

Memorandum to Mr. Allan Dulles.

The present stand of affairs in Germany, from American point of view, is tragic. Billions of Dollars were spent there. Since more than two years ago ~~ago~~ alleged a constructive general policy is being announced by highest American officials in Germany. And in fact, since a few months some lines of production came under way. Goods of consumption were brought on the regular market by currency reform.

And yet there is an extremely critical attitude of most Germans toward American development. ~~by the~~ ~~of the~~ ~~business~~

prevents a full development of a nationalistic movement at this time. If ever it should develop, ^{under the present conditions,} it would be bound to move into a Russian alliance and to overcome all Anti-Russian acts. All careful observers agree on this point.

If that is the case, a full re-consideration of our policy in Germany is warranted. It would be most helpful if Mr. DeWey could, already at this time, announce such re-consideration. The following lines for such a speech are suggested:

1) The present agreement in Western Germany

is only a temporary solution to make a democratic
western life possible in those parts of Germany we
did or have influence. We aim at a central
German ^{federal} government, as the Russians allege they
do too. The difference between our aim and
the Russian policy is not separation versus
unification. ~~It is~~ The difference is an in-
dependent decentralized German govt
within a ^{European} ~~Western~~ Union versus a Russian
controlled total.itarian ^{isolated} Germany.

The place of every German living
his culture and country is on our
side, not on the side of their oppressors.

The Russians know that we are willing to
come to an agreement in Germany on these
lines. ~~Historical precedents as~~

2) Occupations as well as Dictatorial governments
are bound to impose ^{certain} hardships and injustices
on the occupied country. If we could not
recognize this fact and draw all conclusions
from our recognition we could follow
the terrible pattern established by Nazi-
tyrants. In fact, every German should under-
stand that his present suffering is the
result of such a policy. But he should
be shown the basic difference between

Nazi occupation and American occupation
and Military Government. As one of the first
steps of the new Administration a com-
mittee of Really representative Germans
is going to be invited to Washington to
consult with the American experts on the
following points:

of Revision of statutes and decrees
enacted by Military Government in ac-
cordance to principles of justice. That
includes the ^{confiscation} Denazification laws as well
as the statutes on the return of property
of Jews. ~~and~~ The present solution seems

to punish innocent people, let loose
the most guilty ones and to give to
the Jewish and other victims of Nazism
only a shadow of Restitution.

of Establishment of procedures of compensation
of damages to persons and property suffered by
Jews from actions of some unworthy Germans,
or by ~~the~~ experience of ~~the~~ *Kriegsverbrecher*.

of Methods of co-operation between our
Kriegsverbrecher and the German population
in future. Reduction of interference in
German life to the utmost minimum
should be reached. The services of our

Troops and of German people should be
our aim. Not just should be transferred to a
~~the~~ Dept. Control Commission.

They point the German members of the
^{had} potential Commission would like to add
should be discussed.

3. The Economic Troubles of Germany
Result to a large extent from the separation
of Germany and particularly from of Western Ger-
many from her natural ^{food and} raw material
supply in the East. No immediate solution for
this cost can be found.

But there are ~~three~~ ^{many} ~~four~~ additional
Reasons ^{causes} aggravating the situation:

a) The coal production of the Ruhr is distributed among Germany and the other European countries interested in the Ruhr - under political rather than economic considerations. No one can overlook the justification of France's claim ^{for} ~~in~~ a German contribution and for security guarantees. But the present conditions rather disturb Europe than pacify it.

As the ~~Import~~ Policy of Military Govt in international Trade is moving towards American. ~~As~~ Private Arbitration is fully hampered. Import is completely monopolized in the hands of a bureaucratic

Organization (Dial). Each export transaction is
^(with some exceptions)
to be licensed with absolutely unsatisfactory results.
Bureaucracy in Economics is bad. In this case two
or three governments with opposite interests run
this bureaucratic machine. Our government wishes
to see primary exports, England wishes to get
the export for herself. How can this machine
function?

One of the worst features of this planned
Economics brought up by us in Germany
is that all export transactions have to take place in
Dollar + Reich but Austria, one of
Europe's poorest countries has Dollars too.
No sensible transactions with countries.

having soft currency is possible.

if the German Budget is burdened with the same
occupations costs. In Bremen - - - end of page

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