

posed by National Socialism on Germany and further the assimilation of the German people into the world community of nations.

23. Education

a. In recognition of the fact that evil consequences to all free men flow from the suppression and corruption of truth and that education is a primary means of creating a democratic and peaceful Germany, you will continue to encourage and assist in the development of educational methods, institutions, programs and materials designed to further the creation of democratic attitudes and practices through education. You will require the German Laender authorities to adopt and execute educational programs designed to develop a healthy, democratic educational system which will offer equal opportunity to all according to their qualifications.

b. You will continue to effect the complete elimination of all National Socialist, militaristic and aggressively nationalistic influences, practices and teachings from the German educational system.

24. Religious Affairs

a. You will, in the United States Area of Occupation, continue to assure freedom of religion. You will assure protection of religious activity and support these principles in the deliberations of the Control Council.

b. You will give freedom to the Germans to decide all questions concerning the constitution, the religious activity and the amalgamation of purely ecclesiastical bodies.

c. You will continue to take such action as may be necessary to prevent the revival of National Socialist and militaristic activity under the cloak of a religious program or organization.

25. Monuments, Fine Arts, and Archives

a. You will respect, and permit German authorities to protect and preserve, the property of all cultural institutions dedicated to religion, charity, education, the arts and sciences, historic monuments and historic archives, together with their collections and endowments. You will apply the same principle to all other property of cultural value, whether publicly or private owned, except for institutions and monuments specifically devoted to the perpetuation of National Socialism or to the glorification of the German militaristic tradition.

b. You are authorized to make such use of German records and archives as may be appropriate.

26. Public Information

a. You will, in the United States Area of Occupation, supervise, encourage and assist in the development by the Germans of media of public

information designed to advance the political and cultural objectives stated in this directive.

b. You will arrange through the Allied Control Council for the implementation of the decision of 23 April 1947 of the Council of Foreign Ministers on the free exchange of information and democratic ideas by all media in all of Germany.

c. You will develop and maintain organizations and facilities for the operation of media of information, including those sponsored by Military Government, designed to further the objectives of your Government.

27. Reestablishment of International Cultural Relations

In furtherance of the program of the reorientation of the German people and the revival of international cultural relations, you will permit and assist the travel into and out of Germany of persons useful for this program within the availability of your facilities. You will also permit and assist, to the extent of your facilities, the free flow of cultural materials to and from Germany.

Appendix C

Democratization of Germany

A STATEMENT OF POLICY BY GENERAL
JOSEPH McNARNEY

July 9, 1946

In general it may be said that the Laender will be given complete power to govern themselves. . . . The only restrictions imposed upon them will be those resulting from:

a) The provisions of the Berlin Protocol and subsequent Four Power agreements which may be forthcoming from further ministerial meetings.

b) Allied Control Council Laws which are binding upon the whole of Germany.

c) Democratization and political decentralization.

d) It is considered the German Government will be "democratized" when the following conditions exist:

1) All political power is recognized as originating with the people and subject to their control.

2) Those who exercise political power are obligated to obtain a man-

date by frequent reference of their programs and leadership to popular elections.

3) Popular elections are conducted under competitive conditions in which not less than two effectively competing political parties submit their programs and candidates for popular review.

4) Political parties must be democratic in character and must be recognized as voluntary associations of citizens, clearly distinguished from rather than identified with the instrumentalities of government.

5) The basic rights of the individual including free speech, freedom of religious preference, and the right of assembly, freedom of political association and other equally basic rights of free men are recognized and guaranteed.

6) Control of the instrumentalities of public opinion such as the radio and press must be diffused and kept free from governmental domination.

7) The rule of law is recognized as the individual's greatest single protection against a capricious and willful exercise of governmental power.

8) Essentially our policy on political decentralization of government is:

A. Power is granted primarily to Laender, and only in specifically enumerated and approved instances to a Federal Government.

B. Powers of basic political implication are reserved to the Laender. Such administrative powers as may be necessary to insure economic unity are allocated to the Reich.

C. All residual powers are reserved to the people except as the people may delegate them to the Laender.

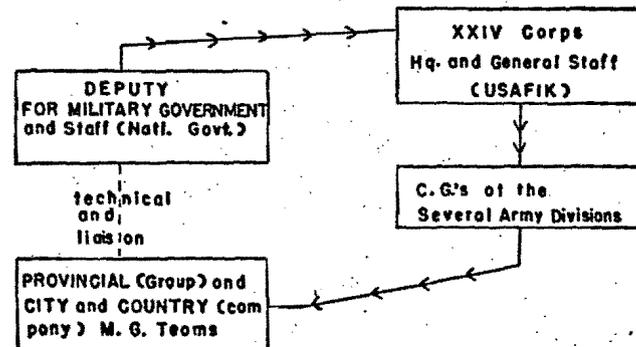
D. A substantial number of functions are delegated by the Laender to the Kreise and the Gemeinden. Those should include all such functions as may be effectively determined and administered by the community.

As these conditions are met the limitations on Laender Government which are imposed by Military Government Regulations will become less stringent. With the definitions of democracy and decentralization and the recognition of the need for economic unity which is contained in the Berlin Protocol, there can never be an effective compromise. These principles must remain as limitations upon Laender activities from this time forward.

Appendix D

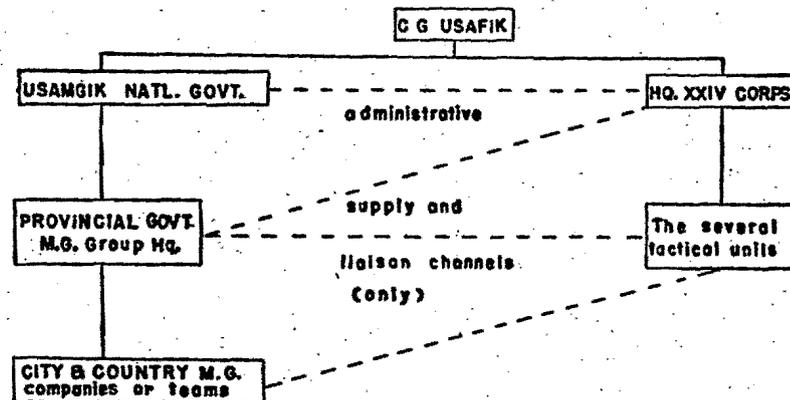
MILITARY GOVERNMENT CHANNELS

(Before January, 1946)



MILITARY GOVERNMENT CHANNELS

(Since January 1946)



*Byrnes's Stuttgart Speech
Sept. 6, 1946*

86th Congress }
1st Session }

COMMITTEE PRINT

DOCUMENTS ON GERMANY,
1944-1959

BACKGROUND DOCUMENTS ON
GERMANY, 1944-1959, AND A CHRONOLOGY OF
POLITICAL DEVELOPMENTS AFFECTING
BERLIN, 1945-1956



MAY 8, 1959

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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 an examination by the Governments concerned of the report from their representatives on the Control Council.

* * * * *

XIX. DIRECTIVES TO MILITARY COMMANDERS ON ALLIED CONTROL COUNCIL FOR GERMANY

The Three Governments agreed that each would send a directive to its representative on the Control Council for Germany informing him of all decisions of the Conference affecting matters within the scope of his duties.

XX. USE OF ALLIED PROPERTY FOR SATELLITE REPARATIONS OR "WAR TROPHIES"

The proposal (Annex II) presented by the United States Delegation was accepted in principle by the Conference, but the drafting of an agreement on the matter was left to be worked out through diplomatic channels.

* * * * *

ANNEX II

USE OF ALLIED PROPERTY FOR SATELLITE REPARATIONS OR
"WAR TROPHIES"

1. The burden of reparation and "war trophies" should not fall on Allied nationals.

2. *Capital Equipment.* We object to the removal of such Allied property as reparations, "war trophies", or under any other guise. Loss would accrue to Allied nationals as a result of destruction of plants and the consequent loss of markets and trading connections. Seizure of Allied property makes impossible the fulfilment by the satellite of its obligation under the armistice to restore intact the rights and interests of the Allied Nations and their nationals.

The United States looks to the other occupying powers for the return of any equipment already removed and the cessation of removals. Where such equipment will not or cannot be returned, the U. S. will demand of the satellite adequate, effective and prompt compensation to American nationals, and that such compensation have priority equal to that of the reparations payment.

These principles apply to all property wholly or substantially owned by Allied nationals. In the event of removals of property in

which the American as well as the entire Allied interest is less than substantial, the U. S. expects adequate, effective, and prompt compensation.

3. *Current Production.* While the U. S. does not oppose reparation out of current production of Allied investments, the satellite must provide immediate and adequate compensation to the Allied nationals including sufficient foreign exchange or products so that they can recover reasonable foreign currency expenditures and transfer a reasonable return on their investment. Such compensation must also have equal priority with reparations.

We deem it essential that the satellites not conclude treaties, agreements or arrangements which deny to Allied nationals access, on equal terms, to their trade, raw materials and industry, and appropriately modify any existing arrangements which may have that effect.

Stuttgart Address by Secretary of State Byrnes, September 6, 1946¹

RESTATEMENT OF U.S. POLICY ON GERMANY

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 Germany but the future well-being of Europe.

We have learned, whether we like it or not, that we live in one world, from which world 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 the 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

¹ *Germany, 1947-1949: The Story in Documents* (Department of State publication 3558: 1950). pp. 3-8.

the real issue. What we want is a lasting peace. We will oppose soft measures which invite the 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 was not unmindful of the responsibility resting upon it and its major Allies to maintain and enforce peace under the law.

Freedom for 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 the 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 East and the West.

German militarism and Nazism have devastated twice in our generation the lands of Germany's 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 Germany. 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 upon 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 in order 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 of the 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 involves 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 reparation to which President Truman agreed 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 cooperation. 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 the 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 are 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 coordinated 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 nation-wide 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 the 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 those 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 states adjoining Germany, 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 shattered 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 the 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 de-Nazify Germany but not to 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 foreign dictatorship of Germany's peacetime economy or a prolonged foreign 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 soil 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 the 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 of a democratic German government which can accept and observe these terms.

From now on the 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 de-Nazify and demilitarize Germany, but it does not believe that large armies of foreign 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 German democracy can govern itself. The Allied occupation forces should be limited to the number sufficient to see that those rules are obeyed.

But of course 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 25 or even 40 years the demilitarization plan finally agreed upon in the peace settlement would have made possible a smaller arm 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 the 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. Unfortunately our proposal for a 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. We are staying here. As long as there is an occupation army in Germany, American armed forces will be part of that occupation army.

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 in all zones.

It is the view of the American Government that the provisional government should not be handpicked by other governments. It should be a German national council composed of the 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 the central administrative agencies. Those agencies 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 insure the democratic character of the new Germany and the 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 powers 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 and 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 the 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 case of Poland.

