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GERMANY IN THE TRANSITION PERIOD

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(with the aid of a special study group)

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## GERMANY IN THE TRANSITION PERIOD

### Introduction

This study of Germany in the transition period from war to peace is concerned only with Germany's internal reconstruction. The questions of Germany's future frontiers, the disbanding of its armed forces and industrial disarmament and other means of depriving it definitely of the means of waging war, of German reparations for war damages and Germany's political relations to her neighbors and other nations of the world are not touched.

Internal reconstruction in the meaning of this study is the gradual development of new organizations that can function under a democratic government in the future. This study is not a program for a German revolution. If a revolution should overthrow the Nazi regime before Germany has been defeated in the war, the revolution would create its own organs and program. At the present moment, however, no revolutionary forces are discernible, and it must be assumed that after the victory, the United Nations' armies will occupy a country which has no government and whose population is completely unorganized, since the Nazi government and Party, if they have not disintegrated by then, will be immediately outlawed. In this case the complete elimination of Nazi influence on public life, legislation and public administration, and the return of the rule of law instead of arbitrary power, the creation of new political and cultural organizations, must be carried out under and, possibly to a certain extent by, the occupation authorities. Since such a regime, however long the occupation lasts, would be only temporary, it must leave Germany not only incapable of waging another war, but also able to govern herself in a democratic way.

The purpose of this study is to examine how reconstruction can be carried through and how the democratic elements can be strengthened so that they can govern Germany after the period of occupation.

The revival of the German labor movement is essential to the development of democracy in Germany. From its origin to its defeat in 1933, the German labor move-

ment championed a democratic form of government. It was the only large popular movement in Germany which always stood unflinchingly for democracy.

In America democracy is older than the labor unions. In Germany the labor movement was founded under semi-absolutism. For a long time the worker was denied equal political rights and the labor movement was persecuted. In his fight against political oppression the German worker learned to value political freedom, democracy and the human values in national life. In the history of the labor movement the struggle against feudalism and militarism played the same role as the fight for better labor conditions and for the reform of the social structure. Organized labor opposed the Bismarck State and created and supported the German Republic. During the years of the Republic, which were Germany's only period of democratic government, organized labor fought against German nationalism and for international understanding. Since Hitler knew that he would not be able to deter organized labor from its fight for better labor conditions, democracy and peace, he destroyed the labor movement as soon as he came into power, persecuted and tortured thousands of its leaders, forced the workers into his Labor Front and deprived them of all means of political communication. Then only could he begin to prepare for his war.

If the workers are given back the right to organize free labor unions and to develop them into instruments for the betterment of labor conditions, a large section of the population will again experience the methods of democracy. The old tradition of the labor movement will be revived, and a factor within the population can thus be created which will work against the resurgence of National Socialism.

Concerning the right of German labor to reorganize, this study comes to the same conclusion as the American Federation of Labor, which, through two of its spokesmen, its President, William Green, and its representative at the International Labor Conference, Robert Watt, advocated the right of labor to solve its own problems autonomously, that is, in the democratic way. To prevent labor from organizing would not be a punishment of the German nation for its misdeeds during the Nazi period, but would mean that labor would be kept in bondage, to the advantage of German employers

and the detriment of labor in other countries, which suffer from dumping if labor can be exploited anywhere in the world.

To assist the German workers in organizing to prevent Nazi intrusion into the unions and to act as an intermediary between the occupation authorities and German labor, this study suggests the appointment of an international labor commission consisting of representatives selected from the international free labor movement by the Director of the International Labor Office. The suggestion has been made independently of the plan prepared by the International Labor Office for the International Labor Conference in Philadelphia. It deviates from the latter in so far as it does not provide for the initial participation of German union representatives in the international labor commission.

If labor can organize, the first step toward the regrouping of the population will be made. Popular elections can be held only after the Nazi spirit has been done away with. It may be technically impossible to hold free elections in a country whose population is unsettled by the consequences of war and is perhaps on the verge of anarchy. The new autonomous groups that are forming can co-operate in the emergency measures of the transition period. The new unions will certainly profit from the great experience in public administration of those workers who were members of the labor movement in pre-Hitler times.

Occupation authorities cannot completely replace the national, regional and local administration of the occupied country. The latter must consequently continue the function in Germany, but to purge it of the Nazi personnel and spirit is an essential task of postwar reform. In addition to certain historical traditions, social insecurity and certain factors of the economic structure contributed to the rise of Hitlerism. The problems of social security and economic reconstruction as preparatory to the establishment of a democratic regime have therefore also been made an object of the study.

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## I. Immediate Reforms in the Political Field

### A. Administrative Personnel

After Germany's defeat, when the Reich government and its one-party Reichstag are dissolved, the armed forces disbanded, and the Nazi party and its sections, the SA, SS, Hitler Youth and their affiliated organizations, such as the German Labor Front and the professional associations, are outlawed, there will be no government in the Reich, and no political parties or other groups on which a new government can be built.

The seats of the government will be empty, but the Reich, state and municipal administrations will continue.

They have been thoroughly Nazified. Nazis were put into all key positions, and all new and vacated posts were filled with party members. In their present composition, the administrations are unfit to face the tasks of postwar reconstruction. They will, however, have the power and the opportunity to permit the Nazi party to persist illegally, to sabotage attempts at democratic reconstruction, and to harass and even persecute the democratic elements, and will do so unless methodically reformed. Moreover, the public would conclude that an undisturbed continuation of the administration meant that no serious change of the political regime was envisaged, and that the Nazis, although temporarily eliminated, would one day return.

For these reasons the reform of the administrative personnel will be one of the primary tasks immediately after the Nazi defeat.

