

25th March, 1946.

Subject: The Evolution of Government in the British Zone (II).

I. Object of this Instruction

1. On 3 December 1945 I issued instructions for the evolution of the administration in the British Zone from a military and direct basis to a civil and indirect one. Phase III of this process, as described in the instruction will be complete on 15 April 1946 when Corps District Commanders finally hand over their responsibilities for civil administrations. The object of this instruction is to review the present situation and to initiate the execution of Phase IV.

II. The Situation after the Battle of the Winter

2. The winter of 1945/46 is nearly over. The "Battle of the Winter" has been won. Partly due to the mildness of the winter, partly to successful organisation and the maintenance of food supply, there has been no serious deterioration of the health of the German people in the British Zone. In spite of this "victory", the general situation and the outlook for the future are worse than they were at the start of the winter. The most prominent reason for this is the reduction in food imports. Efforts are being made to obtain more food but quite clearly the amounts which can be expected are not going to suffice to restore a 1550 calory ration.

3. Although the food crisis for the present overshadows all else, it is not by any means the only serious factor in the situation. The fact is that the difficulties of GERMANY'S future are just beginning to make themselves apparent. These difficulties have always been known but they are now taking substance and shape. Agreement on the future level of the German economy is about to be reached. Following on this will begin the wholesale removal and destruction of a large part of German industry. This will cause great distress to the German people and will inevitably produce unemployment on a large scale. The influx of refugees from the East is just starting. We hope to check the flow but we cannot stop it and it is bound to aggravate the situation. The availability of consumer goods is not improving. Certain supplies did exist when we entered GERMANY. These are now depleted and there is no prospect of the production of consumer goods on a reasonable scale in the near future. On the contrary, it will be essential to devote the exiguous resources of coal, steel, etc., to the task of restarting the basic industries. Until these are functioning well the light industries which produce consumer goods cannot start.

III. The Next Battle

4. The "Battle of the Winter" was fought by Military Government. We cannot fight the next battle. In the first place we shall not have a sufficiently numerous staff to enable us to do it. Severe cuts have been imposed on our establishment. Meanwhile increasing responsibilities, many of them in the nature of agency work on behalf of the UNITED KINGDOM, have been placed upon us. The composition of our staff is also changing. Until now we have been fortunate in obtaining from the fighting Services a supply of young, energetic and capable men who have shown a remarkable aptitude for the administrative work entrusted to them. These are now leaving the Services to go back to civil life. Even more serious is the withdrawal of senior officers, both civil and military from the highest positions in the organisation. Many of our ablest and most senior civilians contracted to remain with the Control Commission until June 1946. They will

then go and it will be extremely difficult to replace them. From the military side we are losing some of our best men as they are taken away to resume their military careers. Such things cannot happen without having an adverse effect on the efficiency of the organisation.

5. Even if it were possible for us to fight the next battle on behalf of the Germans, it would be wrong that we should do so. It is our policy to control the British Zone indirectly. Direct control is a feasible, probably the only practicable, means of ruling a backward race. It is not suitable for a race which has attained the standard of educational and technical development of the Germans. The Americans have shown a better understanding than ourselves of the principles of indirect control. They are set out in para 13 of my instruction of 3 December 1945. We have not followed these principles hitherto. The time has come when we must apply them.

6. There are a number of important things to be done which the Germans cannot do for themselves. They can play a very important part in regard to the improved production and distribution of food, but however well they do this they cannot provide enough food to feed the people in the British Zone. We must secure the necessary minimum imports of food for them. If we fail to do this we shall fail in everything else.

7. The development of trade within the Zone and with other Zones is essentially a task to which the Germans should apply themselves. They cannot, on the other hand, take any effective measures regarding external trade, and it is essential to build this up in order to provide payment for imports and to obtain certain things which are necessary but unobtainable in GERMANY in adequate quantities - e.g. fertilisers. This again is a matter which we must handle ourselves.

8. We have also certain tasks of a negative character, notably demilitarization and the exaction of Reparations. We cannot even consult the Germans on these questions; it will be for them to carry out such orders as we give them on these matters.

9. Apart from these things which we must handle ourselves, the best people to deal with the many difficulties which beset GERMANY today and await her in the future are not ourselves but the Germans. They know far better how to deal with their country's problems and they are not inferior to us either in intelligence or in determination. Many times during the War we were astounded by the German's powers of resistance and recovery. He can produce the same powers in peace as in war. It is our function to see that he is given a chance to use these powers but not to abuse them.

