

# GERMANY

## REPORT OF THE BRITISH HIGH COMMISSIONER

FINAL ISSUE

PRICE 1/6

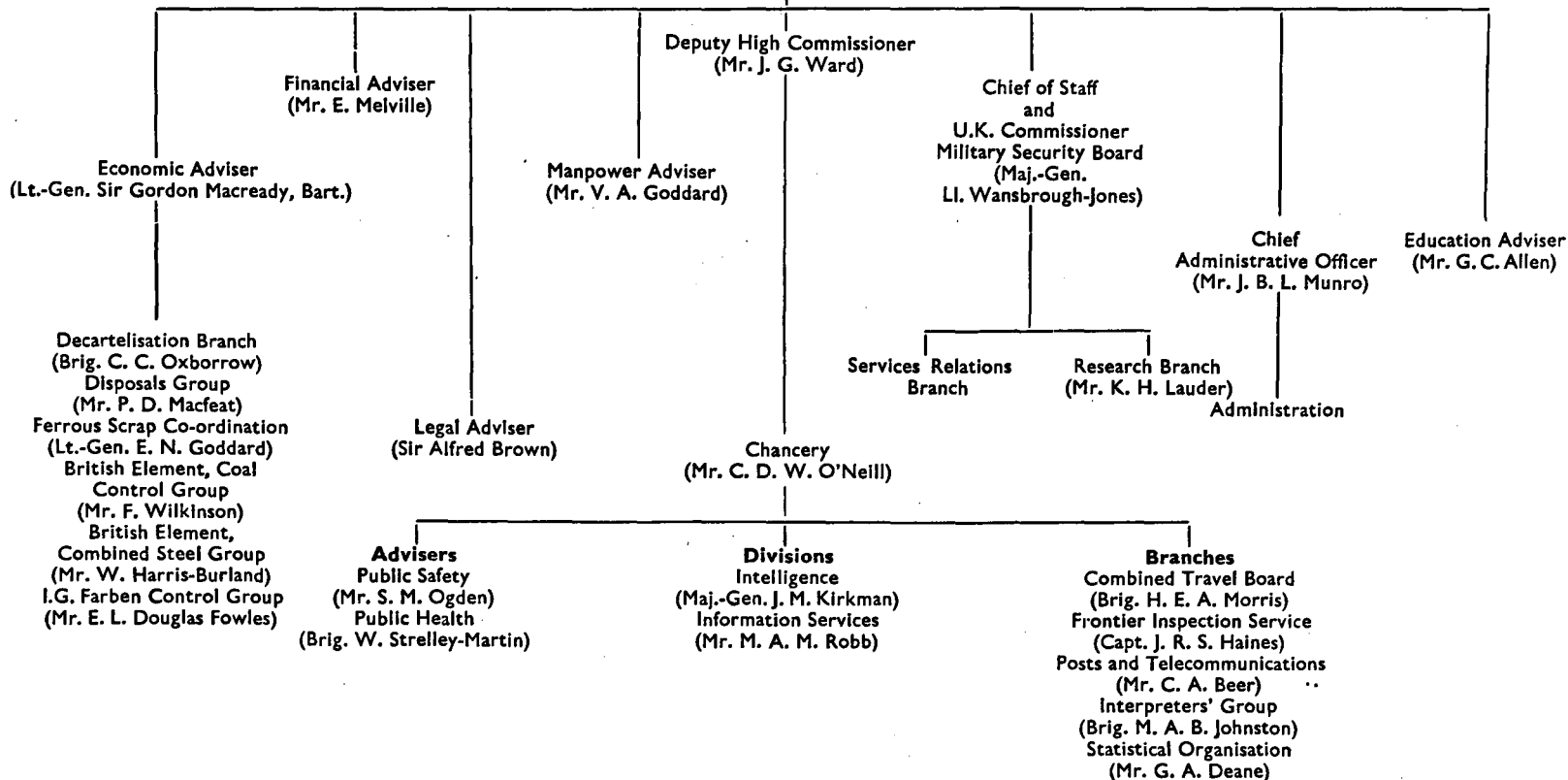
Quarter  
January — March  
1951



No. 2

# ORGANISATION OF THE OFFICE OF THE UNITED KINGDOM HIGH COMMISSIONER

UNITED KINGDOM HIGH COMMISSIONER  
His Excellency Sir Ivone Kirkpatrick



# REPORT

FOR THE

## QUARTER

1st JANUARY—31st MARCH, 1951

FINAL ISSUE

No 2

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Prepared in the Chancery Office of the United Kingdom High Commissioner and printed by Printing and Stationery Service Editorial Offices Wahnerheide, BAOR 19 On sale in the United Kingdom at His Majesty's Stationery Office, York House, Kingsway, London, WC 2, or by post from PO Box 569, London, SE 1 price one shilling and sixpence

Also on sale in Germany by E Vogel, Buchhandlung, 8 Mauerstrasse Bielefeld, Westfalen price one deutsche mark

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*PERSONAL MESSAGE  
BY HIS EXCELLENCY  
SIR IVONE KIRKPATRICK  
KCB, KCMG*

This Report is now being published for the last time and the event marks a further stage in the evolution of our work in Germany. I should like to take the opportunity of thanking the editorial staff and all those who have contributed to the Report in the past. Since 1946, when the Report was started, the Western Powers have gone far to carry out their declared policy of bringing Germany back into the community of free nations. The publication of an accurate and up to date Report on conditions in the British Zone has played its part in the rapid accomplishment of this policy, and those concerned in the production of the Report can look back on their work with pride and satisfaction.

*Ivone Kirkpatrick*

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# GENERAL SURVEY

The publication of the Instrument of Revision of the Occupation Statute and the relaxation of Occupation controls detailed in a special paper on page 27 of this Report mark a substantial increase in the powers of the Federal Government in the fields of home and foreign policy and of economics in the spirit of the expressed intention of the Allies, at the outset of the Occupation, to work for the return of a free, peaceful, and democratically governed Germany into the European comity of nations. With the revision of the Charter of the Allied High Commission (see page 15 and Appendix 1), the work of the Control Commission in Germany entered upon a new phase and it is appropriate that these changes should be recorded in the last published Report of the British element of the Control Commission.

The revision of the Occupation Statute made possible the immediate establishment of a German Foreign Office\* and the accreditation of German diplomatic missions to foreign countries. Foreign diplomats in Germany may in future be accredited to the Federal Government. The German authorities are now free to negotiate and conclude agreements with foreign powers, subject only to the power of disapproval of the Allied High Commission.

Federal and Land legislation will henceforth be effective upon enactment, the powers of the High Commission being limited to subsequent repeal or annulment if the law conflicts with specified canons.

The power of intervention in German domestic financial and economic matters on the part of the Allies has been abandoned and controls over the shipbuilding, synthetic oil and rubber and other industries imposed by the Prohibited and Limited Industries Agreement of April, 1949, have been relaxed in a new agreement, the text of which appears on page 37. Allied responsibility in the field of deconcentration will be relinquished upon completion of the current programmes in the coal, steel, chemical and film industries and in banking and the conclusion of pending actions †.

Prior to the publication of the Instrument of Revision, letters were exchanged between the Allied High Commission and the Federal Chancellor (the texts appear on page 30) which contained acknowledgement of the responsibilities of the Federal Republic in regard to pre war debts of the former German Reich and economic aid rendered to Germany by the Allies since the war. Assurances were given also in respect of the equitable distribution of materials, products and services which might be required for Western defence.

Studies are now in progress in accordance with the decisions of the Foreign Ministers in Brussels regarding the changes in the Occupation arrangements which might logically attend a German defence contribution.

## Quadrupartite Paris Talks

Representatives of the Governments of Great Britain, the United States, France, and the USSR met in Paris during March to find a mutually acceptable basis for a meeting of the Foreign Ministers of the Four Powers.

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\* See the chart facing page 22 which shows the present organisation of the Federal governmental machinery.

† Special papers on page 64 and 66 deal with the reorganisation of the coal and iron and steel industries and the dispersal of IG Farbenindustrie.

The Soviet note requesting a meeting of the Council of Foreign Ministers was published in the last issue of this Report, with the British reply. In reply to a further note by the USSR, His Majesty's Government on 19th February suggested a preparatory meeting in Paris. This note, after emphasising that the German question was not the cause but rather the effect of the present tension in Europe, stated, *inter alia* —

"His Majesty's Government wish to ensure that discussions at any meeting of the four Ministers shall include these real causes of tension and that a suitable agenda to that end be drawn up. Since the Soviet Government had admitted the possibility of discussing questions other than Germany and has itself drawn attention to that of armaments, His Majesty's Government which desired to raise this question assume that the Soviet Government does not object to representatives of the four Governments in the preliminary conversations preparing an agenda which will cover causes of tension in Europe including the existing level of armaments, problems affecting Germany and the Austrian treaty."

At the time of this Report, the Paris conference was still in progress.

### German Unity

Overtures on the reunification of Germany made by Herr Grotewohl, Minister President of the "German Democratic Republic" in the Soviet Zone of Germany, were mentioned in the last issue of this Report. The Federal Chancellor replied in January in a declaration which included the words —

"The Federal Government agrees with all Germans on the point that nothing should remain unattempted which might restore German unity in freedom and peace. The Federal Government, however, can only enter into conversations about German reunion with those who are prepared to recognise and guarantee, without reservation, a state order based on the rule of law, a free form of government, the protection of human rights and the promotion of peace."

A new attempt to capitalise the German desire for unity was made in an appeal by the "Volkskammer" of the Eastern Zone to the Bundestag of the Federal Republic published on 30th January, 1951. A special session of the Bundestag assembled on 9th March to hear a governmental declaration by Dr. Adenauer upon German unity, and upon the proposed Four Power talks. A *resume* of the Chancellor's declaration appears on page 43.

### Schuman Plan Signed

The Schuman Plan treaty, under which a European pool of steel and coal resources is to be created, was signed in Paris on 18th April, 1951, by the Foreign Ministers of the six governments taking part—France, Germany, the Netherlands, Italy, Belgium and Luxembourg. The treaty now awaits ratification by the Parliaments of these six countries. The treaty contains provision for other governments to accede to the plan after the setting up of a supra national High Authority to control coal and steel production. The British Government did not take part in the discussions, but the British Embassy in Paris was kept generally informed of the progress of negotiations.

Intergovernmental discussions regarding the impact of the Schuman Plan treaty upon the future of the Ruhr Authority are now likely. The members of the Ruhr Authority, which was set up in April, 1949\*, to allocate coal, coke and steel from the Ruhr as between German consumption and export demands, are the three Occupying Powers, the Benelux Governments (Belgium, the Netherlands and Luxembourg) and the German Federal Republic.

## Berlin

Revision of the statement of principles, which governs relations between the three Occupying Powers and the Berlin city administration, was announced by the Western Commandants at the same time as the instrument of revision of the Occupation Statute became effective. The modifications in Allied powers in the Western Sectors of the city correspond broadly to the revision of the Statute.

On 1st February, 1951, the Soviet authorities merged the western part of the Berlin suburb of Staaken with the Soviet Sector of Berlin and placed it under the administration of the East Sector Magistrat. The population of West Staaken has been issued with East Berlin food and coal ration cards and is no longer allowed to be in possession of Western Zones currency. West Staaken, with 500 inhabitants, lies on the western border of the British Sector of Berlin, and had since 1945 been administered by the Borough of Spandau.

Planning is now well advanced for the Cultural Festival which is being arranged jointly by the Allies and the German cultural authorities in Berlin. The British contribution will include a visit by the Old Vic company, an eminent British conductor conducting the Berlin Philharmonic Orchestra, an exhibition of modern British art or industrial design and one or more musicians and lecturers of international repute.

A Communist youth festival is planned to take place in East Berlin from 5th—19th August which, it is claimed, is to be the rallying point for one to two million youths of whom 100,000 are expected to come from Western Germany. The programme is to consist of sports and cultural group competitions and festivals and there will be a march past of one million Freie Deutsche Jugend (FDJ) members on the day dedicated to "the struggle against remilitarisation in Western Germany".

A section on the administration of Berlin appears on page 122.

## Allied High Commission

Following the revision of the Occupation Statute and of its own Charter, the committee organisation of the Allied High Commission has been considerably modified, as indicated in the chart facing page 18.

Legislation promulgated during the quarter is listed at Appendices 2, 3 and 4 to this Report. Among the more important, apart from the Instrument of Revision, were Directives 3 (revised) and 6, dealing respectively with the negotiation of international agreements by the Federal or a Land Government and with the procedure for the putting into effect of treaties of the former German Reich as between the Federal Republic and the other party or parties thereto.

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\* The charter of the International Authority for the Ruhr was published in the May 1949 issue of the Monthly Report of the Control Commission.

A regulation under Allied High Commission Law 24 sets forth the conditions under which the Federal police and other Federal agencies responsible for the maintenance of law and order may possess firearms and ammunition necessary for the performance of their duties. Under it, the Federal Government assumes primary responsibility for determining which Federal agencies need arms in the conduct of their duties. The reservation imposed by the Military Governors on the exercise by the Federal Government of police powers contained in Article 91 (2) of the Basic Law had been formally lifted. This article provides that the Federal Government may assume central control of Länder police forces, to combat imminent danger to democratic law and order, the reservation, dated 12th May, 1949, directed that these police powers might "not be exercised until specifically approved by the Occupation Authorities". The lifting of this reservation follows the decision reached at the Foreign Ministers Conference in New York to allow the establishment in Western Germany of mobile police formations organised on a Land basis to deal with possible subversive activities.

Responsibility for the operation of the International Tracing Service, which has succeeded in ascertaining the death or survival of millions of concentration camp inmates, displaced persons, prisoners of war and slave labourers brought into Germany during the war, was assumed by the Allied High Commission on 1st April, 1951.

### Federal Government and Parliament

Co-determination of workers ("Mitbestimmungsrecht") in the coal and iron and steel industries was the subject of protracted negotiations during the quarter, which are surveyed in a paper on page 47.

The long-awaited Bill on equalisation of burdens, under which a levy on property and assets is to be made to aid persons who suffered serious losses as the result of the war, was introduced into the Bundestag during January. During the course of a seven-hour debate, considerable criticism was expressed by all the opposition parties. The Social Democrats, in particular, objected that the Bill related compensation too closely to former possession of private property and that the levy should not be exacted on public property since this represented an unjustifiable burden on the taxpayer. Members representing the expellees, including Dr. Kather of the Christian Democrats, expressed bitter disappointment at the terms of the Bill, claiming, for their part, that it did not go far enough in the matter of compensation for property losses.

Another major debate during January concerned Occupation costs and housing requirements. Two motions by the Bavarian Party and the Social Democrats were adopted, requesting the Federal Government to discuss, with the High Commission, the question of relating Allied housing demands to existing conditions and to obtain an assurance that the accommodation of new troop reinforcements would not adversely affect the population.

An important law giving the government powers for control over raw materials was promulgated in March.

Measures creating a Frontier Protection Authority and establishing the Federal Constitutional Court were approved.

The Federal Chancellor has himself assumed the post of Foreign Minister in the newly created German Foreign Ministry.

On 4th April, eight foreign representatives presented their letters of credence to the Federal President. Seven had previously been accredited to the Allied High Commission. Of these, the representatives of the Netherlands and Italy are now Ambassadors, while India, Luxembourg, Portugal, Sweden and Switzerland are represented by Ministers. The eighth was the appointment of Archbishop Munch as Apostolic Nuncio to the Federal Republic.

### Economic Matters

The most striking features of the West German economy in the first quarter of the year were the recovery of production, the decline in unemployment, and the recrudescence in more acute form of the balance of payments crisis of the previous autumn, leading to the suspension of the issue of import licences for all goods from the European Payments Union area both in the liberalised and non liberalised sectors. After a seasonal fall, accentuated by coal and power shortages, in December and January, the index of industrial production had recovered by March the high point reached in November, 1950. Trends are illustrated in the basic graphs opposite. With the exception of iron and steel, all important sections of industry contributed to this recovery. Steel output\* during the quarter was 3,010,000 tons as against the previous quarter's output of 3,205,000 tons. For this decline, fuel and scrap shortages were widely blamed.

Hard coal production\* improved during the quarter, and on eight occasions daily outputs of over 400,000 metric tons were achieved. Total production reached 29,600,000 metric tons for the three months, in which period some 5,500,000 metric tons of coal and coke were exported. The remainder was inadequate to cover the increased demands of industry and domestic consumption, and the position was also rendered slightly more difficult by the non arrival of certain expected imports. Very few, if any factories were obliged to close down owing to the shortage, but there was short time working. The advent of milder weather early in the New Year relieved the situation and the position was easier at the end of the quarter than at the beginning. The future outlook is not particularly favourable, and unless the steps being taken to attract capital to the industry, and to increase the number of workers by the provision of housing, are successful, shortage of coal (with its effects in particular on the production of power and steel) is likely to impose fairly narrow limits on industrial expansion for some considerable time to come.

The decline in numbers unemployed has been both more rapid and more substantial than in the early part of 1950. The downward trend began in mid January, and a decrease for the quarter of 123,000 brought the total down to 1,567,000 by the end of March. This movement was strongly influenced by the building industry, where unusually mild weather permitted an increase of activity in February to a point not reached in 1950 until April. The economy has also shown itself remarkably adaptable in its capacity to absorb fresh labour coming on the market. Owing to lack of uniformity in Lander statistics there is some doubt about the number of persons employed, but a preliminary figure of 14,246,000 employed wage and salary earners at the end of the quarter shows a definite increase in employment, and probably indicates that at least there was no reduction in the number of employed

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\* Appendices 6 and 7 illustrate coal and steel production.

persons during the period. This is the first occasion since currency reform that either unemployment has fallen or employment failed to decrease during the first quarter of the year, and if structural and seasonal unemployment are taken into consideration, the unemployment situation in the Federal Republic seems as satisfactory as could possibly be expected.

Although the trends both of production and employment have been remarkably favourable, the confident mood of the last half of 1950 has now given way to one of uncertainty. The rapid expansion of the uncontrolled sector of the economy caused by the Korean war has thrown into sharp relief the failure of the rest of industry and of agriculture to keep pace. This rapid expansion, fed to some extent by tax concessions granted earlier in 1950, and by credits made available under the Unemployment Assistance Programme last spring, has by greatly increasing effective demand not only created inflationary pressure in an economy poorly equipped to withstand such pressure, but in conjunction with a worsening of the terms of trade led to a most serious balance of payments crisis. At present an attempt is being made to deal with the lack of balance that has arisen by damping down activity in the over-expanded sectors of the economy, and by increasing activity in the under-developed sectors. On the one hand, steps are being taken to reduce the volume of internal credit and to restrict imports, certain raw materials also have been or are being placed under control. On the other hand, price increases have been allowed, or are about to be allowed on a number of agricultural commodities, the impact of these increases being cushioned by subsidies, while plans are afoot to channel more capital into basic industry.

At the time of this Report, however, the disequilibrium persists. Prices continue to rise, the cost of living index having gone up ten points (some seven per cent) since December, 1950, and demands for wage increases are becoming more frequent. The only development that would bring immediate relief to all these tensions would be a real break in world market prices, and an alteration in the terms of trade in favour of Germany. In the absence of such a development—and at present there seems little sign of it—the immediate future cannot fail to be a time of increasing difficulty.

### Staff

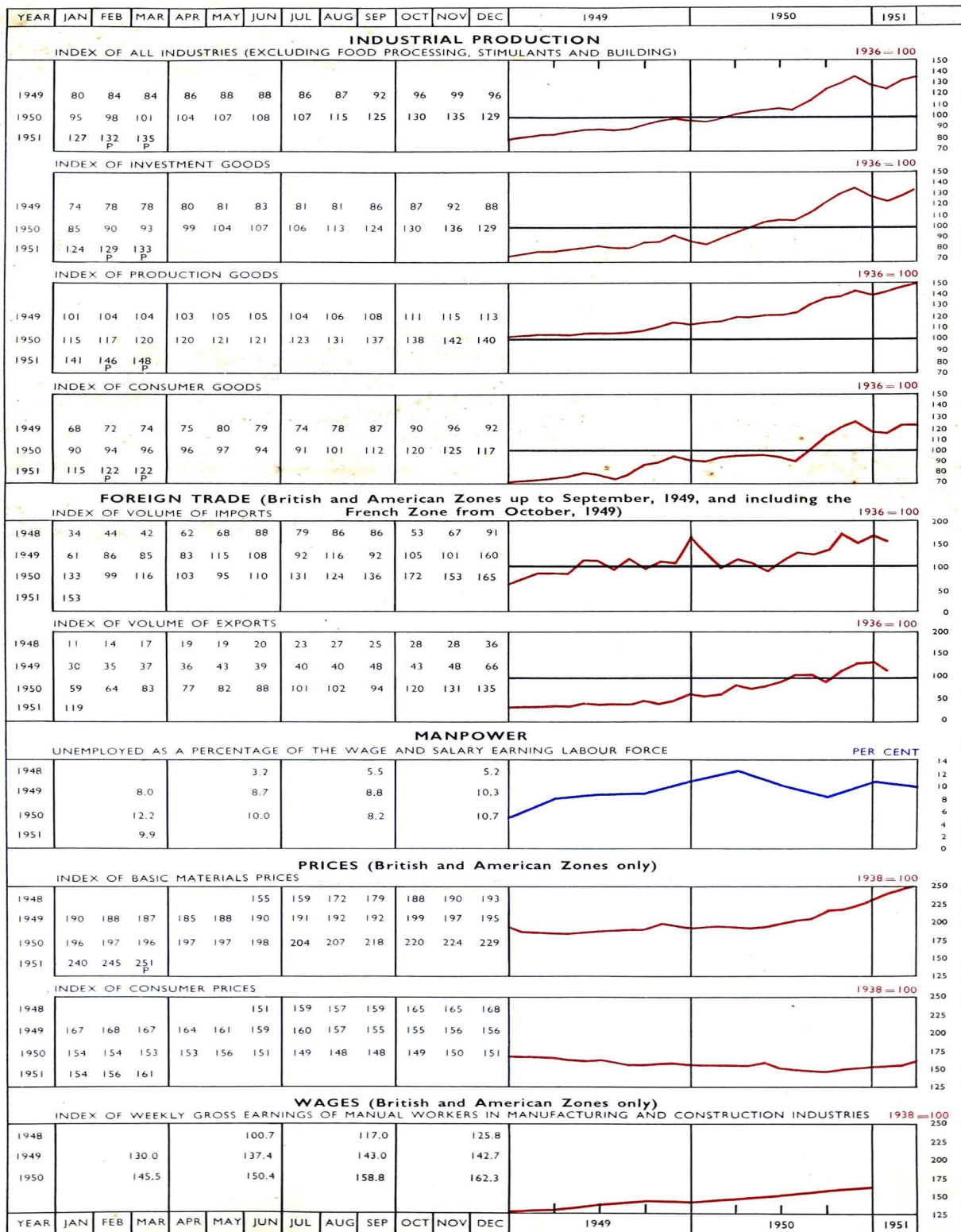
Major-General L. Wansbrough-Jones, CB, CBE, Chief of Staff to the High Commissioner, has assumed also the duties of British Commissioner, Military Security Board, on the departure of Major-General V. J. E. Westropp, CB, CBE, who has returned to the Army.

Mr M. A. M. Robb, who has been for the past three years First Secretary (Information) at the Hague, has been appointed Chief, Information Services Division.

Brig A. C. Todd, OBE, relinquished the appointment of Director, Displaced Persons Branch on 30th March on disbandment of the Branch.

Mr J. M. Buckeridge on 4th April, 1951, relinquished his appointment as Director of Civil Aviation Branch.

# ECONOMIC TRENDS IN WESTERN GERMANY





# CHRONOLOGY

- 1st January 1951 — India terminated state of war with Germany  
Soviet reply to the British note of 22nd December 1950 on the question of the proposed Four Power Talks, delivered to British Embassy in Moscow
- 3rd January, 1951 — The American High Commissioner announced that HICOG Headquarters would be transferred to Bonn Enclave as soon as housing office space and other facilities could be constructed
- 4th January, 1951 — Allied High Commissioners received diplomatic representatives of nineteen countries at the Petersberg
- 9th January, 1951 — Informal talks at technical level concerning German participation in Western defence began at Petersberg
- 10th January, 1951 — Council of International Authority for the Ruhr held its 24th meeting and adopted a new allocation procedure to be applied with effect from the allocations for the second quarter of 1951
- 11th January, 1951 — After the fifty first meeting of the Council of the Allied High Commission, held at the Petersberg the Head of the Portuguese Mission Senhor Goao de Barros Ferrera da Fonseca presented his letter of credence to the Allied High Commissioners  
US authorities protested to Soviet authorities on border interference with vehicles on the international highway linking Berlin with Western Germany
- 12th January, 1951 — The British High Commissioner, in a speech in Hamburg appealed to the Germans to adjust their policy to that of the Western Powers and said that a policy of playing one power against another might evoke the enmity of the whole world and lead once more to Germany's destruction
- 13th January 1951 — British Parliamentary Under Secretary of State for Foreign Affairs Mr Ernest Davies MP, arrived for tour of Western Germany  
The British High Commissioner addressed students of Kiel university together with many prominent Allied and German personalities on the subject Some Problems of Youth in the Modern State
- 16th January, 1951 — Chief ECA special mission to Western Germany announced the authorisation of 1 350 000 000 deutsche marks for release in Western Germany's 1950-51 Marshall Plan Counterpart Investment Fund Programme  
AHC decided that Federal Government with certain reservations was to deal with extraditions  
British High Commissioner lectured the students of Hochschule fur Politik in Berlin on Europe
- 18th January 1951 — Costs of Allied Occupation debated in the Lower House (Bundestag) following written question by Herr Franz-Josef Strauss (CDU CSU) on the use and application of Occupation costs  
The Rt Hon Anthony Eden, MP accompanied by Brig A Low MP, arrived in Germany as guest of the British High Commissioner
- 19th January, 1951 — AHC provisionally disapproved a law amending the Civil Service Code of Bavaria  
Mr Paul S Nevin, Chief Export and Promotion Bureau ECA Mission to Western Germany announced that Western Germany had increased its exports to the United States in 1950 to more than 100 000 000 dollars, thus more than doubling the figures for 1949

- 22nd January, 1951 — Mr Ernest Davies, MP, Parliamentary Under Secretary of State for Foreign Affairs toured Eastern Sector of Berlin  
General Dwight D Eisenhower had informal talks with the British and American High Commissioners and the French Deputy High Commissioner at Bad Homburg
- 23rd January, 1951 — British Government's reply to the note of the Soviet Government of 30th December 1950 was handed to the Soviet Foreign Minister
- 25th January, 1951 — The fifty second meeting of the Council of the Allied High Commission was held at the Petersberg The Council signed a law amending Allied High Commission Law 40 concerning restrictions and activities of members of the Allied Forces in Germany and a law amending Monetary Reform Legislation
- 27th January, 1951 — The Rt Hon. Anthony Eden, M P concluding his visit to Germany made a statement to press giving favourable impressions of the progress made in Germany since his last visit in 1948
- 30th January, 1951 — In a speech to the American Press Club in Frankfurt, the British High Commissioner dealt with the question of German partnership with the West He stressed that he considered a satisfactory development of affairs to be dependent on the manner in which the main problem of equality of rights between Germany and other nations was solved
- 31st January, 1951, — The American High Commissioner announced his final decision regarding requests for clemency for war criminals convicted at Nuremberg and imprisoned at Landsberg in the US Zone
- 1st February 1951 — Allied High Commission passed important transfer of travel control to the German authorities including issue of passports to German nationals in the Federal Republic  
West Staaken (Soviet Zone) transferred from administration of Bezirksamt Spandau to Soviet Sector of Berlin
- 2nd February, 1951 — British Commandant in Berlin sent a letter to Soviet Control Commission in Berlin asking them to request the East Sector German authorities to leave the German administration of West Staaken to the Bezirksamt Spandau, under whose administration it has been since 1920
- 5th February, 1951 — Soviet note on the subject of the proposed Four Power Conference between the Foreign Ministers of Great Britain France, the United States and the USSR was handed to the British Embassy in Moscow It expressed willingness to discuss matters other than demilitarisation of Germany and also agreed to hold a preliminary conference in Paris to discuss the agenda
- 7th February 1951 — US authorities in Germany handed note to Czech Government in Prague refuting Czechoslovakian allegations of border violations by US Air Force planes
- 8th February, 1951 — The fifty third meeting of the Council of the Allied High Commission was held at Petersberg The Council signed a law harmonising in three zones the procedure by which Occupation Authorities will pay compensation in deutsche marks to persons who have suffered loss or damage from the Occupation  
A new Child Guidance Clinic the first of its kind in the British Zone of Germany, was opened in Hanover
- 9th February 1951 — Allied High Commission *communiqué* regarding Federal Government's power to take over control of police forces in an emergency
- 12th February 1951 — The British Commandant in Berlin discussed with M Strogonov acting Soviet Commandant the administrative inconvenience and hardship which people of West Staaken are undergoing as the result of the transfer to Bezirk Mitte on 1st February M Strogonov was not prepared to reverse the Soviet decision

- 14th February, 1951 — The British Defence Minister, Mr. Churchill announced in the House of Commons that an additional division of the British Army will be sent to Germany
- 15th February, 1951 — The fifty fourth meeting of the Allied High Commission was held at the Petersberg  
Col. Henry A. Byroade, Director, Bureau of German Affairs Department of State Washington, stated at a press conference in Frankfurt that he believed German participation in Western defence should be made entirely on a voluntary basis. The voluntary assumption of the responsibilities and obligations of a role in the defence effort by the German people and government should logically be accompanied by a significant change in the political relationship between the Occupying Powers and the Federal Republic
- 16th February, 1951 — Dr. Hans Bockler, President of the German Trade Union Federation and leader of the trade union movement since 1945, died
- 17th February, 1951 — The twenty sixth meeting of the International Authority for the Ruhr, which commenced on 14th February, decided that in the application of its resolution regarding solid fuels export allocation the figure of 5 300,000 tons (exclusive of the usual exchange between Western Germany and the Saar) shall be a fixed amount
- 19th February, 1951 — The Allied High Commission approved a fourth regulation for the reorganisation of the German coal and iron and steel industries under High Commission Law 27  
A significant decision in a recent case of the United States Court of Restitution Appeals in Frankfurt, held that the German nation despite the unconditional surrender and the Four Power Occupation never ceased to exist, and that a judgment may be obtained against the German Reich for restitution claims  
The British reply to the Soviet Note of 5th February was handed to the Soviet Minister for Foreign Affairs in Moscow. The note suggested that representatives of the Four Powers should meet in Paris on 5th March to find a mutually acceptable basis for a meeting of the four Ministers
- 22nd February, 1951 — The fifty fifth meeting of the Council of the Allied High Commission was held in Berlin at the United States Headquarters Building. The US, British and French Commandants of Berlin were present
- 23rd February, 1951 — Details of the third major ERP counterpart investment programme announced by the Chief, ECA Mission to Western Germany, in a meeting with the Federal Vice Chancellor. Some 890 000 000 deutsche marks have been approved for distribution to the West German economy
- 26th February, 1951 — Federal Chancellor informed that British authorities would release Heligoland as soon as satisfactory alternative arrangements were completed, but in any case not later than 1st March, 1952
- 28th February, 1951 — Lord Henderson, Parliamentary Under Secretary of State in a foreign affairs debate in the House of Lords dealt with Berlin the British Government's attitude towards German re-armament, the integration of German units in a future European Army and the proposed Four Power Conference
- 1st March, 1951 — The fifty sixth meeting of the Council of the Allied High Commission was held at the Petersberg
- 7th March, 1951 — New Charter for Allied High Commission published. The Occupation Statute for Germany was revised in implementation of decisions taken by the British US and French Governments. Following assurances from the Federal Government an important group of Occupation controls was relaxed.  
At its fifty seventh meeting held at the Petersberg the Council of the Allied High Commission considered the Occupation Costs Budget particularly the part relating to increased defence costs

- 8th March, 1951 — A first instrument of revision of the Berlin Statement of Principles simplified Berlin legislative procedure following similar revision in the Federal Republic
- 10th March, 1951 — Mr Herbert Morrison succeeded Mr Ernest Bevin as British Foreign Secretary
- 13th March, 1951 — British Commandant Berlin sent a reply to the Berlin representative of the Soviet Control Commission regarding the stopping of barges on the Berlin waterways suggesting an early meeting to solve administrative difficulties between the Soviet and British controlled area waterways
- 14th March, 1951 — Council of the International Authority for the Ruhr concluded its twenty seventh meeting  
Earthquake in Rhineland caused damage in Euskirchen Cologne area
- 15th March 1951 — The fifty eighth meeting of the Council of the Allied High Commission was held at the Petersberg The Council noted the action of the Chairman in replying to the Federal Chancellor's letter to the High Commission concerning the Bundestag resolution of 9th March, 1951, on all German elections
- 17th March, 1951 — Intergovernmental Study Group visited Bonn The purpose of the visit was the exchange of views on problems of future policy following the implementation of the New York decisions on the revision of the Occupation Statute
- 22nd March, 1951 — The Deputy US High Commissioner for Germany protested against several incidents at Magdeburg when anti American demonstrations were carried on by Germans against passengers riding on the US military train to or from Berlin  
The Turkish Government announced that their Diplomatic Mission to the Federal Government would become an Embassy  
Dr Fritz Oellers FDP Bundestag delegate, appointed German Consul General for Brazil
- 27th March, 1951 — Federal Government scheme for reorganisation of German coal and iron and steel industries under AHC Law 27 accepted by the High Commission
- 28th March, 1951 — Soviet Sector police fired on four buses filled with American sightseers in Potsdamer Platz, Berlin
- 29th March 1951 — Both American and British Commandants in Berlin protested to Soviet authorities regarding incident on the British Sector boundary in Potsdamer Platz on 28th March
- 3rd April, 1951 — Agreement on Industrial Controls published, to replace Prohibited and Limited Industries Agreement of 1949

# ALLIED HIGH COMMISSION

*An instrument of revision of the Charter of the Allied High Commission for Germany was signed in London on 6th March, 1951, and published simultaneously with the documents pertaining to the revision of the Occupation Statute, the texts of which appear on page 27 of this Report. This revision of the Charter is mainly complementary to the revision of the Occupation Statute and brings the Charter in to line with it.*

## The Charter

The Charter of the Allied High Commission\* was signed in Paris on 20th June, 1949, by the Foreign Ministers of the United Kingdom, the United States and France. The revision came into effect on 7th March, 1951.

The forces of the three Occupying Powers will in future be stationed in Germany irrespective of zonal boundaries. This marks a complete change of the provision of the original Charter under which the forces of Occupation were to be stationed in their respective zones of Occupation. The new arrangement is in line with the general defence dispositions of the Western Powers and adapted to North Atlantic Treaty Organisation defence arrangements.

As regards Land legislation, the Charter has been brought into line with the revised Occupation Statute. The accreditation of foreign diplomatic representatives has been regulated by an amendment to correspond with the new rights granted to the Federal Government under the revised Occupation Statute in respect of diplomatic relations.

An annex to the revised Charter regulates voting in the High Commission, replacing the agreement on tripartite controls reached between the three Western Foreign Ministers at their meeting in Washington in April, 1949†. The main provisions remain, including the "weighted" vote when decisions are to be taken which require additional United States assistance to the German economy. In other matters the right of appeal of one High Commissioner against a decision by majority vote, which in his view conflicts with an inter governmental agreement or relates to paragraphs 2 (a) and (b) of the Occupation Statute, will continue to have a suspending effect of thirty days. Thereafter, two of the three governments must agree that the decision should be further suspended. Hitherto it has been necessary for two governments to indicate that a further suspension was not justified.

The revised Charter does not reproduce the provision of the tripartite controls agreement which enabled a dissenting High Commissioner to appeal against a majority decision with indefinite suspensory effect. It contents itself instead with affirming that it is outside the competence of the High Commission to alter or modify an inter governmental agreement relating to the subjects listed in paragraphs 2 (a) and 2 (b) of the Occupation Statute.

The text of the instrument of revision is given at Appendix I to this report.

## Legislation

Laws enacted by or under authority of the Council of the Allied High Commission are listed in Appendices 2-4 to this Report. Brief explanatory notes on the more important appear below.

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\* Published in the June 1949 issue of the Monthly Report of the Control Commission.

† See the April 1949 edition of the Monthly Report of the Control Commission.

<i>Regulation 14 under Law 24</i>	This regulation sets forth the conditions under which the Federal police and other Federal agencies responsible for the maintenance of law and order may possess firearms and ammunition necessary for the performance of their duties. Under it, the Federal Government assumes primary responsibility for determining which Federal agencies need arms in the conduct of their duties. Requests for approval will no longer have to be made to the High Commission. The acquisition of the arms and ammunition still requires authorisation by the Military Security Board. Non Federal agencies which need arms in connection with their duties will continue to address requests to the appropriate Land Minister President.
<i>Law 46 (Monetary Reform)</i>	This amending legislation concerning monetary reform provides that the acceptance by a creditor who is a United Nations national, in payment of a debt, of the rate of conversion fixed in the monetary reform legislation, shall not invalidate his rights to participate in further payments at other rates which might be decided upon in a final settlement of reichsmark debts owing to United Nations nationals.
<i>Law 47—(Compensation for Occupation damages)</i>	This law harmonises in the three Western Zones the procedure by which the Occupation Authorities will pay compensation in deutsche marks to persons who have suffered loss or damage through the Occupation.
<i>Regulation 4 (Liquidation of Coal Industry enterprises) and Regulation 5 (amending Regulation 2) under Law 27</i>	Regulation 4 provides for the liquidation of the companies listed as 10, 11, 12 and 13 in schedule 'A' to Allied High Commission Law 27 (Reorganisation of German coal and iron and steel enterprises), as companies liable to reorganisation to prevent excessive concentration of economic power. Regulation 5 amends Paragraph 2 of Article 2 of Regulation 2 (Liquidation of iron and steel enterprises), regarding the designation of enterprises in liquidation.
<i>Regulation 4 under US and British Military Government Laws 53 (revised) and French High Commissioner Ordinance 235 (Control of Foreign Exchange and the movement of property)</i>	This regulation limits transactions authorised in connection with any claim for restitution filed under British and American Military Government Laws 59 and Ordinance 120 of the French Commander in Chief in Germany.
<i>Directive 3 (revised)—Negotiation by the Federal or a Land Government of international agreements</i>	This amended directive provides that international agreements by the Federal or a Land Government will enter into force 21 days after signature unless objection is raised by the Allied High Commission within that period.
<i>Directive 5—Repeal, deprivation of effect and amendment of Occupation legislation by German authorities</i>	This new directive provides for the repeal of Occupation legislation, pursuant to paragraph 7 (c) of the Occupation Statute, within certain limits, by the German authorities.

<i>amending Law 23 protection of displaced and refugees)</i>	This law extends for one year from 1st January, 1951, to 1st January, 1952, the time limit for the submission of applications for the registration of those marriages between displaced persons or refugees which were solemnised in Germany and were validated by Allied High Commission Law 23. This amendment to Article 7 of Law 23 was enacted on the suggestion of the International Refugee Organisation so that the marriage by religious ceremony of several thousand displaced persons and refugees who have left Germany may be considered as valid under German law.
<i>Law 49—Traffic Code for the Allied Forces</i>	This law provides that, with certain exceptions, the German highway code shall apply to the Allied Forces.
<i>Directive 6—Treaties concluded by the former German Reich</i>	This directive provides that treaties of the former German Reich may be given effect as between the Federal Republic and the other party or parties thereto, after direct communication between the Federal Government and the other interested powers, subject to authority given by the Allied High Commission.
<i>Law 50—Amendment 1 to Law 34 (Application of land reform legislation to property of non German nationals)</i>	This amendment allows non Germans, who through restitution proceedings acquire land in excess of the acreage permitted under the land reform laws, a period of one year from the date of such acquisition to dispose of the excess acreage.
<i>Law 51, further amending British Military Government Ordinance 127 and United States Military Government Proclamation 8</i>	This law provides that no further proceedings are to be instituted before the former Bizonal High Court. Cases pending before the Bizonal High Court are to be transferred to the appropriate Federal courts which have been or are being established pursuant to the Basic Law. Disposition of the pending cases will be made by the Federal authorities.

### Implementation of New York Decisions

The text of the First Instrument of Revision of the Occupation Statute appears on page 27 with a paper on the implementation of the New York decisions.

Three weeks before the promulgation of the First Instrument of Revision, the Chairman High Commissioner advised the Federal Chancellor in a letter that the moment was approaching at which the governments of the United States, France, the United Kingdom and other members of the United Nations would be able to terminate the state of war with Germany in their own domestic legislation, and accordingly reminded the Federal Government of the necessity to accelerate the enactment of its law designed to eliminate from German legislation all reference to the state of war.

### Diplomatic Representatives

The last Head of Mission to be accredited to the Allied High Commission was Senhor Goao de Barros Ferrera da Fonseca, Minister Plenipotentiary and Head of the Portuguese Mission who presented his letter of credence on 11th January.

## Extraditions

The High Commission decided on 16th January that the Federal Government should take over primary responsibility for extraditions to and from the German territory. The Federal Government has become responsible, with certain exceptions, for the extradition of persons wanted for common crimes, and is able to deal directly with foreign authorities when requesting or receiving applications for extradition. Details appear in the Legal section on page 106.

## Police Control

On 9th February, the High Commission announced that the reservation imposed by the Military Governors on the exercise by the Federal Government of police powers contained in Article 91 (2) of the Basic Law had been formally lifted. This article provides that the Federal Government may assume central control of Lander police forces, to combat imminent danger to democratic law and order, the reservation dated 12th May, 1949, directed that these police powers might "not be exercised until specifically approved by the Occupation Authorities". The lifting of this reservation follows the decision reached at the Foreign Ministers conference in New York to allow the establishment in Western Germany of mobile police formations organised on a Land basis.

## Coal and Iron and Steel Industries

- On 22nd March, the Chairman of the Allied High Commission informed the Federal Chancellor that the High Commission had decided to accept proposals forwarded by the Federal Government on 14th March for the reorganisation of the German coal and iron and steel industries. Details of the German proposals are given in a special paper on page 64.