The heads of government agreed to support at the peace settlement the proposal of the Soviet Government concerning the ultimate transfer to the Soviet Union of the city of Königsberg and the area 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 of this territory 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 this 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 a 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 70 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 any 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 is not going to 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 Germany, 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 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 people of Germany.

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 a 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 by the war her 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 follow 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.

Report by Secretary of State Marshall on the Fourth Session of the Council of Foreign Ministers, April 28, 1947

COUNCIL OF FOREIGN MINISTERS

Tonight I hope to make clearly understandable the fundamental nature of the issues discussed at the Moscow Conference of Foreign Ministers.

This Conference dealt with the very heart of the peace for which we are struggling. It dealt with the vital center of Europe—Germany and Austria—an area of large and skilled population, of great resources and industrial plants, an area which has twice in recent times brought the world to the brink of disaster. In the Moscow negotiations all the disagreements which were so evident during the conferences regarding the Italian and Balkan treaties came into sharp focus and remained in effect unsolved.

Problems which bear directly on the future of our civilization cannot be disposed of by general talk or vague formulae—by what Lincoln called "pernicious abstractions". They require concrete solutions for definite and extremely complicated questions—questions which have to do with boundaries, with power to prevent military aggression, with people who have bitter memories, with the production and control of things which are essential to the lives of millions of people. You have been kept well informed by the press and radio of the daily activities of the Council, and much of what I have to say may seem repetitious. But the extremely complicated nature of the three major issues we considered makes it appear desirable for me to report in some detail the problems as I saw them in my meetings at the Conference table.

There was a reasonable possibility; we had hoped a probability, of completing in Moscow a peace treaty for Austria and a four-power pact to bind together our four governments to guarantee the demilitarization of Germany. As for the German peace treaty and related but more current German problems, we had hoped to reach agreement on a directive for the guidance of our deputies in their work preparatory to the next conference.

In a statement such as this, it is not practicable to discuss the numerous issues which continued in disagreement at the Conference. It will suffice, I think, to call attention to the fundamental problems whose solution would probably lead to the quick adjustment of many other differences.

Coal

It is important to an understanding of the Conference that the complex character of the problems should be understood, together with their immediate effect on the people of Europe in the coming months. To cite a single example, more coal is most urgently needed throughout Europe for factories, for utilities, for railroads, and for the people in their homes. More coal for Allied countries cannot be mined and delivered until the damaged mines, mine machinery, railroad communications and like facilities are rehabilitated. This rela-

¹ *Ibid.*, pp. 57-63. The Fourth Session of the Council was held at Moscow from March 10 to April 24, 1947.

Pollock + Meisel 147

Strengthening
German Civil
Admin in the US Zone
1st item undated
2nd " Sept 30, 1946

XV

RELATIONSHIP BETWEEN CIVIL AND MILITARY GOVERNMENT

After the three state governments were established and functioning, and their organ of coordination, the Laenderrat, had been created, Military Government was in a position to turn greater responsibilities over to their constituted German authorities. The first directive, which follows, lays down the spheres of activity of the various levels of German authority, and defines the relation of Military Government in the new situation to those German authorities. A year later, when the new state constitutions were adopted by the people in the three states, a new directive was issued which defines the relationships which are now existing between military and civil government in the American Zone. Both directives show the evolution of American supervisory practice during the period when German government was being rebuilt and placed on a democratic basis.

1

HEADQUARTERS
UNITED STATES FORCES, EUROPEAN THEATER
Office of Military Government (U.S. Zone)

SUBJECT: Action to Strengthen German Civil Administration in the U.S. Zone.

TO : Director, Office of Military Government for:
Western Military District;
Bavaria;
Greater Hessen;
Württemberg-Baden

I. The steps which we have taken to accomplish this objective of requiring German Authorities to exercise responsibility for the operation of the machinery of government make it necessary that the Minister Presidents of the several States be fully informed of their responsibilities and the powers which they may exercise and of the control which will be maintained by Military Government. The information given in the succeeding paragraphs of this letter will therefore be transmitted to such Minister Presidents:

1. Relationship of Military Government to the German Authorities. The relationship between Military Government and the German authorities is based upon the establishment of an autonomous state government in the three states of the United States Zone subject to a centralized Military Government control applied at the local state government level.

2. Constitution of Lander. Three Lander were constituted in the U. S. Zone for Germany by the Theater Commander's Proclamation No. 2.

3. Organization of State (Land) Government. Provision was made for each to have a state government, with executive, legislative, and judicial powers, the state government to exercise all powers and responsibilities formerly exercised by the state and in addition, within the state, the powers formerly exercised by the Reich government. The State government is composed of functional Ministries, responsible for the performance of all functions, including those formerly performed therein by Reich agencies. Such Ministries are subordinate to and accountable to the Minister President, who in turn is responsible to the Director, Office of Military Government for the state (Land).

4. Powers and Responsibilities of the State (Land) Government. The state government has full responsibility for the operation of the machinery of government within the state and the authority to take whatever action is necessary to fulfill such responsibility, subject to such control as must be exercised by Military Government to accomplish the purposes of the occupation, and except as the exercise thereof would be in conflict with actions heretofore or hereafter taken by the Control Council of Germany or any central authority established by it. The initiative must be taken by the German authorities, the duty is theirs.

a. Executive Functions. The Minister President and his functional Ministers have the right to appoint all officials within the state subject to the prior approval of Military Government with respect to political reliability. This power will not, however, be allowed to interfere with the authority of representative bodies when such are chosen by elective process. Until revised Civil Service legislation is produced and put into effect, all appointments and all retentions in office are on a temporary basis. However, removals will not normally be effected except for cause.

b. Legislative Functions.

(1) Subject to the authority of Military Government each state is given full legislative, judicial and executive powers except as the exercise thereof would be in conflict with actions heretofore or hereafter taken by the Control Council for Germany or any central German authority established by it. The authority of the Landrate, mayors, and other local officials to enact legislation and exercise other governmental power to the same extent to which they had such authority under German law in force at the time of the occupation, as from time to time modified by the Control Council for Germany or by or with the approval of Military Government, is recognized and additional authority is given where necessary or appropriate to carry out the tasks with the performance of which they are charged by Military Government.

(2) All legislation issued by German authorities at any level will be issued upon their sole responsibility and no such German legislation shall contain anything which would indicate or might be construed to indicate that it was issued in the name of or having the approval of Military Government.

(3) Until such time as it is possible to establish democratic institutions it is sufficient for the validity of state legislation that it be approved and promulgated by the Minister President.

(4) The issuance of legislation by a Lander or its subdivisions is subject to the prior clearance of the Office of Military Government for such Land.

(5) Kreis legislation need not be examined by Military Government prior to its issuance but copies will promptly be forwarded to the Office of Military Government by the local authority at the time of issuance. The repeal of any such legislation which is in conflict with the policies of Military Government will be directed.

(6) All legislation will be judged on the basis of the objectives sought and not on the basis of the machinery devised for their accomplishment. Comparable legislation to be adopted by two or more states, will, however, so far as feasible, follow a common pattern.

c. Judicial Functions. Justice will be administered in German courts in accordance with the principles announced in Control Council Proclamation No. 3. The administration of the judicial system is under the control of the State Minister of Justice, and its organization, composition and operation is provided for by the "Plan for the Administration of Justice in the U. S. Zone." The administration is subject to the limitations imposed by Military Government Law No. 2 and orders heretofore or hereafter issued by Military Government.

5. Interstate Coordination. The division of Germany into 4 zones of occupation and the further division of the United States Zone into 3 states subject to no higher German authority creates the problem of effective coordination and control within each zone for the various special administrative services which formerly came under direct control of the central government. The various state offices require coordination with other state offices performing similar functions. This is particularly true in the field of economics, transportation, communication, etc. To meet this problem a Council of Ministers has been created and a Joint Coordinating Staff for all Lander and for the various national administrative services has been established with a Secretariat at Stuttgart. Meetings of the Council of Ministers will be held from time to time for the purposes of exchanging ideas and experiences, discussing plans for strengthening their respective government, especially in the direction of supervision over the special administrative services, and preparing a plan for the Joint Coordinating Staff to serve all state governments and all national functioning agencies. The Joint Coordinating Staff will provide the exchange of information and studies necessary to keep all aspects of German government in the United States Zone working in unison. Such staff will be composed of German functional experts in the various fields, will be small and will in no sense be considered a zone authority.

6. Exercise of Military Government Authority.

a. At the earliest possible date and not later than 31 December, 1945, Military Government authority over German authorities will be exercised at the level of the state governments and all instructions to German authorities from Military Government authorities will be through the Minister President and the functional ministers of their respective states.

b. To complete the organization for the coordination and control within the United States Zone of the various administrative services formerly under the direct control of the German central government and now the responsibility of the 3 states, a regional government coordinating office has been established as an agency of the Deputy Military Governor. Additional purposes of the Regional Government Coordinating Office are to control and supervise the German joint coordinating staff, to approve or disapprove the recommendations of the Joint Coordinating Staff which have been approved through normal Military channels to the U. S. Military Government personnel concerned and to insure that approved recommendations of the coordinating staff are carried out uniformly within the U. S. Zone. The Regional Military Government coordinating staff will be located at the site of the Joint Coordinating Staff and the relationship of the Joint Coordinating Staff and the Regional Government Coordinating Office will be the same as that of a state government to the Office of Military Government for such state.

c. Military Government will, to the extent available, render assistance in the provision of necessary transportation and communication facilities, including the issuance of special passes to the higher German governmental officials.

II.

1. If the German Lander governments appointed by Military Government are to be successful in the administration of their respective Lander under the procedure outlined herein and in accordance with United States policy, it must be evident to all that they have the full confidence and support of the Military Government.

2. It is believed that this can be attained only when our own Military Government controls are exercised through the three Minister Presidents. Within the field of Lander responsibility, it is therefore essential that at the earliest practical date and not later than 31 December 1945, orders, instructions and interpretations of policy by Military Government be issued to the German governmental machinery by the Lander Office of Military Government through the several

Minister Presidents. Such instructions should pass to the lower element of German government through the German administrative machinery. Copies should be furnished to all of our field officers below the Lander Office of Military Government for information so that they may properly observe compliance by the Germans with such instructions. Violations of policy, however, should not be corrected through lesser German officials, except in cases of real emergency, but will be reported by our field offices of the Lander Offices of Military Government so that remedial measures may be required of the Minister-Presidents.

3. Prior to elections and subsequent to elections for appointed officers, future appointments of German officials should be made by the Minister President, subject of course to the approval of Military Government. Minister Presidents should also be given the right of removal except that no official appointed by Military Government should be removed except for cause and then only with the approval of Military Government.