10. The Germans must fight their own battle to recover from their difficulties.

IV. Building up German Administrations

11. If it is to be our policy that the Germans should be set to solve their own problems, then the first essential is to build up German Administrations in our Zone. The first step is to create them, see that they are as nearly as possible representative and that they are staffed by men of vigour and ability. Due mainly to the necessity for denazification this is no easy task. There is a danger that we shall fill positions in these administrations with old men or with colourless individuals deficient in energy and constructive ideas. Whilst scrupulously observing the requirements of denazification, we must get together bodies of men capable of bearing the burdens which we intend to put upon them.

12. Having created our Administrations, the next step is to use them and support them. All senior German officials have been put into office by us. They know that their interests lie with us. This means that our instructions should contain no more detail than is necessary to ensure execution of essential policy. We must give them some latitude and show them that we place confidence in them. We should not, of course, in any way court their goodwill, but we should deal with them

/generously

generously, pay attention to their advice and build up their prestige in the eyes of their own people. Above all we must avoid imposing on them methods merely because they are British regardless of the fact that they are at variance with German tradition and mentality.

13. The Chief of our German Administrations is the Zonal Advisory Council. A cornerstone in the new policy which this Memorandum is intended to found will be the encouragement and development of this Council. The following are the principal ways in which this can be done:-

- (a) By putting to them for their advice all domestic matters on which we wish to issue policy instructions. Subjects such as Reparations, Demilitarization, etc., would never be put to them;
- (b) By allowing them to discuss as high a percentage as possible of the subjects which they wish to raise, but on which they must first seek Control Commission permission. This may slow up the process of issuing instructions to the German authorities, but will go a long way towards ensuring that the instructions we issue are workable and generally acceptable to the German officials who are responsible for the direct administration of the British Zone;
- (c) By accepting their advice, wherever possible and, if needs be, going out of our way to do so;
- (d) By ensuring that, where German advice has to be rejected because it cuts across matters of British policy we give full and convincing reasons for our rejection of their advice.

14. The same principles also apply to the various German functional bodies which have been set up in the Zone and also to the nominated representative councils which are being established in the Provinces and in local Government.

"15. In respect of all functions which are handled centrally in the Zone, the German Zonal Administrations concerned should be given executive powers as soon as they have demonstrated their fitness to possess them. Other German Zonal Bodies, including the Zonal Advisory Council, will remain advisory in character for the present. A more detailed directive on this point will be issued".

as soon
all be told
are

a Head-
tus to the
ibility,

however, for carrying out the instructions contained in preceding paragraphs rests with Chiefs of Divisions. It is they who must see to it that their Branches understand and adopt the principle of indirect control and also that their own organisation is adapted to the purpose.

V. Telling the Germans where they stand.

17. Before the Germans can work effectively, they must have certain data from which to start. One of the most important matters in this regard is denazification. In the Memorandum which I issued on the 1st February, 1946, to Chiefs of Divisions, I stated that it was essential to fix an end to the process of denazification. Considerable work has been done since then. A special Committee on the subject has been set up at Main Headquarters, OCG to work out our policy. Negotiations have taken place with the American Delegation in order to harmonize our views and theirs. It is hoped that in the early future from these activities will emerge a Quadripartite directive embodying a clear-cut plan for future procedure in denazification, and enabling us to fix a date by which the process shall be regarded as completed in the British Zone. This will remove the fear which hangs over so many individual Germans at present that they may at any moment lose their office and perhaps their liberty.

/18..

generously, pay attention to their advice and build up their prestige in the eyes of their own people. Above all we must avoid imposing on them methods merely because they are British regardless of the fact that they are at variance with German tradition and mentality.

13. The Chief of our German Administrations is the Zonal Advisory Council. A cornerstone in the new policy which this Memorandum is intended to found will be the encouragement and development of this Council. The following are the principal ways in which this can be done:-

- (a) By putting to them for their advice all domestic matters on which we wish to issue policy instructions. Subjects such as Reparations, Demilitarization, etc., would never be put to them;
- (b) By allowing them to discuss as high a percentage as possible of the subjects which they wish to raise, but on which they must first seek Control Commission permission. This may slow up the process of issuing instructions to the German authorities, but will go a long way towards ensuring that the instructions we issue are workable and generally acceptable to the German officials who are responsible for the direct administration of the British Zone;
- (c) By accepting their advice, wherever possible and, if needs be, going out of our way to do so;
- (d) By ensuring that, where German advice has to be rejected because it cuts across matters of British policy we give full and convincing reasons for our rejection of their advice.

