE CONFERENCE OF BERLIN

On July 17, 1945, the President of the United States of America, Harry S. Truman; the Chairman of the Council of People's Commissars of the Union of Soviet Socialist Republics, Generalissimo J. V. Stalin, and the Prime Minister of Great Britain, Winston S. Churchill, together with Mr. Clement R. Attlee, met in the Tripartite Conference of Berlin. They were accompanied by the Foreign Secretaries of the three Governments, Mr. James F. Byrnes, Mr. V. M. Molotov, and Mr. Anthony Eden, the Chiefs of Staff, and other advisors.

There were nine meetings between July 17 and July 25. The Conference was then interrupted for two days while the results of the British general election were being declared.

On July 28, Mr. Attlee returned to the Conference as Prime Minister, accompanied by the new Secretary of State for Foreign Affairs, Mr. Ernest Bevin. Four days of further discussion then took place. During the course of the Conference there were regular meetings of the heads of the three Governments accompanied by the Foreign Secretaries for preliminary consideration of questions before the Conference also met daily.

The meetings of the Conference were held at Cecilienhof, near Potsdam. The Conference ended on August 2, 1945.

Important decisions and agreements were reached. Views were exchanged on a number of other questions and consideration of these matters will be continued by the Council of Foreign Ministers established by the Conference.

President Truman, Generalissimo Stalin and Prime Minister Attlee leave this Conference, which has strengthened the ties between the

three Governments and extended the scope of their collaboration and understanding, with renewed confidence that their Governments and peoples, together with the other United Nations, will insure the creation of a just and enduring peace.

II. ESTABLISHMENT OF A COUNCIL OF FOREIGN MINISTERS

The Conference reached an agreement for the establishment of a Council of Foreign Ministers representing the five principal powers to continue the necessary preparatory work for the peace settlements and to take up other matters which from time to time may be referred to the Council by agreement of the Governments participating in the Council.

The text of the agreement for the establishment of the Council of Foreign Ministers is as follows:

1. There shall be established a Council composed of the Foreign Ministers of the United Kingdom, the Union of the Soviet Socialist Republics, China, France and the United States.

2. (i) The Council shall normally meet in London, which shall be the permanent seat of the Joint Secretariat which the Council will form. Each of the Foreign Ministers will be accompanied by a high-ranking deputy, duly authorized to carry on the work of the Council in the absence of his Foreign Minister, and by a small staff of technical advisors.

(ii) The first meeting of the Council shall be held in London not later than September 1, 1945. Meetings may be held by common agreement in other capitals as may be agreed from time to time.

3. (i) As its immediate important task the Council shall be authorized to draw up, with a view to their submission to the United Nations, treaties of peace with Italy, Rumania, Bulgaria, Hungary and Finland, and to propose settlements of territorial questions outstanding on the termination of the war in Europe. The Council shall be utilized for the preparation of a peace settlement for Germany to be accepted by the government of Germany when a government adequate for the purpose is established.

(ii) For the discharge of each of these tasks the Council will be composed of the members representing those states which were signatory to the terms of surrender imposed upon the enemy state con-

cerned. For the purpose of the peace settlement for Italy, France shall be regarded as a signatory to the terms of surrender for Italy. Other members will be invited to participate when matters directly concerning them are under discussion.

(iii) Other matters may from time to time be referred to the Council by agreement between the member Governments.

4. (i) Whenever the Council is considering a question of direct interest to a State not represented thereon, such State should be invited to send representatives to participate in the discussion and study of that question.

(ii) The Council may adapt its procedure to the particular problem under consideration. In some cases it may hold its own preliminary discussions prior to the participation of other interested States. In other cases, the Council may convoke a formal conference of the State chiefly interested in seeking a solution of the particular problem.

In accordance with the decision of the Conference the three Governments have each addressed an identical invitation to the Governments of China and France to adopt this text and to join in establishing the Council.

The establishment of the Council of Foreign Ministers for the specific purposes named in the text will be without prejudice to the agreement of the Crimea Conference that there should be periodic consultation among the Foreign Secretaries of the United States, the Union of Soviet Socialist Republics and the United Kingdom.

The Conference also considered the position of the European Advisory Commission in the light of the agreement to establish the Council of Foreign Ministers. It was noted with satisfaction that the Commission had ably discharged its principal task by the recommendations that it had furnished for the terms of Germany's unconditional surrender, for the zones of occupation in Germany and Austria, and for the inter-Allied control machinery in those countries. It was felt that further work of a detailed character for the co-ordination of Allied policy for the control of Germany and Austria would in future fall within the competence of the Allied Control Council at Berlin and the Allied Commission at Vienna. Accordingly, it was agreed to recommend that the European Advisory Commission be dissolved.

III. GERMANY

The Allied armies are in occupation of the whole of Germany and the German people have begun to atone for the terrible crimes committed under the leadership of those whom in the hour of their success, they openly approved and blindly obeyed.

Agreement has been reached at this Conference on the political and economic principles of a co-ordinated Allied policy toward defeated Germany during the period of Allied control.

The purpose of this agreement is to carry out the Crimea Declaration on Germany. German militarism and Nazism will be extirpated and the Allies will take in agreement together, now and in the future, the other measures necessary to assure that Germany never again will threaten her neighbors or the peace of the world.

It is not the intention of the Allies to destroy or enslave the German people. It is the intention of the Allies that the German people be given the opportunity to prepare for the eventual reconstruction of their life on a democratic and peaceful basis. If their own efforts are steadily directed to this end, it will be possible for them in due course to take their place among the free and peaceful peoples of the world.

The text of the agreement is as follows:

The political and economic principles to govern the treatment of Germany in the initial control period.

A. Political Principles:

1. In accordance with the agreement on control machinery in Germany, supreme authority in Germany is exercised on instructions from their respective Governments, by the Commander in Chief of the Armed Forces of the United States of America, the United Kingdom, the Union of Soviet Socialist Republics, and the French Republic, each in his own zone of occupation, and also jointly, in matters affecting Germany as a whole, in their capacity as members of the Control Council.

2. So far as is practicable, there shall be uniformity of treatment of the German population throughout Germany.

3. The purposes of the occupation of Germany by which the Control Council shall be guided are:

(i) The complete disarmament and demilitarization of Germany and the elimination or control of all German industry that could be used for military production. To these ends:

(a) All German land, naval and air forces, the S.S., S.A., S.D., and Gestapo, with all their organizations, staffs and institutions, including the general staff, the officers' corps, reserve corps, military schools, war veterans' organizations and all other military and quasi-military organizations, together with all clubs and associations which serve to keep alive the military tradition in Germany, shall be completely and finally abolished in such manner as permanently to prevent the revival or reorganization of German militarism and Nazism.

(b) All arms, ammunition and implements of war and all specialized facilities for their production shall be held at the disposal of the Allies or destroyed. The maintenance and production of all aircraft and all arms, ammunition and implements of war shall be prevented.

(ii) To convince the German people that they have suffered a total military defeat and that they cannot escape responsibility for what they have brought upon themselves, since their own ruthless warfare and the fanatical Nazi resistance have destroyed German economy and made chaos and suffering inevitable.

(iii) To destroy the National Socialist party and its affiliated and supervised organizations, to dissolve all Nazi institutions, to insure that they are not revived in any form, and to prevent all Nazi and militarist activity or propaganda.

(iv) To prepare for the eventual reconstruction of German political life on a democratic basis and for eventual peaceful co-operation in international life by Germany.

4. All Nazi laws which provided the basis of the Hitler régime or established discrimination on grounds of race, creed, or political opinion shall be abolished. No such discriminations whether legal, administrative or otherwise, shall be tolerated.

5. War criminals and those who have participated in planning or carrying out Nazi enterprises involving or resulting in atrocities or war crimes shall be arrested and brought to judgment. Nazi leaders, influential Nazi supporters and high officials of Nazi organizations and institutions and any other persons dangerous to the occupation or its objectives shall be arrested and interned.

6. All members of the Nazi party who have been more than nominal participants in its activities and all other persons hostile to Allied purposes shall be removed from public and semi-public office and from positions of responsibility in important private undertakings. Such persons shall be replaced by persons who, by their political and moral qualities, are deemed capable of assisting in developing genuine democratic institutions in Germany.

7. German education shall be so controlled as completely to eliminate Nazi and militarist doctrines and to make possible the successful development of democratic ideas.

8. The judicial system will be reorganized in accordance with the principles of democracy, of justice under law, and of equal rights for all citizens without distinction of race, nationality or religion.

9. The administration of affairs in Germany should be directed toward the decentralization of the political structure and the development of local responsibility. To this end:

(i) Local self-government shall be restored throughout Germany on democratic principles and in particular through elective councils as rapidly as is consistent with military security and the purposes of military occupation;

(ii) All democratic political parties with rights of assembly and of public discussions shall be allowed and encouraged throughout Germany;

(iii) Representatives and elective principles shall be introduced into regional, provincial and state (Land) administration as rapidly as may be justified by the successful application of these principles in local self-government;

(iv) For the time being no central German Government shall be established. Notwithstanding this, however, certain essential central German administrative departments, headed by state secretaries, shall be established, particularly in the fields of finance, transport, communications, foreign trade and industry. Such departments will act under the direction of the Control Council.

10. Subject to the necessity for maintaining military security, freedom of speech, press and religion shall be permitted, and religious institutions shall be respected. Subject likewise to the maintenance of military security, the formation of free trade unions shall be permitted.

B. Economic Principles

11. In order to eliminate Germany's war potential, the production of arms, ammunition and implements of war as well as all types of aircraft and sea-going ships shall be prohibited and prevented. Production of metals, chemicals, machinery and other items that are directly necessary to a war economy shall be rigidly controlled and restricted to Germany's approved postwar peacetime needs to meet the objectives stated in Paragraph 15. Productive capacity not needed for permitted production shall be removed in accordance with the reparations plan recommended by the Allied Commission on reparations and approved by the Governments concerned, or if not removed shall be destroyed.

12. At the earliest practicable date the German economy shall be decentralized for the purpose of eliminating the present excessive concentration of economic power as exemplified in particular by cartels, syndicates, trusts and other monopolistic arrangements.

13. In organizing the German economy, primary emphasis shall be given to the development of agriculture and peaceful domestic industries.

14. During the period of occupation Germany shall be treated as a single economic unit. To this end common policies shall be established in regard to:

- (a) Mining and industrial production and allocations;
- (b) Agriculture, forestry and fishing;
- (c) Wages, prices and rationing;
- (d) Import and export program for Germany as a whole;
- (e) Currency and banking, central taxation and customs;
- (f) Reparation and removal of industrial war potential;
- (g) Transportation and communications.

In applying these policies account shall be taken, where appropriate, of varying local conditions.

15. Allied controls shall be imposed upon the German economy, but only to the extent necessary;

(a) To carry out programs of industrial disarmament and demilitarization, of reparations, and of approved exports and imports.

(b) To assure the production and maintenance of goods and services required to meet the needs of the occupying forces and dis-

placed persons in Germany, and essential to maintain in Germany average living standards not exceeding the average of the standards of living of European countries. (European countries, excluding the United Kingdom and the Union of Soviet Socialist Republics.)

(c) To insure in the manner determined by the Control Council the equitable distribution of essential commodities between the several zones so as to produce a balanced economy throughout Germany and reduce the need for imports.

(d) To control German industry and all economic and financial international transactions, including exports and imports, with the aim of preventing Germany from developing a war potential and of achieving the other objectives named herein.

(e) To control all German public or private scientific bodies, research and experimental institutions, laboratories, etc., connected with economic activities.

16. In the imposition and maintenance of economic controls established by the Control Council, German administrative machinery shall be created and the German authorities shall be required to the fullest extent practicable to proclaim and assume administration of such controls. Thus it should be brought home to the German people that the responsibility for the administration of such controls and any breakdown in these controls will rest with themselves. Any German controls which may run counter to the objectives of occupation will be prohibited.

17. Measures shall be promptly taken:

- (a) To effect essential repair of transport;
- (b) To enlarge coal production;
- (c) To maximize agriculture output; and
- (d) To effect emergency repair of housing and essential utilities.

18. Appropriate steps shall be taken by the Control Council to exercise control and the power of disposition over German-owned external assets not already under the control of United Nations which have taken part in the war against Germany.

19. Payment of reparations should leave enough resources to enable the German people to subsist without external assistance. In working out the economic balance of Germany the necessary means must be provided to pay for imports approved by the Control Council in Germany. The proceeds of exports from current production and

stocks shall be available in the first place for payment of such imports.

The above clause will not apply to the equipment and products referred to in Paragraphs 4(A) and 4(B) of the reparations agreement.

IV. REPARATIONS FROM GERMANY

In accordance with the Crimea decision that Germany be compelled to compensate to the greatest possible 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:

1. Reparation claims of the U.S.S.R. shall be met by removals from the zone of Germany occupied by the U.S.S.R. and from appropriate German external assets.

2. The U.S.S.R. undertakes to settle the reparation claims of Poland from its own share of reparations.

3. The reparation claims of the United States, the United Kingdom and other countries entitled to reparations shall be met from the western zones and from appropriate German external assets.

4. In addition to the reparations to be taken by the U.S.S.R. from its own zone of occupation, the U.S.S.R. shall receive additionally from the western zones:

(a) Fifteen per cent of such usable and complete industrial capital equipment, in the first place from the metallurgical, chemical and machine manufacturing industries, as is unnecessary for the German peace economy and should be removed from the western zones of Germany, in exchange for an equivalent value of food, coal, potash, zinc, timber, clay products, petroleum products and such other commodities as may be agreed upon.

(b) Ten per cent of such industrial capital equipment as is unnecessary for the German peace economy and should be removed from the western zones, to be transferred to the Soviet Government on reparations account without payment or exchange of any kind in return.

Removals of equipment as provided in (a) and (b) above shall be made simultaneously.

5. The amount of equipment to be removed from the western zones on account of reparations must be determined within six months from now at the latest.

6. Removals of industrial capital equipment shall begin as soon as possible and shall be completed within two years from the determination specified in Paragraph 5. The delivery of products covered by 4(a) above shall begin as soon as possible and shall be made by the U.S.S.R. in agreed installments within five years of the date hereof. The determination of the amount and character of the industrial capital equipment unnecessary for the German peace economy and therefore available for reparations shall be made by the Control Council under policies fixed by the Allied Commission on Reparations, with the participation of France, subject to the final approval of the zone commander in the zone from which the equipment is to be removed.

7. Prior to the fixing of the total amount of equipment subject to removal, advance deliveries shall be made in respect of such equipment as will be determined to be eligible for delivery in accordance with the procedure set forth in the last sentence of Paragraph 6.

8. The Soviet Government renounces all claims in respect of reparations to shares of German enterprises which are located in the western zones of occupation in Germany, as well as to German foreign assets in all countries, except those specified in Paragraph 9 below.

9. The Governments of the United Kingdom and the United States of America renounce their claims in respect of reparations to shares of German enterprises which are located in the eastern zone of occupation in Germany, as well as to German foreign assets in Bulgaria, Finland, Hungary, Rumania and eastern Austria.