In the postwar period, the administrations will have to co-operate in a number of urgent and difficult tasks, and it is therefore essential that they function smoothly. To dismiss at one stroke all government officials who were members of the Nazi Party, will, therefore, not be possible. All leading officials of the political administration and of those administrative branches that work in close relationship with the population, however, can and must be dismissed immediately. They should be

replaced by efficient, democratically-minded persons. Once they are at the head of the administrative services, their orders will in most cases be followed by the lesser officials, and the administration can be turned away from its present course. The nomination of new heads of services will demonstrate to the public that a real change of command is under way. All further house cleaning can then be carried through gradually.

In speaking of the political administration whose leading officials must be dismissed immediately, we are thinking of the Reich ministries and other Reich authorities, such as the Reich commissioners (Labor Commissioner Sauckel, for instance), and the state ministries and state political administrations, including the police. We also include local government. In speaking of the branches that work in close contact with the population, we think of the labor and other social administrations, such as the labor trustees, employment services, and social-insurance and welfare agencies.

In the centralized administration, all officials with at least the rank of a Secretary of State and Ministerial Director should be dismissed. In the decentralized administration, the following should be dismissed:

Reich governors and state governments and their leading officials;

provincial governors, who at the present time are the heads of the provincial state and "self-" government administrations;

presidents of the governmental districts;

police presidents and directors;

chief county executives;

mayors of all municipalities with more than 10,000 inhabitants.

The above program would require the immediate dismissal of approximately 1,700 officials of the decentralized political administration, among them about 1,500 mayors and chief county executives. They could easily be replaced by highly qualified, well-trained and experienced government officials of the political or social administration, or by union organizers of the pre-Nazi era who were dismissed by Hitler in 1933, and

are reliable from a democratic point of view.

If the dismissals and appointments are carefully planned, they will not disturb the smooth functioning of the administration.

The leading officials of the political and personnel divisions of all administrative branches should be dismissed provisionally until further decision on their status has been made. The importance of the appointment of school teachers, for example, explains why it is also considered necessary to regenerate the personnel divisions of the nonpolitical branches of the administration.

A purge of the leading police officials will not suffice to make the police a reliable instrument. The Gestapo must be dissolved immediately, but a smoothly functioning political bureau of investigation will be urgently needed in the postwar period to eliminate the Nazis from public life. It can be built up by resorting to those reliable police officers who were dismissed by Hitler in 1933, and to officers of other police branches. Reliable civilians may be used as auxiliary police in uniformed squads.

For the elimination of the lesser Nazi officials from the administration, commissions should be created and charged with the study of individual cases. For that purpose they should have the right to examine personnel records, to hear the officials under investigation and the testimony of other officials and witnesses, and to suggest dismissal in individual cases. The officials to be dismissed should then be replaced by officials dismissed in 1933, or by newly trained officials or other qualified persons. The newly appointed officials must be reliable from a democratic point of view.

In so far as civil service statutes prevent immediate or provisional dismissal, they should be suspended.

#### B. Co-operation of the Population

To reconstruct democracy in Germany more than a purge of the administrations will be required. The population itself must return to the practice of managing public



affairs under its own responsibility. The process will be gradual, and full political freedom will be achieved only after the elimination of all residues of the Nazi regime.

If a revolution overthrows Hitler and succeeds in establishing a new and firm government and in inaugurating a peaceful and democratic policy, it will also lead regional and local politics into the fold of the new national government. Otherwise, democracy will have to be developed gradually.

To aid it in doing so, it would be advisable to organize regional and local committees of German citizens who opposed the Nazis. The primary condition for the continued existence of individual committees should be that they stand for democratic reconstruction. The committees would have to advise the population on all public affairs of the postwar period, and to represent the German population before the occupation authorities and the German authorities. They would have to keep both informed of the population's needs.

For the organization of the committees it will be necessary to call upon a few persons in each of the Prussian provinces and smaller German states who did not cooperate with the Nazis and are eager to re-establish democracy. Such persons should have contact with other persons who share their political convictions, so that they are in a position to name others fit for service on the committees. Among those with whom the first contact should be established should be at least one adherent of the former labor movement. In a number of localities the enemies of Nazism will start popular movements from which people's committees may emerge or which may at least bring to the foreground people who are fit for service on the committees. If labor is granted the right to organize, the new unions will be able to name labor's representatives to the committees. These will be persons who have distinguished themselves either as opponents during the Nazi regime, as members of the Reichstag, states' diets or provincial and municipal assemblies under the Republic, as executive members of former trade-union, co-operative or sickness funds, or men who, as organ-

deliberations. They will be welcomed by a labor population eager for a return to a democratic and socially minded government.

The committees should take precautions for the elimination of disguised Nazis, appointed by mistake, and of all persons who try to co-operate with Nazis and to hamper democratic measures of reconstruction.

The committees will take the first step toward democratic self-administration and a new form of government. In co-operation with the committees the population will regain its interest in electing to public office men and women having its confidence instead of submitting to government by dictatorship. In small municipalities the committees may soon be superseded by elected local governments, while in larger communities the election of local governments will be preceded by the formation of autonomous political groups.

The occupation authorities and the German authorities should consult with the committees on all questions of importance. The committees should also be permitted to give advice on the qualifications and political reliability of persons to be appointed to the administration. They will also be in a position to name members to the commissions that investigate the records of those government officials who are retained.

Many of the emergency measures will require central regulation. It will therefore be necessary to organize a central government office composed of representatives of the various Reich ministries. This fact alone demonstrates the urgency of personnel reform in the ministries. A committee should be established to be the intermediary between the central government office and the population. Either the local committee of the city which is the seat of the central government office or a central committee composed of representatives of the regional committees would be suitable.

### C. The Rule of Law

Law and the equal rights of citizens are the basis on which democracy rests. But the rule of law and equal citizenship rights, like the process of democratic government can be re-established only gradually. In order to give time for the elimination of Nazi

institutions and Nazi thought, and to prevent abuses of democratic rights by Nazis or Nazis in disguise.

