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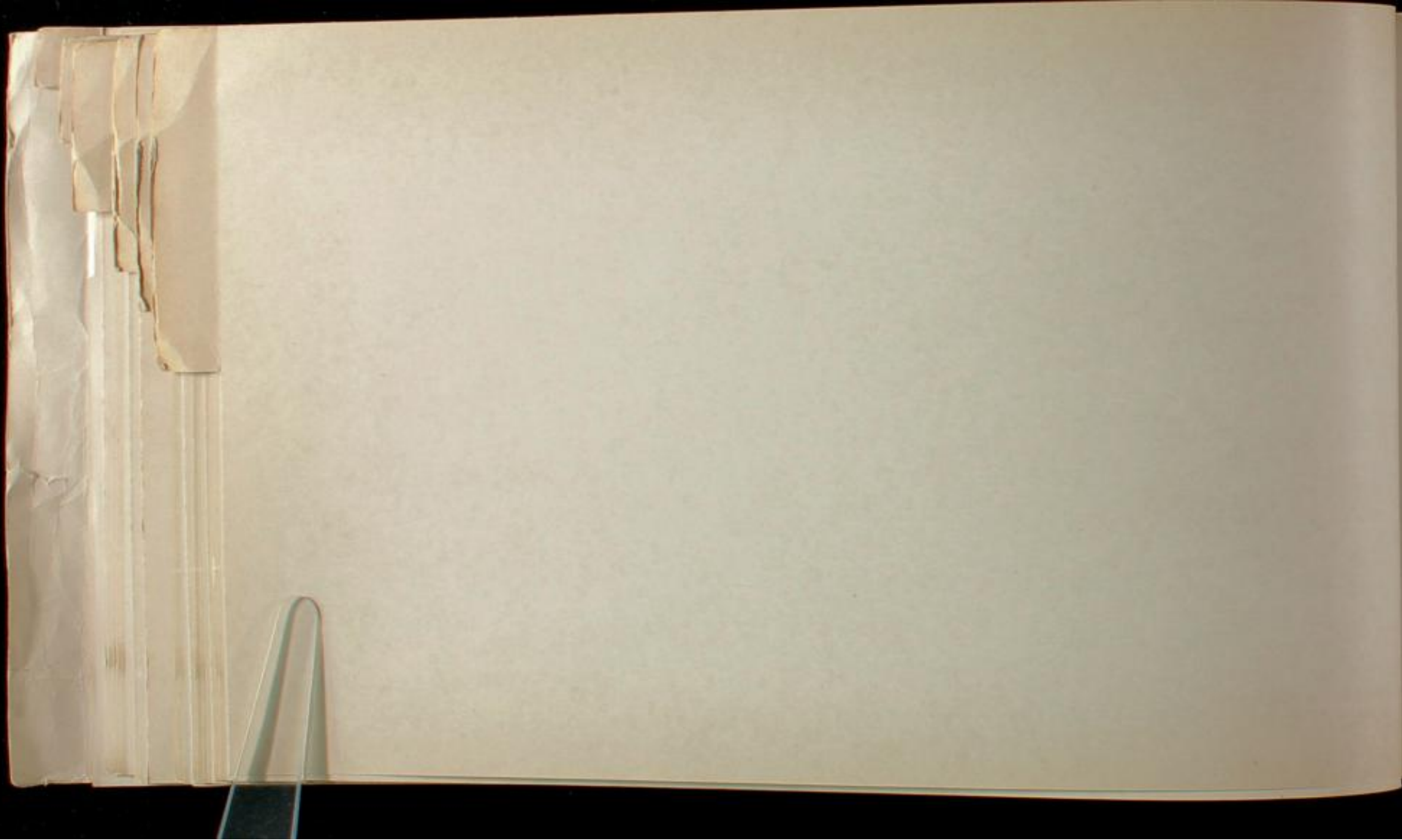
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INTERNATIONAL AGREEMENTS

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SUBJECT: ECONOMICS

ATLANTIC CHARTERAugust 14, 1941

Access on Equal Terms to Trade and Raw Materials for all States (Fourth Principle)

Fourth, they will endeavor, with due respect for their existing obligations, to further the enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity;

Improvement of Labor Standards, Economic Adjustment and Social Security (Fifth Principle)

Fifth, they desire to bring about the fullest collaboration between all nations in the economic field with the object of securing, for all, improved labor standards, economic adjustment, and social security;

POTSDAM AGREEMENT2 August 1945Part III, BElimination of German War Potential

11. In order to eliminate Germany's war potential, the production of arms, ammunition, and implements of war, as well as all types of aircraft and sea-going ships, shall be prohibited and prevented. Production of metals, chemicals, machinery, and other items that are directly necessary to a war economy shall be rigidly controlled and restricted to Germany's approved post-war peacetime needs to meet the objectives stated in Paragraph 15. Pro-

POTSDAM AGREEMENT (cont'd.)

ductive capacity not needed for permitted production shall be removed in accordance with the reparations plan recommended by the Allied Commission on Reparations and approved by the Governments concerned or, if not, shall be destroyed.

Decentralization of German Economy

12. At the earliest practicable date, the German economy shall be decentralized for the purpose of eliminating the present excessive concentration of economic power as exemplified in particular by cartels, syndicates, trusts, and other monopolistic arrangements.

Concentration on Agriculture and Peaceful Domestic Industries

13. In organizing the German economy, primary emphasis shall be given to the development of agriculture and peaceful domestic industries.

Treatment of Germany as a Single Economic Unit and Measures Therefor

14. During the period of occupation, Germany shall be treated as a single economic unit. To this end, common policies shall be established in regard to:

- (a) mining and industrial production and allocation;
- (b) agriculture, forestry, and fishing;
- (c) wages, prices, and rationing;
- (d) import and export programs for Germany as a whole;
- (e) currency and banking, central taxation and customs;
- (f) reparation and removal of industrial war potential;

POTSDAM AGREEMENT (cont'd.)

(g) transportation and communications

In applying these policies, account shall be taken, where appropriate, of varying local conditions.

Control of German Economy by Allies for Achieving Allied Aims (Definition of Five Different Aims)

15. Allied controls shall be imposed upon the German economy but only to the extent necessary:

- (a) to carry out programs of industrial disarmament and demilitarization, of reparations, and of approved exports and imports;
- (b) to assure the production and maintenance of goods and services required to meet the needs of the occupying forces and displaced persons in Germany and essential to maintain in Germany average living standards not exceeding the average of standards of living of European countries. (European countries mean all European countries excluding the United Kingdom and the Union of Soviet Socialist Republics);
- (c) to ensure in the manner determined by the Control Council 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;
- (d) to control German industry and all economic and financial international transactions, including exports and imports, with the aim of preventing Germany from developing a war potential and of achieving the other objectives named herein;

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SUBJECT: ECONOMICSPOTSDAM AGREEMENT (cont'd.)

- (e) to control all German public or private scientific bodies, research, and experimental institutions, laboratories, et cetera, connected with economic activities.

Establishment of German Machinery for Administration of Controls

16. In the imposition and maintenance of economic controls established by the Control Council, German administrative machinery shall be created and the German authorities shall be required to the fullest extent practicable to proclaim and assume administration of such controls. Thus it should be brought home to the German people that the responsibility for the administration of such controls and any breakdown in these controls will rest with themselves. Any German controls which may run counter to the objectives of occupation will be prohibited.

Immediate Economic Measures

17. Measures shall be promptly taken:

- (a) to effect essential repair to transport;
- (b) to enlarge coal production;
- (c) to maximize agricultural output; and
- (d) to effect emergency repair of housing and essential utilities.

Disposition of German-Owned External Assets

18. Appropriate steps shall be taken by the Control Council to exercise control and the power of disposition over German-owned external assets not already under the control of United Nations which have taken part in the war against Germany.

ALLIED CONTROL COUNCIL, BERLIN, 1945

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SUBJECT: ECONOMICS

DATE: 30 November 1945

LAW NO. 9

PROVIDING FOR THE SEIZURE OF PROPERTY OWNED BY I.G. FARBENINDUSTRIE AND THE CONTROL THEREOF

In order to insure that Germany will never again threaten her neighbours or the peace of the world, and taking into consideration that I.G. Farbenindustrie knowingly and prominently engaged in building up and maintaining the German war potential, the Control Council enacts as follows:

Article I

All plants, properties and assets of any nature situated in Germany which were, on or after 8 May, 1945, owned or controlled by I.G. Farbenindustrie A.G., are hereby seized by and the legal title thereto is vested in the Control Council.

Article II

In order to control the seized plants, properties and assets which belonged to I.G. Farbenindustrie, there shall be created a Committee consisting of four Control Officers appointed by the respective Zone Commanders. Policies agreed upon by the Committee on behalf of the Control Council shall be implemented in each Zone by the Zone Commander, acting through his Control Officer.

Article III

The Committee shall accomplish the following ultimate objectives in respect of the plants, properties, assets and activities of I.G. Farbenindustrie A.G.:

- a. Making certain plants and assets available for reparations.
- b. Destruction of certain plants used exclusively for war-making purposes.
- c. Dispersal of ownership of remaining plants and assets.

- d. Termination of cartel relationships.
- e. Control of research.
- f. Control of production activities.

Plants reported by the Committee as available for reparations or for destruction shall be processed through the normal channels.

Article IV

All acts and things heretofore done or performed by the Zone Commanders, and their respective Control Officers in connection with seizing the management, direction and control of I.G. Farbenindustrie A.G. in their respective Zones, are hereby ratified, approved, and confirmed.

Done at Berlin 30 November 1945

(CONL/P(45)62)

(Amended by CONL/M(45)13)

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SUBJECT: ECONOMICS

DATE: 29 April 1946

LAW NO. 25CONTROL OF SCIENTIFIC RESEARCH

In order to prohibit for military purposes scientific research and its practical application, to control them in other fields in which they may create a war potential, and to direct them along peaceful lines, the Control Council enacts as follows:

ARTICLE I

All technical military organizations are hereby dissolved and prohibited. Equipment and buildings of a purely military character shall be destroyed or removed. Equipment and buildings having a possible peace time application may be utilized for that purpose with the permission of Military Government.

ARTICLE II

1. Applied scientific research shall be prohibited on:
 - a. Any matter of a wholly or primarily military nature; or
 - b. Any of the matters specified in Schedule "A" hereto.
2. Applied scientific research on any of the matters specified in Schedule "B" hereto shall be prohibited unless the written permission of the Zone in which the research establishment is located is first obtained.

ARTICLE III

1. Fundamental scientific research of a wholly or primarily military nature shall be prohibited.
2. Fundamental scientific research which is not of a wholly or primarily military nature shall be prohibited only insofar as it requires for its conduct installations which, on account of their size or their special or peculiar construction, would be valuable for any applied scientific research of a wholly or primarily military nature.

ARTICLE IV

1. Scientific research not prohibited by Article II or III of this Law may be conducted only by a research establishment authorized by the appropriate Zone Commander.
2. Subject to the provisions of this Law, the Zone Commander may take all steps, including inspection, and issue all regulations, which he may consider necessary to ensure effective control of the research establishment.

ARTICLE V

1. Each authorized research establishment shall submit to the appropriate Zone Commander the following reports:
 - a. Technical reports every four months showing details of all its activities, with sufficient data to enable competent persons to verify the correctness of the results reported, together with all publications of the establishment and a complete report listing the title of each problem studied, its scope, possible applied uses, sources of funds, amount of funds expended, and the person in charge, and any other matter required from time to time by the Zone Commander.
 - b. Annual reports in as non-technical language as possible covering all work done in the year.
 - c. A complete statement of the plant, apparatus and equipment existing in the research establishment, as may be required by the Zone Commander.
 - d. A complete statement of accounts upon the demand of the Zone Commander.
2. A research establishment shall file with the Zone Commander a written notification, including a description of the proposed work and its potentialities, before instituting permitted research of the following types:
 - a. Fundamental scientific research on matters specified in Schedule "A"; or

b. Applied scientific research on matters not specified in Schedule "A" or "B".