4. A constant effort must be made to improve the transportation, communication, and office facilities available to the Lander officials. Special passes should be given to the Ministers and such other key officials as appear desirable to permit their free and unrestricted passage throughout the United States Zone. They must be provided with sufficient dignity of office to impress their responsibility upon the German people.

5. In general, the instructions to Minister Presidents should be confined to the fullest extent possible to the delineation of policies and should avoid detailed instructions as to the execution of such policies. The German Lander Governments should be required to prepare and present plans for execution of policy for the approval of Military Government. The action of Military Government on such plans should be based only on the compliance of the proposed plans with United States policy and not on its views of the efficiency of the plan. The efficiency of German government is not in itself our responsibility except as a lack of efficiency interferes with the execution of approved United States policy. A highly efficient German administrative machine cannot be expected until the machine has gained more experience in the administration of Government.

2

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U. S.)
Office of the Military Governor

30 September 1946

SUBJECT: Relationships Between Military and Civil Government (U. S. Zone) Subsequent to Adoption of Land Constitutions.

TO : Directors,
Office of Military Government for Bavaria
Office of Military Government for Wuerttemberg-Baden
Office of Military Government for Greater Hesse
Office of Military Government for Bremen Enclave*
Office of Military Government for Berlin District*
Regional Government Coordinating Office

1. U. S. policy requires that the German people be permitted increasingly to govern themselves. The elections held in the U. S. Zone in 1946, and the constitutions which have been adopted are implementations of this policy. The subsequent operation of both Civil and Military Governments will be based on this objective.

2. Adoption of Land Constitutions Will Change Civil-Military Government Relations. The adoption of constitutions in the Laender of the U. S. Zone marks the beginning of a new period in the relationships between Military and Civil Government. All military and civil authorities must clearly understand those relationships.

3. Specific Restrictions Which Will Continue to be Imposed Upon Civil Governments. While self-government is the object of U. S. Military Government policy, it must nevertheless be understood that there are certain restrictions which will continue to apply to the actions of all levels of civil government in the U. S. Zone. The basic occupation policies announced from time to time, as in the case of the Berlin Protocol and Secretary of State Byrnes' Stuttgart speech, will, of course, continue to be enforced by Military Government. Furthermore, the specific restrictions set forth below must be considered as superior to the authority of any German governmental agency, and to both statutory and constitutional law. Those restrictions are:

a. All international agreements regarding Germany which have been or may be concluded;

b. All present and future quadripartite policy decisions, laws and regulations;

c. All basic policy decisions of the U. S.-British Bipartite Board affecting the fields of central agencies;

d. The rights of an occupying power under international law to maintain an occupying force within the zone, to preserve peace and order, to reassume at any time full occupation powers in the event the purposes of the occupation are jeopardized;

e. The specific occupation purposes of the U. S. Government which, in addition to those set forth above, shall consist of the following basic tenets:

(1) Democracy--All levels of German government in the U. S. Zone must be democratic to the extent that:

(a) All political power is recognized as originating with the people and subject to their control;

(b) Those who exercise political power are obliged to regularly renew their mandates by frequent references of their programs and leadership to popular elections;

(c) Popular elections are conducted under competitive conditions in which not less than two effectively competing political parties submit their programs and candidates for public review;

(d) Political parties must be democratic in character and must be recognized as voluntary associations of citizens clearly distinguished from, rather than identified with, the instrumentalities of government;

(e) The basic rights of the individual including free speech, freedom of religious preference, the rights of assembly, freedom of political association, and other equally basic rights of free men are recognized and guaranteed;

(f) Control over the instrumentalities of public opinion, such as the radio and press must be diffused and kept free from governmental domination;

(g) The rule of law is recognized as the individual's greatest single protection against a capricious and willful expression of governmental

power.

(2) German governmental systems must provide for a judiciary independent of the legislative and executive arms in general and of the police activity in particular. U. S. policy does not demand the rigid separation of legislative and executive powers. It has no objection to the cabinet or parliamentary type of government in which the executive and legislative branches are inter-dependent. Where a governmental system does provide for a separation of the executive and legislative, there must be no provision which would enable the executive to rule without the approval and consent of the legislative branch.

(3) Intergovernmental Distribution of Powers--German governmental structure shall be federal in character (Bundesstaat), and the constituent units thereof shall be States (Staaten not Laender). The functions of government shall be decentralized within that structure to the maximum degree consistent with the modern economic life. U. S. policy concerning the relationships between levels of government requires that:

(a) All political power is recognized as originating with the people and subject to their control;

(b) Power shall be granted by the people primarily to the States (Staaten), and subsequently only in specifically enumerated and limited instances to a federal government;

(c) All other grants of governmental power by the people shall be made to the States;

(d) All powers not granted by the people shall be reserved to the people;

(e) A substantial number of functions shall be delegated by the States to the local governments. These should include all functions which may be effectively determined and administered by local governments;

(f) Governmental powers may not be delegated to private or quasi-public economic bodies;

(g) Pending the establishment of a federal government, the popularly responsible governments and Landtage of the States shall act as the people's agents for the conferring of powers requiring central execution upon such transitional federal or central body or bodies as may be agreed upon by civil government and military government, or as may be directed by the latter.

(4) Economic Unity--Economic unity through the establishment of German central administrative agencies, particularly in trade, industry, food and agriculture, finance, transportation, and communications, is a controlling objective of our occupation. Pending quadripartite agreement for the establishment of such agencies, the U. S. Government offered to join with any one or two of the other occupying powers in the establishment of such administrative agencies to cover such zones as would accept. The administrative agencies now established for the British and U. S. Zones are an important step toward the economic unity agreed to by the occupying powers at Potsdam. Accordingly, the furtherance of their successful operations is a major policy of the U. S. occupation. When agreement is reached with either or both of the other powers for the establishment of German administrative agencies covering the wider areas involved, the implementation of such agreements will constitute a part of the fundamental policy of the U. S. occupation.

f. All limitations upon governmental action which may be set out as specific qualifications to the approval of the State constitutions;

g. Such proclamations, laws, enactments, orders, and instructions of U. S. occupation authorities as continue in force or shall hereafter be promulgated.

4. Subsequent Functions of Military Government Will Be Limited to: Subsequent to the adoption of these constitutions, Military Government will obtain its objective by means of:

a. Observation, inspection, reporting and advising;

b. Disapproval of only such economic, social and political and governmental activity as it may find to clearly violate those objectives;

c. Removal of public officials whose public activities are in violation of those objectives;

d. The establishment of full Military Government controls in any area in the U. S. Zone where the objectives of the occupation as herein defined or provided for may be endangered;

e. Military Government courts;

f. Direct administration of such activities as demilitarization and reparations which cannot be assumed entirely by German civil governmental agencies but which are necessitated by international agreements, quadripartite action, or U. S. occupation policy.

5. Subsequent directives will implement the foregoing statements insofar as modifications or revisions in Military Government practices may be required.

6. The Land Directors of Military Government will advise the appropriate German officials of the content of this directive. It is desirable that the widest possible distribution to both civil and military authorities be given it. However, the directive will be considered a restricted document to be used for information of Military Government only until you are subsequently authorized to release it.

BY DIRECTION OF THE MILITARY GOVERNOR

Pollock + Meisel 147

Feb. 26, 1947²⁹⁷

Supplement

THE HOOVER REPORT

After a three weeks' survey of the German (and Austrian) food condition, made at Mr. Truman's request, Mr. Herbert Hoover on February 26, 1947, reported to the President as follows:

At the time of her surrender, Germany had exhausted all of her reserves and most of her stocks of consumer goods and raw materials. We now know that, driven back into her own boundries, she would have blown up in chaos within a short time without further military action.

Promptly after the surrender, her liquid resources from which she could have been provided with supplies were seized and divided as reparations. The population thus became largely dependent for its life upon the armies of occupation.

It is hardly necessary to repeat that parts of Germany were annexed to Poland and Russia and that the shrunken territory was divided into four military occupation zones between the Russians, French, British and Americans. The American and British zones have now been administratively combined, each nation bearing one-half the expense, and this report relates to that area only.

The changes which have taken place in population profoundly affect all economic problems. The population of the combined zones in 1939 was about 34,200,000. The Germans expelled from the Russian and Polish annexation together with those from Czechoslovakia, Hungary and Austria, have raised the population in the American and British zones to about 41,700,000. It is estimated that an additional 1,000,000 will come into this area by December, 1947. There are also about 400,000 British and American military and civil personnel. Thus, the two zones will have to accommodate about 43,000,000 people, bringing the population approximately 9,000,000 above that in 1939.

The skilled man power and the ratio of working males in the population have been greatly affected by the war. For the whole of Germany, it is estimated that 5,700,000 were killed or permanently injured. It is also estimated that over 3,000,000 prisoners of war are held in work camps in Russia, 750,000 in France, 400,000 in Britain and 40,000 in Belgium. The detention of large numbers of skilled Sudeten German workmen in Czechoslovakia bears on this problem.

As applied to the American and British zones, this represents a present subtraction of over 6,000,000 of the most vital and most skilled workers in the population. Likewise, the 90,000 Nazis held in concentration camps and the 1,900,000 others under sanctions by which they can only engage in manual labor naturally comprise a considerable part of the former technical and administrative skill of the country, and the restrictions upon them, however necessary, add to administrative and industrial problems.

One consequence of these distortions is that in the age groups between twenty and forty there are six men to ten women, and in the age group between forty and sixty, about seven men to ten women. Thus, there are in these groups between six and seven million more women than men. The results upon productive power are bad enough, but the consequences to morals are appalling.

HOUSING

The housing situation in the two zones is the worst that modern civilization has ever seen. About 25 per cent of the urban housing was destroyed by the war.

Therefore, 25 per cent of the urban population must find roofs from among the remaining 75 per cent, in addition to all the destitute "expellees" and other groups brought in. There has been little repair of damaged houses, due to lack of materials and transportation. The result of all this is that multitudes are living in rubble and basements. The average space among tens of millions is equivalent to between three and four people to a 12 by 12 foot room. Nor is the overcrowding confined to urban areas, for the "expellees" have been settled into every farmhouse. One consequence is the rapid spread of tuberculosis and other potentially communicable diseases.

The shortage of coal is, next to food, the most serious immediate bottleneck to both living and the revival of exports to pay for food. The Ruhr, which is now almost the sole coal supply of the Anglo-American zones, is, due to lack of skilled men and physical vitality in labor, producing only 230,000 tons a day, as against a former 450,000 tons a day. Of the present production, a considerable amount must be exported to surrounding nations which are also suffering. The shortage leaves the two zones without sufficient coal for transport, household and other dominant services, with little upon which to start exports in the industry.