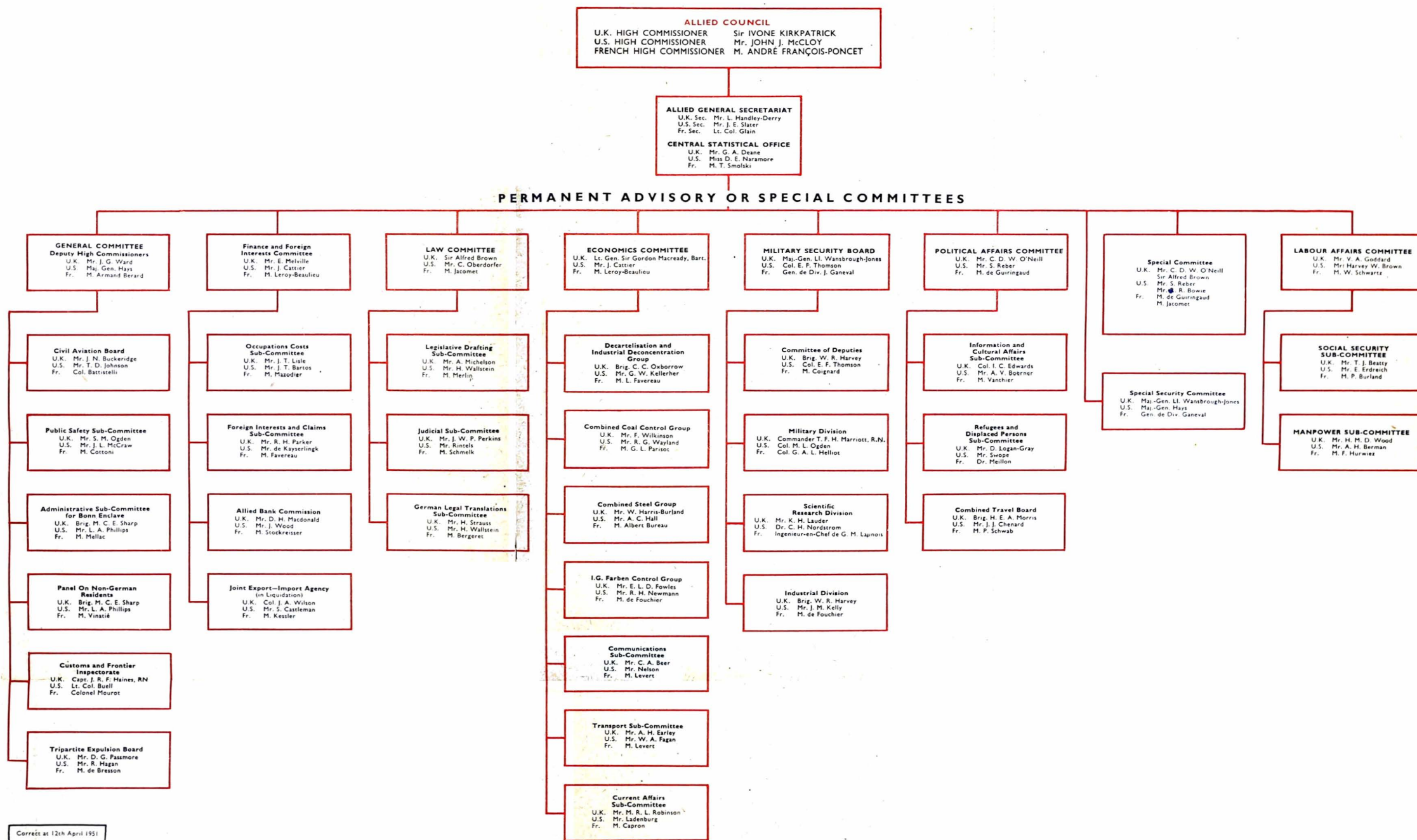
## Former Reich Treaties

It was announced on 6th April, 1951, that the governments of France and the German Federal Republic had agreed to give immediate effect to the convention on double taxation concluded on 9th November, 1934, between the former Reich and France. The High Commission, in accordance with the procedure established as a result of the New York decisions of the Foreign Ministers, declared the convention to be applicable to and binding upon the Federal Republic from 4th April, 1951.

This is the first of the treaties of the former German Reich to be given effect since the end of the war. All treaties of the former Reich were invalidated by Control Council Proclamation 2 of 20th September, 1945. After that time international commitments affecting Germany were in the form of new arrangements, undertaken either by the individual Allied authorities on behalf of their zones, by the High Commission on behalf of the Federal Republic, or by the Federal Government with the approval of the High Commission. At New York in September, 1950, the Foreign Ministers of the United Kingdom, France and the United States agreed that the Federal Republic and all interested powers should be invited to make known to



# ORGANISATION OF THE ALLIED HIGH COMMISSION



the High Commission those treaties of the former German Reich to which they desired to give effect again as between the Federal Republic and the country concerned. A procedure established by the High Commission to give effect to the Foreign Ministers' decision provides for direct negotiation between the Federal Government and foreign countries. When the Federal Government and the foreign country have agreed, the High Commission declares the treaty to be applicable to and binding upon the Federal Republic.

In acting upon these requests, the High Commission takes account of such considerations as the avoidance of prejudice to the eventual peace settlement with Germany and the avoidance of conflict with the revised Occupation Statute or with the terms of any agreement relating to or affecting Germany to which the High Commission or the individual Allied Powers are parties.

# FEDERAL GOVERNMENT AND PARLIAMENT

*The question of co determination for workers in the coal industry and the iron and steel producing industries was the subject of protracted negotiations resulting in the submission of a Bill to both Houses\**

*The important Bill on equalisation of burdens was discussed in the Bundestag and Bundesrat Measures creating a Frontier Protection Authority and establishing the Federal Constitutional Court were given final approval*

*Dr Adenauer stated his government's position on the Four Power Conference and on the overtures of the East Zone authorities regarding reunification of Germany*

*The Chancellor assumed the post of Foreign Minister in the newly created German Foreign Ministry The chart overleaf shows the layout of the Federal governmental machine*

*The economic situation and the fuel position continued to give grounds for anxiety\*\**

*The Schuman Plan treaty was initialled on 19th March and signed on 18th April, 1951*

## Bundestag

By the end of 1950, the total number of Bills submitted to the Bundestag, since its formation in September, 1949, was two hundred and twenty one Of these, one hundred and twenty two had been given all readings, fourteen had been either rejected or withdrawn and seven were still awaiting consideration The remaining seventy eight Bills were still in committee

During the first three months of 1951, the Lower House completed twenty of these seventy eight measures, but an additional forty four were introduced, of which only ten had been given all three readings by the end of March The backlog is now, therefore, somewhat greater than before Recommendations of the Inter House Arbitration Committee on five 1950 Bills, to which the Upper House had raised objection, were also approved

January saw the introduction of the long awaited Bill on equalisation of burdens, under which a levy on property and assets is to be made to aid persons who suffered serious losses as the result of the war During the course of a seven hour debate, considerable criticism was expressed by all the opposition parties The Social Democrats, in particular, objected that the Bill related compensation too closely to former possession of private property and that the levy should not be exacted on public property since this represented an unjustifiable burden on the taxpayer Members representing the expellees, including Dr Kather of the Christian Democrats, expressed bitter disappointment at the terms of the Bill, claiming, for their part, that it did not go far enough in the matter of compensation for property losses

Another major debate during January concerned Occupation costs and housing requirements Members criticised the way in which money was being spent at present and stressed the need for a new attitude on the part of the Allies The scale of

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\* Mitbestimmungsrecht is the subject of a special paper on page 47

\*\* See summary under International Authority for the Ruhr on page 56



*The Federal Chancellor, Dr. Adenauer and other important Federal Government representatives attended a reception in Bad Homburg on 22nd January, 1951, in honour of General Dwight D. Eisenhower, Supreme Commander of the Atlantic Powers' Forces. Photograph shows General Eisenhower in conversation with Dr. Adenauer (centre) and His Excellency Mr. John J. McCloy, the American High Commissioner in Germany.*



*Dr. Hermann Ehlers of the Christian Democratic Union, who succeeded Dr. Erich Köhler as President of the Bundestag in October, 1950.*

Allied accommodation was criticised at length. Two motions by the Bavarian Party and the Social Democrats were adopted, requesting the Federal Government to discuss, with the High Commission, the question of relating Allied housing demands to existing conditions and to obtain an assurance that the accommodation of new troop reinforcements would not adversely affect the population.

In the same month, the government introduced a Bill for the establishment of a Federal Frontier Protection Authority, which had been passed by the Bundesrat in December. This experienced sharp opposition from the Social Democrats who described it as an unconstitutional avoidance of the main issue—the question of setting up a mobile Federal police force. They had misgivings at the creation of so large a force, over which, they asserted, parliamentary control would be inadequate. Coalition speakers expressed surprise at this attitude which, they claimed, merely confused the issue. The major parties succeeded in reconciling their views at the committee stage, and in February the Bill was passed by a large majority, only the Bavarian Party and the Communists opposing it.

The vexed question of the territorial reorganisation of the South Western Lander\* was raised in connection with two Bills, one initiated by the Free Democrats and the other by a group of Christian Democrat members from Baden. The Free Democrat bill, which tended to favour the fusion of Baden, Württemberg and Wurttemberg Hohenzollern into one Land, was supported by the Social Democrats against the Baden members' Bill, which was more inclined to encourage the restoration of the old Lander of Baden and Wurttemberg. These drafts were followed in February by a third version submitted by the Christian Democrat Parliamentary Party as a whole. The three draft laws were being considered in committee at the end of the quarter.

In February, a debate took place concerning the continued bombing of Helgoland. All parties agreed that the matter was having an adverse effect on European relations and the government were directed to continue their efforts to obtain the return of the island to its inhabitants. Since the decision of the British Government was announced, to cease using Helgoland for bombing practice as soon as a suitable alternative target could be found, motions have been introduced for the peaceful resettlement of the island with Federal financial aid.

A motion calling on the government to negotiate with other democratic countries with a view to creating a European passport, particularly for young people, and to lifting *visa* restrictions was also approved by all parties.

A major debate arose in connection with a Social Democrat question regarding reparations for Nazi injustices. The Social Democratic party suggested, among other things, that Israel should be recognised as the legal successor to those Jews who had been wiped out together with their families. The government view was that, constitutionally, the matter lay entirely in the hands of the individual Lander.

Considerable attention was devoted to the Bill on co-determination rights for workers in the mining industry and the iron and steel producing industries. In the debate on first reading in February, the Chancellor expressed the hope that the solution represented by the measure would constitute an important contribution to the solution of German social problems. He relied upon the good will of both sides in industry to ensure the success of the new arrangements. The Social Democrats

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\* See the paper on page 120

supported the Bill, but defended the action taken by the trade unions in threatening a strike unless the existing rights to co-determination of workers in the industries subject to Allied High Commission Law 27 were guaranteed by Federal law. The Free Democrats and the German Party rejected the idea on principle. They were supported by the smaller elements in the House, with the exception of the Communists and Centre Party.

A final reading was given in February to the Bill establishing the Federal Constitutional Court. The law regulating the legal position of displaced persons resident in the Federal Republic was also enacted.

In March, meetings continued only until the 16th of the month, but a considerable amount of legislation was completed during that time and a number of important debates took place.

Allied housing policy was again the subject of a long debate at the last meeting before the Easter recess. Criticism centred on the number of dwellings requisitioned but not in use, and members enumerated detailed lists of properties which had stood vacant for considerable periods. The government assured the House that they were in touch with the High Commission on the matter.

In internal affairs the House devoted itself to the completion of a number of technical financial and legal measures and passed new Bills on unemployment insurance and welfare. Bills on the redistribution of refugees among the Lander, financial aid for Schleswig Holstein and financial equalisation among the Lander were also given final readings. A second reading was given to a number of individual budget estimates including that of the Ministry of Economics.

In the field of foreign affairs, the Bundestag passed, during February, with the approval of all parties except the Communists, a Bill obliging members of the public to submit (on pain of a fine) any details in their possession concerning German prisoners of war and missing civilians abroad. The object of this measure was to collect all available data for submission to the United Nations in accordance with their decision of 14th December, 1950.

On 9th March, the Chancellor delivered a declaration rejecting, as merely propaganda connected with the coming Four Power Conference, overtures by the East Zone authorities for a discussion of the re-unification of Germany. The only solution he would see to the problem was "unity in peace" by means of free and secret all-German elections. He welcomed the Western Powers' intention to examine the real causes of international tension and the High Commissioner's assurance that the Federal Government would be kept informed on the progress of the talks. Dr. Schumacher, leader of the Social Democrats, agreed with the necessity for all German elections and joined the Chancellor in condemning conditions in the Eastern Zone. He criticised the Western Allies, however, for lack of clarity in their policy towards Germany. German views were embodied in a note to the High Commission which was approved by all parties with the exception of the Communists and the Economic Reconstruction Association (WAV).

### Bundesrat

During the first quarter of 1951, the Bundesrat considered and stated its initial attitude towards thirty-nine new government Bills, which were forwarded to the Bundestag. The Upper House also itself initiated three Bills. It gave final consideration to forty-two Bills returning from the Lower House. Five measures,

on which differences of opinion arose between the Bundestag and Bundesrat, were referred to the Inter House Arbitration Committee. Of these, two received final approval before the end of March, one was vetoed after the Lower House and rejected a compromise proposed by the committee and two still remained under discussion at the end of March.

The vetoed measure, a new price control Bill, was rejected by a two thirds majority in the Upper House. As the Bundestag was unable to find a two thirds majority to counter the veto, the measure, which had already been under discussion for nine months, had to be abandoned, and the validity of existing legislation extended for a further term.

The Bill on equalisation of burdens was introduced in the Bundesrat in January. A considerable amount of preparatory committee work on the measure had been completed before its official submission and a long and detailed discussion took place. The Bill was eventually returned to the government for transmission to the Bundestag, together with a long list of amendments. Position was taken on a number of the fundamental questions involved and the House added a note to the effect that final approval would be forthcoming only if a satisfactory solution were found to these questions.

The government Bill on co-determination for workers in the mining industry and the iron and steel producing industries was given a very short hearing at the beginning of February. To avoid delaying this important measure, the House resolved to raise no objection to the basic principles of the Bill, but to reserve the right to submit suggestions direct to the Bundestag committees concerned, after detailed discussion had taken place. In due course a list of seventeen recommendations were sent on to the Lower House.

Certain measures which had passed comparatively smoothly through the Lower House caused difficulty in the Bundesrat. The Bill establishing a Federal Constitutional Court, for example, aroused grave misgivings, particularly among Bavarian and Rheinland Pfalz members. A motion by Niedersachsen to call the Arbitration Committee was defeated, however, and the Bill given final approval.

Again, objections were raised to the Bundestag initiated Bill concerning the equalisation of financial burdens among the Lander. Some Lander maintained that they would receive insufficient aid, while others objected to the size of their contributions. The measure was eventually approved, against the votes of Hamburg, Bavaria and Wurttemberg-Baden.

Important measures considered during March were the Bundestag Bill on financial aid for Schleswig-Holstein and the draft law defining the legal position of displaced persons residing in Western Germany.

The Bundesrat devoted much attention to a Bundestag Bill designed to prolong the period of office of the Landtage of Baden and Wurttemberg-Hohenzollern. The object of this measure was to avoid the expensive popular referendum which the Landtage themselves required for this purpose. Since proposals relative to the re-organisation of the South West Lander into one Land were before the Bundestag, the latter thought it desirable to prolong the present Landtage until the issue was decided. The Bundesrat, while admitting to some extent the justification for this action, could not condone what many Land representatives considered an unconstitutional act. The matter was under consideration by the Inter House Arbitration Committee at the end of March. The Bill has subsequently been passed, but the law not yet enacted.



A government Bill concerning the election of German representatives to the Council of Europe gave rise to protests in the Upper House that despite its recommendations on the subject, the government had left the choice of representatives to the Lower House. The Bundesrat refused to take position on the measure.

A government measure of importance also considered during March concerned the removal from German legislation of references to the state of war. This measure is necessary to enable the Occupying Powers and other foreign countries concerned to terminate the state of war with Germany.

In addition to the Bills described above, the Bundesrat approved thirty nine ordinances and administrative instructions during the three months under review. These included eleven ordinances, based on the law to safeguard the German economy, which provided for measures of control over certain raw materials and over the fulfilment of Occupation requirements.

The House rose on 16th March for the Easter recess.

### Federal Government

The fuel position continued to present the government with grave problems in the New Year. The Minister of Economics (Professor Erhard) at the beginning of January, instructed Land governments to make drastic cuts in shop window and advertisement lighting and, in a broadcast, appealed to all coal consumers to curtail their demands. The Federal railways were compelled to reduce their services for the same reason. The Minister, later in January, issued further instructions based on the government's emergency powers in this field, which were designed to save some fifty million kilowatt hours per week and which imposed heavy fines for infringements.

The question of co-determination for workers in the mining industry and the iron and steel producing industries closely occupied the government's attention during the period under review. On 3rd January, the Metal Workers' Union threatened to strike as from 1st February, if the government did not give a binding guarantee to introduce the necessary legislation. This was followed later by a similar action from the Miners' Union. After a series of meetings convened by the Chancellor and attended by representatives of the trade unions and employers, a compromise was eventually reached on the basis of which the government introduced draft legislation.

The Federal Government was confronted early this year with a rapidly increasing deficit in the Federal Republic's balance of payments and the problem of rising world prices of raw materials. In January, a law was passed providing for the imposition of certain government controls on raw materials, and the government instituted the appointment of controllers for certain branches of industry. Fiscal measures were taken to discourage imports of non essentials and to promote exports.

In February the Federal Government was obliged to suspend temporarily, in agreement with the Organisation for European Economic Co operation (OEEC), the operation of its liberalisation programme on imports. At the end of February, economic experts of the three coalition parties met at Niederbreisig in the Rhineland to draw up recommendations for a revised economic policy. The Federal Ministers of Economics and Finance subsequently began the preparation of draft legislation designed to embody a new economic programme, one of the principal objects of

which would be to assure the flow of investment into the heavy industries and other industries where shortages exist. The Federal Government has set up a permanent Ministerial Committee responsible for matters of economic policy. The committee consists of the Chancellor, the Vice-Chancellor (who is to act as his deputy) and the Ministers for Economics, Finance, Labour, Housing and Food. Dr. Ernst, a former Berlin banker has been appointed secretary to the committee.

The Federal Government took steps in February to secure the agreement of the Länder governments to establish mobile police forces in their Länder. Nine out of the eleven Länder have undertaken to raise such forces, but by the end of the quarter little progress had been made with the practical organisation or recruitment of mobile police in the Länder. The Federal Government is meanwhile proceeding with the establishment of frontier protection police on the basis of Federal law.

# NEW YORK AGREEMENT IMPLEMENTED

*The steps towards German sovereignty, and the relaxations of Occupation controls, agreed upon by the Foreign Ministers of Britain, France, and the United States of America in New York in September, 1950\*, were implemented on 6th March, 1951, following assurances by the Federal German Government in respect of the external indebtedness of the former German Reich, and responsibility for post war economic assistance, and an expression of willingness on the part of the Federal German Republic to co operate in the equitable distribution of defence materials and services*

*The following communiqué was issued by the Allied High Commission on 6th March, 1951 —*

## Allied High Commission Communiqué

Important measures which arise from the decisions taken by the Foreign Ministers at their September, 1950, meeting in New York are published to day. These measures mark an important step in the development of normal relations between the Governments of France, Great Britain and the United States and the Government of the Federal Republic. Further measures to this end should result from the decisions, taken by the Foreign Ministers in Brussels in December, 1950, to proceed in negotiations with representatives of the Federal Republic toward the establishment of contractual relations in connection with the association of Germany in the common defence effort of the West.

The following are the most important of the measures announced to day

In order to accelerate the integration of the Federal Republic in the community of free nations, the Allied High Commission has approved the immediate establishment of a Federal Ministry of Foreign Affairs and has authorised the Federal Government to enter into direct diplomatic relations with friendly nations and to exchange diplomatic representatives with them. Foreign diplomatic and consular representatives on Federal territory will normally be accredited to the Federal Republic.

The High Commissioners have promulgated a First Instrument of Revision of the Occupation Statute in which certain reserved powers are given up or are reduced. For example, the powers of the High Commission in the field of internal action under paragraph 2(h) of the Statute are given up, while powers in respect of foreign trade and exchange are considerably reduced. Furthermore, Federal and Land legislation will no longer be subject to prior review by the Allied High Commission before coming into force.

In furtherance of the re establishment of the German public and private credit in the world an agreement has been reached between the Federal Government and the Governments of the three Occupying Powers by which the former confirms its responsibility for the pre war external debts of the German Reich and acknowledges the debts arising out of the assistance furnished to Germany by the Allied Governments since 8th May, 1945. This agreement will in due course be laid before the Bundestag for ratification. The three Powers have in return indicated that the debt settlement will be a negotiated one in which the interested parties, both debtor

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\* The text of the Foreign Ministers' communiqué was published in the September 1950 issue of the Monthly Report of the Control Commission.

and creditor, as well as the governments concerned, including the Federal Government, will take part. It is also agreed that in establishing the amount and manner of payment of the German external debts consideration will be given to the general situation of the Federal Republic, in particular its capacity to pay and its territorial limitations.

In order to make an essential contribution to international co-operation, the Federal Government has also given a written undertaking to the Allied High Commission that it is prepared to co-operate in the equitable apportionment of materials, products and services which are in short supply or required for the common defence.

Finally, the High Commissioners have announced their programme for giving up Occupation Statute controls regarding respect for the constitutions, decartelisation and deconcentration, and displaced persons and refugees, as soon as certain specified conditions have been fulfilled.

### Instrument of Revision of the Occupation Statute

*The Occupation Statute\* has been amended by the Instrument of Revision quoted below. The revision is concerned with relaxations of Occupation controls over the Federal Government's conduct of foreign affairs, over internal economic actions of the Federal authorities, and in respect of German legislation. Under it, the Federal Government is permitted to set up a Ministry of Foreign Affairs and to establish and conduct diplomatic relations with foreign countries "to the full extent compatible with the requirements of security, other reserved powers, and obligations of the Occupying Powers relating to Germany".*

*The Instrument of Revision reads as follows —*

"The Council of the Allied High Commission hereby promulgates the following modifications of the Occupation Statute which, except as modified by this instrument, continues in force

I In paragraph 2(b), after the words "non-discrimination in trade matters", insert the following

"to the extent required for the purposes of paragraph 2(g) below "

II Paragraph 2(c) is amended to read as follows

"(c) foreign affairs, including international agreements made by or on behalf of Germany, but the powers reserved in this field will be exercised so as to permit the Federal Republic to conduct relations with foreign countries to the full extent compatible with the requirements of security, other reserved powers, and obligations of the Occupying Powers relating to Germany "

III Paragraph 2(g) is amended to read as follows

"(g) control over foreign trade and exchange to the extent necessary

(i) to meet the needs of security,

(ii) to ensure the observance by the Federal Republic of the principles of the General Agreement on Tariffs and Trade, until the Federal Republic has become a party to the agreement and assumed the obligations thereunder,

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• Published in full in the March, 1949 issue of the Monthly Report of the Control Commission

- (iii) to ensure the observance by the Federal Republic of the principles and practices of the International Monetary Fund Agreement and to control its exchange rate, until the Federal Republic has become a member of the fund and assumed satisfactory obligations thereunder with respect to its exchange rate,
- (iv) to provide for orderly settlement of claims against Germany

IV Paragraph 2(h) is deleted

V Paragraph 5 is amended to read as follows

“(a) Any amendment of the Basic Law will require the express approval of the Occupation Authorities before becoming effective. Any agreement made between the Federal Republic and a foreign government will become effective 21 days after its official receipt by the Occupation Authorities unless previously disapproved by them, provisionally or finally. Land constitutions, amendments thereof, and all other Federal or Land legislation will be effective without review by the Occupation Authorities but will be subject to repeal or annulment by them.

“(b) The Occupation Authorities will not disapprove any agreement between the Federal Republic and a friendly country or repeal or annul legislation unless in their opinion it is inconsistent with the provisions of the Occupation Statute as revised or with legislation or other measures of the Occupation Authorities, or constitutes a grave threat to the basic purposes of the Occupation.”

VI Paragraph 7 is amended to read as follows

“(a) In so far as it is based upon reserved powers, Occupation legislation will remain in force until repealed or amended by the Occupation Authorities.

“(b) All other Occupation legislation will remain in force until repealed by the Occupation Authorities at the request of the appropriate German authorities, or repealed or amended by the German authorities upon authorisation by the Occupation Authorities.”

### Decision on Foreign Affairs

*The following decision of the Allied High Commission in regard to the competence of the Federal Government in the field of foreign affairs was published at the same time —*

“In exercise of the powers reserved by Paragraph 2(c) of the Occupation Statute as amended by the First Instrument of Revision, the Council of the Allied High Commission decides as follows

#### Article I

The Federal Government is hereby authorised to establish a Ministry of Foreign Affairs and shall have exclusive responsibility for the choice of the personnel of its diplomatic, consular and trade missions.

#### Article II

The Federal Government may conduct relations with foreign countries subject to the provisions of this decision.

### Article III

(i) The establishment of diplomatic or consular relations or trade missions shall be subject to the prior approval of the Allied High Commission

(ii) The Federal Government may, however, establish without such approval diplomatic missions in those countries, other than the United States of America, France and the United Kingdom, in which prior to the effective date of this decision it has been authorised to establish consular offices

(iii) No prior approval will be required for the establishment of consular offices or trade missions in those countries with which the Federal Government has diplomatic or consular relations

### Article IV

The Federal Government is hereby authorised to appoint official agents in the capitals of the United States of America, France and the United Kingdom

### Article V

The accreditation and status of foreign missions in the territory of the Federal Republic will be governed by the following provisions

(i) Diplomatic missions and consular offices established in the territory of the Federal Republic will normally be accredited to and recognised by the Federal Republic. In exceptional circumstances they may be accredited to or recognised by the Allied High Commission. In no case will there be a dual accreditation of missions to the Allied High Commission and to the Federal Republic or the issue of *exequaturs* to consuls by both the Federal Government and the Allied High Commission

(ii) The accreditation of foreign missions to the Federal Government shall be notified to the Allied High Commission and they will thereafter have access to it in all matters relating to the fields reserved to the Occupation Authorities

### Article VI

The Federal and Land Governments shall keep the Allied High Commission informed of any international negotiations. The Allied High Commission may intervene in negotiations relating to the fields reserved to the Occupation Authorities

### Article VII

The Federal Government shall furnish to the Allied High Commission all appropriate information regarding action taken pursuant to the provisions of this decision "

## Relaxation of Occupation Controls

*The following programme for the revision of Occupation controls was announced*

'In implementation of the decisions taken by the Foreign Ministers of the United States, the United Kingdom and France at their New York meeting on 18th September, 1950, the Council of the Allied High Commission, having this day promulgated the "First Instrument of Revision of the Occupation Statute", has decided to adopt the following programme for further relaxation of controls under the Occupation Statute

(i) The powers reserved by paragraph 2(b) relating to deconcentration will be exercised only to ensure completion of Allied programmes relating to the steel, coal and motion picture industries, IG Farben and the Grossbanken and actions which, as at 31st December, 1950, are called for under laws adopted by the Allied High Commission or have been initiated through legal process taken under existing laws. Upon completion of such programmes and actions these powers will be relinquished.

(ii) A The powers reserved by paragraph 2(b) relating to decartelisation will be relinquished upon the enactment by the Federal Republic of legislation satisfactory to the Occupation Authorities, including provisions to prevent new concentrations of economic power.

B The powers reserved by paragraph 2(d) relating to displaced persons and the admission of refugees will be relinquished as soon as commitments and other action satisfactory to the Occupation Authorities have been taken by the Federal Government with respect to the admission, care, and protection of displaced persons and refugees, including safeguarding their civil rights, assuring the continued and effective operation of international and Allied agencies established for their care and resettlement, and compensating victims of Nazi persecution.

C The powers reserved by paragraph 2(f) relating to respect for the Basic Law and the Land constitutions will be relinquished as soon as the Federal Republic has established a judicial authority deemed by the Occupation Authorities to be capable of effectively upholding the civil rights of the individual as defined in the Basic Law.

(iii) The Occupation Authorities will retain the powers necessary to ensure that the Federal Government carries out commitments undertaken and legislation enacted pursuant to paragraph (ii) above and that the essential features of such legislation are maintained.

(iv) The Council of the Allied High Commission will issue further instruments of revision of the Occupation Statute from time to time as the conditions prescribed by this decision for the relinquishment of powers are fulfilled."

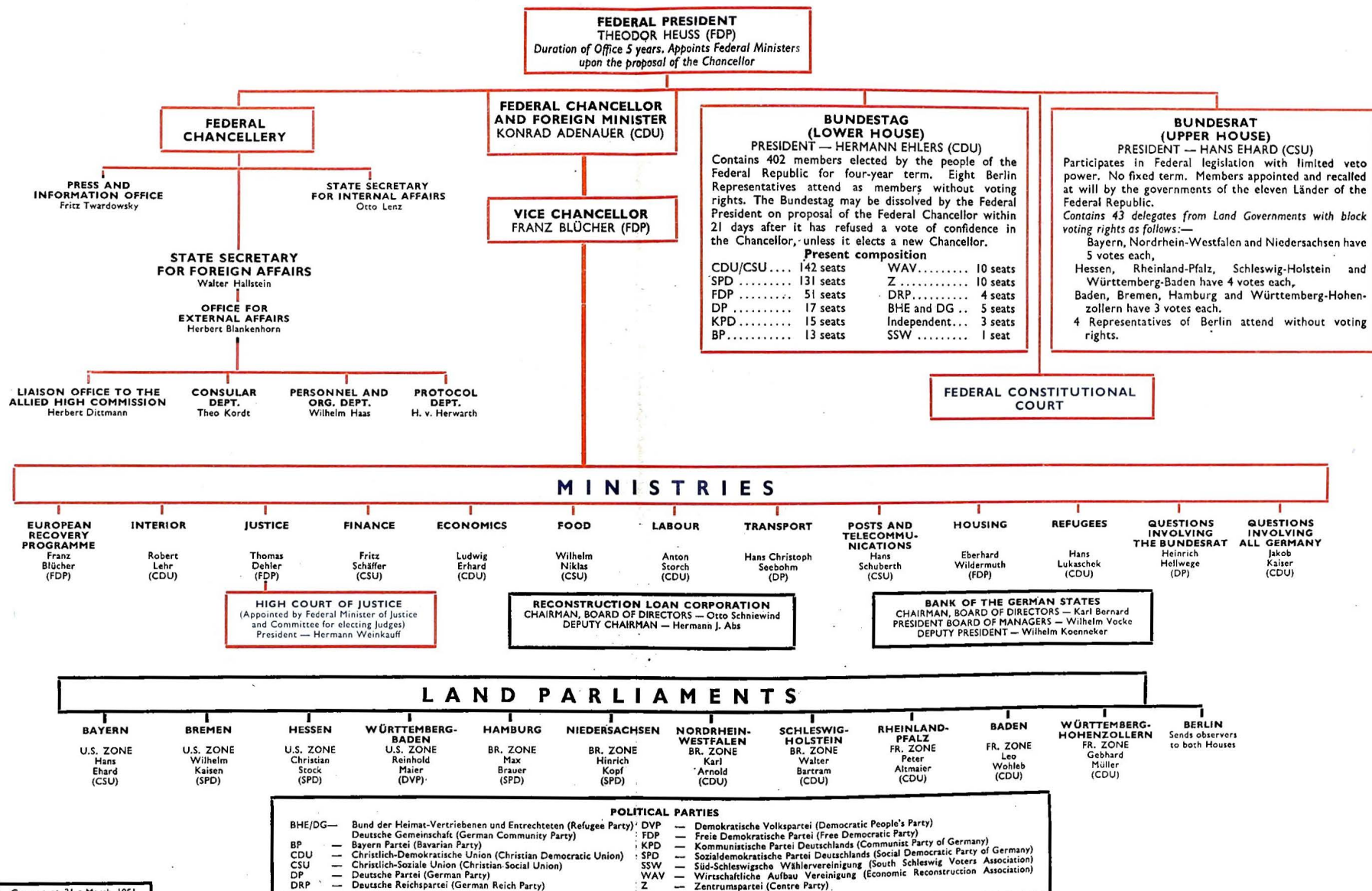
### Undertakings by the Federal Government

*Correspondence has been exchanged with the Federal Chancellor in which the Allied High Commission expressed the view that at the time when the Federal German Government assumed responsibility for the conduct of its foreign relations, the status of its obligations towards other countries should be clarified.*

*The Federal Government in reply gave a general assurance on the following points —*

- (i) *Responsibility for the pre war debt of the Reich*
- (ii) *The debt to the Occupying Powers for post war economic assistance and the priority of these claims over other categories*
- (iii) *Desire to resume payments of the German external debts including interest payments and other charges falling due between May, 1938, and May, 1945 on securities of the Government of Austria, and to co operate in a plan for settlement of public and private claims against Germany and German nationals*

# ORGANISATION OF THE GERMAN FEDERAL GOVERNMENT





*In a further exchange of letters, the Federal Chancellor, at the request of the High Commission, gave an assurance regarding the exercise of certain former reserved powers affecting the defence effort of the Western nations*

*The correspondence is published below —*

*Text of letter dated 23rd October, 1950, from Allied High Commission to the Federal Chancellor concerning financial responsibilities of the Federal Government*

Mr Chancellor,

I have the honour to refer to the *communiqué* issued by the Foreign Ministers in New York in which they indicated that the Federal Government would be expected to undertake certain commitments consonant with the new responsibilities which the Governments of the three Occupying Powers contemplated would be conferred upon the Federal Republic. The three Governments hold that, at the moment when the Federal Government assumes responsibility for the conduct of its foreign relations, the status of the obligations resting upon it in its relations with foreign countries should be clarified. The three Governments regard the Federal Government as the only German government which can speak for Germany and represent the German people in international affairs pending the re unification of Germany. They consider, therefore, that pending a final peace settlement, and without prejudice to its terms, the Federal Government is the only government entitled to assume the rights and fulfil the obligations of the former German Reich.

The High Commission has communicated to the Federal Government separately the decisions which have been taken by the Foreign Ministers concerning the clarification of the status of treaties to which the German Reich was a party. The question of the obligations of the Reich also involves the external debt of the Reich. The three Governments consider that the Federal Government should in consonance with what has been said above, assume responsibility for the pre war external debt of the Reich. They recognise that, in the determination of the manner in which and the extent to which the Federal Government is to fulfil the obligations arising from this assumption, account must be taken of the general situation of the Federal Republic, including, in particular, the effect of the limitations on its territorial jurisdiction.

The determination of the financial responsibilities of the Federal Government necessarily also involves the obligations resulting from the economic assistance which has been furnished by the Occupying Powers to Germany. As the Federal Government is aware, the Occupying Powers have, at considerable cost to the peoples of their own countries, extended substantial economic assistance to Germany since the termination of hostilities, with a view to ensuring the well being of the German people and assisting them in the rehabilitation of their economic life. In due course the Occupying Powers will call for a settlement of the obligations arising from this assistance. They will consider in the settlement of these obligations the ability of the Federal Government to pay and other relevant factors. Meanwhile, they consider that the Federal Government should acknowledge its debt in respect of the expenditures which they have incurred and that it should recognise the prior status of these obligations over other claims.

It is the intention of the three Governments to proceed as promptly as possible with the development of a settlement plan which will assure fair and equitable treatment of the interests affected and remove as far as practicable obstacles to

normal economic relations between the Federal Republic and other countries. These arrangements would necessarily be provisional and subject to revision when Germany is reunited and a final peace settlement becomes possible. The three Governments are agreed that the plan should provide for the orderly settlement of the claims against Germany, the total effect of which should not dislocate the German economy through undesirable effects on the internal financial situation, nor unduly drain existing or potential German foreign exchange resources. It should also avoid adding appreciably to the financial burden of any Occupying Power.

The three Governments have instructed the Intergovernmental Study Group on Germany in London to prepare a plan for handling claims in accordance with the above principles and to recommend arrangements for the appropriate participation of other interested governments and the debtors and creditors, including the Federal Government. The Federal Government will in due course be informed of the results of these studies.

Although there are numerous problems to which it has not yet been possible to give consideration, the three Governments are in agreement that the settlement plan should include, in particular, those categories of claims whose settlement would best achieve the objective of normalising the economic and financial relations of the Federal Republic with other countries. In their view the plan must therefore necessarily deal with the pre war external debt as well as with the claims in respect of post war economic assistance which enjoy a priority status over all other claims. The plan should also provide for the settlement of certain claims in connection with social insurance operations and with the conversion into deutsche marks of reichsmarks brought back from Germany by repatriated prisoners of war and deportees, if these claims have not been disposed of before the establishment of the plan.

In addition to the foregoing matters, other questions may arise in the detailed working out of the settlement arrangements. For example, it may be necessary to give consideration to certain pre war debts owed to the residents of foreign countries which may not be strictly classifiable as external in character.

The three Governments recognise that a settlement plan of the scope envisaged can be put into effect only through some modification of the priority of their claims in respect of post war economic assistance. Accordingly, the three Governments have agreed that, provided a settlement plan is worked out in accordance with the principles outlined in the preceding paragraphs and provided further that agreed procedures and controls are established that will govern this settlement plan and all payments made under it, they will modify the priority of their claims in respect of post war economic assistance to the extent necessary to permit the fulfilment of such an agreed plan. This qualified modification of the priority of claims in respect of post war economic assistance will not preclude the continued fulfilment of the obligations which the Federal Government has already incurred under existing agreements concerning such claims.

The three Governments feel certain that the Federal Government shares their view as to the desirability of restoring Germany's credit and of providing for an orderly settlement of German debts which will ensure fair treatment to all concerned, taking full account of Germany's economic problems. They feel equally certain that the Federal Government will share their belief that such a settlement will contribute to the restoration of normal relations between Germany and other countries.

The three Governments would appreciate receiving a formal assurance from the Federal Government that it regards itself as responsible for the pre war external debt of the German Reich and that it recognises its debt with respect to the expenditures incurred by the Occupying Powers for economic assistance to the Federal Republic and affirms the priority of the claims arising from such assistance over other claims against Germany. They would also appreciate receiving assurances of the co operation of the Federal Government in working out and implementing a settlement plan as outlined above.

In order to give formal effect to these undertakings and assurances and to the undertakings and assurances offered by the Governments of the three Occupying Powers, I have to propose that an agreement should be concluded by an exchange of notes between the Allied High Commission and the Federal Government. It is the intention of the High Commission to proceed with the modification of the controls in the Occupation Statute on the lines agreed by the three Foreign Ministers as soon as this exchange of notes is completed and the assurance in respect of co operation in an equitable apportionment of materials and products in short supply required for common defence, on which a separate letter is to day being sent to you, has been received. However, it is the understanding of the three Governments that the exchange of notes on debt obligations will be submitted to the Federal legislature for approval and I have to request you to confirm that this will be done at the appropriate time.

I beg your Excellency to accept the assurance of my high esteem

(signed) IVONE KIRKPATRICK  
Chairman

*Text of letter dated 6th March, 1951, from the Federal Chancellor to the Allied High Commission concerning financial responsibilities of the Federal Government*

Mr High Commissioner,

In reply to your letter of 23rd October, 1950, I have the honour to inform you as follows —

## I

The Federal Republic hereby confirms that it is liable for the pre war external debt of the German Reich, including those debts of other corporate bodies subsequently to be declared liabilities of the Reich, as well as for interest and other charges on securities of the Government of Austria to the extent that such interest and charges become due after 12th March, 1938, and before 8th May, 1945.

The Federal Government understands that in the determination of the manner in which and the extent to which the Federal Republic will fulfil this liability, account will be taken of the general situation of the Federal Republic including, in particular, the effects of the limitations on its territorial jurisdiction and its capacity to pay.

## II

The Federal Government acknowledges hereby in principle the debt arising from the economic assistance furnished to Germany since 8th May, 1945, to the extent to which liability for such debt has not previously been acknowledged in the Agreement on Economic Co operation concluded on 15th December, 1949, between the Federal Republic and the United States of America, or for which the Federal

Republic has not already taken over responsibility under Article 133 of the Basic Law. The Federal Government is ready to accord the obligations arising from the economic assistance priority over all other foreign claims against Germany or German nationals.

The Federal Government regards it as appropriate to regulate any questions connected with the recognition and settlement of these debts by bilateral agreements with the governments of the countries which have rendered economic assistance, patterned on the agreement concluded with the United States of America on 15th December, 1949. The Federal Government takes for granted that these agreements will contain an arbitration clause for cases of dispute. The Federal Government is prepared at once to enter into negotiations for the conclusion of such agreements with the governments concerned.

### III

The Federal Government hereby expresses its desire to resume payments on the German external debt. It understands that there is agreement between it and the Governments of France, the United Kingdom of Great Britain and Northern Ireland and the United States of America on the following —

It is in the interest of the re-establishment of normal economic relations between the Federal Republic and other countries to work out as soon as possible a settlement plan which will govern the settlement of public and private claims against Germany and German nationals.

Interested governments including the Federal Republic, creditors and debtors shall participate in working out this plan.

The settlement plan shall in particular deal with these claims, the settlement of which would achieve the objective of normalising the economic and financial relations of the Federal Republic with other countries. It will take into account the general economic position of the Federal Republic, notably the increase of its burdens and the reduction in its economic wealth. The general effect of this plan shall neither dislocate the German economy through undesirable effects on the internal financial situation nor unduly drain existing or potential German foreign-exchange resources. It shall also not add appreciably to the financial burden of any Occupation Power.

The governments concerned may obtain expert opinions on all questions arising out of the negotiations on the settlement plan and on the capacity to pay.

The result of the negotiations shall be set forth in agreements. It is agreed that the plan will be provisional in nature and subject to revision as soon as Germany is re-united and a final peace settlement becomes possible.

I beg your Excellency to accept the assurance of my highest esteem.

(signed) ADENAUER

*Text of the Allied High Commission letter dated 6th March, 1951, acknowledging the Federal Chancellor's letter on financial responsibilities of the Federal Government*

Mr Chancellor,

In reply to your letter of 6th March, 1951, on the subject of German indebtedness we have the honour, on behalf of the Governments of France, the United Kingdom of Great Britain and Northern Ireland, and the United States of America, to

acknowledge the undertakings of the Federal Government in regard to the responsibility of the Federal Republic for the pre war external debts of the German Reich and for the debt arising out of the economic assistance furnished to Germany by the three governments since 8th May, 1945

With regard to the priority accorded to the obligations arising from the post war economic assistance we are authorised to state that the three governments would not propose to exercise this priority in such a way as to restrict settlement of foreign held claims arising out of trade subsequent to 8th May, 1945, essential to the economic recovery of the Federal Republic

With regard to the question of an arbitration clause in agreements covering the debts for post war economic assistance, the three governments will be prepared, when negotiating such agreement, to consider whether it would be useful to include an arbitration clause to deal with any matters which might be appropriately settled by such a procedure

We further have the honour on behalf of the three governments to confirm the understandings of the Federal Government as set forth in the second paragraph of Article I and in Article III of your Excellency's letter. They are now engaged in preparing proposals for the working out of settlement arrangements, these will provide for the participation of foreign creditors, German debtors, and interested governments including the Federal Government. The proposals will be designed to arrive at an orderly overall settlement of pre war claims against Germany and German debtors and of the debt arising out of the post war economic assistance, which would be fair and equitable to all the interests affected, including those of the Federal Government. It is the intention that the resulting settlement should be embodied in a multilateral agreement, any bilateral agreements that may be considered to be necessary would be concluded within the framework of the settlement plan. As soon as their proposals are ready the three governments will communicate them to the Federal Government and to other interested governments and will discuss with them these proposals and the procedure to be adopted for dealing with the subject.