ARTICLE VI

1. All research and technical personnel employed in a research establishment shall be registered with the appropriate Zone Commander in accordance with regulations issued by him.
2. Senior officials or scientists who were members of the National Socialist German Workers' Party (N.S.D.A.P.) or members of other Nazi organizations with more than nominal participation in its activities shall be removed and their replacement effected only by persons with suitable political records. Scientific work in general or on the development of weapons in the past shall not, in itself, be regarded as ground for dismissal or other punishment.

ARTICLE VII

In this Law -

- a. "Applied scientific research" means:
 - (i) research work directed to the conversion to industrial use of any old or new scientific knowledge or principle; or
 - (ii) the conversion to pilot plant or engineering development stage of any results of fundamental scientific research; or
 - (iii) research work directed to the improvement of a known industrial process of manufacture or engineering or to the introduction of a new process of production of any manufactured articles; or
 - (iv) field and other practical trials of new devices and the testing of preproduction models.
- b. "Fundamental scientific research" means research of an exploratory character in any field directed towards the discovery of new knowledge, theories, principles or laws of nature, or of new

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compounds or materials.

c. "Research establishments" includes any research unit, and any university, Technische Hochschule, institute, industrial company and other agency containing a research unit.

ARTICLE VIII

Without prejudice to the liability of any other person under this Law, the responsibility for compliance therewith shall rest upon any person in charge of the research establishment as well as any person in charge of any unit thereof.

ARTICLE IX

Any person, organization, or group of persons violating any provision of this Law shall be liable to criminal prosecution in a Military Government Court.

ARTICLE X

1. Any person violating any provision of this Law shall be subject to one of the following penalties, with or without confiscation of property, in whole or in part:-

- a. Imprisonment (Gefangnis) for a term not exceeding five years;
- b. Hard labor (Zuchthaus) for a term of not less than one year and not more than fifteen years;
- c. In serious cases, hard labor for life, or death.

2. Any organization or research establishment violating any provision of this Law may be dissolved and its property confiscated, by order of the court.

ARTICLE XI

This law shall come into force on the date of its publication.

Done at Berlin the 29th day of April 1946.

/s/ Joseph T. McHerney
/t/ JOSEPH T. McHERNEY
General

/s/ Montgomery of Alamein
/t/ MONTGOMERY OF ALAMEIN
Field Marshal

/s/ F. Koenig
/t/ F. KOENIG
General de Corps d'Armee

/s/ V. Sokolovsky
/t/ V. SOKOLOVSKY
Army General

CCNL/P(46)29(Final)
29 April 1946

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ALLIED CONTROL COUNCIL, BERLIN, 1946

SUBJECT: ECONOMICS

DATE: 20 December 1946

LAW NO. 43PROHIBITION OF THE MANUFACTURE, IMPORT, EXPORT, TRANSPORT AND STORAGE OF WAR MATERIALS

In order to prevent the rearming of Germany, the Control Council enacts as follows:

ARTICLE I

1. The manufacture, import, export, transport and storage of the war materials specified in Schedule A annexed hereto are prohibited. All existing stocks of such materials shall be destroyed, removed or converted to essential peacetime uses as soon as possible, according to the instructions of the appropriate Zone Commander (in Berlin, the appropriate Sector Commander).

2. Museum specimens and specimens of historic value are excluded from the provisions of Paragraph 1 of this Article.

3. The expression "War Materials" specified in Schedule A includes components, accessories and spare parts of such materials, which are specially designed for military use.

ARTICLE II

The manufacture, import, transport and storage of the war materials specified in Schedule B annexed hereto shall be permitted only with the authority and under the control of the appropriate Zone Commander. The manufacture of the materials in this Schedule shall provide only for essential peacetime requirements; existing stocks of the materials in excess of such requirements shall be destroyed or removed according to the instructions of the appropriate Zone Commander. The export of materials specified in Schedule B may be permitted by authorization of the appropriate body of the Allied Control Authority.

ARTICLE III

The following materials shall be deemed to be within Schedule A, insofar as manufacture is concerned, and within Schedule B, insofar as import, transport, and storage are concerned:

(a) Arms and ammunition destined for authorized internal security services, and for other authorized purposes;

(b) Cryptographic machines and devices for cipher work for use in civil and authorized internal security services.

ARTICLE IV

1. Any person, organization, or group of persons, owning or controlling any existing stocks of the materials specified in Schedule A or Schedule B, shall file a written declaration of such materials with the appropriate Zone Commander within 90 days after the effective date of this law.

2. Any person being aware of the existence of such stocks which have not been declared to the appropriate Zone Commander shall himself declare them.

ARTICLE V

At the request of the interested Occupation Powers, the prohibited materials listed in Schedule A may, as an exception, be listed in Schedule B by the Allied Control Authority, or by a body acting on their behalf, in cases where it will appear that such materials are destined for peacetime requirements and not designed specially for war purposes and are not dangerous in themselves.

ARTICLE VI

1. Any person violating, or attempting to violate any of the provisions of this law or of any regulations hereunder shall be liable to prosecution before a Military Government Court and upon conviction shall be subject to the following punishment with or without confiscation of his property in whole or in part:

(a) Imprisonment (Gefangnis) for a term not exceeding five years;

(b) Hard labor (Zuchthaus) for a term of not less than one year and not more than fifteen years;

(c) In serious cases, hard labor for life, or death.

2. Any organization violating, or attempting to violate any of the provisions of this law or of any regulations hereunder shall be liable to prosecution before a Military Government Court and upon conviction shall be dissolved and its property confiscated by order of the Court.

ARTICLE VII

This law shall come into force on the date of its publication.

Done at Berlin 20 December 1946.

JOSEPH T. MAGNAREY
General

SHULTO DOUGLAS
Marshal of the Royal Air
Force

F. KOENIG
General de Corps d'Armee

P.A. KUROCHKIN
Colonel General

for V. SKOLOVSKY
Marshal of the Soviet Union

ALLIED CONTROL COUNCIL, BERLIN, 1947

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DATE: 20 March 1947

SUBJECT: ECONOMICS

LAW NO. 50

PUNISHMENT FOR THE THEFT AND UNLAWFUL USE OF RATIONED FOODSTUFFS, GOODS AND RATIONING DOCUMENTS

In order to protect the rationed foodstuffs reserves and other rationed goods destined for the German population as well as rationing documents the Control Council enacts as follows:

ARTICLE I

Any person engaged in the production, management, transportation or custody of rationed foodstuffs or rationed goods of any kind including those in the process of production or of rationing documents, who steals them or intentionally permits their theft or unlawful wastage or use shall be liable to hard labor (Zuchthaus) for life or for a term of year or to a term of not less than six months imprisonment (Gefängnis) and in any case to a fine of from RM 5,000 to RM 5,000,000.

ARTICLE II

Any person referred to in Article I of this law whose negligence is responsible for the theft or unlawful wastage or use of rationed foodstuff or rationed goods of any kind including those in the process of production or rationing documents shall be liable to imprisonment (Gefängnis) from six months to five years or to a fine of from RM 2,500 to RM 250,000 or both.

ARTICLE III

This law shall come into force on 7 April 1947.
Done at Berlin on the 20th day of March 1947.

M. I. DRATVIN,
Lieutenant General
for V. SKHOLCOVSKY,
Marshal of the Soviet Union

FRANK A. KEATING,
Major General
for LUCIUS D. CLAY
Lieutenant General

Sir SHOLTO DOUGLAS
Marshal of the Royal Air Force

P. KOENIG
General d'Armee

CCRL/P(47)4 Final
20 March 1947

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SUBJECT: ECONOMICS

DATE: 26 September 1946

DERIVATIVE NO. 37
LIMITATION OF CHARACTERISTICS OF SHIPS
OTHER THAN FISHING AND PLEASURE CRAFT
LEFT TO THE PEACE ECONOMY OF GERMANY

The Control Council directs as follows:-

- The following limitations of the characteristics of coastal shipping and inland waterway craft shall apply to all replacements for ships allocated to the German peace economy. The Control Council will decide how far these limitations shall apply to ships already so allocated.
- The following limitations shall not apply to fishing vessels or pleasure craft of all kinds the limitations of whose characteristics will be the subject of a separate directive.
- (a) Limitations to be applied to Inland Waterway craft:-

Characteristics	Passenger		Tugs		Motor Vessels
	Boats	Flatbed	Barge	Rower	
Speed - knots	10	10	10	10	
Capacity of lifting gear working load (tons)	2	2	2	2	
Electric power (K.W.)	20	15	15	15	
Freeboard amidships fully loaded in metres	1.8	1.5	1.2	0.3	

Characteristics	Barges	Exceptions
Speed - knots	-	See Note (i)
Capacity of lifting gear working load (tons)	2	Salvage and lifting craft
Electric power (K.W.)	-	See Note (ii)
Freeboard amidships fully loaded in metres	0.3	See Note (iii)

NOTES: (i) Pilot craft and fire-fighting craft will conform to the characteristics prescribed for inland waterway craft except that those under 15 gross registered tons shall be permitted a speed not in excess of 18 knots.

(ii) Refrigerator craft, dredgers, salvage craft, lifting craft and floating cranes shall not be limited with respect to electric power.

(iii) Dredgers, floating cranes, river salvage craft and special craft for river craft maintenance shall not be limited with respect to freeboard.

(b) Limitations to be applied to Coastal Shipping:-

Characteristics	Limitations	Exceptions
Speed	18 knots maximum	See Note (i)
Radius of Action	2,000 miles at economical speed	
Capacity of lifting gear working load (tons)	3	
Electric power (K.W.)	20	See Note (ii)
Gross registered tons	1,500	

Machinery. Ships of 110 ft. or over in length (33.5 metres)

Steam reciprocating engines (Exhaust turbines may be permitted). Fuel to be coal.

Ships under 110 feet in length (33.5 metres)

May be permitted Diesel engines.

NOTES: (i) Pilot craft and fire-fighting craft will conform to the characteristics

prescribed for coastal shipping except that those under 15 gross registered tons shall be permitted a speed not in excess of 18 knots.

(ii) Refrigerator craft, dredgers, salvage craft, lifting craft and floating cranes shall not be limited with respect to electrical power.

4. Frontier Control, Police, Customs and Fishery Protection craft are limited in accordance with Control Council Directive No. 33.

5. When a limitation to speed is laid down in this Directive it shall refer to a ship fully manned, fuelled, stored and provisioned for sea but without cargo.

6. The following installations are prohibited in all ships:-

(a) Fittings and reinforcements lending themselves to the fitting of armament (i.e. artillery, machine guns, etc.) or of military equipment.

(b) All installations relative to aircraft handling (i.e. derricks, ramp, workshops, catapult, etc.)

(c) Special installations permitting the landing on a beach of personnel or material

(d) Special installations permitting the use of the vessel as a supply ship, base ship or repair ship, but certain ships of this type for the assistance of the fishing fleet may be permitted if specifically authorized by the Economic Directorate.

7. The construction of "keel type" barges and of tugs of longitudinal structure for inland waterways, capable of resistance to open sea conditions is prohibited.

8. The design and plans of all craft to be either bought, chartered or acquired for the benefit of the German peace economy shall be examined and

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DATE: 25 September 1946

approved by the competent Directorate of the Allied Control Authority before they are accepted.
9. Research into all matters connected with merchant ship design and construction shall be subject to the Control Council Law on scientific research.

Done at BERLIN on the 25th day of September 1946.