14. The same principles also apply to the various German functional bodies which have been set up in the Zone and also to the nominated representative councils which are being established in the Provinces and in local Government.

15. All these Zonal Administrations should be given executive powers as soon as they have demonstrated their fitness to possess them. They should all be told that this is our intention, until, of course, Central Executive bodies are established.

16. A Standing Committee on Indirect Control has been formed at Main Headquarters, Control Commission for Germany. This is useful to give impetus to the policy and to co-ordinate its implementation by Divisions. The responsibility, however, for carrying out the instructions contained in preceding paragraphs rests with Chiefs of Divisions. It is they who must see to it that their Branches understand and adopt the principle of indirect control and also that their own organisation is adapted to the purpose.

V. Telling the Germans where they stand.

17. Before the Germans can work effectively, they must have certain data from which to start. One of the most important matters in this regard is denazification. In the Memorandum which I issued on the 1st February, 1946, to Chiefs of Divisions, I stated that it was essential to fix an end to the process of denazification. Considerable work has been done since then. A special Committee on the subject has been set up at Main Headquarters, CCG to work out our policy. Negotiations have taken place with the American Delegation in order to harmonize our views and theirs. It is hoped that in the early future from these activities will emerge a quadripartite directive embodying a clear-cut plan for future procedure in denazification, and enabling us to fix a date by which the process shall be regarded as completed in the British Zone. This will remove the fear which hangs over so many individual Germans at present that they may at any moment lose their office and perhaps their liberty.

18. In the political field it is essential that the Germans should be told what is to constitute GERMANY in the future. This is a question of major policy which must be settled between governments. HIG are well aware of the desirability of its early settlement. Meanwhile planning should proceed on the assumption that the present boundaries of GERMANY will remain unaltered.

19. Also in the political field, it is necessary to come to decisions on the future political structure of GERMANY itself. This is to some extent a matter which will have to be settled by Allied agreement in so far as it affects the central government and the degree of decentralisation to the Lande. The situation in our own Zone, however, requires regulation and to this extent the decision does rest with us. The breakup of the State of PRUSSIA into independent Lande, the status of the Regierungsbezirke and the extent of authority to be entrusted to local government are all matters which we can decide and we must decide them to give the Germans a fair chance to administer their affairs.

20. As soon as possible we must let the Germans know where they stand in regard to their industries. Following on the agreements which are now being reached, investigations will take place to produce lists of plants to be destroyed or made available as Reparations. The completion of this work will take a considerable time but meanwhile there is much information which can and should be given to the Germans forthwith. Certain industries are not going to be effected. Certain plants in the controlled industries can probably be declared as to be left in GERMANY. Such information will give the Germans a basis from which they can start to build.

21. It is admitted that for some time to come we must exercise a tight control over those resources which are in short supply such as coal, power, timber, etc. For this reason the Germans cannot plan a programme of economic rehabilitation except by working very closely with ourselves. On the other hand, we should not attempt to do the planning for them. The "SPARTAN" Plan should be a German plan.

22. In all cases where it is necessary to make a careful allocation of available resources, our endeavour should be to make an allocation to the Germans in bulk, leaving them to make the best use of it they can subject to our supervision. It is no longer necessary nor advisable that we should make detailed allocations to individual factories as we have been doing in the past.

VI. Our Role - Supervision and Stimulus

23. Having placed upon the Germans responsibility for solving their own problems, we shall better be able to apply ourselves to our proper tasks. It is a proper task that we should give stimulus to the Germans' efforts. There is a certain apathy in some quarters. It is a fault of the German that he likes someone else to tell him what to do. We must encourage them to make the best possible use of their remaining scanty resources by co-operation among themselves. The pooling of resources in agricultural machinery and transport are examples of this form of self-help. Communal kitchens to economize in both food and fuel are another form.

24. While it is proper that we should supply stimulus to the efforts of the Germans, it is essential that we should exert careful supervision. That is the main purpose of our being here and it is one which must never be forgotten. The policy of building up German administrations and entrusting them with heavy responsibilities has obvious dangers and we must guard against them scrupulously.

VII. Contacts with German Officials

25. Hitherto there has been little contact between the Control Commission and German administrative officials at a higher level than that of the Regional Detachment Command and the head of a functional Branch. The time has now come for more direct contact between Chiefs of Divisions and other senior officials and...