The coal famine all over western Europe and the unprecedented severity of the winter have produced everywhere the most acute suffering. As an example in Germany, no household coal has been issued in Hamburg since October. Other German cities have been but little better off.

AGRICULTURAL PRODUCTION

It must be borne in mind that about 25 per cent of the German pre-war food production came from the areas taken over by Russia and Poland. Moreover, the Russian military zone in Germany was a large part of the bread basket of Germany. Some millions of tons formerly flowed into the American and British zones from these areas. These sources now contribute nothing.

The British and American armies and civilians are entirely fed from home. The large Russian army is fed upon its zone.

Due to a lack of fertilizers, good seed, farm implements and skilled labor, the 1946 agricultural production in the American and British zones was about 65 per cent of pre-war. A generalized appraisal indicates that in the American zone the harvest of 1946 yielded a supply, beyond the needs of the farmers (self-suppliers), equal to about 1,100 calories a day for the "non-self suppliers." The similar supply in the British zone was about 900 calories a day average to the "non-self suppliers." These amounts contrast with 3,000 calories of the pre-war normal German consumption.

With the efforts being made to improve agricultural production, there is an expected small increase from the harvest of 1947, especially in potatoes (if better seed is provided in time). The steps which I recommend, however, should show greater production from the 1948 harvest.

FOOD DISTRIBUTION

This terrible winter, with frozen canals and impeded railway traffic, has rendered it impossible to maintain even the present low basis of rationing in many localities. The coal shortage and the consequent lack of heat, even for cooking, has added a multitude of hardships. The conclusions in this report as to the food situation are, however, not based upon the effect of this temporary dislocation but upon the basic conditions, to which the winter has added many difficulties.

From the food point of view the population of the combined zones has been divided as below, based upon the German census undertaken last autumn. The table must not be regarded as precise for the different groups, as the Berlin sector was not distributed on the same basis as others. It is, however, accurate enough for food computation purposes.

"Self-suppliers," I. E. farmers and their families	7,640,000
"Non-self suppliers," I. E. urban population:	
Prospective and nursing mothers	660,000
Children 0-6 years	3,070,000
Children 6-15 years	4,495,000
Adolescents, 15-20 years	2,100,000
"Normal consumers," 20 years up	17,910,000
Moderate hard workers	2,500,000
Heavy workers	1,910,000
Extra heavy workers	720,000
Displaced persons	680,000
Total "non-self suppliers"	<u>34,045,000</u>
The population, 2 zones	41,685,000

The base ration is 1,550 calories a person a day to the "normal consumer" group, with priorities and supplements, as the situation requires or permits, for other groups. For instance, milk and fats are given in priority to nursing mothers and children up to six years of age; more food, including more meat, is given in supplement to hard workers, etc.

This basic ration for the "normal consumer" compares with the minimum temporary maintenance food intake recommended for "normal consumers" by eminent nutritionists, as follows:

	<u>Present German</u>	<u>Recommended Minimum</u>	<u>Per Cent Deficiency</u>
Carbohydrates	283 grams	335 grams	16
Fats	24 grams	45 grams	47
Protein	52 grams	65 grams	20
Calories	1,550	2,000	24

Thus, with the deficiency in quantity and in fats, protein and other nutrients, the 1,550 ration is wholly incapable of supporting health of the groups which do not have supplements.

NUTRITIONAL CONDITION OF THE POPULATION

The nutritional condition of the above different groups, irrespective of the immediate consequences of the hard winter, is:

- (a) The 7,640,000 self-suppliers are, naturally, in good condition.
- (b) The supplements and priorities in special foods given to 3,730,000 prospective and nursing mothers, and children under six years of age, appear to be enough to keep them in good condition.
- (c) More than half of the 6,595,000 children and adolescents, especially in the lower-income groups, are in a deplorable condition. Their situation is better in limited localities where school feeding has been undertaken, but outside these limits stunted growth and delayed development are widespread. In some areas famine edema (actual starvation) is appearing in the children. A study of groups of boys between the ages of nine and sixteen years showed 5.5 lbs. under minimum standard weights, with girls 5.1 lbs. below such standard. Other groups studied showed even worse conditions.

(d) A considerable part of the "normal consumer" group of 17,910,000 is likewise in deplorable condition.

This group comprises the light physical workers and is in large majority women, and many are aged. Some portion of this group are able to supplement the 1,550 calories ration by purchase of some supplies from the black market, from the free markets in the vegetable seasons, and from package remittances. Some part of this group are too poor to purchase even the 1,550 calories ration.

In any event, a large part of the group shows a steady loss of weight, vitality and ability to work. A study in the British zone shows urban adult males over 19 pounds and females nearly 5 pounds under proper weight. A study in the American zone showed from 5 to 20 pounds under proper weight. Famine edema is showing in thousands of cases, stated to be 10,000 in Hamburg alone. The increased death roll among the aged is appalling. In persons over seventy, in three months last autumn the increase was 40 per cent.

(e) While the workers' rations, due to supplements, are perhaps high enough in themselves, yet the universal tendency is for the worker to share his supplement with his wife and children, and therefore it does not have its full effect in supplying energy for the worker himself.

(f) The 680,000 displaced persons are about one-third in the British zone and two-thirds in the United States zone. In the British zone they receive the German ration only. In the United States zone they receive supplements which amount to 700 calories a day, so there can be no doubt as to their adequate supply in that area. In fact, the American ration is above the "normal ration" of the other nations on the Continent, except the former neutrals.

These nutritional conclusions are based upon surveys made by Dr. W. H. Sebrell, Jr., of the United States Public Health Service, who was a member of my mission. At my request he also visited Italy, France, Belgium, Holland and Britain to study the comparative nutritional situations of these countries with that of Germany. He reports that the nutritional condition in those countries is nearly pre-war normal, while the special German groups that I have mentioned are not only far below the other nations, but disastrously so.

A NEW PROGRAM

The Anglo-American bi-zonal agreement of last autumn calls for an increase of rations by 250 calories a day at some undetermined date. Such an increase is highly desirable. However, the world shortage in cereals, evidenced by the early reduction of bread rations in several other nations, renders such an increase impossible until after the harvest of 1947. Such a program also implies increased import supplies which, in terms of grain, would add 1,260,000 tons and \$136,000,000 annually to costs, above the already huge burden upon the taxpayers of our two nations.

As the present base of 1,550 calories for "normal consumers" is not enough to maintain health in many children or health and working energy in many adults, I propose a different program. This new approach is to repair the weakest spots in the nutritional situation. I believe that this method will accomplish the major purpose of the proposed general increase in ration as nearly as can be accomplished within the limits of available supplies and finances for the remainder of the fiscal year 1946-'47.

In many ways I believe it is a better program, and if this method proves a successful remedy during the next few months it may modify the necessity of so large an increase in imports in the fiscal year 1947-1948 as has been proposed under the bizonal agreement.

There are two groups to which this repair of weakness should be given quickly:

First, are the children over six years of age and the adolescents. The number of this group who are undernourished is estimated to be about 3,500,000 or more than 50 per cent. To cover this group and assure that the food reaches the child the British in their zone, aided by the Swedish and other charities, are giving a small ration in certain schools. There is no systematic school feeding in the American zone. A system of soup kitchens to provide a hot meal of appropriate body-building foods (meats, fats, milk, etc.) of at least 350 calories daily is imperative for the children in the worst areas of the combined zones, if a future Germany of wholesome character is to be created.

In order to start this system at once I recommend using the Army surplus 10-in-1 rations, now en route, and certain excess stocks not adapted to Army feeding and now in control of the American occupation forces. These resources can form the major base of this system for a considerable period. This is the more possible as it is proposed to slaughter during 1947 over 5,000,000 head of cattle, hogs and sheep in order to lessen the animal consumption of ground crops, and a portion of these meats and fats can be applied to this program. These various supplies, together with some minor cereal allotments, should carry the program for six months.

The second group demanding immediate relief is the "normal consumer" group of about 17,910,000 persons, now receiving 1,550 calories a day. I strongly recommend several lines of action. (a) A certain portion of them should be advanced to the group of moderate heavy workers and receive the supplement applicable to that category. (b) An emergency supply of cereals should be allotted to the German welfare organizations with which to provide a supplement to families in need and the soup kitchens. (c) I recommend that the aged in the "normal consumers" group and others where medically certified, be issued tickets upon the soup kitchens for the meal of 350 calories a day during the school week, to be consumed either at these kitchens or taken home. These supplemental measures will substantially improve, and will at least carry over, the most needy part of this group.

By aid to the children and adolescents, some pressure will be removed from the "normal consumer" group, who naturally tend to cut their own food to help their children.

In support of the above program for children and "normal rations," I have included in the recommended deficiency appropriation an emergency supply of 65,000 tons of cereals. These measures, as I have said, are in substitution for the great increase otherwise necessary to import for the proposed program of a lift in the whole ration system by 250 calories.

In addition to these measures, I have included in the sums given below which I recommend to be appropriated for the balance of this fiscal year 1946-'47 an amount necessary for the shipment of 400,000 tons of surplus potatoes from the United States. The object is two-fold.

Due to spoilage during this unprecedented winter, and other causes, there are not enough potatoes by 250,000 tons to cover that portion of the minimum 1,550 calorie ration until the next harvest. Certainly we cannot allow the ration to fall below its already dangerous levels.

Of even more importance, most of the potato seed of our zones normally comes from the Polish-annexed area and the Russian zone and is not available. If we can forward 200,000 to 250,000 tons of good potato seed, with some already in hand, we should be able to assure a yield from the 1947 harvest of 5,000,000 tons and thereby effect some savings in overseas food imports for the fiscal year 1947-'48.

NECESSARY IMPORTS AND FINANCE

The supply and finance of food and collateral relief imports and the development of exports with which ultimately to pay for these imports have been organized upon the basis of dividing foreign trade into two categories:

Category "A" covers imports of food, fertilizers and petroleum products for the civil population. This category is to be paid for by appropriations, and thus one-half by the taxpayers each of the United States and the United Kingdom. It has not been determined whether seeds fall in this group. In my opinion they should, and I have included them in my estimates of supply and cost which appear below.

Category "B" is under the "Joint Export-Import Agency," who regulate the importation of raw materials and the export of coal, some other raw materials and manufactured products. The organization started with a certain working capital and all exports of coal and other commodities are credited to this fund until the exports exceed the raw material imports, when the surplus will be applied to the cost of Category "A." It is hoped that the export surplus will begin to contribute to Category "A" in the last half of 1948 and cover virtually all the cost in the calendar year 1950.

