

NOTES ON THE GERMAN SITUATION : 1st MAY, 1946

BY

FIELD-MARSHAL MONTGOMERY

1. I leave Germany today. I have set out below a concise statement of the situation as I believe it to be. I am not happy about it. I consider the general overall picture is sombre, if not black.

For the present the food crisis overshadows all else, but it is not by any means the only serious factor in the situation.

2. We have a sick economy.

Coal is short; only the basic industries can be developed; the others lie idle, and there are few consumer goods being produced, and nothing in the shops for people to buy.

We have reached agreement on the future level of the German economy; there will soon begin the removal and destruction of a large part of German industry; this will cause distress to the German people and may produce unemployment on a large scale in the British Zone.

The present level of production is such that our exports do not pay for our imports.

3. A sick economy means that we cannot have a sound currency.

There is little to buy with marks and the people are tending to use a system of barter to get food. Marks are gradually becoming of no value to people. Under such a system industry cannot be got going, since there is no incentive; this is the beginning of inflation, i.e. the phase when money begins to lose its value.

is this true

4. In my Memorandum entitled - "The Problem in Germany : February, 1946", I dealt with the subject of how we should handle the great mass of human material we have in Germany. I said we must work on a definite and concrete plan designed to bring about a change of heart in the German people.

yes

yes

I stated that the foundation of the plan must be the economic line of attack.

yes

I said that the Germans must know what is to be the future of their country; they must be given a reasonable standard of living; they must be given some hope for a worth-while future.

I gave it as my opinion that if we did not do this, we would fail in Germany.

agree

We have not done it and I would say that at the moment there is a definite danger that we may fail. By that I mean there is a danger that if things do not improve the Germans in the British Zone will begin to look EAST. When that happens we shall have failed, and there will exist a definite menace to the British Empire. In this connection, much communist propaganda is coming westwards over the "green frontier".

5. If we are to progress at all we must have :

a sound economy,
a balanced budget,
central financial control.

.../We must

We must produce more consumer goods.

The essential financing of the cost of reparations must be borne by Germany as a whole; at present it falls heavily on the British Zone, which has most of the industries.

I still consider that the real answer to the problem is contained in my memorandum of 1st Feb 1946; but adequate economic conditions must be established before we can make any progress with the plan set out in that memorandum; at present these conditions do not exist.

6. While we are in this sorry economic condition, good progress is being made with the formation of political parties and trades unions. But we want to be clear that herein lies a possible danger.

There is no doubt that in a contented Germany, a strong Social Democratic party would be a great asset and one making for peace and security in western Europe.

But, if the Germans become discontented and we get organized hostility of the people against the occupying Power, then they have machinery in the political and trades union spheres which could be used to implement their nefarious purposes.

This aspect of the problem needs to be carefully watched during the next few years; close touch must be kept with propaganda coming from the Russian Zone.

Basic Fundamentals in the Solution
to the Problem

7. We must decide what is to constitute "Germany". The eastern frontier of Germany was agreed at Potsdam. The western frontier is not yet agreed; it is wrapped up in the whole problem of the future of the Saar, the Ruhr and the Rhineland.

We must tell the German people what Germany is to consist of.

8. The people living inside that Germany must be given a reasonable standard of living, and hope for a worth-while future.

A reasonable standard of living can be set up in Germany on the basis of the level of industry which has been agreed, but only under certain conditions. These conditions were emphasised in our acceptance of the level of industry agreement. The principal one is that Germany should be treated as one economic whole. This is not happening at present, firstly on account of French opposition and, secondly, because of the attitude of the Russians. I do not feel confident that the Russians ever intend to treat Germany as an economic whole as we understand that phrase. I am certain that they will not do it unless we join with the other Allies in exerting strong pressure upon them.

is this an essential condition

9. The whole country is in such a mess that the only way to put it right is to get the Germans "in on it" themselves. This is being done by Zonal Advisory Councils; but this is not enough.

1. essential

It means Central Administrations; we do not have these; we must have them. We must secure French agreement to their establishment. We must then take great care to ensure that they are set up under genuine Quadripartite control, and that neither their constitution nor their functions shall be such as to make them susceptible to the influence of one Power more than of others.

10. We must decide whether we are going to feed the Germans, or let them starve. Basically, we must not let them starve; if we do, then everything else we do is of no avail.

It does not look at present as if we can increase the ration beyond the present rate of 1042 calories; this means we are going to let them starve: gradually.

yes. In spite of the difficulties of the world food situation, we must get back to a reasonable ration standard in the British Zone as quickly as possible. The discrepancies which exist between the standard of feeding in our Zone and that in other Zones must be removed by agreement on a common standard.

Conclusion.

11. I regard the four points outlined in paras 7 to 10 as the four pillars on which we must build the new Germany out of the ruins of the old. The master pillar is the fourth, or food pillar; if that breaks, the other pillars fall down.
12. So far, the four pillars do not exist. Therefore we cannot progress.
13. We must start to build the four pillars. And above all, we must tell the German people what is going to happen to them and to their country. If we do not do these things, we shall drift towards possible failure. That "drift" will take the form of an increasingly hostile population, which will eventually begin to look EAST.

Such a Germany would be a menace to the security of the British Empire.

14. On the other hand, a contented Germany with a sound political framework, could be a great asset to the security of the Empire and the peace of the world.

Montgomery of Alamein

Field-Marshal.