We have the honour to state that our three governments regard your Excellency's letter under reference and this letter as placing on record an agreement between the Governments of France, the United Kingdom of Great Britain and Northern Ireland, and the United States of America, on the one hand and the Government of the Federal Republic on the other, concerning the questions of German indebtedness covered in these letters. These letters are prepared in English, French and German, each text being equally authentic.

Accept, Mr. Chancellor, the renewed assurances of our highest esteem

(signed)

A François Poncet  
For the Government  
of the French Republic

Ivone Kirkpatrick  
For the Government  
of the United Kingdom

John J. McCloy  
For the Government  
of the United States of America

*Text of the letter dated 23rd October, 1950, from the Allied High Commission to the Federal Chancellor concerning the equitable apportionment of materials for defence*

Mr. Chancellor,

You will recall that the Foreign Ministers, in their *communiqué* on Germany, issued in New York on 19th September, 1950, after referring to their willingness to amend the Occupation Statute, stated that "the Federal Republic will be expected

to undertake certain commitments and other actions consonant with its new responsibilities”

In view of the fact that the amendments to the Occupation Statute now under active consideration will transfer to the Federal Government certain reserved powers, the exercise of which may become necessary in the interest of the defence effort of the Western Nations, the Allied High Commission hereby requests the Federal Government formally to give an assurance that it will co operate with the Western Powers in the equitable apportionment of materials, products, and services which are or may be in short supply or required for the common defence

At the present time it is not possible to determine in detail the areas where shortage can be expected, the organisations which will be designated to cope with these shortages, or the specific measures which the Federal Government might find it necessary to take in the discharge of its obligations. It can be stated, however, that now and in the immediate future the Federal Government is expected to maintain conditions under which Western orders may be freely placed within the area of the Federal Republic under which deliveries against these orders will be made in the normal course of events, and not to increase unduly the internal consumption of these goods at the expense of exports. It can also be anticipated that, with the prospective increase in the defence effort of the Western Powers, the Federal Government will be expected to lend support to industries producing critical items in short supply and to institute measures designed to assure, at fair prices, supplies of finished goods, raw materials and services for Western defence requirements in an equitable proportion to the Federal Republic's internal requirements for consumption and investment and in preference to the import demands of countries outside the Western defence effort

I beg your Excellency to accept the assurance of my high esteem

(signed) IVONE KIRKPATRICK  
Chairman

*Text of the letter from the Federal Chancellor to the Allied  
High Commission giving assurance on the equitable apportionment of materials*

Mr High Commissioner,

I have received your letter of 23rd October, 1950, and as requested I hereby confirm that the Federal Government will co operate in the equitable apportionment of materials, products and services which are or may be in short supply or required for the common defence

In the spirit of this co operation the Federal Republic is in particular prepared

- (i) not to impose export restrictions on Western orders placed in the area of the Federal Republic for the above items, detrimental to the equitable apportionment of said items
- (ii) to take measures to prevent internal consumption of said items from unduly increasing at the expense of exports of said items and to lend support to industries producing the above items,
- (iii) when the situation requires, to institute measures designed to ensure, at reasonable and non discriminatory prices, supplies of the above items for Western defence requirements in an equitable proportion to the Federal Republic's internal requirements for consumption and investment and with the appropriate degree of priority over the import demands of countries outside of Western defence effort

I beg your Excellency to accept the assurance of my highest esteem

(signed) ADENAUER

# INDUSTRIAL CONTROLS

*An agreement on industrial controls in Western Germany, to replace the tripartite Prohibited and Limited Industries Agreement of 1949\*, was published on 3rd April, 1951. With the entry into force of this new agreement a number of important restrictions upon German industry imposed by the 1949 PLI agreement have been lifted or relaxed. Revision of the 1949 agreement (which itself succeeded the controls imposed on German production by the Potsdam Agreement) was one of the measures decided upon at the New York Conference of the Foreign Ministers of Britain, France and the USA.*

*Article I of the new agreement permits of its review at any time at the request of any two of the signatory governments and it will in any case be reviewed not later than 31st December, 1951. In addition, specific relaxations may from time to time be afforded with the agreement of the Allied High Commission which will take into account special economic hardships or shortages.*

## The Agreement

The High Commissioners of France, the United Kingdom and the United States of America, duly authorised thereto by their respective governments, hereby conclude on behalf of those governments the following agreement concerning industrial controls in the French, United Kingdom, and United States areas of occupation in Germany

### Article I

- (i) The provisions of this agreement shall be reviewed on the request of any two of the governments parties to the agreement and in any event not later than 31st December, 1951
- (ii) Except as may be subsequently agreed among the governments parties to this agreement, the prohibitions in this agreement shall remain in force until the peace settlement
- (iii) Except as may be subsequently agreed among the governments parties to this agreement, the limitations laid down in this agreement shall remain in force until 1st January, 1953, or until the peace settlement whichever is the earlier, and thereafter as may be agreed

### Article II

Except with the authorisation of the Allied High Commission the manufacture, production, installation, import, export, transport, storage, possession, ownership or use of any of the following articles or products is prohibited

- (a) Items listed in Annex A to this agreement,
- (b) Primary magnesium

### Article III

Materials, products, facilities, and equipment relating to atomic energy shall continue to be subject to Allied High Commission legislation

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\* Published in full in the April 1949 issue of the Monthly Report.

#### Article IV

- (i) The manufacture of electronic valves shall be unrestricted in respect of types included in a list of permitted types as established and modified as required by the Allied High Commission. These permitted types shall not exceed 50 watts anode dissipation, or a frequency of 250 megacycles per second.
- (ii) The manufacture of electronic valves included in the categories listed in Annex B to this agreement is prohibited. This annex is subject to review and revision by the Allied High Commission.
- (iii) The manufacture of all other categories or specific types of electronic valves is prohibited except under licence from the Allied High Commission.

#### Article V

- (i) Control shall be maintained over capacity in the following industries —
  - Steel,
  - Electric arc and high frequency furnace steel,
  - Shipbuilding,
  - Synthetic rubber,
  - Synthetic petrol, oil and lubricants, produced directly or indirectly from coal or brown coal,
  - Ball and roller bearings, except equipment only capable of producing nonrecision bearings
- (ii) No enterprise shall be permitted, except under licence from the Allied High Commission, to increase the productive capacity of any of its plants or equipment that is engaged or partly engaged in the industries listed in this Article, or of the industry as a whole whether it is proposed to effect the increase by extension of existing facilities, the construction of new facilities, or the addition of new equipment. Such licences shall not be granted unless the Allied High Commission are satisfied with the arrangements made for the disposal of the capacity replaced.

#### Article VI

- (i) Subject to the provisions of Paragraph 2 of this Article the production of crude steel shall be limited to 11 1 million tons a year.
- (ii) The Allied High Commission will allow crude steel to be produced outside the foregoing limitation where this will facilitate the defence effort.

#### Article VII

- (i) The construction and acquisition of ships which include the military features, characteristics, and equipment listed in Annex C to this agreement and the modification of ships to include such features, characteristics, and equipment shall be prohibited except under licence from the Allied High Commission.
- (ii) The term "acquisition" as used in this Article includes bareboat chartering.

#### Article VIII

Nothing in this agreement shall be interpreted as impairing or reducing the powers with which the Military Security Board is vested.



## Article IX

This agreement shall come into force from the date of signature and shall replace the agreement concerning Prohibited and Limited Industries approved by the Foreign Ministers of France, the United Kingdom, and the United States and signed by the Military Governors of the French, United Kingdom, and United States Zones of Occupation in Germany in April, 1949

### Annex A

#### Group I

- (a) All weapons including atomic means of warfare and apparatus of all calibres and natures capable of projecting lethal or destructive projectiles, liquids, gases or toxic substances their carriages and mountings
- (b) All projectiles for the above and their means of projection or propulsion.
- (c) All military means of destruction, including but not limited to grenades bombs torpedoes, mines, depth mines depth and demolition charges and self propelled charges all types of fuses therefor and all apparatus for the guiding, control and operation thereof, including tuning, sensing and homing devices
- (d) All military cutting or piercing weapons

#### Group II

- (a) All vehicles specially equipped or designed for military purposes including but not limited to tanks, armoured cars tankcarrying trailers and armoured railway rolling stock
- (b) Armour of all types for military purposes

#### Group III

- (a) Instruments and devices of the following classes designed for military purposes irrespective of the form of energy or the part of the spectrum used
  - (i) Range finding apparatus of all kinds ,
  - (ii) Aiming, guiding and computing devices for fire control ,
  - (iii) Locating devices of all kinds ,
  - (iv) Instruments for observation of fire ,
  - (v) Instruments for the remote control of objects
- (b) All signalling and inter communication equipment and installations specially designed for military purposes , all apparatus intended specifically for the purpose of producing radio interference

#### Group IV

- (a) Warships of all classes All ships and floating equipment specially designed for war purposes including the servicing of warships All ships designed for conversion into warships or for military use
- (b) Special machinery, equipment and installations which in time of peace are normally used solely in warships
- (c) Submersible craft of all kinds submersible devices of all kinds designed for military purposes Special equipment pertaining to these craft and devices
- (d) All military landing devices
- (e) Material equipment and installations for the military defence of coastal areas and harbours

#### Group V

- (a) Aircraft of all types heavier or lighter than air, with or without means of propulsion, and all auxiliary equipment including aircraft engines and component parts, accessories and spare parts specifically designed for aircraft use
- (b) Ground equipment and installations for servicing, testing or aiding the operation of aircraft including but not limited to catapults winches and beacons Material for the rapid construction or preparation of airfields

#### Group VI

All drawings, specifications designs models and reproductions directly relating to the development, manufacture testing or inspection of war material or to experiments or research in connection with war material

#### Group VII

- (a) Machine tools or other manufacturing equipment specifically designed for the development, manufacture, testing and inspection of weapons, ammunition or other war materials listed in this annex
- (b) Attachments devices, tools or other objects having no normal peacetime use and specifically designed to convert or adapt machine tools or other manufacturing equipment to the development, manufacture, testing and inspection of weapons, ammunition or other war materials listed in this annex

#### Group VIII

- (a)
  - (i) Explosives and accessories.
  - (ii) Double base propellants (i.e. nitrocellulose propellants containing nitroglycerine, diethyleneglycol dinitrate or analogous substances)
  - (iii) Single base propellants for any weapons
  - (iv) Nitroguanidine
  - (v) Chemicals particularly useful as poison war gases (including liquids and solids customarily included in this term)
  - (vi) Hydrogen peroxide of 37 per cent concentration or higher
  - (vii) Hydrazine hydrate
  - (viii) Alkyl nitrates
  - (ix) Other chemicals particularly useful as rocket fuels
  - (x) Highly toxic products from bacteriological or plant sources, with the exception of those bacteriological and plant products which are used for therapeutic purposes
  - (xi) White phosphorus
  - (xii) Incendiaries and incendiary compositions, including but not limited to thermites and gell fuels
- (b) All special means for individual and collective defence used in peace exclusively by Armed Forces

#### Group IX

All apparatus, devices and material specially designed for training and instructing personnel in the use, handling, manufacture and maintenance of war material

#### Group X

Spare parts, accessories and component parts of the articles and products listed in this annex

### Annex B

Categories of electronic valves the manufacture of which is prohibited

- (i) Velocity modulated valves e.g. Klystrons
- (ii) Magnetrons
- (iii) Valves employing direct coupling of the electron stream to the output circuit
- (iv) Valves designed mechanically to fit wave guide cavity, coaxial or parallel wire line resonant circuits or having such circuits built into the valves
- (v) Memory or storage valves
- (vi) Triggered spark gap valves
- (vii) Subminiature valves (i.e. valves capable of being passed through a hole one half inch in diameter or specially designed to withstand great acceleration or the shock of departure of projectiles)
- (viii) Cathode ray tubes, except those specifically designed and produced for television receiver purposes
- (ix) Germanium, silicon and other semiconductor crystal rectifiers, or modifications thereof capable of operation at radio frequencies
- (x) Special purpose valves having no known commercial application or valves designed for optimum performance above 250 megacycles

## Annex C

Features, characteristics and equipment which may not be constructed or installed in any ship except under licence from the Allied High Commission

- (a) Any special features or characteristics which render it readily convertible —
  - (i) for amphibious assault operations ,
  - (ii) to an aircraft carrier or for operating aircraft
  - (iii) to a repair or depot ship for submarines aircraft or coastal forces craft ,
  - (iv) to a fighter direction vessel ,
  - (v) to any other combatant or naval auxiliary type of vessel
- (b) Any of the following weapons, equipment and material —
  - (i) all items listed in Annex A of this Agreement (except radio direction and position finders and radar equipment of normal commercial marine type)
  - (ii) paravanes
  - (iii) minesweeping gear of any description ,
  - (iv) catapults for aircraft launching ,
  - (v) rocket or missile launching devices, except such as may be in normal commercial usage for emergency signalling and rescue purposes ,
  - (vi) smoke making equipment or apparatus or special devices for concealment purposes
  - (vii) high concentration hydrogen peroxide or special submarine fuels or supplies ,
  - (viii) depth sounding gear and radio and gyrocompass equipment which do not conform to normal commercial marine types
- (c) Any special fittings or special structures readily adaptable for mounting, carrying or storing any of the items listed in paragraph (b) above
- (d) Any of the following machinery or features of ship design and provisions therefor which in relation to the type of vessel in which they are installed, do not conform to normal commercial marine practice, or which in time of peace are normally used solely in warships, and which in the opinion of the Military Security Board also constitute a security threat —
  - (i) main and auxiliary machinery notably that with characteristics such as would give abnormally long range in miles at speeds other than service speed or that which would result in speed substantially greater than that normal to the type of vessel and for the services intended ,
  - (ii) gas jet propulsion or atomic propulsion ,
  - (iii) auxiliary electrical generating machinery and equipment of capacity in excess of that normal to the type of vessel
  - (iv) cargo lifting gear in excess of that normal to the type of vessel ,
  - (v) subdivision significantly different from that normal to the type of vessel ,
  - (vi) evaporators of capacity in excess of that normal to the type of vessel and for the services intended ,
  - (vii) fuel and fresh water capacity in excess of that normal to the type of vessel and for the services intended ,
  - (viii) hull and deck openings in excess of those normal to the type of vessel ,
  - (ix) unobstructed deck space in excess of that normal to the type of vessel

### Allied High Commission Letter

Further clarification of the agreement was contained in a letter from the Allied High Commission to the Federal Chancellor, published at the same time, which stated *inter alia* —

‘ You will observe that the new agreement, which is subject to review at the request of any two of the signatory governments, and in any event not later than 31st December, 1951, relaxes a number of the limitations hitherto imposed on industry in the Federal territory and will facilitate the production in Germany of items and materials for the common defence of the West

"By the terms of the agreement, the limitations and restrictions hitherto in force upon the size and speed or tonnage of merchant ships built or otherwise acquired in Germany, primary aluminium, synthetic ammonia, chlorine, styrene and upon machine tools of types listed in Annex "B" to the former agreement are removed. In addition the High Commission will be willing to authorise production of crude steel outside the limit of 11.1 million tons per annum where such production will facilitate steel being provided for the common defence effort. The prohibition on the production of synthetic oil and rubber is removed and the restrictions upon the capacity of these and of the ball and roller bearing industries are now modified. Control is retained but in a modified form over the production of electronic valves.

"The three Governments do not desire to hamper technological progress or to prevent the modernisation of production leading to the reduction of costs and economies in raw materials, power and fuel. Consequently, in those few industries where a limitation of capacity is maintained, the High Commission will be prepared to authorise the substitution of more efficient equipment, the rearrangement of machinery and the introduction of new processes, or other technical changes even though this may involve a minor increase in the capacity of the factory or equipment in question.

"In authorising the rehabilitation of plants (including the installation of new equipment) and the utilisation of new processes for the production of synthetic rubber and synthetic oil) the High Commission will, as long as solid fuels are in short supply, grant licences only to the extent that the additional consumption of coal and coke necessary for the production contemplated does not affect the satisfaction of the needs of the solid fuel importing countries. Nevertheless, the applications outstanding for the use of the plants at Bergkamen, Viktor, Scholven and Ruhroel will be granted forthwith.

"Whilst the necessity for obtaining a licence to manufacture the machine tools listed in Schedule "B" of the old agreement on Prohibited and Limited Industries is not maintained, my colleagues and I require that a system of declaration of manufacture by the producer (indicating the intended destination of each machine) and of reporting on the quantities of such machines in Germany shall be put into operation.

"The coming into force of the agreement on industrial controls will entail certain amendments to Allied High Commission Law 24 and to the ordinances which your government has issued in respect of the various items concerned. It is not intended that the coming into effect of the new agreement shall await the completion of all the administrative processes involved in these amendments, and instructions have been issued to the Military Security Board to treat applications from industry in the spirit of the new agreement pending the issue of the necessary amendments."

# REUNIFICATION OF GERMANY

A special session of the Bundestag assembled on 9th March, 1951, to hear a governmental declaration on the question of German unity, following on approaches made by the East German "government"\* (the Deutsche Demokratische Republik) proposing the setting up of an all German constituent council on the lines proposed at the conference of Communist controlled nations at Prague in October, 1950

The Chancellor first spoke of the vital significance for the future of Germany of the Four Powers Conference on the eve of which the special session was held, and announced that he had written to the Allied High Commissioners requesting them to transmit to the Western Governments the desire of the Federal Government to be informed of all phases of both the preliminary and the main conference in which the German problem was treated. He had also asked the three Western Allies to give the Federal Government an opportunity before decisions were taken of expressing its views upon German problems. On February 22nd, Mr McCloy, acting as chairman of the High Commission, had stated that the three Western Governments had authorised the High Commission to inform the Federal Government fully regarding the deliberations of both the preliminary and of the main conference. The High Commission had furthermore declared its willingness to inform the three governments of the views of the Federal Government.

Dr Adenauer said that this government welcomed the intention of the Four Power Conference to probe the reasons of the present international tensions and added that there was no truth in Communist assertions that it was due to the alleged remilitarisation of Germany. One of the principal causes of the disturbance of European order and consequently of world peace was the partition of Germany. To abolish this would be to perform a service to peace. In consequence, the Bundestag regarded it as an indispensable national aim to bring about the unity of the German people in one state. The foundation of the establishment of such a state must be based on the rule of law and on free determination which would assure for every inhabitant of Germany personal and civic freedom and equality. Germany desired that free men should be able to live without fear, and free from the compulsion of a single party state with its political, economic and moral terror.

## Bundestag Resolution

After speeches by the leader of the opposition (Dr Schumacher) and representatives of other parties, a resolution was adopted by the Bundestag endorsing the Chancellor's statement and urging the Federal Government to lay the following consideration before the four Occupying Powers as a matter of urgency for the whole German people, including those deprived of the right to vote freely

- (i) The Four Power Conference should establish the pre conditions for free, general, equal, secret and direct elections for an all German parliament to be carried out as soon as possible
- (ii) The carrying out of these elections under the same conditions in all zones requires international security measures to ensure that before, during and after the elections full personal and civic freedom and equality is guaranteed in law and in practice for all individuals and political parties

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\* See CCG Quarterly Report No 1 page 5

- (iii) The parliament resulting from such elections shall, as truly representative of the people, alone possess the powers of a constitutional and legislative assembly. It alone will be competent to form and guide a government.
- (iv) The governmental authority so constituted must be effectively protected by appropriate provisions against unauthorised and illegal interventions.

The resolution added that the Bundestag would work with all energy for the reunification of Germany. It was indivisibly united to the Germans in the Länder of the Soviet Zone of Occupation and in Berlin and, like them, would pursue the ideal of a single state in which all might live together in freedom and social justice. Thus, all Germans would be able to serve the peace of the world on the same footing as other members of a free and united Europe.

## OCCUPATION COSTS

*The estimated expenditure to be borne by the Federal German Government in their budget for the year 1951-52 in respect of Occupation costs and mandatory expenditure was announced in a letter from the Allied High Commission to the Federal Chancellor on 16th March, 1951, the text of which is given below*

“The Council of the Allied High Commission has now drawn up the estimates of expenditure to be charged to the Federal budget under Occupation costs and mandatory expenditure for the financial year 1st April, 1951-31st March, 1952

“A summary of the estimates is given in the table below Details are being despatched to you under separate cover

	UK Zone	US Zone	Fr Zone	Total
	<i>(all figures in million deutsche marks)</i>			
Occupation Costs	1,543	2,100	1,065	4,708
Mandatory Expenditure				
Class I	116	96	37	249
Class II (except new construction)	10	10	2	22
Total	1,669	2,206	1,104	4,979
New construction	421	768	427	1,616
Grand total	2,090	2,974	1,531	6,595

“You will see from the above summary that of the total estimated expenditure of 6,600,000,000 deutsche marks for the fiscal year 1951-52, 1,600,000,000 deutsche marks represent non recurrent extraordinary expenditure on building due to the increase of Allied strengths in Germany

“The total budgetary increase over last year of 1,132,000,000 deutsche marks is the direct result of the decisions made in New York last September by the three Foreign Ministers by which the Governments of the United States, France and the United Kingdom guaranteed the security of the Federal Republic and of Western Berlin This guarantee was given at your express request It is being implemented by increasing Allied strengths in Germany to a considerable degree in conformity with the wish expressed by the Federal Government Allied reinforcements have already arrived and the process of reinforcement will be greatly accelerated in the near future

“Thus, it is apparent that the financial effort which the Federal Republic is being asked to make represents in large measure its contribution to the defence of its own territory It is a contribution only, since the major part of the expenditure on the Occupation Forces, such as pay, rations and armament remains a charge on budgets of the Allied Governments themselves

“In determining the requirements of the Allied Forces, the High Commission has taken carefully into account the economic and social position of Western Germany and has endeavoured to limit to the absolute minimum the effort being demanded of it In this respect it is emphasised that the main part of the increase for 1951-52 of 1,132,000,000 deutsche marks over the current fiscal year consists of 750,000,000 deutsche marks additional expenditure on new installations and an increase in transport and communications costs amounting to 210,000,000 deutsche marks The normal working and maintenance

expenses have not, therefore, varied very much, even though they allow for a considerable increase in troop strengths. This shows that important reductions in expenditure have already been put into effect, and the three High Commissioners will continue their efforts along these lines.

"The extraordinary expenditure of 1,600,000,000 deutsche marks for new construction is largely the result of a desire to restrict requisitioning as much as possible. In so doing, the High Commission feels it is giving satisfaction to the repeated requests of the Federal Government and of public opinion. Furthermore, this construction being carried out for the Allied Forces will eventually revert to the German economy and will be available to satisfy the needs of the German people and the administration.

"The contribution of 6,600,000,000 deutsche marks which Germany is being asked to make represents no more than 6.3 per cent of the gross national product for 1951 as estimated by the Federal authorities. Even taking Germany's peculiar situation into account, the financial effort involved is less than that which is being made by the other Western nations for the defence of Europe. This contribution can not, therefore, be considered excessive and, in accepting the corresponding obligations, the Federal Republic will demonstrate its desire to join in the defence of peace and liberty, both of which are essential to its economic and social reconstruction."

The increase in the number of Occupation troops in Western Germany entails additional expenditure in deutsche marks to defray the cost of their installations and maintenance in Germany. Economies in other directions have made it possible to maintain four divisions in the British Zone with only a small increase in estimates (2,090,000,000 deutsche marks as compared with 1,967,000,000 deutsche marks last year).

The increase in the Allied Forces in Germany will involve also a considerable financial burden on Great Britain, the United States and France.

Mandatory expenditure falls into two classes and represents expenditure other than for the maintenance of the Allied Forces, incurred in German currency under the direct control of the Occupation Authorities. Mandatory expenditure in Class I comprises charges which are a direct result of the war such as the care and maintenance of displaced persons. Expenditure in Class II includes such matters as civil aviation. New construction for the Allied Forces is shown as a separate item.



# MITBESTIMMUNGSRECHT

*The term "Mitbestimmungsrecht"\* is used by the German trade union movement to describe the right of workers to take decisions on terms of equality with employers. The claim of the trade unions for this right of "co-determination" is one of long standing and is based on the conception that capital and labour should be recognised as equal partners in industry. This claim was given some recognition in the Weimar Constitution, on which subsequently the Works Council Act of 1920 was based. Although this Act was originally intended to be the first of a series of measures providing for joint industrial control by workers through works councils, in practice the functions of works councils were largely limited to staff welfare, and moreover the trade unions themselves later discouraged the acquisition by works councils of more extensive rights because of the fear that works councils might become too powerful and usurp the functions of the trade unions. At the present time the legal position of works councils is determined by Allied Control Council Law 22 (April 1946), except in those Länder where separate legislation has been passed by each Landtag.*

After the war the newly formed trade unions under the leadership of Dr. Hans Böckler soon renewed the demand for co-determination. At first their aim was to have this right vested in works councils to the maximum extent possible by agreement with individual employers. Subsequent developments have been along lines very different from those followed up to 1933. The unions modified and widened their demands, having recognised both the possibility that political influences on works councils might be in opposition to the more conservative policy of the unions themselves, and also the advantages of the unions playing a more important part in determining economic policy throughout industry.

The trade unions now demand for themselves on a legal basis equal rights with employers to formulate jointly general economic policy and within each undertaking to have equal rights with the employer in deciding all matters affecting the undertaking. This claim is not confined to private undertakings but also covers nationalised industries, such as the railways. In March, 1950, as a first step towards their objectives the trade unions submitted to the employers proposals for the establishment of the following joint machinery —

- (i) A Federal Economic Council comprising an equal number of trade unions' and employers' representatives drawn from various branches of industry, commerce, transport, and publicly owned undertakings. This council would advise the Federal Government on general economic policy and would itself be given the power to initiate legislation.
- (ii) Industrial and specialist councils to advise individual Ministries and departments.
- (iii) Chambers of Industry and Commerce, Agriculture and Handicrafts as at present, but modified to give the trade unions the same representation as employers.
- (iv) Equal representation of employers and workers on Boards of Directors in individual undertakings and also on production committees which would be competent to deal with all questions arising within the undertaking.

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\* Co-determination

In subsequent joint negotiations substantial agreement was reached by the two sides in regard to (i) and (ii) above, and on (iii) it seemed possible that the two sides might agree to set up new joint bodies to exercise the governmental functions at present delegated to the existing Chambers. On the other hand, the proposals under (iv) for individual undertakings have met with strong opposition from the employers. In the main the trade unions demand, particularly in heavy industry, that in each undertaking employing more than a certain number of workers the Aufsichtsrat (Board of Directors) shall consist of equal representation of the employers and the workers together with an additional independent member who, while not nominated by the trade unions, shall be at least acceptable to them. They demand that the workers representatives should not necessarily be confined to those employed in the undertaking. In addition they demand the right to appoint to the Vorstand (Board of Management) a personnel manager who shall have equal rights with other members of the Board. Further they propose that joint production committees with extensive rights in planning and production should be established in all but very small undertakings.

Fundamentally, German industrialists maintain that the final decision on all questions of policy and management must rest with the employer. They are prepared to concede to works councils the right to information and the right of consultation. They are also prepared to concede up to one third of the seats on the Board of Directors to individual representative workers within each undertaking, and to grant the right of co determination in respect to all welfare, health and safety questions. On the other hand, they insist that questions such as engagements and dismissals are essential functions of management with whom final decisions must rest, and that a personnel manager should not have equal status with other members of the Board of Management. In general the employers regard the trade union claims as an attempt to obtain control of industry by a highly centralised trade union bureaucracy.

The position reached in the Bundestag in the early part of 1951 was that three draft laws on "co determination" were under various stages of consideration.

- (i) A law introduced by the Social Democratic Party based on a draft originally prepared by the German Trade Union Federation and embodying the demands of the Federation.
- (ii) A law introduced by the Christian Democratic Union providing for "co determination" in each undertaking on staff welfare and social questions and consultation with works councils on production.
- (iii) A Federal Government law covering the whole of industry which was an attempt at a compromise following a breakdown in the negotiations between the trade unions and the employers.

At this time the Federal Government were required to submit proposals to the Allied High Commission for the reorganisation under Allied High Commission Law 27, of the coal mining and the iron and steel producing industries. In the iron and steel producing industry the trade unions had in fact already obtained in 1947 the right of "co determination" in the German organisation set up to control the industry. Knowing the provisions of the Federal Government's draft law on "co determination", the trade unions feared that the Federal Government's proposals under Allied High Commission Law 27 would not be framed in such a manner as to continue the existing right of "co determination" in the iron and steel producing industry. They, therefore, announced that failing a guarantee of the maintenance

of such rights, a general strike in the iron and steel producing industry would take place on 1st February. It was also announced shortly afterwards that in this event the mining industry would come out on strike unless a guarantee of "co determination" were given for that industry.

Following negotiations between the two sides of industry and the Federal Chancellor, the latter eventually gave the trade unions the assurance they required and, in accordance with the Chancellor's undertaking, the Federal Government introduced in the Bundestag a fourth draft law dealing with co determination in the mining and the iron and steel producing industries. During its various stages in the Bundestag the law was the subject of considerable controversy on three main points—the manner of appointing the eleventh member of the Board of Directors on which employers and workers were to be equally represented, the manner of appointing the representatives of the workers and the trade unions to the Board of Directors, and the size of the undertakings to which the law would apply. The law was eventually passed after amendment by the Bundestag on 10th April, and by the Bundesrat without further debate on 19th April, 1951.

The salient features of the law are as follows

It applies only to undertakings in the mining and the iron and steel producing industries normally employing 1,000 or more workers.

The size of Boards of Directors is fixed normally at eleven members. (Provision is made for fifteen or twenty one members in larger concerns, with appropriate changes in the pattern of membership.)

On each Board of Directors shareholders are to have four representatives and one independent nominee, manual workers in the undertaking one representative, non manual workers one representative, Trade Union Federations two representatives and one independent nominee. Provision is made for consultation between the works council, the appropriate trade unions and the Trade Union Federations as to the nomination of representatives and, in the absence of agreement between them on certain points, for decision by the Federal Minister of Labour.

The election of the eleventh member of the board is initially the responsibility of the other ten members. In the absence of a simple majority including at least three of each group of five members, a complex procedure is to operate. This will involve the setting up by the board of a mediation committee of four members (two representing each side), nominations to the annual general meeting (or other elective body), reference to the Land High Court to determine the validity of grounds of disputes, but in the last resort free election by the annual general meeting (or other elective body) of their rejection of previous nominees is upheld by the Court.

The annual general meeting or other elective body is bound to elect the five nominees of the trade unions and workers.

A personnel manager shall be appointed by the Board of Directors to the Board of Management with equal rights with other members. The appointment and dismissal of the personnel manager will be subject to the right of veto of the trade unions' and workers' members of the Board of Directors.

Following the passing of the law covering the mining and the iron and steel producing industries, the remaining draft laws before the Bundestag have to be dealt with. The trade unions have already announced that their next step will be to press for "co determination" in the chemical industry, in the state railways and in public undertakings, and it is not unlikely that their demands may be extended

to cover industry generally. It seems doubtful whether the provisions of the first law will be appropriate to state undertakings, or industries composed in the main of small employers.

The introduction of "co determination" even in the mining and iron and steel producing industries creates a new industrial situation, and the degree of success which attends this new development will attract the keenest interest both within Germany and elsewhere. Many questions arise to which the answers have yet to be found by practical experience. To what extent will the interests of employers and workers be found to coincide? Will the right of "co determination" eliminate or reduce industrial unrest? Will the uncertainty as to future developments affect the investment of capital, particularly foreign capital, in German industry? Will the traditional function of a trade union continue to exist in relation to undertakings in which workers' representatives have the right of "co determination"?

# THE 1950 CENSUS

*The first results of the census of 13th September, 1950, were published by the German Federal Statistical Office within a few weeks following 'advance reports' by the Gemeinde authorities, and showed only the total Land and Federal populations divided by sex\**

*The Federal Statistical Office has since taken a one per cent sample of the household lists which, compared with the preliminary results, shows a significant difference in the sex distribution of the population. The Federal Statistical Office tends to the view that the sample results, although only estimates, are likely to be the more reliable*

*A summary of the results obtained from the sample investigation follows. So far, only aggregate results for the whole Federal Area have been published, though Lander and West Berlin figures will be available later. Data on the distribution of the population by Gemeinden were obtained from the 'advance reports' and not from the sample*

## Households

In the Federal Area on 13th September, 1950, there were 15,193,000 households, excluding institutions. Single person households account for nearly a fifth of all households, and two and three person households in each case nearly a quarter. About a third of households contain four or more persons. On the average, each household contains 3.1 persons.

<i>Number of persons in each household</i>	<i>Households</i>		<i>Members of Households</i>	
	<i>Number of such households in thousands</i>	<i>Per- centage</i>	<i>Total number of members in thousands</i>	<i>Per- centage</i>
1	2,622	17.3	2,622	5.6
2	3,690	24.3	7,380	15.7
3	3,649	24.0	10,947	23.3
4	2,611	17.2	10,444	22.3
5 and over	2,621	17.2	15,551	33.1
Total	15,193	100.0	46,944	100.0

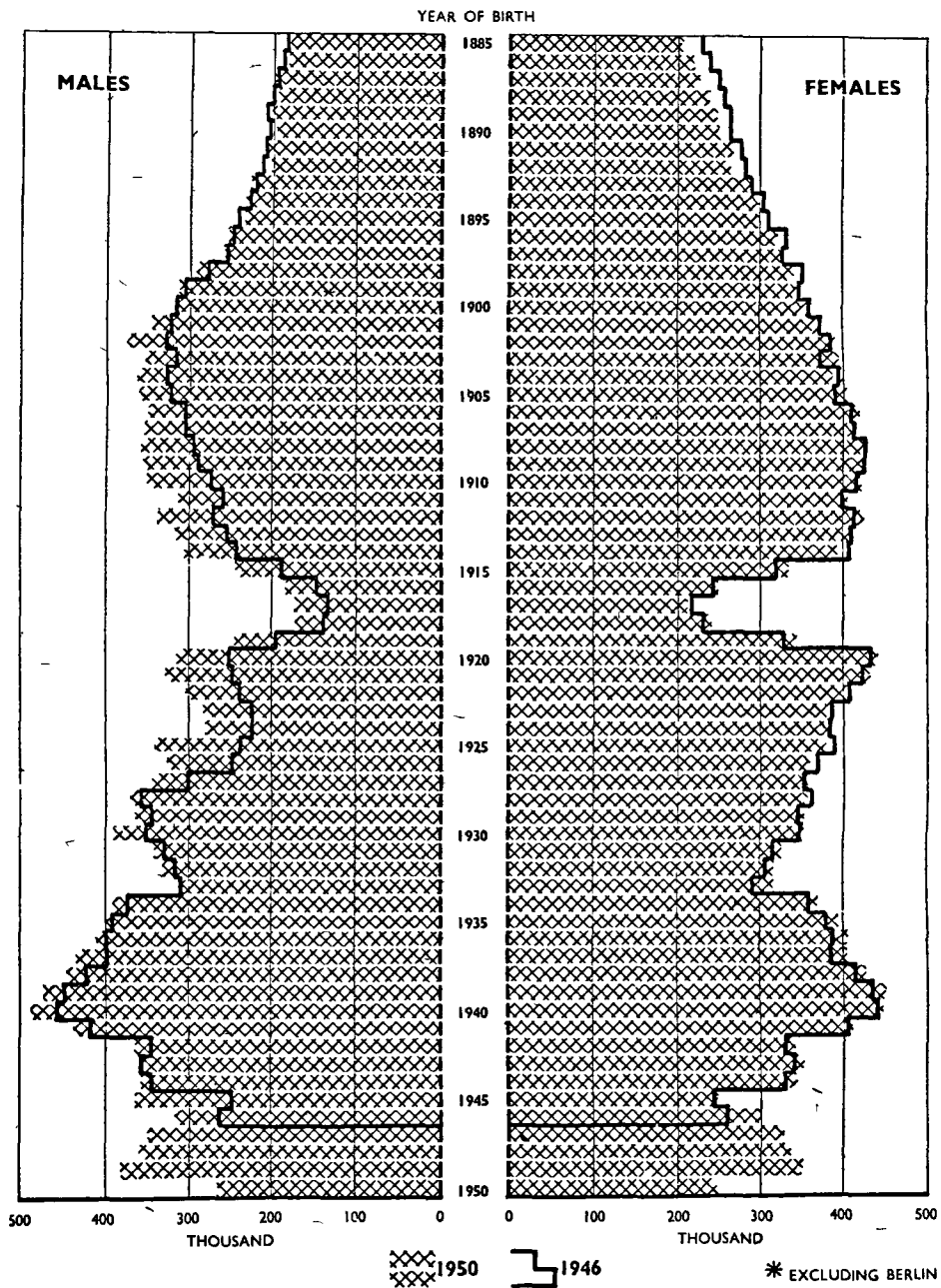
If the 668,000 persons in institutions, ships, and the like, are added, the total population of the Federal Area is estimated at 47,612,000.

## Age Distribution

The population growth has been predominantly influenced during the four years under review by the continued influx of refugees and the return of prisoners of war. The 1950 figures therefore show increases, especially amongst males, for all years of birth from 1900 onwards. Above the age of 50, the population has declined at each age—in effect, the influence of mortality having exceeded the net influx, mostly of refugees. The population born from 1910 to 1924 and therefore aged 26 to 40 in 1950 has increased by about ten per cent. The actual gain is estimated at 917,000 of whom 828,000 are males and only 89,000 females. The male predominance is accounted for by the large numbers of returned prisoners of war.

\* See Issue No. 1 of the CCG Quarterly Report.

**THE POPULATION OF THE FEDERAL AREA OF GERMANY \***  
**AT THE CENSUS DATE 29TH OCTOBER 1946**  
**AND 13TH SEPTEMBER 1950 SHOWN BY YEAR OF BIRTH**



The following table compares age distribution between 1950 and 1946 populations

Approximate ages	1950				1946			
	Total		Male		Total		Male	
	Population		Population		Population		Population	
	thou-	per	thou-	per	thou-	per	thou-	per
	sands	cent	sands	cent	sands	cent	sands	cent
Under 15	11,891	25 0	6,096	27 1	10,871	24 7	5,539	27 9
15 and under 20	3,437	7 2	1,764	7 8	3,414	7 8	1,685	8 5
20 and under 45	17,067	35 8	7,663	34 1	15,643	35 6	6,303	31 7
45 and under 65	11,170	23 5	5,119	22 7	10,176	23 1	4,556	22 9
65 and over	4,047	8 5	1,863	8 3	3,893	8 8	1,791	9 0
Total	47,612	100 0	22,505	100 0	43,997	100 0	19,874	100 0

The estimated number of men of working age, (15-65 years) has risen since 1946 by 2,000,000, an increase from 63.1 to 64.6 per cent of the total male population. The number of women in the same age group has risen by the much smaller figure of 439,000. The number of women per 1,000 males has declined from 1,214 in 1946 to 1,116 in 1950.

### Places of Residence in 1939

Analysis of the population according to pre-war place of residence shows that one fifth of the population (some 9,400,000 persons) now in the Federal Area have entered since 1st September, 1939. Children born since 1st September, 1939, are generally included under the former domicile of the parent.

Place of residence on 1st September, 1939	1950		1946		Per centage
	Total population thousands	Per centage	Male population thousands	Total population thousands	
Federal Area	38,229	80 3	17,986	36,765	83 6
Berlin	508	1 1	253	439	1 0
Soviet Zone	982	2 0	509	582	1 3
East of Oder Neisse and other countries	7,893	16 6	3,757	6,211	14 1
Total	47,612	100 0	22,505	43,997	100 0

Examination of the data of persons normally resident outside the Federal Area in 1939 shows that this number has increased by 2,200,000 since 1946, mainly due to the continued influx of refugees and the return of prisoners of war formerly domiciled outside the Federal Area. At the census date, 1950, the refugee\* population of the Federal Area was independently estimated from the records of the refugee offices at 9,400,000 which figure includes the children of such refugees. If some 300,000 foreigners and those persons formerly resident in the Western Sectors of Berlin are deducted the census shows a figure of under 9,000,000 as the number of refugees.

\* A refugee for this purpose being a person of German nationality or descent with former domicile in pre-war German territories east of the river line Oder-Neisse or in the present Soviet Zone of Germany, or in other countries.

## The Labour Force

The Federal Statistical Office estimates that the labour force of the Federal Area at the census date, including unemployed persons, was 21,700,000, of which two thirds were males. Since the 1946 census the male labour force is estimated to have risen by 2,100,000 and the female labour force by 200,000. The male labour force as a proportion of all males has increased from 61.4 per cent to 63.3 per cent whereas the corresponding proportion for the female labour force has fallen by 0.4 per cent to 29.7 per cent. A summary of the estimates obtained from the sample investigation is given below.

	1950				1946			
	<i>Total population</i>		<i>Male population</i>		<i>Total population</i>		<i>Male population</i>	
	<i>thou sands</i>	<i>per cent</i>	<i>thou sands</i>	<i>per cent</i>	<i>thou sands</i>	<i>per cent</i>	<i>thou sands</i>	<i>per cent</i>
Labour force (gainfully occupied persons and unemployed)	21,693	45.6	14,237	63.3	19,374	44.2	12,123	61.4
Persons of independent status not following a trade or profession	5,470	11.5	2,247	10.0	5,799	13.2	1,910	9.7
Dependants with no main trade or profession	20,449	42.9	6,021	26.7	18,699	42.6	5,719	28.9
<b>Total</b>	<b>47,612</b>	<b>100.0</b>	<b>22,505</b>	<b>100.0</b>	<b>43,872</b>	<b>100.0</b>	<b>19,752</b>	<b>100.0</b>

## Gemeinden

The Federal Area is divided into 24,153 Gemeinden\*, of which 20,914, or 86.6 per cent, have populations of less than 2,000 each. These latter are predominantly rural and have in the aggregate a population of about 13,700,000. More than two thirds of the total populations live in the remaining 3,239 Gemeinden.

Of these Gemeinden 46 are cities with more than 100,000 inhabitants in each, and these have a total population of nearly 13,000,000, almost equal to the combined population of the under 2,000 group. Among the cities Hamburg alone has a population exceeding one million (1,600,000). Other cities with populations exceeding half a million are Munich (831,000), Essen (605,000), Cologne (591,000), Frankfurt (524,000) and Dortmund (500,000). Dusseldorf and Stuttgart fall just below the half million mark. Between 1939 and 1946 a number of the cities, such as Cologne, Munster and Darmstadt, lost a third or more of their population. By 1946 the proportion of the total population living in the cities had fallen to less than a quarter. Since 1946 the loss of population has been substantially compensated by the influx of refugees and the return of prisoners of war, although even at the 1950 census date the total population of the 46 cities (12,900,000) had not regained the 1939 level (13,300,000).

