



Volume 8. Occupation and the Emergence of Two States, 1945-1961
U.S. Military Governor Joseph McNarney's Statement to the Allied Control Council
(July 20, 1946)

Although the Potsdam Conference had agreed that Germany would be treated as a single economic entity, this did not happen. The division of the country into four occupation zones proved an obstacle to economic revival. As a result, in the summer of 1946, American military governor Joseph McNarney proposed the economic unification of the zones of occupation. Officially, the offer was extended to all victorious powers. From the outset, however, the only serious candidates for this proposed union were the two other Western zones – and the British zone in particular. The Soviet Union was already pushing ahead with the creation of a Socialist planned economy in its zone.

[. . .]

The United States Government is of the view that no zone in Germany is self-sustaining. The treatment of two or more zones as an economic unit would improve conditions in the zones concerned.

Therefore, the United States Government has authorized its representative on the Allied Control Council to join with the representatives of any other occupying power or powers in measures for the treatment of our respective zones as an economic unit, pending quadripartite agreement which would permit the application of the Potsdam decision to treat all of Germany as an economic unit so as to attain a balanced economy throughout Germany.

While the United States would prefer quadripartite agreement to implement the Potsdam decision for the establishment of central German administrative agencies for Germany as a whole, its representative is prepared to cooperate with the representatives of any or all of the other occupying powers in Germany in establishing administrative arrangements to secure economic unity.

[. . .]

The United States does not intend by its present proposal to divide Germany but rather to expedite its treatment as an economic unit.

Any arrangements which representatives of the United States may make with the representatives of any other occupying power will be open on equal terms to the representatives of all other occupying powers at any time they are prepared to participate.

The United States Government proposes this arrangement because of its belief that Germany can no longer be administered in four air-tight compartments without free economic interchange unless economic paralysis is to result. The United States Government is unwilling to permit creeping economic paralysis to grow if it is possible to attain economic unity between its zone and any other zone in Germany as a prelude to economic unity for all Germany. [. . .]

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