10. The Soviet Government makes no claims to gold captured by the Allied troops in Germany.

V. DISPOSAL OF THE GERMAN NAVY AND MERCHANT MARINE

The Conference agreed in principle upon arrangements for the use and disposal of the surrendered German Fleet and merchant ships. It was decided that the three Governments would appoint experts to work out together detailed plans to give effect to the agreed principles. A further joint statement will be published simultaneously by the three Governments in due course.

VI. CITY OF KOENIGSBERG AND THE ADJACENT AREA

The Conference examined a proposal by the Soviet Government that pending the final determination of territorial questions at the peace settlement the section of the western frontier of the Union of Soviet Socialist Republics which is adjacent to the Baltic Sea should pass from a point on the eastern shore of the Bay of Danzig to the east, north of Braunsberg and Goldap, to the meeting point of the frontiers of Lithuania, the Polish Republic and East Prussia.

The Conference has agreed in principle to the proposal of the Soviet Government concerning the ultimate transfer to the Soviet Union of the city of Koenigsberg and the area adjacent to it as described above, subject to expert examination of the actual frontier.

The President of the United States and the British Prime Minister have declared that they will support the proposal of the Conference at the forthcoming peace settlement.

VII. WAR CRIMINALS

The three Governments have taken note of the discussions which have been proceeding in recent weeks in London between British, United States, Soviet and French representatives with a view to reaching agreement on the methods of trial of those major war criminals whose crimes under the Moscow Declaration of October, 1943, have no particular geographical localization.

The three Governments reaffirm their intention to bring those criminals to swift and sure justice. They hope that the negotiations in London will result in speedy agreement being reached for this purpose, and they regard it as a matter of great importance that the trial of those major criminals should begin at the earliest possible date. The first list of defendants will be published before Sept. 1.

VIII. AUSTRIA

The Conference examined a proposal by the Soviet Government on the extension of the authority of the Austrian Provisional Government to all of Austria.

The three Governments agreed that they were prepared to exam-

ine this question after the entry of the British and American forces into the city of Vienna.

IX. POLAND

The Conference considered questions relating to the Polish Provisional Government and the western boundary of Poland.

On the Polish Provisional Government of National Unity they defined their attitude in the following statement:

A—We have taken note with pleasure of the agreement reached among representative Poles from Poland and abroad which has made possible the formation, in accordance with the decisions reached at the Crimea Conference, of a Polish Provisional Government of National Unity recognized by the three Powers. The establishment by the British and United States Governments of diplomatic relations with the Polish Provisional Government has resulted in the withdrawal of their recognition from the former Polish Government of London, which no longer exists.

The British and United States Governments have taken measures to protect the interest of the Polish Provisional Government, as the recognized Government of the Polish State, in the property belonging to the Polish State located in their territories and under their control, whatever the form of this property may be. They have further taken measures to prevent alienation to third parties of such property. All proper facilities will be given to the Polish Provisional Government for the exercise of the ordinary legal remedies for the recovery of any property belonging to the Polish State which may have been wrongfully alienated.

The three Powers are anxious to assist the Polish Provisional Government in facilitating the return to Poland as soon as practicable of all Poles abroad who wish to go, including members of the Polish armed forces and the merchant marine. They expect that those Poles who return home shall be accorded personal and property rights on the same basis as all Polish citizens.

The three Powers note that the Polish Provisional Government, in accordance with the decisions of the Crimea Conference, has agreed to the holding of free and unfettered elections as soon as

possible on the basis of universal suffrage and secret ballot in which all democratic and anti-Nazi parties shall have the right to take part and to put forward candidates, and that representatives of the Allied press shall enjoy full freedom to report to the world upon developments in Poland before and during the elections.

B—The following agreement was reached on the western frontier of Poland:

In conformity with the agreement on Poland reached at the Crimea Conference the three heads of Government have sought the opinion of the Polish Provisional Government of National Unity in regard to the accession of territory in the north and west which Poland should receive. The president of the National Council of Poland and members of the Polish Provisional Government of National Unity have been received at the Conference and have fully presented their opinion that the final delimitation of the western frontier of Poland should await the peace settlement.

The three heads of Government agree that, pending the final determination of Poland's western frontier, the former German territories east of a line running from the Baltic Sea immediately west of Swinemuende, and thence along the Oder River to the confluence of the western Neisse River and along the western Neisse to the Czechoslovak frontier, including that portion of East Prussia not placed under the administration of the Union of Soviet Socialist Republics in accordance with the understanding reached at this conference and including the area of the former free city of Danzig, shall be under the administration of the Polish State and for such purposes should not be considered as part of the Soviet zone of occupation in Germany.

X. CONCLUSION OF PEACE TREATIES AND ADMISSION TO THE UNITED NATIONS ORGANIZATION

The Conference agreed upon the following statement of common policy for establishing, as soon as possible, the conditions of lasting peace after victory in Europe:

The three Governments consider it desirable that the present

anomalous position of Italy, Bulgaria, Finland, Hungary and Rumania should be terminated by the conclusion of peace treaties. They trust that the other interested Allied Governments will share these views.

For their part, the three Governments have included the preparation of a peace treaty for Italy as the first among the immediate important tasks to be undertaken by the new Council of Foreign Ministers. Italy was the first of the Axis powers to break with Germany, to whose defeat she has made a material contribution, and has now joined with the Allies in the struggle against Japan.

Italy has freed herself from the Fascist régime and is making good progress toward the re-establishment of a democratic government and institutions. The conclusions of such a peace treaty with a recognized and democratic Italian Government will make it possible for the three Governments to fulfill their desire to support an application from Italy for membership of the United Nations.

The three Governments have also charged the Council of Foreign Ministers with the task of preparing peace treaties for Bulgaria, Finland, Hungary and Rumania.

The conclusion of peace treaties with recognized democratic governments in these States will also enable the three Governments to support applications from them for membership of the United Nations. The three Governments agree to examine, each separately in the near future, in the light of the conditions then prevailing, the establishment of diplomatic relations with Finland, Rumania, Bulgaria and Hungary to the extent possible prior to the conclusion of peace treaties with those countries.

The three Governments have no doubt that in view of the changed conditions resulting from the termination of the war in Europe, representatives of the Allied press will enjoy full freedom to report to the world upon developments in Rumania, Bulgaria, Hungary and Finland.

As regards the admission of other States into the United Nations organization, Article 4 of the Charter of the United Nations declared that:

"1. Membership in the United Nations is open to all other peace-

loving States who accept the obligations contained in the present Charter and, in the judgment of the organization, are able and willing to carry out these obligations;

"2. The admission of any such State to membership in the United Nations will be effected by a decision of the General Assembly upon the recommendation of the Security Council."

The three Governments, so far as they are concerned, will support applications for membership from those States which have remained neutral during the war and which fulfill the qualifications set out above.

The three Governments feel bound, however, to make it clear that they for their part would not favor any application for membership put forward by the present Spanish Government, which, having been founded with the support of the Axis Powers, does not, in view of its origins, its nature, its record and its close association with the aggressor States, possess the qualifications necessary to justify such membership.

XI. TERRITORIAL TRUSTEESHIPS

The Conference examined a proposal by the Soviet Government concerning trusteeship territories as defined in the decision of the Crimea Conference and in the Charter of the United Nations Organization.

After an exchange of views on this question it was decided that the disposition of any former Italian territories was one to be decided in connection with the preparation of a peace treaty for Italy and that the question of Italian territory would be considered by the September Council of Ministers of Foreign Affairs.

XII. REVISED ALLIED CONTROL COMMISSION PROCEDURE IN RUMANIA, BULGARIA AND HUNGARY

The three Governments took note that the Soviet representatives on the Allied Control Commissions in Rumania, Bulgaria and Hungary have communicated to their United Kingdom and United States colleagues proposals for improving the work of the Control Commission, now that hostilities in Europe have ceased.

The three Governments agreed that the revision of the procedures of the Allied Control Commissions in these countries would now be undertaken, taking into account the interests and responsibilities of the three Governments which together presented the terms of armistice to the respective countries, and accepting as a basis the agreed proposals.

XIII. ORDERLY TRANSFERS OF GERMAN POPULATIONS

The Conference reached the following agreement on the removal of Germans from Poland, Czechoslovakia and Hungary:

The three Governments, having considered the question in all its aspects, recognize that the transfer to Germany of German populations, or elements thereof, remaining in Poland, Czechoslovakia and Hungary, will have to be undertaken. They agree that any transfers that take place should be effected in an orderly and humane manner.

Since the influx of a large number of Germans into Germany would increase the burden already resting on the occupying authorities, they consider that the Allied Control Council in Germany should in the first instance examine the problem with special regard to the question of the equitable distribution of these Germans among the several zones of occupation. They are accordingly instructing their respective representatives on the Control Council to report to their Governments as soon as possible the extent to which such persons have already entered Germany from Poland, Czechoslovakia and Hungary, and to submit an estimate of the time and rate at which further transfers could be carried out, having regard to the present situation in Germany.

The Czechoslovak Government, the Polish Provisional Government and the Control Council in Hungary are at the same time being informed of the above and are being requested meanwhile to suspend further expulsions pending the examination by the Governments concerned of the report from their representatives on the Control Council.

XIV. MILITARY TALKS

During the Conference there were meetings between the Chiefs of Staff of the three Governments on military matters of common interest.

Approved:

J. V. Stalin
Harry S. Truman
C. R. Attlee

VII

CLARIFICATION OF POTSDAM

STATE DEPARTMENT STATEMENT ON REPARATIONS SETTLEMENT AND PEACETIME ECONOMY OF GERMANY, DECEMBER 11, 1945

1. The determination of the amount and character of industrial capital equipment unnecessary for the German peacetime economy which is to be made by the Allied Control Council prior to February 2, 1946, has the limited purposes of eliminating the existing German war potential and deciding the volume of available reparation from the three western zones of occupation.

(a) The task of the Allied Control Council is to eliminate German industrial capacity to produce finished arms, ammunition, implements of war, aircraft and sea-going ships, either by removing such capacity as reparation or by destroying it, and to effectuate a drastic reduction in the capacities of the metallurgical machinery and chemicals * industries. The present determination, however, is not designed to impose permanent limitations on the German economy. The volume of permitted industrial production of a peacetime character will be subject to constant review after Feb. 2, 1946; and final Allied decisions regarding restrictions to be maintained on German industrial capacity and production will not be made until the framing of the peace settlement with Germany.

(b) While reparation removals will undoubtedly retard Ger-

* The phrases "machine industry" and "machine manufacturing industry" in the Berlin Declaration should be interpreted broadly. The parallel language from JCS 1067 covers machine-tool, automotive and radio and electrical industries. It is suggested that the phrases should be interpreted to cover "metal-working industry," or, in British terminology, heavy and light engineering. The words "chemical industry" should be interpreted to include particularly that part of the industry which is devoted, or can be readily converted, to war production, and to exclude potash and salt industries which should be included with extractive industries.

many's economic recovery, the United States intends, ultimately, in co-operation with its Allies, to permit the German people under a peaceful democratic government of its own choice to develop their own resources and to work toward a higher standard of living subject only to such restrictions designed to prevent production of armaments as may be laid down in the peace settlement.

2. It is in the interest of the United States to abide strictly by the terms of the Berlin Declaration which imposes a severe reparation obligation on Germany in order to:

(a) Weaken effectively the economic base from which war industry could be derived until a peaceful democratic Government is firmly established in Germany;

(b) Provide material assistance to United Nations countries which have suffered from Nazi aggression and which now face tasks of rehabilitation and reconstruction from the damage of war;

(c) Ensure that in the recovery from economic chaos left by war in Europe, the aggressor nation, Germany, shall not reconstitute a peacetime standard of living at an earlier date than the countries ravaged by German arms.

3. The security interest of the United States and its Allies requires the destruction in Germany of such industrial capital equipment as cannot be removed as reparation and as can only be used for the production of armaments or metallurgical, machinery or chemical products in excess of the peacetime needs of the German economy. It is not, however, the intention of the United States wantonly to destroy German structures and installations which can readily be used for permitted peacetime industrial activities or for temporary shelter. It will evidently be necessary to destroy specialized installations and structures used in shipbuilding, aircraft, armaments, explosives and certain chemicals which cannot be removed as reparation. Non-specialized installations and structures in the same fields may have to be destroyed in substantial part, if not desired as reparation, in cases of integrated industrial complexes the layout of which is such as substantially to facilitate reconversion from peacetime to war purposes at some later date. Finally, in removing equipment from plants declared available for reparation, no consideration should be given to withholding portions of the equipment desired by a reparation recipient in order to retain remaining installations and structures in more effective condi-

tion for peacetime uses. Within these limits, however, the reparation and security policies of the United States are not designed to result in punitive destruction of capital equipment of value to the German peacetime economy.

4. For the purpose of determining the industrial capacity of the peacetime German economy, thus eliminating its war potential—the real basis on which the amount and character of reparation removals are to be calculated—it should be assumed that the geographical limits of Germany are those in conformity with provisions of the Berlin Declaration, i.e., those of the Altreich less the territory east of the Oder-Neisse line.

5. The Berlin Declaration furnishes as a guide to removals of industrial equipment as reparation the concept of a balanced peacetime German economy capable of providing the German people with a standard of living not in excess of the European average (excluding the United Kingdom and the Union of Soviet Socialist Republics). In the view of the Department of State, the Berlin Declaration is not intended to force a reduction in German living standards except as such reduction is required to enable Germany to meet her reparation payments. In effect, the Berlin Declaration merely provides that Germany's obligation to make reparation for the war damage which her aggression caused to other countries should not be reduced in order to enable Germany to maintain a standard of living above the European average. The Department of State further interprets the standard-of-living criterion to refer to the year immediately following the two-year period of reparation removals. For the purpose of meeting this requirement, German industrial capacity after reparation removals should be physically capable of producing a standard of living equivalent to the European average in, say, 1948. Given the difficult problems of administration and economic organization which the German peacetime economy will still face in 1948, it may be doubted that industrial equipment remaining in Germany at that time will in fact produce at full capacity, so that the standard of living realized in Germany is likely for some time to fall short of the European average.

6. It may be assumed that the European standard of living in 1948 would approximate the average standard of living over the period 1930-1938. If this assumption be adopted, the German standard of living chosen as a basis for estimating industrial capital equipment to

remain in Germany could be arrived at by use of German consumption data in a year in which the German standard of living, as measured by national income indices, most closely approximated the 1930-1938 average in Europe. The German consumption standard in the year selected should be subject to adjustments upward or downward to compensate for any over-all difference between the German standard in the year selected and the European average. Past consumption records defined as suggested above are meant only as a general guide. They would require the following further adjustments:

(a) Provision for change in population between year selected and 1948.

(b) Adjustment to allow for notable deviations in pattern of German consumption in selected year from normal pattern.

(c) Allowance to enable the German people to make good, at reasonable rates of reconstruction, the widespread damage to buildings in Germany and to the transport system as scaled down to meet the requirements of the German peacetime economy. It is suggested that sufficient additional resources beyond those required to provide the adjusted output of the selected year should be left to overcome the building shortage in twenty years to effect repairs to structures on rail and road transport systems over five years.

(d) Sufficient resources should be left to Germany to enable that country, after completion of industrial removals and reactivation of remaining resources, to exist without external assistance. This topic is more fully treated below.