So long as the Nazi criminals and Nazi crimes have not been punished, the principle of punishment in accordance with the law in force at the time of the crime cannot be restored. Little time need be lost in determining which Nazi leaders were actually responsible for Nazi policy, which crimes of savagery, oppression, persecution and robbery must be prosecuted, and what prosecuting agencies, courts, and rules of procedure should be used. Similarly speedy and special procedures should also apply to all attempts to reconvert Germany into a dictatorship.

In all other cases, the principle of punishing a crime or other delinquency only if it were punishable at the time it was committed, and only by the punishment then provided for it, should be reintroduced. Discretion to deviate from written law, granted to the courts by the Nazis, should be wiped out.

So long as the Nazi movement has not been completely exterminated, and so long as the danger continues that political freedom and civic rights may be abused for the purpose of restoring a dictatorial system, it will be impossible to grant full freedom from search and detention, freedom of speech and the press and of peaceable assembly. But it is desirable that emerging democratic groups and labor unions should be organized. For that purpose men and women willing to help in the creation of new institutions should be allowed to express their ideas in public.

Therefore, directives should be issued concerning the conditions on which the right of free speech and peaceful assembly will be permitted after a first transitory period. The directives should exclude from these rights all persons who were active in the Nazi movement and should ban all attempts to propagate Nazi ideas. They should also give protection against undue interference by granting the right of complaint. Members of the regional and local committees, as suggested in B, above, should sit in on the bodies that decide on the complaints.

Members of the executive committee of the Nazi cultural chambers and its sub-chambers, as well as those licenced as editors (Schriftleiter) by the Nazis, should not

be permitted to write for the press. For the reasons indicated above, it will be inadvisable to grant immediate full freedom of the press. But after a short period of strict control criticism and discussion should gradually be reintroduced, and the right of complaint against interference by the authorities should be granted. Decisions on such complaints could be made by the same bodies that decide on questions of interference in the right of free speech and peaceable assembly.

The same bodies may also decide on complaints against detention by the police.

An important item of reform after the punishment of the Nazis and their elimination from public life will be the abrogation of those provisions in the law that punish political activity by the exclusion of individuals from universities and similar institutions, with seizure of property, loss of social insurance and similar pensions and even relief.

The repeal of the anti-Jewish laws may be taken for granted.

## II. The Reconstruction of the Labor Movement

It may be assumed that the United Nations will regard a democratic regime in Germany as the best guarantee of a stable peace. German labor was the strongest democratic force in prewar Germany; if it is able to organize, it will become the pillar of democracy again. Hitler began his regime by destroying the labor organizations and depriving labor of its right to organize. The redemocratization of Germany must be started with the reorganization of the labor movement. A revived German Social Democracy will be the best guarantee of German democracy in general.

Although German Social Democracy has been outlawed, it persists as a community of thought, and in small underground discussion circles.

Outside the underground groups the workshop has become labor's only meeting place. Labor solidarity is a vital feature of workshop life, and labor's unity in the workshop is the anticipation of its future solidarity in social and national life. The organized units of the workshop will be the cells of the future mass organizations.

It may well be that the re-creation of the Social Democratic party presupposes some consolidation of political forces and conditions, while trade unions can be speedily developed from the workshop units. The next step will be an amalgamation of the shop units of an industry, and the co-operation of all local industrial unions in a local federation.

The merging of the shop units into local industrial unions will eliminate the tendency toward syndicalism often found in shop unions. The organization of local federations will be necessary to make the local unions look at local economic problems from the labor angle, and to prevent the various industrial unions from taking a stand in favor of only their own industries.

The workers are not willing to revive the former German union system, with its split into three types of unions for the same craft or industry, in accordance with political or religious affiliation. The "Hirsch-Duncker" (national-liberal) unions had already become residues of the past by 1933, and the adherents of the former free

and Christian union federations have long since become convinced of the necessity of amalgamation.

Trade-union unity is not merely a theoretical assumption. As has been said before, the workshop is the center of labor gravitation. There labor is not atomized. The old trade-union shop representatives were advisers of their fellow workers, and were respected by them.

If labor is not split into various federations, "patriotic" unions organized by Nazis in disguise will not be possible.

We stand for free unions and reject any kind of enforced labor organization. The unions should be open to all workers, and all workers should have the right to belong to the unions, if they are willing to do so.

The reconstruction of the unions should proceed in the following order:

- workshop units;
- industrial or craft locals;
- local federations;
- regional unions;
- regional federations;
- national unions;
- a national federation.

Industrial unions will be organized more easily in postwar Germany, because of the solidarity and unity that exist today among the workers of each plant. Moreover, the German Labor Front is based on industrial divisions. But these facts should not exclude the organization of craft unions wherever they might be preferable in the interest of labor. Craft unions, too, must be based on the workshop, and must also be organized locally before national craft unions can be created.

Formerly, union administration was strictly centralized. Under postwar conditions it will be necessary to give local unions and federations more freedom of action.

The new unions, it is repeated, should in principle admit all workers. However, only members who were organized in a German trade union for at least two years before 1933, and who did not leave to join Nazi workshop cells, should be elected to the unions' executive bodies, or as union representatives or organizers, or as delegates to trade-union conventions, in an honorary or salaried capacity, or in workshops, locally, regionally or nationally. The German Nationalist White Collar Workers' Union (Deutschnationaler Handlungsgehilfenverband) should not be considered as a union. Decisions about the eligibility of its former members should be made individually. Members of foreign unions should be eligible if the foreign union was a member union of the International Federation of Trade Unions or the International Christian Federation of Trade Unions.