B.H. ROBERTSON
Lieutenant General

R. NOIRET
General de Division

P.A. KUROCHKIN
Colonel General

LUCIUS D. CLAY
Lieutenant General

CORC/P(46)306 (final)

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SUBJECT: ECONOMICS

DATE: 2 October 1946

DIRECTIVE NO. 39

LIQUIDATION OF GERMAN WAR AND INDUSTRIAL POTENTIAL

The Potsdam decisions call for the liquidation of German war and industrial potential.

The Agencies of the Control Council have worked out a number of regulations with regard to the above problem, in particular regarding the prohibition and limitation of a number of industries (paper COML/P(46)14 and a Plan for Reparations and Level of Post-War German Economy in accordance with the decisions of the Berlin Conference), concerning the prohibition and restriction of production, export, import, transportation and storage of war materials (a draft law is being considered), the liquidation of underground plants (Directive No. 22 of the Control Council), and control over scientific research (Law No. 25 of the Control Council). When all these measures have been actually carried out, the industrial basis for Germany's aggressive war actions will have been destroyed.

The Allied Authorities are faced with the task of implementing these decisions.

In the absence of a general plan of liquidation, practical measures for carrying out these decisions were taken by each zone independently. It is necessary to draw up an overall concrete plan for the systematic liquidation of the war potential showing dates of liquidation insofar as is practicable, and establishing the order of carrying out the work. In order to attain this objective and keep a constant watch on the progress of liquidation of the war and industrial potential, the Control Council directs as follows:

1. That a complete census of that potential be taken with an account of the liquidation already carried out in the zones.
2. That a clearly defined procedure of liquidation be worked out.
3. That the machinery to keep a watch on the

progress of liquidation be established.

1. CENSUS

A) CLASSIFICATION BY CATEGORIES

The census will consist of drawing up complete lists of plants, workshops, industrial installations, etc. (including their laboratories) which wholly or in part constitute a war potential (hereafter all the enumerated items will be called "plants").

Laboratories, in the actual meaning of the word, research institutions, experimental stations, which constitute a war potential, are not taken into account in this memorandum, as their liquidation forms the subject of other documents (Law No. 25).

These lists will contain the following categories of plants:

CATEGORY I

Plants specially constructed, or principal shops of plants specially constructed, for the production of war materials, specified in Table 1, paragraph "A", of the Plan for Reparations, namely:

1. Tanks and special tank equipment
2. General armament, except tanks
3. Aircraft and special aircraft equipment
4. War explosives and shell filling
5. Poisonous war substances
6. All underground plants

CATEGORY II

Plants specially constructed, or principal shops of plants specially constructed for the production of materials specified in Table 1, paragraph "A" 2-11, "B" and "C", of the Plan for Reparations, namely:

7. Sea-going ships (not interpreted to include small fishing vessels)
8. Magnesium
9. Primary aluminum and alumina for the purpose of producing aluminum
10. Beryllium

11. Vanadium produced from Thomas sludge
12. Radio-active materials
13. Hydrogen peroxide above 4% strength
14. Radio transmitting equipment
15. Heavy tractors above the limits of capacity determined by the Allied Control Authority
16. Heavy machine tools of the sizes and types prohibited by the Allied Control Authority
17. Synthetic gasoline and oil
18. Synthetic rubber
19. Ball and taper roller bearings
20. Synthetic ammonia

CATEGORY III

Plants specially constructed, or principal shops of plants specially constructed for the production of materials specified in schedule B to a Control Council Law to be published, entitled Law to Prohibit the Manufacture, Import, Export, Transport, and Storage of War Materials, and other materials included in paragraphs 5, 6, 7, and 8 of the Plan for Reparations, as may be determined by the appropriate authority of the Allied Control Authority.

CATEGORY IV

Peace-time plants, in which was specially installed the special purpose equipment for the production enumerated in Categories I and II, or containing shops which were not principal shops, specially constructed for production enumerated in Categories I and II.

B) PREPARATION OF LISTS FOR EACH CATEGORY

The lists of plants of Categories I and II shall be prepared by the Committee for the Liquidation of German War Potential which shall keep in close contact with the Industry Committee.

The lists of plants of Categories III and IV shall be prepared by the Industry Committee which shall forward them to the Committee for the Liquidation of German War Potential.

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2. RULES FOR LIQUIDATION

A) PRINCIPLES

War plants in Germany must be liquidated, which means that buildings and equipment of those plants must be:

- (a) destroyed, or
- (b) declared available for reparations, or
- (c) left for the peace-time economy in cases where they can be used for the peace-time economy as provided for in paragraphs 3 and 5 below.

When dealing with each category, the following shall be the guiding principles:

CATEGORY I

1. Materials and equipment, suitable for reparations and not needed in other plants for permitted production in accordance with the Plan for Reparations, should be declared available for reparations and those not suitable for this purpose should be destroyed.

2. (a) All buildings specially adapted for the production of war materials, as well as buildings specially constructed for war purposes (anti-aircraft defense constructions, etc.), shall be destroyed.

(b) However, in cases of urgent necessity, the Zone Commander will have the right to use certain of these buildings for occupation requirements. During the time these buildings are being used, all steps will be taken to avoid the possibility of further utilization of these enterprises for war production. After being used as mentioned above, the buildings must be destroyed.

3. (a) As an exception, buildings of a general type can be converted or kept for peace-time use in manufacturing products or semi-finished products for permitted industries, including their use as warehouses, or can be used by the Zonal authorities for occupation needs.

(b) This exception may also, in very spe-

cial cases, be extended to equipment on condition it is assured that maintaining this would not render possible without great difficulty, reconverting these into war factories.

4. Embankments, foundations, electric communications, water, sewage, and gas mains, railway sidings and any other means of communications shall be considered in the spirit of the decisions set out in above paragraphs.

5. Underground plants must, in accordance with Control Council Directive No. 22 be blown up or flooded, in order to reduce them to a condition which would render their subsequent utilization impossible.

However, if the plants are situated in mines or in railway tunnels, etc., they may be reduced to a state in which they can be used for peace-time purposes.

CATEGORY II

Some measures as shown above. However, they may be temporarily suspended in respect of industries provided for in paragraphs B and C of Table 1 of the Plan for Reparations, namely:

- 1. Synthetic gasoline and oil,
- 2. Synthetic rubber,
- 3. Ball and taper roller bearings,
- 4. Synthetic ammonia.

Production should then be in accordance with the plan. Plants of this type which have not yet begun operation again may do so by a decision of the Zone Commander. The latter shall inform the Control Council on 1 November 1946, and then quarterly thereafter, of the volume of production in each plant in these industries which are operating. The Control Council will have the right to stop the operation of these plants if this is required for security reasons.

CATEGORY III

The Industry and Fuel Committees have been instructed to draw up lists of plants which are to

be retained in Germany to cover peace-time requirements.

The Industry and Fuel Committees, taking into account the recommendations of the Committee for the Liquidation of German War Potential, must also consider the nature of equipment to be retained, as essential for such production, with a view to eliminating, as far as possible, those types of equipment which constitute a serious war potential.

The part of the plant which is to be retained after removal of reparations or destruction of the prohibited equipment, may be used, by the decision of the Zone Commander, for peace-time purposes, permitted under the Plan for Reparations and the Level of Post War German Economy.

CATEGORY IV

Equipment selected for the types of production listed in Categories I and II must be considered in the light of the decisions mentioned above for those categories.

B) LIQUIDATION PROGRAM

After the Committee has received lists of plants in Categories I and II, the Committee for the Liquidation of German War Potential, keeping in close touch with the Industry Committee, will, within the next one or two months, draw up a program for the liquidation of these plants, which are to be destroyed, indicating dates for completion of liquidation as far as is practically possible.

The Zone Commanders may proceed with the destruction of War Plants without waiting to receive the overall plan, and after the removal of equipment declared available on account of reparations. Every possible precaution must be taken to safeguard equipment, and dismantling must be carried out by specialists who shall be instructed at the same time to prepare all the necessary documentary records required for subsequent re-assembly of the equipment.

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5. CONTROL OF EXECUTION

A) CERTIFICATE OF LIQUIDATION

After the liquidation of each plant, the Zone Commander shall draw up a certificate stating that liquidation has been carried out, and send it to his national delegate in Berlin, who, in his turn, will submit it to the Committee for the Liquidation of German War Potential.

B) The Committee for the Liquidation of German War Potential, which is responsible for keeping account of the liquidation of plants will, for this purpose, draw up a register in which it will enter all the information to be communicated to it on the liquidation of plants.

C) The Committee for the Liquidation of German War Potential, will, at least every three months, submit a report to the Economic Directorate on the work of liquidating the war industry potential in Germany.

D) The Liquidation plan will provide for the immediate organization of Inter-Allied Commissions who will work under directives of the Committee for the Liquidation of War Potential for checking the degree of liquidation and of production of plants in Categories I and II, in all four zones of Germany, and these Commissions, by direct inspection and by other means, will prepare for the Committee for the Liquidation of War Potential information in the form of a report which, after it has been approved, will be submitted to the Economic Directorate for confirmation.

Done at Berlin on the 2nd day of October 1946

R. SCIRET,
General de Division

G. S. LUYANCHENKO,
Lieutenant General

LESLIE D. CLAY,
Lieutenant General

B. H. ROBERTS,
Lieutenant General

SUBJECT: ECONOMICS

DATE: 4 November 1946

DIRECTIVE NO. 44

LIMITATION OF CHARACTERISTICS OF FISHING CRAFT LEFT TO THE PEACE ECONOMY OF GERMANY

The Control Council orders as follows:

The following limitations to the characteristics of fishing vessels shall apply to all replacements for such ships now possessed by the German peace economy, and to existing ships in so far as the Control Council may decide.

1. Tonnage No vessel shall exceed a size of 400 gross registered tons. The number of vessels which can be permitted of the maximum size or of any intermediate size will be determined from time to time by the Control Council.
2. Machinery Vessels of under 110 feet in length shall be permitted diesel machinery. Vessels over 110 feet in length shall be powered by coal fired steam reciprocating machinery (exhaust turbines permitted).
No vessel shall be designed to exceed a speed of 13 knots unloaded in calm water.
3. Length The maximum length of any vessel shall be 140 feet (43 metres).
4. Electric Power The maximum permitted electric power shall be 20 k.w.
5. Design and Construction The design and plans of all craft to be either bought, chartered or built for the benefit of the German fishing fleet shall be examined and approved by the competent Directorate of the Allied Control Authority before they are accepted.

Not more than 10 ships of over 250 gross registered tons shall be built to any one design.

6. Gyro Compasses The provision and fitting of gyro compasses or any form of stabilising gear shall be prohibited.
7. Endurance and Winch Power There shall be no restrictions on the radius of action of any vessel or the power of her winches but any derricks fitted shall be limited to a working load of 3 tons.
8. Echo Sounding Gear The fitting of Sonic Echo Sounding gear is permitted.

Done in Berlin on the 4th day of November 1946.

P.A. KUROCHKIN
Colonel General
LUCIUS D. CLAY
Lieutenant General
G.W.E.J. ERSKINE
Major General
for B.H. ROBERTSON
Lieutenant General
C. BAPST
General de Brigade
for R.J. NOIRAT
General de Division
CORC/P(46)312 Final

DIRECTIVE NO. 45

LIMITATION OF THE TECHNICAL CHARACTERISTICS OF C&M PLEASURE CRAFT

The Control Council directs as follows:

1. The following limitations shall be applied to pleasure craft:
 - a. The maximum speed in calm water - 10 knots
 - b. Maximum tonnage - 15 gross registered tons
 - c. Length between perpendiculars - not more than 13 meters.
2. These limitations shall apply to all vessels of the above category which may be constructed or otherwise acquired by Germany, except insofar as the Control Council may authorize.
3. The speed referred to in this Directive shall apply to vessels fully manned, provisioned, stored and fuelled for going out to sea.
4. Installations and reinforcements permitting the craft to be used for other than pleasure purposes, and in particular for military purposes, are forbidden.
5. This Directive shall come into force on the date of publication.