7. In planning the peacetime German economy, the interests of the United States are confined to the industrial disarmament of Germany and to the provision of a balanced economic position at the standard of living indicated. The United States does not seek to eliminate or weaken German industries of a peaceful character, in which Germany has produced effectively for world markets, for the purpose of protecting American markets from German goods, aiding American exports or for any other selfish advantage. Similarly the United States is opposed to the attempt of any other country to use the industrial disarmament plan of the Berlin Declaration to its own commercial ends at the expense of a peacetime German economy. It is our desire to see Germany's economy geared to a world system and not an autarchical system.

8. In determining the volume of removals for reparation purposes, the United States should not approve removals on such a scale that Germany would be unable, owing to a shortage of capital equipment, to export goods in sufficient quantities to pay for essential imports. Thus capacity should be left to enable Germany to produce for export goods which yield enough foreign exchange to pay for the imports required for a standard of living equal to the average in Europe, excluding the United Kingdom and the Union of Soviet Socialist Republics. In this connection, the following points should be stressed:

(a) In determining the amount of capital equipment to be retained in Germany, provision need be made for capacity to produce exports sufficient to pay for estimated current imports. No allowance should be made in German export industry to provide capacity to pay for externally incurred occupation costs, including imports of goods consumed by forces of occupation, and troop pay not expended in Germany.

(b) The provision in the Berlin Declaration which stipulates that in organizing the German economy "primary emphasis shall be given to the development of agricultural and peaceful domestic industries" requires that the maximum possible provision be made for exports from sources other than the metal, machinery and chemical industries.

(c) It is implicitly recognized in the Berlin Declaration that the policy of industrial capital equipment removals and the restriction of exports in the fields of metals, machinery and chemicals will require countries which have previously depended on Germany as a source of these products to obtain them elsewhere. Since capacity in the metal, machinery and chemical industries in excess of German peacetime needs is to be transferred to countries entitled to receive reparation from Germany, it is expected that the industrial capacity lost in Germany will after an interval be recovered in large part elsewhere in the world, and for the most part in Europe. But it should be borne in mind that the industry removed from Germany will in the main replace industry destroyed by the Germans and will not be sufficient to meet the pre-war demand. It should be emphasized, however, that any effort toward industrial recovery in Germany must not be permitted to retard reconstruction in European countries which have suffered from German aggression.

(d) In determining the amount of capacity required to strike an

export-import balance, the United States and other occupying powers cannot in fact guarantee that the export-import balance will be achieved. Their responsibility is only to provide reasonable opportunity for the attainment of balance at the agreed minimum level of standard of living. In fixing the amount of industrial capacity necessary for export, the provisions of margins of safety is unnecessary if Germany's export potential is estimated on a reasonable basis. It should be noted that if resources are left to enable Germany to make good her war damage and depreciation in housing and transport over certain numbers of years as suggested in Paragraph 5(d), extension of the period in which such deficits are liquidated would in case of need make some additional capacity available for production of export goods.

9. The necessity which devolves upon the United States and other occupying powers to finance imports into Germany and possibly to pay for such imports in the next few years does not arise in the first instance from the policy of reparation removals agreed upon at Potsdam. The German economy was brought virtually to a standstill by Germany's defeat, which produced an almost complete breakdown of transport, economic organization, administration and direction. If no removals of industrial capital equipment were attempted, Germany would still require United Nations' aid in financing and possibly in paying for minimum imports necessary to prevent disease and unrest. Even after substantial capital removals have been completed, it is doubtful that the German economy can operate for some time up to the limits of remaining industrial capacity, due to the limited availability of fuel, food, raw materials and the slow progress which can be made in filling the gap left by the Nazis in the economic and political organization of Germany. It is possible, and even likely, that the physical transport of reparation removals will limit transport capacity available for recovery of the German economy and for the expansion of exports. It is in this respect only, however, that the reparation policy laid down in the Berlin Declaration may require the United Nations to finance German imports for a longer period, or to pay for them in greater degree, than if no provision for reparation from Germany had been made.

10. During the next two years the United States and other occupying powers must finance minimum essential imports into Germany to the extent that exports from stocks and current production do not suffice to cover the cost of such imports. Since the Berlin Declaration

makes no provision with respect to the German standard of living in the period of occupation, the occupying powers are not obliged to provide imports sufficient for the attainment in Germany of a standard of living equal to the European average. The present standard of supply in Germany, so far as the United States is concerned, is still governed by the "disease and unrest" formula. Under the conditions set forth in Paragraph 9, it will prove desirable to extend the type and volume of imports into Germany not only because of our interest in reactivating selected German export industries which would yield a volume of foreign exchange and as far as possible to repay the past outlays of the occupying powers on imports. If, when the time comes for the conclusion of a peace treaty with Germany, there remains a backlog of unpaid imports, the occupying powers will have to decide whether or not to impose on Germany an obligation to pay off the accumulated deficit.

11. For the immediate future, and certainly until next spring, military government authorities should concentrate on the repair of transport, emergency repair of housing and essential utilities and the maximization of coal and agricultural production. Some coal will of course be required in Germany to effect the minimum repairs of transport, housing and utilities called for in existing directives. As long as coal and raw materials remain in short supply in Europe, however, it is United States policy to make them available in maximum quantities for the revival of industrial output in liberated areas.

The maximization of coal exports in accordance with existing directives will make it impossible to allocate within Germany coal sufficient to attain a significant volume of industrial production and over the coming winter it will limit activity even in fields directly related to repair of transport, housing and utilities and to agriculture.

If and when the coal crisis in Europe is surmounted—perhaps by next spring—it will be possible to review the situation and ascertain whether larger amounts of German coal can be allocated for essential industrial production in Germany, and in particular for the selective reactivation of German export industries. The possibilities in this direction will depend not only on the satisfaction of coal requirements in liberated areas, but also on the success of military government authorities in raising German coal output and restoring the German transport system.

Meanwhile, military government authorities should survey the fuel and raw material requirements of German industries capable of supplying essential civilian goods and of manufacturing for export so that as soon as coal and raw materials can be made available a program for selective reactivation of remaining industrial capacity in Germany can get under way. In formulating this program, attempt must be made to give priority to industries which in relation to expenditures of fuel and raw materials will contribute most toward striking an ultimate export-import balance in Germany, as well as to the satisfaction of the most pressing internal requirements of the German economy.

12. The rôle of the occupying authorities in the process of German revival should, in general, be that of providing and setting the conditions within which the Germans themselves assume responsibility for the performance of the German economy. To this end, the occupying authorities should devote primary attention in planning revival to the development of German administrative machinery, not only in the fields of intrazonal production and trade but in interzonal and international trade and in the application of common policies in transport, agriculture, banking, currency, taxation, etc.

As one aspect of this process, denazification should be satisfactorily completed during the present period. For the rest, great importance attaches to the conclusion within the Allied Control Council of agreements governing policies to be followed in various aspects of the German economy enumerated and devising interzonal German machinery for their application.

VIII

THE LEVEL-OF-INDUSTRY PLAN

March 26, 1945

Agreement on reparations and the level of industry to be permitted was not reached by the four powers until almost two months after the date set in the Potsdam Agreement.

The plan finally agreed to—with reservations by the British—was as follows:

THE PLAN FOR REPARATIONS AND THE LEVEL OF POSTWAR GERMAN ECONOMY IN ACCORDANCE WITH THE BERLIN PROTOCOL

Summary

1. In accordance with the Berlin Protocol the Allied Control Council is to determine the amount and character of the industrial capital equipment unnecessary for the German peace economy and therefore available for reparations. The guiding principles regarding the plan for Reparations and the Level of the Postwar German Economy, in accordance with the Berlin Protocol are:

a. Elimination of the German war potential and the industrial disarmament of Germany.

b. Payment of reparations to the countries which had suffered from German aggression.

c. Development of agriculture and peaceful industries.

d. Maintenance in Germany of average living standards not exceeding the average standard of living of European countries (excluding the United Kingdom and the Union of Soviet Socialist Republics).

e. Retention in Germany, after payment of reparations, of sufficient resources to enable her to maintain herself without external assistance.

2. In accordance with these principles, the basic elements of the Plan have been agreed. The assumptions of the Plan are:

- a. That the population of postwar Germany will be 66.5 millions.
- b. That Germany will be treated as a single economic unit.
- c. That exports from Germany will be acceptable in the international market.

3. In order to eliminate Germany's war potential, the production of arms, ammunition and implements of war, as well as all types of aircraft and sea-going ships, is prohibited and will be prevented.

4. All industrial capital equipment for the production of the following items are to be eliminated:

- a. Synthetic gasoline and oil.
- b. Synthetic rubber.
- c. Synthetic ammonia.
- d. Ball and-taper roller bearings.
- e. Heavy machine tools of certain types.
- f. Heavy tractors.
- g. Primary aluminum.
- h. Magnesium.
- i. Beryllium.
- j. Vanadium produced from Thomas Slags.
- k. Radio-active materials.
- l. Hydrogen peroxide above 50 per cent strength.
- m. Specific war chemicals and gases.
- n. Radio transmitting equipment.

Facilities for the production of synthetic gasoline and oil, synthetic ammonia and synthetic rubber, and of ball and taper roller bearings, will be temporarily retained to meet domestic requirements until the necessary imports are available and can be paid for.

RESTRICTED INDUSTRIES

Metallurgical Industries

5. *Steel*

a. The production capacity of the steel industry to be left in Germany should be 7.5 million ingot tons. This figure to be subject to review for further reduction should this appear necessary.

b. The allowable production of steel in Germany should not exceed 5.8 million ingot tons in any future year without the specific approval of the Allied Control Council, but this figure will be subject to annual review by the Control Council.

c. The steel plants to be left in Germany under the above program should, so far as practicable, be the older ones.

6. *Non-Ferrous Metals.*

The annual consumption of non-ferrous metals (including exports of products containing these metals) is fixed at the following quantities:

	<i>Tons</i>
Copper	140,000
Zinc	135,000
Lead	120,000
Tin	8,000
Nickel	1,750

7. *Chemical Industries.*

a. *Basic Chemicals.* In the basic chemical industries there will be retained 40 per cent of the 1936 production capacity (measured by sales in 1936 values). This group includes the following basic chemicals: nitrogen, phosphate, calcium carbide, sulphuric acid, alkalis, and chlorine. In addition, to obtain the required quantities of fertilizer for agriculture, existing capacity for the production of nitrogen through the synthetic ammonia process will be retained until the necessary imports of nitrogen are available and can be paid for.

b. *Other Chemicals.* Capacity will be retained for the group of other chemical production in the amount of 70 per cent of the 1936 production capacity (measured by sales in 1936 values). This group includes chemicals for building supplies, consumer goods items, plastics, industrial supplies, and other miscellaneous chemical products.

c. *Dyestuffs, Pharmaceuticals and Synthetic Fibers.* In the pharmaceutical industry there will be retained capacity for the annual production of 80 per cent of the 1936 production, measured by sales (in 1936 value). Capacity will be retained to produce annually 36,000 tons of dyestuffs and 185,000 tons of synthetic fibers.

8. *Machine Manufacturing and Engineering.*

a. *Machine Tools.* For the machine tool industry there will be

retained 11.4 per cent of 1938 capacity, with additional restrictions on the type and size of machine tools which may be produced.

b. *Heavy Engineering.* In the heavy engineering industries there will be retained 31 per cent of 1938 capacity. These industries produce metallurgical equipment, heavy mining machinery, material handling plants, heavy power equipment (boilers and turbines, prime movers, heavy compressors, and turbo-blowers and pumps).

c. *Other Mechanical Engineering.* In other mechanical engineering industries there will be retained 50 per cent of 1938 capacity. This group produces constructional equipment, textile machinery, consumer goods equipment, engineering small tools, food processing equipment, woodworking machines, and other machines and apparatus.

d. *Electro-engineering.* In the electro-engineering industries there will be retained 50 per cent of 1938 production capacity (based on sales in 1938 values). Capacity to produce heavy electrical equipment is to be reduced to 30 per cent of 1938 production or RM 40,000,000 (1936 value). Heavy electrical equipment is defined as generators and converters, 6000 KW and over; high tension switch gear; and large transformers, 1500 KVA and over. Electro-engineering, other than heavy electrical equipment, includes electric lamps and light fittings, installation materials, electric heating and domestic appliances, cables and wires, telephone and telegraph apparatus, domestic radios, and other electrical equipment. Export of specified types of radio receiving sets is forbidden.

e. *Transport Engineering.*

(1) In the automotive industry capacity will be retained to produce annually 80,000 automobiles, including 40,000 passenger cars and 40,000 trucks, and for 4000 light road tractors.

(2) Capacity will be retained to produce annually 10,000 motorcycles with cylinder sizes between 60 and 250 cubic centimeters. Production of motorcycles with cylinder sizes of more than 250 cubic centimeters is prohibited.

(3) In the locomotive industry available capacity will be used exclusively for the repair of the existing stock of locomotives in order to build up a pool of 15,000 locomotives in 1949. A decision will be made later as to the production of new locomotives after 1949.

(4) Sufficient capacity will be retained to produce annually 30,000 freight cars, 1350 passenger coaches and 400 luggage vans.

f. *Agricultural Machinery*. To permit maximization of agriculture, capacity will be retained for an annual production of 10,000 light agricultural tractors. Existing capacity for the production of other agricultural equipment, estimated at 80 per cent of 1938 levels, is to be retained, subject to restrictions on the type and power of the equipment which may be produced.

g. *Spare Parts*. In estimating capacities there will be taken into account the production of normal quantities of spare parts for transport and agricultural machinery.

h. *Optics and Precision Instruments*. Capacity will be retained to produce precision instruments in the value of 340,000,000 RM (1936 value), of which 220,000,000 RM is estimated as required for domestic use and 120,000,000 RM for exports. A further limitation for this industry is possible, subject to the recommendation of the Committee for the Liquidation of German War Potential.

MINING INDUSTRIES

9. a. *Coal*. Until the Control Council otherwise decides, coal production shall be maximized as far as mining supplies and transport will allow. The minimum production is estimated at 155 million tons (hard coal equivalent), including at least 45 million tons for export. The necessary supplies and services to this end will be arranged to give the maximum production of coal.

b. *Potash*. The production of potash is estimated at over 100 per cent of 1938 level.

ELECTRIC POWER

10. There will be retained an installed capacity of 9 million KW.

CEMENT

11. Capacity will be retained to produce 8 million tons of cement annually.

OTHER INDUSTRIES

12. The estimated levels of the following industries have been calculated as shown below as necessary for the German economy in 1949:

a. *Rubber*. 50,000 tons, including 20,000 tons from reclaimed rubber and 30,000 tons from imports.

b. *Pulp, Paper and Printing*. 2,129,000 tons, based on 26 kg per head per annum in 1949 plus 400,000 tons for export.

c. *Textiles and Clothing Industries*. 665,000 tons of fiber, based on 10 kg per head for 1949, including 2 kg for export.

d. *Boots and Shoes*. 113,000,000 pairs, based on 1.7 pairs per head in 1949. (Figure excludes needs of occupying forces.) Production may exceed the above estimates in this paragraph (Other Industries) unless otherwise determined by the Control Council.

13. *Building*. No level will be determined for 1949. The industry will be free to develop within the limits of available resources and the licensing system.