Dec
1946
1st

will have
be one of
Oberprasid
26. In
highest
Politik
27. body
of
28

support
know
can do
We
al with them
asly

and the Germans. The Regional Commissioners who are about to be appointed will have a particularly important part to play in this connection. It will be one of their chief duties to maintain close personal contact with the Oberpräsident, his senior officials and the Präsidents of R.Bs.

26. In brief there should be contact in future with the Germans at the highest level.

VIII. Political Development.

27. A nominated body can never have the authority of a representative body and therefore it is unsatisfactory to entrust it with a full measure of executive responsibility.

28. There is every reason why we should adhere to our plans for holding Elections at the various levels as soon as this is practicable. It may indeed be desirable to accelerate the programme.

29. Elections, particularly at higher levels, cannot be satisfactory unless the political parties themselves have been encouraged to develop their organisation and their programmes. This process, therefore, should continue on the new plan - in fact it should be given added impulse.

30. Quite apart from these considerations we cannot afford to allow political development in the British Zone to lag behind that in other Zones.

IX. Moral Regeneration

31. The Memorandum which I issued on 1st February, 1946, laid down the principles to be followed to effect the democratization of the German people. The Paper laid stress on the fact that adequate economic conditions must be established before substantial progress in this matter could be achieved. These economic conditions do not exist today and there is little probability that they will be produced during 1946. The necessary conditions for the campaign of moral regeneration are, therefore, lacking. We must however do whatever is possible. Our plans for the encouragement of Trade Unions, Youth Groups, Religious revival, Education, etc. must go forward. However, we cannot expect them to bear their full fruits under existing conditions and it would be a waste of effort to direct the headlights of our propaganda on them.

X. Information Services Control

32. The functions of this branch of our organisation is to put our policy across on the German people. It will therefore require reorientation in the light of the policy enunciated in this Memorandum. It must preach the gospel of "Self Help for the German People".

33. It would be unwise to give the Germans a more rosy picture than is justified by the facts. It is better that they should be told what is going to happen to them in plain language than that they should be disillusioned when Reparations take their effect and widespread unemployment occurs. They are a courageous people, accustomed to bear hard-ship with fortitude. They will not be dismayed by a plain statement of the difficulties which confront them, provided that they are given some hope of better times to come when the immediate difficulties have been surmounted. To disguise and belittle these difficulties would only lay us open subsequently to a charge of bad faith.

34. A decision was taken some time ago that it was no longer necessary to harp on the theme that the Germans have only themselves to blame for their troubles. It is true that the constant reiteration of this theme tends to produce apathy and an attitude of helplessness. It is, however, a fact that there is a large number of Germans who do not recognize its truth and it is still necessary to remind them at intervals of it.

35. The fact that the times are difficult is no reason for diminishing the drive of our propaganda. It is exactly when times are bad that propaganda is most necessary. We need to build up our means of disseminating information both in scope and quality, if only in order to counteract the intensive propaganda to which the Germans are subjected from other sources.

XI. Conclusion

36. Shortage of food and other essential commodities has created a very difficult situation in GERMANY today. The execution of the decisions of the BERLIN Conference will create new difficulties in the near future. The right people to deal with these difficulties are the Germans themselves. The correct policy for British administration is to apply the principles of Indirect Control as foreshadowed in Phase IV of my instruction of 3 December 1945. In the absence of central administrations, it is means that in the British Zone we must build up and use Zonal Administrations, and we must create conditions for them in which they can do their work properly.
Subject to the limitations imposed by paragraph 15 above.

37. The contents of this instruction do not complete the conditions of Phase IV. There are other important aspects of Phase IV, for example the conversion of the Control Commission staff to an entirely civil status and the abolition of the term "Military Government"; it is not yet time to issue instructions on these points.

MONTGOMERY, OF ALAMEIN.

Field Marshal,
Military Governor and Commander-in-Chief
British Army of the Rhine.

Distribution: Commander, 1 Corps District
Commander, 8 Corps District
Commander, 30 Corps District
President, Economic Sub Commission
President, Governmental Sub Commission
Chief, Trade and Industries Division
Chief, Food Agriculture and Forestry Division
Chief, Reparations Deliveries and Restitution Division
Chief, Transport Division
Chief, I.A. & C. Division
Chief, Political Division
Chief, Manpower Division
Chief, PW & DP Division
Chief, P. & ISC Group
Chief, Finance Division
Chief, Legal Division
Major General Intelligence

Copy to: Vice Admiral Commanding British Naval Forces Germany
Air Commander-in-Chief BAFO
Sir William Strang, Political Adviser to the C-in-C
Deputy Military Governor
Chief of Staff (BAOR)