Therefore, the cost of Category "A" for the balance of the 1947 fiscal year, in which a deficiency appropriation is involved, and the whole of the 1948 fiscal year, will fall upon the taxpayers of America and Britain.

COST AND SUPPLIES OF CATEGORY "A" IMPORTS FOR THE LAST HALF OF FISCAL YEAR 1946-'47

The program of supplies and costs to cover Category "A" for the six months from Jan. 1 to July 1, 1947, will appear large compared to the program given later for the whole fiscal year 1947-'48. The reasons are that imports are unduly low during the last six months of 1946 and the drain on indigenous food unduly large. Also, it is necessary to include the cost of purchases and shipments prior to July 1 so as to provide in June for arrivals in Germany during the period July 1 to Aug. 15, for which appropriations for the 1947-'48 fiscal year cannot be available until after July 1. This works to lessen the burden on the fiscal year following that date. I have, as said, included the allotment of 65,000 tons of cereals to support the "normal ration" group, and the potato imports.

The following is the estimated cost for both zones; for the six months Jan. 1 to July 1, 1947, in which are included the supplies already shipped for this period:

Cereal (wheat equivalent) 2,505,000 tons . . .	\$288,000,000
Other fds, 720,000 tons	54,000,000
Fertilizers	17,500,000
Seeds	12,500,000
Petroleum products (civil population)	12,000,000
Total	<u>\$384,000,000</u>

The United States contribution of one-half of this is \$192,000,000

What portion of these expenditures is already covered by appropriations, and what portion must need be covered by deficiency appropriations, is not known to me.

SUPPLIES AND COSTS FOR FISCAL YEAR 1947-'48

In considering the supplies and cost of Category "A" for the fiscal year

1947-'48, the supplemental supports I have proposed to strengthen the children, adolescents and "normal ration" group, should undoubtedly carry through these groups until October, especially with the spring and summer produce. Therefore it will not, in any event, be necessary to increase the general ration by the 250 calories provided in the bi-zonal agreement until that date. It is my hope that the revised methods by which the weak places in the system are strengthened may partially or wholly avoid this necessity after that date. I have, however, provided in the estimates an item of \$62,300,000 for such an increase after October. I have also included an enlarged fertilizer and seed program. It is my belief that these latter measures will greatly lighten the burden on our taxpayers in the fiscal year 1948-'49.

The following is my estimate of the supplies and costs needed for the final year 1947-'48 covering Category "A"

Cereals (in terms of wheat) for 1,550 calorie level, 2,785,000 tons	\$278,500,000
Cereals for "normal consumers" emergency supplemental feeding, 192,000 tons	19,200,000
Child feeding program (includes special foods), 130,000 tons	35,000,000
Other fds, 450,000 tons	75,000,000
Fertilizers (available)	45,000,000
Seeds	27,000,000
Petroleum products for civil population	25,000,000
	<u>\$504,700,000</u>
Cost of ration increase to 1,800 calories on or about Oct., 1947	<u>62,300,000</u>
Total	\$567,000,000

(Of which the United States share of 50 per cent amounts to \$283,500,000.)

Due to these changes in method, the above program is different from that submitted by the War Department for the fiscal year 1947-'48, but the total cost is no greater.

It is my conviction that these appropriations for Category "A" for both the 1946-'47 and the 1947-'48 fiscal years should have first consideration, even in priority to appropriations for military purposes. The occupational forces cannot be reduced without these assurances of minimum food supply. From the point of view only of maintaining order, the need for these forces is not great, if we can meet the food needs. Their size will depend upon other considerations.

FURTHER SAVINGS TO THE TAXPAYERS THAT CAN BE MADE

There are ways by which these costs could be reduced, although they are not certain enough to be deducted in advance against appropriations which must now be determined.

1. If these changes in rationing program render the general calorie lift unnecessary, there would be a saving of \$62,000,000.

2. If through the 1947 deficiency appropriations the seeds are provided in time, there should be substantial additions to the German potato harvest, in relief of 1947-'48 expenditures. If the fertilizer and seed recommendations for the fiscal year 1947-'48 are accepted, there should be savings by increased indigenous production in the year 1948-'49.

3. There would be savings if prices proved lower and if climatic conditions

for the indigenous crops turned out exceptionally favorable.

4. The Potsdam declaration results in Germany having no consequential overseas shipping. If we could effect some temporary operation by German crews of, say, seventy-five Liberty ships, now laid up, to transport food and raw materials, all of the expense could be paid by the Germans in marks, except for fuel, and thus save a very large amount of dollars otherwise coming from the American and British taxpayers. This would probably amount to \$40,000,000 per annum.

5. A further saving of possibly several million dollars could be made for the taxpayers if the large American Army return equipment, now being transported at high ocean rates, were sent home on the return voyages of these Liberty ships.

6. There are food surpluses in the control of other nations than ourselves and the British. They comprise possible increased catches of fish in Norway, Sweden and Denmark, which otherwise are little likely to find a market, and some surpluses possible from the South American states. It would seem to me that some supplies could well be furnished by these nations, being repaid as indicated below, pari passu with the British and ourselves.

7. The Germans lost a considerable part of their deep-sea fishing fleet. If more such boats could be found and leased from American surplus small shipping, the fish supply could be greatly increased. The fishing grounds in the Baltic and North Seas are being limited against German fishing. As there are ample supplies of fish in these seas, it seems a pity that with this food available, British and American taxpayers are called upon to furnish food in substitution for fish the Germans could catch for themselves.

Fish is particularly needed, as the present diet is sadly lacking in protein content.

8. A still further saving to British and American taxpayers is possible if maximum expedition could be made of exports of German manufacture. The Joint Export-Import Agency is doing its best, but such exports are hampered by the lack of coal for manufacture; by trading-with-the-enemy acts, and restrictions on free communication together with limitations on dealings between buyers and sellers. The restoration of trade is inevitable, and every day's delay in removing these barriers is simply adding to the burden of our taxpayers for relief that could otherwise be paid for in goods. No one can say that in her utterly shattered state, Germany is a present economic menace to the world.

Should there be such good fortune as to realize all these possibilities, we could not only increase the food supply to health levels but also lessen the joint costs by \$150,000,000 during the fiscal year 1947-'48. However, as I have said, I am convinced that the larger sum should be provided for.

GERMAN REPAYMENT FOR THESE OUTLAYS

The great sums hitherto spent on relief of the German civilian population from outside Germany's borders, together with those in the future, should not be an irrecoverable expenditure to our two governments.

I have, therefore, urged upon the American and British authorities that it be announced as a policy, and stipulated in all peace arrangements, that these expenditures for the relief of the civil population (Category "A"), past and future, should be made a first charge upon the economy of Germany and repaid from any future net exports from Germany before any payments to other nations of any kind.

At my instance, all Allied nations in the first World War agreed that German civilian relief expenditures at that time should be repaid from any liquid assets

and ranked ahead of any reparation claims. They were so repaid. The grounds which I advanced at that time are no less valid today. By these relief expenditures, we are rebuilding the economy of the German people so that other payments can be made by them. These costs should be a sort of "receiver's certificate." If this policy be pursued, these appropriations for relief asked from the Congress and the Parliament, can become a recoverable expenditure and not a charity loaded onto our taxpayers. It would seem that a tax upon exports, of some per cent, to be paid in dollars after July 1, 1949, might be an effective implementation of such provision.

ORGANIZATION

I have made certain recommendations to the joint military governments of the two zones as to organization matters, which I believe will improve administration, now that bi-zonal operation, under larger German responsibility, has been undertaken.

CONCLUSION

It may come as a great shock to American taxpayers that, having won the war over Germany, we are now faced for some years with large expenditures for relief for these people. Indeed, it is something new in human history for the conqueror to undertake.

Whatever the policies might have been that would have avoided this expense, we now are faced with it. And we are faced with it until the export industries of Germany can be sufficiently revived to pay for their food. The first necessity for such a revival is sufficient food upon which to maintain vitality to work.

Entirely aside from any humanitarian feelings for this mass of people, if we want peace; if we want to preserve the safety and health of our army of occupation; if we want to save the expense of even larger military forces to preserve order; if we want to reduce the size and expense of our army of occupation--I can see no other course but to meet the burdens I have here outlined.

Our determination is to establish such a regime in Germany as will prevent forever again the rise of militarism and aggression within these people. But those who believe in vengeance and the punishment of a great mass of Germans not concerned in the Nazi conspiracy can now have no misgivings for all of them--in food, warmth and shelter--have been sunk to the lowest level known in a hundred years of Western history.

If Western civilization is to survive in Europe, it must also survive in Germany. And it must be built into a co-operative member of that civilization. That, indeed, is the hope of any lasting peace.

After all, our flag flies over these people. That flag means something besides military power.

PROCLAMATION NO. 5

Economic Council

To the German people in the United States Zone, including Land Bremen:

WHEREAS by an agreement dated 29 May 1947, and made between the Military Governors and Commanders-in-Chief of the United States and British Zones of Occupation, provision was made for the establishment of an Economic Council, an Executive Committee and Executive Directors in order to facilitate the solution of pressing economic problems and the construction of economic life by popularly controlled German agencies, and whereas the said agreement is published as Appendix "A" to this Proclamation of which it forms part,

NOW, THEREFORE, I, General Lucius D. Clay, Commanding General, European Command, and Military Governor for Germany (U.S.), do hereby proclaim as follows:

ARTICLE I

Functions of the Economic Council

The Economic Council shall have power, within the United States Zone (including Land Bremen),

- (1) To direct the permissible economic reconstruction of the Zone, subject to the approval of the Bipartite Board;
- (2) To adopt and promulgate ordinances on the administration of railways, maritime ports and coastal shipping, inland water transport, inter-Land inland waterways and communications and postal services; to adopt and promulgate ordinances dealing with matters of general policy affecting more than one Land with respect to inter-Land highways and highway transport; production, allocation and distribution of goods, raw materials, gas, water and electricity; foreign and internal trade; price formation and price control; production, importation, collection, allocation and distribution of food; public finance, currency, credit, banking and property control; and civil service management of bizonal department personnel; and such other functions as may from time to time be determined by the Bipartite Board. Such ordinances are subject to the approval of the Bipartite Board. The approval of the Board to each ordinance shall be indicated by an indorsement stating that it has received such approval under the terms of this Article. Except where these Economic Council ordinances with Bipartite Board approval specifically reserve to the Economic Council or delegate to the Executive Committee or Executive Directors the power to issue implementing regulations pursuant to the ordinances, the Laender shall promptly implement the ordinances;
- (3) To adopt and promulgate, subject to approval as set forth in Para. (2) above, ordinances allocating to the Economic Council, the Executive Committee or the Executive Directors the power to issue implementing regulations under specific existing legislation which is within the fields referred to in Para. (2);
- (4) To delegate such of its powers as may be deemed appropriate to the Executive Committee, except for the power to adopt and promulgate ordinances set forth in Para. (2) above and the power of appointment set forth in Para. (5) below;
- (5) To appoint, from nominations made by the Executive

June 2, 1947.