14. *Building Materials Industries (Excluding Cement)*. Existing capacity will be retained. Production will be in accordance with building licensing and export requirements.

15. *Other Unrestricted Industries*. For the following industries no levels have been determined for 1949. These industries are free to develop within the limitations of available resources. These industries are as follows:

- a. Furniture and woodwork.
- b. Flat glass, bottle and domestic glass.
- c. Ceramics.
- d. Bicycles.
- e. Motorbicycles under 60 cc.
- f. Potash.

GENERAL LEVEL OF INDUSTRY

16. It is estimated that the general effect of the plan is a reduction in the level of industry as a whole to a figure about 50 or 55 per cent of the prewar level in 1938 (excluding building and building materials industries).

EXPORTS AND IMPORTS

17. The following agreement has been reached with respect to exports and imports:

- a. That the value of exports from Germany shall be planned as 3 billion RM (1936 value) for 1949, and that sufficient industrial

capacity shall be retained to produce goods to this value and cover the internal requirements in Germany in accordance with the Potsdam Declaration.

b. That approved imports will not exceed 3 billion RM (1936 value), as compared with 4.2 billion RM in 1936.

c. That of the total proceeds from exports, it is estimated that not more than 1½ billion RM can be utilized to pay for imports of food and fodder, if this will be required, with the understanding that, after all imports approved by the Control Council are paid for, any portion of the sum not needed for food and fodder will be used to pay for costs of occupation, and services such as transport, insurance, etc.

DETERMINATION OF CAPACITIES AVAILABLE FOR REPARATIONS

18. After the approval of this Plan, the existing capacities of the separate branches of production shall be determined, and a list of enterprises available for reparations shall be compiled.

19. After decisions have been given on the matters now referred to the Co-ordinating Committee, the Economic Directorate would propose to prepare the final plan embodying those decisions and including a description of the various features of the Plan, such as: disarmament, reparations, post-war German economy, and the German balance of trade.

IX

FIRST PARIS CONFERENCE

I. UNITED STATES PROPOSAL FOR FOUR-POWER TREATY

At the meeting of the Council of Foreign Ministers in Paris, held in April and May 1946, no real attempt was made to come to grips with the problem of Germany. Toward the end of the session, however, Secretary of State Byrnes proposed a twenty-five year treaty for the disarmament and demilitarization of Germany, to be signed by the United States with Britain, France, and the Soviet Union. The text of this treaty was as follows:

Preamble

On June 5, 1945, the Governments of the United States, the Union of Soviet Socialist Republics, the United Kingdom and the French Republic declared their intention to effect the total disarmament and demobilization of Germany. In substantial measure this intention has already been fulfilled. Nothing shall prevent or delay the completion of the process.

It remains to insure that the total disarmament and demilitarization of Germany will be enforced as long as the peace and security of the world may require. Only this assurance will permit the nations of Europe and the world to return single-mindedly to the habits of peace.

To achieve this objective the Governments of the United States, the Union of Soviet Socialist Republics, the United Kingdom and the French Republic agree to engage in the common undertaking defined in this treaty.

Article I

The high contracting parties agree that they shall take steps jointly to insure that:

(A) All German armed forces, including land, air, anti-aircraft and naval forces, all para-military forces, such as SS, SA and Gestapo, and all organizations auxiliary to the foregoing shall be and shall remain completely disarmed, demobilized and disbanded.

(B) The German General Staff and the staffs of any para-military organizations shall be and shall remain disbanded.

(C) No German military or para-military organizations in any form or guise shall be permitted in Germany.

(D) The manufacture, production or importation of military equipment in Germany shall be prevented. In particular, the high contracting parties shall prevent the manufacture, production or importation of:

1. All arms, ammunition, explosives, military equipment, military stores and supplies and other implements of war of all kinds;

2. All fissionable materials for any purpose except under conditions approved by the high contracting parties;

3. All naval vessels of all classes both surface and submarine and auxiliary naval craft;

4. All aircraft of all kinds, aviation equipment and devices; and equipment for anti-aircraft defense.

(E) The establishment, utilization or operation for military purposes of any of the following shall be prevented:

1. All military structures, installations and establishments, including but not limited to military air fields, seaplane bases and naval bases, military and naval storage depots, permanent and temporary land and coast fortifications, fortresses and other fortified areas;

2. All factories, plants, shops, research institutions, laboratories, testing stations, technical data, patents plans, drawings and inventions designed or intended to produce or to facilitate the production of items listed in Paragraph (D) above.

(F) Under conditions which may be established by the high contracting parties, the demilitarization and disarmament required by this article shall be subject to the following exceptions and to no others:

1. Formation and employment of such detachments of German civil police, and their equipment with such types and quantities of imported small arms, as may be essential to the maintenance of public security; and

2. The importation of minimum quantities of those items listed in Paragraph (D) (1) above, such as explosives or ingredients of explosives, which may be essential for purposes of construction, mining, agriculture or for other peaceful purposes.

Article II

To implement the disarmament and demilitarization provisions set forth in Article I, the high contracting parties agree that they shall make provision for a system of quadripartite inspection, which shall become operative upon termination of the Allied occupation of Germany. This system of inspection shall be conducted through a Commission of Control to be established by the high contracting parties on a quadripartite basis.

The Commission of Control, through its officers and agents, shall conduct, in any and all parts of German territory, such inspections, inquiries and investigations as it may deem necessary to determine whether disarmament and demilitarization provisions set forth in Article I are being observed.

Article III

The high contracting parties agree that for the duration of the period of the Allied occupation of Germany, they shall, through the Allied Control Council and in their respective zones, enforce strictly the disarmament and demilitarization provisions set forth in Article I. They agree further that the express acceptance by Germany of provisions of Articles I and II shall be an essential condition to the termination of the Allied occupation of German territory.

Article IV

The Commission of Control provided for in Article II shall keep the high contracting parties and the Security Council of the United Nations informed of the results of inspections, inquiries and investigations authorized by that Article. The Commission of Control shall submit a report to the high contracting parties whenever, in the opinion of a majority of the members of the commission, it has reason to believe that a violation of disarmament and demilitarization provisions of Article I has occurred or is about to occur.

In conjunction with such a report the commission shall submit a recommendation for action on the part of the high contracting parties which appears appropriate to a majority of members of the Commission.

Upon receipt of such a report and recommendations, the high contracting parties will, by common agreement, take such prompt action—including action by air, sea or land forces—as may be necessary to assure the immediate cessation or prevention of such a violation or attempted violation. The high contracting parties shall immediately report to the Security Council of the United Nations the action taken or to be taken.

The high contracting parties agree that, within six months of the effective date of this treaty, they shall consult for the purpose of negotiating special quadripartite agreements which shall provide in greatest practicable detail for inspection, inquiry and investigation by the Commission of Control, for numbers and types of forces which each party shall make available for the purpose of this treaty, for their degree of readiness and general location, and for the nature of facilities and assistance which each shall provide. Such special quadripartite agreements shall be subject to ratification by the high contracting parties in accordance with their respective constitutional processes.

Article V

This treaty shall be ratified by the high contracting parties in accordance with their respective constitutional processes. Ratifications shall be deposited with the Government of _____ which shall notify all the high contracting parties of each deposit.

This treaty shall come into force upon deposit of ratifications by each of the high contracting parties. This treaty shall remain in force for a period of twenty-five years from its effective date. The high contracting parties agree to consult six months before the date of expiration of this treaty for the purpose of determining whether the interests of international peace and security require its renewal, with or without modification, or whether the German people have so far progressed in the reconstruction of their life on a democratic and peaceful basis that continued imposition of the controls defined herein is no longer necessary.

While British response to this proposal was favorable, both the French and the Russians were skeptical. The Soviet official news agency, Tass, was reported as saying:

It looks as if the American draft means a preparation for refusal of the chief obligation undertaken by the Allies in regard to Germany—permanent occupation. . . . The new draft treaty makes one wonder whether the new document serves as some sort of paper screen to conceal a retreat from the fulfillment of previous obligations, or in any case to bypass those decisions.

2. BYRNES, BEVIN, AND MOLOTOV REPORTS

Immediately upon his return to the United States, Mr. Byrnes made a report on the Paris Conference to the American people, by means of a nationwide radio address. With regard to Germany, he said:

'On our way to Potsdam last summer President Truman and I discussed this situation and we agreed that it should be American policy to disarm Germany and keep her disarmed and to do what we can to prevent a struggle between the powers for the control of Germany which might give Germany the chance to divide and conquer.

Those principles were stated in the Potsdam Agreement. But President Truman and I thought at that time that the policy of disarming Germany and keeping Germany disarmed for a definite period of years should become a part of a solemn treaty between the principal Allied powers. Our policy should be to prevent war and not to wait until aggression gets out of hand.

It was not a new thought. It had been foreshadowed in the Moscow Declaration of 1943. Others had discussed it, but no one more forcefully than Senator Vandenberg in a speech in the Senate in January, 1945.

At the London meeting of the Council of Foreign Ministers in September when the Soviet Foreign Secretary seemed greatly concerned about the Soviet security requirements in the Balkans, I suggested a twenty-five year, four-power treaty to keep Germany

disarmed as a means of preventing any real threat to Soviet security. I explained that we contemplated a similar joint guaranty of the disarmament of Japan.

I again proposed such a treaty in a talk with Generalissimo Stalin on December 24 while I was in Moscow. The Generalissimo said that if the United States made such a proposal he would wholeheartedly support it.

Later I spoke to Mr. Bevin, who advised me that he personally was most sympathetic to the suggestion.

In February I sent a working draft of the proposed treaty for German disarmament to the Soviet, British and the French Governments and the proposed treaty for Japanese disarmament to the Soviet, British and Chinese Governments. I invited their suggestions as to the drafts.

I was informed by Mr. Bevin and M. Bidault that they favored the proposal in principle but would have a few suggestions to make. I did not hear from Mr. Molotov. Just before the Paris meeting I advised the Ministers I would like to discuss the proposal at Paris. The Soviet Minister agreed to discuss it informally but stated without specification that there were serious objections to the draft.

At Paris the Soviet representative stated he first wanted to know if Germany was being disarmed as contemplated by the Potsdam Agreement and he feared the treaty might delay immediate disarmament. I pointed out that our proposal could not fairly be so construed, that it did not lessen the obligation to disarm Germany now but provided the machinery to keep Germany disarmed.

To remove any question as to our purpose I asked General Clay to request the Allied Control Council to appoint representatives with power to go into every zone and to make a report as to the disarmament of Germany.

Later the Soviet representative stated that when Generalissimo Stalin agreed with me to support the treaty I did not have a draft of it. He said, too, as it could not become effective until after a German treaty was signed, that consideration of it could be delayed.

It is our sincere hope that after the Soviet Union studies our proposal and comes to appreciate our earnest desire to see Germany disarmed and kept disarmed, the Soviet Union will support it wholeheartedly.

While the making of the German peace settlement may take some time, we took the initiative at Paris to propose the immediate appointment of special deputies to prepare a peace settlement which could be considered at a general Allied conference, the date of which should be fixed by the Council at its next session.

While there is no German Government as yet which could accept the settlement, agreement among the Allies on the nature of the settlement is necessary to enable the Allies to know the goal toward which the Allied occupation and administration should be directed and the kind of German Government which should be created to accept the settlement.

I have also asked that the special deputies on Germany be instructed to report on several pressing problems, including boundary and economic questions. We cannot, for example, continue to carry out the German reparation program if Germany is not to be administered as an economic unit as agreed upon at Potsdam. Whatever boundaries are agreed upon for Germany, she must be able to subsist without external assistance. We are not going to subsidize Germany to enable her to pay reparations to other nations.

I regret that the Soviet representative was not prepared to act upon my proposal for the appointment of special deputies without further study. But I shall renew this proposal when the Council reconvenes.

On May 27, Mr. Molotov issued his account of the Paris proceedings. Concerning Germany he said:

As is known, the question of Germany was also discussed at the conference, on the initiative of the French delegation. France once again insisted on separating the Ruhr, Rhine and Saar provinces from Germany. Discussion of this question, however, did not develop at the Paris session.

On the other hand, the American delegation proposed to discuss the draft of a treaty between the United States, Great Britain, the U.S.S.R. and France on the disarmament and demilitarization of Germany for a twenty-five year term in the spirit of the notorious proposal of Senator Vandenberg. In this connection, Mr. Byrnes pointed out that as far back as December last, when he was in Moscow, he asked Stalin about his attitude toward the possibility of

concluding such a treaty and obtained consent in principle from him.

One should bear in mind, however, that Mr. Byrnes makes here a somewhat inaccurate statement, for in December Mr. Byrnes did not as yet have the draft of such a treaty and therefore Stalin's "consent" to a non-existent treaty could not have been given, the matter then being reduced to a brief exchange of views on the idea of a treaty of mutual assistance in case of a resumption of German or Japanese aggression.

But the draft of the treaty later presented by Mr. Byrnes excluded the question of mutual assistance against German and Japanese aggression. It deals only with disarmament and for some reason ignores the most important decision in regard to Germany adopted by the Allies at Teheran, Yalta and Berlin, and may lead to weakening inter-Allied control aimed at preventing a recurrence of German aggression, while the weakening of such a control is, of course, absolutely unpermissible.

The Soviet delegation suggested a preliminary study of the treaty draft by the Governments concerned and proposed that a decision on this treaty should not be taken in a hurry, the more so as Mr. Byrnes explained that this treaty can come into force only after the signing of the peace treaty with Germany, while, as is known, in Germany there does not yet exist even the embryo of a government with which a peace treaty could be concluded.

That is why the Soviet delegation advanced another proposal. It pointed out that before speaking of a new treaty concerning the disarming and demilitarization of Germany, it was necessary to check the fulfillment of the previous decision of the Allies on Germany's disarmament. This proposal was finally accepted.

Now the Control Council in Germany is considering practical steps for setting up such a commission, which in all of Germany's zones of occupation would check exactly how the disarming of the German armed forces has been effected in practice within the year that elapsed since Germany surrendered.

It should be expected that this checking up will facilitate the exact fulfillment of Germany's surrender terms and the evolving of further measures for ensuring security in Europe.

Literally on the eve of the closing of the Paris session Mr. Byrnes submitted another project—this time it was the project for the con-

vocation of a conference of the Allies in November to consider a peace treaty with Germany. This proposal was all the more unexpected because previously neither Mr. Byrnes nor anyone else had made any proposals concerning such a peace treaty, not to mention that there does not exist yet any German Government with which a peace treaty could be concluded.

In this connection one may recall that the head of the Soviet Government, Stalin, as far back as last July, at the Berlin Conference, advanced a proposal on the formation of some central all-German administration. The other participants in the Berlin Conference then objected to a discussion of this question. Since then no one has raised this question.

Naturally, in such a situation, Mr. Byrnes' proposal to convoke a conference to consider a peace treaty with Germany could not have been accepted at the Paris Conference. This question naturally cannot be decided in a hurry, either.

Finally, June 4, Mr. Bevin reported to the House of Commons. The relevant portion of his speech was as follows:

We were more than agreeably surprised to receive from the United States a draft treaty for twenty-five years to ensure that Germany remained disarmed at the end of the period of occupation. It was, however, marked "very secret" and it was enjoined upon me not to allow it to leak. Accordingly it was discussed only in a very limited Government circle.

