

DEPARTMENT OF STATE

OFFICE OF GERMAN AND AUSTRIAN AFFAIRS

April 25, 1949

MEMORANDUM FOR: G - Mr. Eusk
S/P - Mr. Kennan
S/A - Mr. Jessup
EUR - Mr. Hickerson
E - Mr. Nitze
C - Mr. Bohlen ✓

Subject: US CFM Program on Germany

The Secretary has requested by Wednesday a paper on the U.S. course of action in a possible CFM. The attached represents the general approach as envisaged by GA, and is not meant to be all inclusive. In order to meet the deadline set by the Secretary, your comments are requested by noon Tuesday.

Henry A. Byroade
Acting Deputy Director

Attachment.

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SUBJECT: US PROGRAM FOR A CFM ON GERMANY

PROBLEM:

To consider the policy and tactics the US should follow in the event of a CFM on Germany.

FACTS BEARING ON THE PROBLEM:

It follows from the recent meeting of the Foreign Ministers in Washington that the North Atlantic Treaty has a wider significance than that simply of a defense pact and is to be assessed rather in terms of offering the framework for a consolidation of the western world. The problem of Germany must consequently be viewed in this light. One of the consequences already has been to make possible an agreement of the three western powers which aims at the incorporation of the major part of Germany itself in the western European system. By a closer identification of common interests, western Germany, figuratively speaking, is to be developed as a "captive member" of the free community of western Europe. A basic assumption is that the process of assimilation can best be started with the absorption of a manageable portion represented by the three western zones; certain controls will continue as guarantees of execution but will be gradually liquidated in proportion to the progress achieved.

The long-term implications of this policy call into question the conception that a reunited Germany can safely be allowed to play an independent or ostensibly "neutral" role in Europe. The facts of the present situation

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in a certain sense cast obsolescence on the hope expressed by Secretary Byrnes in his Stuttgart speech of September 1946 that Germany should be neither pawn nor partner of any great power combination.

This does not imply that a reunification of Germany can at no time be tolerated, but it does mean that a united Germany must be held bound by integration in a wider European free community in the same degree that it is intended to absorb western Germany in western Europe. The questions to be resolved are whether early four-power agreement on German unity can be reached on any other terms than those which would cut Germany loose from both the western and eastern systems; whether such terms would promote an extension of the free European community; or whether they would enable Germany to play an independent role which would upset the present balance of forces to the detriment of the western nations.

There is probably little doubt that under a system of nation-wide free elections a crushing anti-communist majority would be the immediate German reaction to recent Soviet policy. Nevertheless, a unified Germany re-created against the background of present Soviet intentions would present a series of almost insoluble problems. It has been argued that in order to obviate the destructive power of the veto, which the Soviets could employ to promote a state of distress conducive to the communization of Germany, controls should be of a minimal nature virtually to leave Germany the master of its own policies. Politically, Germany might be disposed to consider itself one of the western nations as long as the latter's prospects

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continued fair. Economically, however, the East has more to offer Germany than the West; and Germany could develop its natural trade channels in that direction to strengthen itself as well as, inevitably, the Soviet area. The degree of Germany's association with the West would always remain questionable as long as it were able to further its own aggrandizement in bargaining between East and West. While ERP might serve as a temporary inducement and check to keep Germany oriented towards the West, it is doubtful whether it would prove a sufficiently potent weapon to prevent a Germany of uncertain political temper from exploiting to the full a favored position which has been misused by Germany in the past to the jeopardy of European peace.

Most important is the strain which the creation of, and adjustment to, a united Germany would place upon western European unity. Whatever the logic of the argument that controls over the new entity should be virtually abolished to obtain total exemption from Soviet interference, it is doubtful whether the western nations, and in particular France, could be brought to accept the prospect of a revived Germany acting as an independent force. This new entity would risk subtracting from western European solidarity the assured contribution of western Germany under the present program. At the best, were it to associate itself with western Europe, it would risk dominating that combination by its sheer magnitude and increased opportunity to strengthen itself as a free agent profiting from both the western and eastern political and economic systems. At the worst, Germany would be an uncertain factor either as a strong nationalist state or as a

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willing partner of Soviet Russia, in either eventuality placing an intolerable strain upon the western defense arrangements.

The above is not intended to mean that the western powers should forever exclude German reunification. The purpose of the argument is to stress that the degree and manner of unification must be governed by a safeguarding of the essential interests of the western nations and should not be pressed by the US beyond what it is possible to obtain by common agreement with its western partners.