Before the Nazi era, trade-union activity meant training for public service. Trade-union activity in the field of labor hygiene and workers' education is well known. The unions' connection with the Workers' Welfare Agency and with local government in the pre-Nazi period qualifies their formerly active members for co-operation in postwar emergency measures. Former members of the Union of Reich and States Employees, and of the Union of Railroad Employees, for example, are not organized today, but their members' contacts and feeling of common purpose are still alive. Such workers would be very useful for co-operation in emergency measures, if they were organized for that purpose.

The closing down of war plants and the ensuing transfer of labor to other industries or reconstruction work will also require trade-union co-operation.

In the United States many people are inclined to consider the Catholic Church as the only organization fit to co-operate in the coming emergency measures. The Church, however, cannot replace the unions, when it comes to making public utilities work, bringing transportation back into gear, or shifting workers from one factory to another.

The occupation authorities' and German authorities' most urgent tasks, in which trade unions should co-operate, are:

General tasks:

distribution of food;

fight against epidemics;

reorganization of industries and transportation;

reorganization of the local and regional administration.

Labor problems:

public works to stop unemployment;

employment services;

regulation of wages;

support of the unemployed.

With regard to wages, the unions will be the best partners to agreements, whether the other partner be a German entrepreneur or the occupation authorities.

At the end of the Nazi period Germany will have no constitution, and conditions may be such that the political forces on which the new constitution can rest will only be formed in a gradual process of political evolution. That process may even be hampered by the fact of military occupation. During that period social and industrial democracy can be built on the unions.

The German Labor Front should be dissolved immediately. It is an organization subordinated to and controlled by the Nazi party.

A register should be made of the property of the German unions at the time of their destruction and absorption into the German Labor Front. The real and movable property of the German Labor Front should be considered as the property of German labor.

The claims of members of the German Labor Front to grants from that organization in cases of unemployment, sickness, old age, death, etc., should be honored. The technical apparatus of the German Labor Front, i.e., its houses, meeting halls, of-



firm managers, etc., should be put at the disposal of the new unions, as a first step toward the transfer of the German Labor Front's property to them.

During the emergency period, as well as later, the unions should not restrict themselves to the protection of wages and wage demands, but should promote industrial democracy in the plants as well as in the nation.

The reorganization of the unions will prepare the way for the resurgence of the political labor movement. The union program should constitute preparation for a social and democratic constitution for Germany.

### III. Labor Relations

#### A. Postwar Problems

After 1918, individual labor contracts were superseded by collective agreements. Under the Weimar Republic, such agreements were gradually replaced by governmentally enforced regulations.

National Socialism abolished agreements on workshop conditions between individual employers and their employees, and industrial or crafts regional or national collective agreements, replacing the former by the dictatorial rule of the employer in his firm, and the latter by governmentally enforced wage and labor conditions.

After the Nazi collapse, the victors will be confronted with the following problems:

1) Should the regulation of wages and other labor conditions be monopolized by the occupation authorities?

2) Should the occupation authorities delegate the regulation of labor conditions to the employers?

3) Should the occupation authorities reserve for themselves the right to control the employers' labor policies?

4) Should they give labor a share in the regulation of labor conditions?

If the occupation authorities should answer the first three questions in the affirmative, they would perpetuate the dictatorship over labor and would consequently provoke labor's rigorous opposition, not only against employers, but also against the occupation authorities themselves. Since the opposition would have a nationalist tendency, it might soon assume a National Socialist character. To impose labor conditions such as those described under 1) to 3) above would be to prepare the ground for a super-Hitler.

### B. International Labor Commission

As an instrument for the safeguard of labor's interests and the supervision of labor relations and conditions an International Labor Commission is suggested. The Commission should be so composed as to enjoy the confidence of the occupation authorities as well as of German labor.

The members of the Commission should be appointed by the Director of the International Labor Office. He should select them proportionally from lists submitted to him by the trade unions of: 1) the United States, 2) Great Britain, 3) the British Dominions, 4) the other United Nations having independent trade unions, 5) the European neutrals having independent trade unions.

The Commission should be the trustee of German labor until the German trade unions have been fully reconstructed. It should be given the right to establish local and regional subcommissions and offices, and to co-opt German workers or labor leaders who have distinguished themselves in the fight against the Nazis.

The Commission should inform the occupation authorities of the labor situation and suggest necessary reforms.

### C. Reintroduction of Shop Councils

If the workers of a plant or firm wish to elect a shop council, they should be entitled to do so. The shop councils should perform the tasks assigned to such councils under the law of the Weimar Republic. They should co-operate closely with the trade unions, once these have been organized, and their mutual relationship with the unions should be similar to that which prevailed under the Weimar Republic. There should be no separate shop councils for salaried employees, however.

Some restrictions must be put on the election of shop councils to avoid;

- 1) quarrels in them between Nazis and non-Nazis;
- 2) their composition by labor representatives who lack experience in

3) their becoming cells of a nationalist movement bound to bring about conflicts between them and the occupation authorities;

4) their necessary control being considered by labor as unjustified interference with its rights.

Therefore it is suggested that the shop councils should not be charged with the prosecution of employees of the workshop who were active in the Nazi movement. Labor solidarity would suffer if the shop councils were to investigate the political past of workers in the workshop. As far as the workshop is concerned, "la recherche du passé est interdite" (investigating the past is forbidden). Formerly active Nazis should be prosecuted by the administration and the courts, and persons so prosecuted should not participate in the elections of the shop councils. Only those employees who because of their age or experience, understand the principles of industrial democracy, or have proved by their fight against Nazism that they have the character qualifications and political insight necessary for membership in the shop councils should be eligible to serve on them.

As a rule, a member of a shop council should not be under the age of thirty.

The political reliability of members of the shop councils cannot be verified by the German trade unions, because they may still be in process of formation when the shop council elections take place. It should not be investigated by the occupation authorities, because: 1) they do not have the necessary information; 2) do not know the German workers' mentality; 3) control by them would produce opposition and resistance.