Done at Berlin the 9th day of November 1946.

P.A. KUROCHKIN
Colonel General
P.A. KEATING
for LUCIUS D. CLAY
Lieutenant General
G.W.E.J. ERSKINE
for B.H. ROBERTSON
Lieutenant General
R. NOIRAT
General de Division

CORC/P(46)350 (final)

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SUBJECT: ECONOMICS

DIRECTIVE NO. 47

LIQUIDATION OF GERMAN WAR RESEARCH ESTABLISHMENTS

In order to implement Law No. 25 of the Control Council in respect of the liquidation of German War Research Establishments, it is necessary to prepare a concrete plan for carrying out this liquidation.

Control Council Directive No. 22 orders the complete destruction of all Navy, Army and Air Force Research or proving ground stations after complete scientific examination.

Control Council Law No. 25, however, states:

"Equipment and buildings having a possible peace-time application may be utilized for that purpose with the permission of Military Government". (Article 1).

In order to control the liquidation, the Control Council directs:

1. a complete census of the establishments with an account of the liquidation already carried out in the Zone;
2. a clearly defined procedure of liquidation;
3. the establishment of machinery to watch the progress of liquidation.

I. CENSUS OF WAR RESEARCH ESTABLISHMENTS

A. Classification of Categories.

The Census should consist of a complete list of war research establishments in the following categories.

1. War research establishments which worked under the control of the German State (for army, navy or air force).
2. Research establishments under the control of industry and erected primarily for war research.
3. Any research establishments not coming with-

in these two categories and erected primarily for war research.

B. Preparation of lists.

The list of war research establishments should be prepared giving the following information:

1. Name of Establishment
2. Location (or address)
3. Type of research previously carried out
4. Degree to which research facilities have been destroyed or removed.
5. Information indicating the importance of the establishment and the volume of work carried out there.

II. RULES FOR LIQUIDATION

A. Materials and equipment in war research establishments are the responsibility of the Zone Commander. All specialized equipment must be destroyed or removed. General purpose equipment not needed by the Zone Commander can be used under his control for peaceful research or industrial purposes under the conditions of Law No. 25 and any surplus should be declared for reparations.

Laboratories of war plants are not considered in this paper and must be considered as single units in the war plants in accordance with Control Council Directive No. 39.

- B. 1. All buildings specially adapted for war research shall be destroyed.
2. However, in cases of urgent necessity, the Zone Commander will have the right to use certain of these buildings for Occupational requirements. During the time these buildings are being used, all steps will be taken to avoid the possibility of further utilization of these buildings for war research. After being used as mentioned above, the buildings must be destroyed.

3. If it is possible to convert buildings of a special type to general purpose buildings, this may in exceptional cases be permitted at the discretion of the Zone Commander.

C. Buildings of a general purpose type can be retained for peace-time purposes, for example, permitted peaceful research, office accommodation or dwelling houses.

D. Embankments, foundations, electric communications, water, sewage and gas mains, railway sidings and any other communications and constructions shall be considered in the spirit of the decisions set out in the above paragraphs.

III. PROGRAMME OF LIQUIDATION AND CONTROL OF EXECUTION

After the Committee for liquidation of War Potential has received lists of war research establishments, the Committee for liquidation of War Potential must immediately start preparation of the liquidation plan, which must be completed not later than a period of a month after the publication of the present directive.

The Zone Commander may proceed with the liquidation of war research establishments without waiting to receive the overall plan.

Inspection teams shall be formed as soon as possible to inspect the war research establishments in the four zones in order to ascertain the degree of liquidation achieved.

Done at Berlin on the 27th day of March 1947.

M. I. DRATVIN Lieutenant General	N. C. D. BROWNJOHN Major General
for P. A. KUROGUEIN Colonel General	for B. H. ROBERTSON Lieutenant General
F. A. KEATING Major General	R. MOIRET Major General

ALLIED CONTROL COUNCIL, BERLIN, 1945

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SUBJECT: ECONOMICS

DATE: 20 September 1945

ENACTED PAPER ON EXPORTS AND IMPORTS

Para 14, 15 and 19, Part III, Decisions of the Potsdam Tripartite Conference, read as follows:

Para 14: During the period of Occupation, Germany shall be treated as a single economic unit. To this end common policies shall be established in regard to...

(a) Import and Export programmes for Germany as a whole.

Para. 15: Allied controls shall be imposed upon the German economy but only to the extent necessary:

(c) To ensure in the manner determined by the Control Council 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.

Para. 19: Payment of reparations should leave enough resources to enable the German people to subsist without external assistance. In working out the economic balance of Germany, the necessary means must be provided to pay for imports approved by the Control Council in Germany. The proceeds of exports from current production and stocks shall be available in the first place for payment for such imports.

1. From the above, it follows that an export and import policy should be established treating Germany as a single economic unit, and in formulating this policy the demand for imports should be kept to a minimum.

Accordingly the Economic Directorate recommends the following:

(a) The proceeds of exports from current production and stocks shall be available in the first place for payment for such imports.

(b) All goods, merchandise and raw materials, shipped to other countries for this purpose, except those goods, merchandise and raw materials applied in payment of approved reparations, shall be deemed exports.

(c) The imported amount of goods, merchandise and raw materials shall be limited to that indispensable to the economy decided upon for occupied Germany.

(d) The export-import policy shall be approved by the Control Council.

2. Prior to formulation of the export-import policy approved by the Control Council reflecting the requirements of all occupied zones, based on the conditions set forth in para. 1 of the proposal above, the imports into Germany shall be limited to minimum subsistence requirements as determined by each Zone Commander, in accordance with the principles already laid down.

3. Payments for both imports and exports of goods, merchandise, and raw materials shall be made in US dollars or other foreign currency acceptable to the Control Council or its designated and fully empowered agency, at prices to be sanctioned by the Control Council or its designated and fully empowered agency.

4. Pending the formulation of the export-import plan, which is to be approved by the Control Council in accordance with Paragraph 2, the proceeds from export should be credited to a Special Account of the Control Council and shall be used for payment of imports of each respective zone. Payment for imports into one Zone for the account of exports from another may be made only on the decision of the Control Council or as may be agreed between any Zone Commander. In the preparation of an export-import plan, the exports and imports of each Zone made before the time of completion thereof will be taken into consideration.

The export-import plan shall be submitted for consideration before 31 October 1945. If the plan is not approved by that date, these interim arrangements shall be reviewed.

5. The Directorate of Economics, in conjunction with the Finance and Reparations Directorate, should submit to the Coordinating Committee the plan for the import-export programme for the approval of the Control Council.

6. Provisional prices of export of goods, raw materials and merchandise shall be fixed by the Commander of each Zone pending conditions of final settlement, payments should be made at the rate of not less than 80% of provisional prices.

7. Provisional prices to be fixed by the Zone Commanders should be applied in the first place to all deliveries from 1 August 1945, and should be submitted forthwith to the Coordinating Committee.

8. This paper has been drawn up in consultation with the Finance Directorate who agree.

Done at Berlin 20 September 1945

(COYL/P/45)32

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ALLIED CONTROL COUNCIL, BERLIN, 1946

SUBJECT: ECONOMICS, Statement on Price Policy, COCC/P(46)56 As Supplemented by DECC/M(46)28, Para 324

DATE: 6 February 1946

COORDINATING COMMITTEE
COCC/P(46)56 - 6 February 1946Report of Price Policy Committee

1. Legal prices existing in Germany before the occupation were the result of ten years of central control of the German Economy.

2. Since the capitulation the price level in the zones is being maintained, with few exceptions, at the 1934 level. However, in the case of a certain number of goods, as a result of changes in production and transport conditions, costs have risen.

3. Even under the conditions which prevailed before the occupation some of these prices were only adequate to reimburse suppliers for their costs of production after payment of considerable subsidies.

4. Furthermore it is desirable and expedient to reduce the payment of subsidies to a minimum.

5. In the light of these considerations and recognizing the necessity moreover to maintain strict price control, with the smallest possible increase in the cost of living during the period of inflationary danger, the Price Policy Committee recommends the following principles with regard to price policy to the Finance Directorate:-

- (a) The principle of price control should be maintained.
- (b) As a rule, on the majority of commodities, prices are to be maintained, for the time being, at the level before occupation.
- (c) Price increases over the level prevailing on the 9th May 1945 shall only be permitted as an exception where losses are occurring because either:
 - (i) there has been an increase in costs

of production after all methods have been exhausted to eliminate the conditions which may give rise to this increase: or

- (ii) increased taxes have been imposed on the product, other than those assessed on incomes or profits derived from production; or
- (iii) subsidies on production have been withdrawn.
- (d) In individual cases arising under (c) above the price increases permitted shall be no more than is required to cover the average direct costs of production of the aggregate of products of the firm or branch of industry over a reasonable period together with the smallest margin for overheads and profit which may be appropriate having regard to the probable scale of production.
- (e) Pending the establishment of a definitive financial policy for Germany the cumulative effect of all price increases permitted in accordance with (c) and (d) above on the cost of living shall not be so great as to necessitate any adjustment in the present general level of wages.
- (f) The price of commodities which under (c) above require alteration and which, in the opinion of the Economic Directorate, are of such general importance as to affect the general level of prices shall be established by the Allied Control Authority in accordance with the above principles. The list of these commodities will be established by the Economic Directorate. When agreement is reached these prices shall be adopted in every zone. Changes in prices of other commodities would be ordered by the Zone Commander using the

existing German Authorities in such manner as he may determine.

- (g) Existing subsidies should, as a rule, be withdrawn as far as is compatible with (a) and (f) above, having regard to the price increases which would result under (d) above.
- (h) Information on changes in controlled prices, and of changes in the general level of prices in each zone, should be provided to the Allied Control Authority.

DECC/M(46)28
11 May 1946

324. LISTS OF GOODS, CHANGES IN THE PRICE OF WHICH REQUIRE THE DECISION OF THE ALLIED CONTROL COUNCIL (DECC/P(46)158).

After discussion, in the course of which it was pointed out that considerable difficulties resulted from the existing wide divergence of prices in between zones,

(324) THE DIRECTORATE:-

- (a) agreed to establish the following list of goods and supplies, changes in the price of which require the decision of the Allied Control Authorities:-

1. Pig iron
2. Steel ingots of all kinds and rolled ferrous metals
3. Iron ore
4. Hard coal, coke, brown coal and brown coal briquettes
5. Oil and oil derivatives
6. Basic chemicals:

(a) Nitrogen - N₂

ALLIED CONTROL COUNCIL, BERLIN, 1946

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SUBJECT: ECONOMICS, Statement on Price Policy, CGRO/P(46)96 As Supplemented by DECO/M(46)28, Para 324 (Continued)

DATE: 11 May 1946

- (b) Phosphater - P_2O_5
- (c) Potash - K_2O
- (d) Coal tar (and the products of primary distillation up to 280° .)
- (e) Soda ash - CO_3Na_2
- (f) Caustic soda - $NaOH$
- (g) Sulphuric acid - H_2SO_4
- (h) Calcium carbide - CaC_2
- (i) Chlorine - Cl_2
- (j) Methanol - CH_3OH

- 7. Grain of all types
- 8. Potatoes
- 9. Sugar beets
- 10. Wool
- 11. Raw hides.
- 12. Slaughter cattle
- 13. Electric power and gas.

- (b) agreed to instruct the Sub-Committee on Price Control, through the Trade and Commerce Committee - in view of the fact that the German system of price control had been operated by individual firms - to develop a workable procedure for the approval or disapproval of price increases:
- (c) agreed that the Sub-Committee on Price Control should give consideration, in working out the procedure, to the possibility of controlling prices of agricultural machinery, spare parts and certain other finished products to be determined later.