PROPOSED WESTERN PROGRAM

The London and Washington Agreements were intended to fix and secure the position of western Germany within western Europe. It is submitted that a US program for a united Germany should envisage an evolutionary development of this principle in order to guarantee fulfillment of the western nations' requirements in Germany and to assure them, by a majority voting procedure, the preponderant position they at present dispose of in the management of over two-thirds of Germany. The substantive program which the western nations should present at a CFM should embody the principles, although not necessarily the exact form, of the Washington Agreements adapted in certain details as discussed below. Furthermore, such a program should adhere to the economic principles which the western nations have defended in previous meetings of the CFM and have developed to the present date.

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Agreement on Controls

The western German scheme is based on three fundamental documents, namely, the Occupation Statute, the Agreement as to Controls, and the Bonn Constitution. The first two documents represent in effect a development, applicable to western Germany, of the earlier four-power agreement on control machinery as well as certain features of the Potsdam Agreement. These four-power agreements were explicitly intended to apply to the immediate period following German surrender. The western nations would be able to justify the alternate arrangements for western Germany as being rendered necessary by the impossibility of obtaining four-power agreement to a modification of the earlier provisions which has been long overdue. The substitution of a civilian High Commission for the Control Council should be retained in any US proposal in a CFM and would probably be accepted by the Soviets.

The Washington Agreement on controls was designed to obviate the worst features of a unilateral veto and succeeds in doing this, except in two instances. The first is the requirement for unanimous approval of amendments to the German constitution and the other is paragraph 7 (a), which provides for an indefinite suspension of action pending unanimous agreement among the governments in cases where an appeal is made against a majority decision on grounds that such a decision alters or modifies intergovernmental undertakings. In all other instances, majority decisions take effect after a specified interval of suspension. While the Soviets would be able to delay action by a German government under the Washington agreement on controls, the

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latter could nevertheless be operable with Soviet participation, assuming that Soviet agreement could be obtained to the settlement of the basic issues, particularly in the economics field.

To remedy the defects of the present unanimity requirement which would probably prove insuperable in the approval of a German constitution, the US should propose the substitution of a uniform majority rule throughout. This should be the limit, however, to which the US should agree in the relaxation of controls over a German government, since to go further would risk committing the western powers in a CFM to an abandonment of control which they would wish to retain over western Germany in the event that no four-power agreement was reached.

Occupation Statute

The Occupation Statute contains the reserved powers which the western nations would need to retain over the early operation of an all-German government. It is not unlikely that the Soviets would also agree to these powers, if indeed they would not wish to add others. Soviet obstruction, however, could be minimized by an adaptation of the Washington control arrangements proposed above. The machinery of government and control would doubtless be more cumbersome and difficult but need not prove impracticable if the principle of majority rule is firmly established, and if the French can be persuaded that following the Atlantic Pact it will be to their interest to continue to side with the US and UK on major German issues.

The

The German Constitution

The constitutional issues, and particularly the necessary requirement of free elections throughout Germany under adequate guarantee, are likely to prove crucial in a CFM. The western powers cannot disregard or abandon the work of the Bonn Parliamentary Council, which may take the form of a constitution already approved at the time a CFM meeting is held.

Accordingly, in a CFM the western powers should table the Bonn Constitution as an instrument freely decided by the Germans under the authorization to establish a Federal Government. Soviet comments and suggestions could be invited as to how this document could be adapted for use in all of Germany. The proposal should be put forward that at the time elections are held for the lower chamber of the Federal Government, such elections should be extended, under strict international supervision, to all of Germany. Furthermore, in order to eliminate the communist-dominated State diets in the Soviet zone, the western nations should propose that new elections, under international supervision, be held for State diets throughout Germany. Thus delegates from the eastern zone would be included in the new Volkstag and Bundesrat and would have an opportunity to propose suitable amendments to the constitution if such were needed for its application to all of Germany.

International Supervision

It is essential that international supervision be established (1) over electoral preparations and voting; (2) over the German police forces in the various zones, and (3) over the activities of the respective occupation

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forces to the extent necessary to insure that they do not interfere with a free vote. It would be desirable that such supervision be carried out by neutral authorities, or possibly a UN commission, but mixed four-power supervision would be acceptable under satisfactory guarantees. The latter type of supervision proved effective in the case of the Berlin city elections in October 1946.