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\* A Gemeinde in this sense is an administrative district.



# HELGOLAND

*It was announced at the end of February that the island of Helgoland, which has been in use since the end of hostilities as a bombing target of the Royal Air Force, is to be handed to the German authorities by March, 1952. Alternative arrangements are to be made to provide bombing targets for the Royal Air Force.*

*The following communiqué was issued by the Office of the British High Commissioner in Germany on 26th February, 1951 —*

“The British Government have had under consideration representations from the Federal Government for the release of Helgoland, a question which for some time has been under discussion in the High Commission and the subject of correspondence between the Federal Chancellor and the United Kingdom High Commissioner

“The British Government is anxious to meet the wishes of the Federal Government and of the inhabitants whilst at the same time ensuring the provision of suitable alternative bombing targets which are an absolutely essential element in efficient training for the defence of the West and which will take time to prepare

“The Federal Chancellor has accordingly been informed by the United Kingdom High Commissioner that the British authorities will release Helgoland as soon as satisfactory alternative arrangements are completed, but in any case not later than 1st March, 1952. The Federal Chancellor for his part has assured the United Kingdom High Commissioner that he will co-operate in the intervening period to prevent any further interference with the use of the island and will facilitate the establishment of an alternative range or ranges on some sandbanks off the north west coast of Germany, if these should prove suitable for bombing practice”

The German Federal Government in its official statement welcomed the promise of the British Government to release the island

# INTERNATIONAL AUTHORITY FOR THE RUHR

## The 25th Session

The Council of the International Authority for the Ruhr held its 25th meeting from 30th January to 3rd February, 1951

The Council completed its review regarding the solid fuels situation for the first quarter 1951

In recognition of the problem which the present coal shortage creates for Germany, as well as for all European countries, the Council thought it necessary to undertake at this time those adjustments which seem indicated after comparing previous estimates with the availability which could at present be envisaged. The examination of the whole question revealed clearly that the real problem confronting the Authority was that of a European coal shortage. Western Europe needs more coal than it produces, a proportionate sharing of this deficit between the consumer countries does not offer a long term solution to this problem. The only real remedy is to produce more coal.

In the desire to find a solution for the immediate problem as well as to pave the way, within its means, for a long term solution of the European coal problem, the Council adopted the following resolutions

Having reviewed the export availabilities for the first quarter of 1951 in accordance with point 5 of the Council's resolution of 22nd December, 1950

Taking into consideration

- (a) the reduction of the total estimated availabilities as a result of the fact that the estimates of the additional production resulting from extra shifts and working hours in the mining industry are proving to be higher than actual performance, and as a result of the failure of certain anticipated imports of solid fuels to materialise,
- (b) the increase in certain internal essential requirements

The Council agrees

- (i) that the total solid fuels export commitment of Western Germany for the first quarter, which results
  - (a) from the decision of the Council of 18th November, 1950, which fixed at 6,000,000 tons the solid fuel exports to be expected from the Ruhr, against a total export availability from Western Germany of 6,830,000 tons,
  - (b) from the unanimously agreed deferment to the first quarter of the shortfall in solid fuel export deliveries, which occurred in the fourth quarter, 1950, and amounted to 252,000 tons,

shall be reduced by a total of 550,000 tons

- (ii) that should average daily production on normal working days deviate from the estimated 380,000 tons upon which the decision of the Council is based, such deviation shall be reflected in proportionately reduced or increased deliveries for internal consumption and exports

In taking the foregoing decision, the Council has taken cognisance of the Federal Government's intention to co operate with all competent international organisations to ensure the stabilisation of that part of Ruhr coal and coke production destined for export, in particular by co operating in the drawing up of a long term programme and to make every effort to raise production to the maximum level which is technically possible in order to satisfy both the internal needs of Germany and the requirements of the importing countries

### The 26th Session

The Council of the International Authority for the Ruhr held its 26th meeting from 14th—17th February, 1951 .

The main object of this meeting was to fix the export allocation of coal and coke from the Ruhr for the second quarter of 1951

The delegation of the Federal Republic submitted proposals which were to fix the global tonnage of solid fuels to be exported from Western Germany during the second quarter of 1951, at 4,900,000 tons, including 900,000 tons representing the usual exchange with the Saar

The tonnage proposed by the Federal Government for export was appreciably lower than that adopted by the Council for the first quarter, 1951, that is 6,532,000 tons (including 252,000 tons carried over from the fourth quarter, 1950)

In order to justify this reduction, the Federal Government quoted the inadequate increase in coal production and the reduction or even the absence of certain imports. These factors would result in a diminution by 1,400,000 tons of the availabilities for the second quarter, in relation to those of the preceding quarter. In presenting the figure of 4,900,000 tons, the Federal Government stated that this amount represented the maximum which it was in a position to propose.

Wishing to take into account to the greatest possible degree the viewpoint of the responsible German authorities, the other Council delegations accepted the estimates of indigenous availability, whilst considering that these were likely to err on the side of pessimism.

But even on the basis of these figures they considered that it was not possible to reach the same conclusions as the Federal Government in regard to export allocations, if it was desired to carry out a division in conformity with the Statute, and to ensure equitable access to Ruhr coal and coke for all countries participating in the common economic good.

The proposal by the German Government implied, in fact, that the importing countries alone would bear the effect of the expected reduction in the availability.

Since, during the whole of 1950, exports had represented about 21 per cent of Western Germany's production of solid fuels, the Council considered that it was more equitable to share any possible reduction in availability during the second quarter of 1951 in the same proportion.

As the resolution unanimously adopted by the Council on 3rd February, 1951, had finally fixed the export allocation for the first quarter 1951 at 6,532,000 tons (including the exchange of 900,000 tons with the Saar and the carry over of 252,000 tons), the Council considered that it would be reasonable to base the allocation for the second quarter on this figure which had recently been unanimously

adopted by subjecting it to a reduction of 300,000 tons, being the share taken by exports in the reduction of availability forecast for the second quarter

In fixing its allocation the Council was fully aware that its solution could entirely satisfy neither the needs of Germany nor those of the importing countries. It was faced with a fundamental difficulty, namely the inadequate production of solid fuels in Western Germany. Despite the efforts already made, production by the German mines has not yet reached the desired level. Pending such improvement, the division of Ruhr solid fuels, both for inland consumption and exports, will continue to cause difficulties. One of the essential pre requisites for ensuring the economic equilibrium of the countries co operating in the common economic good is a guarantee of stability in the supply of solid fuels both to German consumers and to the importing countries.

The equitable distribution of a raw material which is as essential as Ruhr coal and coke, constitutes the basis of the reconstruction of Europe and of the expansion of international trade. In order to be able as soon as possible to achieve this equitable distribution to the satisfaction of all concerned, the Council decided to study measures likely to ensure stability in the matter of exports, in particular, by the establishment of a long term programme.

The Council adopted the following resolution determining the allocation for the second quarter 1951 against the vote of the representative of the Federal Republic

The Council

Having regard to the principles laid down in Article 14 of the Agreement, whereby adequate access to the coal and coke of the Ruhr by the countries co operating in the common economic good is to be ensured, taking into account the essential needs of Germany,

taking as a basis the low production forecast by the Federal Government, namely 27,828,000 tons gross clean coal, giving a total net indigenous availability including BKB of 25,602,750 tons for the second quarter of 1951,

taking into account the seasonal variation in consumption and the present prospects of imports of coal from various sources,

having regard to the very considerable deficit between availabilities and the requirements of European countries as revealed at the Economic Commission for Europe Coal Trade Sub Committee meeting in Geneva on 6th February,

recalling the Federal Government's intention to co operate with all competent international organisations to insure the stabilisation of that part of Ruhr coal and coke production destined for export,

decides

that assuming 800,000 tons of solid fuels will be exported from districts other than the Ruhr, the total quantity of coal and coke which shall be made available from the Ruhr in respect to the second quarter 1951 shall be 4,500,000 tons for Economic Commission for Europe countries, including bunkers, giving a total export availability of 5,300,000 tons from Western Germany (exclusive of the usual exchange of 900,000 tons between Western Germany and the Saar)

A second resolution was also taken as follows —

The Council

decides, that, in the application of its resolution regarding the solid fuels export allocation for the second quarter of 1951, the figure of 5,300,000 tons (exclusive of the usual exchange between Western Germany and the Saar) shall be a fixed amount

#### THE 27th SESSION

The Council concluded its 27th meeting on 14th March, 1951

It approved the allocations procedure for solid fuels by providing that it would be for the Federal Government to prepare, on its own responsibility, its export forecasts and to forward these to the competent international organisations

Before forwarding these figures the Federal Government will, at a meeting with the competent authorities in Germany, explain in detail the figures and estimates it intends to transmit to the international organisations

The Council also undertook a preliminary examination of the breakdown by quality of solid fuels for export in the second quarter 1951. It took note of the existing proposals for a breakdown and will examine the matter further at its next meeting

# GERMAN TRAVEL ABROAD

Since 1st February, 1951, important functions of travel control, carried out since the end of the war by the (Allied) Combined Travel Board, have been taken over by the German authorities acting under the German passport legislation of 1932 and 1938

Functions assumed by the German authorities include the issue of passports to German nationals in the Federal Republic and at posts abroad where German consuls general have been established, the documentation of German merchant seamen and bargees and the issue of passports (*Fremdenpasse*) to stateless persons and to those of undetermined nationality resident in the Federal Republic who are not the responsibility of the International Refugee Organisation. In addition, the German authorities now issue re entry permits to non German residents who wish to leave the Federal Republic temporarily for visits abroad

The German passport now issued by passport issuing offices of the *Landrate* or *Bürgermeister* replaces the temporary travel document, which was issued by the Combined Travel Board. German nationals already holding temporary travel documents have been able to exchange these for German passports since 1st February, 1951

Occupation personnel, as defined in Allied High Commission Law 2, do not come within the competence of the German passport offices

The High Commission Permit Offices in New York, Washington, and London closed and transferred their functions to the German consulates general in New York and London on 15th January, 1951. From this date, *visas* for visits to Germany by all persons other than Allied High Commission personnel, their dependants, and dependants of members of the Occupation Forces have been obtainable at the appropriate German consulate-general. It is anticipated that German consulates general will be operating in most European capitals before the end of July, as well as in a number of other countries abroad. Allied Permit Offices in these places will be closed as consuls general assume their responsibilities

Originally, travel to and from Germany was subject to considerable restriction because of economic conditions and the difficulty of obtaining foreign *visas*. In August, 1946, however, following an intergovernmental conference held in Paris, a tripartite agreement was signed providing for the documentation of German nationals, stateless persons, and persons of undetermined nationality with a travel document in lieu of passport. This agreement enabled many more people to travel abroad. In 1947, further relaxations were introduced and procedures were simplified to allow greater freedom of travel for individual Germans whose contact with the outside world was essential for cultural purposes and the economic advancement of the country.

The Allied temporary travel document has had world wide recognition and more than one million have been issued. Until the summer of last year an exit permit was required in addition to the temporary travel document. The removal of this requirement placed travel from the Federal Republic on the same basis as travel from other western continental countries. In 1950, the number of Germans travelling abroad was comparable with the number travelling from any other large European country.

# MILITARY SECURITY BOARD

## Military Matters

A request by the Federal Government that former German naval officers be authorised to take Merchant Marine examinations was considered by the Military Security Board and no objections were raised under the conditions specified

German marksmen, competing in the Olympic Games, 1951, may acquire rifles and ammunition for practice purposes under the regulation already published concerning sporting firearms

A study has been made regarding the employment of Germans in area traffic control The Civil Aviation Board has been advised that there is no security objection to the employment of Germans on area traffic control provided they are supervised by a competent Allied national and that the Military Security Board is periodically notified of the number of German nationals so employed

## Industrial Matters

In their directive of 19th September, 1950, the Foreign Ministers of Great Britain, the United States of America and France instructed the Inter Governmental Study Group on Germany to make recommendations for the revision of the agreement on Prohibited and Limited Industries in accordance with certain principles, one of which was the elimination of security restriction which within the framework of the present relations between Germany and the Occupying Powers would appear to be justified.

After lengthy deliberations the Study Group agreed on recommendations on all aspects of the question which the governments of the Occupying Powers transmitted to the Allied High Commissioners in the form of a communication embodying the text of a new agreement The changes brought about by the new agreement are outlined in the special paper on "Industrial Controls" on page 37

## Licences

During the quarter ending 31st March, 1951, the Military Security Board issued in the German Federal Republic 76 authorisations under Allied High Commission Law 22 (Control of atomic energy) and 245 in connection with Law 24 (Control of certain articles, products, installations and equipment) The licences issued under Law 22 were in respect of the following industries chemicals 42, electronics 29, metallurgy (non ferrous) 5 Those under Law 24 were in respect of mechanical engineering 130, chemicals 73, electronics 16, metallurgy (ferrous) 16 and shipbuilding 10 In the British Zone, acting under delegated powers, Land Commissioners issued 42 licences in the field of mechanical engineering

## Mechanical Engineering

The German Minister for Economics requested that capacity for the manufacture of non precision type ball and roller bearings should be excluded from control under the law The Board stated, in reply, that the Prohibited and Limited Industries Agreement did not differentiate between precision and non precision type bearings The Board could not, therefore, agree to the concession requested

The register of plants comprising the ball and roller bearing industry compiled by the Ministry of Economics has been examined by the Board. The form and contents thereof were found to be satisfactory. This register includes details concerning 48 plants located in the Federal territory engaged in the above industry, or possessing facilities capable of manufacturing ball or roller bearings. Of this total, 25 of the plants are in the British Zone, 22 in the American Zone, and one in the French Zone.

Consolidation of the declarations received from the eleven Lander in respect of machine tools in the Federal territory, as at 28th February, 1951, has now been completed. This indicates a total holding of 6,677 machine tools of the types listed in Group II(F) of Schedule "D" to Law 24, including 3,357 in the British Zone, 2,786 in the American Zone, and 534 in the French Zone.

### Chemicals

Regulation 14 to Allied High Commission Law 24 and its Directive 19 were issued regarding the acquisition and use of ammunition by the Federal authorities for civil security purposes.

An application to increase productive capacity for the manufacture of detonators was denied.

In view of increasing demands the import and consumption of thorium compounds is under review.

Increased productive capacity for styrene was authorised within the ceiling limitations of 20,000 metric tons per year.

The growth of industrial activity in the Federal Republic has required corresponding increases in authorised production of many controlled chemicals, particularly industrial explosives and liquid oxygen.

During the quarter ended 31st March, 1951, some 345 applications for approval to export were received and 260 of these were approved. Of those still outstanding, the majority are awaiting a policy ruling on the use of German industry for reproduction for export of armament plants. During the same period 86 applications were received to import commodities subject to Laws 22 and 24. Of these 44 have been approved.

### Shipbuilding

A survey has been completed in connection with floating and other docking capacity in Western Germany. This survey covered the locations of dock capacity and the volume of inward and outward freight at the various ports.

It was found that there appeared to be a theoretical shortage of capacity compared with the 1938 figure, but attention is drawn to the fact that this theoretical economic shortage presupposes that the docking facilities available in 1938 were at that time in balance with the requirements of the shipbuilding and ship repairing industry. This was not the case, as some facilities were, in fact, used for the servicing of warships.

### Scientific Research Matters

During the first quarter of 1951, 23 permits have been issued under Military Government Law 23, the total of permits in force now being 457. Thirty five



applications for permits to conduct scientific research are under unilateral examination and three being considered tripartitely. A total of 1,015 research establishments are active in the British Zone and the British Sector of Berlin.

Certain provisions to the Schedule of Law 23 have received the *imprimatur* of the High Commission, a very few items remain under discussion and consideration is, of course, being given to the future shape of research control in Germany. One aspect of this problem is the relatively free flow of scientific information in both directions between east and west Germany.

One particular contribution by British science to German scientific research is the supply (by air) of radio isotopes from the Atomic Energy Research Establishment at Harwell. These isotopes, owing to the operation of the Control Law, may not be produced in Germany, but are imported and used to an increasing extent in medical, biological research and more recently in studying river pollution in the Ruhr. There are also applications in industry, particularly for non destructive materials testing. Emergency requirements of hospitals have been met within 24 hours. All such orders at present pass through Scientific Research Branch and a regular report is rendered to Harwell of the uses to which these isotopes are put.

Invitations have been secured for a small number of young German scientists of promise to visit laboratories in Britain this spring. These are chosen from the age group 30—40 which suffered particularly as to its contact abroad under the Hitler regime. Sums have been made available for visits of a fortnight duration.

# REORGANISATION OF THE GERMAN COAL AND IRON AND STEEL INDUSTRIES

*In the light of the Schuman Plan which "enables the High Commission to consider these problems in a broader context than would otherwise be the case," the Allied High Commission on 27th March, 1951, gave its approval on the assumption that the Schuman Plan will become effective, to proposals put forward by the Federal Government for the implementation of Law 27 of the Allied High Commission on the reorganisation of the German coal and iron and steel industries*

## Federal Government Proposals

The proposals of the Federal Government for reorganisation of the coal and iron and steel industries of Western Germany are summarised below

- (i) There should be 28 unit companies (instead of 29 proposed in the Allied reorganisation plan) This is to be achieved by making three changes in the grouping of the companies suggested in the Allied plan Huttenwerke Haspe would be combined with Georgsmarienhutte and Stahlwerke Osnabruck, Huttenwerke Horde would be combined with Dortmunder Union, and one of the units proposed by the Allied plan would be divided into two, to consist of Bochumer Verein and Heinrichshutte Hattingen

The final plan does not deal with the problems presented by the Reichswerke and the iron ore mining industry Both of these require particular consideration

- (ii) Coal mining enterprises are to be allotted to twelve of the unit iron and steel companies Specific groupings are already proposed in the case of nine of the companies In the case of the three other companies, the Federal Government will make recommendations later It is estimated that the mines and cokeries allotted to the nine iron and steel enterprises account for approximately 14.3 per cent of the total West German coal production The mines likely to be allotted to the other three iron and steel companies are expected to raise this figure to approximately 16.5 per cent In all cases, the coal mines allotted provide not more than approximately 75 per cent of the steel companies' requirements

Although linked with iron and steel companies, the coal mines are to be separate corporate entities, selling at market price on invoice including taxes and subject to the same allocation regulations under the Schuman Plan as mines not linked with iron and steel companies

- (iii) The German Executive Organisation responsible for coal production and Management (Deutsche Kohlenbergbauleitung) is to be dissolved three months after the completion of the setting up of the new coal enterprises and the transfers to them of the relevant assets

The German Coal Sales Organisation (Deutscher Kohlenverkauf) is to be placed in liquidation not later than 1st July, 1951 Liquidation will be conducted in stages, to be completed by 1st October, 1952, although the High Authority to be established under the Schuman Plan may authorise six month extensions up to 1st October, 1953

Additional proposals are to be submitted to the Allied High Commission with respect to the allocation of coal assets to the steel units Huckingen, Bochumer Verein, and Maximilianshutte

Consideration is also being given by the Allied High Commission at the request of the Federal Government to the allocation of Bergwerke Essen to the steel unit Rheinhausen

The High Commission has issued instructions to the Combined Steel Group and the Combined Coal Control Group to put into effect the proposals of the Federal Government as now approved.

These proposals of the Federal Government and their acceptance by the Allied High Commission represent a recognition by all parties of the importance and advantage of an agreed solution to this vital problem. To reach this decision, both sides have made concessions and have been prepared to give up certain of their views where necessary in the cause of wider European interests

# DISPERSAL OF IG FARBENINDUSTRIE

*The plan for the dispersal of IG Farbenindustrie, the German chemicals and dyes trust, has been communicated by the Allied High Commission to the Federal Government*

*The plan embraces approximately four fifths of the IG Farbenindustrie assets in Western Germany and calls for the setting up of nine independent undertakings, including three main company groups and six smaller undertakings. Plans for the dispersal of remaining assets are being prepared*

*The plan is to be implemented without delay by the tripartite IG Farben Control Group, which will be assisted by a liquidation committee of German experts who have been appointed in consultation with the Federal Government*

*The Interessengemeinschaft Farbenindustrie AG is estimated to have controlled 85 per cent of the German chemical industry in 1939. Its interests covered not only chemicals production in the widest sense but also extended into the production and development of explosives, plastics, synthetic oil and mining. Some 169 companies in Western Germany and 45 in Eastern Germany came under its control. In its dominant position it played a major part in building up the Nazi war machine. Its dispersal was ordered by Law 9 of the Allied Control Council in 1945, which was followed by Allied High Commission Law 35 of 17th August, 1950*

*The text of the Allied High Commission letter to the Federal Chancellor is as follows —*

“On 23rd November, you were advised of the Allied High Commission's intention to establish nine independent companies, consisting principally of assets contained in the Ludwigshafen, Leverkusen and Maingau complexes

In reply to this letter, the Allied High Commission received, under cover of the Chancellor's letter dated 18th December, a memorandum setting forth the views of the Federal Government on the Allied High Commission's proposals

On 2nd January, copies of the report of the tripartite investigation team appointed to consider the dispersal problem of IG Farben were sent to the office of the Chancellor and arrangements were made for discussions with Federal Government experts. In accordance with these arrangements, meetings were held between Allied and Federal Government experts on 11th, 16th, 23rd and 27th January. As a result of these and further discussions, a letter was sent to the Ministry of Economics by the tripartite IG Farben Control Group on 17th March, 1951, requesting the views of the Federal German Government on certain specific points connected with the AG fur Stickstoffdunger, Knapsack, and the Behringwerke and Behring Institut at Marburg and Eystrup respectively. No reply has yet been received

Subject to the matters referred to the Ministry of Economics which are still outstanding and subject to further consideration of the problem presented by the two synthetic fibre spinning plants at Rottweil and Bobingen, it is now possible to state the final conclusions which have been reached by the Allied High Commission. In reaching these conclusions the Allied High Commission has given the fullest consideration to the views expressed by the Federal Government both in writing and orally in the course of the meetings referred to above

These conclusions will result in the establishment of nine new undertakings outlined below. The Allied High Commission is particularly glad to note that these groupings will now represent a large measure of agreement as between the Allied High Commission and the Federal Government.

- (i) Ludwigshafen, Oppau
- (ii) Farbwerke, Höchst,  
Chemische Fabrik, Griesheim,  
Naphtol Chemie, Offenbach  
To this unit will be added the organisation resulting from a merger of the AG für Stickstoffdünger, Knapsack and the oxygen plants in the UK and US Zones, in such form as may be decided upon, the future of the Behringwerke, formerly recommended for incorporation in this unit, is not yet decided.
- (iii) Casella Farbwerke, Mainkur
- (iv) Titangesellschaft mbH, Leverkusen
- (v) Agfa Camera Werke, Munich
- (vi) Dormagen
- (vii) Remaining assets at Leverkusen, Elberfeld, Ürdingen, subsidiary company consisting of photographic film and paper plants at Leverkusen
- (viii) Chemische Werke, Huls
- (ix) Rheinfelden

It is desired to bring the following explanatory notes to your attention —

*Farbwerke, Höchst*

The two matters referred to the Ministry of Economics, namely the future of the Behringwerke and the form which the merger with the Knapsack group will take are the only remaining problems, the solution of which is necessary to the final constitution of this unit.

*Casella Farbwerke,  
Mainkur*

In view of the representations of the management of this undertaking to the effect that it is fully capable of independent existence, the Allied High Commission does not consider it desirable to insist on its merger with the Höchst unit. Casella will, therefore, be set up as an independent unit.

*Titangesellschaft mbH,  
Leverkusen*

Since this undertaking is already a legally independent company, the decision to separate it presents as its principal problem the question as to the future ownership of the ex IG Farben share of the company's capital. This problem is at present under consideration.

*Leverkusen*

In view of your representations, the previous proposal to incorporate the photographic film and paper plants at Leverkusen into an independent company together with the Munich Camera Works, has been modified. It has now been decided that the Leverkusen departments in question shall be formed into an independent company but that Bayer shall be permitted to retain control of the new Agfa company either by means of holding the shares as a subsidiary, or by means of a holding company, whichever may be considered the most satisfactory solution.

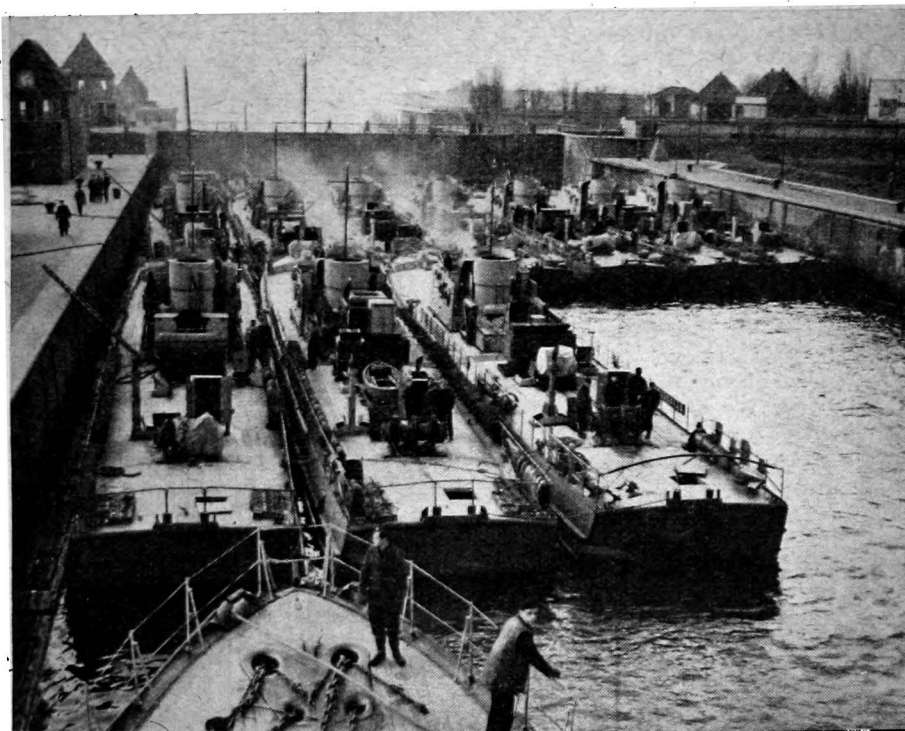
The Allied High Commission regrets it has been unable to agree to the retention of Dormagen in the Bayer group. Dormagen will therefore be set up as an independent company.

*Rottweil and Bobingen*

The question of the final treatment to be accorded to these two plants is still under consideration.

The Allied High Commission intends to press forward with the implementation of the decisions communicated to you in this letter as soon as possible. Specific plans for setting up the new companies are at present under active consideration. The Allied High Commission will be glad to receive the final recommendations of the Federal Government as soon as possible in regard to the Behringwerke and Knapsack problems."

## MINESWEEPING IN GERMAN WATERS



*'R'-boats in the Kiel Canal returning from operations in the Baltic.*

The responsibility for minesweeping in German waters was taken over by Frontier Inspection Service from the Royal Navy on 1st January, 1948, and since that date the work has been carried out by the Minesweeping Section.

During March, 1951, the Royal Naval Elbe Flotilla was based at Cuxhaven and on 1st April, 1951, the Royal Navy again assumed control of the German Minesweeping Flotilla.

The three-and-a-quarter years during which minesweepers have operated under the Control Commission flag have seen many changes in Germany, but the work of minesweeping remains the same. The magnetic mine is still a danger to vessels which stray out of the authorised swept channels, and the sweepers have continued to sweep new channels and to clear areas off the western coast of the German Federal Republic and in the Baltic for the benefit of international shipping.

The chief tasks of the Minesweeping Section have been the widening of the channel off the East Frisian Islands by one mile; the clearance of an area in Eckernförde Bay, required for new ships to be tested over a "measured mile"; the sweeping of two channels in the Ems Estuary and the clearance of an area in the Weser estuary. During the course of these operations, five magnetic ground mines were detonated and approximately 120 square miles of waters, previously considered dangerous due to mines, have been rendered safe for navigation. Since February, 1950, casualties due to mines in the German sub-areas of responsibility have been eight ships in the North Sea and six ships in the Baltic.

# POLITICAL AFFAIRS

## West European Defence

Speaking at Bielefeld on 14th January at a rally of the Christian Democratic Union (CDU) of Land Nordrhein Westfalen, the Federal Chancellor admitted that, mainly owing to the war in Korea, the attitude of broad sections of the German public to the question of a German contribution to Western defence was uncertain. The German people, nevertheless, had decided unequivocally to associate themselves with the Western nations, and were wholly on the side of freedom and of the West. Dr Adenauer pointed out that the Germans still had had to be told what was expected of them; and that certain psychological difficulties remained in the way of the association of Germany with Western defence, such as the retention of German prisoners of war in France and the legal proceedings against General von Falkenhausen. Dr Adenauer mentioned five conditions on which satisfactory co operation of the Federal Republic for Western defence depended. These were —

- (i) All free nations must devote without delay their entire political and military strength to the task of maintaining freedom
- (ii) Occupation law in Germany must be replaced by a contractual agreement, and the Allied High Commission must be converted into a Council of Ambassadors
- (iii) The German military contingent must have absolute equality of status with the forces of the other powers participating in Western defence
- (iv) The Federal Republic must be given financial assistance from the Allies in its defence preparations
- (v) Agreement at a Four Power Conference must not be reached at Germany's expense

General Dwight D Eisenhower visited Germany in the latter half of January. The comments of German politicians and the press were almost unanimous in saying that in the few short public statements he made, the Allied Supreme Commander had struck the right psychological note, and that his remarks would contribute greatly towards reducing the antipathy of the individual German to re armament. This reaction was largely due to General Eisenhower's assertion that however infamous may have been the acts of certain individuals, the honour of the German soldier had not been lost, and that the time had come to let bygones be bygones. On 22nd January, the American High Commissioner held a reception at Frankfurt which was attended by senior officials of the three elements of the Allied High Commission, the Federal Chancellor, the Vice Chancellor and other prominent Germans including Herr Blank and Generals Speidel and Heusinger. Dr Schumacher, leader of the Social Democratic Party (SPD), was ill and was represented by his deputy, Herr Ollenhauer.

On 26th January, the French Deputy High Commissioner communicated an invitation to the Federal Government to participate in the conference which was to begin on 6th February, in Paris, on the question of the creation of a European army as outlined in the Pleven Plan. The invitation was accepted, and the Federal Republic was represented at the opening session of the conference by Professor Hallstein. At the end of the current quarter, discussions were still taking place in Paris.



At a press conference on 29th January, Dr Schumacher denounced the Plevan Plan as being unsuitable basis for the discussion of the establishment of a European army. He said that the SPD was not, however, opposed to German representatives attending the Paris conference in order to examine the purely technical possibilities of forming a European army.

The attitude of the Social Democrats towards German rearmament was redefined in a statement contained in the March issue of the party's broad sheet "News from Germany", which is published in English. In this statement, the SPD declared itself categorically in favour of raising German forces by means of conscription and thus ensuring the creation of a "Democratic People's Army". The party again challenged the competence of the present Federal Parliament to take a decision on rearmament and proclaimed the SPD intention to work for new elections.

Dr Schumacher himself reaffirmed at a press conference at Heidelberg on 26th January that the Social Democratic Party would on no account agree to German rearmament without adequate protection by the Western Powers.

Some small groups of right wing extremists issued at Wiesbaden on 11th January a so called "Peace Proclamation" against rearmament. The fifty one signatories included Professor Noack, the leader of the Naheimer Kreis (Neutrality Movement). Shortly before, on 6th January, Professor Noack had delivered a speech in Wurttemberg Hohenzollern, in which he demonstrated his conception of neutrality by adopting the Communist line on Korea and Indo China and saying that in Western Germany "the capitalists were prepared to go to war in support of a discredited governmental system". He attacked Dr Adenauer for pursuing an American policy, praised the Soviet Union's peaceful intentions and called upon all Germans to defeat American policy.

### Neutralisation of Germany

The theory of a neutral Germany has been widely discussed, but both Dr Adenauer and Dr Schumacher have exposed in public statements the risks inherent in it. In a speech broadcast from Munich on 7th February, the Chancellor tried to dispel the illusion that this theory afforded the best solution to the present international situation. Such a solution, he said, would be practical only if Germany were strong enough to defend her own frontiers. Dr Schumacher, on 14th February, in a statement communicated to the press, said that the Social Democratic Party rejected unequivocally the idea of German neutralisation. The present propagation of this idea was part of Soviet political and psychological tactics, and any attempt in practice to neutralise Germany would be open to the risk of exploitation by the Communists. Neutralisation brought about by an agreement between the Western Allies and the Soviet Union was something which the German people themselves could neither create nor prevent, if it happened they would have to exercise extreme vigilance. On 19th January, Dr Adenauer was reported in the press to have said at a meeting in Bonn of the Parliamentary Groups of the Christian Democratic Union (CDU) and Christian Social Union (CSU), that the neutralisation of a unified Germany would be tantamount to delivering Germany into the hands of the Russians, and that if such a solution were agreed upon by the four Powers, the Federal Republic would reject it.

Earlier, in a speech delivered at Bonn University on 10th February, the Chancellor had said that the Federal Government would only recognise decisions taken at a Four Power Conference if they accorded with the interests of the German people.

## Reunification of Germany

Proposals from the Soviet Zone for the setting up of an all German Constituent Council\* were referred to in a government declaration by the Federal Chancellor on 9th March in the Bundestag, an account of which is given on page 43. The burden of the Chancellor's declaration was that the pre requisite for reunification was the holding of genuine free, secret and direct elections in the whole of Germany to appoint a German Constituent Assembly, but that before these could be held the legal and psychological conditions required to make them genuine must be fulfilled in the East Zone.

## German Ministry of Foreign Affairs

The revision of the Occupation Statute\*\* was announced in a *communiqué* of the Allied High Commission published on 6th March, 1951. The Federal Government was thereby authorised to establish a Ministry of Foreign Affairs and to establish diplomatic representation abroad. On 13th March Dr Adenauer announced that he had decided to take on for the time being the office of Foreign Minister, in addition to his other duties. Professor Hallstein was appointed State Secretary for the Ministry.

## The Schuman Plan

On 19th March, Professor Hallstein initialled the Schuman Treaty in Paris on behalf of the Federal Republic. On his return to Bonn, Professor Hallstein gave a press conference at which he said that the benefits and burdens implicit in the plan were being divided evenly between the signatory powers. He denied that Germany was being called upon to make disproportionate sacrifices. He said that the conclusion of the treaty would open the way to the dissolution of the Ruhr Authority, the relevant functions of which would be transferred to the High Authority.

In a speech at Hamburg on 21st March, Dr Schumacher reaffirmed in strong terms his party's opposition to the Schuman Plan.

The Schuman Plan Treaty was signed on 18th April, 1951, in Paris.

## Heligoland

Agitation for the return of Heligoland to its inhabitants continued into the New Year. Several parties of intruders attempted to reach the island, some of them successfully, and Prinz Hubertus zu Lowenstein, the organiser of the Heligoland operation, held several public meetings in Nordrhein Westfalen, Niedersachsen and Bremen. On 26th February, the British High Commissioner announced that Heligoland would be released as soon as alternative bombing targets were found, but in any case, not later than 1st March, 1952. The Federal Chancellor, the announcement said, had for his part assured the United Kingdom High Commissioner that he would co operate in the intervening period to prevent any further interference with the use of the island and would facilitate the establishment of other ranges off the north west coast of Germany, if these should prove suitable for bombing practice. The text of the announcement appears on page 55.

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\* Made in Herr Grotewohl's letter of 1st December 1950, to Dr Adenauer and the resolution of the so-called People's Chamber of 30th January 1951 addressed to the Bundestag.

\*\* Texts appear on page 27.

Since the end of February, some Communist groups have attempted to exploit the situation and to stage fresh demonstrations on the island. The Communist Party (KPD) has set up an organisation at Hamburg called the "Deutsche Bewegung Helgolands"

### Berlin

On 18th January, Professor Reuter was elected Regierender-Bürgermeister of Berlin by the House of Representatives, and on 1st February he announced his new Senate list to the House and read his declaration of policy. His statement fore-shadowed early negotiations with the Federal Government designed to incorporate Berlin in a number of Federal institutions and arrangements affecting other Länder, and defined the principles which would guide the Senate's policy on the controversial issues of education, social insurance and the Civil Service. The new Senate was approved by 115 votes. Professor Reuter (SPD), Herr Schreiber (CDU), Herr Conrad (Free Democratic Party) and Herr Klein (SPD) will represent Berlin in the Bundesrat.

### Soviet Zone

In February, the Evangelical Synod of Berlin and Brandenburg held a meeting in East Berlin to consider the demand which Herr Jahn, Minister President of Brandenburg had made that the church offices should be moved from West Berlin to Brandenburg in the Soviet Zone\*. In his opening speech, Bishop Dibelius pointed out that the anxiety of the East German Communist Party (SED) that the church offices should be moved from Berlin, was difficult to reconcile with that party's ostensible desire for all German unity. The Synod decided to reply to the Minister President of Brandenburg expressing its willingness to maintain the unity of the church in Berlin and in Brandenburg, thereby implying that it would not allow the church offices to be moved. The Synod also declared a vote of confidence in Bishop Dibelius asking him to continue his efforts to secure the unity of Germany and to act as mediator.

The synod also approved a resolution strongly condemning the school policy of the SED which had turned the schools in the East Zone into propaganda vehicles for the materialist philosophy of life. There have been press reports that Christian Science is now banned in the so called German Democratic Republic (Deutsche Demokratische Republik). This follows the persecution last year of the witnesses of Jehovah.

# INFORMATION SERVICES

## The Press

The question of a military contribution to Western defence by the Federal Republic continued throughout the quarter to be a dominant theme, in one form or other, in the West German press

The exchange of notes between the three Western Powers and the Soviet Union, with emphasis on German rearmament, and the meetings in Paris, since 5th March, of the Foreign Ministers' deputies have been fully and prominently reported and have inspired much editorial comment. The general attitude expressed has been that no opportunity should be missed for negotiations in the interest of peace but that Russian approaches should be treated with the utmost scepticism. Fears have also been expressed that the Western Powers might subordinate German interests at a Four Power conference in order to bring about an agreement.

Another aspect of this subject achieved prominence through the speech made by the British High Commissioner at Hamburg on 12th January. His Excellency's injunction to the Western Germans to make a clear decision as to whether they belonged to the West or the East engaged wide attention in all sections of the press and called forth lively reactions. All non Communist papers argued that Western Germany had decided long ago for the West but that the negative, egotistical policy of the Western Powers had made co operation difficult. The High Commissioner's speech in the Frankfurt Press Club also received wide publicity, several newspapers employing such headlines as "equality but not immediately".

Statements made by General Eisenhower during his visit to Germany and his report to the American Congress received prominent and favourable attention from the press. His statements that the individual German soldier and officer had not lost his soldierly honour and that he (General Eisenhower) hated the Nazis but not the German people were emphasised and applauded. After his report to Congress that the problem of Germany's status should be solved before the formation of German units the right wing party and some independent newspapers turned with increased attention to the informal conversations between the Allied High Commission and the representatives of the Federal Government on the contribution which Western Germany could make to Western defence. The Paris conference regarding the formation of a European army on the basis of the Pleven plan, described by Dr Adenauer as a counterpart to the Schuman plan, also received prominent and favourable publicity in the right wing press but Socialist (SPD) newspapers criticised the plan on the ground that it disregarded the German pre condition of equal treatment for all national contingents.

The Federal Chancellor's repeated rejection of the idea of a neutralised Germany, and his appeal for the creation of a strong Western defence as the best guarantee of security and peace, had the support even of the opposition press, which condemned unarmed neutrality as dangerous. There was also complete unanimity in the non Communist press on the Federal Government's "Unity only with Freedom" reply to the various Soviet Zone proposals for discussions on German unity. The SPD press, in this connection, has urged a more active government policy to counter the Soviet Zone campaign.

Announcements of Allied troop reinforcements were given steady coverage but were frequently linked, particularly in the right wing press, with criticism of their

"luxurious" accommodation requirements. This was part of a general drive against Occupation costs, which increased in intensity as the time approached for the announcement of the 1951-52 Occupation costs budget. The transmission of this budget to the Federal Government on 16th March provided the leading news item in almost all newspapers the following day, and the subject of much editorial comment for several subsequent days. Although all the old arguments were brought forward once again—the demand for a radical reduction of both Allied and German personnel in the High Commission, for the limitation of Occupation costs to "genuine defence costs", and for a joint Allied German organisation to control Occupation expenditure—the criticism was softened, in so far as the more intelligent, independent papers were concerned by recognition of the fact that the sum of 6,600,000,000 deutsche marks was less than had been anticipated, although more than had been hoped for. The main grievance, as expressed by the Federal Finance Minister and by Dr. Schumacher, was that the Federal Government had not been consulted before the budget was announced.

The clemency exercised by the American High Commissioner in reviewing the sentences on the Landsberg war criminals was highly appreciated by the German press, which, nevertheless, criticised his decisions on several details. The confirmation of the seven death sentences and the subsequent suspension of the executions have provided the right wing coalition and independent press with grounds for criticising all war trials and calling not only for a favourable review of all sentences on war criminals in British and French custody, but of a retrial of all war criminals.

The Instrument of Revision of the Occupation Statute, published on 6th March, met with a mixed reception. While the bulk of the coalition newspapers approved the step forward and welcomed the advantages secured by the revision, several of them deplored the "high price" which had to be paid, namely the recognition of external debts of the former Reich, and in some cases repeated the SPD contention that the revision had already been outstripped by developments which made it necessary that the statute should be replaced by a security treaty.

Press agitation respecting Helgoland subsided after the promise given on 26th February that the island would be released if another suitable target for the Royal Air Force could be found. This was welcomed as a "victory of good sense". The timing of the decision was, however, criticised in view of its having coincided with a Communist sponsored invasion of the island, thus allowing the Communists to claim the victory.

The climax of the trade union fight for workers' participation in industrial management, the crisis in the Federal Government's economic, financial and fiscal policies, as well as the rising cost of living, have been other issues prominently featured by the press. A great deal of criticism has also been focussed on the coal shortage, for which the coal export quota and the International Authority for the Ruhr were held responsible. The demand for the abolition of the International Authority for the Ruhr has been supported by arguments that its continued existence is incompatible with the Schuman plan. The initialling of this plan on 19th March, although hailed in principle as a demonstration of European co-operation, was the subject of rather dubious comments in a large part of the press regarding its implementation. The Socialist (SPD) press took the definite line that the plan should be rejected by Germany, mainly because of its provisions regarding decartelisation and the German joint coal selling organisation. The majority of the press anticipated a stormy parliamentary debate when the proposal to ratify the signature came before the Bundestag.