It is therefore suggested that the International Labor Commission should control the elections and activities of the shop councils, since they will be the instruments safeguarding the interests of German labor until the mental confusion among labor created by Nazi domination has been overcome.

The International Labor Commission should therefore:

1) assist in settling disputes between the employers and employees of a

- 2) settle disputes between foreign workers in Germany and German labor;
- 3) supervise the elections and activities of the shop councils, recall unqualified members, and see to it that the councils promote industrial democracy;
- 4) arrange for an International Labor Commission delegate to attend meetings of the shop councils in an advisory capacity;
- 5) provide that employers should be allowed to discharge members of the shop councils only with the consent of the Commission. The shop councils should be entitled to appeal to the Commission against disciplinary measures.

Labor codes for workshops or firms, as established under the Nazis, should be considered void, and should be replaced by agreements between the plant management and shop council. The agreements should become valid only with the consent of the regional labor authority. The model plant agreement issued in pre-Nazi times may serve as a pattern for the new agreements.

#### D. Regulation of Wages and Labor Conditions

Until labor unions have been organized, labor conditions should be regulated by regional labor authorities, who should replace the Nazi labor trustees.

Labor advisory councils should be established in connection with the new regional labor authorities, and should co-operate with them in the regulation of wages and labor conditions.

The International Labor Commission should assist the advisory councils and should be entitled to recall council members who prove unqualified for membership.

The new labor authorities should be subject to directives issued by the central authorities in agreement with the International Labor Commission.

The new organization for the regulation of wages and labor conditions should smooth the way for the introduction of a new system of collective agreements and the arbitration of labor disputes.

Directives on the hiring and firing of workers should be issued in agreement with the trade unions and (until they have been organized), with the International Labor Commission. The unions or the International Labor Commission should act in agreement with the shop councils in matters concerning individual plants or firms.

E. Further Activity of the International Labor Commission

The International Labor Commission should supervise the activity of the employment services and should assist the organization of labor advisory councils in connection with these services.

The International Labor Commission should also assist labor in organizing the representation of the insured on the restored elected executive social-insurance bodies. In this work, too, the Commission should consider itself as the instrument for safeguarding labor interests. It should also control the capital, income and expenditures of the unemployment, pensions, sickness and accident insurance funds as the trustee of the insured employees.

The International Labor Commission should also be the trustee of the property of the German Labor Front. It should be entitled to make expenditures for the needs of the new shop councils and trade unions, as well as for meeting the individual claims of former members of the German Labor Front to support from the organization.

The International Labor Commission should also be entitled to make expenditures from the German Labor Front's property for labor education. The property should be returned to labor as soon as new trade unions have been organized on a national basis.

IV. Social Services

A. Social Insurance

1. Legislation

Social-insurance benefits in general have not been reduced to such a degree that an immediate reform will be necessary. But this is not true in the case of unemployment insurance and, to a certain degree, in that of miners' pension insurance.

The high contributions to unemployment insurance, as fixed in the great crisis to meet the needs of widespread unemployment, were retained by the Nazis in spite of the elimination of unemployment before the outbreak of the war. Only the miners were exempted from contributing to unemployment insurance, but their contributions to the miners' pension insurance were much higher than those of other workers and salaried employees to pension insurance. The continuation of high contributions to unemployment insurance has been accompanied by the abolition of the unemployed worker's legal title to unemployment-insurance benefits. These are now granted only after a means test.

The income from the unemployment insurance payments has been used not to amass a fund, but to support the financially weak pension insurance, the mine employees' sickness fund, the Reich marriage loans and grants for families with three and more children, the repurchase of the public works loans of the early thirties, loans to the Reich for the reconstruction of the Hitler highways and other needs of the Reich treasury. After the fall of the Nazi regime the income from unemployment insurance must be restored to its real purpose; the payment of benefits to the unemployed and the amassing of an unemployment fund, so far as the latter may be possible under post-war conditions.

Recent reforms have so changed the character of the miners' pension insurance that a stimulus is now given to miners to stay at their work underground, even if they are above the age of fifty. Postwar economic conditions will make necessary a reversal of this policy; and if retirement at an earlier age is facilitated, the

The Nazis took the first step toward compulsory middle-class insurance by bringing independent craftsmen and artisans under the salaried employees' pension insurance plan. They have, moreover, extended the right of voluntary insurance against old age and invalidity to all Germans under the age of forty. To bring all the middle class - not only craftsmen and artisans, but also shopkeepers and others - not only within the pension plan but within the whole scheme of social insurance, including sickness insurance, will be an urgent postwar requirement, considering the pauperization of the middle class already being caused by the closing down without compensation of all smaller shops. To give that stratum of German society social security may contribute to social and political pacification after the war.

## 2. Administration

The social-insurance agencies must return quickly to democratic procedure.

The Nazis put their political adherents in the leading administrative jobs provided by social insurance. The sickness funds, which had formerly been administered by labor majorities and labor managers, and had therefore always been one of the centers of Nazi attacks, were placed under ardent Nazis as early as 1933.

Self-administration by those who pay for social insurance, the insured and their employers, was a vital feature of pre-Nazi social insurance in Germany. It was abolished by the Nazis as early as 1934. Instead, advisory councils composed of representatives of the insured, their employers, physicians and local governments were set up in connection with all social-insurance agencies. Only trusted Nazis sit on the councils, but the councils are not allowed to take decisions by vote.

All social-insurance agencies - and, among these, particularly the sickness funds - work in close contact with the population. So do the unemployment services established under the unemployment insurance law. Therefore, the managers of the regional employment services and the local employment services and sickness funds in cities should immediately be discharged and replaced by persons devoted to the democratic form of



Such persons are available among former managers and other leading personnel of the employment services and sickness funds, and among trade-union organizers of the pre-Nazi era.