PROKLAMATION NR. 5

Wirtschaftsrat

An die deutsche Bevölkerung im amerikanischen Kontrollgebiet einschließlich des Landes Bremen:

Ein Abkommen vom 29. Mai 1947, das zwischen den Militärgouverneuren und Oberbefehlshabern der amerikanischen und britischen Besetzungszonen getroffen worden ist, sieht die Einsetzung eines Wirtschaftsrats, eines Exekutivausschusses und den Direktoren vor, um die Lösung dringender wirtschaftlicher Probleme und den Aufbau des Wirtschaftslebens durch dem Volke verantwortliche deutsche Stellen zu fördern. Dieses Abkommen wird als Anhang "A" und als Bestandteil dieser Proklamation veröffentlicht.

Ich, General Lucius D. Clay, Kommandierender General im europäischen Befehlsbereich und Militärgouverneur (U.S.) für Deutschland, erlasse daher die folgende Proklamation:

ARTIKEL I

Aufgaben des Wirtschaftsrats

Innerhalb der amerikanischen Besetzungszone (einschließlich des Landes Bremen) ist der Wirtschaftsrat ermächtigt:

- (1) Zur Leitung des zulässigen wirtschaftlichen Wiederaufbaus der Zone, vorbehaltlich der Genehmigung des Bipartite Board;
- (2) Zur Annahme und Verkündung von Gesetzen betreffend die Verwaltung von Eisenbahnen, Seehäfen und Küstenschiffahrt, Beförderung auf Binnengewässern, Binnenwasserstraßen zwischen den Ländern, Nachrichten- und Postverkehr; Annahme und Verkündung von Gesetzen, die sich auf Festlegung von allgemeinen Grundsätzen beziehen, mehr als ein Land angehen und einen der folgenden Gegenstände betreffen: Straßen und Straßenverkehr zwischen den Ländern; Erzeugung, Zuteilung und Verteilung von Waren, Rohstoffen, Gas, Wasser und Elektrizität; Auslands- und Binnenhandel; Preisbildung und Preiskontrolle; Erzeugung, Einfuhr, Erfassung, Zuteilung und Verteilung von Lebensmitteln; öffentliches Finanzwesen, Währung, Kreditwesen, Bankwesen und Vermögenskontrolle; und Personalverwaltung der zentralen Abteilungen, und sonstige vom Bipartite Board jeweils zugewiesene Aufgaben. Die Gesetze des Wirtschaftsrats bedürfen der Genehmigung des Bipartite Board. Die Genehmigung eines jeden Gesetzes seitens des Bipartite Board ist durch einen schriftlichen Vermerk des Inhalts zum Ausdruck zu bringen, daß das Gesetz nach Maßgabe dieses Artikels genehmigt ist. Es obliegt den Ländern, Gesetze, die vom Wirtschaftsrat mit Genehmigung des Bipartite Board erlassen sind, unverzüglich zur Ausführung zu bringen, es sei denn, daß die Befugnis, Ausführungsbestimmungen zu den Gesetzen zu erlassen, durch diese Gesetze ausdrücklich dem Wirtschaftsrat vorbehalten oder eine solche Befugnis dem Exekutivausschuß oder den Direktoren übertragen worden ist;
- (3) Vorbehaltlich der Genehmigung, wie oben unter (2) angegeben; zur Annahme und Verkündung von Gesetzen, die dem Wirtschaftsrat, dem Exekutivausschuß oder den Direktoren die Befugnis übertragen, Ausführungsbestimmungen zu bestimmten Vorschriften bestehender Gesetzgebung auf den oben unter (2) genannten Gebieten zu erlassen;
- (4) Zur Übertragung von Befugnissen an den Exekutivausschuß, soweit dies angemessen erscheint, mit Ausnahme der Befugnis, die unter (2) oben bezeichneten Gesetze zu verkünden und der Befugnis zu Ernennungen gemäß Nr. (5) unten; *
- (5) Zur Ernennung von Direktoren auf Grund der vom

*) Berichtigt: Lt. Brief OMGUS AG 010.6 (LD) v. 23. Juni 1947.

Committee, and to remove, upon its own motion, the Executive Directors. To define the functions of the Executive Directors and their relations in the Economic Council, the Executive Committee and the Laender;

- (6) To consider and pass the annual estimates of revenue and expenditure of the Council and of its departments.

ARTICLE II

Functions of the Executive Committee

The Executive Committee shall have power, within the United States Zone,

- (1) To propose and make recommendations on ordinances for adoption by the Economic Council;
- (2) To issue implementing regulations within the scope of the authority delegated to the Executive Committee by the Economic Council;
- (3) To coordinate and supervise the execution of ordinances and implementing regulations by the Executive Directors in accordance with the policies adopted by the Economic Council.

ARTICLE III

Functions of Executive Directors

In accordance with the policies adopted by the Economic Council and under the supervision of the Executive Committee, the Executive Directors —

- (1) Shall direct the operation of their respective departments;
- (2) May issue implementing regulations;
- (3) Will be the chief accounting officers for their own departments and, subject to such instructions and such central financial control as may be approved by the Economic Council, the financial and accounting operation of the agencies shall be under their general management and supervision.

ARTICLE IV

Effect of Economic Council Ordinances

Ordinances issued by the Economic Council pursuant to the provisions of Article I of this Proclamation or implementing regulations issued under such ordinances shall not be inconsistent with Control Council legislation, but, subject to this, shall be superior to any German enactment, and shall be binding on all Courts.

ARTICLE V

Transitional Provisions

Until otherwise provided by any ordinance of the Economic Council, Military Government Ordinance No. 14, set forth in Appendix "B" to this Proclamation and promulgated herewith, shall be in force in the United States Zone.

ARTICLE VI

Effective Date

This Proclamation shall come into force on 10 June 1947.

LUCIUS D. CLAY
General, U. S. Army
Commanding General
European Command and
Military Governor for Germany (U.S.)

Approved: 2 June 1947.

Exekutivausschuß gemachten Vorschläge, zur Abberufung von Direktoren auf Grund eigener Initiative und zur Abgrenzung der Aufgaben der Direktoren und ihres Verhältnisses zum Wirtschaftsrat, zum Exekutivausschuß und zu den Ländern;

- (6) Zur Prüfung und Feststellung des jährlichen Voranschlags der Einnahmen und Ausgaben des Wirtschaftsrats und seiner Abteilungen.

ARTIKEL II

Aufgaben des Exekutivausschusses

Innerhalb der amerikanischen Besetzungszone ist der Exekutivausschuß ermächtigt:

- (1) Zu Vorschlägen und Empfehlungen für Gesetze, die vom Wirtschaftsrat angenommen werden sollen;
- (2) Zum Erlass von Ausführungsbestimmungen im Rahmen der Befugnisse, die vom Wirtschaftsrat auf den Exekutivausschuß übertragen worden sind;
- (3) Zur Koordinierung und Überwachung der Ausführung von Gesetzen und Durchführungsbestimmungen durch die Direktoren in Übereinstimmung mit den vom Wirtschaftsrat festgelegten Grundsätzen.

ARTIKEL III

Aufgaben der Direktoren

In Übereinstimmung mit den vom Wirtschaftsrat festgelegten Grundsätzen und unter Aufsicht des Exekutivausschusses

- (1) leiten die Direktoren die Tätigkeit ihrer Abteilungen;
- (2) können die Direktoren Ausführungsbestimmungen erlassen;
- (3) sind sie die höchsten Beamten ihrer Abteilungen, wofür deren Finanzgebarung angeht; sie haben, vorbehaltlich der von dem Wirtschaftsrat gebilligten Anweisungen und zentralen Finanzkontrolle, die allgemeine Leitung und Überwachung der finanziellen Tätigkeit und der Buchführung ihrer Dienststellen.

ARTIKEL IV

Rechtswirkung von Gesetzen des Wirtschaftsrats

Gesetze, die der Wirtschaftsrat auf Grund der Bestimmungen des Artikel I dieser Proclamation erlassen hat oder Ausführungsbestimmungen, die gemäß diesen Gesetzen erlassen sind, dürfen nicht im Widerspruch mit der Gesetzgebung des Kontrollrats stehen, gehen aber mit dieser Einschränkung deutscher Gesetzgebung vor und sind für alle Gerichte verbindlich.

ARTIKEL V

Übergangsbestimmungen

Solange der Wirtschaftsrat durch Gesetze nicht anderweitig bestimmt, bleibt die Verordnung Nr. 14 der Militärregierung, die in Anhang "B" dieser Proclamation wiedergegeben ist und hiermit verkündet wird, in der amerikanischen Zone in Kraft.

ARTIKEL VI

Inkrafttreten der Proclamation

Diese Proclamation tritt am 10. Juni 1947 in Kraft.

General Lucius D. Clay
Militärgouverneur
Militärregierung für
Deutschland (United States)

Bestätigt: 2. Juni 1947.

Appendix "A" to Proclamation No. 5.

Agreement for Reorganization of Bizonal Economic Agencies

Preamble

Pending the creation of administrative and governmental institutions for Germany as a whole, and in order to facilitate the solution of pressing economic problems and the reconstruction of economic life by popularly controlled Ger-

Anhang „A“ zur Proclamation Nr.

Abkommen über Neugestaltung der Zweizonalen Wirtschaftsstellen

Einleitung

Bis zur Errichtung von Verwaltungs- und Regierungsstellen für ganz Deutschland und um die Lösung von dringenden wirtschaftlichen Problemen und den Wiederaufbau des Wirtschaftslebens durch deutsche Stellen mit Verantwortlich-

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agency actions 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 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.

Appendix B

Directive to Commander-in-Chief of U.S. Forces of Occupation, Regarding the Military Government of Germany, July 11, 1947

I (JCS 1779)

1. Purpose of This Directive

This directive, issued to you as Commanding General of the United States forces of occupation and as Military Governor in Germany, constitutes a statement of the objectives of your Government in Germany and of the basic policies to which your Government wishes you to give effect from the present time forward. It supersedes JCS 1067/6 and its amendments.

2. Authority of Military Government

a. Your authority as Military Governor will be broadly construed and empowers you to take action consistent with relevant international agreements, general foreign policies of this Government and with this directive, appropriate or desirable to attain your Government's objectives in Germany or to meet military exigencies.

b. Pending arrangements for the effective treatment of Germany as an economic and political unit, you will exert every effort to achieve economic unity with other zones.