## Newsprint

The newsprint situation in the Federal Republic and in West Berlin has remained critical. To meet the shortage, the newspaper publishers' associations have recommended publication on four days a week instead of six, but most of the important newspapers have notified their readers that they do not intend to adopt this plan.

According to recent press reports the matter has been taken up with the Federal Government and on 19th March, the Federal Cabinet commissioned Dr Erhard, Minister of Economics, to ensure newsprint supplies to the press. Dr Erhard informed the Cabinet that he would take steps to safeguard a sufficient newsprint production and distribution. The Cabinet expressed its desire that the daily publication of newspapers should continue.

## Publications Branch

In addition to normal publications, a 32 page brochure on the Colombo plan, based on a pamphlet issued by His Majesty's Stationery Office at the end of last year, has been distributed to readers of *British Bulletin* and *Die Brücke*. Total circulation was 25,000 copies.

## Broadcasting

The Nordwestdeutscher Rundfunk transmitter network has received several additions. A two kilowatt transmitter is now in operation at Gottingen, operating on the international common wave of 1,484 kilocycles. In the case of the new two kilowatt transmitter at Braunschweig Salzgitter, which was also started on the same frequency, a change has been made to a frequency of 755 kilocycles, resulting in a considerable expansion in reception.

A new twenty kilowatt medium wave transmitter is now working at Oldenburg on a frequency of 1,586 kilocycles. This permanent installation replaces the mobile equipment with which this station was started. In addition, at Oldenburg a new ten kilowatt UKW transmitter has commenced operation.

After appropriate international negotiations, the one and a half kilowatt transmitter at Flensburg has changed to a new frequency of 755 kilocycles, considerably improving reception conditions in the northern part of Schleswig Holstein.

In Hanover, service has now started over a new ten kilowatt UKW transmitter. In Siegen a small 400 watt transmitter commenced operation initially on the international common wave of 1,484 kilocycles and subsequently on a frequency of 755 kilocycles and here, too, a considerable improvement in reception has resulted.

The twenty kilowatt broadcasting transmitter operated by the Soviet Zone authorities at Schwerin has recently changed over from its former frequency of 1,484 kilocycles per second to 728 kilocycles. The new frequency is one allocated under the Copenhagen Plan to Athens and was until recently used also by Munich. The Schwerin transmitter using the new frequency can be heard well, both by day and night, in the north eastern area of the British Zone, including Hamburg.

## Television

The experimental German television service has been greatly improved by the addition of new cameras and facilities for direct studio transmission, and two hourly programmes are now being transmitted on an experimental basis three times weekly in the Hamburg area

At a recent conference of television experts in the Federal Republic it was decided that the development of black and white transmissions need not await the introduction of colour television, as by that time there will almost certainly be systems available which will permit any existing black and white television receivers to operate without modification

## Films

Synchronisation has been completed on the films "Precise Measurements for Engineers", "British Industries Fair", "Waverly Steps" and "The Undeclared" and a German commentary on magnetophone tape has been recorded for use with the film strip "London's Police Headquarters"

The 'Berliner Filmwoche' during which 95 per cent of the cinemas in Western Berlin agreed to play only German films commenced on 12th January, 1951. Two new productions were released during this week

To encourage a higher standard of production in the German film industry, the Federal German Government has announced the award of annual prizes for the best film, film performance and documentary film, and for films dealing with social problems and international understanding

As a result of a disagreement on the suitability of "Die Sundern" for public exhibition, a meeting was held in Wiesbaden to determine a new establishment of the Freiwillige Selbstkontrolle. Senator Dr. Dr. Ascan Klee Gobert has now been elected president of the new censorship board with four members from the film industry and four members representing public interest

During the first two months of the quarter, British documentary films were exhibited commercially to 519,331 people, while films in non theatrical distribution reached a further audience of 998,150. Similarly, the Organisation for European Economic Co operation film "Die Ersten Europaer" was distributed commercially to 759,444 people and non theatrically to 14,220 people

## Information Centres

An exhibition "Some prominent British Men of Letters", with special recordings of Sir Laurence Olivier and John Gielgud, was opened in Frankfurt on 15th February for two weeks. Lectures were given at the Centre by Mr. Allan Flanders (senior lecturer in Industrial Relations at Oxford University) on "Trade Unions and the State", and by Dr. Max Adler on "Economic Policy in Britain". The total attendance to mid March was 36,119, a daily average of 573 and an increase on the previous quarter

At the Freiburg Centre, interest in play reading in English has continued throughout the quarter and attendance at the centre is steadily improving with a daily average of 199 to mid March making a total of 12,574 visitors

The Munich Centre has moved to central premises in the city and a new reference library has now been opened. Two successful lectures were given by Mr. Trenchard Cox, Director of the Birmingham Museum and Art Gallery, on 'William Blake' and "English Water Colours"

# CULTURAL RELATIONS

## Visits

The programme of visits on which Cultural Relations Division partly relies for the execution of its policy in Germany has now been completed for the year 1950-51. During the year a total of over 1,000 selected Germans from all three Western Zones have visited England for periods from two weeks to a whole academic year. With the assistance of governmental and voluntary authorities in England they have either attended regular courses of study in universities and colleges, participated in study tours of educational establishments or in some other way obtained an insight into the principles and practice of public life in England. During the same period, over 300 British lecturers and experts in various fields have come to Germany to address German audiences or take part in courses and conferences organised by the Germans. All these visits have been financed wholly or in part out of British Government funds. In addition, a total of 2,383 Germans have gone to England for educational purposes either at their own expense or with financial assistance from the German authorities or from various organisations in the two countries. Nearly 2,000 British people have come to Germany under the same conditions. In most of these cases, advice and assistance were given by the Cultural Relations Groups in the Lander. That the schemes initiated by Cultural Relations Division enjoy the approval of the Germans and are in a true sense joint Anglo German activities is shown by the fact that the German authorities have contributed about 800,000 deutsche marks towards them during the past year.

## Child Guidance

The opening of the Child Guidance Clinic in Hanover on 6th February, 1951, was a direct result of Anglo German co-operation in the field of child welfare.

As recently as 1947 the scope of the British Child Guidance Service and the work of the clinics was little known in Germany, though there were individual workers in Germany in the field of applied psychology and psychiatric social work who were interested. The projection of the child guidance idea in Germany has become an important part of the policy of Cultural Relations Division.

The first means of projection was to bring experts from England to meet interested and responsible Germans. This has been followed by sending carefully selected German officials to England to study British methods. In June, 1949, an official of the Niedersachsen Kultusministerium returned from a study visit in England and reported favourably to his Minister on child guidance in England. The Minister set aside deutsche mark funds for the founding of a clinic and at the same time the British authorities made financial provision for the training of German child guidance teams in English clinics. The various Land Ministries were offered these courses of training, provided that the trained workers could return to Germany and work in clinics. This offer was accepted by the Niedersachsen Kultusminister and a suitable team recruited. An approach was made to the World Federation for Mental Health, who secured the assistance of the Middlesex County Council Training Centre in London for the project. A three months' study course in team work was arranged by this training centre for the German workers, who returned to Germany early in January, 1951, equipped and ready for their new task. The Niedersachsen authorities hope in time to develop this clinic as a training centre for other workers in child guidance, and it may thus prove to be the parent clinic of many others.



## Youth Meetings

A number of youth rallies and meetings are scheduled to be held in Berlin and the Western Zones this year. Apart from their annual congresses, the chief youth associations are planning to hold large scale rallies in various parts of Western Germany. There will also be a number of meetings organised by the Land youth authorities with the participation of youth from other countries. Two such international meetings have already been held in Land Niedersachsen, one of them being addressed by leading personalities, including the President of the Federal Republic, the Oberbürgermeister of Berlin and the Bishops of Hanover and Hildesheim. Arrangements are also being made for a Cultural Youth Festival in Berlin and a Federal Sports Rally in the Bonn area. The Bundesjugendring is being actively supported by the Allied High Commission in arranging an international youth camp for about 5,000 youths of all nations near the Lorelei from 20th July-6th September, 1951. Meanwhile, in the field of youth work proper, the funds allotted under the Bundesjugendplan have been allocated to the Lander, where committees are now being formed to determine the priorities of the schemes submitted to them.

## German Educational Progress

The Schools Bill which is now being debated in the Landtag of Nordrhein Westfalen is the subject of heated party political discussions on the confessional issue. The Christian Democratic Union (CDU) and the Centre Party (Zentrum) wish the schools system, the training and appointment of teachers, and teaching itself to be determined by the religious denomination of parents and pupils while the Social Democratic Party (SPD) and Liberal Party (FDP) support an inter denominational system and are suspicious of any encroachment by the churches. It will be recalled that this same issue was amongst the last to be resolved in the framing of the Land constitution for Nordrhein Westfalen and the Federal constitution itself.

Teachers' unions appear to have played their part in pressing for increases in salaries for the teaching profession, whose salaries are still based on the 1927 scales. It is still maintained, however, that the fifteen per cent increase recommended for all civil servants (Beamte) does not correspond to the rise in the cost of living over the past 24 years.

Reports on the school certificate (Abitur) examination held in the early part of this year reflect a general rise in the standard of teaching in the secondary schools. The objectivity of history teaching has, in particular, been favourably commented on. The Land education authorities have gained further experience this year in the selection of pupils for intermediate and secondary education. Further experiments have been carried out in the form and duration of the examination.

# RELIGIOUS AFFAIRS

## The Evangelical Church of Berlin-Brandenburg

The recent meeting of the Provincial Synod of the Evangelical Church of Berlin Brandenburg was held in the Soviet Sector of Berlin. The members of the synod represented East and West Berlin as well as the province of Brandenburg (Eastern Zone) so that about two thirds of the synod represented districts under Soviet control. The church is in the peculiar position of affording a living link between East and West Germany, and this was reflected at the meeting of the synod. Representatives of all four Allies, and of the various German governmental authorities concerned were present at the plenary sessions. In spite of the accompanying political tension, the deliberations took place in an atmosphere of calm determination, and there was a surprising freedom about the discussions.

The main part of the synod's time was taken up with internal church affairs, but the meeting acquired a particular political significance through the demand of Herr Jahn (the Premier of the Brandenburg Government) that the church should transfer its headquarters from West Berlin to Brandenburg. Unless the church complied with his demand, Jahn had threatened to cease the payment of church subsidies to the "West Berlin" Church Authority, which he could not recognise. He had followed up his official request by a letter circulated a few days before the synod to all church officials and clergy, calling on them to use their influence to get the synod to vote for the transfer of the headquarters, and thus restore harmony between church and state. In his biennial report, Bishop Dibelius said that this was an act of direct interference on the part of the state in the internal affairs of the church, and put the synod before a decision which amounted to a confession of faith. In a resolution passed unanimously the synod politely, but firmly, refused to move the church headquarters.

Another resolution contained an outspoken criticism of the present school system. It described the existing state school as a "denominational school for the materialistic ideology" and stated that the new law compelling all children to attend these schools, subjected them and their parents to an intolerable conflict of conscience because they are thereby forced to declare allegiance to the materialist way of life.

The synod also passed, with only one dissenting vote, a further resolution calling on Bishop Dibelius to continue his efforts as mediator between East and West. This resolution reflected the attitude of most Evangelical churchmen towards the question of German unity, and towards East West negotiations. It read —

The division of our German fatherland into two parts and the concomitant dangers of a catastrophic armed conflict among nations lie like a heavy load on the hearts of our nation. We have gratefully taken note of the fact that the Bishop of our Church Province has publicly declared himself willing to undertake a mediatory role between East and West. We urge him not to cease his efforts for the unity of our fatherland and for the peace of the world. We know that not only is he personally suited to such a work of mediator but also that his office as Bishop of Berlin and chairman of the Council of the Evangelical Church in Germany confers on him a particular obligation. We wish with our whole hearts that his efforts

may be blessed by God. The synod urges the powers which occupy our country to bring to an end as soon as possible this dangerous state of division of Germany, and to put our nation in a position to come together in freedom for unity. Only so can our nation arrive at peace and help towards strengthening the peace of the world.

### Visits

Bishop Dibelius has since visited Great Britain at the invitation of the British Council of Churches. He spoke, together with the Archbishop of York and others, at a meeting in the Central Hall in Westminster and was given a warm reception. He also visited the Bishop of Sheffield, and preached in Sheffield Cathedral.

At the same time Bishop Lilje of Hanover visited Bristol at the invitation of the Bristol Hanover Council, of which he is Vice-President.

### The Evangelical Church and the Jews

A study conference (the third of its kind) was organised in Dusseldorf from 26th February—2nd March, 1951, by the Committee for Service to Israel, and was attended by one hundred people from all over Germany as well as visitors from Holland and England. The Committee for Service to Israel was founded in 1948, and its chairman is Professor Dr. Rengstorff, Dean of the Evangelical Theological Faculty at Munster. Its objects are to care for racially persecuted Evangelicals, to work against anti-Semitism, and to find possibilities of co-operating with the Jews. The main purpose of the conference was to discuss from the Jewish and Christian points of view the religious significance of the new State of Israel.

Films depicting life in Israel were shown during the conference. Opportunity was also given for members to attend Jewish divine services. Speakers included Rabbi Dr. Weinberg from Frankfurt, Professor Dr. Volk of the Catholic Theological Faculty of Munster, and Dr. Leuner, General Secretary of the Hebrew Christian Alliance from London. The conference was well reported in the press, and the importance attached to it in government circles was shown by the presence of the Minister of the Interior, Dr. Lehr, at the opening meeting. The conference represented an earnest attempt on the part of Christians in Germany to reach an understanding with the Jews.

# FOREIGN TRADE

*The first quarter of 1951 did not bring any relief of the Federal Republic's balance of payment difficulties discussed in some detail in the last quarterly report. In fact, the demand for imports, as expressed by the volume of import licences issued, reached such a level in the first half of February that the Federal Government were forced on 21st February to suspend temporarily the granting of licences for the import of goods under the liberalisation of trade procedures*

## European Payments Union

Under the terms of the European Payments Union (EPU), the Federal Republic had been granted a quota to the equivalent of 320,000,000 dollars to cover payment surpluses or deficits arising out of inter European trade. The demand for imports in the second half of 1950, with the changed domestic economic situation and the swift increases in prices of raw materials, led to Germany exhausting her credit availabilities in the EPU very quickly, and thus having either to meet all her deficits in gold or dollars, or be forced to leave the Union.

The Management Board of the European Payments Union, after examining the economic position of Germany, decided that if promised reforms and improvements—particularly in the fields of taxation, bank credit and export promotion—were carried out, the chronic balance of payments deficit could be overcome. On that basis, Western Germany was granted a special credit of 120,000,000 dollars to finance its trade deficit with countries belonging to the European Payments Union during the first four months of 1951. Repayment by Germany of the special credit was to be completed by October of this year.

Unfortunately, events have not taken the desired course. The cost of imports continued to rise, importers tried to safeguard stocks in case international allocations of raw materials should jeopardise the future volume of supplies for Germany, in addition, the seriousness of the balance of payments position was worsened by the efforts of traders to obtain the maximum amount of imports under liberalisation before the Federal Government took restrictive measures to stem the crisis—in part created by the unrestrained activities of the importers.

## Federal Government Action

The Federal authorities have submitted a programme of action to the Organisation for European Economic Co-operation (OEEC) designed to meet the needs of the situation. The essential features of the submission are—

- (i) Western Germany will repay in full the special credit of 120,000,000 dollars
- (ii) Imports from the European Payments Union area will be adapted to the level permitted by earnings from exports, after allowance for amortisation transfers and the special credit repayments
- (iii) It was expected that only 120–130,000,000 dollars would thus be available for imports (as compared with a monthly average of 200,000,000 dollars from October, 1950–February, 1951). An involved procedure was devised whereby the principle of liberalisation of trade could continue to be

where production has been maintained at a high level. Woollen and cotton cloth have been in greater demand than in the pre-war period. The Organisation for European Economic Co-operation has agreed to import quotas under the trade agreement.

- (iv) The volume of outstanding import licences has also been noteworthy in the light of boom conditions in the internal market. Further import licences have been stimulated by the the period March-May, 1951, where payment for the majority of import licensing licences was made by 1st June, 1951, or if agreed to by a special committee, buyers have shown a willingness to pay.
- (v) Legislative and administrative measures to improve the export of musical instruments, and other goods, have been made effective as soon as possible. Export promotion has been continued for Canada and other countries. Export promotion of the economic effort, credit restrictions will be maintained and porcelain are being purchased. Purchasing power will be reduced by taxation, and at the same time the last quarter savings will be encouraged.

The most disappointing aspect of the present difficulties in the German economy to utilise the period since November of last year, is the changed situation. Consequently the only solution now is to continue the policy of import restrictions, which brings with it serious problems, particularly in the autumn, which are dependent upon Germany as a market for important agricultural products from Eastern Europe, in particular the Netherlands, Switzerland, Denmark and Greece. The structure of European liberalisation of trade, so laboriously built up over the last fifteen months, is not to be jeopardised, the position of Germany will be maintained by her difficulties and careful treatment.

### Level of Trade

During the last three months for which statistics are available (up to February, 1951) the trade balance of Western Germany, including the defence sectors of Berlin, has not varied greatly. Deliveries under Marshall Aid in the first quarter amounted to about 16,500,000 dollars, which is 10 per cent of this amount. Deliveries under Marshall Aid in the first quarter of 1951 amounted to about 16,500,000 dollars, and the remaining 31,700,000 dollars of the first quarter of 1951, 70,300,000 dollars has in the main been financed by the credits available from the European Payments Union. In December the value of both exports and imports reached the highest totals ever recorded.

In relation to the corresponding months of 1949-1950 the value of exports have risen by more than a hundred per cent and that of imports by about 35 per cent. A large element in the increase in the value of imports is due to higher prices, and less than twenty per cent can be attributed to a greater volume of imports.

### Imports

Demand for imports has been very heavy during recent months, but taking into consideration the high levels of industrial production, and the larger purchasing power in the hands of the employed population, this development can be regarded as normal. Imports of luxury goods are no larger than in pre-war days, but substantial purchases of consumer goods, such as woollen cloth, citrus fruits, and confectionery, have taken place, this type of article being in demand by wide sections of the population.

Food imports have remained constant in total, but wheat imports have been well under requirements, partly as a result of foreign suppliers failing to fulfil the promised quotas. However, a recent agreement with the United States will ensure



Exports in the textile industry, where production has been maintained at a high level, expanded only slightly. Rayon yarn and cotton cloth have been in greater demand, but only seven per cent of the total exports of semi-manufactures and finished goods consist of textiles and clothing.

Improvement in the exports of consumer goods has also been noteworthy in the last quarter, in spite of the counter attraction of boom conditions in the internal market up to the middle of February. The expansion has been stimulated by the expansion of world trade, and a relaxation in the severity of import licensing restrictions in several potential markets. North American buyers have shown particular interest in various commodities, such as toys, cameras, musical instruments and jewellery, and a large proportion of these exports are destined for Canada and the United States. Tyres, pre-fabricated houses, pharmaceuticals and porcelain are other examples where export activity has been very keen during the last quarter.

### Direction of Trade

Outstanding developments during the last three months include the serious deficit with the sterling area, the maintenance of the improvement in the autumn of dollar exports, the declining proportion of Germany's trade with Eastern Europe, which has shown little change in the monthly average for the last fifteen months, the high level of trade with the EPU area.

Although Germany's dollar gap has been obscured temporarily by her difficulties in the European Payments Union, it continues to be the most vital long term problem in the balance of payments. In the last three months Marshall Aid was more than sufficient to cover the trade deficit with USA which amounted to about 25,000,000 dollars per month. Exports to America in February reached 16,500,000 dollars—the highest post-war figure, but more than 40 per cent of this amount consists of commodities in temporary shortage in the USA as a result of the defence programme—pig iron, cement, rolled products, and certain basic chemicals.

Exports to the sterling area are expanding, particularly to Australia, India, Pakistan and South Africa, but the demand in Germany for raw materials produced in the sterling area has not fallen in spite of rising prices. Consequently exports have been less than half the imports from these countries, and a deficit of about 30,000,000 dollars per month has persisted for several months.

With the other member countries of the Organisation for European Economic Co-operation trade has been roughly in equilibrium, apart from a substantial excess of imports in trade with French North Africa. The Netherlands are still the largest market for Western German goods, although there has been a slight decline since November, 1950. Since the mid-summer of last year the exports to Switzerland, Sweden, Belgium and Denmark have shown almost unbroken expansion, but in certain cases this may arise from increased transit trade to these markets as a result of the controls over strategically valuable exports operative in the Federal Republic.

Trade agreements with Latin America countries have been operating with greater success than hitherto, and direct trade with Brazil, Argentine, Mexico and Columbia has grown substantially. One of the best markets for German goods in this area is Venezuela where import restrictions and foreign exchange control have no vital significance. Trade with Eastern Europe has not increased in recent months in contrast to the expansion with other countries, Yugoslavia continues to be the largest market for German goods in this area.

There has been a revival of trade with Asiatic countries during the last half year, imports from China is the most notable example, but Indonesia is also an expanding market. Much progress has been made in restoring the pre war trade links with other countries in Asia such as India and Pakistan, and Japan.

### Foreign Exchange Position

The cumulative deficit with the European Payments Union (EPU) reached 457,000,000 dollars by the end of February, and the monthly deficits in January and February amounted to 42,100,000 dollars and 58,300,000 dollars respectively. Three quarters of the deficit has been with the sterling area and the French franc area, the remainder with Turkey, Denmark, Sweden, Italy and Portugal. In March, however, the Federal Republic had a surplus of 11,300,000 dollars, the first monthly surplus since the inception of EPU in July, 1950. Whether this means more than a temporary trend is doubtful, since it arises from the administrative measures by the Central Bank, the import restrictions, and a small improvement in export earnings, all of which have contributed. The Federal Government had estimated a deficit for March of not less than 50,000,000 dollars in a special report to the Organisation for European Economic Co operation.

As dollar expenditure has been limited to essentials for several months, and Marshall Aid has been available on the anticipated scale, it proved possible to have a larger dollar surplus in the first few months of the year, although considerable payments had to be made to EPU in accordance with obligations. The remittance account, made up mainly from deutsche mark purchases by the United States Army, continued to provide a valuable dollar reserve for the Federal Republic.

The various offset accounts of the Federal Republic in general remained fairly stable in the first quarter of the year. Eastern European countries have debit positions, whilst the South American countries, in particular the Argentine Republic, enjoy a credit status.

### Export Promotion

This is a subject that is very much under discussion at present, and various measures have been introduced, or are about to be introduced, to give special privileges to exporters, as distinct from the impetus given by reduction of purchasing power on the domestic market.

Tax concessions, short term credit at lower rates, priority in granting of credits, direction of raw materials, investment concessions, revision of procedures, extension of advisory services, acceleration in the establishment of commercial consulates overseas are some of the methods either proposed, or already in operation.

It has been decided to withdraw the dollar bonus scheme with effect from 22nd June. Under this scheme exporters earning dollars were allowed to retain twenty per cent of the foreign exchange for the purchase of imports, or for expenditure on trade promotion and business expenses.

### Trade Negotiations

During the period 1st January—31st March, 1951, trade negotiations took place in Frankfurt, London and Paris with Australia, Belgium Luxembourg, Cuba, France, Indonesia, Iran, Netherlands, South Africa, Syria, Turkey and New Zealand.



German delegations in London and Paris were not accompanied by Allied observers. Of these countries, Germany's most important trading partners are France, the Netherlands and Indonesia and Belgium Luxembourg.

The negotiations in Paris resulted in the initialling of three documents. The first document recorded that no general agreement had been reached concerning the restoration of equilibrium of Franco German trade. The second covered proposals for dealing with the German deficit position in the European Payments Union and the third constituted an additional protocol to the payments agreement and covered the transfer of insurance payments, salaries, pensions and receipts earned by German firms in the franc area before 1st September, 1950.

The principal points of interest in the agreement negotiated with the Netherlands were the establishing of quotas on the basis of the 1950 trade for items not included in the "free lists" of both countries, the encouragement of transit trade in an endeavour to achieve a balanced trade and an arrangement providing for the amortisation of the German deficit. The establishment of quotas had become necessary owing to the curtailment—with the advent of EPU—of the almost complete liberalisation which had governed Dutch German trade.

The intention was also expressed in the additional protocol that payments between the two countries, including trade with Indonesia, transit trade and amortisation of Germany's initial debt, should balance, and no longer continue to be to Germany's disadvantage. The negotiations with Indonesia, however, suggest that unless the Indonesians offer reciprocal liberalisation for the liberalisation extended them by the Germans, a considerable trade deficit on the German side must be expected.

The negotiations with Turkey revolved round the purchase by Germany of 35,000 tons of Turkish tobacco over a period of three years and the head of the Turkish delegation declined to initial the agreement without a written guarantee from Dr. Erhard, the Minister of Economics, that steps were being taken to bring about the necessary conditions for the import by the German cigarette industry of such quantities of tobacco, namely, a reduction in the tobacco-tax on cigarettes. Since the agreement was initialed, the German authorities have decided against a reduction in the tobacco tax. If, as a result there is no increase in the German imports of Turkish tobacco this will, of necessity, affect German exports to Turkey adversely.

Negotiations with Cuba are still in progress, and, similarly discussions with Australia, New Zealand and South Africa have been adjourned pending receipt of further information from these countries.

The trade agreement with Japan was extended until such time as a new agreement can be concluded.

# INTERNAL ECONOMIC SITUATION

*Shortages of raw materials and of fuel and power which had begun to appear towards the end of 1950, continued to restrict production in the New Year. As the power position improved the effects of material shortages became more apparent and shortages of non ferrous metals and of deep drawn steel sheet particularly led to short time working in some industries. The general index of industrial production (excluding stimulants and building) fell from the peak level of 134 in November to 128 in December, and to 126 in January. February, however, saw a tendency for production to pick up again and a level of 132 was reached, although it is not certain that this progress will be maintained. In early 1950, the corresponding levels were January, 94, and February, 98.5*

*The development of material shortages and Germany's position in international trade have led the Federal Government to consider changing its former policy in the interests of conserving raw materials, avoiding price and wage increases and encouraging investment in industry. Early in March, measures were introduced to enable business in raw materials to be controlled and a series of eleven implementing ordinances published just before Easter called for returns to be made on stocks and deliveries. Similar ordinances regarding non ferrous metals and other materials are in preparation.*

## Coal

Hard coal production during the first three months of 1951 was as follows —

	<i>Normal working days</i>	<i>Average daily production</i>	<i>Total production (including extra shifts)</i>
January	26	379,998 metric tons	10,137,698 metric tons
February	24	384,549 metric tons	9,455,478 metric tons
March	25	391,963 metric tons	10,029,026 metric tons*

Average daily output per normal working day continued its upward trend and on eight occasions during the quarter daily outputs of over 400,000 tons were achieved

	<i>Output per manshift</i>	<i>Absenteeism underground</i>
January	1,440 kilos	16.5 per cent
February	1,460 kilos	17.5 per cent
March	1,450 kilos	16.2 per cent*

Work was normal in the brown coal fields, production of raw brown coal and of brown coal briquettes being as follows —

	<i>Brown coal production</i>	<i>Briquette production</i>
January	7,276,468 metric tons	1,317,982 metric tons
February	6,744,877 metric tons	1,236,982 metric tons
March	6,994,000 metric tons*	1,523,200 metric tons

The generation of electricity in the brown coal mines showed an increase, whereas the consumption remained at an even level throughout the period

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\* Provisional figure

Coke production, in metric tons, was as follows —

	<i>January</i>	<i>February</i>	<i>March*</i>
Coal carbonised at mine coke ovens	3,187,269	2,923,932	3,245,000
Coal carbonised at steel works	242,259	227,932	265,000
Coke produced at mine coke ovens	2,448,128	2,254,850	2,474,000
Coke produced at steel works	184,708	174,111	201,000

Up to 25th March, 1951, total loadings amounted to 98.9 per cent of the quantity envisaged for the first quarter in the final decision of the Council of the International Authority for the Ruhr. The performance for export was 96.4 per cent and that for Western Germany 99.8 per cent. Export loadings took place at a low rate during the first half of the quarter and an improvement during the second half was not sufficient to bring the export performance level with the overall loadings.

Despatches to Berlin were affected by the closing of the Mittelland Canal for repairs from 12th January onwards, nevertheless, up to 25th March a total of 554,000 metric tons had been despatched, compared with 596,000 tons during the whole of the fourth quarter.

On 1st January, internal coal prices were increased by an average of approximately 4.50 deutsche marks per ton at pit, and export prices were increased by approximately 2.35 deutsche marks per ton (pit basis), plus the increased railway rates and handling charges operative from the same date.

### Iron and Steel

Steel output during the first quarter of 1951 has been somewhat less than during the previous quarter, totalling 3,010,000 tons, as opposed to 3,205,000 tons. This results mainly from insufficient fuel allocations, only 70 per cent of the coke requirements of blast furnaces having been available. Due to the decrease in pig iron output, there has been a fall in the production of Thomas steel, but open hearth and electric steel outputs have remained fairly steady.

Negotiations have been completed for the import of 1,400,000 tons of fuel from the United States of America on behalf of the steel industry, to be paid for by the export of raw steel products to the United States. The fuel is to be consumed in the northern area and the industry will have available equivalent metallurgical fuel in the Ruhr over and above their allocation from indigenous sources.

Scrap collection has not improved to the extent expected as a result of the December price increase. It is probable that supplies will cover only internal demands and a reduced export of 90,000—100,000 tons per month.

### Non-ferrous Metals

Production has tended to recover from the decline experienced in the previous quarter and, in the aluminium industry particularly, a considerable rise in production has been achieved. By the summer a rate of 6,000 tons per month should be achieved.

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\* Provisional figure.

A supply of 450,000 tons of Greek bauxite has been arranged over the next four years, financed by Economic Co-operation Administration funds. Some 9,000 tons of the aluminium produced will be exported to pay for this ore and a further 10,000 tons to pay for the re equipping of plants at Töging and Rheinfelden.

Due to the world supply position of non ferrous metals, prices for primary metals have become very high in Germany and the Ministry of Economics has recently published ordinances setting maximum prices for scrap and re melted metals throughout the non ferrous field.

## Engineering

In spite of restrictions on the use of electric power and the shortage of raw materials production per working day during the first quarter of 1951 was generally maintained at the levels of the previous quarter. At the end of March some works had to close down owing to the shortage of materials. Export trade continued to improve, particularly in capital plant and equipment, and machinery exports have now reached 36 per cent of the total exports of finished goods as compared with 27 per cent in pre war days.

Metal workers generally continued to press for increased wages in the face of rising prices and it is now usual for engineering firms to include clauses in quotations permitting surcharges in line with rises in material prices and wage tariffs.

Machine tool production, stimulated by increased orders for Western defence, was well maintained in spite of a slight setback at the turn of the year and is now running at nearly 10,000 tons per month.

Agricultural machinery and land tractor production, which experienced a seasonal decline towards the end of 1950, continued to improve steadily. Tractor output is about 6,000 per month.

A recent order for 500 goods wagons for the Swedish State Railways and an experimental order for 150 sliding roof type goods wagons for the Bundesbahn will be welcomed by the wagon and carriage industry which is still operating well below capacity. Locomotive production on the other hand has been stimulated by export orders for Indonesia, South Africa and India, and output has now risen to about 2,500 tons per month, double that of a year ago.

Textile machinery production was maintained at about 4,500 tons per month, with domestic sewing machines at about 45,000 per month, as compared with 22,000 a year ago. Exports accounted for some twenty per cent of office machinery production. The output of typewriters, of which 60 per cent are portables, is now running at about 22,000 per month, as compared with 13,000 a year ago.

The shortage of steel plate and sections is reflected in the reduced level of production of most structural engineering works. This section of the industry is said to have received in January only half its steel requirements. Exports include an order from Pakistan for 40 bridges.

Whilst the level of activity throughout the motor vehicle industry was generally maintained in all branches, the continued shortage of body sheet is giving anxiety. Volkswagenwerke had to suspend production for a few days at the end of March and are planning to work only four days per week during April. Passenger car production is at the rate of 22,000 per month and truck production at 7,500 per month. Motor cycle production reached a new record of 17,180 in February, in

spite of the shorter working month. This is substantially higher than the 1950 monthly average of 14,071 and the pre war average of 12,000 per month for the whole of Germany. Cycle output in February was 125,124, as compared with 70,000 in the corresponding month of last year, and, in addition, 5,000 motorised bicycles were manufactured.

In the electrical equipment industry, production planning is being increasingly affected by shortages of copper, brass, transformer, dynamo and other sheet steel. It is reported that in certain cases deliveries of copper wire can only be secured against an equivalent return of scrap metal. Nevertheless, production levels in most branches of the industry are substantially higher than a year ago. Radio receiver production, which reached 275,000 sets in October, has fallen slightly in recent months, but is still around the 200,000 per month.

The precision instruments and optics industries do not yet appear to have been markedly affected by the difficult raw material situation and production levels were maintained in most branches. Spectacle lens output reached the record figure of 1,503,000 in February and prismatic binocular production recovered to the peak levels of July and August of last year. Camera production was well maintained. The output of clocks, at around 950,000 per month, and of wrist watches, at 320,000 per month, is now nearly double what it was a year ago.

The shipbuilding industry appears to be enjoying a period of solid progress. Whilst current building programmes are said to be covered as regards raw materials, shipbuilders are facing shortages in respect of future construction. This applies particularly to steel plate, sections, timber, auxiliary machinery and propulsion units. A noticeable feature of new constructions is the attention paid to appliances and equipment facilitating loading and unloading, with the object of reducing turn round time.

### Chemicals

The fall in the index of production for the chemical industry during October and November, 1950, continued during December, when the low level of 120 was reached. During January there was an improvement and the index rose to 125. This improvement continued during February, when the index rose to a record figure of 140, and there is every indication that the progress has been maintained during March.

There has thus been a marked recovery from the recession of the last quarter of 1950. This recession was partly due to the depletion of stocks of raw materials during the Korea boom, partly to the shortage of coal and power and partly, of course, to normal seasonal factors. The coal shortage did not affect the chemical industry as seriously as might have been expected, since, owing to the importance of chemicals to the pattern of industry generally, many chemical firms were successful in obtaining preferential treatment in regard to available coal supplies.

Increasing difficulties in obtaining certain imported raw materials have been reported, notable examples being phosphate rock and sulphur. In the case of sulphur, the allocation from the United States was only 3,000 tons for the first quarter, compared with previous imports of more than twice that amount. The chief immediate sufferers from this shortage were the rayon industry, where there was a lack of carbon disulphide, and agriculture, where sulphur is required for pest control purposes. The shortage of non ferrous metals is having considerable effect on the manufacture and maintenance of chemical plants.

Sulphuric acid production has remained at a high level, in January it was 137,000 tons, in terms of 100 per cent acid, and production continued approximately at the same rate during February. Pyrites production also improved to some extent. Hydrochloric acid production remained at a high level and in January reached the October level of 9,000 tons. There has been a small decrease in chlorine production since the end of the year.

The production of synthetic nitrogen and nitrogenous fertilisers recovered somewhat and phosphate fertiliser production remained fairly steady. The production of potash continued to increase and in February reached a record level of 90,000 tons (in terms of  $K_2O$ ).

There was a slight fall in the production of most coal tar distillation derivatives, but benzol refineries showed a record production during January and February, partly due to the new pressure benzol refining plant. The production of synthetic dyestuffs remained about 3,700 tons a month.

In spite of difficulties with regard to packing materials and containers, the production of pharmaceutical specialities has continued to increase. Exports in November, 1950, were at the record level of 12,000,000 deutsche marks, compared with about half that amount a month in the earlier part of the year. The demand for plastics continued to increase and production of styrene remained in the neighbourhood of the permitted capacity level (20,000 tons a year).

### Consumer Goods

In all branches of the consumer goods field seasonal influences have affected production, but throughout the winter activity has been approximately 30 per cent higher than last year. It is not certain that the improvement noted in February will be maintained as raw material shortages are becoming more apparent and stocks more difficult to maintain.

Some 47,000 tons of textile yarn of which 27,000 tons were cotton, were produced in January and 43,000 tons were consumed by the knitting and weaving industries. Leather production remained at about 6,500 tons per month but shoe production fell to about 7,000,000 pairs per month compared with the November level of over 9,000,000. The paper and pulp industry felt the effect of coal and power shortage and shortages of newsprint were reported, production being now some ten per cent below the November level.

### Public Utilities

Seasonal low hydro power availability and critically low coal stocks at thermal stations at the beginning of the quarter called for the introduction of drastic restrictions on power consumption. Shop window and advertising lighting were prohibited and all Länder governments were instructed to impose a 25 per cent cut on all consumers using more than 2,000 kilowatt hours per week, together with a 30 per cent restriction during peak hours on consumer loads over 1,000 kilowatts. Towards the end of January, a slow recovery enabled the restrictions to be somewhat relaxed. Hard coal supplies gradually improved until, by the end of February, approximately two weeks' operational reserve was in stock. March has seen a further cut in the fuel allocation to power stations, with the result that at the end of the quarter stocks were again falling. In spite of the restrictions, power consumption in the Federal Area has been 22 per cent above that for the first quarter of 1950.

During the past year, installed public utilities capacity has, as a result of European Recovery Programme assistance, been increased by 659 megawatts and now stands at 7,009 megawatts. A detailed survey undertaken by the German power undertakings shows that by 1955 the installed generating capacity will be 5,000 megawatts below the expected demand.

In West Berlin increasing power demands have been met without restriction, although public appeal has been made by the Bürgermeister for economies. Imports from the Soviet sector continued satisfactorily.

Depleted coal stocks and short deliveries continued to endanger municipal gas supplies. Coal stocks at town gas works were as low as only six days' reserve. In the grid gas sector the position improved towards the end of the quarter and the fifteen per cent restriction imposed on large consumers was relaxed.

## Oil

On 13th March, 1951, a draft law concerning the mineral oil economy of Western Germany was submitted to the Bundestag, but did not receive approval and was referred back for reconsideration. As a result, motor fuels ceased to be rationed on 31st March, 1951, and the Zentralbüro für Mineralöl has been dissolved. Stocks of finished products are equivalent to two and a half months' supply of petrol and six weeks' supply of diesel oil and, in view of the world oil situation, there is some doubt whether shortages can be avoided during the third quarter of 1951. With the dissolution of the Zentralbüro für Mineralöl fresh ceiling prices for petrol are being established according to the distance it has to be hauled. A government ruling is expected to ensure uniformity of quality and special arrangements are being developed for the supplies to privileged consumers of diesel oil.

The production of crude oil continued to rise, making the rate of 3,383 tons per day during February. The monthly output of finished products was 288,000 tons—some fifteen per cent more than last year.

## Food and Agriculture

A great deal of rain during the quarter has retarded field work and growth is backward. Generally speaking animals are in good condition and there is plenty of food remaining in pitted roots and ensiled fodder.

The following table sets out (in hectares) the autumn sowings of 1950 as compared with those of the previous year.

	<i>Winter Rye</i>	<i>Winter Wheat</i>	<i>Spelt</i>	<i>Winter Barley</i>	<i>Winter Mixed</i>	<i>Winter Rape</i>	<i>Winter Rape seed</i>
1949	1,239,074	803,036	15,080	109,091	69,172	49,480	5,600
1950	1,246,339	890,697	13,757	124,639	66,614	42,091	3,428

The collection of bread grains from the farms has been poor, considering the excellent harvest. The figures for the last harvest and this are shown below.

	<i>Rye</i>	<i>Wheat</i>	<i>Bread Grain</i>	<i>Barley</i>	<i>Oats</i>	<i>Fodder Grain</i>	<i>Total</i>
July 1949–Feb 1950	1,465 9	957 0	2,422 9	360 7	151 6	472 3	2,895 2
July 1950–Feb 1951	890 5	884 3	1,774 8	422 9	99 5	522 4	2,297 2

It became apparent early in the quarter that there would be a deficiency of about 500,000 tons of flour, if the present level of consumption was to continue and rationing be avoided. During the latter part of March, the Economic Co operation Administration agreed to hasten shipments of aid financed grain to Germany and 1,100,000 tons of bread grains are expected to arrive by mid July.

In an endeavour to persuade farmers to deliver more bread grain, instead of feeding it to livestock, the Federal Government in March increased the fixed producer prices for both wheat and rye by 100 deutsche marks per metric ton. There have been well founded complaints from the poorer sections of the community that "consumer bread\*" has been difficult, and sometimes impossible, to obtain. Its scarcity is a direct result of the poor deliveries of rye.

During February a law was introduced to regulate the sale of milk and fats from farm to market. This is the third of five intended laws designed to control the distribution of basic foods. Those dealing with grain and sugar are already in operation.

## Transport

Despite increases of workers' fares by 50 per cent from 1st January, revenue from passenger traffic was disappointing. Freight traffic on the other hand showed an improvement compared with the 1st quarter of 1950, and there was no indication that the increases in freight rates (averaging twenty per cent) imposed on 1st January, 1951, were causing serious diversion of traffic to other forms of transport. Seasonal traffic increased sharply in March and the wagon supply fell markedly short of demand for the first time for several months, and necessitated the hiring of wagons from Belgium and France.

The increases in rates and fares are calculated to do little more than meet current rises in prices of stores and materials. Even if the revenue account of the Bundesbahn can be balanced, no margin will be left to overtake arrears of maintenance of equipment. New capital investment is essential to keep the railways in a healthy condition, and in particular the building of new railway wagons on a substantial scale is long overdue, but so far no means have been found, either by the Bundesbahn or by the Federal Government, to finance a programme of new construction.

The fleet of merchant vessels at the disposal of the German economy continued to increase, and on 31st March amounted to about 814,000 gross registered tons, an increase of some 87,000 gross registered tons since the end of 1950.

During the three months ended 28th February, 1951, the German fleet carried the following cargo:

	<i>Foreign</i>	<i>Coastwise</i>	<i>Total</i>
December, 1950	1,096,649 tons	230,512 tons	1,327,161 tons
January, 1951	1,177,028 tons	150,481 tons	1,327,509 tons
February, 1951	1,188,008 tons	160,518 tons	1,348,526 tons

## Inland Water Transport

Rhine water levels were generally favourable throughout the quarter and for most of the period craft could be loaded to capacity for all destinations. After being icebound for the first few days of January, West German canals were open to

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\* A cheap standard bread to be sold at a low fixed price



navigation during the remainder of the quarter except on the Mittelland canal on which traffic was interrupted by extensive repairs to a ship lift. As a result of the good loading conditions there was a considerable excess of barge capacity, at the end of March there were 165,000 idle tons on hand at Duisburg, 135,000 tons in the Rhine Herne canal, 57,000 tons at Emden and 48,000 tons at Bremen.

The road vehicle park at 1st January, 1951, stood at 2,155,355, of which 987,583 were motor cycles, 600,670 private cars, 15,030 buses, 153,906 tractors, 15,601 special vehicles and 223,660 trailers. — 93 65

Private cars licensed have not yet reached the numbers for the figures being whereas all other classes now exceed them.