The new managers, however, should be appointed only provisionally, to keep the way open for managers appointed by the newly elected executive bodies.

The managers of the employment services and sickness funds in rural areas, and all the other personnel of the social insurance agencies and employment services, may then be subjected to an examination of their political qualifications by the method already suggested for those government officials who should not be dismissed immediately.

To accelerate the election of the executive bodies the old provisions for social-insurance elections should be put in force again.

The restoration of self-administration in the social insurance system will give the population a chance to return to democratic procedure in a field where there is little opportunity for abuses by antidemocratic forces and where any possible abuse can be quickly remedied by state supervision.

## B. Social Welfare

### 1. General Problems

There will be much poverty in the years following the defeat, and much need for social welfare.

The closing down of war industry and the demobilization of the armed forces will create large-scale unemployment, in spite of the probably large demand for consumer goods that have not been available for many years. Unemployment can be only gradually reduced, even if the authorities succeed in organizing the reconstruction of buildings and means of transportation, and public works. The unemployed must be supported and rehabilitated and, in many cases, also resettled. The same holds true of the numerous migrants, refugees from the territories now under German occupation, workers leaving

the areas of war industry and evacuees from districts devastated by air attacks and, possibly, by battles.

Destruction and transportation difficulties caused by war will necessitate the creation of emergency services, at least in certain areas. The emergency services will not be restricted to money grants, but will also have to provide food and clothing, distribute drugs against the spread of epidemics, and erect emergency dwellings.

Since these measures will be necessary to preserve order and avoid the spread of sickness which might also affect the soldiers and officials of the occupation authorities, the latter will also be interested in seeing them undertaken, and will co-operate in them, or will themselves establish emergency services.

## 2. Public Welfare Agencies

The German welfare services are so organized as to be equal to the demands of the emergency period, once the Nazi heads are dismissed.

The employment, welfare, health and housing services are accustomed to mutual co-operation. The laws provide for the support of invalids and survivors of the war, war evacuees, unemployed workers who do not come under unemployment insurance, and other persons in need.

In one instance, the laws need some rectification. They provide for basic relief to needy persons in general and for additional amounts for certain groups - such as the victims of both wars and pensioners of social insurance, in so far as their pensions do not come up to the level of relief - and for the victims of the inflation which followed the last war. After the present war, unemployed workers who do not come under unemployment insurance, particularly servicemen who were not employed before being drafted, would therefore be granted only the basic rate. These workers are the younger people, who usually have to provide for a family and should, therefore, be better supported than the old people or at least supported at the same level. A revision is therefore necessary, to equalize the support.

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A reform of the administrative personnel is also necessary. Since welfare work is carried through in close contact with the population, the present directors of county and municipal welfare departments should be dismissed and replaced by persons experienced in the field and devoted to democratic government.

Before the Nazi period the city welfare departments - like all other city departments - were run by commissions elected by the city assemblies, composed of members of the city council and assembly and men and women experienced in the field.

The Nazis abolished these commissions. Nowadays, the mayor, with the consent of the local Nazi boss, appoints councilors for all city departments. Deliberations are presided over by the mayor, but the councilors are not allowed to take decisions by vote.

New commissions should be set up, composed of persons ready to co-operate in democratic reconstruction. The members of the commissions could be chosen by the local committees suggested in Part I, B of this study. If the work of the commission established for the welfare department proves useful, it should become entitled to assume the role and procedure of a directing commission in accordance with the status of the commissions in pre-Nazi times.

The city and county health departments have generally been turned into state authorities by the Nazis. In so far as the continuance of local government health departments has been permitted, they should also be managed by such commissions.

### 3. Private Welfare Agencies

Today, all private welfare agencies in Germany have been virtually eliminated from the field, which is dominated by the National Socialist Welfare Agency and, with regard to war victims, by the National Socialist War Victims' Sustenance Agency. Both agencies are subordinated to and controlled by the Nazi Party and must be dissolved with it. Their property should be seized and placed under a trustee, who should safeguard it for the newly organized private agencies.

The private welfare agencies which had no party or church affiliation before the Nazi period were subordinated to the National Socialist Welfare Agency in 1933. The Workers' Welfare Association, the strong and efficient agency of the free trade unions and the Social Democratic Party, was outlawed at the same time. The two Christian agencies, the Catholic "Caritas" and Protestant "Domestic Mission," were gradually eliminated, and today are restricted to work in their own institutions. Many of these institutions have been seized and handed over to the National Socialist Welfare Agency. The Red Cross has been restricted to the work assigned to it by the Geneva Convention.

During the postwar emergency period there will be a great demand for volunteers both by the public agencies and by the emergency services. The co-operation of private non-Nazi citizens must be organized. Public service of that kind is not only needed but will also be an instrument of democratic education. It would therefore be a mistake to restrict work in this field to the members of those agencies which are still in existence. The Red Cross has always had a feudal character, and was quite aloof from the mass of the people in pre-Nazi times. Meanwhile it has associated itself closely with the Nazis. A large part of organized labor has never considered itself represented by the churches' welfare agencies, and for that very reason, organized its own welfare associations under the Republic.

That part of labor which has not succumbed to Nazi propaganda and terror will wish to co-operate in the postwar emergency measures, since they will function chiefly for the assistance of needy working-class people. Labor, which understands its own problems, will be eager to reorganize a labor welfare association.

There is no obstacle in the way of such activity by labor. The workers who adhered to the free trade unions and the Social Democratic Party have a great deal of experience in welfare work. They worked as volunteers for public welfare agencies or in the Workers' Welfare Associations's own institutions. Their political representa-  
~~tives had a large share in the organization of the welfare services of the Weimar~~

Republic, when they were members of the Reichstag, state diets, and provincial, city and county councils and assemblies.