II

3. United States Policy toward Germany

The basic interest of the United States throughout the world is just and lasting peace. Such a peace can be achieved only if conditions of

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public order and prosperity are created in Europe as a whole. An orderly and prosperous Europe requires the economic contributions of a stable and productive Germany as well as the necessary restraints to insure that Germany is not allowed to revive its destructive militarism.

To accomplish the latter purpose the United States Government has proposed to the other Occupying Powers a treaty for the continuing disarmament and demilitarization of Germany and it has committed itself to maintaining a United States army of occupation as long as foreign occupation of Germany continues.

As a positive program requiring urgent action the United States Government seeks the creation of those political, economic and moral conditions in Germany which will contribute most effectively to a stable and prosperous Europe.

III

4. Demilitarization

There should be no relaxation of effort to complete and effectively to maintain the disarmament and the demilitarization of Germany.

IV

5. United States Political Objectives in Germany

It is an objective of the United States Government that there should arise in Germany as rapidly as possible a form of political organization and a manner of political life which, resting on a substantial basis of economic well-being, will lead to tranquillity within Germany and will contribute to the spirit of peace among nations.

Your task, therefore, is fundamentally that of helping to lay the economic and educational bases of a sound German democracy, of encouraging bona fide democratic efforts and of prohibiting those activities which would jeopardize genuinely democratic developments.

6. German Self-Government

a. You will continue to promote the development in Germany of institutions of popular self-government and the assumption of direct responsibility by German governmental agencies, assuring them legislative, judicial and executive powers, consistent with military security and the purposes of the occupation.

b. It is the view of your Government that the most constructive development of German political life would be in the establishment through-

out Germany of federal German states (Laender) and the formation of a central German government with carefully defined and limited powers and functions. All powers shall be vested in the Laender except such as are expressly delegated to the Central Government.

c. Your Government does not wish to impose its own historically developed forms of democracy and social organization on Germany and believes equally firmly that no other external forms should be imposed. It seeks the establishment in Germany of a political organization which is derived from the people and subject to their control, which operates in accordance with democratic electoral procedures, and which is dedicated to uphold both the basic civil and human rights of the individual. It is opposed to an excessively centralized government which through a concentration of power may threaten both the existence of democracy in Germany and the security of Germany's neighbors and the rest of the world. Your Government believes finally that, within the principles stated above, the ultimate constitutional form of German political life should be left to the decision of the German people made freely in accordance with democratic processes.

7. *Interzonal German Administrative Agencies*

Pending the establishment of central German administrative agencies and of a central German government, you will continue, consistent with the objectives of paragraph 6, to make arrangement with other Zonal Commanders for the creation and operation of interzonal German administrative agencies.

8. *Political Parties*

a. You will adhere to the policy of authorizing and encouraging all political parties whose programs, activities and structure demonstrate their allegiance to democratic principles. Political parties shall be competitive in character, constituted by voluntary associations of citizens in which the leaders are responsible to the members, and with no party enjoying a privileged status.

b. You will likewise give support to the principle that military government and the German authorities should afford non-discriminatory treatment to duly authorized political parties. Every authorized political party should have the right freely to state its views and to present its candidates to the electorate, and you will tolerate no curtailment of nor hindrance to the exercise of that right; if, however, you find that an authorized party is adopting or advocating undemocratic practices or ideas, you may restrict or withdraw its rights and privileges.

c. You will urge in the Control Council the recognition of nation-wide political parties and the uniform treatment of all authorized parties in all zones of occupation. You will advocate quadripartite supervision of political activities and of elections throughout Germany as a whole.

9. *Denazification*

You will implement in your zone the decisions on denazification taken April 23, 1947 by the Council of Foreign Ministers, as may be agreed in ACC.

10. *War Crimes*

You will make every effort to facilitate and bring to early completion the war crimes program subject to the conclusions and recommendations with respect to organizations and members thereof contained in the judgment of the International Military Tribunal.

11. *Courts and Judicial Procedures*

a. You will exercise such supervision over German Courts as is necessary to prevent the revival of National Socialist doctrines, to prohibit discrimination on grounds of race, nationality, creed or political belief, to enforce the application of the principles expressed in Control Council Proclamation No. 3 and compliance with the provisions of Control Council and Military Government legislation. You will foster the independence of the German judiciary by allowing the courts freedom in their interpretation and application of the law and by limiting the control measures instituted by Military Government to the minimum consistent with the accomplishment of the aims of the occupation.

b. You will maintain sufficient Military Government Courts to try persons accused of offenses involving the safety and security of United States and Allied personnel and all cases in which the interest of Military Government requires such procedure.

c. You may extend the jurisdiction of the German courts to all cases which do not involve the interests of Military Government or persons under the protective care of Military Government. Any German Tribunal established for the purpose of determining internal restitution claims may exercise jurisdiction over any person irrespective of his status who institutes a proceeding therein.

d. As a basic objective of the occupation is the reestablishment of the rule of law in Germany, you will require all agencies under your control to refrain from arbitrary and oppressive measures. Except when it clearly appears that detention is necessary for the security of the occupying forces, no person will be detained except when he is charged with a specific

offense and is subject to trial by a duly constituted tribunal. You will protect the civil rights of persons detained under charges assuring them a fair trial and ample opportunity to prepare their defense. You will by regulation limit arrests for security purposes to cases where overriding considerations of military necessity require such procedure. Persons so detained will be permitted to communicate with their nearest relative or friend unless urgent security considerations require an exception, and you will review their cases periodically to determine whether further detention is warranted. When in your opinion it will be compatible with security considerations, you will eliminate such arrests without prejudice to a revival of the practice in emergencies.

12. *Legislation*

You will exercise your power of disapproval over German legislation only when such legislation conflicts with the legislation or other policies of Military Government.

13. *Movement of Persons*

a. You will implement the decisions taken 23 April 1947 by the Council of Foreign Ministers with regard to United Nations displaced persons and population transfers.

b. You will, in cooperation with IRO, facilitate the emigration to other countries of those displaced persons unwilling to be repatriated.

c. Pending the movement of displaced persons you will retain overall responsibility for their appropriate care, maintenance and protection. You will utilize the IRO to the maximum possible extent in assisting you to discharge this responsibility.

d. The term displaced persons as used above refers to displaced persons and refugees as defined in the IRO Constitution.

e. You will hold the German authorities responsible for the care and disposition of nationals of former enemy countries not otherwise provided for herein and you will continue to facilitate their repatriation.

f. You will require that persons of German extraction who have been transferred to Germany be granted German nationality with full civil and political rights except in cases of recognized disqualifications under German law. You will take such measures as you may deem appropriate to assist the German authorities in effecting a program of resettlement.

g. You will continue to permit the exchange of Germans seeking permanent residence between the United States Zone and other zones on a reciprocal basis. You will permit free movement for temporary purposes

to the greatest possible extent consistent with security considerations and with interzonal or quadripartite agreement.

h. You will continue to receive those Germans whose presence abroad is deemed by your Government to be contrary to the national interest. You will likewise permit the reentry of German and former German nationals who desire to return permanently but in view of restricted facilities you will give priority to those who are willing and able to contribute to the peaceful reconstruction of Germany.

i. You will permit only those Germans to leave Germany who are included in categories approved by Allied agreements or your Government's instructions:

14. *Prisoners of War*

In carrying out the decision of the Council of Foreign Ministers of 23 April 1947, you will press in the Control Council for the earliest possible return of all German prisoners of war still located in the territories of the Allied Powers and in all other territories.

15. *General Economic Objectives*

The economic objectives of the United States Government in Germany are:

a. to eliminate industry used solely to manufacture and to reduce industry used chiefly to support the production of arms, ammunition and implements of war;

b. to exact from Germany reparation for the losses suffered by United Nations as a consequence of German aggression; and

c. to encourage the German people to rebuild a self-supporting State devoted to peaceful purposes, integrated into the economy of Europe.

Although the economic rehabilitation of Germany, within the framework of these objectives, is the task and responsibility of the German people, you should provide them general policy guidance, assist in the development of a balanced foreign trade and ensure that German efforts are consistent with, and contribute to the fulfillment of your Government's objectives.

16. *Economic Disarmament and Reparation*

a. Your Government continues to desire the general fulfillment of the principles of the Potsdam Agreement regarding reparation and industrial disarmament.

b. Your Government believes that the level of industry eventually agreed upon for Germany as a basis for reparation removals, while elimi-

nating excess industrial capacity which has been used by Germany for the purpose of making war, should not permanently limit Germany's industrial capacity. The German people after the period of reparation removals should not be denied the right, consistent with continued disarmament, to develop their resources for the purpose of achieving higher standards of living.

c. Your Government does not agree to reparation from Germany greater than that provided by the Potsdam Agreement. Nor does your Government agree to finance the payment of reparation by Germany to other United Nations by increasing its financial outlay in Germany or by postponing the achievement of a self-sustaining German economy. Your Government reaffirms the principle that the proceeds of authorized exports shall be used in the first place for the payment of authorized imports.

d. You will attempt to obtain Control Council recognition of the principle of compensation for property taken for reparation or where it has been necessary to destroy property under the agreements for economic disarmament, such compensation to constitute a charge against the German economy as a whole. Except in prohibited industries, you will endeavor to ensure, to the greatest extent practicable, that no plant in which there is foreign ownership or control is removed for reparation as long as German-owned plants are available for that purpose.

e. You will continue to assist in the location of cloaked German-owned assets abroad and where possible you will assist in their liquidation.

17. *Restitution*

a. You will proceed, consistent with agreements on restitution reached in the Control Council, to restore such identifiable property other than gold and transport essential to minimum German economy, to the government of the country from which it was taken. You will not consent to any extensive program for the replacement of looted or displaced property which has been destroyed or cannot be located whenever such replacement can be accomplished only at the expense of reparation, a self-sustaining German economy, or the cultural heritage of the German people.

b. You will turn over monetary gold uncovered in Germany to the Tripartite Gold Commission in Brussels for distribution in accordance with the terms of the Paris Act on Reparation.

c. In accordance with JCS 1570/9, you will make available for the rehabilitation and resettlement of non-repatriable victims of German action

valuable personal property looted from Nazi victims which is not restitutable.

d. It is the policy of your Government that persons and organizations deprived of their property as a result of National Socialist persecution should either have their property returned or be compensated therefor and that persons who suffered personal damage or injury through National Socialist persecution should receive indemnification in German currency. With respect to heirless and unclaimed property subject to internal restitution you will designate appropriate successor organizations.