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SUBJECT: ECONOMICS, Transport

DIRECTORATE OF TRANSPORTQuadripartite Coordination of Action on Transport1. Overall Transport Premise:

That German inland transport by road, rail and water, and coastal shipping shall be re-established only to the degree necessary to satisfy the demands of the Forces of Occupation, other Allied demands and the needs of the accepted German civilian economy.

2. Implementation of Premises:

- a. That, except where especially authorized by the Directorate of Transport, commercial highway traffic be confined to short haul freight and passenger service that cannot be carried by water or rail.
- b. That such Inland Water and Coastal Shipping as may be allocated to meet the needs of Germany as defined in the premise be used as much as possible.
- c. That rail traffic be limited to that necessary to supplement inland waterway and coastal shipping in supplying the total carrier requirements as defined in the premise.

CCSL/P(45)24

FOURTH SESSION OF CFM, MOSCOW, 1947

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AGREED

RESTRICTED

SUBJECT: ECONOM. PRINCIPLES, THE LEVEL OF POST-WAR GERMAN ECONOMY AND REPARATIONS PLAN, General Reservations (Part II, CFM/47/M/148) ORIGIN: Dep. f. Germ. & CCRC

FOUR POWER AGREEMENT	U S	U K	FR	SOVIET
<p><u>RESERVATION</u></p> <p>The position of each Delegation with respect to each specific proposal is dependent upon reaching agreement as a whole on the related problems of the level of industry, reparations and the treatment of Germany as an economic unit.</p> <p>(Page 8; Part II, CFM/47/M/148)</p> <p>-----</p>			<p><u>FRENCH RESERVATION</u></p> <p>The French Delegation adds the following reservations: It cannot agree to any settlement of these three questions without prior settlement of the question of the export of coal in conformity with the demands of the French Government. The French Government repeats that it is ready to accept that Germany should be treated provisionally within its present borders as an economic unity without awaiting the determination of the future status of the Ruhr and Rhineland or prejudging the political and economic regime of those regions, and on the condition that the Saar should immediately be incorporated in the economic and monetary sphere of France.</p> <p>(Page 8; Part II, CFM/47/M/148)</p> <p>-----</p>	<p><u>SOVIET RESERVATION</u></p> <p>The Soviet Delegation declares that it approaches the consideration of economic principles in an organic connection with the question of reparations to which, as was stated by the head of the Soviet Delegation, the Soviet Government attaches paramount importance. In considering separate proposals advanced by various delegations concerning economic principles and especially with regard to reparations, the Soviet Delegation sees a series of points on which it can find a common solution of questions, only, however, having in view that it will meet reciprocity in the question of reparations to which it attaches a special importance.</p> <p>(Page 8; Part II, CFM/47/M/148)</p> <p>-----</p>

ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)

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SUBJECT: ECONOMIC PRINCIPLES, Common Sharing of Resources (Part II, I, A. 1., CFM/47/M/148 & Sec. VII, 1., CFM/47/M/74)

ORIGIN: Dep. f. Germ. & CCRG

FOUR POWER AGREEMENT

U S

U K

FR

SOVIET

All Delegations are agreed in principle that there should be a sharing of indigenous resources in Germany and that commodities in short supply should be allocated on a basis of uniform rations. Agricultural production shall be maximized and industry reactivated on peaceful lines as soon as possible and imports into Germany shall also be used on a common basis. (Section VII, paragraph 1, CFM/47/M/74).

(Page 8; Part II, I, A. 1.
CFM/47/M/148)

ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)

FOURTH SESSION OF CFM, MOSCOW, 1947

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UNAGREED

RESTRICTED

SUBJECT: ECONOMIC PRINCIPLES, Export-Import Plan (Part II, I. B.(2), CFM/47/M/148 & Sec. VII, 2., CFM/47/M/74)

ORIGIN: Dep.f.Germ. & CCRC

FOUR POWER POSITION	US	UK	FR	SOVIET
<p>All Delegations agree in principle that there should be a common export-import plan.</p> <p>(Page 7; Sec. VII, 2. CFM/47/M/74)</p> <hr/>	<p><u>US and UK PROPOSAL</u></p> <p>The US and UK Delegations believe that the proceeds of all exports from current production and stocks should be used in the first place to pay for imports.</p> <p>(Page 7; 2., CFM/47/M/74)</p> <hr/>		<p><u>FRENCH RESERVATION TO SOVIET PROPOSAL</u></p> <p>The French Delegation reserves its position on the Soviet proposal until the question of reparations from current production has been examined.</p> <p>(Page 8; 2., CFM/47/M/74)</p> <hr/>	<p><u>SOVIET PROPOSAL</u></p> <p>The Soviet Delegation considers that the proceeds from exports must be used also for procurement of imports necessary for securing production of goods for reparations.</p> <p>(Page 8; 2., CFM/47/M/74)</p> <hr/>

ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)

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SUBJECT: ECONOMIC PRINCIPLES, Sharing of Import Deficits (Part II, I B. 3., CFM/47/M/148 & Sec. VII, 3., CFM/47/M/74)

ORIGIN: Dep. f. Germ. & CGEC

FOUR POWER POSITION	U S	U K	FR	SOVIET
<u>NO AGREEMENT</u>	<u>US and UK POSITION</u> The US and UK Delegations express the view that there should be an equitable sharing among the occupying powers of the costs of the occupation of Germany, past, present and future. (Page 8; 3., CFM/47/M/74)	<u>FRENCH POSITION</u> The French Delegation states that the common plan for exports and imports, to be implemented in 1948, should provide for equilibrium in the balance of payments. It believes that the future surpluses should cover the authorized costs of occupation, the past deficits of the balance of payments, and such reparations from current production as may result from the study of that question which was requested by the French Delegation. (Page 8; 3., CFM/47/M/74)	<u>SOVIET POSITION</u> The Soviet Delegation is of the opinion that only the future relationship between exports and imports can be considered and not the repayment of past and present deficits. Furthermore, the Soviet Delegation considers that the German economy should be established on the principle of a net balance, i.e., not showing any deficit. (Page 8; 3., CFM/47/M/74)	

ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)

UNAGREED

RESTRICTED

FOURTH SESSION OF CFM, MOSCOW, 1947

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SUBJECT: ECON.PRINC'S, Subjection of Resources in Germ. to German Law (Part II, I, B, 5., CFM/47/M/148 & Sec. VII, 5., CFM/47/M/74)

ORIGIN: Dep. f. Germ. & CGRC

FOUR POWER POSITION	U S	U K	FR	SOVIET
<p>All Delegations agree that foreign-owned property in Germany is subject to German Law and that Allied Control Council approval shall be required in the future for all acquisitions of property in Germany by Foreign States or their nationals.</p> <p>(Page 8; 5., CFM/47/M/74)</p>		<p><u>US, UK and FRENCH POSITION</u></p> <p>The US, UK and French Delegations believe that this provision should be retroactive to the date of the surrender of Germany.</p> <p>(Page 8; 5., CFM/47/M/74)</p>	<p><u>FRENCH RESERVATION</u></p> <p>The French Delegation reserves its point of view in regard to the future regime of Ruhr industries.</p> <p>(Page 8; 5., CFM/47/M/74)</p>	<p><u>SOVIET POSITION</u></p> <p>The Soviet Delegation declares that it is not in agreement with the extension of this provision to past acquisitions of property in Germany which were made in connection with reparations receipts.</p> <p>(Page 8; 5., CFM/47/M/74)</p>
ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)				

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FOURTH SESSION OF CFM, MOSCOW, 1947

UNAGREED

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SUBJECT: ECON. PRINCIPLES, Occupation Forces and their Requirements (Part II, I.B.6., CFM/47/M/148 & Sec. VII.6., CFM/47/M/74)

ORIGIN: Dep. f. Germ. & GCRD

FOUR POWER POSITION	US	UK	FR	SOVIET
<p>The proposals of the US Delegation (CFM/47/M/27), Para. B 5 and (CFM/47/M/51) on these subjects are under examination by the other Delegations but the issues involved have not been joined.</p> <p>(Page 9: 6., CFM/47/M/74)</p>	<p><u>US PROPOSALS</u></p> <p>1. <u>Para B.5, CFM/47/M/27</u></p> <p>An overall limitation shall be established on the use of indigenous resources by the occupying powers. Within the limitation to be established, requirements of the occupying forces (and organisations of the occupying powers) shall be determined on a common basis by the Allied Control Authority and not by individual Zone Commanders. A plan for the uniform financing and screening of occupation requirements shall be prepared by the Allied Control Council.</p> <p>2. <u>Statement by the US Delegation (CFM/47/M/51):</u></p> <p>The Council of Foreign Ministers instructs the Allied Control Council as follows:</p> <p>(1) In order that the German economy may become self-supporting at the earliest possible date and to expedite the availability of products for export, the size of the occupying force and thereby the costs of occupation should be reduced progressively to the minimum consistent with security and with the fulfillment of the Allied objectives.</p> <p>(2) The Allied Control Council will determine the security forces necessary in each Zone of Occupation as of 1 July 1947 and 1 July 1948. It will report its conclusions to the Council of Foreign Ministers not later than 1 June 1947.</p>			
ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)				

UNAGREED

RESTRICTED

FOURTH SESSION OF CFM, MOSCOW, 1947

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SUBJECT: ECONOMIC PRINCIPLES, Freedom of Movement (Part II) B. 7., CFM/47/M/148 & Sec. VII, 7., CFM/47/M/74)

ORIGIN Dep. f. Germ. & CGRC

FOUR POWER POSITION	U S -	U K	FR	SOVIET
<p>No agreement has been reached on the proposals of the Delegations of the UK and the US (CFM/47/M/47, para.3(b), and CFM/47/M/27, para.5.).</p> <p>(Page 9: 7., CFM/47/M/74)</p>	<p><u>US PROPOSAL</u> Para.C., CFM/47/M/27 (Page 3)</p> <p>C. The Allied Control Authority shall eliminate zonal boundaries as political and economic barriers, leaving only lines of demarcation for security troops of the Occupying Powers. To this end and, as a condition for economic unification, the Allied Control Authority shall take measures necessary to assure freedom of movement throughout Germany for both German and Allied personnel and to assure the fundamental freedoms provided in the Berlin Protocol in all parts of Germany without interference by zonal occupation authorities.</p>	<p><u>UK PROPOSAL</u> Para.3(b), CFM/47/M/47 (Page 1)</p> <p>3. That as part of the plan for economic unity:-</p> <p>(b) There shall be unrestricted freedom of movement throughout Germany and that the economic barriers between the zones shall be removed.</p>		
ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)				

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FOURTH SESSION OF CFM, MOSCOW, 1947

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SUBJECT: ECONOMIC PRINCIPLES, Control of the Ruhr (Part II, I, B. 8., CFM/47/M/148 & Sec.VII, 8., CFM/47/M/74)

ORIGIN: Dep.f.Gern. & CCRC

FOUR POWER POSITION

U S

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All Delegations agree that the authority of the Allied Control Council should extend over the resources of the Ruhr as well as those of all other areas of Germany when economic unity has been attained.

(Page 9; 8., CFM/47/M/74)

This report does not prejudice a separate discussion of the internationalization of the Ruhr at the proper time on the Council of Foreign Ministers agenda.

(Page 9; 8., CFM/47/M/74)

FRENCH POSITION

The French Delegation desires to see this regime established as soon as possible.

(Page 9; 8., CFM/47/M/74)

SOVIET POSITION

The Soviet Delegation considers that a quadripartite control of the Ruhr industrial region which forms the main basis of German militarism must be established, and that this is one of the most important conditions for the solution of the question of the economic unity of Germany.