Workers who have been elected to membership on the new shop councils and trade union executives will be ready to urge their fellow workers and their wives to join the public welfare agencies and emergency services as volunteers. Those formerly active in the Workers' Welfare Association will also be glad to return to volunteer work. In that way local workers' welfare associations can be quickly organized. They should be independent of the unions, but should co-operate closely with them.

#### 4. Local Committees

Local committees of representatives of public welfare agencies and the churches' and workers' welfare agencies may prove helpful in organizing volunteer work. It may even be useful to subordinate the emergency services to them, and the occupation authorities may find it valuable to co-operate with them.

V. Economic Problems in the Period of Reconstruction

Economic problems, such as feeding the population, industrial demobilization, unemployment, control of disarmament and Germany's co-operation with the new inter-European and other international institutions will require action immediately after the war.

A. Food Supply

Today the Germans eat better than the nations they dominate. As the war goes on, however, distribution of foodstuffs in Germany will become increasingly difficult, and by the time of the military collapse will have broken down. Therefore, a plan for the distribution of foodstuffs from domestic production, storage centers and abroad should be ready in advance. The consumer co-operatives and municipal distribution centers will be the best agencies for bringing the foodstuffs immediately to the urban population.

Before the Nazis came into power the consumer co-operatives had a membership of approximately 4,000,000 families. They had about 400 storage houses, 9,000 sales centers, mills, canneries and other plants, and were the most important retailers in the country. The co-operatives were democratic institutions run by bodies elected by their membership. The Nazis did not destroy them but placed them under Nazi managers. In the postwar era, after the Nazi bosses have been replaced by former managers, secretaries, storekeepers, etc., the consumer co-operatives will become important agencies for the distribution of foodstuffs.

New employees, however, should be named only provisionally, so as to allow for the restoration of self-administration. The election of new executive bodies should be carried through speedily, and these bodies can then name the new managers.

The municipal distribution centers should be placed under committees whose members are experienced in the distribution of foodstuffs and command the confidence of the

local population. Members of the church and labor welfare agencies, labor unions and consumer co-operatives, are likely material for this work.

B. Demobilization and Employment

Germany's industrial production must be shifted to the production of consumer goods and the reconstruction of devastated areas. Today German war production comprises 80 per cent of total production. This fact will make the shift to peace production immensely difficult.

To keep Germany's coal, iron and steel industry busy will not be quite so difficult. Many of the production centers of these industries have been destroyed by Allied air attacks. What they can still produce will be needed for German and European reconstruction, and the requirements of reconstruction will make the repair and rebuilding of these industries an urgent necessity.

Germany's capacity to produce synthetic raw materials - as far as it has not been destroyed - will also be fully utilized, since shipment of natural products from overseas will not start immediately.

The difficulties of the specialized war industries will be far greater. Their shift to peacetime production will not receive the mighty impetus of consumer demands that may be expected in the United States, whose population has so large a potential of purchasing power. Many branches of German industry will therefore become unproductive, at least temporarily, until the demand for consumer goods can bring them back to activity.

The shift of these industries from war to peacetime production and the demobilization of the men serving with the armed forces will be the two main causes of unemployment. On the other hand, the return of foreign workers and prisoners of war to their homelands will decrease the available labor force. But their return may be delayed by the devastation caused by the war and the unfavorable conditions in the various countries of their origin.

Foreign workers who remain in Germany temporarily should be laid off at the same ratio as German workers and should work under the same wage and other labor conditions. The establishment of friendly relations between foreign and German labor in Germany will promote the return to international labor co-operation.

The expected unemployment may to some extent be set off by a considerable demand for labor, which will come from the need for large-scale repair work, since only a small part of the destruction caused by bombings can be repaired during the war. Germany is also likely to be compelled to contribute to the reconstruction of the areas now occupied by delivering machinery and other goods. Inside and outside Germany a larger demand will exist for consumer goods than can be supplied by German industries. Germany's industrial equipment will be worn out and its renewal will keep many firms busy. The air war will have created an enormous demand for housing which public housing schemes and subsidized private schemes can meet.

Balancing labor supply and demand will be possible only if the reconstruction of the destroyed industrial plants, means of transportation and dwellings, and the renovation of industrial equipment is started immediately after the war. This can be done if the financial means are made available to the necessary extent.

Even so, large-scale unemployment will probably exist before the program is drafted and gets under way and the necessary financial means are put at its disposal. During that period the forty-hour week should be introduced in all industries where there is not full employment. Male and female workers who entered industry only because of the war and Nazi pressure should be laid off systematically. Retransfer of workers from urban to rural areas will help to diminish unemployment and, if they are systematically resettled on the land, will increase the production of foodstuffs.

Well-functioning employment services will greatly facilitate the economic transformation from war to peace. The Nazi employment services can be used if the Nazi "slave-drivers" are replaced by persons who enjoy the confidence of the workingmen. The employment services should work in close contact with the trade unions, so that



they may have the necessary information concerning hours of work and the number and type of workers required by the various industries and plants.

### C. Economic Control

Under the Nazi war economy, production, distribution and consumption are under strict government control, although private possession of the means of production has not been abolished. The Nazi system must be relaxed and at the same time transformed into a democratic and social order of the national economy, which must be adapted to international co-operation and the international control of disarmament.

#### 1. Heavy Industry and International Control

Germany's industrial magnates and, above all, the masters of its heavy industry have always been foes of democracy. They helped put Hitler into power.

Germany's big industries, and particularly, her coal and potash industries, were cartelized to such an extent even before the Nazi advent to power that the individual entrepreneur's initiative had long since been eliminated. Government regulation of prices in the coal and, for some time, in the iron and steel industries under the Weimar Republic gave these industries the character of public utilities.