### International Trade

	<i>Other uses</i>	<i>Total</i>
Negotiations are in progress between the Treuhandstelle (Trust 32		1,436 22
international trade representing the area of the deutsche mark (West) and 4		482 27
representing the area of the deutsche mark (East) for the conclusion of a		127 39
zonal trade agreement. To enable trade to continue on a controlled basis		285 84
meantime an "interim" agreement was signed on 3rd February, 1951, under		331 72
the respective authorities will authorise exchanges of goods to a value of approxi-		
120,000,000 deutsche marks each way. This agreement itself will become inoper-		
when the new full scale agreement is concluded, but outstanding deliveries will		
incorporated into the latter.		

Unfulfilled commitments under the Frankfurt agreement (which expired 30th September, 1950) are also being delivered until 31st March, 1951. In addition, the coal exchange agreement effective from 1st September, 1950, remains in operation and will become part of the new agreement in due course.

In the second half of 1950 the value of deliveries from the Federal territory to the area of the deutsche mark (East) of all types of trade and services totalled 180,300,000 deutsche marks against 225,500,000 deutsche marks in the first half of that year. Similarly goods and services received in the Federal territory from the area of the deutsche mark (East) totalled 160,900,000 deutsche marks in the second half of 1950, and 153,500,000 deutsche marks in the first half.

In January and February, 1951, the total value of goods delivered to, and received from, the area of the deutsche mark (East) fell considerably below the monthly average of 1950. This is a temporary feature due to the fact that delivery permits issued under the Frankfurt agreement became invalid at the end of 1950 and had to be called in for re issue. Hard and brown coal deliveries under the coal exchange agreement, however, have been made approximately according to programme during these two months.

# FINANCE

*During the last two months of the quarter, Germany's position in the European Payments Union seriously deteriorated and, at one stage, endangered the whole structure of the organisation. By the end of February the unused margin of the special credit of 120,000,000 United States dollars granted in October last, after the initial European Payments Union quota had been used up, was reduced to 28,000,000 dollars and, at one feeding it to livestock, it would be completely expended during March. Drastic remedial prices for both wheat and barley had been put in hand, then began to take effect. Severe restrictions have been well founded, the granting of credit and the issue of import licences and, towards the "consumer bread" situation showed some signs of improvement. At the time of this scarcity is a direct early to assess the lasting quality of this recovery, or to appreciate how*

During February an increased rate of collection of export proceeds from farm to the distributive investment Policy in operation

In the last year, the Allied High Commission announced its decision to progressively post war restrictions on foreign investments in Germany and Transport and a procedure for putting this plan into effect. Progress under this procedure

Desperately observed by the High Commission and in February it was decided that from past had been reached where additional relaxations were justified and, indeed, an impasse to further economic progress. These new relaxations are designed to that effect not only the German economy by supplying investment capital but also 1951 eign owners of idle blocked deutsche marks, in that authority has been given to the Bank Deutscher Lander to issue a General Licence under Military Government laws 52 and 53 (Revised) permitting non residents to transfer their blocked deutsche mark balances to other non residents for foreign exchange or other consideration.

Deutsche marks so transferred are to be known as "acquired blocked deutsche marks" and will be made available for investment purposes only.

The Bank Deutscher Lander was also authorised to issue a second General Licence permitting "acquired blocked deutsche marks" to be utilised for the purchase of securities issued by public bodies in the Federal Area or Western Berlin, or securities dealt in at stock exchanges in those areas. Special licences may also be issued to owners of "acquired blocked deutsche marks" for the acquisition and sale of unlisted securities of, and participations in, private enterprises in the Federal Area or Western Sectors of Berlin, the purchase and sale of real estate, construction or reconstruction of buildings on such property or other property in those areas belonging to the said owners, and the granting of deutsche mark loans to natural or juridical persons having their ordinary residence in the currency area.

The use of ordinary blocked deutsche marks by persons normally resident outside Germany has also been further liberalised. Visitors to the Federal Area may now withdraw from their blocked deutsche mark accounts for meeting incidental travelling expenses incurred by themselves or accompanying near relatives up to 75 deutsche marks per day for each person during the extent of their stay, provided that the total of such withdrawals does not exceed 200 deutsche marks in any one day.

## Lander Finances

The budgetary receipts and expenditure recorded by the Lander of the British Zone during the first nine months of the current financial year are shown in the following table. All figures are in millions of deutsche marks.

	<i>Receipts</i>	<i>Expenditure</i>	<i>or</i> <i>Deficit (—)</i>
Nordrhein Westfalen	-1,988 07	1,877 83	+ 110 24
Niedersachsen	843 27	982 73	— 139 46
Schleswig Holstein	350 10	382 22	— 32 12
Hamburg	669 95	702 26	— 32 31
	3,851 39	3,945 04	— 93 65

Tax revenues included in the above receipts are shown below, the figures being in millions of deutsche marks

	<i>Wages Tax</i>	<i>Assessed Income Tax</i>	<i>Corporation Tax</i>	<i>Beer Tax</i>	<i>Other Taxes</i>	<i>Total</i>
Nordrhein Westfalen	408 48	454 91	334 14	63 37	175 32	1,436 22
Niedersachsen	102 14	181 06	123 48	13 85	61 74	482 27
Schleswig Holstein	27 90	59 78	16 08	2 61	21 02	127 39
Hamburg	78 10	74 23	83 82	8 34	41 35	285 84
	616 62	769 98	557 52	88 17	299 43	2,331 72

Income taxes (wages tax, assessed income tax and corporation tax) yielded 83 per cent of the total tax revenue

The budgetary receipts and expenditure of all the Lander of the Federal Area during the first nine months of the current financial year, according to returns of the Federal Finance Ministry, are shown in the table below. All figures are in millions of deutsche marks

	<i>April—June 1950</i>	<i>July—Sept 1950</i>	<i>Oct—Dec 1950</i>	<i>Total 1950</i>
Receipts	2,399	2,307	2,510	7,216
Expenditure	2,175	2,481	2,684	7,340
Surplus (+) or Deficit (—)	+ 224	— 174	— 174	— 124

The tax revenue included in the receipts up to the end of December amounted to 4,690,000,000 deutsche marks, or 65 per cent of the total receipts. Receipts and loans earmarked for investment amounted to 767,000,000 deutsche marks, or nearly 11 per cent of the total receipts.

The expenditure recorded in the budgets up to the end of December included 1,182,000,000 deutsche marks in respect of transfers from the Lander to the local authorities (Gemeinden and Gemeindeverbände) and 557,000,000 deutsche marks in respect of transfers to the Federation. These latter transfers (Interessenquoten) are contributions of the Lander towards the war-induced burdens and social expenditure borne by the Federation, and are based on specified percentages of Federal expenditure. The sum of 1,505,000,000 deutsche marks, or 20 per cent of the total expenditure, was devoted to investment. Of this sum, 790,000,000 deutsche marks was spent on housing. Since the receipts allocated to investment amounted to 767,000,000 deutsche marks only, an amount of 738,000,000 deutsche marks of investment expenditure had been defrayed out of ordinary budget revenue. Interest paid on debt (mainly 'equalisation claims' of the Lander) amounted to 361,000,000 deutsche marks at 31st December, 1950.

Full details of the March quarter receipts and expenditure of the Lander are not yet available. In January, 1951, however, there was a deficit of 54 000 000 deutsche marks, with receipts of 808,000,000 deutsche marks and expenditure of 862,000,000 deutsche marks. The cumulative deficit for the year increased from 124,000,000 deutsche marks at the end of December to 178,000,000 deutsche marks at the end of January. The January figures compared well with those for October, 1950, the corresponding month of the previous quarter, when receipts and expenditure were 681,000,000 and 838,000,000 deutsche marks respectively, and the monthly deficit 157,000,000 deutsche marks.

### Federal Finances

The receipts and expenditure of the Federal budget during the first three quarters of the current financial year are given below, the figures being in millions of deutsche marks.

	<i>April—June</i>	<i>July—Sept</i>	<i>Oct—Dec</i>	<i>Total</i>
	1950	1950	1950	1950
Receipts	2,108	2,993	3,050	8,151
Expenditure	2,766	2,811	3,154	8,731
Surplus (+) or Deficit (—)	— 658	+ 182	— 104	— 580

The Federal tax and customs revenue brought to account in the budget up to the end of December was 6,991,000,000 deutsche marks, or 86 per cent of the total receipts. This amount is two per cent below the estimated level for the first three quarters, but it is anticipated that revenue during the March quarter will bring the actual figures above the estimated yield for the whole year. The probable excess of tax revenue is, however, not likely to offset the deficiency of receipts expected in respect of the railway contribution, the Mint profit and the Interessen quoten of the Lander.

Turnover tax accounted for 50 per cent of the tax revenue and customs and excise for 44 per cent. Nothing had been received in respect of the statutory contribution due by the Federal Railways, for which 174,000,000 deutsche marks included in the year's estimates. Receipts in respect of the Post Office contribution amounted to 105,000,000 deutsche marks. Profits from the minting of coin, which have been earmarked for housing, were 192,000,000 deutsche marks, and the receipts from the Lander which had been brought to account by 31st December in the Federal Budget as contributions towards charges in respect of war induced burdens and other social expenditure amounted to 561,000,000 deutsche marks.

The largest single item on the expenditure side of the budget was 3,120,000,000 deutsche marks, consisting of Occupation costs (2,993,000,000 deutsche marks) and expenses related to Occupation costs (127,000,000 deutsche marks). Social expenditure arising out of the war formed the next largest item (2,433,000,000 deutsche marks). Other social charges (unemployment relief and social insurance contributions) amounted to 1,358,000,000 deutsche marks. The largest remaining items were Berlin Aid (399,000,000 deutsche marks), housing (325,000,000 deutsche marks) and food subsidies (216,000,000 deutsche marks).

The average monthly expenditure booked up to the end of December was 970,100,000 deutsche marks as compared with an estimated monthly average of 1,051,000,000 deutsche marks. This indicates a saving of 7.7 per cent on the original estimates. The saving on Occupation costs was 10.3 per cent and on war induced expenditure 13.1 per cent. But the rate of expenditure normally increases rather heavily during the latter part of the year and there will probably be no saving on the estimates when the year's accounts are closed. The increase in the rate of

expenditure on Occupation costs is likely to be considerable, a supplementary estimate for about 1,400,000,000 deutsche marks having already been presented to the Federal Government

The March quarter figures of the Federal Government's receipts and expenditure are not yet available, but, in January, 1951, the receipts were 1,345,000,000 deutsche marks and the expenditure 1,027,000,000 deutsche marks. The resulting monthly surplus of 318,000,000 deutsche marks reduced the cumulative deficit from 580,000,000 deutsche marks at the end of December to 262,000,000 deutsche marks at the end of January. The receipts of January exceeded those of December by 3.5 per cent or 352,000,000 deutsche marks. Tax receipts rose by 201,000,000 deutsche marks, and a contribution of 142,000,000 deutsche marks was received from European Recovery Programme funds for the extraordinary budget. The January figures were a great improvement on those for October, 1950, the corresponding month of the previous quarter, when receipts and expenditure were 1,057,000,000 and 1,129,000,000 deutsche marks respectively, producing a monthly deficit of 72,000,000 deutsche marks.

### Short-term Indebtedness

The short term indebtedness of the Federal and Lander governments during recent months has moved as follows, the figures being in millions of deutsche marks

	<i>August</i>	<i>September</i>	<i>October</i>	<i>November</i>	<i>December</i>	<i>January</i>
	1950	1950	1950	1950	1950	1951
Federation	1,431	1,397	1,331	1,349	1,377	1,105
Lander	648	623	680	708	642	718

The Federal debt at the end of January consisted of a short term loan of 255,000,000 deutsche marks from the Bank Deutscher Lander, a loan of 300,000,000 deutsche marks from "Immediate Aid" funds, and a sum of 550,000,000 deutsche marks due on treasury bills and bonds.

The Lander debt at the end of January consisted of short term bank loans of 292,000,000 deutsche marks, loans from the Post Office and Unemployment Insurance Fund of 36,000,000 and 144,000,000 deutsche marks respectively, and a sum of 246,000,000 deutsche marks due on treasury bills and bonds.

### Occupation Costs

A Special paper on page 51 gives the estimate of Occupation costs for 1951-52.

### Additional Expenditure

A Federal memorandum which accompanied the draft of tax reform laws recently introduced by the Federal Government gave the following details of additional expenditure likely to be incurred by the Federation and the Lander in 1951-52. These figures, which take no account of any defence contribution, are in millions of deutsche marks.

Occupation and related costs	1,700
Internal security	270
Social expenditure	1,750
Other items (including encouragement of exports, housing and increase of civil servants' salaries)	785
	<hr/> 4,505

It is anticipated that the growth of the gross national product will enable about half this additional expenditure to be met under present taxation arrangements. It will be necessary to levy additional taxation in order to meet the remainder. Additional revenue in millions of deutsche marks, to match the additional expenditure is estimated as follows —

Due to growth of gross national product	2,250
Increased tax yield due to amendment of	
Income tax and corporation tax legislation	950
Turnover tax and transport tax legislation	1,305
	<hr/>
	4,505

### Tax Revenue

According to the returns of the Federal Finance Ministry, the revenue of the Federal and Lander Governments from taxation (excluding the extra budgetary "Immediate Aid" levies) during the first nine months of the current financial year was 11,558,000,000 deutsche marks. Of this sum, 4,529,000,000 deutsche marks (39 per cent) went to the Lander and 7,029,000,000 deutsche marks (61 per cent) to the Federation\*. The revenue of the Lander depends mainly on the income taxes and that of the Federation on the turnover and customs and excise taxes. An analysis of the receipts under the main taxation headings is given below in millions of deutsche marks

#### *Land Taxes*

	October 1950	November 1950	December 1950	April—December 1950
Wages tax	147	153	167	1,141
Assessed income tax	89	57	344	1,469
Corporation tax	34	32	329	1,096
Other Land taxes	108	93	83	823
	<hr/>			
Total	378	335	923	4,529

#### *Federal Taxes*

Turnover tax	474	436	423	3,522
Customs and Excise (except beer tax, which is a Land tax)	414	380	382	3,068
Berlin Aid tax	27	24	42	276
Other Federal taxes	13	6	25	163
	<hr/>			
	928	846	872	7,029

\* These amounts have been brought to account on a simple cash basis and include amounts collected from the public but not brought to account as budgetary receipts by 31st December. They also include sums collected in 1950-51 which were booked back to the budgets of the prior year 1949-50. They do not therefore, coincide with the figures recorded for budgetary purposes.

The table shows how taxation has moved during October, November and December. The striking rise of the Lander taxes in December is mainly due to the fact that quarterly payments in respect of assessed income tax and corporation tax were payable in that month. As compared with the period from April—December 1949, wages tax and assessed income tax have fallen by 411,000,000 and 383,000,000 deutsche marks respectively, while turnover tax has risen by 601,000,000 deutsche marks. Corporation tax has fallen slightly, from 1,117,000,000 to 1,096,000,000 deutsche marks, while customs and excise taxes (ex beer tax) have risen slightly, from 2,914,000,000 to 3,068,000,000 deutsche marks. These changes, which indicate the increasingly regressive incidence of effective taxation in Western Germany, have operated to the benefit of the Federation and the detriment of the Lander.

The complete revenue returns for the quarter ended March, 1951, are not yet available, but, in January, the Lander taxes amounted to 496,000,000 deutsche marks and the Federal taxes to 1,061,000,000 deutsche marks. No final figures have yet been received for February, but the following provisional February figures in millions of deutsche marks are available for some of the more important taxes. The corresponding figures for January are shown in brackets.

Wages tax	171	(223)
Assessed income tax	47	( 89)
Corporation tax	28	( 65)
Other direct Lander taxes	84	(103)
Turnover tax	435	(545)

The height of the January figures for wages tax and turnover tax is due, in the former case, to the payment of employees' Christmas bonuses and, in the latter case, to Christmas trade. A rough estimate of the total of the Lander and Federal taxes for February is 1,220,000,000 deutsche marks.

# MANPOWER

*A special paper on the issue of co determination in industry (Mitbestimmungsrecht) appears on page 47*

## The Labour Market

The first quarter of 1951 opened unfavourably, owing to a continuation of bad weather, which had put a stop to almost all outdoor activity in December and caused a sharp rise of over 370,000 in the numbers unemployed in that month alone in the British Zone. By the middle of the month unemployment was nearing the 2,000,000 mark and shortages of fuel, power and raw materials were threatening to throw still more workers out of employment. Before the end of January, however, better weather led to a considerable resumption of building and other outdoor work, and the position has steadily improved since then. Between mid January and the end of the quarter the number unemployed had fallen by 344,000 which was more than half the amount of the increase between the end of October, 1950, and mid January, 1951. At the end of the quarter the number unemployed stood at 1,567,700 of whom just over seventy per cent were men.

Forecasts that lack of coal would cause widespread closing down of plants and throw large additional numbers of men out of work have not been realised but there is little doubt that the shortage, together with lack of raw materials, led to a big increase in short time working. At the same time it has also slowed down the re engagement of labour which might otherwise have been expected.

The total of the wage and salary earning labour force, which stood at 15,851,000 at the end of 1950, has probably not changed appreciably during the first quarter of this year. Additional entrants to the labour force have been offset to some extent by the withdrawal of a number who sought only temporary employment which they gave up after Christmas. The number unemployed at the end of the quarter represented just under ten per cent of this labour force.

The resettlement of unemployed refugees in areas where work is available continues to be handicapped by the lack of accommodation. Although during the year 1950 it is estimated that some 270,000 refugees left Schleswig Holstein, Niedersachsen and Bayern and resettled in other Lander, the government's resettlement programme for 1951 is meeting considerable opposition from the "reception" Lander, mainly on the grounds that there is no longer sufficient accommodation built or in process of construction to accept further large numbers of refugees.

Mis distribution of the working population is also emphasised in a special report issued by the Federal Minister of Labour on unemployment in a number of skilled trades. At the end of October, 1950, when unemployment generally was at its lowest, out of over 100,000 unemployed workers in twenty one skilled trades, more than half were registered in a comparatively few labour offices in the over crowded areas of Schleswig Holstein, Niedersachsen, Bayern and Northern Hassen whereas in the more industrialised Lander there was a shortage of such labour. The report attributes this situation mainly to the hurried expulsion of Germans from the eastern provinces and the Sudetenland without plans having been made for their resettlement in areas where suitable work might be available.



## Employment Abroad

Representatives of the Lancashire cotton industry have visited Germany with a view to recruiting more Sudeten and Volksdeutsche women for employment in the cotton mills. Due mainly to a reluctance to leave the family circle and anxiety over the international situation very few volunteers have come forward. Considerable progress has been made in discussions between the Federal Ministry of Labour and representatives of various countries on the recruitment of German labour for work abroad and several agreements have been concluded. Sweden, India, Canada and Australia are among the countries with whom working arrangements have been agreed.

Arrangements for an extended scheme of recruitment of German girls for domestic employment in England have now been made. In addition arrangements are being made for the recruitment of German girls to train as nurses in hospitals in England. Both schemes come into operation during April, 1951.

The re opening of recruitment for German workers for employment in Cyrenaica has met with a good response. The demands have all been met and the first draft of men has already left Germany.

## Housing

Housing activity was seriously affected by seasonal, economic and financial difficulties during the first three months of 1951 with the result that fewer dwellings were completed than in the two previous quarters. The severe frosts which occurred in December interrupted building operations to such an extent that by the middle of January nearly 400,000 building workers were unemployed. At the same time, production of materials fell by 20 per cent because of fuel shortage and inclement weather, bricks and cements being most affected. In addition, a further deterioration in the financial situation took place which hampered the commencement of new projects, the bulk of work carried out in the quarter having been financed in 1950. Despite the lack of funds and materials and the high rate of unemployment among building workers, more construction work was carried out than in the first quarter of 1950.

During the quarter no Federal housing legislation of importance was enacted but a number of measures are in course of preparation. Nevertheless few sittings of the Bundestag took place without one or other party introducing the subject of housing. The opposition was particularly critical of the effects of economic policy on social housing and introduced several motions on housing which were passed to the Housing Committee. It was interesting to note that during the second reading of its budget estimate all parties expressed satisfaction with the activities of the Housing Ministry although the Socialists (SPD) ultimately abstained from voting, as a protest against the shortage of materials and rising costs of building.

## Reciprocal Social Security Arrangements

Discussions between representatives of the Federal Republic and the Netherlands took place during the quarter under review. All outstanding problems in the field of social security were finally resolved and a reciprocal social agreement between the two countries was signed at Bonn on 29th March.

The agreement with France has been ratified by both Houses of the Federal Parliament and now awaits similar action by the French Parliament before it can come into force. The ratification of the agreement with Switzerland is also in train.

Agreement has been reached between the Federal Government and the Berlin Senate regarding the participation of Western Berlin in reciprocal agreements subsequently concluded with other countries by the Federal Republic. A representative of the Senate will attend future negotiations on reciprocal agreements.

### Social Insurance and Unemployment Assistance

Up to the time of the introduction of the "Führerprinzip" by the Nazi regime, German social insurance institutes, as corporations in public law, operated under a system of self government and were administered by boards of management representative of the insured persons and their employers. This position has now been fully and uniformly restored throughout the Federal territory by Federal legislation during the quarter.

Laws to adapt the rates of unemployment insurance benefit and unemployment relief to the increased cost of living have been passed by the Federal Parliament and will come into force on 1st April. Broadly speaking, the laws provide for an increase of about ten per cent in the rates of benefit and relief. It is estimated that the measures will involve increased expenditure of some 135,000,000 deutsche marks a year. Of this sum about 80,000,000 deutsche marks will be borne by the Federal Government, who are responsible for the cost of unemployment relief, while the remaining 53,000,000 deutsche marks for unemployment insurance benefit will come from unemployment insurance funds. At the end of January, 1951, the reserves of these funds amounted to 741,000,000 deutsche marks.

### Trade Unions

The trade union movement in Germany lost its leading personality by the death on 16th February, 1951, of the President of the German Trade Union Federation, Dr. h. c. Hans Böckler. Dr. Böckler had been an active trade unionist for more than 50 years and was largely responsible for building up the post war German trade union movement. His wise counsels and moderating influence exercised an incalculable effect on German recovery.

The latest statistics show an increase of 171,405 members during the six months ending 31st December, giving a total of 5,500,000 workers organised in the sixteen affiliated industrial unions. The two principal non affiliated unions, namely the non manual workers union (DAG) and the Civil Service Federation (DBB) also report rises in membership figures.

The German Trade Union Federation (Deutscher Gewerkschaftsbund) has again, in the form of a pamphlet, formulated its views on the economic situation. These include proposals for a revision of wages policy in order to increase real wages and a complete revision of pensions and all forms of social insurance benefits. The Federation demands a policy of planned and controlled investments, the control of raw materials, a considerable increase in exports and a corresponding restriction in imports, particularly of non essential goods. It further demands a policy of price controls, energetically enforced, with measures to reduce excessive profit margins. At a meeting between the Federal Chancellor and the two sides of industry it was decided to set up three standing joint committees to advise the government of the agreed views of industry in the fields of wages and prices, investments and exports respectively.

## Co-determination

Industrial relations have been dominated since the beginning of the year by the trade union demand for "co determination" in the coal and metal industries and to a lesser extent in other branches of industry. In January a position had been reached in which the Federal Chancellor had become involved in the dispute. As a result of his intervention, a committee of industrialists together with one prominent banker was formed to negotiate an agreement with the trade unions, who were threatening to call a strike on 1st February in both industries which might well have led to an almost immediate paralysis of the whole German economy. A settlement was reached on 30th January and was incorporated in a draft law submitted by the Federal Government to Parliament. This settlement conceded the trade union demands almost in their entirety, and provoked violent opposition on the part of industrialists generally, principally because they felt it might set a precedent for the rest of industry. Subsequent amendments to the draft law have met with equally violent trade union opposition and the strike threat has been renewed, reinforced by a spate of resolutions from all trade union organs promising support in the struggle to obtain the full trade union demands. The law was passed after further amendment by both houses of the Federal Parliament early in April.

In the meantime the chemical workers and the railwaymen are pressing for similar rights and the Public Services Union is investigating methods of applying 'co determination' in public undertakings. The trade union movement loses no opportunity of expressing its resolution to extend "co determination" to the whole of industry. In industrial circles the resistance to trade union demands is stiffening and all organisations concerned, whilst emphasising their willingness to make very considerable concessions in accordance with new social and economic conditions, are preparing for vigorous resistance to trade union demands.

## Wages and Prices

The past quarter has been characterised by rising prices and consequent widespread demands for increased wages. Some difficulty has been experienced in the field of official salaries which are still basically regulated by a law of 1927, although workers in the lower categories have in fact received bonuses and other allowances amounting to an increase of approximately 28 per cent. It was not until 1st February this year, however, that officials receiving more than 370 deutsche marks per month received an increase provisionally fixed at a flat rate of 20 deutsche marks. The DGB claimed an extension of existing bonuses and an increase of fifteen per cent on existing rates, whilst the German Civil Service Federation demanded the cancellation of all allowances and a flat rate increase of  $33\frac{1}{3}$  per cent based on the 1927 rates.

In other fields the wages movement continued to gain momentum and existing agreements are being terminated in many industries and districts. In spite of wage increases, however, real wages are continuing to decline. In announcing plans for the reorganisation of the German economy the Federal Government made a proposal under which prices would be increased by ten per cent with a compensatory all round increase in wages by the same percentage. This proposal does not seem to have been very favourably received by the community.

# LEGAL MATTERS

*Legislation of the Allied High Commission enacted during January, February, and March 1951, is set out in Appendix 2 to this report*

*Zonal legislation published during the same period appears in Appendix 3*

## Extradition

In order to establish, as far as practicable, normal relations between the Federal Government and other governments in the field of extradition, the Allied High Commission has decided that, with three classes of exceptions, the Federal authorities are to deal with extraditions to and from the Federal territory

In accordance with the High Commission decision, the Federal authorities will be responsible for all extraditions of persons wanted for common crimes, and will deal directly with foreign authorities when requesting or receiving requests for extradition

Unless authorised, the Federal authorities will not deal with extraditions between the Federal territory and France, the United Kingdom and the United States, with the extradition of persons accused of war crimes and with the extradition of persons exempted from the jurisdiction of German courts pursuant to Allied High Commission Law 13

German authorities will notify the Allied High Commission of requests for extradition which they have received from or are making to foreign countries and of final decisions regarding the extradition of persons from the Federal Republic. Persons to be extradited may not be removed from the Federal territory until 30 days after this notification. This procedure will permit the High Commission to consider the German decisions in connection with the reserved powers and the requirements of security

## Board of Review

Up to 15th March, 1951, 57 petitions had been filed with the office of the Board of Review established pursuant to Allied High Commission Law 59 (Restitution of Identifiable Property of the Victims of Nazi Oppression). Up to the present 36 of these have been placed before the Board and the Board have given decisions in 27 of them

## Jurisdiction of German Courts

Instruction 4 under Allied High Commission Law 13 authorises German courts to exercise jurisdiction in non criminal cases in which a member of the Allied Forces voluntarily submits to the jurisdiction, or in which a party is a member of the Allied Forces only by virtue of being a member of the Mixed Service Organisation

Cases have occurred of British insurers of vehicles refusing to pay out on third party claims on the grounds that the person insured is a member of the Allied Forces and, therefore, "immune" from being sued in the German courts, so that no claim



*The above photograph shows the members of the Allied High Commission Supreme Court at the beginning of 1950 when the total number of judges in Germany numbered nine as against five at the present time. This reduction has been due to the steady and continuous passing of judicial work over to the German courts which now have power to try not only displaced persons but British subjects. The judges in this photograph are:—(Back row) Judge D. N. O'Sullivan, Judge L. R. O'Hanlon, Judge Stephen Howes, Judge R. Fanthorpe; (Front row) Judge W. C. S. Bainbridge, Sir Owen Corrie, Maj. General L. M. Inglis (Chief Judge), Judge Graham Rogers, and Judge J. R. Bladgen.*

can in fact be made against him. It has been pointed out that it is not correct to speak of an "immunity". The German courts cannot hear a case against a member of the Allied Forces without consent, but such consent can be given.

## Berlin

The Allied Kommandatura on 30th January, 1951, approved the magistrates proposal to amend Article 63, Section 1, of the constitution of Berlin, of September, 1950. The city authorities can now alter substantially the present judicial system in Berlin.

## The German Courts

A law concerning the establishment of a Federal Constitutional Court (Bundesverfassungsgericht) has been passed by the Bundesrat and Bundestag and has now been promulgated.

Civil and criminal senates of the Federal High Court of Justice (Bundesgerichtshof) at Karlsruhe have taken up their functions. In January, four Socialist (SPD) members of the Committee for the Election of Federal Judges, in an open letter, accused the Federal Minister of Justice of choosing judges purely on party lines. The Minister denied all such accusations. Since then no new Federal judges have been appointed.

The German Bizonal High Court for the Combined Economic Area (Deutsches Obergericht) at Cologne has ceased to function.

The Budget Committee of the Bundestag has agreed to provide the money for the appointment of one male and one female probation officer at six German magistrates courts. This is an experiment to find out whether it would be advantageous to introduce the British system of probation in all German magistrates courts.

Since 1st January, 1951, in the British Zone, the admission to the Bar of any lawyer can no longer be refused on the ground of redundancy—that is, on the plea that there are already sufficient lawyers admitted.

# ADMINISTRATION

At the end of March, 1951, 948 members of the staff had been accommodated in the Bonn—Wahnheide—Cologne area, including 289 occupying married quarters

At Troisdorf, all the type V married quarters, and all but seven of the type V single accommodation have been completed and occupied, whilst at Marienburg (Cologne) 40 of the 47 houses to be re-conditioned have been completed

A new British church is under construction at Cologne

## British Families Education Service

At the end of February, 1951, the number of children attending the 82 British Families Education Service schools was 5,511, and 298 British teachers were employed

Plans for the first phase of the extension of Prince Rupert School, Wilhelmshaven, to meet the increased requirements of the Armed Forces, have been completed

## Road Transport

On 21st March, 1951, there were 2,377 vehicles in the Control Commission fleet. This shows a reduction of 678 on the figures at 1st December, 1950

Petrol consumption continued to decline. During the three months ended 28th February, 1951, the consumption was 753,991 gallons, as against 1,036,321 gallons during the previous three months

## Requisitioned Property

The total number of properties of all kinds, including land, held under requisition for the Control Commission at the end of February, 1951, was 4,826. This number, which showed a reduction of 353 since the end of November, 1950, included 83 in respect of displaced persons, 508 in respect of the Allied High Commission, and 54 in respect of civil aviation

The number of hotels held under full requisition by all forces of Occupation was 315, compared with 323 in November, 1950

## Paper Salvage

During the period from 1st July, 1950, to 28th February, 1951, a total of 839 tons of waste paper was salvaged in the British Zone

## Territorial Army

During the last three months, three applicants have been granted Territorial Army Commissions, and seven Territorial Army Officers who were serving with the Control Commission have returned to the United Kingdom. A total of 49 officers is still serving with the Commission

## Personnel

A graph at Appendix 12 shows the fluctuation in Control Commission strength since January, 1946

# LAND NORDRHEIN-WESTFALEN

## Political Matters

During the quarter under review, Germany's contribution to Western defence has become a secondary political topic pending the outcome of current negotiations for a Four Power Conference "Co determination" (Mitbestimmungsrecht) and, latterly, methods of combatting the economic crisis have been the main pre occupations. In a press statement pointing out that forthcoming economic measures "would not always encounter the sympathy of our electors and members" Johnen (acting Rhineland Christian Democratic Union (CDU) Chairman) has appealed for unity within his party during the difficult weeks ahead. At a meeting of Rhine Westphalian Agricultural Associations on 19th March, the Minister President publicly endorsed the Federal Government's new agricultural programme.

The Communists staged an anti remilitarisation demonstration in Dusseldorf on 26th January attended by about 5,000 people. Two days later a Communist sponsored "Anti Remilitarisation Congress" took place in Essen, the 1,700 delegates including a complement ostensibly of "non Communist" personalities. Despite these and numerous smaller scale functions, however, the anti remilitarisation campaign shows little sign of winning any worthwhile popular support. Success in the Communist campaign for "unity of action" with the Social Democratic Party (SPD) has likewise been negligible. The Communist (KPD) Land delegates' conference at Essen on 24th—25th February produced no significant new themes, Josef Ledwohn was re elected Land chairman.

The local council elections held in 25 towns and districts on 25th February brought little change in the relative positions of the Christian Democratic Union (CDU) and the Social Democratic Party (SPD), both gaining over 68,000 votes with the CDU slightly ahead. The total Free Democratic Party (FDP) vote of about 15,000, however, was more than double the corresponding 1948 figure. The KPD vote of 12,099 represented a drop of 33 per cent, whilst the Zentrum vote (10,769) also fell by about 12 per cent. The hitherto untied Refugee Group (BHE) polled over 4,000 votes and won three seats on each of three councils. The Sozialistische Reichspartei (SRP), winning three seats in Wanne-Eickel, gained its first representation in this Land.

In February there were incidents in towns in Westfalen in which properties are still occupied by Allied families, and owners are disappointed at continued requisition of their property. Leaflets signed by the Burgermeister, Bad Oeynhausen and the Dean of Herford, demanding the return home of British families unless new quarters were built for them, have been dropped into British letter boxes. A Land Congress of Occupation Victims in Dusseldorf on 24th February called for Federal Government legislative powers in respect of indemnification claims against the Occupation Authorities.

The anti Communist "Volksbund fur Frieden und Freiheit" was launched in Essen at a well attended public rally on 17th March. Other anti Communist organisations have undertaken little significant activity during the period.

On 23rd January the police at Gelsenkirchen seized 14,000 Communist leaflets in a motor vehicle while two days later premises in Lunen were entered and several thousand further copies of KPD propaganda confiscated.



## Governmental Matters

At the January session of the Landtag, the Socialists (SPD) had a motion in readiness demanding the Land Government's intervention at Bonn on behalf of the issue of "Mitbestimmungsrecht". When the Minister President promised the House to make an immediate appeal to the Federal Government, the SPD withdrew its motion until further notice and the House decided that a special session should be held if the negotiations then going on at Bonn should break down.

In a debate on the provision of funds for the building of miner's dwellings the Minister of Reconstruction stated that the present housing programme would cost 172,000,000 deutsche marks, of which 35,000,000 deutsche marks was being provided by the Land and the remainder from Federal and European Recovery Programme funds. He hoped to get further guarantees to enable him to extend the programme to 250,000,000 deutsche marks. It has since been confirmed with the Ministry that the only grants for miners' housing from public funds which are yet allowed are 35,000,000 deutsche marks from ERP funds and 35,000,000 deutsche marks from Land and Federal funds combined.

In presenting the Land Government youth plan to the House the Minister President stated that over 3,700,000,000 deutsche marks had already been allocated for youth work including the building and equipping of hostels, schools, workshops and libraries. The Landtag warmly welcomed these measures but all parties insisted that state assistance must not result in a "state youth" on the lines of the Hitler Jugend and the Communist youth organisation, Freie Deutsche Jugend (FDJ).

In February, the submission of a government draft police law was countered by the submission of an SPD draft. Both proposals provided for considerable strengthening of the central powers of the Minister of the Interior and, as was to be expected, this was most noticeable in the SPD draft. During the debate a difference of opinion arose over the interpretation of the High Commission's letter of 14th November, 1950, the Minister of the Interior regarding it as containing certain elements of direction, whereas the SPD held that it contained only recommendations and that the best way to arrive at the correct interpretation would be to pass a police law and await reactions from the Petersburg.

A resolution of all parties relating to the reduction of the coal export quota and an increase in German export prices was adopted unanimously. Supporting the resolution, the Minister of Economics (Dr Sträter) stated that Allied requirements for the first quarter of 1951 were estimated at 951,000 tons. A result of this excessive demand was that large quantities of coal were finding their way on to the "black market". German drivers working for Allied Authorities were selling coal at double the normal market price and the Minister claimed to have in his possession evidence that one German firm had during the month of January alone, obtained 12,000 tons from Allied sources. He subsequently declined to justify his allegation on the grounds that he did not wish to implicate the Germans involved.

During the March session the government draft school law was given a first reading against considerable SPD and FDP opposition. At the same session a Land Government resolution protesting against the dissolution of the Central Coal Sales Organisation implied by acceptance of the Schuman Plan, was unanimously passed.

The Cabinet has approved a draft law providing for a plebiscite in the former Land Lippe but, before submitting it to the Landtag, has asked whether the

Occupation Authorities would have any objection to the holding of such a plebiscite. Simultaneously, the Land Government has asked the Federal Government whether such a plebiscite would be recognised as a referendum under Article 29 of the Basic Law.

### Industrial Relations

There has been a marked increase in labour disputes over the last quarter particularly in its closing weeks, and, although this follows the normal annual trends, the number of days lost has been higher than in any corresponding period since 1947. This is no doubt a reflection of the anxiety which is affecting all classes over the rising cost of living, and it is noteworthy that strikes have occurred despite it being the avowed policy of the trade unions to discourage them until after the "co determination" Bill has become law. Whilst these stoppages of work have been mainly caused by wage disputes, there has been some evidence of Communist influence where they have not had official trade union backing. In the main, however, they have been settled by negotiation between employers and workers representatives encouraged by conciliation officers of the Land Ministry of Labour.

Despite the increased incidence of strikes the trade union struggle for "co determination" has continued to dominate the Land to the exclusion of wages issues\*.

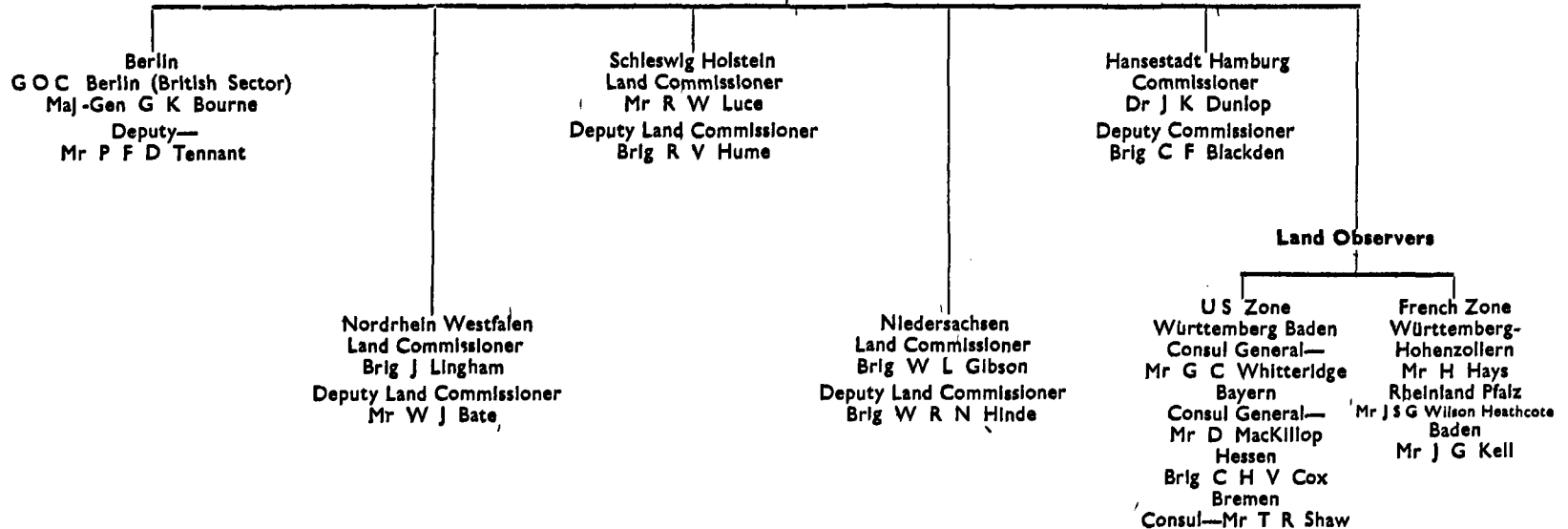
Mainly due to weather conditions, the increase in the number of unemployed which began in December, continued during the first half of January when the unemployment figure stood at 264,831 or 5.6 per cent of the working population. Since then, principally because of the resumption of work in building and other outdoor trades, unemployment has steadily fallen, and at mid March the number unemployed stood at 180,434 or only 3.8 per cent of the working population. Although the shortage of coal and other raw materials has resulted in some curtailment of working hours, no increase in total unemployment can be attributed to these factors.

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\* See special paper on page 47

## LAND ORGANISATION

UNITED KINGDOM HIGH COMMISSIONER  
His Excellency Sir Ivone Kirkpatrick



# LAND NIEDERSACHSEN

## Governmental Affairs

Despite its precarious position the Cabinet, consisting of five Social Democrats and one Centre Party member, has survived the quarter under review. The failure to fill the posts of Minister of Finance and Minister of Food, Agriculture and Forestry (which are nominally the responsibility of the Minister President) has enabled the right wing parties to maintain their attack on the Land Government. The Christian Democratic Union (CDU) have introduced into the Landtag a motion that the constitutional basis of the present Cabinet be examined to determine whether its decisions are legally valid in the absence of a Minister of Finance, whose duties involve certain governmental executive functions.

The Landtag has been busier during the period under review than at any time since its inception. Plenary sessions have been held fortnightly in order that outstanding business could be cleared before the Landtag's dissolution. This has involved heavy work in committees and the passing by the Landtag of much legislation. Two long outstanding major items of legislation have been the Niedersachsen Permanent Police Act and the Niedersachsen Constitution. The former Act now establishes the police as a Land force, centralised under the Minister of Interior. The responsibility for law and order will now be shared between the police authorities on the one hand and certain administrative authorities (Regierungspräsidenten, Kreise and Gemeinden Councils) on the other. The latter will now have the right to issue ordinances based on this police law and they will be assisted by the uniformed police in the execution of their tasks whenever necessary.

The constitution will receive its third reading before the dissolution of the present Landtag in April. The version submitted to the Landtag for second reading by the Constitutional Committee differed in many respects from the original Cabinet version, but no major amendments took place during the second reading as differences between the parties had been worked out in committee. The constitution is now in a simplified form with no preamble. The support, necessary for the constitution, of the inhabitants of the former Lander of Brunswick and Oldenburg who were absorbed when Land Niedersachsen was formed, has been secured by guaranteeing their historical and cultural rights. The election of the Minister President is now based on the "Bonn principle" of a simple majority and there is an adequate safeguard whereby a vote of no confidence in the Cabinet can be passed.

The Social Democratic Party (SPD) successfully put through the electoral law and the much debated question of the conditions under which a party may enjoy the right to reserve list seats is now decided. To do so, a candidate must be put up in every constituency and in the case of parties not represented in the previous Landtag, each candidate must obtain the signatures of 100 constituents.