18. *Economic Unity and Recovery*

a. Your Government is desirous of securing agreement in the Control Council to the treatment of Germany as an economic unit, the formulation of common policies in all matters affecting Germany as a whole, and the establishment of central German administrative agencies for the purpose of implementing such common policies in the fields of finance, transport, communications, agriculture, economics (including industry and foreign trade) and such other fields as the Control Council may consider necessary and appropriate.

b. Your Government likewise desires to secure the adoption of a production and foreign trade program for Germany as a whole which should be directed toward an increasing standard of living in Germany and the attainment at the earliest practicable date of a self-sustaining German economy. Such a program should give highest priority to increased production of coal, food and export goods; provide for such allocation and distribution of German indigenous output and approved imports throughout Germany as are necessary to carry out the production program and attain the agreed standard of living, ensure full payment for all goods and services exported from Germany (other than reparation or restitution) in approved imports or in foreign exchange which can be utilized for the payment of approved imports, and provide for the pooling of all export proceeds to be made available, first to meet the import needs of Germany as a whole for such time and in such amount as may hereafter be determined, and secondly to compensate the occupying powers for past expenditures pursuant to terms and conditions to be established hereafter, priority in the latter case being given to payment of costs sustained for essential imports in direct proportion to the expenditures made by the occupying powers.

c. In cases where the restoration of normal international commercial relations between Germany and the rest of Europe would involve an in-

crease of US dollar expenditures for the government of Germany, or a delay in the attainment of a self-supporting German economy at an appropriate standard of living, funds for German expenditures shall be increased, or the German economy compensated through provision by the US of sufficient relief monies to the country or countries so benefitted to enable them to pay Germany. You will consult other European countries and international organizations representing such countries in matters of German production and trade mentioned above, and ensure that emphasis is given, in the selection of items for export, to goods needed by European countries for their economic recovery and rehabilitation insofar as these countries may provide in payment needed imports for Germany, or foreign exchange which can pay for such imports. Proposed transactions of a substantial nature which would lead to a restoration of general European trade or normal international commercial relations or restore normal trade exchanges between Germany and other European countries but which would not conform to the principles stated in this paragraph should be referred to the US GOVT for decision.

d. You will support the removal of existing trade barriers and will encourage the return of foreign trade to normal trade channels.

19. Finance

a. Your government views the reorganization of German finances on a sound basis and the attainment of financial stability in Germany as among the main factors essential to German economic recovery along democratic and peaceful lines. To that end, you will endeavor to have the Control Council adopt uniform financial policies in conformity with the principles and the objectives set forth in this directive.

b. Pending agreement in the Control Council, or until receipt of further directive from your government, you will continue to be guided by the following policies in your zone:

(1) You will control, within the scope of your authority, all financial transactions of an international character in order to keep Nazi influence out of the field of finance and prevent outward movements of capital from Germany;

(2) You will exercise general supervision over German public expenditures and measures of taxation in order to insure that they are consistent with the objectives of the Military Government;

(3) You will take such action as may be necessary to prevent the establishment of a centralized German banking system and an undue concentration of financial power, but will encourage the establishment

of a central authority for the production, issuance and control of currency and for technical banking supervision. You will also encourage the Germans to reestablish normal banking facilities within the limitation prescribed above and within the present blocking of assets and accounts under Military Government Law No. 52;

(4) You will use the resources of the German economy to the maximum extent possible in order to reduce expenditures from appropriated funds of your government. You are authorized, as provided in the Potsdam Agreement, to use the proceeds of exports to pay for imports which you deem essential, subject to strict accounting and auditing procedures;

(5) You will continue to aid economic recovery by collection of full payment for exports of German goods and services; and

(6) You will continue to prevent non-essential imports.

c. You will press for the adoption by the Control Council of a program for financial reform which provides for a substantial and appropriate reduction in outstanding currency and monetary claims, including public and private debt; for the equitable sharing of the costs of war and defeat; and for ancillary measures including adjustments in the wage-price structure necessary to the restoration of balance between the financial structure and the economic realities.

d. (1) You will maintain such accounts and records as may be necessary to reflect the financial operations of the Military Government (U.S.) in Germany, including also such operations undertaken jointly by you with the Military Government in the British and other zones of occupation in Germany.

(2) You will take measures necessary for calculating occupation costs distinguishing those now incurred within Germany and supported by the Germany economy, and external occupation costs for eventual settlement with Germany. You will endeavor to agree on a definition of occupation costs of both types within the Control Council and to limit and control internal occupation costs on a quadrilateral basis.

20. Agriculture

a. In accordance with the decision of 23 April 1947 of the Council of Foreign Ministers, you will ensure the carrying out and completion of land reform in your zone in 1947.

b. You will require the appropriate German authorities to adopt and implement policies and practices which will:

Maximize the production and provide for the effective collection and distribution of agricultural products.

c. You will require the appropriate German authorities to adopt and implement similar policies and practices in respect to forestry and fishing resources.

21. *Economic Institutions*

a. Pending agreement among the occupying powers you will in your zone prohibit all cartels and cartel-like organizations, and effect a dispersion of ownership and control of German industry through the dissolution of such combines, mergers, holding companies and interlocking directorates which represent an actual or potential restraint of trade or may dominate or substantially influence the policies of governmental agencies. You will not, however, prohibit governmental regulation of prices or monopolies subject to government regulation, in fields where competition is impracticable. In so far as possible, you will coordinate your action in this field with the commanders of other zones of occupation.

b. You will permit the formation and functioning of cooperatives provided they are voluntary in membership, and are organized along democratic lines and do not engage in activities prohibited under the above paragraph.

c. While it is your duty to give the German people an opportunity to learn of the principles and advantages of free enterprise, you will refrain from interfering in the question of public ownership of enterprises in Germany, except to ensure that any choice for or against public ownership is made freely through the normal processes of democratic government. No measure of public ownership shall apply to foreign-owned property unless arrangements which are satisfactory to your Government have been made for the compensation of foreign owners. Pending ultimate decision as to the form and powers of the central German Government, you will permit no public ownership measure which would reserve that ownership to such central government.

d. Pending agreement among the occupying powers, you will limit new foreign investment in your zone of Germany and will continue to ensure that all property, however owned, and all production and manpower in your zone are subject in all respects to the decisions and directives of the Control Council, and to Military Government and German law.

e. (1) You will permit the organization, operation, and free development of trade unions provided that their leaders are responsible to the membership and their aims and practices accord with democratic prin-

ciples. Any federation of trade unions shall not impair the financial and organizational autonomy of member unions. You will encourage the trade unions to support programs of adult education and to foster an understanding of democratic processes among their members. You will permit trade unions to act in the interests of their members and to bargain collectively regarding wages, hours and working conditions within the framework of such wage and price controls as it may be necessary to maintain.

(2) Trade unions may represent the occupational, economic and social interests of their members in accordance with the authority contained in their constitutions. Their basic functions may include participation with appropriate authorities in the establishment and development of a peaceful economy.

f. You will permit the organization and functioning of work councils on a democratic basis for the representation of the interests of employees in individual enterprises and will not prohibit the cooperation of trade unions therewith.

g. You will also permit the establishment of machinery for the voluntary settlement of industrial disputes.¹

VI

22. *Cultural Objectives*

Your Government holds that the reeducation of the German people is an integral part of policies intended to help develop a democratic form of government and to restore a stable and peaceful economy; it believes that there should be no forcible break in the cultural unity of Germany, but recognizes the spiritual value of the regional traditions of Germany and wishes to foster them; it is convinced that the manner and purposes of the reconstruction of the national German culture have a vital significance for the future of Germany.

It is, therefore, of the highest importance that you make every effort to secure maximum coordination between the occupying powers of cultural objectives designed to serve the cause of peace. You will encourage German initiative and responsible participation in this work of cultural reconstruction and you will expedite the establishment of these international cultural relations which will overcome the spiritual isolation im-

¹ *Sic.* The official copy reads without a division V. Presumably it should come at the beginning of the economic section. [Ed.]

posed by National Socialism on Germany and further the assimilation of the German people into the world community of nations.

23. Education

a. In recognition of the fact that evil consequences to all free men flow from the suppression and corruption of truth and that education is a primary means of creating a democratic and peaceful Germany, you will continue to encourage and assist in the development of educational methods, institutions, programs and materials designed to further the creation of democratic attitudes and practices through education. You will require the German Laender authorities to adopt and execute educational programs designed to develop a healthy, democratic educational system which will offer equal opportunity to all according to their qualifications.

b. You will continue to effect the complete elimination of all National Socialist, militaristic and aggressively nationalistic influences, practices and teachings from the German educational system.

24. Religious Affairs

a. You will, in the United States Area of Occupation, continue to assure freedom of religion. You will assure protection of religious activity and support these principles in the deliberations of the Control Council.

b. You will give freedom to the Germans to decide all questions concerning the constitution, the religious activity and the amalgamation of purely ecclesiastical bodies.

c. You will continue to take such action as may be necessary to prevent the revival of National Socialist and militaristic activity under the cloak of a religious program or organization.

25. Monuments, Fine Arts, and Archives

a. You will respect, and permit German authorities to protect and preserve, the property of all cultural institutions dedicated to religion, charity, education, the arts and sciences, historic monuments and historic archives, together with their collections and endowments. You will apply the same principle to all other property of cultural value, whether publicly or private owned, except for institutions and monuments specifically devoted to the perpetuation of National Socialism or to the glorification of the German militaristic tradition.

b. You are authorized to make such use of German records and archives as may be appropriate.

26. Public Information

a. You will, in the United States Area of Occupation, supervise, encourage and assist in the development by the Germans of media of public

information designed to advance the political and cultural objectives stated in this directive.

b. You will arrange through the Allied Control Council for the implementation of the decision of 23 April 1947 of the Council of Foreign Ministers on the free exchange of information and democratic ideas by all media in all of Germany.

c. You will develop and maintain organizations and facilities for the operation of media of information, including those sponsored by Military Government, designed to further the objectives of your Government.

27. Reestablishment of International Cultural Relations

In furtherance of the program of the reorientation of the German people and the revival of international cultural relations, you will permit and assist the travel into and out of Germany of persons useful for this program within the availability of your facilities. You will also permit and assist, to the extent of your facilities, the free flow of cultural materials to and from Germany.

Appendix C

Democratization of Germany

A STATEMENT OF POLICY BY GENERAL JOSEPH McNARNEY

July 9, 1946

In general it may be said that the Laender will be given complete power to govern themselves. . . . The only restrictions imposed upon them will be those resulting from:

a) The provisions of the Berlin Protocol and subsequent Four Power agreements which may be forthcoming from further ministerial meetings.

b) Allied Control Council Laws which are binding upon the whole of Germany.

c) Democratization and political decentralization.

d) It is considered the German Government will be "democratized" when the following conditions exist:

1) All political power is recognized as originating with the people and subject to their control.

2) Those who exercise political power are obligated to obtain a man-