(Page 9; 8., CFM/47/M/74)

ACTION TAKEN BY CFM: Referred to Control Council For Information; to Deputies for Germany for Study (UK Reservation)

RESTRICTED

FOURTH SESSION OF CFM, MOSCOW, 1947

UNAGREED

SUBJECT: ECONOMIC PRINCIPLES, Annulment of Bizonal Agreement (Part II, I, B.9., CFM/47/W/148 & Sec.VII, 9., CFM/47/W/74)

ORIGIN: Dep.f.Germ. & CGEC

FOUR POWER POSITION	U S	U K	F R	SOVIET
<p><u>NO AGREEMENT</u></p>	<p><u>US and UK POSITION</u></p> <p>The US and UK Delegations state that the agreement will remain in effect until the economic unity of Germany has been achieved.</p> <p>(Page 9: 9., CFM/47/W/74)</p> <hr style="border-top: 1px dashed black;"/>			<p><u>SOVIET PROPOSAL</u></p> <p>The Soviet Delegation proposes the immediate annulment of the Bizonal agreement between the UK and US Zones of occupation.</p> <p>(Page 9: 9., CFM/47/W/74)</p> <hr style="border-top: 1px dashed black;"/>

ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)

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UNAGREED

SUBJECT: ECON. PRINCIPLES, Econ. Decentralization & Decartelization (Part II, I, B. 10., CFM/47/W/148 & Sec. VII, 10., CFM/47/W/74)

ORIGIN: Dep. f. Germ. & CGRC

FOUR POWER POSITION	US	UK	FR	SOVIET
<p>All Delegations are of the opinion that the principles of decartelization and economic decentralization agreed at the Potsdam Conference should be carried out. Complete agreement has not been reached by the four Delegations on concrete measures for the implementation of this program.</p> <p>(Page 9: 10., CFM/47/W/74)</p>		<p><u>UK PROPOSAL</u></p> <p>That measures for the breaking up of concentrations of economic power, as exemplified by cartels, syndicates, trusts and other arrangements, shall be hastened; and that the socialization of certain industries shall be regarded as one method of carrying this out.</p> <p>(Para. 6; CFM/47/W/47)</p>	<p><u>FRENCH PROPOSAL</u></p> <p>The Control Council shall take the following steps in the field of decartelization:</p> <p>(a) establishment of a list of the principal trusts which shall be automatically eliminated in the four zones;</p> <p>(b) determination of the characteristics according to which the other trusts may be brought before a quadripartite liquidation commission;</p> <p>(c) appropriate measures to avoid reconstitution of the trusts which have been liquidated and the creation of new trusts;</p> <p>(d) limitation or elimination of the cartels under the terms provided for by the United Nations economic organizations;</p> <p>(e) exceptions to the rules thus established as regards trusts and cartels under a quadripartite agreement in favor of the undertakings or establishments managed or controlled by the Allies.</p> <p>(Para. IV., 6., CFM/47/W/57)</p>	<p><u>SOVIET POSITION</u></p> <p>In expressing agreement with the above statement, the Soviet Delegation considers the proposal which comes closest to the Potsdam Agreement is contained in the Soviet Draft Proposal Document CFM/47/W/23, Para. 6.</p> <p>(Page 10: 10., CFM/47/W/74) (See below)</p>
<p><u>RELEVANT PARAGRAPH OF POTSDAM AGREEMENT</u></p> <p>12. A. the earliest practicable date, the German economy shall be decentralized for the purpose of eliminating the present excessive concentration of economic powers as exemplified in particular by cartels, syndicates, trusts and other monopolistic arrangements.</p> <p>(Part III, B., Para 12)</p>				<p><u>SOVIET PROPOSAL</u></p> <p>(Para. I, 6., CFM/47/W/23, Page 15)</p> <p>To propose to the Control Council that necessary measures be adopted for the taking over of mills and other enterprises from German concerns, cartels and trusts, and for the transfer of these enterprises to the ownership of the German state. Democratic parties and free trade unions of Germany shall be called upon for the carrying out of these measures.</p>
ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)				

UNAGREED

RESTRICTED

FOURTH SESSION OF CFM, MOSCOW, 1947

121

SUBJECT: ECON.PRIN'S, Allied Control over Internal Allocations in Germ. (Part II.I.B.11.,CFM/47/M/148 & Sec.VII.11.CFM/47/M/74) ORIGIN:Dep.f.Germ. & OCRC

FOUR POWER POSITION

US

UK

FR

SOVIET

NO AGREEMENTUS and UK RESERVATION

The US and UK Delegations agree with the French proposal in principle with the reservation that detailed arrangements shall preserve a substantial measure of autonomy for the German administrative agencies charged with allocations.

(Page 11: 11., CFM/47/M/74)

FRENCH PROPOSAL

To strengthen Allied Control over the distribution and use of coal, power and steel in Germany.

(Page 11: 11.,CFM/47/M/74)

SOVIET POSITION

The Soviet Delegation agrees with the French proposal for strengthening Allied Control over the distribution and use of coal, power and steel in Germany. It considers it necessary to add that allocation of coal for internal consumption, for reparations and for export should be exercised through the Allied Control Council. Furthermore, with respect to the supply of coal the problems of internal consumption, reparations and exports are organically interrelated, and their consideration in close relationship forms one of the conditions for securing economic unity for Germany.

(Page 11: 11.,CFM/47/M/74)

ACTION TAKEN BY CFM: Referred to Control Council for Information; to Deputies for Germany for Study (UK Reservation)

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FOURTH SESSION OF CFM, MOSCOW, 1947

UNAGREED

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SUBJECT: LEVEL OF POST-WAR ECON. Rehabilitation of German Industry (Part II, II.B., CFM/47/M/148 & Sec. VIII, A.3., CFM/47/M/74)

ORIGIN: Dep. f. Germ. & CGO

FOUR POWER POSITION

US

UK

FR

SOVIET

NO AGREEMENTUS and UK PROPOSAL

The UK and US Delegations agree that the rehabilitation of German industry shall be effected on a progressive plan, having due regard to the necessity of exporting coal to the liberated countries. In particular, the rate by which steel production is increased shall be determined in relation to the need for coal exports provided that the burden of cost on the occupying powers is not increased as a result of this consideration.

(Page 13; A.3., CFM/47/M/74)

FRENCH RESERVATION

The French Delegation favors this proposal provided that its implementation would be such as to satisfy French claims, formulated as an absolute condition with regard to coal exports.

(Page 13; A.3., CFM/47/M/74)

SOVIET RESERVATION

The Soviet Delegation accepts the UK (and US) proposal with an addition: "it is recognized that deliveries of coal on account of reparations are necessary".

(Page 13; A.3., CFM/47/M/74)

FOURTH SESSION OF CFM, MOSCOW, 1947

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AGREED

RESTRICTED

SUBJECT:

DIVISION OF POWERS, etc., Powers of Central Government, Economic Unity 1 (Part III, E. 2.c., CFM/47/W/148)

ORIGIN: Dep. f. Germ. & CCSC

FOUR POWER AGREEMENT	U S	U K	FR	SOVIET
<p>c. "To ensure the economic unity necessary:</p> <p>(1) The Soviet, French, US and UK Delegations have agreed to place within the competence of the Central Government, customs, foreign trade, import and export control, and weights and measures".</p> <p>(Page 13, E.c.(1), CFM/47/W/148)</p> <hr/> <p><u>NOTE</u></p> <p>The subsequent sub-paragraphs of c. were not agreed.</p> <hr/>				

ACTION TAKEN BY CFM: Referred to Deputies for Germany for Study

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FOURTH SESSION OF CFM, MOSCOW, 1947

UNAGREED

RESTRICTED

SUBJECT: DIVISION OF POWERS, etc., Powers of Central Gov't, Economic Unity 2 (Part III, E.2.c., CFM/47/M/148 & E.2.c., CFM/47/M/121) ORIGIN: Dep. f. Germ. & COMC

FOUR POWER POSITION	US	UK	FR	SOVIET
<p><u>NO AGREEMENT</u></p>	<p><u>US, SOVIET and UK PROPOSAL</u></p> <p>c. (2) The US, Soviet and UK Delegations also have agreed to place within the competence of the Central Government control of certain road and water communications of national importance and of all rail communications and post and telegraph.</p> <p>(3) (a) The US, Soviet and UK Delegations are further agreed to reserve to the Central Government the control of the supply of food, the distribution of food and raw materials in short supply, the planning of industry and the control of labor, wages and prices.</p> <p>(Page 10, c.(2), c.(3), CFM/47/M/121)</p>		<p><u>FRENCH POSITION</u></p> <p>c.(4) (a) The French Delegation states that the powers which would be attributed to the federal authority regarding the elaboration of common measures for transport and for the federal coordination of post and telegraph are enumerated in Document CFM/47/M/41, Chapter 5, Point A, Paragraph 5 for transportation, and Paragraph 6 for post and telegraph.</p>	<p><u>SOVIET PROPOSAL</u></p> <p>See US, Soviet & UK Proposal (Page 10, (2), CFM/47/M/121)</p>
	<p><u>US and UK POSITION</u></p> <p>c. (3) (a) The US and UK Delegations, however, while agreeing that central control of these questions is necessary under the acute economic conditions at present existing in Germany, desires to see the end of these types of control at a later date. They are therefore opposed to the inclusion in the German constitution of provision for the permanent retention by the central government of these controls.</p> <p>(Page 10, (3) (a), CFM/47/M/121)</p>	<p>(b) The French Delegation considers that the present acute economic difficulties in Germany make it unavoidable that certain powers in the economic field should be exercised by central governmental machinery under the authority of the supervision of the Control Council. These powers refer particularly to the supply of food, the distribution of food, coal and power and essential raw materials, the planning of industry and the control of wages and prices. The Control Council shall decide in due course by what German bodies these powers shall be exercised, if at all.</p> <p>(Page 10, c.(4)(a), CFM/47/M/121)</p>		

ACTION TAKEN BY CFM: Referred to Deputies for Germany for Study

UNAGREED

RESTRICTED

FIFTH SESSION OF CFM, LONDON, 1947

128

SUBJECT: ECONOMIC PRINCIPLES, General Statement (2, para 16, CFM/47/L/7/18 & 22 and USDEL/47/L/12th M'g, Pages 5, 6, 7 & 8)

ORIGIN: CFM

FOUR POWER POSITION	US	UK	FR	SOVIET
<p>It was agreed that para 16, of the UK text, the Fr amendment, the two Soviet amendments, and the proposal of the US be referred to the Drafting Committee (Page 8, USDEL/47/L/12th M'g)</p> <p><u>NOTE:</u></p> <p>A Drafting Committee was not established by CFM/London.</p>	<p><u>US AMENDMENT</u></p> <p>Delete: "to enable Germany to make good the damage done to the Allies in the War"</p> <p>Substitute: "to enable Germany to complete the reparations program" (Page 6, USDEL/47/L/12th M'g)</p> <p>-----</p> <p><u>US POSITION</u></p> <p>US accepts first Soviet Proposal. (Page 7, USDEL/47/L/12th M'g)</p> <p>-----</p> <p><u>US POSITION</u></p> <p>US agrees to the addition of the French proposal to (c). (Page 6, USDEL/47/L/12th M'g)</p> <p>-----</p>	<p><u>UK PROPOSAL</u></p> <p>Para. 16.</p> <p>It will be the aim of the Controlling Powers during the second phase of the initial control period to complete the elimination of Germany's war potential: to enable Germany to make good the damage done to the Allies in the war; and subject to restrictions required in the interests of security to effect such further restoration of her economy as may be necessary:</p> <p>(a) to achieve as soon as possible a balanced economy which will permit her to pay for her essential imports from the proceeds of exports without external assistance;</p> <p>(b) to repay as soon as possible to the Controlling Powers the sums advanced, since their armies first occupied German territory, on account of the import requirements of the population of Germany and to pay for external occupation costs;</p> <p>(c) to play her part in the restoration of a healthy economy in Europe as a whole. (Page 7, CFM/47/L/7)</p> <p>-----</p>	<p><u>FRENCH POSITION</u></p> <p>French Delegation accepts Soviet proposal. (Page 7, USDEL/47/L/12th M'g)</p> <p>-----</p> <p><u>FRENCH AMENDMENT</u></p> <p>as amendment to, or substitution for, the UK text of (c):</p> <p>"so that Germany may contribute to the restoration of countries, victims of her aggression" (Page 6, USDEL/47/L/12th M'g)</p>	<p><u>1st SOVIET AMENDMENT</u></p> <p>Delete: "It will be the aim of the Controlling Powers during the second phase of the initial control period..." (Page 5, USDEL/47/L/12th M'g)</p> <p>Substitute: "Under the present conditions it will be the aim of the Controlling Powers..."</p> <p>-----</p> <p><u>2nd SOVIET AMENDMENT</u></p> <p>Delete: (in first paragraph of Para 16) "to enable Germany to make good the damage done to the Allies in the war"</p> <p>Substitute: "to ensure the carrying out by Germany of her obligations regarding the making good of damage done to the Allies in the war."</p> <p>The Soviet delegation agrees that the damage should be made good only partially. (Page 7, USDEL/47/L/12th M'g)</p> <p>-----</p> <p><u>SOVIET POSITION</u></p> <p>The Soviet Delegation supports the French Amendment regarding (c). (Page 5, USDEL/47/L/12th M'g)</p> <p>-----</p>