International control of German disarmament will presumably mean the control of heavy industry and of the railroads and waterways, which are already government-controlled. Germany as well as the occupation authorities will be interested in organizing that control so that it is effective without being humiliating.

The attitude of Germany's industrial magnates, her cartel system, and the control of her disarmament will make it impossible to leave her heavy industries in the hands of their present owners. To transfer them to private capitalists abroad would create economic, psychological and social difficulties, and is therefore not to be recommended.

Apart from probable future legislation when the various branches of democratic

immediately deprived of their right to manage them as their property. The industries should be subordinated to the public administration. Such a reform would not require a change in the present business and technical organization. But all executive employees who had Nazi affiliations should be replaced by qualified persons who had no such contacts. To give the new system a democratic character, industrial administrative councils should be established. The public administration, labor unions and the most important consumer groups should be represented on the councils.

A regulation of this kind would be the first step toward international co-operation by Germany's heavy industry and her railroads. The Nazis abused the concept of the Grossraumwirtschaft or "big-space economy," to enslave the nations of Europe. This does not, however, prove that the unification of the European nations' raw-material production and transportation systems would not benefit them economically and politically. Such a unification would, in fact, be highly advantageous. Central agencies should be established for the European continent for control of the railroads and of the production of coal, iron and steel, in which a measure of national autonomy could be preserved. A democratic character could be given to the central agencies by the establishment of advisory councils composed of representatives of the workers, employers and consumers of the various participant nations.

## 2. Production, Prices and Wages

Government control of production, prices and wages can be relaxed only gradually. The rationing of consumption should be adapted to the amounts of consumer goods available, and should be abandoned as soon as consumer goods are produced and have reached the consumers in sufficient quantities.

Under the Nazi system economic control over industries was exercised by national associations of entrepreneurs which were placed under Reich control. That system will be practicable in the future, after it has been democratically transformed by a procedure which eliminates the ranking Nazis and admits representatives of labor and con-

The present system of frozen wages should be abolished. Wage control, however, is indispensable during the period of industrial reorganization. To pave the way toward a democratic method of fixing wages, a system of compulsory arbitration should be established. Wage disputes that cannot be settled otherwise and freely concluded collective agreements should have the consent of the new arbitration agencies. The agencies should be composed of a government arbitrator and an equal number of representatives of employers and employees, as they were in the Weimar period, and, as was the case then, labor unions and entrepreneur associations should be partners in the collective agreements. Enterprises under public administration should be subjected to the same rules.

Small enterprises too- in so far as they survive the present decimation - cannot be completely freed from the present control of production and prices. The same holds true of retail trade, whose most important branch - the consumer co-operatives - should be fostered for economic and social reasons.

### 3. Agriculture

The production and prices of agricultural goods must be regulated so that the population's supply of foodstuffs is guaranteed. Production, as has been said, can be increased by the resettlement of workers from urban areas. The law on hereditary farms, which caused many farmers' children to migrate to industrial areas, should be abrogated.

After they have been released from Nazi control and influence, the farmers' co-operatives will resume their important tasks of financing and distribution.

The owners of Germany's big landed estates have always been highly antidemocratic and the main pillar of Prussian and later of German militarism. If democracy is to live in Germany, their economic power must be broken.

To partition the big landed estates during the transitory period may be dangerous, because at first small and middle-sized farms will not in all likelihood equal the pro-

dispossessed and their lands placed under public administration. This regulation should not preclude later farm settlement. Producers' co-operatives can be set up on the estates wherever they are suitable and likely to prove successful.

#### 4. Credit and Financial Policy

Since 1931 the banks, the most important instrument of credit policy, have been under government control in Germany. The banks control industrial investment to such an extent that government control of banks also means control of investment. Removal of the leading Nazi employees from the banks and restoration of their public character will suffice to guarantee the necessary public control of investment.

Credit and investment policies will be determined by concern for full employment and the new international credit and investment organization. The financial needs of reconstruction have been described above; they can only be met with public assistance based on a sound financial program and co-operation with the international institutions which can open the sources of foreign credit.

As taxation also influences the degree of employment, the formulation of a tax program cannot be postponed until the organs of democratic government have been fully re-established in Germany.

The reconstruction of Germany and German reparation of war damages in the territories now under German occupation will put such a strain on German financial resources that it will be impossible to relax the Nazi system of draconic taxation immediately. But if there is a possibility of reducing taxes, it should be used to stimulate investments and to soften the pressure of the wage and sales (turnover) taxes.

Refunding at a lower rate the public loans issued by the Nazis will be justifiable from a moral and economic point of view, since such a procedure would set money free for investment in reconstruction works.

#### 5. Foreign Trade

The liberation of the Nazi-occupied territories will free the European nations

and industrial organizations.

European co-operation in foreign trade matters, however, will be as advantageous to all participant nations as the organized co-operation in the field of raw-material production and transportation suggested above. The Nazi concept of Grossraumwirtschaft under their own domination should be transformed into a harmonious industrial and agrarian co-operation under inter-European leadership. Close trade relations unimpeded by high tariffs should be developed among the nations of the European continent. The system should by no means be built on an attempt at European autarky, if for no other reason than that Europe will be even less self-sufficient after the war than she has ever been before.

#### 6. Labor

The great tasks ahead can be performed only if labor, in and out of the workshops, co-operate in it.

As soon as the shop councils and labor unions have been sufficiently developed, local and regional economic councils composed of the representatives of private entrepreneurs, managers of public enterprises and labor should be organized.

As has been said above, labor should also acquire membership in those industrial associations which are today composed only of entrepreneurs. Moreover, councils of entrepreneurs, labor and consumers should be organized to advise those central authorities which control the national economy or its various branches.

It is also to be hoped that when German labor has achieved the organization of nation-wide unions, it will be represented in all European and other international economic organizations.