I was unaware that the United States was going to bring this out at the Paris Conference, or I would have got myself into a position to be authorized to give it more support in the initial stage. Immediately it was released, however, I communicated with the Cabinet and later was able to announce to the Conference that we warmly welcomed it.

Having regard to what happened at the end of the last war, I must say that this proposal of the United States Government, through Mr. Byrnes, left me with the impression that here at last we had something which would give us peace in Europe and allow for normal development over a sufficient period to eradicate warlike principles and Nazism in Germany.

It was, therefore, a matter of profound regret to witness the way it was received by the Soviet representatives. Inferences and charges about the present disarmament arrangements were made to counter Mr. Byrnes' proposal. We agreed that if there was any doubt as to what each of us were doing in the way of economic and military disarmament in Germany, the four-power commission would immediately investigate all the zones, not merely one, and see exactly what was happening.

This is still under discussion. However, we must not become weary in well-doing. I believe that if the Soviet Union again studies the draft treaty and realizes what protection for peace this means they will come round and not miss this great opportunity. I say to the Soviet Government that if you value peace above all else do not miss it. It may never come again.

For France it is vital. She has been invaded three times and smashed in seventy years. For Britain, who has been drained of her resources in two great wars, it is indispensable. For the Soviet Union, which has been invaded so many times, I should have thought that a four-power pact carried out with vigor and honesty between us would have created a situation far more secure than the harnessing together of a few satellite weak states as buffers against aggression. But I will not admit failure yet.

We will try again and if I can make one more appeal to the United States it is this: "Do not be daunted by a first refusal, due, in my view, to an unjustified suspicion." The rest of us in Europe not only welcome it but look upon it as giving the greatest possible hope for removal of misunderstanding and the creation of confidence.

It implies on the part of the United States acceptance of obligations and utilization of what I think is one of her finest qualities—her great idealism, which seems to spring from a great vision of peace, resulting in action of a kind, which will, if carried into effect, bring immense relief to millions of toilers throughout Europe. . . .

I could not at the meeting in Paris agree to the separation of any part of Germany without going into the question of Germany's frontiers as a whole and knowing what the new Germany was going to be.

In any final settlement His Majesty's Government, subject to the adjustment of reparations and other obligations that are involved, do

favor the transfer of the Saar to the French. But I would prefer that the German problem should be considered as a whole before that final step is taken.

The Potsdam Agreement envisages Germany being treated as a whole, which means that the surplus foodstuffs of the East would feed us (in the Western zones) and the goods of the West would go to the East, and so on; and that there would be sufficient earnings produced so that Germany would not be a charge on any of the Allies.

His Majesty's Government cannot accept a position which involves a budgetary expenditure of £80,000,000 [\$320,000,000] a year to subsidize Germany. We cannot accept the position that the Soviet zone is an exclusive place, while our zone is wide open for inspection and we are subject to accusations for which there is not the slightest justification.

As soon as this principle is settled and there is an honest endeavor to tackle the whole problem, I believe we can make progress on the German situation.

X

SECOND PARIS CONFERENCE: MOLOTOV'S BOMBSHELL

On July 10, 1946, during the Second Paris Conference, Foreign Minister Molotov made the following declaration of Soviet policy toward Germany:

The time has come when we should discuss the fate of Germany and a peace treaty with that country.

The Soviet Government has always held that the spirit of revenge is a poor counselor in such affairs. It will be just as incorrect to identify Hitler Germany with the German people, though the German people cannot divest themselves of the responsibility for Germany's aggression and for its gravest consequences.

The Soviet people went through unparalleled sufferings of occupation as a result of the invasion of the Soviet Union by the German armies. Our losses are great and inestimable. Other peoples of Europe, and not of Europe alone, will long feel the heavy losses of hardship caused by the war that was imposed by Germany.

It is, therefore, natural that the problem of Germany's fate agitates at present not only the minds of the German people but naturally also those of other peoples who are trying to safeguard themselves for the future and to prevent a new aggression by Germany.

And one should bear in mind the fact that, thanks to the industrial might she has achieved, Germany is an important link of the whole system of the world economy. Neither can one forget the fact that more than once this industrial might has formed the base of the armament of aggressive Germany.

Such are the premises from which conclusions are to be drawn.

I proceed from the fact that in the light of the interests of world economy and tranquillity in Europe, it would be incorrect to adopt a

course of Germany's annihilation as a state or that of its agrarianization, including the annihilation of its own main industrial centers.

Such a course would result in undermining the economy of Europe, in the dislocation of world economy and in a chronic political crisis in Germany that would spell a threat to peace and tranquillity.

I think that even if we adopted such a course, the course of history would subsequently impel us to renounce this course as an abortive and groundless one.

I think, therefore, that our purpose is not to destroy Germany but to transform Germany into a democratic and peace-loving state that, next to its agriculture, will have its own industry and foreign trade but that will be deprived of economic and military potentialities to rise again as an aggressive force.

While still engaged in the war the Allies declared that they had no intention of destroying the German people. Even at the time when the overweening Hitler openly proclaimed that he wanted to destroy Russia, J. V. Stalin, the head of the Soviet Government, holding these boastful stupidities up to ridicule, said:

"It is no more possible to destroy Germany than to destroy Russia. But the Hitler State can and must be destroyed."

Germany has long held an important position in the world economy. While continuing as a single state Germany will remain an important factor of world trade, which also corresponds to the interests of other peoples.

On the other hand, the policy of Germany's annihilation as a state or that of her agrarianization and annihilation of her principal industrial centers will result in making Germany a center where dangerous sentiments of revenge will be nourished and will play into the hands of German reactionaries and will deprive Europe of tranquillity and a stable peace.

One should look not backward but ahead and should be concerned about what is to be done in order that Germany may become a democratic and peace-loving state that will have a developed agriculture, industry and foreign trade but that will be deprived of an opportunity to resuscitate as an aggressive force. Victory over Germany delivers into our hands powerful means to achieve this purpose. It is our duty to utilize these means to the full.

It has of late become fashionable to talk about dismemberment of Germany into several "autonomous" states, about federalization of Germany and about separation of the Ruhr from Germany. All such proposals originate in the same policy of destruction and agrarianization of Germany. For it is easy to understand that without the Ruhr Germany cannot exist as an independent and viable state. But I have already said that if the interests of peace and tranquillity are dear to us the destruction of Germany should not be our objective.

Naturally, if as a result of a plebiscite throughout Germany the German people express their wish to transform Germany into a federal state, or if as a result of a plebiscite in various former German states a desire will be manifested to break away from Germany, it goes without saying that there cannot be any objection on our part.

There have been not a few instances in which Allied authorities in the western zones of occupation of Germany have encouraged the idea of a federal structure for Germany. But the attitude of Allied authorities is one thing, whereas a real desire of the German people, or at least a desire of the population of some part of German territory is another thing.

We, the Soviet people, hold that it is incorrect to impose upon the German people a solution of this question. Such an imposition would not in any case produce any good if only for the reason that it would be precarious.

If on the one hand we should not stand in the way of the rightful aspirations of the German people after the revival of their state on democratic lines, then on the other hand it is our duty to prevent the rise of Germany as an aggressor force. It would be a crime to forget about this sacred duty of ours to the peoples of the world.

If the world is to be safeguarded against an eventual aggression on the part of Germany, the latter should be completely disarmed both militarily and economically and the Ruhr should be placed under an inter-Allied control of four countries with the object of preventing a revival of war industries in Germany.

The program for the complete military and economic disarmament of Germany is not something new. The decisions of the Berlin Conference deal with this in detail. And it is natural that the Ruhr, as the main phase of Germany's war industries, should be kept under the vigilant control of the principal Allied powers. The purpose of

complete military and economic disarmament of Germany must also be furthered by a plan for reparations.

The fact that until now no plan for reparations has been drawn up, in spite of the repeated demands of the [Soviet] Government that the corresponding decision of the Berlin Conference be carried out, and the fact that the Ruhr has not been placed under an inter-Allied control, on which the Soviet Government insisted a year ago, is a dangerous thing as far as the maintenance of the future peace and security of the nations is concerned.

We are of the view that it is impossible to put off the accomplishment of these tasks without running the risk of frustrating the decision to carry out the complete military and economic disarmament of Germany.

Such is the view of the Soviet Government regarding the war industry and war potential of Germany. These considerations cannot hamper the development of peaceful industries in Germany.

In order that the development of German peaceful industries may be of benefit to other peoples who need German coal, metal and manufactured products, Germany should be granted the right of exports and imports, and if this right of foreign trade is to be effectuated we should not put up obstacles to the increase in output of steel, coal and manufactured products of a peaceful nature in Germany—naturally, within certain bounds and provided that an inter-Allied control shall inevitably be established over German industries and over the Ruhr industries in particular.

As we know, the Control Council in Germany recently fixed the level that would be reached by German industries in the near future. Germany has not yet by far reached this level. Nevertheless, it should already now be admitted that the peaceful industries of Germany must receive an opportunity to develop on a wider scale, provided only that this industrial development should really be used to satisfy the peaceful needs of the German people and the requirements of trade with other countries.

All this calls for the establishment of proper inter-Allied control over German industries and over the Ruhr industries in particular. Responsibility for the latter cannot rest only upon one of the Allied countries. Adoption of a corresponding program for the development of German peaceful industries that will provide for the development

of the foreign trade of Germany as well as for the establishment of inter-Allied control over the whole of German industry satisfies the need for implementation of the decisions of the Berlin Conference that provide for the treatment of Germany as an economic whole.

It remains for me to dwell on the question of the peace treaty with Germany.

Of course, we stand in principle for the conclusion of a peace treaty with Germany, but before concluding this treaty there should be set up a single German Government sufficiently democratic in order to be able to extirpate all remnants of fascism in Germany and sufficiently responsible in order to be able to fulfill all its obligations toward the Allies, including and more particularly those in respect to reparations deliveries to the Allies. It goes without saying that we raise no objection to the setting up of a German central administration as a transitional step toward the establishment of a future German government.

From what I have said, it follows that before talking about a peace treaty with Germany, it is necessary to solve the question of setting up an all-German government. However, to this day no German central administration of any kind whatsoever has been created, though the Soviet Government raised the question at the Berlin Conference a year ago. But while at that time this question was put off, it is becoming now particularly urgent as the first step toward the establishment of a future German government.

But even when a German government has been set up it will take a number of years to check up on what this new German government represents and whether it is trustworthy.

A future German government must be such a democratic government as will be able to extirpate the remnants of fascism in Germany and will at the same time be able to fulfill Germany's obligations toward the Allies, and amongst other things and above all it will be bound to carry out reparation deliveries to the Allies. Only when we become satisfied that the new German government is able to cope with these tasks and is really honestly fulfilling them in practice, only then will it be possible to speak seriously of concluding a peace treaty with Germany.

Unless this condition is fulfilled Germany cannot claim a peace

treaty and the Allied powers will not be able to say that they have fulfilled their duties toward the nations who are demanding that a durable peace and security be assured.

Such is the view of the Soviet Union on the fundamental problems of Germany and on the question of a peace treaty with Germany.

XI

PROPOSAL FOR A NEW UNITED STATES POLICY WITH REGARD TO GERMANY

The following are the circumstances in which the proposal here quoted was made in late July 1946.

Having observed as an interested citizen the gradual deterioration in Germany during the first year of Allied occupation, as well as the growing strain upon four-power unity resulting from the Potsdam fiasco, the author made an effort, in May 1946, to persuade the Department of State to re-examine and redefine United States policy. He urged specifically that we take a clear stand with regard to Germany's frontiers; and that, having defined *what* Germany we wished to see recreated, we then make clear *what kind of Germany* we desired to see emerge from the present state of chaos and disintegration.

Upon finding the Department not only willing to listen but actually eager for any outside help it could obtain, the writer decided, before going any further, to revisit Germany, in order to refresh his somewhat stale knowledge of the situation and to check the accuracy of information available here. He went the following month as a special correspondent for the Chicago Sun Syndicate, and returned in August. Thanks to the help of the State and War Departments, and the extraordinary courtesy and kindness of Lieutenant General Lucius D. Clay and his associates, it was possible in a short time to visit all four zones of occupation.

There was a vast quantity of documentary and statistical material, not readily available in this country, to which access was granted by military government officials in each of the four

zones. The author wandered about various parts of Germany, sometimes in war correspondent's uniform and sometimes in civilian clothes, talking to Germans of all ages and from all walks of life. His quest for information was immeasurably aided by the friendly and wise co-operation of a number of American newspaper correspondents stationed in Berlin.

The result of this trip to Germany was a series of eight syndicated articles, the last of which contained a specific proposal for a new United States policy. This proposal was presented to the State Department, after it had been informally discussed abroad with a number of British and American civilian and military officials. It was published August 11, 1946, as follows:

PROPOSAL FOR A NEW UNITED STATES POLICY TOWARD GERMANY

A critical analysis serves a useful purpose only if it leads to a concrete proposal for alternative action. To formulate such a proposal is not easy. Yet the attempt must be made, if the present discussion is to have any practical value whatsoever.

Let us begin with the question of Germany's physical frontiers. The key log in the log-jam is, at the present moment, the French insistence upon the revision of Germany's western frontier before any steps are taken to reconstitute a German nation.

The United States should take a definite position on this question. In this writer's opinion that position should be one of *unequivocal opposition to any revision of the Franco-German border.*

Why?

Because the transfer of large numbers of Germans to French sovereignty would create a dangerous irredentism—because the French themselves have repudiated the only alternative, which would be mass expulsions as undertaken by the Poles and Russians in the East—and because a Germany deprived of the Ruhr and the Saar, as well as of its eastern industrial districts *and* its breadbasket, simply could not live.

The most reasonable French argument for annexation of the Saar and the Rhineland and for the separation from Germany of the Ruhr is based upon what has already been allowed to happen in the East.

The Russo-Polish annexations have repudiated the Atlantic Charter principles; and the mass expulsions of thirteen million Germans, who are now crowded into the rump of Germany along with over fifty million other Germans, have created resentments and pressures which are likely to provoke renewed German aggression. Therefore—so runs the French argument—the Big Three, having created these conditions, must now complete the job of stripping the German people of any possible means of waging a future war, in which France is likely to be the first victim.

There is only one effective answer to this argument:

Being unwilling to back the French position in the west, the United States must insist upon a re-opening of the question of Germany's eastern frontier.

Under the Potsdam Agreement the ultimate Polish-German frontier is to be determined by the peace settlement. The fact that millions of Germans have already been expelled from the territory east of the Oder-Neisse Line should not be allowed to prejudice the final decision. Nor should it be forgotten that any annexation of German territory by Poland or the Soviet Union is contrary to the United Nations Declaration, which was signed by Poland as well as by all four of the occupying powers.

On the other hand, the United States has committed itself to support *some* "compensation" to Poland at the expense of Germany for the territory East of the Curzon Line ceded to Russia; and it is probably in the interests of permanent peace that Poland should have *Upper Silesia* and that *East Prussia* should not be left again as a German island in a Polish sea.

This means a frank repudiation—or at least modification—of the first two principles of the United Nations Declaration. Either is greatly to be preferred to a legalistic "interpretation" of that document, such as has been attempted by some authorities. Nor is such a modification without moral justification.