ACTION TAKEN BY CFM: Referred to Drafting Committee

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FIFTH SESSION OF CFM, LONDON, 1947

UNAGREED

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ORIGIN: CFM

SUBJECT: ECONOMIC PRINCIPLES, General Statement (S, para 16, CFM/47/L/7/18 2/22 and USDEL/47/L/12th M'g. Pages 5, 6, 7 & 8)

FOUR POWER POSITION	U S	U K	F R	S O V I E T
		<p style="text-align: center;"><u>U K POSITION</u></p> <p>U K makes reservation on first Soviet Proposal. (Page 7/USDEL/47/L/12th M'g)</p> <p>-----</p>		

ACTION TAKEN BY CFM: Referred to Drafting Committee

FIFTH SESSION OF CFM, LONDON, 1947

127

UNAGREED

RESTRICTED

SUBJECT: ECON. PRINC'S., Application of Para 14 of Potsdam Agr't (CFM/47/L/7 & USDEL/47/L/ 13th M'g)

ORIGIN: CFM

FOUR POWER POSITION

U S

U K

FR

SOVIET

US RESERVATION

US Delegation reserves its position pending further decisions.

(Page 1, USDEL/47/L/ 13th M'g)

UK PROPOSAL

Para. 17.

On or before 1st July, 1947, the Control Council shall agree upon the details of a scheme for:-

(a) the full and immediate application of paragraph 14 of the principles laid down in the Potsdam Agreement, which relates to the treatment of Germany as an economic whole; and

(b) the sharing between the Controlling Powers of the financial burden already incurred by them in the future. The financial principles to give effect to this shall be laid down during the present session of the Council of Foreign Ministers.

(Page 7, CFM/47/L/7)

UK POSITION

UK Delegation not quite ready to study specific figures and countries which are to be left for further study.

(Page 1, USDEL/47/L/ 13th M'g)

FRENCH POSITION

Fr Delegation reminds of its attitude regarding the Saar and insists on a special regime to be established for the Ruhr and the Rhineland.

(Page 2, USDEL/47/L/ 13th M'g)

FRENCH STATEMENT

re: Para 17(G)

Fr Delegation reminds of its statement regarding deficits contained in paper CFM/47/M/99 of 4 April 1947 "Future deficits, if any, should be equitably shared among the Controlling Powers".

This referred to future, not past deficits

(Page 2, CFM/47/L/ 13th M'g)

SOVIET PROPOSAL

re: Para 17(a)

The Control Council shall on , 1948, (the exact date to be determined later) arrive at an agreement on the details of a plan for the full and immediate application of para 14 of the principles of the Potsdam Agreement concerning the treatment of Germany as an economic whole.

(Page 1, USDEL/47/L/ 13th M'g)

SOVIET PROPOSAL

CFM to study sub-para (b) of para 17 in order to determine what sums and what countries were involved.

(Page 1, USDEL/47/L/ 13th M'g)

ACTION TAKEN BY CFM: Referred to Drafting Committee

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FIFTH SESSION OF CFM, LONDON, 1947

UNAGREED

~~RESTRICTED~~

SUBJECT: ECON. PRINC'S., Free Movement of Goods within Germany (Para 18, CFM/L/7 & USDEL/47/L/ 13th M'g)

ORIGIN: CFM

FOUR POWER POSITION

U.S.

UK

FR

SOVIET

NO AGREEMENTUS POSITION

US Delegation favors the UK draft and suggests changing the date of 1st July, 1947, to 31 March 1948.

It finds the conditions of the Soviet Draft not acceptable. (Page 2, USDEL/47/L/ 13th M'g)

UK PROPOSALPara. 18.

In accordance with paragraph 17 above, as from 1st July, 1947, all restrictions on the movement of goods between the different zones of Germany shall be abolished and in pursuance of paragraph 15 (c) of the Potsdam Principles, the resources of each part of Germany and all goods imported into Germany shall be used for the benefit of Germany as a whole.

(Page 7, CFM/47/L/7)

FRENCH PROPOSAL

Fr. Delegation agrees to refer to the Deputies for consideration the questions of the free circulation of goods and persons.

(Page 3, USDEL/47/L/ 13th M'g)

FRENCH POSITION

The Fr. Delegation cannot accept the UK text as it stands, and suggests that account should be taken of the now considered paragraphs 17 & 18 of the French paper CFM/47/M/99, which reads as follows:

"Before 1st July 1947, the Control Council shall draw up a detailed scheme for the application of the principle of economic unity, i.e.:

- the pooling of indigenous resources and of imports;

- the establishment of a common import-export programme;

- the putting into effect of a financial reform;

- the re-establishment of the free movement of goods, capital and persons.

SOVIET PROPOSAL

Sov. Delegation accepts UK proposal in principle but finds it "indefinite" in wording, and suggests acceptance in principle of para. 18 and of para. 1 of Soviet draft by the Ministers, instructing the Deputies to work out an agreed text. (Page 2, USDEL/47/L/ 13th M'g)

Text of Soviet Draft
(referred to above)

"3. With the establishment of central German Departments and of the procedure for the fulfilment by Germany of her reparation and other main obligations international economic barriers shall be abolished and the necessary facilities provided for the free flow of goods throughout all Germany".

(Page 2, CFM/47/L/22)

ACTION TAKEN BY CFM: None

FIFTH SESSION OF CFM, LONDON, 1947

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UNAGREED

RESTRICTED

SUBJECT: ECON. PRINC'S., Free Movement of Goods within Germany (Para 18, CFM/L/7 & USDEL/47/L/ 13th K'E)

ORIGIN: CFM

FOUR POWER POSITION	U S	U K	FR	SOVIET
			<p style="text-align: center;"><u>FRENCH POSITION</u> (cont'd)</p> <p>At that date, the Saar Territory shall cease to be subject to the authority of the Control Council and its economic and financial attachment to France shall be put into effect.</p> <p>The establishment of economic unity shall in no wise prejudice the future status of the Ruhr and Rhineland.</p> <p>-----</p>	

ACTION TAKEN BY CFM: None

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FIFTH SESSION OF CFM, LONDON, 1947

UNAGREED

RESTRICTED

SUBJECT: ECON. FINANC'G., Common Export-Import Program (Para 19, CPM/47/L/7 & USDEL/47/L/13th M'g)

ORIGIN: CFM

FOUR POWER POSITION	U S	U K	F R	SOVIET
	<p style="text-align: center;"><u>US POSITION</u></p> <p>US Delegation accepts UK proposal (with all amendments) (Page 8, USDEL/47/L/13th M'g)</p> <hr/>	<p style="text-align: center;"><u>UK PROPOSAL</u></p> <p><u>Para. 19</u></p> <p>A common export-import programme for Germany as a whole shall be drawn up with effect from 1st July, 1947. As soon as the appropriate Central German Administration has been established it shall take over this task. This programme, which will allow for the equitable distribution of indigenous resources throughout Germany, shall be designed to achieve as soon as possible a sufficient balance of exports over imports and thus fulfil the objectives set out in paragraph 15 above. It shall take into account the need to maximise coal production and agricultural output, improve housing conditions and restore the transport system. The export-import programme shall be subject to the approval of the Controlling Powers. (Pages 7 & 8, CPM/47/L/7)</p> <hr/> <p><u>UK AMENDMENT TO SOVIET AMENDMENT</u></p> <p>UK Delegation suggests adding to Soviet amendment the phrase: "Subject to the agreed level of industry, and proposes that exact wording will be worked out by the</p>	<p style="text-align: center;"><u>FRENCH PROPOSAL</u></p> <p>The Fr Delegation agrees to refer the drafting of this part of the text to the Drafting Committee. (Page 7, USDEL/47/L/13th M'g)</p> <hr/> <p style="text-align: center;"><u>FRENCH PROPOSAL</u></p> <p>The Fr Delegation suggests inclusion of sentence stating that the Central Administrative Agencies will be under the supervision of appropriate quadripartite bodies of the Allied Control Authority (in conformity with section A(1)(b) of CPM/D/L/47/G.80). (Page 7, USDEL/47/L/13th M'g)</p> <hr/> <p style="text-align: center;"><u>FRENCH POSITION</u></p> <p>The Fr Delegation accepts the UK proposal (with all amendments) (Page 8, USDEL/47/L/13th M'g)</p> <hr/>	<p style="text-align: center;"><u>SOVIET AMENDMENT</u></p> <p>Delete next to last sentence commencing "It shall take..... transport system". Substitute "It shall take into account the need to increase coal production, to develop the peace time branches of industry including the production of goods for the German population and for export to other countries, agricultural output, improve housing conditions and restore the transport system." (Page 7, USDEL/47/L/13th M'g)</p> <hr/> <p style="text-align: center;"><u>SOVIET POSITION</u></p> <p>The Soviet delegation states that the UK proposal was acceptable. (Page 8, USDEL/47/L/13th M'g)</p> <hr/>
<p>NOTE:</p> <p>Although, on the surface, the minutes of the meeting show considerable measure of agreement on para 19, there are not enough clear indications as to the acceptance of the principal amendments. For this reason this paragraph is not included under "Agreed Subjects".</p>				
ACTION TAKEN BY CFM: Referred to Drafting Committee				

FIFTH SESSION OF CFM, LONDON, 1947

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UNAGREED

RESTRICTED

SUBJECT: ECON. PRINC'S., Common Export-Import Program (Para 19, CFM/47/L/7 & USDEL/47/L/ 13th M'g)

ORIGIN: CFM

FOUR POWER POSITION	U S	U K	FR	SOVIET
		<p><u>UK AMENDMENT TO SOVIET AMENDMENT</u> (cont'd)</p> <p>drafting committee, also suggest change of date. (Page 7, USDEL/47/L/13th M'g)</p> <hr/> <p><u>UK POSITION</u></p> <p>UK Delegation states (re: 2nd Fr Proposal) that it assumes that appropriate German Agencies would take over upon their establishment in accordance with CFM agreement. (Pages 6 & 7, USDEL/47/L/13th M'g)</p> <hr/>		

ACTION TAKEN BY CFM: Referred to Drafting Committee

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FIFTH SESSION OF CFM, LONDON, 1947

UNAGREED

RESTRICTED

SUBJECT: BOEN PRINC'S., Repayment by Germany of Sums advanced by Controlling Powers (Para 20, CFM/47/L/7 & USDEL/47/L/13th & 14th M'g)

ORIGIN: CFM

FOUR POWER POSITION

U S

U K

FR

SOVIET

NO AGREEMENT

US PROPOSAL

UK PROPOSAL

FRENCH POSITION

SOVIET PROPOSAL

The US Delegation states that para 20 is acceptable with the following amendments:

Para 20.

