



**Speech by J.F. Byrnes,
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Restatement of Policy on Germany
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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 peace or the well-being of any other country.

I hope that the German people will never again make the mistake of believing that because the American people are peace-loving, they will sit back hoping for peace if any nation uses force or the threat of force to acquire dominion over other peoples and other governments.

In 1917 the United States was forced into the first World War. After that war we refused to join the League of Nations. We thought we could stay out of Europe's wars, and we lost interest in the affairs of Europe. That did not keep us from being forced into a second world war.

We will not again make that mistake. We intend to continue our interest in the affairs of Europe and of the world. We have helped to organize the United Nations. We believe it will stop aggressor nations from starting wars. Because we believe it, we intend to support the United Nations organization with all the power and resources we possess.

The American people want peace. They have long since ceased to talk of a hard or a soft peace for Germany. This never has been the real issue. What we want is a lasting peace. We

will oppose soft measures which invite 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 is not unmindful of the responsibility resting upon it and its major Allies to maintain and enforce peace under the law.

Freedom from militarism will give the German people the opportunity, if they will but seize it, to apply their great energies and abilities to the works of peace. It will give them the opportunity to show themselves worthy of the respect and friendship of peace-loving nations, and in time, to take an honorable place among members of the United Nations.

It is not in the interest of the German people or in the interest of world peace that Germany should become a pawn or a partner in a military struggle for power between the East and the West.

German militarism and Nazism have devastated twice in our generation the lands of German neighbors. It is fair and just that Germany should do her part to repair that devastation. Most of the victims of Nazi aggression were before the war less well off than 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 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 involved serious hardships for the German people, but it only requires them to share the hardships which Nazi aggression imposed on the average European.

The German people were not denied, however, the possibility of improving their lot by hard work over the years. Industrial growth and progress were not denied them. Being obliged to start again like the people of other devastated countries, with a peacetime economy not able to provide them more than the average European standard, the German people were not to be denied to use such savings as they might be able to accumulate by hard work and frugal living to build up their industries for peaceful purposes.

That was the principle of reparations 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 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 nationwide organization of these public services was contemplated by the Potsdam Agreement. Twelve months have passed and nothing has been done.

Germany needs all the food she can produce. Before the war she could not produce enough food for her population. The area of Germany has been reduced. The population in Silesia, for instance, has been forced back into a restricted Germany. Armies of occupation and displaced persons increase demands while the lack of farm machinery and fertilizer reduces supplies. To secure the greatest possible production of food and the most effective use and distribution of 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 these supplies, Germany must be enabled to use her skills and her energies to increase her industrial production and to organize the most effective use of her raw materials.

Germany must be given a chance to export goods in order to import enough to make her economy self-sustaining. Germany is a part of Europe and recovery in Europe, and particularly in the 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 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 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 internal political life. The Potsdam Agreement expressly bound the occupying powers to start building a political democracy from the ground up.

The Potsdam Agreement did not provide that there should never be a central German government. It merely provided that for the time being there should be no central German government. Certainly this only meant that no central government should be established until some sort of democracy was rooted in the soul of Germany and some sense of local responsibility developed.

The Potsdam Agreement wisely provided that administration of the affairs of Germany should be directed toward decentralization of the political structure and the development of local responsibility. This was not intended to prevent progress toward a central government with the powers necessary to deal with matters which would be dealt with on a nation-wide basis. But it was intended to prevent establishment of a strong central government dominating the German people instead of being responsible to their democratic will.

It is the view of the American Government that the German people throughout Germany, under proper safeguards, should now be given the primary responsibility for the running of their

own affairs.

More than a year has passed since hostilities ceased. The millions of German people should not be forced to live in doubt as to their fate. It is the view of the American Government that the Allies should, without delay, make clear to the German people the essential terms of the peace settlement which they expect the German people to accept and observe. It is our view that the German people should now be permitted and helped to make the necessary preparations for setting up a democratic German government which can accept and observe these terms.

From now on thoughtful people of the world will judge Allied action in Germany not by Allied promises but by Allied performances. The American Government has supported and will continue to support the necessary measures to de-Nazify and demilitarize Germany, but it does not follow 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 these rules are obeyed.

But the question for us will be: What force is needed to make certain that Germany does not rearm as it did after the first World War? Our proposal for a treaty with the major powers to enforce for 25 or even 40 years the demilitarization plan finally agreed upon in the peace settlement would have made possible a smaller army of occupation. For enforcement we could rely more upon a force of trained inspectors and less upon infantry.

For instance, if an automobile factory, in violation of the treaty, converted its machinery to the production of weapons of war, inspectors would report it to the Allied Control Council. They would call upon the German Government to stop 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 the treaty was not agreed to.

Security forces will probably have to remain in Germany for a long period. I want no misunderstanding. We will not shirk our duty. We are not withdrawing. We are staying here. As long as there is an occupation army in Germany, the 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 hand-picked by other governments, but should be a German national council composed of democratically responsible minister presidents or other chief officials of the several states or provinces which have been established in each of the four zones.

Subject to the reserved authority of the Allied Control Council, the German National Council should be responsible for the proper functioning of central administrative agencies. 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 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 German people.

The German people must realize that it was Hitler and his minions who tortured and exterminated innocent men, women, and children and sought with German arms to dominate and degrade the world. It was the massed, angered forces of humanity which had to fight their way into Germany to give the world the hope of freedom and peace.

The American people who fought for freedom have no desire to enslave the German people. The freedom Americans believe in and fought for is 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 cling to the paths of peace.

The American people want to return the government of Germany to the German people. The American people want to help the German people to win their way back to an honorable place among the free and peace-loving nations of the world.

(Documents on Germany, Department of State, p. 91)

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