Upper Silesia has at various times been Polish. It has a mixed population. It contains valuable coal and other mineral deposits which are probably more essential to the well-being of an independent Poland than to the well-being of a peaceful, democratic Germany—provided that such a Germany retains possession of the coal deposits in her western provinces.

East Prussia, though historically and ethnically German, is not only a strategic provocation, but has been the traditional stronghold of the Junker clique and of Prussian militarism. For this reason its cession is probably in the interests of European peace.

But that is as far as the United States should go in countenancing territorial changes. All the rest of the territory east of the Oder-Neisse Line should be returned by Poland to Germany.

Pomerania, Brandenburg, and Lower Silesia are historically and ethnically preponderantly German. They are valuable chiefly because of their agricultural productivity. Poland already has an excess of agricultural land; she apparently lacks farmers to settle much new territory, and she will, in any case, receive a substantial accession of such territory in her half of East Prussia. Germany, on the other hand, cannot afford to lose farm territory which formerly provided the food for almost a quarter of her total population. To lose it would mean that the overcrowded rump of Germany would have to import about one half of its requirements of food and fertilizer. This, in turn, would mean that the rump of Germany would either become a permanent charity patient, or else have to build up a very much larger industry working for exports than seems desirable in the interests of lasting peace. There would be no other way to prevent some thirty to thirty-five million Germans from starving to death.

To maintain this position with regard to Germany's physical frontiers will not be easy, either as against France or as against Russia and Poland. It is, however, very much less difficult since Mr. Molotov has gone on record as opposing any French annexation in the West, and as championing the cause of German unification.

Having thus far defined its position with regard to the question of territorial settlements, *the United States should move for the immediate carrying out of the various provisions of the Potsdam Agreement for treating Germany as an economic and political whole, and for the elimination of interzonal barriers to the movement of persons and to the free exchange of goods, services and information. The United States should further propose the earliest possible adoption of a national constitution and the formation of a national German government, to operate under such Allied control and supervision as may be necessary.*

Next, in order to rectify as much as possible the fallacious assumptions of the past, the United States should propose to the Governments of the Soviet Union, Great Britain and France, that, at a date to be agreed in the near future, not later than January 1, 1948, the *four occupying powers shall formally terminate the Period of Occupation and enter upon a Period of Observation and Control.*

During this *Period of Observation and Control* the Allies would:

1. Maintain a strict control at the German frontiers over the movement of German citizens and over the nature and volume of *imports* and *exports*. Since Germany lacks many important raw materials as well as a large part of her food supply, such border controls would provide an important safeguard against any attempted German rearmament.

2. Maintain the Allied Control Council in Germany to see that no military or para-military organizations come into being; that no prohibited industrial or scientific activities take place; and that there be no interference with the freedom of the individual as guaranteed by the constitutional law and an independent judiciary.

3. Maintain such control machinery as may be necessary to see that all aspects of the Potsdam Agreement are carried out.

4. Maintain at strategic points in Germany units of an Air Force and of a highly mobile Ground Force, able to reach any part of Germany within a few hours upon being summoned by the Allied Control Council.

By thus establishing a truly *international police force*, the four powers would be taking an important step in eliminating the last vestiges of separatism, and would be giving the German people the best possible evidence of their impregnable solidarity.

The United States should further propose that Denmark, Holland, Belgium, Luxemburg, Czechoslovakia and Poland be invited to *participate in the border control, the Control Council and the Police Force.*

The Period of Observation and Control would terminate whenever the Big Four and the nations associated with them might decide that the German people had made themselves eligible for acceptance *on terms of full equality* into the family of peaceful and law-abiding nations. At this time—and not until then—the final peace treaty would be signed. In all probability, so far as can be foreseen at the

present time, the Period of Observation and Control would last for the better part of a generation. It might last considerably longer.

The essence of this proposal is that it places upon the German people the responsibility for its own future, while at the same time making certain that the German nation shall not again disturb the peace.

Finally, for the remainder of the Period of Occupation and subsequent Period of Observation and Control, the United States should propose *a revised and simplified Level-of-Industry Plan*. The Plan of March 26, 1946, should be restudied with a view toward reaching a definitive understanding concerning the nature and amount of *reparations* and the period of time within which they are to be completed. This will require a difficult but necessary reconciliation of understandable but nevertheless excessive Russian claims with the interests of the other occupying powers, and with the interests of Europe as a whole, in preventing Germany from becoming either a festering sore or a continuing drain upon the resources of other nations.

Furthermore, the Level-of-Industry Plan must be revised in such a way as to avoid the present implication that unborn generations of Germans are to be committed—without chance of redemption—to an artificially limited standard of living and a sort of second-class European citizenship. The limitations and controls of German industry during the Period of Occupation and the subsequent Period of Observation and Control must be such as to provide an absolute guarantee against renewed German aggression. But it must be clearly stated that they will terminate when the treaty of peace is signed. *Nor must the treaty be signed so long as there remains the slightest doubt that a complete cure of the German people has been effected.*

This is the program of action respectfully submitted to those officials of the United States Government, who are now preparing for the October conference. It is put forward publicly in the hope that it may help to create a firm foundation for United States policy in an informed public opinion.

XII

BYRNES' STUTTGART SPEECH

The following is the text of the address delivered by Secretary of State Byrnes at Stuttgart, Germany, on September 6, 1946:

I have come to Germany to learn at first hand the problems involved in the reconstruction of Germany and to discuss with our representatives the views of the United States Government as to some of the problems confronting us.

We in the United States have given considerable time and attention to these problems because upon their proper solution will depend not only the future well-being of Europe.

We have learned, whether we like it or not, that we live in one world, from which we cannot isolate ourselves. We have learned that peace and well-being are indivisible and that our peace and well-being cannot be purchased at the price of peace or the well-being of any other country.

I hope that the German people will never again make the mistake of believing that, because the American people are peace-loving, they will sit back hoping for peace if any nation uses force or the threat of force to acquire dominion over other peoples and other governments.

In 1917, the United States was forced into the first World War. After that war we refused to join the League of Nations. We thought we could stay out of Europe's wars and we lost interest in the affairs of Europe. That did not keep us from being forced into a second World War.

We will not again make that mistake. We intend to continue our interest in the affairs of Europe and of the world. We have helped to organize the United Nations. We believe it will stop aggressor nations from starting wars. Because we believe it, we intend to support

the United Nations Organization with all the power and resources we possess.

The American people want peace. They have long since ceased to talk of a hard or a soft peace for Germany. This never has been the real issue. What we want is a lasting peace. We will oppose soft measures which invite breaking of the peace.

In agreeing at Potsdam that Germany should be disarmed and demilitarized, and in proposing that the four major powers should by treaty jointly undertake to see that Germany is kept disarmed and demilitarized for a generation, the United States is not unmindful of the responsibility resting upon it and its major allies to maintain and enforce peace under the law.

Freedom from militarism will give the German people the opportunity, if they will but seize it, to apply their great energies and abilities to the works of peace. It will give them the opportunity to show themselves worthy of the respect and friendship of peace-loving nations and, in time, to take an honorable place among members of the United Nations.

It is not in the interest of the German people or in the interest of world peace that Germany should become a pawn or a partner in a military struggle for power between the East and the West.

German militarism and Nazism have devastated twice in our generation the lands of German neighbors. It is fair and just that Germany should do her part to repair that devastation. Most of the victims of Nazi aggression were before the war less well off than the Germans. They should not be expected by Germany to bear, unaided, the major costs of Nazi aggression.

The United States, therefore, is prepared to carry out fully the principles outlined in the Potsdam Agreement on demilitarization and reparations. However, there should be changes in the levels of industry agreed to by the Allied Control Commission if Germany is not to be administered as an economic unit as the Potsdam Agreement contemplates and requires.

The basis of the Potsdam Agreement was that, as part of a combined program of demilitarization and reparations, Germany's war potential should be reduced by elimination and removal of her war industries and the reduction and removal of heavy industrial plants. It was contemplated this should be done to the point that Germany

would be left with levels of industry capable of maintaining in Germany average European living standards without assistance from other countries.

The plants so to be removed were to be delivered as reparations to the Allies. The plants to be removed from the Soviet zone would go to the Soviet Union and Poland, and the plants to be removed from the western zones would go in part to the Soviet Union, but in the main to the Western Allies. Provision was also made for the distribution of Germany's foreign assets among the Allies.

After considerable discussion, the Allies agreed upon levels to which the principal German industries should be reduced to carry out the Potsdam Agreement. These levels were agreed to upon the assumption that the indigenous resources of Germany were to be available for distribution on an equitable basis for all Germans in Germany and that products not necessary for use in Germany would be available for export in order to pay for necessary imports.

In fixing the levels of industry, no allowance was made for reparations from current production. Reparations from current production would be wholly incompatible with the levels of industry now established under the Potsdam Agreement.

Obviously, higher levels of industry would have had to be fixed if reparations from current production were contemplated. The levels of industry fixed are only sufficient to enable the German people to become self-supporting and to maintain living standards approximating the average European living conditions.

That principle involved serious hardships for the German people, but it only requires them to share the hardships which Nazi aggression imposed on the average European.

The German people were not denied, however, the possibility of improving their lot by hard work over the years.

Industrial growth and progress were not denied them. Being obliged to start again like the people of other devastated countries with a peacetime economy not able to provide them more than the average European standard, the German people were not to be denied the right to use such savings, as they might be able to accumulate by hard work and frugal living, to build up their industries for peaceful purposes.

That was the principle of reparations we agreed to at Potsdam.

And the United States will not agree to the taking from Germany of greater reparations than was provided by the Potsdam Agreement.

The carrying out of the Potsdam Agreement has, however, been obstructed by the failure of the Allied Control Council to take the necessary steps to enable the German economy to function as an economic unit. Essential central German administrative departments have not been established, although they are expressly required by the Potsdam Agreement.

The equitable distribution of essential commodities between the several zones, so as to produce a balanced economy throughout Germany and reduce the need for imports, has not been arranged, although that, too, is expressly required by the Potsdam Agreement.

The working out of a balanced economy throughout Germany to provide the necessary means to pay for approved imports has not been accomplished, although that, too, is expressly required by the Potsdam Agreement.

The United States is firmly of the belief that Germany should be administered as an economic unit, and that zonal barriers should be completely obliterated so far as the economic life and activity in Germany are concerned.

The conditions which now exist in Germany make it impossible for industrial production to reach the levels which the occupying powers agreed were essential for a minimum German peacetime economy. Obviously, if the agreed levels of industry are to be reached, we cannot continue to restrict the free exchange of commodities, persons and ideas throughout Germany. The barriers between the four zones of Germany are far more difficult to surmount than those between normal independent states.

The time has come when the zonal boundaries should be regarded as defining only the areas to be occupied for security purposes by the armed forces of the occupying powers, and not as self-contained economic or political units.

That was the course of development envisaged by the Potsdam Agreement, and that is the course of development which the American Government intends to follow to the full limit of its authority. It has formally announced that it is its intention to unify the economy of its own zone with any or all of the other zones willing to participate in the unification.

So far only the British Government has agreed to let its zone participate. We deeply appreciate their co-operation. Of course, this policy of unification is not intended to exclude the governments not now willing to join. The unification will be open to them at any time they wish to join.

We favor the economic unification of Germany. If complete unification cannot be secured, we shall do everything in our power to secure the maximum possible unification.

Important as economic unification is for the recovery of Germany and of Europe, the German people must recognize that the basic cause of their suffering and distress is the war which the Nazi dictatorship brought upon the world.

But just because suffering and distress in Germany is inevitable, the American Government is unwilling to accept responsibility for the needless aggravation of economic distress that is caused by the failure of the Allied Control Council to agree to give the German people a chance to solve some of their most urgent economic problems.

So far as many vital questions are concerned, the Control Council is neither governing Germany nor allowing Germany to govern itself.

A common financial policy is essential for the successful rehabilitation of Germany. Runaway inflation accompanied by economic paralysis is almost certain to develop unless there is a common financial policy directed to the control of inflation. A program of drastic fiscal reform to reduce currency and monetary claims, to revise the debt structure and to place Germany on a sound financial basis is urgently required.

The United States has worked hard to develop such a program, but fully co-ordinated measures must be accepted and applied uniformly to all zones if ruinous inflation is to be prevented. A central agency of finance is obviously necessary to carry out any such program effectively.

It is also essential that transportation, communications and postal services should be organized throughout Germany without regard to zonal barriers. The nationwide organization of these public services was contemplated by the Potsdam Agreement. Twelve months have passed and nothing has been done.

Germany needs all the food she can produce. Before the war she

could not produce enough food for her population. The area of Germany has been reduced. The population in Silesia, for instance, has been forced back into a restricted Germany. Armies of occupation and displaced persons increase demands while the lack of farm machinery and fertilizer reduces supplies. To secure the greatest possible production of food and the most effective use and distribution of food that can be produced, a central administrative department for agriculture should be set up and allowed to function without delay.

Similarly, there is urgent need for the setting up of a central German administrative agency for industry and foreign trade. While Germany must be prepared to share her coal and steel with the liberated countries of Europe dependent upon these supplies, Germany must be enabled to use her skills and her energies to increase her industrial production and to organize the most effective use of her raw materials.

Germany must be given a chance to export goods in order to import enough to make her economy self-sustaining. Germany is a part of Europe and recovery in Europe, and particularly in the adjoining states, will be slow indeed if Germany, with her great resources of iron and coal, is turned into a poorhouse.

When the ruthless Nazi dictatorship was forced to surrender unconditionally, there was no German government with which the Allies could deal. The Allies had temporarily to take over the responsibilities of the battered German State, which the Nazi dictatorship had cut off from any genuine accountability to the German people. The Allies could not leave the leaders or minions of Nazism in key positions, ready to reassert their evil influence at first opportunity. They had to go.

But it never was the intention of the American Government to deny to the German people the right to manage their own internal affairs as soon as they were able to do so in a democratic way, with genuine respect for human rights and fundamental freedoms.

The Potsdam Agreement, concluded only a few months after the surrender, bound the occupying powers to restore local self-government and to introduce elective and representative principles into the regional provincial and state administration as rapidly as was consistent with military security and the purposes of the military occupation.

The principal purposes of the military occupation were and are to demilitarize and denazify Germany, but not raise artificial barriers to the efforts of the German people to resume their peacetime economic life.

The Nazi war criminals were to be punished for the suffering they brought to the world. The policy of reparations and industrial disarmament prescribed in the Potsdam Agreement was to be carried out. But the purpose of the occupation did not contemplate a prolonged alien dictatorship of Germany's peacetime economy or a prolonged alien dictatorship of Germany's internal political life. The Potsdam Agreement expressly bound the occupying powers to start building a political democracy from the ground up.

The Potsdam Agreement did not provide that there should never be a central German government. It merely provided that, for the time being, there should be no central German government. Certainly this only meant that no central government should be established until some sort of democracy was rooted in the soul of Germany and some sense of local responsibility developed.

The Potsdam Agreement wisely provided that administration of the affairs of Germany should be directed toward decentralization of the political structure and the development of local responsibility. This was not intended to prevent progress toward a central government with the powers necessary to deal with matters which would be dealt with on a nation-wide basis. But it was intended to prevent establishment of a strong central government dominating the German people instead of being responsible to their democratic will.