Troop Dispositions and Security

It would be generally advantageous to the US to propose as part of its program that occupation forces be re-grouped and be concentrated in seaport areas around the periphery of Germany. Such a proposal would produce a good effect in Germany and if carried out would obviate day-to-day interference by occupation forces with the operations of the central and local government. It would, of course, be understood that Germany would be a neutral military area and that forces would be called back into Germany only by decision of the High Commission.

With respect to the Military Security Board set up under the London decisions, this could be reorganized on a four-power basis to serve as an inspectorate over matters of disarmament and demilitarization. It should have authority to submit recommendations to the High Commission by majority vote.

The Ruhr

As a sine qua non of agreement, the Soviets will doubtless insist upon participation in control over the Ruhr. This demand could be handled in

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ways in the following order of preference: (1) by allowing the Soviets three votes in the present Ruhr Authority where majority rule prevails; or (2) by US withdrawal from the Ruhr Authority in exchange for an understanding that the latter would be an organization of European countries directly concerned in which neither the US nor the Soviet Union would participate. Neither alternative is entirely satisfactory, since under the first, the Soviets would probably side with a German government, whereas the latter might leave Germany to the mercy of its chief European competitors.

The German Economic Pattern and Reparations

A crucial issue which will run throughout the whole course of the discussions will be Germany's economic organization and future. While the majority vote procedure would nominally give a preponderant influence to the western nations, it is questionable whether the necessary preliminary basic agreements can be reached with the Soviets on such questions as reparations, a unified import-export program and the requirements for external assistance. The western Allies must insist on their concept of German economic unity maintained in previous CFM meetings, as well as upon a structure which will permit Germany's association with ERP. The obstacle upon which agreement is likely to founder will probably again be Soviet reparations demands. In view of the three-power decision on dismantling and on the requirements of ERP, the US could agree to no deliveries of reparations to the Soviet Union beyond the latter's share consisting of the plants set aside from among those now scheduled for dismantling. Furthermore, the question of deliveries

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falling within the terms of the proscribed lists would likewise arise. The western nations' economic program, based on their present pattern, would form an essential part of their over-all plan and would serve at an early stage to test out Soviet intentions and the validity of their own comprehensive program.

A German Peace Settlement

The US should maintain its previous stand that a peace conference on Germany should not be held until over-all four-power agreement had been reached respecting a German settlement and until a German government had been in existence for a sufficient period to prove its ability to administer Germany in a satisfactory manner.

TACTICS

The Soviets will doubtless present a program strongly propagandist in nature. Its attractiveness will probably consist of general proposals for the immediate establishment of a German government and for the early conclusion of a peace treaty to be followed by troop withdrawal. It will also tend to create the impression that Germany would be neutralized and would be given a high degree of autonomy in the management of its own affairs. Close analysis would quickly reveal the weakness of this program. It could be made apparent that in reality the Soviets will not agree to measures necessary for Germany's economic survival and are also unwilling to permit the Germans the same degree of political freedom as the western Allies have done. The Soviets are bound to reiterate their negative stand

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on a number of issues of great importance to German public opinion. These will be their exorbitant reparations claim, their intention to retain the property they have amassed since Germany's surrender, and their commitment to the present eastern administrative frontier. On these last three questions the Soviets will probably remain highly vulnerable.

Given the differences in approach toward the German problem, it is not likely that agreement can be reached with the Soviets on a unified Germany. The best course the US can adopt is to propose a program which it believes is in the best interests of western Europe and Germany and which it could honestly accept if the Soviets agreed. For tactical reasons, such a plan should not be presented as the London and Washington Agreements. It should take the form of a comprehensive plan embodying the main principles of the Occupation Statute, the Agreement on Controls, a political organization represented by the Bonn Constitution, and the western requirements for economic unity and Germany's association with ERP. These principles should be explained seriatim, be submitted to Soviet challenge and be defended against Soviet attack by inquiry concerning the manner in which the Soviets would propose to handle each problem at issue. This approach could be so developed as to place the western powers in the favorable position of presenting a constructive program in an initial general discussion with the Soviets. It would represent the substance of the western German arrangements presented against the background of the western Allies' objective to incorporate

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incorporate Germany in a European free community. Assuming that a CFM will begin with a general discussion of this kind, it should be the aim of the US to formulate the specific agenda in such a way as to give high priority to reparations, foreign property holdings and frontiers, as regards which the Soviets have outreached themselves. On this basis Soviet real intentions can be readily revealed and demolished if they remain the same.

The above deals solely with the presentation of a basic program in a CFM and does not attempt to cover further developments which would follow in the event of Soviet non-acceptance.

GA

April 21, 1949

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