## Political Developments

The announcement that the Landtag elections would be held on 6th May was the signal for the political parties to start their electoral campaign without further delay. This early start, which will result in a campaign of nearly three months

duration, can be attributed to the importance that all the parties in Western Germany place on the result of this election. Since the Federal Government was elected in August, 1949, political and economic conditions in Germany have undergone such fundamental changes that the political parties have had to adapt their attitude to problems that did not exist at all two years ago. They are now all anxious to prove that their present policies command the support of the electorate. German re armament, the Four Power Conference in Paris and the economic position, at present hold the attention of the population and any developments in these fields will undoubtedly affect the issue of the election.

The Niederdeutsche Union was formed on 10th February as the joint parliamentary organ of the Christian Democratic Union (CDU) and Deutsche Partei (DP) and operates alongside those two parties. The CDU and DP Chairmen, Cillen and Hellwege, are joint chairmen of this new party. Of all the parties, this is the one whose success or failure is most dependent upon international events. A false step by Dr. Adenauer in the next few weeks could be disastrous for the Niederdeutsche Union, whose leaders emphasise that the Chancellor's skill and the difficulties with which he has to contend can only be appreciated by a study of international affairs beyond the powers of the man in the street.

The Freie Demokratische Partei (FDP), weakened by internal dissension and opposition to the extremism shown by its present leaders, has turned to the remnants of the ill famed Deutsche Rechtspartei (DRP) for support. In many Kreise the DRP has transferred *en masse* to the FDP, in which party the original Liberal element has now lost its former influence. The party proposes to fight the elections alone but its prospects are not rated very high.

The fate of the Sozialistische Reichspartei (SRP) will be decided on 6th May. Strongly organised only in this one Land, the SRP is making a tremendous effort to win its first serious battle. In order to avoid the necessity to obtain one hundred signatures in each constituency, two Landtag members were persuaded to transfer their allegiance to the SRP. A statement by Dorls, the SRP Chairman, at a meeting in the Rhineland has led to an official investigation by the Land Government with a view to bringing a charge of bribery against him.

Gereke and one member of his 'independent' Landtag fraction have publicly announced their membership of the Deutsche Soziale Partei (DSP), the third member of the Gereke fraction, Arndt, having joined the SRP. Public interest has been aroused by the amount of money being spent by the DSP and it is quite obvious that this party is receiving strong financial backing. Gereke is making an effort to attract the refugees and has made ample provision for them on the reserve list of the Deutsche Soziale Partei. Nevertheless he is encountering serious opposition at public meetings and is not finding it at all easy to put across his theories. Deutsche Soziale Partei propaganda is based on the 'Peace Proclamation' issued in January, 1951. After a series of conversations between Gereke, Noack, Henemann and Niemoller this proclamation finally appeared above 46 signatures, but neither Henemann nor Niemoller signed it. Many of those who did were politically discredited and only a few newspapers mentioned the petition.

The position of the Refugee Party (BHE) has further deteriorated. The party has failed to produce a clear-cut policy and, dissatisfied with the lack of firm leadership from above, many of the local leaders have resigned, including Otto, third chairman and one of the more forceful members of the Land Committee. Relations with the Zentralverband der vertriebenen Deutschen, the official refugee organisation, which originally afforded the BHE whole hearted support, have also become strained as the BHE has not given the official refugee organisation adequate representation on the reserve lists.

## Epidemics

Rabies spread into Niedersachsen from the Soviet Zone early in January and some forty cases, 75 per cent of them foxes, have been confirmed to date. Appropriate counter measures have been introduced and the outbreak is for the time being confined to thirteen Kreise in the eastern half of the Land. Of the few cases involving humans, none has been serious.

## Hanover Trade Fair

The Light Industries Section of the German Industries Fair of 1951 was held in Hanover from 28th February-4th March. The results appear to have been satisfactory and more export business was done than during the same section of the fair last year.

The visitors to the fair numbered about 200,000 of which 10,000 were foreign buyers. Some 400 firms, representing 21 countries, exhibited. The greatest activity was shown in the glassware, china and ceramics sections, while business done by manufacturers of textiles and household utensils was very good. On this occasion the Trade Fair Company deliberately made the cost of admission high and thereby excluded the general public from the exhibition halls on the four business days. The exhibitors found this a great convenience since they were able to do business in comfort.

The Federal Government announcement of restrictions on imports was made on the opening day. This appeared to have a depressing effect generally and foreign exhibitors could have taken advantage of a larger import quota than the 1,400,000 deutsche marks allocated for imports at this section of the fair.

The Heavy Industries Section opens in Hanover on 19th April.

## Hanover Airfield

A final decision has been taken on the site of this airfield which will be on the outskirts of the town. Discussions on the methods of financing the project are still proceeding.

# HANSESTADT HAMBURG

The outstanding features of the first quarter of 1951 were the steady growth in Hamburg of shipbuilding and shipping, the very welcome improvement in the general relations between the citizens of Hamburg and the Occupying Powers, and the many, but abortive attempts on the part of the Communist Party to make capital out of local differences. Not unconnected with the failure of these attempts has been the dissension which has been apparent in the Communist Party (KPD) in Hamburg as elsewhere in Germany.

## The Port

At the end of the current quarter practically all the traditional Hamburg shipping houses were once more in possession of sea going vessels. Although this is only a modest beginning, the psychological difference in Hamburg is enormous, especially among the many thousands of ships' officers and sea faring folk who have been eking out a depressing and featureless existence on shore and now see in the future an opportunity of earning their living in the way to which they have been accustomed in the past. The new flagship of the Hamburg Amerika Line made her maiden voyage during the quarter and at the very end of the month of March the flagship of the Hamburg Sud Amerika Line, the *Santa Ursula*, started on her first maiden voyage to South American ports. The three Hamburg yards engaged in building seagoing craft, Deutsche Werft, Howaldtswerke and Stülckens, have their order books full. The complete removal of restrictions on shipbuilding came after the end of the quarter under review. Alongside the activity of the shipyards there has been a good deal of repair work, most of it for foreign account. Practically the last of the salvable ships sunk during the wartime has now been patched up. Those which were not salvable have been broken up for scrap and of the wrecks which strewed the port of Hamburg at the time of the capitulation, there now remain only one or two rusted hulks in unused creeks or alongside unwanted quay walls. Even these are now rapidly disappearing one after the other to satisfy the clamant need for blast furnace scrap.

There has been a good deal of transit traffic through the harbour, notably wood from Czechoslovakia going to South America and other overseas ports. The export of German motor cars and tractors has reached high proportions. Nevertheless, schemes for the further rebuilding and improvement of the port have had to be seriously curtailed owing to the financial stringency in Hamburg. Shipbuilding would also have to be slowed down very substantially were it not for the credit of 100,000,000 deutsche marks placed at the disposal of the shipbuilding industry in Germany by the Federal authorities. A shortage and slow delivery of steel also threatened the shipbuilding industry towards the end of the quarter.

On the whole, the shipbuilding industry has shown substantial improvement and trade through the harbour has been maintained at a reasonable level. In these respects, therefore, the unemployment figures have been fairly satisfactory. The general position of unemployment is not good and at the end of the quarter showed a figure which is still relatively high at just over 95,000. Included in this is the relatively high figure of 35,000 female unemployed. Prices in the shops are high and there is a good deal of grumbling among the ordinary folk at the ever increasing cost of living.

## Political

The political situation in Hamburg has remained without notable change. On Wednesday, 24th January, Bürgermeister Max Brauer made a public speech with the title 'Es ging aufwärts', reviewing the work of the Social Democratic Party (SPD) administration in Hamburg. The whole setting of this speech was an innovation, its basis modelled on the traditional speech of the President of the United States on the state of the Union. It was given in the Grosse Festsaal of the Rathaus to an audience of over a thousand, consisting of the members of the Senate, the Bürger-schaft, the Consular Corps and members of the trade, industry and professions of Hamburg. The speech, in all, lasted for well over an hour and was largely taken up with a factual review of the progress which has been made in restoring the economy of Hamburg. In so far as it was a claim for continued public confidence in the SPD administration, it has been criticised by the other parties as perhaps painting too rosy a picture and ignoring some of the difficulties. Nevertheless, credit must be given to the City Administration of Hamburg for the lead it has given and which has been followed by an industrious and capable population. There is no doubt that the Bürgermeister's personal prestige in Hamburg remains at a high level and he is well supported by some of the ablest Socialists in Hamburg.

During the quarter, Dr Kurt Sieveking, who was for a long time senior Senate Syndikus in Hamburg, went to Stockholm as the first German Consul General to Sweden. As a senior public servant of Hamburg, Dr Sieveking won the complete respect of the Allied Authorities.

The Communist Party in Hamburg has had what must be described as a very disappointing quarter. They have seized upon one battle cry after another only to find that the public reacted very coldly to the Communist attempt to be the spokesmen for Germany. This has been notably the case in respect of Helgoland and in respect of the chambering of the Elbe bridges. For two or three days the *Hamburger Volkszeitung* carried banner headlines in which the supposed inevitable destruction of the Elbe bridges was linked with the threatened blowing up of the Elbe tunnel over a year ago. The population of Hamburg remained completely placid on the subject and apart from a demonstration by thirty women one morning at one of the bridges, the work has gone forward without incident.

As regards the Helgoland incident, both the first student landings and the latter Communists landings were quite certainly organised and supported by circles in Hamburg. The settlement of the Helgoland question\* was greeted in Hamburg with very general relief. More responsible circles had for some time regretted the exaggerated importance given to the question and were glad to hear of a solution. While these attempts to gain publicity were being carried out, the Communist Party itself was suffering from internal difficulties. Some four years ago the leader of Hamburg Communism was the liked and respected figure of Friedrich Dettman. He was judged too quiet by the KPD Central Office, and one Wilhelm Prinz was sent to take over the leadership. Prinz was a fiery demagogue who undoubtedly injected a good deal of activity into local Communism and his period of control was marked by more public assemblies, and general propaganda work than had been the case previously. Now, however, he has been succeeded by Fink, the leader of the works council at the Deutsche Werft. The Communists have lost their control at Howaldtswerke and their stock in Hamburg generally is at a low ebb.

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\* See special paper on page 55



# LAND SCHLESWIG-HOLSTEIN

## Governmental Affairs

In the first quarter of 1951 the question of Heligoland developed into the *cause célèbre* which it had given every indication of becoming in December of last year. After several false alarms it was confirmed that during the weekend 23rd—25th February an unauthorised party of seven men had landed on the island. It was suspected and later established that the offenders were members of the Communist youth organisation (Freie Deutsche Jugend) or Communist sympathisers. The Land Government acted promptly, and in concert with the British Frontier Inspection and Public Safety Services, a force of German police was sent to the island and removed the squatters. They were later charged and convicted in a Control Commission Court with infringement of the British Zone ordinance prohibiting unauthorised landing on the island. In all cases the court awarded suspended sentences of imprisonment.

Official quarters of the Federal and Land administrations, and unofficial organisations with the exception of those with Communist backing, had publicly disassociated themselves from illegal action pending a policy announcement by His Majesty's Government. The British High Commissioner later announced that a decision had been taken to seek an alternative bombing target or targets and that in any event the island would be returned to German administration not later than 1st March, 1952\*. This announcement was received with restrained satisfaction by the responsible Land authorities, who had acted throughout with dignity and moderation. On the last day of March a further party of fifteen young Communists (including four girls) landed on the island. They have now been removed and are awaiting trial at the time of this Report.

Other Communist activity in the Land has been confined to sporadic displaying of posters and distributing of pamphlets, considerable quantities of which have been seized by the police. A large quantity of propaganda literature was found dumped on the west bank of the River Elbe in the south east of the Land, and was impounded. The so called unemployed associations which have recently been formed in the larger towns have been denounced in forthright fashion by the trade unions, and in many cases by the unemployed themselves, as Communist propaganda devices.

During the quarter under review the Landtag has passed little legislation of note but in all cases the subject matter has been contentious and strongly opposed by the Social Democratic opposition. The main item was a new local government election law, which provides for elections to be held on 29th April, 1951. Apart from Social Democrat opposition to this measure, there were indications at one time that the Christian Democrats, as members of the coalition government were themselves divided on the issue. A split in the party, was avoided, however, thus averting immediate dissolution of the coalition.

The remaining legislation was concerned with educational reform and was likewise passed against strong Social Democrat opposition. Of the three main laws, the first provided for a means test to determine parents' ability to pay for secondary education, the second set up intermediate school classes in remote rural primary schools, and the third reduced from six to four years the period of basic primary education.

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\* Text of this announcement appears on page 50

On 13th January, Sir Ivone Kirkpatrick, the British High Commissioner, visited Kiel on the invitation of the Senate of the Christian Albrechts University and addressed the students. He was followed on 30th January by M François Poncet, the French High Commissioner, whose visit to the university and address to the students coincided with the university's extremely successful "University Week" which was designed to display the university's activities to the outside world.

The rabies outbreak in six south east Kreise of Land Schleswig Holstein, which started in December of last year, continued, although there were no signs of any widespread extension.

The expected fall in industrial output in the early part of the year as the result of reduced stocks of fuel did not materialise but the continuing shortage and rising prices of some raw materials caused more serious difficulty.

The economic stability of the Land continued to be threatened by serious unemployment although by mid March the unemployment figure had fallen to the same level as that of June, 1950, and it is hoped that the improvement will be maintained.

At the time of this Report, however, 210,651 or 25.7 per cent of the registered working population remain unemployed. The impact of the 42,000 juveniles leaving school after Easter upon the employment market must be expected in April. It is estimated that some 25,000 can be placed in available industrial vacancies, and after allowance is made for those who will find domestic or agricultural employment, there will be left some 9,000 to add to the current total of some 5,000 juveniles unemployed in Schleswig Holstein.

# THE SOUTH-WEST STATE

When the boundary between the American and French Zones was defined in 1945, it departed at several places from the German administrative boundaries, and in the extreme south western area it was drawn in such a way that it cut the Lander of Württemberg and Baden in half. The northern parts of the two states were joined and became the new Land of Württemberg Baden (US Zone), the two southern "rumps" were however left by the French as separate Lander—South Baden (now generally referred to as Baden) and Württemberg Hohenzollern. Hohenzollern, which consists of two Landkreise, was historically and until recent times administratively an *enclave* of Prussia, but as Prussia had ceased to exist and the area lay geographically in the middle of South Württemberg, it was fully incorporated into this new small "Land".

Between 1945 and 1948 it became clear that this solution could never be accepted by the Württembergers and Badenese as a permanent one, and the issue eventually came to the fore at the time of the drafting of the Basic Law. In Article 29 of the legislators introduced general provisions for Land boundary revision and in Article 118 specific mention of the south west area is made. In this latter Article the three Lander were granted the right to re arrange their boundaries on their own initiative, but in the event of their failing to agree, the re organisation was to be regulated by a Federal law which would provide for a referendum. Although the Military Governors decided to suspend the operation of Article 29 until the signature of the Peace Treaty, in the interests of the stability of the new Republic, they made a proviso that under certain conditions the re organisation of the south west area foreshadowed in Article 118 could take place before that date.

The three Lander decided, after negotiations which lasted from autumn 1949 until summer 1950, to hold a referendum of a purely informatory character to ascertain the wishes of the population. This took place on 24th September, 1950, the questions asked being —

- (i) Do you favour the fusion of the three Lander Württemberg Baden, Baden and Württemberg Hohenzollern in a South West State,
- or
- (ii) Do you favour the restoration of the old Lander Württemberg (including Hohenzollern) and Baden?

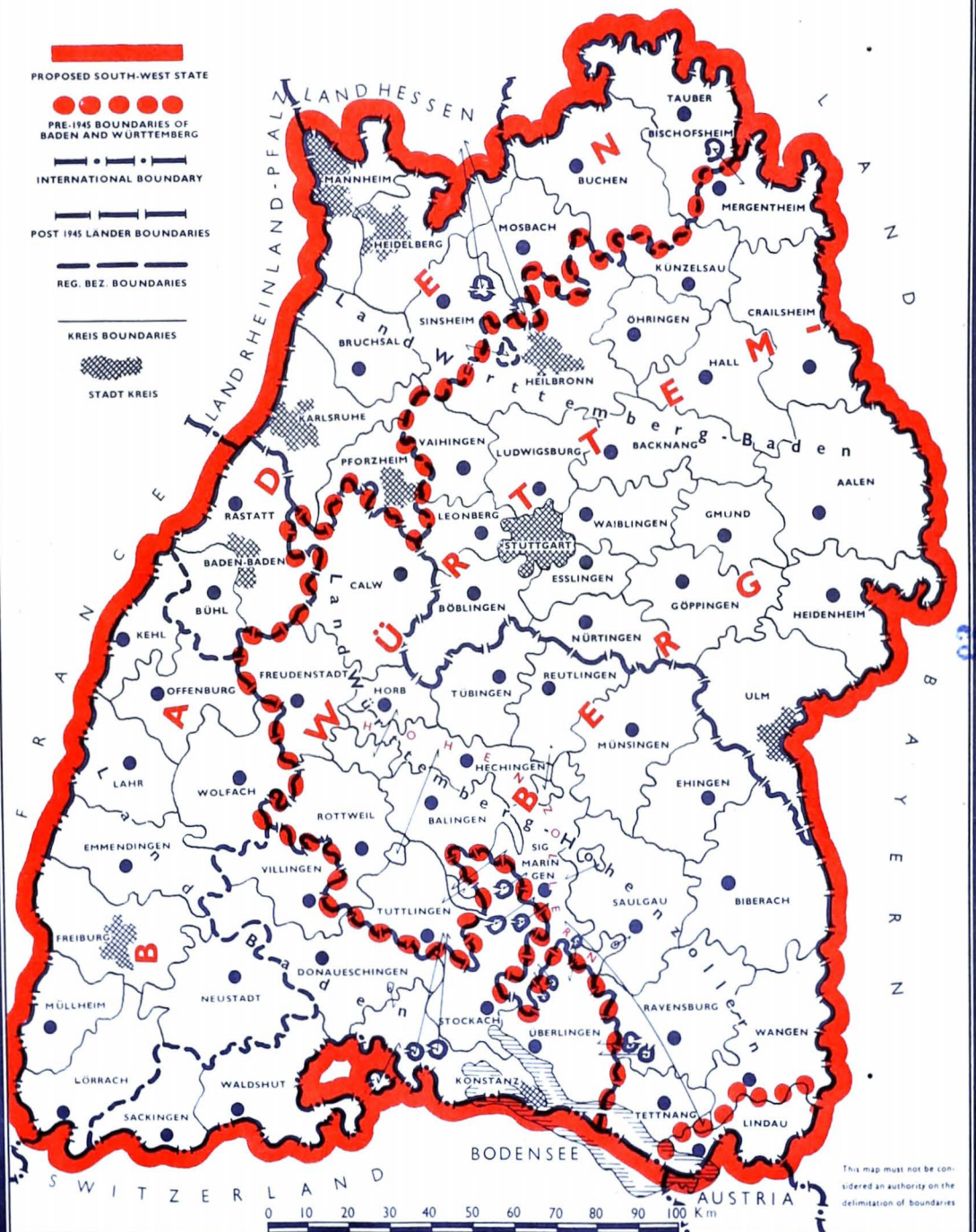
The result was —

	<i>Percentage of electorate who voted</i>	<i>For the SW State</i>	<i>For Restoration</i>
Württemberg Hohenzollern	48%	324,379	26,446
Württemberg Baden			
(Württemberg portion)	43%	623,520	43,157
(North Baden portion)	61%	333,113	247,962
South Baden	65%	214,931	316,696

It will be seen that although the total results showed a majority for the South West State, the vote in South Baden went in favour of restoration. Even the aggregate figures for North and South Baden still showed a very slight majority for restoration, and the opponents of the South West State were able to point to this fact as well as to the obvious lack of interest in the Württemberg area (where the poll did not reach 50 per cent) and argue that no final conclusion could be drawn from the results.

# SOUTH-WEST LÄNDER BOUNDARIES

PROPOSALS FOR LÄNDER BOUNDARY ALTERATIONS IN SOUTH-WEST GERMANY ARE BEFORE THE FEDERAL PARLIAMENT. THE MAP SHOWS THE PROPOSED BOUNDARIES OF (a) THE SOUTH-WEST STATE (b) BADEN AND WÜRTTEMBERG



There then followed a period of negotiations between the three Lander, but when these failed, the matter was referred to Federal level, where three draft laws were soon introduced in the Bundestag, and all provided for a new referendum, which would this time be final. A compromise law, which was weighted somewhat to the advantage of the advocates of the South West State, finally passed both Houses before the end of April.

Just prior to this a new problem had arisen in March, 1951. The Landtage of Baden and Wurttemberg Hohenzollern were due for dissolution in accordance with their Land constitutions in April and May respectively, and although it was generally recognised that Land elections would be superfluous at a time when revision of Land boundaries was imminent, there appeared to be no solution but for each of the two Lander to pass a law amending its constitution (which would involve yet another referendum) and prolonging the period of the present Landtag. It was at this stage that the Federal Parliament intervened, an inter party Bill was passed quickly through the Bundestag to effect this prolongation without recourse to constitutional amendment. The Bundesrat at first objected to the law, but finally agreed to it after amendments had been made by the Inter House Arbitration Committee, which had the effect of circumventing the constitutional aspects of the question by presenting the Bill as an implementing measure under Article 118 of the Basic Law. Although the Federal Cabinet subsequently decided that this law was unconstitutional, by a majority of one, the passing of the main referendum law is considered to have eased the constitutional difficulty and the promulgation of both laws is expected shortly.

# BERLIN

## Political and Governmental Matters

Professor Reuter (Social Democratic Party) has been elected Regierender Bürgermeister of Berlin under the new constitution and has formed an all party coalition government which was approved by the House of Representatives on 1st February, 1951, by 115 votes to 8 with 3 abstentions

The election of the Senate was preceded by eight weeks of complicated negotiations and at one time it appeared almost certain that the Socialists (SPD) would go into opposition. Having secured a small majority over the SPD at the elections in December, 1950, the Christian Democrats (CDU) and Liberals (FDP) felt themselves in a strong position to realise their own political programmes. The Social Democratic Party, on the other hand, had to decide whether it should accept compromises in office or uphold its principles in opposition. When the negotiations appeared finally to have broken down over the question of filling the key post of senator for internal affairs, the Christian Democrats and Liberals made preparations for the establishment of a small coalition.

When the election of the Regierender Bürgermeister took place in the House of Representatives on 12th January, Dr. Schreiber, the CDU candidate, and Professor Reuter each received 62 votes. The House decided in these unusual circumstances to instruct the two candidates to negotiate on the formation of a government and a programme. In consultation with the chairman of the FDP they soon reached agreement and decided that the post for internal affairs should be occupied by a non party official. Dr. Schreiber withdrew his candidature and Professor Reuter was duly elected.

The new Senate consists of six SPD members, four CDU, four FDP and one non party. Dr. Schreiber is deputy Bürgermeister and a Liberal senator is closely associated with leadership of the Senate. Retiring members of the old administration include Frau Louise Schroeder and Dr. Friedensburg.

Efforts to establish three party coalitions in the borough (Bezirk) councils as agreed by the party executives have so far broken down. Only in Tempelhof (American Sector) is such a coalition working smoothly. In Charlottenburg (British Sector) the SPD has refused to join the council and in Spandau (British Sector) the CDU has gone into opposition. The completion of the elections of the other borough councils are still held up owing to disputes on the correct representation of local party strength.

Immediately following publication of the revised Occupation Statute, the Allied Kommandatura issued the first instrument of revision of the Statement of Principles, which came into force on 8th March. The revision reduces the number of reserved subjects and simplifies procedure for dealing with German legislation in the Allied Kommandatura. In general, the Allied Kommandatura has surrendered its right to review German legislation before it comes into force though in certain cases it has the power to repeal or annul.

Although during the first two weeks of 1951 unemployment in Western Berlin increased sharply by nearly 9,000 to reach a total of 295,673, it has since steadily declined to a figure of 283,538 at the end of March, 1951—a net decrease of 2,934 from the total recorded at December 31st, 1950. As in the previous quarter, the

incidence of persons newly registering for employment inflated the unemployment figures and tended to conceal the real improvement which has taken place in the manpower situation. Thus, although unemployment showed a decrease of only 2,934, employment increased by more than 7,000, and there are now 744,582 persons registered as fully employed. The increase was chiefly due to improvement in the textile industry and an increase in the number of workers employed by the Public Works Emergency Scheme. This scheme is now providing employment for approximately 56,000 workers, including 3,000 political refugees. Meanwhile the proportion of unemployed to the working population is 28.5 per cent. Whilst the juvenile unemployment position has slightly improved, it may well be that by the close of the year the Senate will have to cope with the problem of over 30,000 unemployed juveniles.

Recent wages agreements have shown greater increases than those concluded earlier, and the two most important industrial trade unions have given notice of cancellation of the wages agreements they concluded only a few months ago.

The threat of industrial trouble in Western Berlin resulting from the dispute between the Public Services' Union and the Magistrat, which came to a head at the turn of the year, was averted in January by a settlement involving the abolition of the six per cent Brüning emergency tax for salaried employees, and increases up to seven pfennigs per hour for the hourly paid workers, effective from 1st January, while the period 1st October to 31st December was covered by a single payment to all employees of 30 deutsche marks. Negotiations were re-opened by the union when the new Senate assembled and after further delays, which again resulted in the threat of strike action, the Senate agreed to pay wage and salary increases for March only under the full terms of the West German agreement, and to recognise the union's claims to the same conditions for January and February. Fresh negotiations are now in progress.

The Communist Trade Union organisation (Freier Deutscher Gewerkschaftsbund) has strengthened its attempts to secure what it calls "unity of action" with the democratic bodies, and has intensified its propaganda by appeals to the workers of West Berlin to band themselves together to resist "remilitarisation" and to fight for higher wages. It also offered to support the threatened strike of public servants.

In the field of social security the main item of interest is the controversy over the future custodianship of the suspended social insurance institutions at present administered by British Military Government, acting on behalf of the three Occupation Authorities. The Allied High Commission has intimated its willingness to relinquish control over these institutions as soon as the Federal Republic and the Berlin Senate have agreed upon a successor organisation. This will most likely take the shape of a joint committee representing the political and economic interests of the Federal Republic and West Berlin.

### Economic Situation

The economy of Western Berlin has maintained the position indicated in the last quarterly review. It was anticipated that there would be a seasonal drop in production but this was not as pronounced as was expected. It will be seen from the following table that February (which was a short working month) represented the highest output per working day so far achieved.

1950—December	171,288,000 deutsche marks
1951—January	161,445,000 deutsche marks
February	168,819,000 deutsche marks

A very encouraging feature was the continuing rise in deliveries to both Western Germany and abroad and it was only in the case of deliveries to Eastern Germany that a decrease occurred.

*Total deliveries to Western Germany —*

1950—December	115,629,600 deutsche marks*
1951—January	121,494,000 deutsche marks
February	148,599,000 deutsche marks

*Actual exports to foreign countries —*

1950—December	3,415,258 dollars
1951—January	3,761,443 dollars
February	4,775,000 dollars

*Deliveries to Eastern Germany —*

1950—December	4,463,097 clearing units†
1951—January	1,196,100 clearing units
February	695,749 clearing units

According to the index of production calculated by the Deutsche Institut für Wirtschaftsforschung, Berlin, which has now been adopted, the index figure for December is 44 instead of the 37 previously calculated by the Statistical Department of the Senate. The corresponding provisional figure for January is 39 and while the indexes for February and March are not yet available, there are good reasons for anticipating a further advance. The industries which showed the greatest growth were electrical engineering, the machine tools industry, and the clothing industry. In February, the clothing industry alone delivered goods to Western Germany exceeding 28,000,000 deutsche marks in value.

In common with other areas, difficulties are being experienced in Berlin in obtaining raw materials. Although the Federal authorities have guaranteed preference for Berlin's requirements in raw materials, shortages are already developing especially in supplies of all types of paper, certain non-ferrous metals and chemicals. The Senate, the Chamber of Industry and Commerce, and the Berlin Marketing Council maintain constant consultation.

Measures of control over Soviet Zone barge traffic passing through the West Sectors were instituted on 6th March and withdrawn on 22nd March after a meeting had been held with the Soviet authorities, and preliminary agreement obtained on the major questions in dispute.

### Population Census

The population of Greater Berlin fell from 4,339,000 in 1939 by more than a quarter to 3,188,000 in 1946. Subsequently the population increased although the 1950 figure of 3,325,000 is still 1,000,000 short of the 1939 figure. The increase since 1946 has occurred almost exclusively in the Western Sectors of Berlin where the population has risen by 133,000 from 2,013,000 to 2,146,000. The increase on the other hand in the population of East Berlin from 1,175,000 to 1,179,000 was negligible.

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\* Western Zones currency

† For this purpose one Western Zones deutsche mark is reckoned as equivalent to one Soviet Zone deutsche mark



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Detailed statistics appear monthly in the German publication  
- "Wirtschaft und Statistik"

## APPENDIX I    **INSTRUMENT OF REVISION OF THE CHARTER OF THE ALLIED HIGH COMMISSION \***

1    *Article I paragraph 3 is amended to read as follows —*

- (a) The stationing within Germany of forces of the three Occupying Powers outside of their respective zones of occupation will be as agreed between appropriate High Commissioners and the respective Commanders in Chief. The forces of any other Allied Nation participating in the defence of Western Europe and deployed within Germany for that purpose may be stationed in such areas of a zone of occupation as are agreed by the High Commissioner and the Commander in Chief of the zone of occupation concerned
- (b) Command of the forces of the three Occupying Powers is vested in their respective Commanders in Chief regardless of their location within the three zones of occupation. If however operational control of all or part of any of the forces of one Occupying Power located in the zone of occupation of one of the other two Occupying Powers becomes necessary such operational control together with necessary administrative arrangements will be mutually agreed between the High Commissioners and the Commanders in Chief in the zones of occupation concerned
- (c) Control of the related military establishments and services of the three Occupying Powers is vested in their respective Commanders in Chief regardless of their positioning within the three zones of occupation. Administrative arrangements for forces of one Occupying Power when located in the zone of occupation of one of the other two Occupying Powers will be as mutually agreed between the High Commissioners and Commanders in Chief of the two Occupying Powers concerned
- (d) Command and administrative arrangements of the forces of any Allied Nation other than the three Occupying Powers stationed within Germany will be a matter for governmental agreement between such Nation and the Occupying Power concerned
- (e) Existing agreements which have been concluded between two or all of the three Occupying Powers will not be altered by the foregoing without the mutual agreement of the High Commissioners and Commanders in Chief in the zones of occupation concerned

2    *Article I paragraph 4 is deleted*

3    *Article II paragraph 1 is amended to read as follows —*

The High Commission shall exercise control over the Federal Government and the Governments of its constituent Lander, as provided in the Occupation Statute. In the exercise of the powers reserved to the Occupation Authorities under said Statute the High Commission shall reach its decisions in accordance with the provisions of Annex A hereof. These decisions shall constitute a joint exercise of the authority of all the three High Commissioners

4    *Article II paragraph 3 is amended to read as follows —*

The Headquarters of the High Commission shall be at the seat of the German Federal Government. The area defined as the Bonn Enclave will continue to constitute a special area directly under the administration of the High Commission and excluded from any individual zone of occupation

5    *Article III paragraph 1. The introductory sentence is amended to read as follows —*

The central organisation of the High Commission shall be tripartite in character and shall consist of — (etc)

6    *Article III paragraph 1 (b) is amended to read as follows —*

such committees including the Military Security Board and such sub committees and subordinate groups with such membership and such terms of reference, as the Council may from time to time approve

7    *Article III paragraph 2. The final sentence is amended to read as follows —*

Decisions of the Council shall be reached in accordance with Annex A

8    *Article III paragraph 3 and paragraph 4 are deleted*

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\* The text of the original charter was published in the June 1949 issue of the Monthly Report of the Control Commission

## INSTRUMENT OF REVISION (contd)

- 9 Article IV, paragraph 3 (a) is amended to read as follows —  
recommending repeal or annulment of legislation enacted by the Land Government where he considers such action appropriate under paragraph 5 of the Occupation Statute
- 10 Article IV paragraph 3 (b) is amended to read as follows —  
ensuring due compliance on the part of the Land Government with the Occupation Statute and with legislation and decisions of the Occupation Authorities thereunder
- 11 Article V paragraph 3 is amended to read as follows —  
Each High Commissioner shall be individually responsible to the Council for the formulation annually in accordance with tripartite policies and criteria of his budget of occupation costs and other requirements. Such budget shall be formulated and submitted to the Council on a date to be determined by it for consideration and approval by the Council and for consolidation in a total budget of the Occupation Authorities for transmission to the Federal Government. Each High Commissioner shall be responsible to the Council for control of his approved budget in accordance with accounting standards and procedures established by the Council
- 12 Article VIII is amended to read as follows —  
Foreign diplomatic representatives accredited to the Federal Government together with any foreign representatives accredited to the Allied High Commission shall have access to the latter by procedures determined by the Council
- 13 Article IX is deleted
- 14 In the Charter of the Allied High Commission for Germany as revised by this Instrument the expression Occupation Statute shall where the context requires mean the Occupation Statute as from time to time modified by the Council of the Allied High Commission  
The Agreement as to Tripartite Controls among the Three Powers dated 8th April 1949 previously attached to and made a part of the Charter as Annex A is terminated  
In the Charter as revised by this Instrument of Revision the expression Annex A shall mean the Annex A attached to this Instrument of Revision  
In witness whereof the foregoing agreement has been duly executed by the respective representatives thereunto duly authorised of the Governments of the Republic of France the United Kingdom of Great Britain and Northern Ireland and the United States of America in triplicate in the French and English languages each text being equally authentic and shall come into effect on the 7th day of March 1951

### Annex A

- 1 In the exercise of the powers reserved to the Occupation Authorities to approve amendments to the Basic Law the decisions of the Allied High Commission shall require unanimous agreement
- 2 In cases in which the exercise of or failure to exercise the powers reserved under paragraph 2 (g) of the Occupation Statute would increase the need for assistance from United States Government appropriated funds there shall be a system of weighted voting. Under such system the representatives of the Occupation Authorities will have a voting strength proportionate to the funds made available to Germany by their respective Governments. No action taken hereunder shall be contrary to any intergovernmental agreement among the signatories or to the principles of non discrimination
- 3 On all other matters action shall be by majority vote. It is understood that agreements between the Governments of the three Occupying Powers relating to any of the subjects listed in paragraph 2 (a) and 2 (b) of the Occupation Statute may not be modified by a majority decision of the Allied High Commission
- 4 If a High Commissioner considers that a decision taken by a majority vote conflicts with an intergovernmental agreement which relates to any of the subjects listed in paragraph 2 (a) and 2 (b) of the Occupation Statute or with basic tripartite policy he may appeal to his Government. Such appeal shall serve to suspend action for a period of thirty days and for such further period of suspension as any two of the Governments agree. If such appeal is from a decision of the Allied High Commission to repeal or annul German legislation the repeal or annulment shall not become effective until the expiry of the appeal period

## APPENDIX 2 **ALLIED HIGH COMMISSION LEGISLATION**

*All legislation of the Allied High Commission promulgated during the period 1st January—2nd April, 1951, is listed below. Text will be found in the appropriate issue of the Official Gazette of the Allied High Commission. Legislation promulgated prior to this is shown in the CCG Quarterly Report No. 1.*

		Official Gazette	Publication Date
Law 43	Customs Control of Allied Forces	44	10th January, 1951
Law 44	Operational, technical, and administrative control of Civil Aviation	44	" " "
Regulation 1	under Allied High Commission Law 43 (Customs Control of Allied Forces)	44	" " "
Regulation 3	(Prohibition of importation of certain publications and productions) under Allied High Commission Law 5 (Press, Radio, Information and Entertainment)	44	" " "
Decision 9	Extraditions	45	22nd January, 1951
Regulation 14	(Arming of Federal Law Enforcement Agencies) under Law 24 (Control of Certain Articles, Products, Installations and Equipment)	45	" " "
Law 45	Amending Law 40 (Restrictions on Transactions and Activities of Members of the Allied Forces)	46	31st January, 1951
Law 46	Amendment of Legislation concerning Monetary Reform	46	" " "
Law 47	Compensation for Occupation Damages	47	14th February, 1951
Regulation 12	(Revised) (Aviation) under Law 24 (Control of Certain Articles, Products, Installations and Equipment)	47	" " "
Regulation 15	amending Regulation 10 (Miscellaneous Articles and Products) under Law 24 (Control of Certain Articles, Products, Installations and Equipment)	47	" " "
Corrigendum	to the text of Law 43 (Customs Control of Allied Forces)—Schedule A, published in Official Gazette 44, dated 10th January, 1951	47	" " "
Law A—14	Depriving of effect and Repeal of certain Occupation Legislation	48	23rd February, 1951
Regulation 4	(Liquidation of Coal Industry Enterprises) under Law 27 (Reorganisation of German Coal and Iron and Steel Industries)	48	" " "
Regulation 5	amending Regulation 2 (Liquidation of Iron and Steel Enterprises) under Law 27 (Reorganisation of German Coal and Iron and Steel Industries)	48	" " "
Regulation 4	under United States and British Military Government Laws 53 (Revised) and French High Commissioner Ordinance 235 (Control of Foreign Exchange and the Movement of Property)	48	" " "

## ALLIED HIGH COMMISSION LEGISLATION (contd.)

		<i>Official Gazette</i>	<i>Publication Date</i>
Regulation 5	under SHAEF and Military Government Laws 52 (Blocking and Control of Property)	48	23rd February, 1951
	First Instrument of the Occupation Statute	49	6th March, 1951
Decision 10	Programme for the Revision of Occupation Controls	49	" " "
Decision 11	Competence of the Federal Government in the field of Foreign Affairs	49	" " "
Directive 1	(revised) Review of amendments of the Basic Law and of federal legislation	49	" " "
Directive 2	(revised) Review of Land constitutions and amend- ments thereof and Land legislation	49	" " "
Directive 3	(revised) Negotiation by the Federal or a Land Government of International Agreements	49	" " "
Directive 4	(revised) Notification by the Federal and Land Governments Pursuant to Paragraph 4 of the Occupation Statute (revised)	49	" " "
Directive 5	Repeal, Deprivation of Effect and Amendment of Occupation Legislation by German Authorities Pursuant to Paragraph 7(b) of the Occupation Statute (revised)	49	" " "
Law 48	Amending Law 23 (Legal Position of Displaced Persons and Refugees)	50	14th March, 1951
Law 49	Traffic Code for the Allied Forces	51	21st March, 1951
Law 50	Amendment to Law 34 (Application of Land Reform Legislation to property of non-German Nationals)	52	2nd April, 1951
Law 51	Further amending British Military Government Ordinance 127 and United States Military Government Proclamation 8	52	" " "
Directive 6	Treaties concluded by the former German Reich	52	" " "

## ZONAL LEGISLATION

*All zonal legislation promulgated during the period 1st January—2nd April, 1951, is listed below. Text will be found in the appropriate issue of the Official Gazette of the Allied High Commission. Zonal legislation promulgated prior to this is shown in the CCG Quarterly Report, No. 1.*

British Zone		Official Gazette	Publication Date
Ordinance 223	Deprivation of effect of further provisions of Military Government Ordinance 21 in Land Nordrhein-Westfalen	44	10th January, 1951
Ordinance 224	Heligoland	44	" " "
Corrigendum	to the English and German texts of British Zone Ordinance 222 published in Official Gazette 42 dated 28th December, 1950	44	" " "
Ordinance 225	Amending Military Government Law 59 (Restitution of Identifiable Property to Victims of Nazi Oppression)	47	14th February, 1951
Regulation 9	in Pursuance of Military Government Law 59 (Restitution of Identifiable Property to Victims of Nazi Oppression)	47	" " "
Ordinance 226	Repeal of Military Government Legislation	48	23rd February, 1951
Order 3	pursuant to Military Government Ordinance 78 (Prohibition of German Economic Power)	48	" " "
Regulation 10	in pursuance of Military Government Law 59 (Restitution of identifiable Property to Victims of Nazi Oppression)	50	14th March, 1951
Ordinance 227	Amending Military Government Ordinance 159 (General Organisations Claims Commission), as amended by Ordinance 208 of the United Kingdom High Commissioner	51	21st March, 1951
Regulation 3	(amended 1) In pursuance of Article 48 of Military Government Law 59 (Restitution of Identifiable Property to Victims of Nazi Oppression)	51	" " "
Regulation 11	Amending Regulations 7 and 8 in pursuance of Military Government Law 59 (Restitution of Identifiable Property to Victims of Nazi Oppression)	51	" " "
Instruction 4	Pursuant to Allied High Commission Law 13 (Judicial Powers in Reserved Fields)	51	" " "
Ordinance 228	Establishment of a Claims Office and Claims Tribunal	52	2nd April, 1951
Ordinance 229	Repealing certain provisions of Military Government Ordinances 111 and 117 (Unemployment Insurance and Unemployment Relief)	52	" " "
Regulation 12	in pursuance of Article 27 of Military Government Law 59 (Restitution of Identifiable Property to Victims of Nazi Oppression)	52	" " "
Regulation 13	Issued pursuant to Military Government Law 59 (Restitution of Identifiable Property to Victims of Nazi Oppression) Amendment of Regulation 6 (Board of Review)	52	" " "
Order 1	pursuant to Military Government Ordinance 163 as amended by Military Government Ordinances 179 and 182 and Ordinance 209 of the United Kingdom High Commissioner (Transfer to Land Governments of Zonal Civil Servants)	52	" " "

## ZONAL LEGISLATION (contd.)

	US Zone	Official Gazette	Publication date
Regulation 4	under United States High Commissioner Ordinance 5 : Hunting and Fishing Code for Occupation Personnel	45	22nd January, 1951
Law 17	Amendment 1 to United States High Commissioner Law 6	46	31st January, 1951
Regulation 9	under Military Government Law 59 (Restitution of Identifiable Property)	46	" " "
Amendment 1	to General Licence 1 (Revised) issued pursuant to Military Government Law 52 (Blocking and Control of Property)	46	" " "
Law 18	Amendment 1 to United States High Commissioner Law 11	50	14th March, 1951
Law 19	Amending Military Government Law 161	50	" " "
Regulation 10	under Military Government Law 59 (Restitution of Identifiable Property)	50	" " "
Order 3	Amendment 1 to Order 1 (Revised) Issued Pursuant to Military Government Law 56	50	" " "
Corrigendum	To the German text of the United States High Commission Regulation 10 under Military Government Law 59, published in Official Gazette 50 dated 14th March, 1951	52	2nd April, 1951
French Zone			
Ordinance 256	Repeal of Legislation (Ordonnance 256 portant abrogation de textes)	45	22nd January, 1951
Order 161	Repealing Order 61 of the French Commander-in-Chief in Germany regulating the destruction of wild boars in order to protect crops (Arrêté 161 portant abrogation de l'Arrêté 61 du Commandant en Chef Français en Allemagne relatif à la nouvelle réglementation de la destruction des sangliers en vue de protéger les récoltes)	45	" " "
Ordinance 257	Repealing of Legislation (Ordonnance 257 portant abrogation de textes)	47	14th February, 1951
Ordinance 258	Amending and codifying Ordinance 134 of French Commander-in-Chief in Germany establishing Courts of compensation (Ordonnance 258 modifiant et codifiant l'Ordonnance 134 du Commandant en Chef Français en Allemagne portant création de Tribunaux des Indemnités)	51	21st March, 1951
Order 162	Concerning Procedure before the Land Courts of compensation (Arrêté 162 relatif à la procédure devant les Tribunaux de Land des Indemnités)	51	" " "
Order 163	Concerning Procedure before the Central Court of compensation (Arrêté 163 relatif à la procédure devant le Tribunal Central des Indemnités)	51	" " "

## ZONAL LEGISLATION *(contd.)*

	<i>French Zone</i>	<i>Official Gazette</i>	<i>Publication Date</i>
Decision 192	Setting the minimum amount of the insurance <sup>1</sup> to be subscribed by French members of Allied Forces in possession of a motorcar utilised on the territory of the Federal Republic (Décision 192 portant fixation du montant minimum des assurances à souscrire par les membres Français des Forces Alliées possédant un véhicule automobile utilisé sur le territoire de la République Fédérale)	51	" " "
Corrigendum	to the German text of the Ordinance 258 published in Official Gazette 51 dated March 21st, 1951, (Rectificatif au texte allemand de l'Ordonnance 258 publiée au J.O. 51 en date du 21 Mars 1951)	52	2nd April, 1951

### APPENDIX 4

## AUTHORISED LEGISLATION

*All authorised legislation of the Allied High Commission promulgated during the period 1st January—2nd April, 1951, is listed below. Text will be found in the appropriate issue of the Official Gazette of the Allied High Commission. Authorised legislation promulgated prior to this is shown in the CCG Quarterly Report No. 1.*

### *Regulations of the Allied Bank Commission*

		<i>Official Gazette</i>	<i>Publication Date</i>
Regulation 48	under the Conversion Law (Regulation concerning financial institutions transacting non-banking business)	45	22nd January, 1951

### *Orders of the Combined Coal Control Group*

Order 1	under Law 27 terminating control over Vereinigte Elektrizitätswerke Westfalen AG	44	10th January, 1951
Order 2	under Law 27 terminating control over certain assets of Preussische Bergwerks- und Hütten-AG	44	" " "
Order 3	under Law 27: Terminating Control over certain Coal Enterprises	51	21st March, 1951

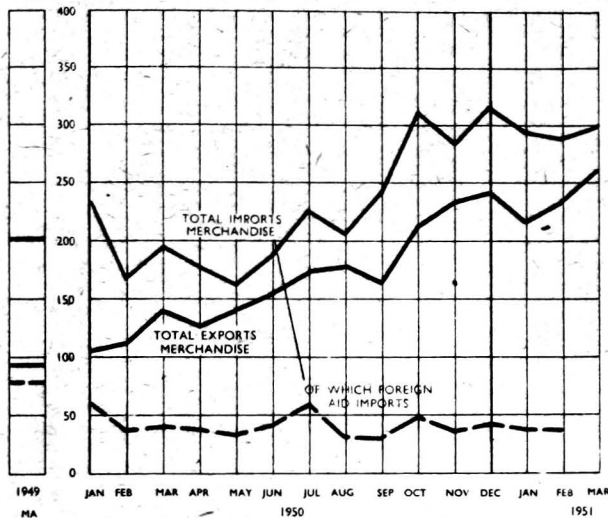


## APPENDIX 5a

## IMPORTS

During the last quarter the monthly value of both exports and imports has been stable although in March exports resumed their upward trend after a lapse of four months. The deficit over and above the value of Marshall Aid has been maintained by Germany using up her credit facilities within the European Payments Union.