It is the view of the American Government that the German people throughout Germany, under proper safeguards, should now be given the primary responsibility for the running of their own affairs. More than a year has passed since hostilities ceased. The millions of German people should not be forced to live in doubt as to their fate. It is the view of the American Government that the Allies should, without delay, make clear to the German people the essential terms of the peace settlement which they expect the German people to accept and observe. It is our view that the German people should now be permitted and helped to make the necessary preparations for setting up a democratic German government which can accept and observe these terms.

From now on thoughtful people of the world will judge Allied action in Germany not by Allied promises but by Allied performances. The American Government has supported and will continue to support the necessary measures to denazify and demilitarize Germany, but it does not follow that large armies of alien soldiers or alien bureaucrats, however well motivated and disciplined, are, in the long run, the most reliable guardians of another country's democracy.

All that the Allied governments can and should do is to lay down the rules under which Germany can govern itself. The Allied occupation forces should be limited to the number sufficient to see that these rules are obeyed.

But the question for us will be: What force is needed to make certain that Germany does not rearm as it did after the first World War? Our proposal for a treaty with the major powers to enforce for twenty-five or even forty years the demilitarization plan finally agreed upon in the peace settlement would have made possible a smaller army of occupation. For enforcement we could rely more upon a force of trained inspectors and less upon infantry.

For instance, if an automobile factory, in violation of the treaty, converted its machinery to the production of weapons of war, inspectors would report it to the Allied Control Council. They would call upon the German government to stop production and punish the offender. If the German government failed to comply then the Allied nations would take steps to enforce compliance by the German government. Our proposal for the treaty was not agreed to.

Security forces will probably have to remain in Germany for a long period. I want no misunderstanding. We will not shirk our duty. We are not withdrawing. As long as an occupation force is required in Germany the Army of the United States will be a part of that occupation force.

The United States favors the early establishment of a provisional German government for Germany. Progress has been made in the American zone in developing local and state self-government in Germany and the American Government believes similar progress is possible for all zones.

It is the view of the American Government that the provisional government should not be hand-picked by other governments, but

should be a German national council composed of democratically responsible minister-presidents or other chief officials of the several states or provinces which have been established in each of the four zones.

Subject to the reserved authority of the Allied Control Council, the German national council should be responsible for the proper functioning of central administrative agencies, which should have adequate power to assure the administration of Germany as an economic unit, as was contemplated by the Potsdam Agreement.

The German national council should also be charged with the preparation of a draft of a federal constitution for Germany which, among other things, should ensure the democratic character of the new Germany and human rights and fundamental freedoms of all its inhabitants.

After approval in principle by the Allied Control Council, the proposed constitution should be submitted to an elected convention for final drafting and then submitted to the German people for ratification.

While we shall insist that Germany observe the principles of peace, good neighborliness and humanity, we do not want Germany to become the satellite of any power or to live under a dictatorship, foreign or domestic. The American people hope to see peaceful, democratic Germans become and remain free and independent.

Austria has already been recognized as a free and independent country. Her temporary forced union with Germany was not a happy event for either country and the United States is convinced that it is in the interest of both countries and the peace of Europe that they should pursue their separate ways.

At Potsdam specific areas which were part of Germany were provisionally assigned to the Soviet Union and to Poland, subject to the final decisions of the peace conference. At that time these areas were being held by Soviet and Polish armies. We were told that Germans in large numbers were fleeing from these areas and that it would in fact, because of the feelings aroused by the war, be difficult to reorganize the economic life of these areas if they were not administered as integral parts in the one case of the Soviet Union and in the other of Poland.

The heads of government agreed to support at the peace settle-

ment a proposal of the Soviet Government concerning the ultimate transfer to the Soviet Union of the city of Königsberg and areas adjacent to it. Unless the Soviet Government changes its views on the subject we will certainly stand by our agreement.

With regard to Silesia and other eastern German areas, the assignment to Poland by Russia for administrative purposes had taken place before the Potsdam meeting. The heads of government agreed that, pending the final determination of Poland's western frontier, Silesia and other eastern German areas should be under the administration of the Polish State and, for such purposes, should not be considered as a part of the Soviet zone of occupation in Germany. However, as the protocol of the Potsdam conference makes clear, the heads of government did not agree to support at the peace settlement the cession of any particular area.

The Soviets and the Poles suffered greatly at the hands of Hitler's invading armies. As a result of the agreement at Yalta, Poland ceded to the Soviet Union territory east of the Curzon Line. Because of this, Poland asked for revision of her northern and western frontiers. The United States will support revision of these frontiers in Poland's favor. However, the extent of the area to be ceded to Poland must be determined when the final settlement is agreed upon.

The United States does not feel that it can deny to France, which has been invaded three times by Germany in seventy years, its claim to the Saar territory, whose economy has long been closely linked with France. Of course, if the Saar territory is integrated with France she should readjust her reparation claims against Germany.

Except as here indicated, the United States will not support encroachment on territory which is indisputably German or any division of Germany which is not genuinely desired by the people concerned. So far as the United States is aware the people of the Ruhr and the Rhineland desire to remain united with the rest of Germany. And the United States will not oppose their desire.

While the people of the Ruhr were the last to succumb to Nazism, without the resources of the Ruhr Nazism could never have threatened the world. Never again must those resources be used for destructive purposes. They must be used to rebuild a free, peaceful Germany and a free, peaceful Europe.

The United States will favor such control over the whole of Ger-

many, including the Ruhr and the Rhineland, as may be necessary for security purposes. It will help to enforce those controls. But it will not favor any controls that would subject the Ruhr and the Rhineland to the political domination or manipulation of outside powers.

The German people are now feeling the devastating effects of the war which Hitler and his minions brought upon the world. Other people felt those devastating effects long before they were brought home to the German people.

The German people must realize that it was Hitler and his minions who tortured and exterminated innocent men, women, and children and sought, with German arms, to dominate and degrade the world. It was the massed, angered forces of humanity which had to fight their way into Germany to give the world the hope of freedom and peace.

The American people who fought for freedom have no desire to enslave the German people. The freedom Americans believe in and fought for is freedom which must be shared with all willing to respect the freedom of others.

The United States has returned to Germany practically all prisoners of war that were in the United States. We are taking prompt steps to return German prisoners of war in our custody in other parts of the world.

The United States cannot relieve Germany from the hardships inflicted upon her which the war leaders started. But the United States has no desire to increase those hardships or to deny the German people an opportunity to work their way out of those hardships so long as they respect human freedom and cling to the paths of peace.

The American people want to return the government of Germany to the German people. The American people want to help the German people to win their way back to an honorable place among the free and peace-loving nations of the world.

XIII

BEVIN'S SPEECH OF OCTOBER 23, 1946

. . . I turn to Germany where we and our allies are confronted with a most difficult and testing problem. Agreement on Germany is at once a touchstone of the relations between the four powers and our opportunity to build a system of lasting peace and security for the world. I would like to recall what I said at one of the July meetings at the Council of Foreign Ministers in Paris. I suggested there were three possible approaches to the peace of Europe: (1) A balance of power between States of equal strength; (2) domination by one power or by two blocks of powers; (3) united effort by the four powers with the co-operation of their smaller allies. I said on that occasion that His Majesty's Government regarded the last approach as being the most likely to produce the greatest stability.

In spite of all the difficulties we remain firmly of this opinion and it will not be His Majesty's Government's fault if it fails. It is our aim that this system should be applied above all in Germany and if it succeeds that this will lead to a general unity in Europe. But to bring it about there will have to be a general improvement in relations and a much greater confidence between the four great allies. We have had lately some notable statements on Germany. In the first place I refer to Mr. Byrnes' speech at Stuttgart on September 6.

His Majesty's Government find themselves in almost complete agreement with what Mr. Byrnes said. It cannot be too often repeated that the continuance of American interest in Europe is vital to the peace of Europe and particularly to the future of Germany. In fact it is one of the brightest parts in the postwar picture and one of the main grounds for hope that we shall reach a better settlement this time than we did at the end of the last war. I say again how much we welcome the proposal set out in the draft treaty on German disarmament which Mr. Byrnes put forward last July. We

would be glad to see agreement reached on some such proposal for forty years or whatever period is considered appropriate.

Equally we welcome Marshal Stalin's statement and we are extremely glad of his categorical denial of the idea that Russia might be intending to use Germany against the West. We can only hope that Marshal Stalin's words will in practice make easier co-operation between all the allies in Germany and other questions. If, therefore, we take Mr. Byrnes' pledge of American co-operation and Marshal Stalin's words with the declaration which I have just made of Great Britain's desire for four-power co-operation and the known willingness of France to collaborate in European security—if this desire for co-operation can be applied in practice in the conference room and written into the settlement the future of Europe looks brighter than it has looked for ages. Whatever differences of opinion there might be as to the final settlement in Germany the four powers in occupation of Germany are joined by their determination to prevent any future German aggression or the creation of any state of affairs in Germany in which such aggression might be prepared.

The issues in Germany will have to be faced at a special meeting of the Council of Foreign Ministers in New York. I must not mislead the House in assuming that the German question can be finally settled at this meeting. One hopes that it will be possible to agree on general principles to be worked out at later meetings until we arrive at a final solution. Our ultimate goal is the preparation of a peace treaty, but there is a large amount of preliminary work to be done before that can be accomplished. It is obvious that the views of the countries which waged war against Germany must be heard. The exact procedure to enable their views to be heard must first be worked out at the Council of Foreign Ministers. It is clear that no final decisions can be taken until all the Powers who actively took part in the war against Germany have had a chance to express their views.

I should like now to state some of the general principles which the Government hope to see adopted with regard to the treatment of Germany. We wish to see established, first, political conditions which will secure the world against any German reversion to dictatorship or any revival of German aggressive policy; second, economic conditions which will enable Germans and the world outside

Germany to benefit in conditions of peace from German industry and resources; third, constitutional machinery in Germany for these ends which is acceptable to the German people and is thus likely to be more permanent.

We are striving to stimulate habits of orderly self-government among the Germans. The lesson that the exercise of political power and responsibility is dependent on the approval of the electors expressed through the ballot box is one of the most valuable we can teach the Germans. As regards the constitution of Germany, we are decentralizing German administration so far as possible. We have set up a new province of North Rhineland-Westphalia and we intend reorganizing the remainder of our zone into two other provinces, Schleswig-Holstein and Lower Saxony. The Hanseatic towns of Hamburg and Bremen will for the time remain separate from the arrangement.

Looking further ahead, we contemplate a German constitution which would avoid the two extremes of a loose confederation of autonomous states and a unitary centralized state. Certain questions would be exclusively reserved to the senate; the regional units would be exclusively competent in all the remaining powers. Allowance would thus be made for local differences in tradition, religion, and economic circumstances. The central government might consist of two chambers, one of which would be popularly elected and the other consisting of representatives of the regional units. There might be a supreme court like the United States Supreme Court, with jurisdiction to give rulings on the powers of all central and provincial legislatures. A central German government can, in due course, be established on condition that it can be freely elected from Germany as a whole and that its authority runs throughout Germany.

In the short term our guide on economic conditions should be the Potsdam Agreement, which lays down the economic principles to be followed for the initial control period. There are many imperfections in this agreement, but we have said many times that we are ready to carry it out in its entirety. What we are not prepared to do is to carry out parts of it which are unfavorable to us while other parts are not fulfilled. Neither are we prepared to operate the Potsdam Agreement unless it applies to all the zones on equal terms and covers economics, finance, and reparations.

The basic provision of the agreement is that Germany shall be treated as an economic unit. It follows that there must not be reparations delivery from current production so long as there is a deficit in the balance of payment account in any one zone. As a result eastern Germany and western Germany are treated as two separate economic units. We and the Americans have had to buy food and other goods to send into western Germany while the Russians are taking similar goods from eastern Germany into Russia. This is a situation which cannot go on. We must either have Potsdam observed as a whole, and in the order of its decision, or we must have a new agreement.

This situation was so serious that I had to declare at the Council of Foreign Ministers in July that Great Britain would not tolerate paying large sums to keep German economic life going and that we must take steps to put our zone on a sound economic basis which would prevent any cost falling on the British taxpayer. This would have involved the coal to other zones and to other countries being paid for on a dollar basis. To meet the situation the United States offered to merge their zone with any other zone, and to form one economic unit. The Government accepted that. This will not, of course, cure the present deficit of the two zones, or take the place of the treatment of the whole of Germany as a single economic unit. However, we are satisfied that this merger has been a most useful step in the right direction, and that its actual results, providing the financial situation can be straightened out, can be made satisfactory.

As regards German industry, the British estimate, taking steel as the yardstick—and this was worked out on what was called the Armistice and Post-War Committee of the Coalition Government after the most careful examination of all the facts—was that Germany should be allowed to produce 11,000,000 tons, which would not have created any possibility of aggression, but was just enough to rehabilitate German life. We met with strenuous opposition and in the interim arrangement the figure was left at 7,500,000 tons.

However, the facts have proved that our estimate was right if the devastation of Germany is to be dealt with. We agreed to this plan on the clear understanding that Germany would be treated as an economic unit. As this has not been done we have a right to revise the plan. Meanwhile we and the American Government are having

to provide large sums of money in order to keep our zones of Germany at the minimum subsistence level. This is most unpalatable, and we are doing our utmost to reduce this burden. The greatest single improvement would be to increase the coal output of the Ruhr. In spite of all the efforts, we can only do this by retaining in Germany temporarily more of the coal which is at present exported, and so rehabilitate the German coal industry so as to be in a position at an early date to step up exports all round. Of course, every importing country is greatly concerned, but the fact is the industry there is run down and destroyed, and stocks are almost exhausted; the workers are becoming worn out on their poor diet, and are disturbed by lack of certainty about the future of German industry.

We had to meet two points of view. We had what was called the Morgenthau Plan to ruralize Germany, and that influenced the United States outlook considerably. We had the Russian mind, which, looking for security, thought it ought to be completely destroyed. But it has turned out that the British calculation, taking steel as a yardstick at 11,000,000 tons, and basing the rest of industry on that footing, has turned out a perfectly right calculation, upon which we must work.

All these difficulties are intensified by the presence in Germany of a very large number of displaced persons for whom, at present, no home can be found and by the transferring to Germany of millions of Germans from Poland and Czechoslovakia. We are not trying to evade our responsibility to receive a proportion of these now homeless Germans into our zone, but their arrival, obviously, increases the difficulties and hardships of the already over-crowded population. Housing space for the inhabitants in the British zone, owing to the air war, is already less than it is in any of the other zones.

I was glad to see from Mr. Byrnes' speech at Stuttgart that it is not a part of the American policy to deny to the Germans the possibility of improving their lot by hard work. Mr. Molotov also said in one of his statements in Paris in July that, subject to the necessary controls, the German output of steel, coal, and manufactured products might be increased within certain limits.