The Fr Delegation is not in a position to determine any particular date for the establishment of a Central German Government.

Since, in the opinion of the Sov Delegation, para 20 contains doubtful points, it suggests to refer the whole question to the Deputies. (Page 11, USDEL/47/L/ 13th M'g)

Substitute "Provisional German Government for the words "Appropriate German Central Administration".

The repayment of sums advanced by the Controlling Powers on account of the import requirements of the population of Germany shall be the first charge on Germany's foreign exchange resources after her essential needs have been met. The Controlling Powers will furnish the appropriate German Central Administration with an agreed statement, as of the 30th June, 1947 of any sums owing to them under this head. In computing the amounts due to them they will give full credit to Germany for all exports or proceeds of exports which they have received from German current production and stock, whether or not these exports were taken in the first instance under the head of reparation. This statement shall be furnished by the 30th September, 1947.

(Page 8, USDEL/47/L/ 13th M'g)

FRENCH POSITION
on Soviet Counterproposal as Amended.

SOVIET COUNTERPROPOSAL

Substitute in the second and third sentences the date "31 March 1946" for the dates "30th June, 1947" and "30th September, 1947".

(Page 8, USDEL/47/L/13th M'g)

The Fr Delegation states it requires study of proposal prior to establishing a priority of payments.

(Page 2, USDEL/47/L/ 14th M'g)

for Para 20.

US POSITION

The US Delegation sees no point in referring this unresolved matter to the Deputies.

(Page 11, USDEL/47/L/13th M'g)

"The sums advanced by the Controlling Powers to cover the needs of the German population in imports are to be covered at the expense of German resources in foreign currency and goods after her current needs have been satisfied. These sums shall be considered to be debts which are due from Germany to the Controlling Powers, and the method for their payment shall be determined in the Peace Treaty".

(Page 2, USDEL/47/L/ 14th M'g)

UK PROPOSAL

The UK Delegation suggests change of dates in para 20. (Page 8, USDEL/47/L/ 13th M'g)

SOVIET AMENDMENT TO COUNTERPROPOSAL

Reword the first part of the amendment as follows:

ACTION TAKEN BY CFM: None

FIFTH SESSION OF CFM, LONDON, 1947

UNAGREED

RESTRICTED

SUBJECT: ECON. PRINC'S., Repayment by Germany of Sums Advanced by Controlling Powers (Para 20, CFM/47/L/7 & USDEL/47/L/15th & 14th M'g's)^(cont'd) ORIGIN: CFM

FOUR POWER POSITION	U S	U K	FR	SOVIET
		<p style="text-align: center;"><u>UK STATEMENT</u></p> <p>Accounts will have to be submitted by 31 March, 1948, instead of by 30 September, 1948, to a German Central Administration or a German Provisional Government, depending on which will have been established by that time. (Pages 8 & 9, USDEL/47/L/15th M'g)</p> <p>-----</p>		<p style="text-align: center;"><u>SOVIET AMENDMENT TO COUNTERPROPOSAL (cont'd)</u></p> <p>"The sums advanced by the Controlling Powers to cover the needs of the German population in imports are to be paid as a first charge on Germany's resources in foreign currency and goods, etc." (Page 2, USDEL/47/L/14th M'g)</p> <p>-----</p>

ACTION TAKEN BY CFM: None

- FINANCE
- GOVERNMENT
- POPULATION
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UNAGREED
SUBJECT:

REPERATIONS

ECON. PRINC'S. Payment by Germany of Occupation Costs (Para 21, CFM/47/L/7 & USEDL/47/L 14th M'g)

ORIGIN: CFM

FOUR POWER POSITION	U S	U K	FR	SOVIET
<p><u>NO AGREEMENT</u></p> <p>Note: Para. 22 is contained in "Reparations" section of this volume.</p>	<p><u>US POSITION</u></p> <p>The US Delegation has no proposal to offer on par 21. (Page 3, USEDL/47/L/14th M'g)</p> <hr/> <p><u>US & UK POSITION</u></p> <p>The US & UK Delegations accept the first Soviet amendment to delete the word "also" in the first sentence. (Page 3, USEDL/47/L/14th M'g)</p> <hr/> <p><u>US POSITION</u></p> <p>The establishment of equal priority between the matters raised in paragraphs 21 and 20 is not acceptable to the US Delegation. Priority should be given expenses borne by US in supplying food and related items for German population in US Zone (Page 3, USEDL/47/L/14th M'g)</p>	<p><u>UK PROPOSAL</u></p> <p><u>Para 21.</u></p> <p>The Controlling Powers shall also furnish to the appropriate German Central Administration agreed statements of their external occupation costs. These sums shall be regarded as debts due from Germany to the Controlling Powers, ranking for repayment after the sums mentioned in Paragraph 20 and the manner of their repayment shall be determined in the Peace Treaty. (Page 5, CFM/47/L/7)</p> <hr/>		<p><u>SOVIET AMENDMENT</u></p> <p>The Soviet Delegation proposes to delete the word "also" in the first sentence, and the words "ranking for payment after the sums mentioned in Para 20" in the second sentence. Page 3, USEDL/47/L/14th M'g</p> <hr/>
ACTION TAKEN BY CFM: None				

UNAGREED
SUBJECT:

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ECON. PRIN'S., Acquisition of Interest in German Enterprises (Para 23, CFM/47/L/7 & USDEL/47/L/ 14th M'g)

ORIGIN: CFM

FOUR POWER POSITION

U S

U K

FR

SOVIET

NO AGREEMENT

US POSITION

The US Delegation accepts the proposal contained in para 23.
(Page 7, USDEL/47/L/ 14th M'g)

UK PROPOSAL

Para 23.
The acquisition of any interest in an enterprise in Germany by any foreign power or its nationals after 5th May, 1945, shall only be valid if approved by the Control Council. The Control Council shall pass the legislation required to give effect to this provision.
(Page 8, CFM/47/L/7)

FRENCH STATEMENT

The Fr Delegation accepts para 23 of the UK text subject to minor drafting changes.
(Page 8, USDEL/47/L/ 14th M'g)

SOVIET PROPOSAL

The Soviet Delegation proposes the following addition to the first sentence:
"which shall not refer to acquisitions made on account of reparations according to the Potsdam Agreement"

and also the following addition to paragraph 23:
"in accordance with paragraph 15 (d) of the Potsdam Agreement, control shall be established in regard to all economic and financial international operations, and operations regarding the unlawful transfer of German property to foreign owners shall be declared null and void."
(Pages 7 & 8, USDEL/47/L 14th M'g)

UK STATEMENT

The UK Delegation cannot accept the Soviet amendment in regard to reparations.
(Page 8, USDEL/47/L/ 14th M'g)

NOTE:

Para 22 is included in the section on REPARATIONS.

ACTION TAKEN BY CFM: None

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SUBJECT: ECOC. FRINC'S., Subjection of Resources in Germany to German Law (Para 24, CFM/47/L/7 & USDEL/47/L/14th M'g)

ORIGIN: CFM

FOUR POWER POSITION	U S	U K	FR	SOVIET
<u>NO AGREEMENT</u>		<u>UK PROPOSAL</u> Para 24. All property, rights and interests in Germany owned or acquired by any foreign power or its nationals shall remain subject to the law in force in Germany applicable to property generally, but such Powers and their nationals shall possess all the rights under German law pertaining to their property, rights and interests. Any enterprises so owned or acquired shall remain a part of the economic resources of Germany. The foregoing shall be subject to such exceptions as may be agreed by the Control Council in respect of the property of the Occupying Forces, the Allied Control Authority and its members. (Page 8, CFM/47/L/7) ----- <u>Note:</u> Para 25, dealing with Financial Reform is included in the Finance Section of this Summary. -----	<u>FRENCH POSITION</u> The Fr Delegation agrees to accept para 24 of the UK draft. (Page 9, USDEL/47/L/14th M'g) -----	<u>SOVIET PROPOSAL</u> To delete the second sentence; to add to the end of the first sentence after "property, rights and interests" the words: "which shall not lead to a deterioration of the status of property which went over to the Controlling Powers in accordance with the Potsdam Agreement". With the above amendments the Soviet Delegation is ready to accept the UK text of para 24. (Page 9, USDEL/47/L/14th M'g) -----
ACTION TAKEN BY CFM: None				

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SUBJECT:

ECON. PRINC'S., Decartelisation, (Para 26, CFM/47/L/7 & USDEL/47/L, 14th & 15th M'gs)

ORIGIN: CFM

FOUR POWER AGREEMENT	U S	U K	FR	SOVIET
<p><u>Paragraph 26</u></p> <p>The appropriate German authorities shall put forward as soon as possible for the approval of the Control Council proposals in regard to the breaking up of concentrations of economic power as exemplified by cartels, syndicates, trusts and other monopolistic arrangements. Proposals for the public ownership of certain industries shall be regarded as one method of carrying out this provision, provided such proposals represent the free choice of the German people.</p> <p>(Pages 9 & 12, USDEL/47/L 14th M'g)</p> <p>-----</p> <p><u>NOTE:</u> Para 26 is included in the section on FINANCE.</p> <p>-----</p>			<p><u>FRENCH RESERVATION</u></p> <p>The Fr Delegation reserves its position pending final drafting.</p> <p>(Page 12, USDEL/47/L/ 14th M'g)</p> <p>-----</p>	

ACTION TAKEN BY CFM: None

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SUBJECT: ECON. PRINC'S., Equitable Distribution of Resources (Para 26 bis, USDEL/47/L 15th M'g. Pages 1 & 2)

ORIGIN: CFM

FOUR POWER AGREEMENT	US	UK	FR	SOVIET
<p>Paragraph 26 bis.</p> <p>The Allied Control Council shall provide that specific amounts of percentages of the German output of products of key importance to European economic recovery such as coal, coke and power, be exported. It shall take any measure it may consider necessary to ensure that the German organization responsible for distribution shall distribute such resources properly within Germany as between the various Länder and industrial priorities. (Pages 1 & 2, USDEL/47/L/ 15th M'g)</p> <p>-----</p>				
ACTION TAKEN BY CFM: None				

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UNAGREED

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SUBJECT:

REPARATIONS, ETC., Rehabilitation of German Industry (Para 28, CFM/47/L/7 & USDEL/47/L/15th W'g)

ORIGIN: CFM

FOUR POWER POSITION	U S	U K	FR	SOVIET
<u>NO AGREEMENT</u>	<p><u>US POSITION</u></p> <p>The US Delegation accepts the French proposal. (Page 5, USDEL/47/L/ 15th W'g)</p> <p>-----</p>	<p><u>UK PROPOSAL</u></p> <p>Para. 28</p> <p>The rehabilitation of German industry shall be effected on a progressive plan having due regard to the necessity of exporting coal to the liberated countries. In particular the rate by which steel production is increased shall be determined in relation to the need for coal exports provided that the burden of cost on the occupying powers is not increased as a result of this consideration. (Page 9, CFM/47/L/7)</p> <p>-----</p>	<p><u>FRENCH PROPOSAL</u></p> <p>The Fr Delegation proposes the following text for para 28: "The increase of German industrial activity shall be carried out progressively in such a way that the reconstruction of Germany does not enjoy priority over the reconstruction of the democratic countries of Europe". (Page 5, USDEL/47/L/15th W'g)</p> <p>-----</p>	<p><u>SOVIET POSITION</u></p> <p>The Sov Delegation doubts whether the French proposal will bring about any change of policy in the Western Zone. (Page 5, USDEL/47/L/ 15th W'g)</p> <p>-----</p>

ACTION TAKEN BY CFM: No Decision

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