MILLION DOLLARS



MILLION DOLLARS

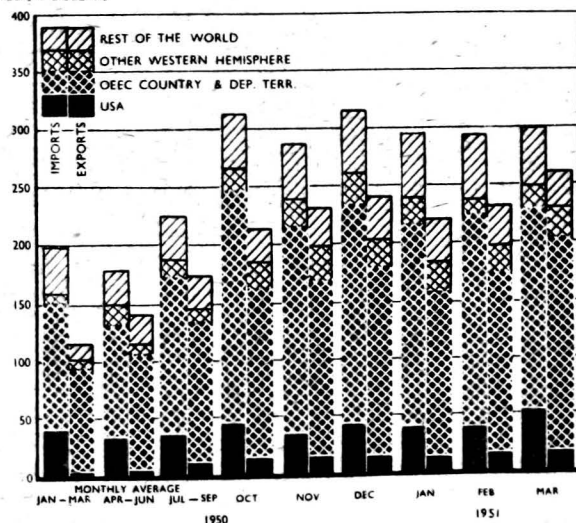
	TOTAL IMPORTS MERCHANDISE	OF WHICH FOREIGN AID IMPORTS	TOTAL EXPORTS MERCHANDISE
M A 1949	200.5	78.8	95.5
1950 JAN	230.0	58.5	104.4
FEB	167.6	34.2	112.4
MAR	194.9	37.0	139.7
APR	176.8	33.4	127.8
MAY	161.1	32.3	140.3
JUN	187.9	38.7	153.9
JUL	225.4	59.7	172.1
AUG	205.3	31.0	177.5
SEP	239.1	29.0	165.7
OCT	312.1	48.9	218.2
NOV	286.6	37.8	231.0
DEC	314.8	41.3	241.1
1951 JAN	295.4	37.5	217.5
FEB	290.7	37.0	231.2
MAR	299		260

## APPENDIX 5b

## TRADE BY AREAS

The distribution of trade has shown only small changes recently. Exports to USA have remained substantial. Only in March was an equilibrium reached with the OEEC areas. Trade with Latin America countries did not show the expected advance during the last quarter.

MILLION DOLLARS



MILLION DOLLARS

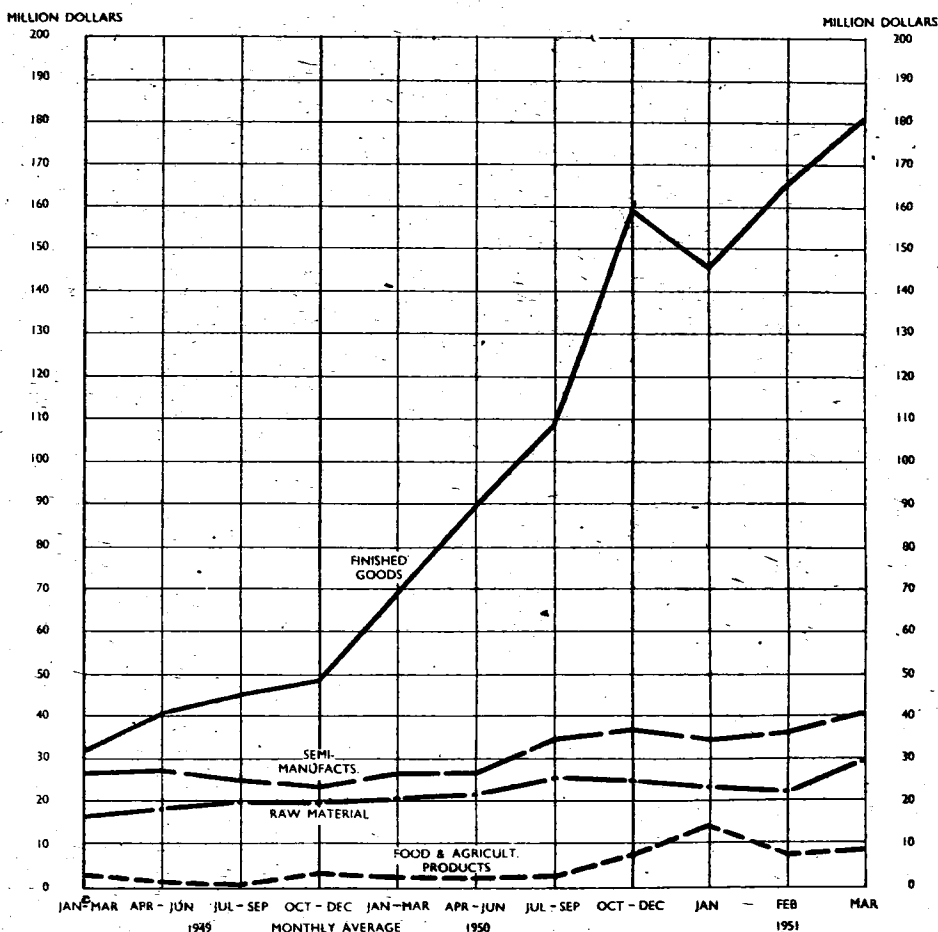
	USA	OEEC COUNTRY & DEP TERR.	OTHER WESTERN HEMISPHERE	REST OF THE WORLD	TOTAL
1950 JAN-MAR	39	111	9	39	198
APR-JUN	31	99	18	28	176
JUL-SEPT	34	137	15	37	223
OCT	43	202	19	48	312
NOV	33	181	25	48	287
DEC	43	190	25	57	315
1951 JAN	39	174	26	56	295
FEB	40	182	15	54	291
MAR	52	174	22	51	299
1950 JAN-MAR	4	90	7	17	118
APR-JUN	5	102	10	24	141
JUL-SEP	9	123	13	26	172
OCT	16	144	23	31	214
NOV	17	153	28	34	232
DEC	16	163	23	39	241
1951 JAN	14	142	24	38	218
FEB	17	156	24	34	231
MAR	18	183	26	33	260

MONTHLY AVERAGE

# APPENDIX 5c

# EXPORTS

The value of deliveries of raw materials and semi-manufactures is tending to decline. Any expansion in exports therefore must be in the field of finished goods, where the volume of export orders, notably for heavy equipment, has been very encouraging.



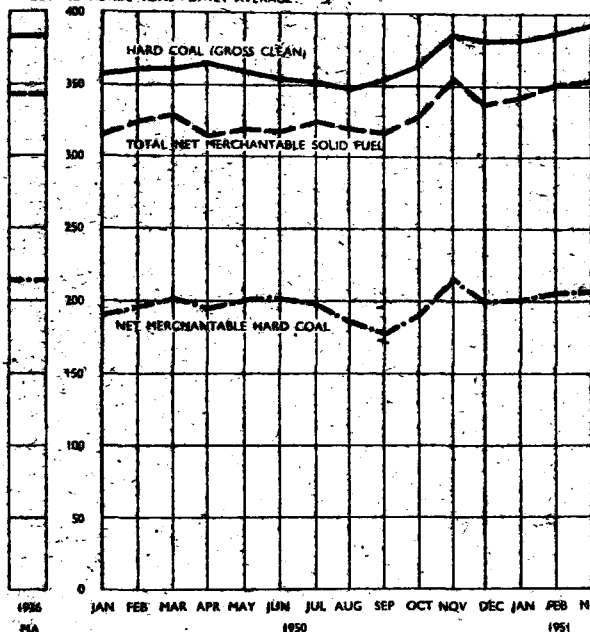
		FOOD & AGRICULT. PRODUCTS	RAW MATERIAL	SEMI-MANUFACTURES	FINISHED GOODS	TOTAL
MONTHLY AVERAGE	1949 JAN - MAR	2,779	16,297	27,167	31,867	78,110
	APR - JUN	1,079	17,918	27,658	40,270	86,985
	JUL - SEP	621	19,826	24,877	45,026	90,352
	OCT - DEC	3,363	19,824	22,852	48,588	94,627
1950	JAN - MAR	2,636	20,386	26,808	68,979	118,809
	APR - JUN	2,377	21,616	27,082	89,563	140,638
	JUL - SEP	2,540	25,828	34,753	108,702	171,823
	OCT - DEC	2,979	25,170	36,807	159,440	229,396
1951	JAN	14,263	22,965	34,495	145,816	217,538
	FEB	7,441	22,122	36,496	165,436	231,195
	MAR	8,588	29,638	40,367	181,120	259,713

## APPENDIX 6a

## COAL PRODUCTION

The increase in coal production which took place in the last few months of 1950 was due very largely to seasonal factors (mainly the decrease in holidays) but the increase has continued (although not so sharply) owing mostly to non-seasonal factors, i.e. improvement in the output per manshift and increase in the numbers employed.

THOUSAND METRIC TONS - DAILY AVERAGE



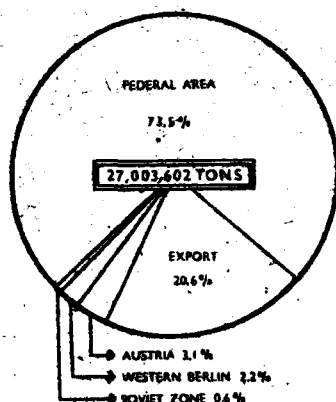
THOUSAND METRIC TONS

	HARD COAL (GROSS CLEAN)	NET MERCHANTABLE PRODUCTION HARD COAL	TOTAL SOLID FUEL
1936	384.4	216.2	343.7
1946	177.8	92.0	156.8
1947	254.7	124.9	384.1
1948	285.1	147.8	249.3
1949	218.1	179.6	304.3
1950 I QTR.	364.1	197.6	321.5
II QTR.	356.7	199.2	318.6
III QTR.	352.2	188.1	321.2
IV QTR.	376.2	203.9	341.3
1951 JAN.	380.8	200.8	342.8
FEB.	384.1	207.6	351.5
MAR.	392.6	207.0	352.9

## APPENDIX 6b

## COAL DISTRIBUTION

The chart below shows the destination to which the 27,003,602 metric tons of solid fuel was despatched during the first quarter of 1951, on a percentage basis. The table gives the weekly average loadings by quarters during 1950/51 with comparative figures for 1949.

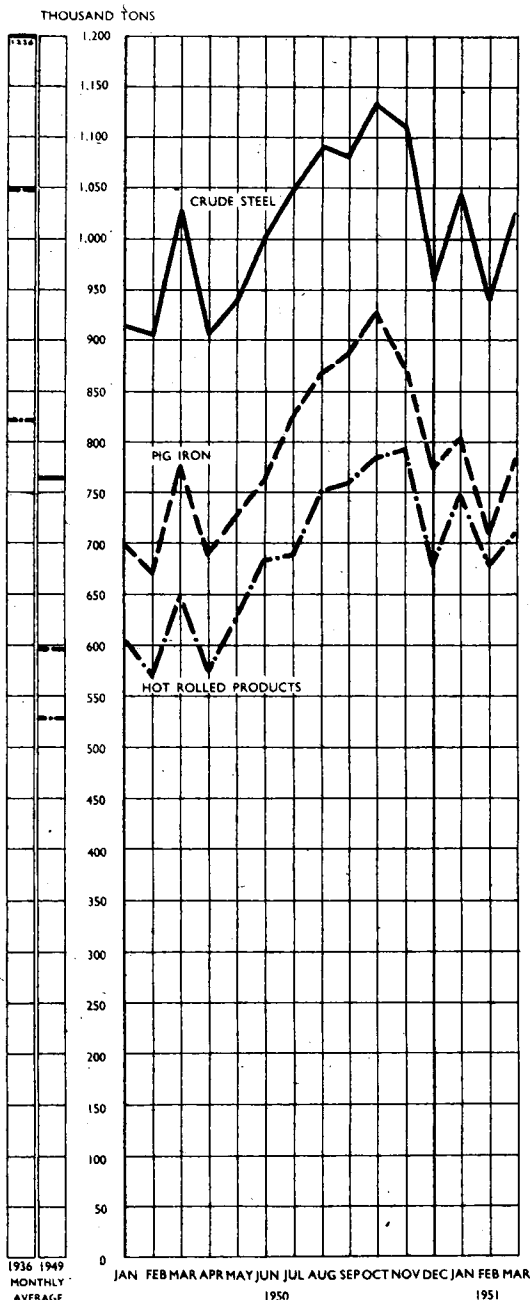


	TOTAL	FEDERAL AREA	THOUSAND METRIC TONS SOVIET ZONE	WESTERN BERLIN	SAAR	AUSTRIA	EXPORT (incl. bunkers)
1949 I QTR.	1824.0	1373.0	-	25.1	9.3	68.7	349.9
II QTR.	1727.4	1235.7	-	43.1	9.5	66.0	372.5
III QTR.	1900.7	1409.0	-	64.9	9.5	62.0	354.4
IV QTR.	1915.7	1488.2	-	25.4	9.7	68.2	360.7
1950 I QTR.	1952.5	1459.1	2.0	32.0	9.6	68.6	380.2
II QTR.	1747.5	1293.4	3.9	21.1	9.7	57.4	362.0
III QTR.	2199.1	1557.0	-	32.8	9.5	58.0	481.8
IV QTR.	2,078.5	1,526.6	0.1	45.8	11.9	61.5	432.6
1951 I QTR.	2,077.3	1,526.3	13.0	46.2	-	64.5	427.2

# APPENDIX 7

# STEEL PRODUCTION

The shortage of fuel and scrap were the main factors affecting the production of steel which continued at a lower level than August—November of last year.

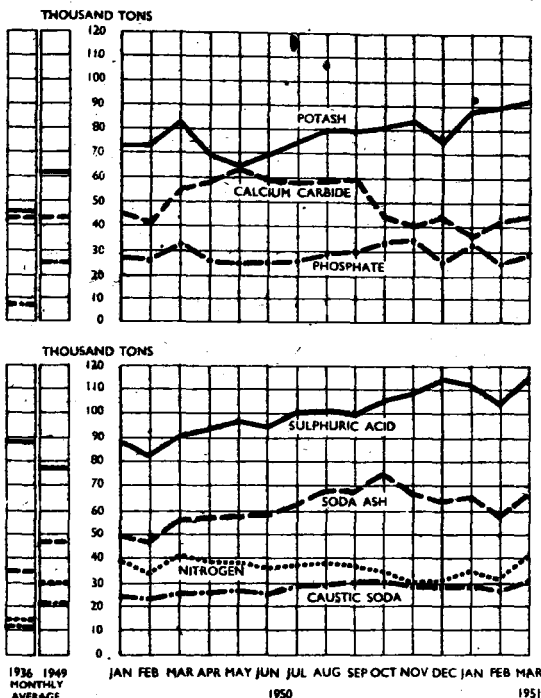


MONTHLY AVERAGE	THOUSAND TONS		
	CRUDE STEEL	PIG IRON	HOT ROLLED PRODUCTS
1936	1,236	1,048	822
1947	255	189	180
1949	763	595	528
1950	1,010	789	681
1949 JUL	805	636	551
AUG	845	651	582
SEP	770	598	535
OCT	704	557	518
NOV	765	584	555
DEC	813	633	566
1950 JAN	916	697	605
FEB	907	671	573
MAR	1,026	772	650
APR	907	691	575
MAY	938	724	625
JUN	1,006	762	683
JUL	1,049	824	690
AUG	1,088	867	751
SEP	1,079	887	762
OCT	1,135	927	783
NOV	1,112	875	793
DEC	959	773	676
1951 JAN	1,044	806	749
FEB	942	710	681
MAR	1,026	783	712

# APPENDIX 8

# CHEMICALS

Production of basic chemicals.



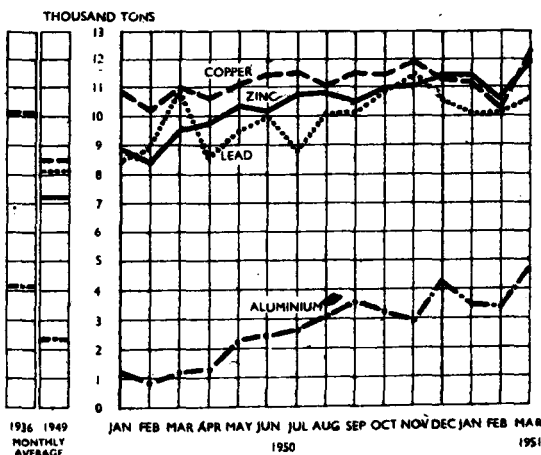
	THOUS. TONS	POTASH	THOUS. TONS	CALC. CARB.	PHOS. PHATE	SULPH. ACID	SODA ASH	CAUST. SODA	NITRO-GEN
		100		100	100	100	100	100	100
#1936	46	43,333	7,717	88,166	35,417	11,483	3,219		
#1949	62	43,525	26,116	77,460	47,376	20,942	30,540		
#1950	76	52,045	29,174	98,338	61,240	27,961	36,680		
1950 JAN	73	46,023	27,831	88,438	49,591	25,596	39,842		
FEB	73	41,464	27,258	82,867	47,152	22,940	34,360		
MAR	83	55,440	33,125	91,310	56,887	26,336	41,504		
APR	69	58,456	27,473	93,370	57,423	27,049	38,743		
MAY	65	64,220	25,183	97,575	57,808	27,708	38,907		
JUN	70	59,702	25,936	95,114	58,433	26,203	36,385		
JUL	74	58,140	26,810	100,804	62,569	29,507	37,684		
AUG	80	59,333	29,489	101,969	68,622	29,734	38,001		
SEP	80	60,691	30,761	99,909	69,171	30,923	37,498		
OCT	82	45,921	33,853	108,310	75,202	30,760	35,096		
NOV	84	40,024	35,107	108,313	67,978	29,617	30,414		
DEC	77	44,724	27,265	114,078	64,043	29,155	31,727		
1951 JAN	88	37,737	32,880	112,432	67,108	29,875	35,881		
FEB	90	42,876	26,657	104,210	59,605	27,719	33,391		
MAR	93	54,083	29,470	116,944	67,682	32,239	41,302		

# MONTHLY AVERAGE

# APPENDIX 9

# NON-FERROUS METAL PRODUCTION

The production of the heavier non-ferrous metals was to some extent affected by the fuel shortage. Aluminium production continues to increase.



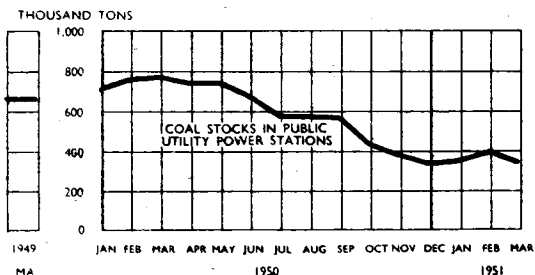
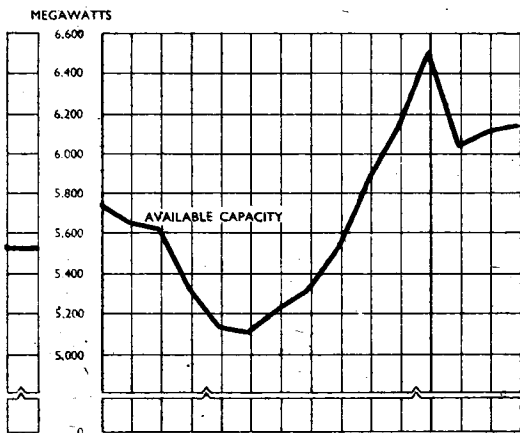
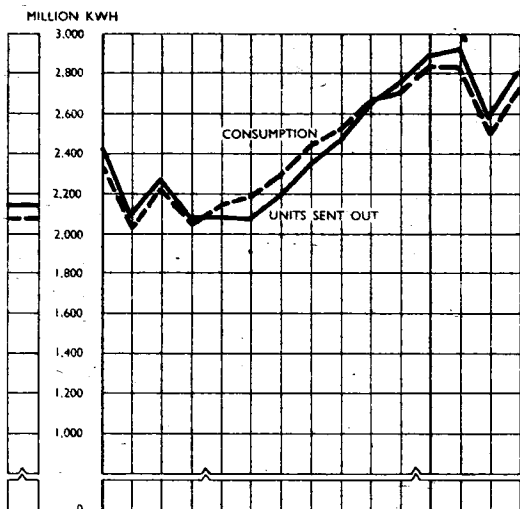
	ELECTROLYTIC	SOFT POT	CRUDE	ELECTROLYTIC
	COPPER	AND POT	ZINC	ALUMINIUM
#1936	10,145	N.A.	N.A.	4,146
#1949	8,592	8,120	7,243	2,432
#1950	11,144	9,845	10,233	2,419
1950 JAN	10,850	8,505	8,909	1,124
FEB	10,194	8,872	8,468	980
MAR	10,993	10,910	9,573	1,121
APR	10,630	8,578	9,787	1,303
MAY	11,080	2,463	10,289	2,210
JUN	11,384	2,963	10,150	2,425
JUL	11,452	8,861	10,774	2,682
AUG	11,004	10,096	10,865	3,099
SEP	11,502	10,125	10,502	3,658
OCT	11,355	10,812	10,974	3,191
NOV	11,898	11,450	11,029	2,980
DEC	11,395	10,503	11,473	4,257
1951 JAN	11,190	10,098	11,408	3,470
FEB	10,222	10,179	10,579	3,125
MAR	12,299	10,681	11,998	4,771

# MONTHLY AVERAGE

## APPENDIX 10

## ELECTRICITY

*The hard coal shortage, the seasonal decrease in hydro power and the exhaustion of the storage reservoirs necessitated a cut in supply to industrial consumers in late January. Due to the rapid recovery of hydro power during the second part of the quarter restrictions were relaxed and came to an end on 31st March, 1951.*



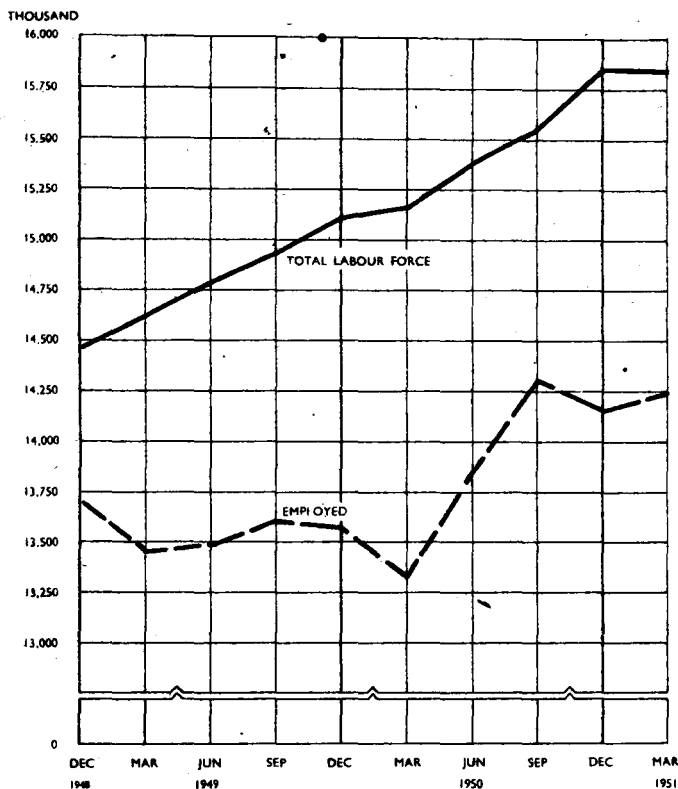
		UNITS SENT OUT *	CONSUMPTION OF PUBLIC GRID	AVAILABLE CAPACITY	COAL STOCKS IN P. U. P. ST.
		MILLION KWH	MILLION KWH	MEGA WATTS	Thousand tons
MONTHLY AVERAGE	1946	1,354.7	1,272.7		250.0
	1947	1,522.5	1,433.0	4,224	600.0
	1948	1,813.1	1,721.6	4,698	604.1
	1949	2,142.9	2,078.4	5,534	659.3
	1950	2,367.0	2,368.2	5,597	609.9
1949	SEP	2,191.3	2,130.0	4,935	685.8
	OCT	2,321.8	2,252.8	5,192	724.7
	NOV	2,374.9	2,305.9	5,396	698.8
	DEC	2,509.4	2,399.7	5,534	659.3
1950	JAN	2,419.3	2,339.7	5,750	713.7
	FEB	2,099.7	2,034.4	5,651	769.6
	MAR	2,277.2	2,224.8	5,617	776.1
	APR	2,090.4	2,052.1	5,324	738.3
	MAY	2,091.6	2,149.4	5,142	739.2
	JUN	2,082.9	2,189.4	5,114	679.9
	JUL	2,200.4	2,291.1	5,219	588.4
	AUG	2,358.7	2,437.3	5,322	586.4
	SEP	2,473.1	2,518.3	5,531	579.1
	OCT	2,652.0	2,660.5	5,867	430.0
	NOV	2,762.1	2,697.7	6,147	380.1
	DEC	2,896.9	2,823.2	6,498	339.2
1951	JAN	2,933.2	2,821.8	6,036	358.6
	FEB	2,595.7	2,494.3	6,122	400.6
	MAR	2,805.3	2,739.9	6,157	348.0

\* INCL. SUPPLIES FROM INDUSTRIAL STATIONS  
 † PUBLIC UTILITY POWER STATIONS

## APPENDIX II

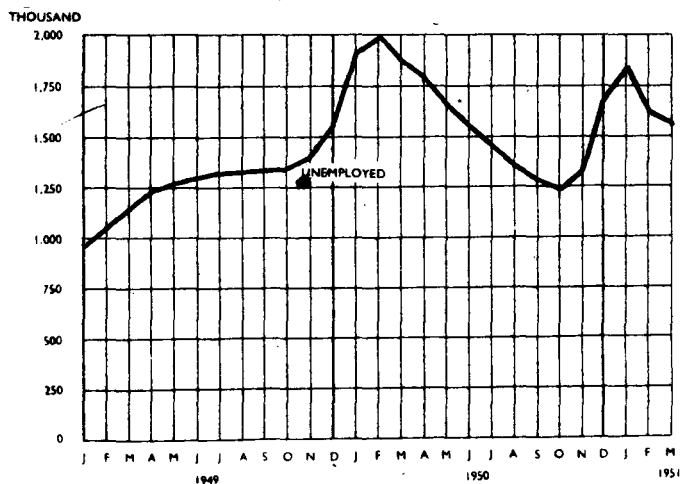
## LABOUR FORCE

The graphs below show the registered labour force of Western Germany and the unemployment situation. At the end of the first quarter of 1951, 1,567,700 people—of whom seventy per cent were men—were unemployed, approximately 9.9 per cent of the available labour force.



	THOUSAND	
	TOTAL LABOUR FORCE	EMPLOYED
1948		
DEC	14,462	13,702
1949		
MAR	14,615	13,447
JUN	14,772	13,489
SEP	14,918	13,604
DEC	15,115	13,556
1950		
MAR	15,159	13,307
JUN	15,384	13,846
SEP	15,567	14,295
DEC	15,851	14,161
1951		
MAR	15,812	14,243

● PROVISIONAL

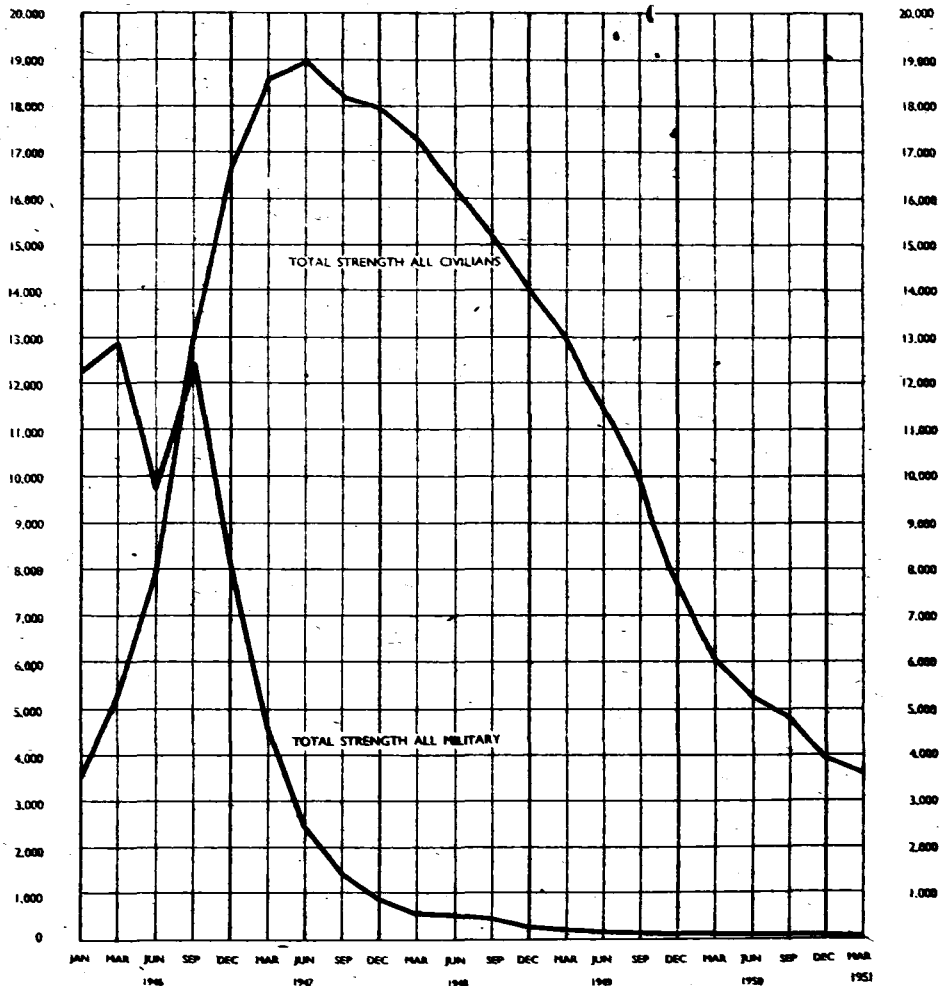


	THOUSAND UNEMPLOYED		
	1949	1950	1951
JAN	963	1,898	1,821
FEB	1,069	1,982	1,622
MAR	1,168	1,852	1,567
APR	1,232	1,784	
MAY	1,257	1,668	
JUN	1,283	1,538	
JUL	1,303	1,452	
AUG	1,308	1,341	
SEP	1,314	1,272	
OCT	1,317	1,230	
NOV	1,384	1,316	
DEC	1,559	1,690	

● PROVISIONAL

## APPENDIX 12 CONTROL COMMISSION PERSONNEL

The graph below shows the run-down in strengths of military and civilian staffs of the Control Commission (British Element).



	CIVILIAN					MILITARY				
	JAN	MAR	JUN	SEP	DEC	JAN	MAR	JUN	SEP	DEC
1946	3533	5190	7922	13016	16570	12272	12906	9730	12439	8837
1947	18325	18563	18951	18190	17928	7415	4683	2439	1385	826
1948	17708	17208	16215	15164	14000	635	546	426	259	225
1949	13730	13030	11533	9916	7696	224	190	184	155	135
1950	7416	6039	5313	4836	3936	111	104	90	89	78
1951	8898	3624				70	70			



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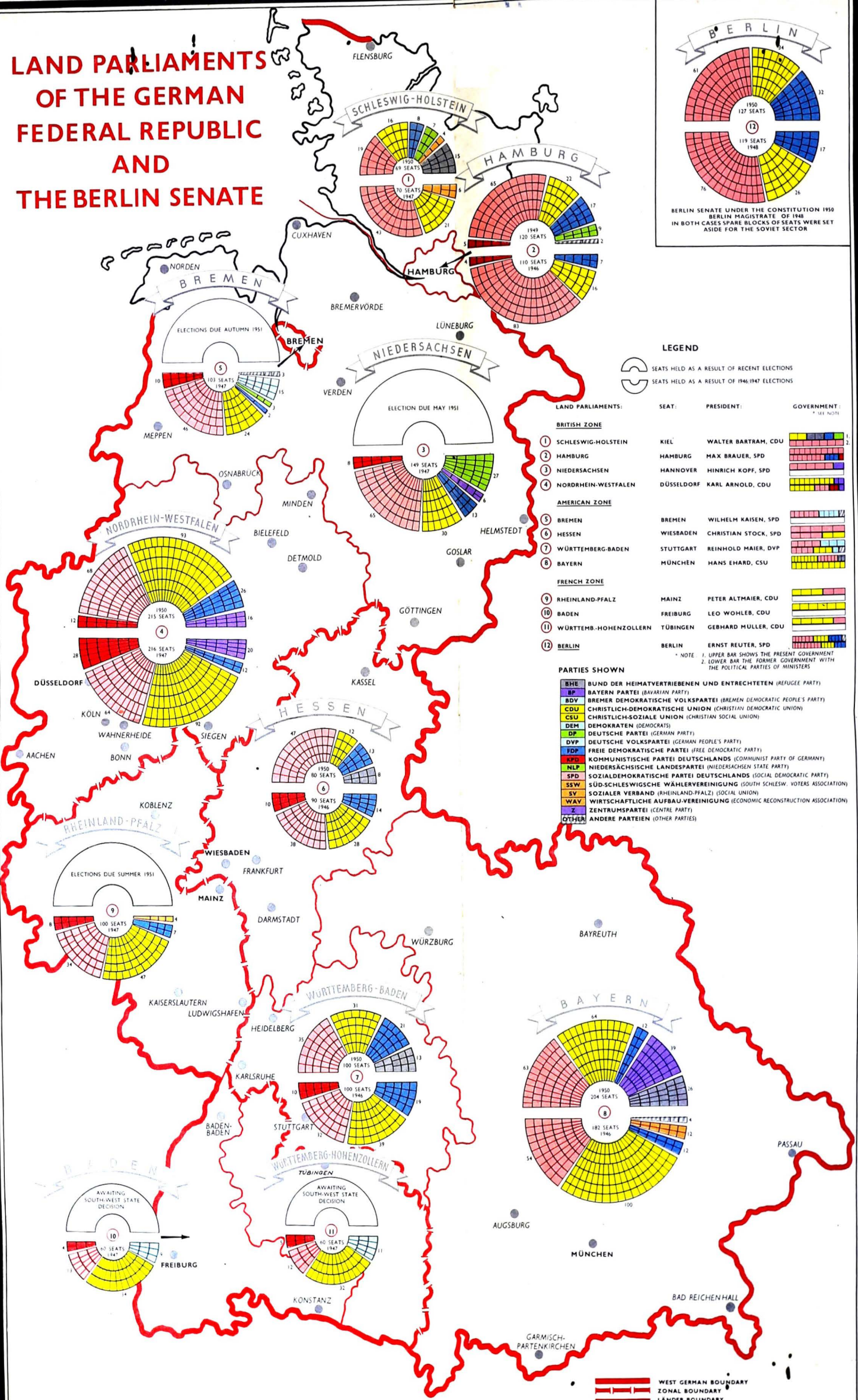
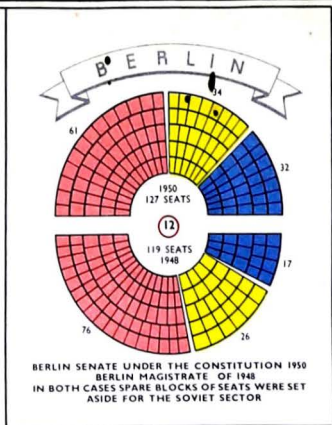
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LAND PARLIAMENTS  
OF THE GERMAN  
FEDERAL REPUBLIC  
AND  
THE BERLIN SENATE



**LEGEND**

SEATS HELD AS A RESULT OF RECENT ELECTIONS  
SEATS HELD AS A RESULT OF 1946/1947 ELECTIONS

LAND PARLIAMENTS:	SEAT:	PRESIDENT:	GOVERNMENT:
<b>BRITISH ZONE</b>			
1 SCHLESWIG-HOLSTEIN	KIEL	WALTER BARTRAM, CDU	
2 HAMBURG	HAMBURG	MAX BRAUER, SPD	
3 NIEDERSACHSEN	HANNOVER	HINRICH KOPF, SPD	
4 NORDRHEIN-WESTFALEN	DÜSSELDORF	KARL ARNOLD, CDU	
<b>AMERICAN ZONE</b>			
5 BREMEN	BREMEN	WILHELM KAISEN, SPD	
6 HESSEN	WIESBADEN	CHRISTIAN STOCK, SPD	
7 WÜRTTEMBERG-BADEN	STUTTGART	REINHOLD MAIER, DVP	
8 BAYERN	MÜNCHEN	HANS EHARD, CSU	
<b>FRENCH ZONE</b>			
9 RHEINLAND-PFALZ	MAINZ	PETER ALTHAIER, CDU	
10 BADEN	FREIBURG	LEO WOHLER, CDU	
11 WÜRTTEMBERG-HOHENZOLLERN	TÜBINGEN	GEHARD MÜLLER, CDU	
12 BERLIN	BERLIN	ERNST REUTER, SPD	

\* NOTE: 1. UPPER BAR SHOWS THE PRESENT GOVERNMENT  
2. LOWER BAR THE FORMER GOVERNMENT WITH THE POLITICAL PARTIES OF MINISTERS

**PARTIES SHOWN**

BHE	BUND DER HEIMATVERTRIEBENEN UND ENTRECHTETEN (REFUGEE PARTY)
BP	BAYERN PARTEI (BAYARIAN PARTY)
BDV	BREMER DEMOKRATISCHE VOLKSPARTEI (BREMER DEMOCRATIC PEOPLE'S PARTY)
CDU	CHRISTLICH-DEMOKRATISCHE UNION (CHRISTIAN DEMOCRATIC UNION)
CSU	CHRISTLICH-SOZIALE UNION (CHRISTIAN SOCIAL UNION)
DEM	DEMOKRATEN (DEMOCRATS)
DP	DEUTSCHE PARTEI (GERMAN PARTY)
DVP	DEUTSCHE VOLKSPARTEI (GERMAN PEOPLE'S PARTY)
FDP	FRIEIE DEMOKRATISCHE PARTEI (FREE DEMOCRATIC PARTY)
KPD	KOMMUNISTISCHE PARTEI DEUTSCHLANDS (COMMUNIST PARTY OF GERMANY)
NLP	NIEDERSÄCHSISCHE LANDESPARTEI (NIEDERSACHSEN STATE PARTY)
SPD	SOZIALDEMOKRATISCHE PARTEI DEUTSCHLANDS (SOCIAL DEMOCRATIC PARTY)
SSW	SÜDSCHLESWIGISCHE WÄHLERVEREINIGUNG (SOUTH SCHLESW. VOTERS ASSOCIATION)
SV	SOZIALER VERBAND (RHEINLAND-PFALZ) (SOCIAL UNION)
WAV	WIRTSCHAFTLICHE AUFBAU-VEREINIGUNG (ECONOMIC RECONSTRUCTION ASSOCIATION)
Z	ZENTRUMSPARTEI (CENTRE PARTY)
OTHER	ANDERE PARTEIEN (OTHER PARTIES)