It is our considered view that German industry has a most important part to play in the whole of European economy, and it is

not our intention that it should be permanently crippled—except in so far as it might endanger security. The plan for the Ruhr must be worked into the plan for the disarmament control of Germany as a whole, which is set out in the draft treaty proposed by Mr. Byrnes. Apart from this, we have also to consider the ownership of the basic German industries. These industries were previously in the hands of magnates who were closely allied to the German military machine, who financed Hitler, and who in two wars were part and parcel of Germany's aggressive policy. We have no desire to see those gentlemen, or their like, return to a position which they have abused with such tragic results. As an interim measure we have taken over the possession and the control of the coal and steel industries and vested them in the Commander-in-Chief. We shall shortly take similar action in the cases of the heavy chemical industry and mechanical engineering industry. Our intention is that those industries shall be owned and controlled in future by the public. The exact form of this public ownership and control is now being worked out. They should be owned and worked by the German people, but subject to such international control that they cannot again be a threat to their neighbors.

The industries are in great disorder; many of them have been heavily damaged, and most of them are operating at a considerable loss. The case for the public ownership of those heavy industries was never stronger than it is in Germany today. The Germans know this themselves. I am satisfied that this statement by me in the House today will give hope to those Germans who never again want to see themselves victims of those cartels and trusts which led them to disaster—those magnates who used the labor and skill of the German workmen with such ingenuity and with such disastrous results to them and to the whole world.

Let me sum up our economic aims with regard to the German industry. The production of war material in the broadest sense must be absolutely and permanently prohibited, and Germany must become self-supporting as quickly as possible. To achieve this, more coal must be produced and retained in Germany. Thereafter, German industry should be free to expand, subject to a measure of international control, the form of which is to be determined. We

should give active support to the German plan for the socialization of their basic industries.

Another most important matter to be discussed at our forthcoming conference is that of Germany's frontiers. At Potsdam we agreed that a large part of eastern Germany should be provisionally put under Polish supervision pending final settlement of the Polish-German frontier. We did not at that conference deal with Germany's western frontiers—there are many pressing and important questions on that side as well. The French wish to incorporate the Saar in their economic and administrative system, but without formally annexing it. They also propose that the Rhineland should be detached from Germany and formed into a separate State. They also wish the Ruhr should be formed into a separate State. In addition to these major problems, it is possible that The Netherlands, the Belgian, Danish, and Luxemburg Governments may put forward claims for territorial adjustments with Germany.

Our own view on some of these claims has already been expressed and told to the House. His Majesty's Government are prepared to accept the French proposals about the Saar, subject to the necessary adjustments of the French reparations balance and the delimitation of the exact areas. We feel that this has been too long delayed, and that in the interests of both miners and other workers in the Saar and of the French Government it is right the matter should be settled quickly. While, therefore, we shall support the French over the Saar, we cannot support their proposal with regard to the Rhineland and the Ruhr. An arrangement can, we think, be made which would satisfy French security by providing for the maintenance in those territories of an Allied force, even after the end of the occupation of the rest of Germany.

As regards the Polish frontier, I will not try to conceal the fact that it was with the greatest reluctance that we agreed at Potsdam to the vast changes upon which our Russian allies insisted. It was inevitable, with such enforced, large-scale emigration of people, to provide the deepest reaction in Germany, and I fear we have not seen the last result of the Polish affair. Our own assent to the provisions was given at Potsdam in return for various assurances made by the Provisional Polish Government to the effect that they would hold free and unfettered elections as soon as possible—on the basis

of universal suffrage and secret ballot in which all anti-Nazi parties should have the right to take part and put forward candidates—and have full freedom to report to the world on developments in Poland before and during the elections.

We also secured agreement that the returning soldiers—which have been the subject of so much criticism—should have free entry back into Poland and have the advantage of the use of lands that would be available. We see no reason why we should finally ratify the cession of this vast territory to Poland without being satisfied that these assurances have been fully carried out. We should also wish to be assured that the Poles were able to develop this territory so that the economic resources were properly used and that it did not become a wilderness from which the Germans have been excluded but which the Poles were unable to populate.

There is a great deal of talk nowadays about the need for putting things right in our zone of Germany. All this talk is very right and very natural. I must say, however, that people, both here and in Germany, are apt to see these things rather out of perspective. It must not be forgotten that crimes were committed and millions of Germans were implicated in those crimes, and Nuremberg by no means wipes the slate clear.

We must behave like decent and sensible human beings, and not like Nazis, but I appeal to the country not to allow itself to begin indulging in sloppy sentiment. It will not do the Germans any good, and it will only result in misleading them. Having regard to the fact that we have had to fight two wars with all their sacrifices, we must now secure a just settlement without fear or favor. It is extremely distasteful to see victorious nations courting a defeated enemy for ideological reasons. The sooner we can get away from this and consider objectively what is demanded by justice and by the long-term interests of Europe and the world, the better it will be for ourselves and for Germany as well. We have also, of course, a major interest in seeing that Germany does not become a permanent distressed area in the center of Europe, and that the Germans should have a proper and reasonable standard of living. If this distressed area is allowed to develop it can only result in bringing down with it the standard of life all over Europe, including our own and indeed that of the world.

Therefore, striking this balance is very difficult. We are in Germany partly to clear up the mess which Hitler caused, and the Germans would be very much worse off if we were not there. We are, of course, fully conscious of the need for publicity to make quite sure that our point of view is fully presented to the German people. Instead of indulging in mutual recriminations and accusations against our administration, the German political parties, and indeed, our own friends at home here, would be well advised to reflect on the present situation of Germany in its European setting and how all this has been brought about. Only in that way shall we arrive at a useful understanding and be able to use their utmost energies to retrieve the past crimes and errors of the Nazis and help Germany to a new place in the society of nations. . . .

XIV

BAILLIE-STALIN QUESTIONNAIRE, OCTOBER 28, 1946: QUESTIONS ON GERMANY

Question 9: Do you think that the four zones of occupation in Germany should in the near future be thrown together in so far as economic administration is concerned, with the view to restoring Germany as a peaceful economic unit and thus lessening the burden of occupation to the four powers?

Reply: It is necessary to re-establish not only the economic but also the political unity of Germany.

Question 10: Do you feel it feasible at this time to create some sort of general administration, to be placed in the hands of the Germans themselves but under Allied control, which will make it possible for the Council of Foreign Ministers to draft a peace treaty for Germany?

Reply: Yes, I think so.

Question 11: Do you feel confident in the light of the elections which have been held in various zones this summer and fall that Germany is developing politically along democratic lines which give hope for its future as a peaceful nation?

Reply: I am not sure of it for the time being.

Question 12: Do you feel, as has been suggested in some quarters, that the level of permitted industry should be raised above the agreed level to permit Germany to pay her own way more fully?

Reply: Yes, I do.

Question 13: What should be done beyond the present four-power program to prevent Germany from again becoming a world military menace?

Reply: It is necessary to extirpate in practice the remnants of fascism in Germany and to democratize her most thoroughly.

Question 14: Should the German people be allowed to reconstruct their industry and trade and become self-supporting?

Reply: Yes, they should.

Question 15: Have the provisions of Potsdam in your opinion been adhered to? If not, what is needed to make the Potsdam Declaration an effective instrument?

Reply: They are not always adhered to, especially in the field of democratization of Germany.

Question 16: Do you feel that the veto power has been used to excess during discussions among the four Foreign Ministers and in meetings of the United Nations Security Council?

Reply: No, I do not.

Question 17: How far does the Kremlin feel the Allied powers should go on hunting down and trying minor war criminals in Germany? Does it feel the Nuremberg decisions have created a sufficiently strong basis for such action?

Reply: The further they will go the better.

Question 18: Does Russia consider the western frontiers of Poland permanent?

Reply: Yes, it does.

XV

ANGLO-AMERICAN ECONOMIC MERGER AGREEMENT

AGREEMENT FOR ECONOMIC FUSION OF UNITED STATES AND UNITED KINGDOM ZONES IN GERMANY

Representatives of the two Governments have met at Washington to discuss the questions arising out of the economic fusion of their zones of occupation in Germany. They have taken as the basis of their discussion the fact that the aim of the two Governments is to achieve the economic unity of Germany as a whole, in accordance with the agreement reached at Potsdam on 2 August, 1945. The arrangements set out hereunder, for the United States and United Kingdom zones, should be regarded as the first step toward the achievement of the economic unity of Germany as a whole in accordance with that agreement. The two Governments are ready at any time to enter into discussions with either of the other occupying powers with a view to the extension of these arrangements to their zones of occupation.

On this basis, agreement has been reached on the following paragraphs:

1. *Date of Inception*—This agreement for the economic fusion of the two zones shall take effect on 1 January, 1947.

2. *Pooling of Resources*—The two zones shall be treated as a single area for all economic purposes. The indigenous resources of the area and all imports into the area, including food, shall be pooled in order to produce a common standard of living.

3. *German Administrative Agencies*—The United States and United Kingdom Commanders-in-Chief are responsible for setting up under their joint control the German administrative agencies necessary to the economic unification of the two zones.

4. *Agency for Foreign Trade*—Responsibility for foreign trade

will rest initially with the Joint Export-Import Agency (United States-United Kingdom) or such other agency as may be established by the two Commanders-in-Chief. This responsibility shall be transferred to the German administrative agency for foreign trade under joint supervision to the maximum extent permitted by the restrictions existing in foreign countries at any given period. (All references in this agreement to the Joint Export-Import Agency shall apply to this agency or to any agency established by the two Commanders-in-Chief to succeed it.)

5. *Basis of Economic Planning*—The aim of the two Governments is the achievement by the end of 1949 of a self-sustaining economy for the area.

6. *Sharing of Financial Responsibility*—Subject to the provision of the necessary appropriations, the Governments of the United States and the United Kingdom will become responsible on an equal basis for costs of approved imports brought into account after 31 December, 1946 (including stocks on hand financed by the respective Governments), in so far as those cannot be paid for from other sources, in accordance with the following provisions:

a. For this purpose the imports of the area shall be divided into two categories: those imports required to prevent disease and unrest (Category A), which are financed in decreasing amounts by appropriate funds; and those further imports (including raw materials) however financed, which will be required if the economic state of the area is to recover to an extent sufficient to achieve the aim laid down in Paragraph 5 of this agreement (Category B).

b. It is the intention of the two Governments that the full cost of Category A imports shall be defrayed as soon as possible, subject to Sub-paragraph (c) below, from the proceeds of exports. Any portion of the cost of Category A imports which is not met by export proceeds will be defrayed by the two Governments in equal shares from appropriated funds.

c. The proceeds of exports from the area shall be collected by the Joint Export-Import Agency and shall be used primarily for the provision of Category B imports until there is a surplus of export proceeds over the cost of these imports.

d. In order to provide funds to procure Category B imports:

(i) The Government of the United Kingdom will make available

to the Joint Export-Import Agency the sum of \$29,300,000 in settlement of the understanding reached in September 1945, for the pooling of the proceeds of exports from the two zones in proportion to import expenditures, which shall be credited to the United States contribution.

(ii) In addition to this sum the accumulated proceeds of exports from the United States zone (estimated at \$14,500,000) will be made available to the Joint Export-Import Agency for the purchase of Category B imports.

(iii) The Government of the United Kingdom will provide Category B goods at the request of the Joint Export-Import Agency to a value equal to that of the United States contribution under Sub-paragraphs (i) and (ii) above.

(iv) The Governments of the United States and the United Kingdom will make available to the Joint Export-Import Agency in like amounts their respective shares of the sum to be used for financing purchases of essential commodities for the German economy under the provisions, and upon ratification by the Governments of Sweden, of the accord dated 18 July, 1946, between the Governments of the United States, the United Kingdom and France on the one hand and of Sweden on the other.

(v) Any further sums which are agreed by the Joint Export-Import Agency to be required for the purchase of Category B imports shall be provided by the two Governments on an equal basis in such manner as they may agree. To the extent that either Government advances sums for the purchase of raw materials for processing and re-export on special terms as regards security and repayment, the other Government may advance equal sums on similar terms.

e. The costs incurred by the two Governments for their two zones before 1 January, 1947, and for the area thereafter, shall be recovered from future German exports in the shortest practicable time consistent with the rebuilding of the German economy on healthy, non-aggressive lines.

7. *Relaxation of Barriers to Trade*—With a view to facilitating the expansion of German exports, barriers in the way of trade with Germany should be removed as rapidly as world conditions permit. To the same end the establishment of an exchange value for the mark should be undertaken as soon as this is practicable; financial reform

should be effected in Germany at an early date; and the exchange of full technical and business communications between Germany and other countries should be facilitated as soon as possible. Potential buyers of German goods should be provided access to both zones to the full extent that facilities permit, and normal business channels should be restored as soon as possible.

8. *Procurement*—The determination of import requirements shall be responsibility of the Joint Export-Import Agency. The procurement of these requirements shall be dealt with as follows:

(i) Procurement of Category A imports to the extent that they are financed from appropriated funds of either Government shall be the responsibility of that Government.

(ii) Procurement of Category B imports and of Category A imports to the extent that they are not financed by appropriated funds shall be the responsibility of the Joint Export-Import Agency, with such assistance from the two Governments as may be desired.

Unless otherwise agreed, subject to the provisions of this paragraph, procurement shall be from the most economical source of supply. However, the sources shall be selected to the fullest extent practicable, so as to minimize the drain on the dollar resources of the United Kingdom.

The two Governments will establish a joint committee in Washington with the following responsibilities:

(a) In the case of commodities in short supply, to support the requirements of the Joint Export-Import Agency before the appropriate authorities.

(b) To determine, where necessary, sources of supply and to designate procurement agencies having regard to the financial responsibilities and exchange resources of the two Governments.

With respect to Sub-paragraph (a) above, the two Governments agree to assist the committee in obtaining the requirements of the Joint Export-Import Agency having regard to all other legitimate claims on available world supply.

With respect to Sub-paragraph (b) above, where the financial responsibility rests with one Government, and the designated source of supply is the territory under the authority of the other Government, the latter, if so requested, will accept responsibility for procuring those supplies as agent for the former.

9. *Currency and Banking Arrangements*—The Bipartite Finance Committee (United States-United Kingdom) will be authorized to open accounts with approved banks of the countries in which the Joint Export-Import Agency is operating, provided that agreements are negotiated with those countries for credit balances to be transferred on demand into dollars or sterling. The Bipartite Finance Committee will be authorized to accept payment of balances in either dollars or sterling, whichever, in the judgment of the Joint Export-Import Agency, may be better utilized in financing essential imports.

10. *Food*—The two Governments will support, to the full extent that appropriated and other funds will permit, an increase in the present ration standard to 1,800 calories for the normal consumer as soon as the world food supply permits. This standard is accepted as the minimum which will support a reasonable economic recovery in Germany. However, in view of the current world food supply, a ration standard of 1,550 calories for the normal consumer must be accepted at present.

11. *Imports for Displaced Persons*—Subject to any international arrangements which may subsequently be made for the maintenance of displaced persons, the maintenance of displaced persons within both zones from the German economy shall not exceed the maintenance of German citizens from this economy. Supplementary rations and other benefits which may be provided for displaced persons in excess of those available to German citizens must be brought in to Germany without cost to the German economy.

12. *Duration*—It is the intention of the two Governments that this agreement shall govern their mutual arrangements for the economic administration of the area pending agreement for the treatment of Germany as an economic unit or until amended by mutual agreement. It shall be reviewed at yearly intervals.

James F. Byrnes
Ernest Bevin

2 December, 1946

