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Pending the designation of such a bank by the Governing Body, you may designate a bank in your zone to perform similar functions under your direct control and supervision and subject to the conditions specified above.

In an emergency you are also authorized to make direct advances, in schillings only, to other financial institutions.

Currency

49. The Governing Body should regulate and control the issue and volume of currency in Austria in accordance with the following provisions:

a. United States forces and other Allied forces within Austria will use only Allied Military schillings for pay of troops and other military requirements. Allied military schillings will be declared legal tender in Austria. As long as Reichsmarks are legal tender in Austria, Allied Military schillings will circulate in Austria interchangeably with Reichsmarks at a rate of one Allied Military schilling for one Reichsmark. Reichskreditkassenscheine and other military currency issued by the Germans will not be legal tender in Austria;

b. without authorization by the Governing Body, no Austrian governmental or private banks or agencies will be permitted to issue banknotes or currency;

c. appropriate Austrian authorities should, to the maximum extent possible, be required by the Governing Body to make funds available free of cost in amounts sufficient to meet all expenses of the forces of occupation, including the cost of Allied military government, the pay of Allied military personnel, and to the extent that compensation is made therefor the cost of such private property as may be requisitioned, seized, or otherwise acquired by Allied authorities for reparation or restitution purposes;

d. as soon as administratively practicable, a general conversion into Allied Military schillings of the Reichsmark

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and Rentenmark currency circulated in Austria should be undertaken by the Governing Body or by you in coordination with the other zone commanders.

You will receive separate instructions relative to the currency which you will use in the event that for any reason adequate supplies of Allied Military schillings are not available.

You will not announce or establish, until receipt of further instructions, any general rate of exchange between the Allied Military schilling on the one hand and the U.S. dollar and other currencies on the other. However, the rate of exchange to be used exclusively for pay of troops and military accounting purposes will be ten Allied Military schillings for one U.S. dollar.

Public Finance

50. Subject to any agreed policies of the Governing Body, you will take such action as may be necessary to insure that all laws and practices relating to taxation or other fields of finance, which discriminate for or against any persons because of race, nationality, creed or political opinion, will be amended, suspended or abrogated to the extent necessary to eliminate such discrimination. Consistent with the foregoing purpose, the Austrian authorities should be required to take such action in the field of taxation as is necessary to assure an adequate inflow of revenues. Any public revenue in Austria previously collected by the German government may be used for approved public expenditures.

51. Pending the determination of the long-range Austrian customs and trade policy, the Austrian authorities may impose duties on imports for revenue purposes. Duties for other purposes should only be imposed with the approval of the Governing Body. No duties will be imposed on imports for military account or for the account of such relief agencies as may be designated.

52. Subject to any agreed policies of the Governing Body, you will prohibit:

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a. the payment to ex-soldiers of all military pensions, or other emoluments or benefits, except compensation for physical disability limiting the recipient's ability to work at rates which are no higher than the lowest of those for comparable physical disability arising from non-military causes;

b. the payment of all public or private pensions or other emoluments or benefits granted or conferred

(1) by reason of membership in or services to the former Nazi party, its formations, affiliated associations or supervised organizations or any pre-Nazi Fascist organizations, such as the Heimwehr and the Ostmärkische Sturnscharen;

(2) to any person who has been removed from an office or position in accordance with paragraphs 5, 6 and 8 c; and

(3) to any person arrested and detained in accordance with paragraph 7 during the term of his arrest, or permanently, in case of his subsequent conviction.

53. The Governing Body should exercise general control and supervision over the expenditures of public funds to the extent necessary to achieve the purposes of the occupation.

54. The Governing Body should promptly initiate a survey for the purpose of ascertaining (a) the amount of the German government debt held in Austria, (b) the amount of all outstanding internal public debts in Austria, and (c) the fiscal position of Austria. You will promptly submit recommendations concerning the treatment of these debts, taking into consideration the effect on Austrian public credit of policies on this matter.

Property Control

55. Subject to any agreed policies of the Governing Body, you will impound or block all gold, silver, currencies, securities, accounts in financial institutions, credits, valuable papers,

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and all other assets falling within the following categories:

a. Property owned or controlled, directly or indirectly, in whole or in part, by any of the following:

(1) the governments, nationals or residents of the German Reich, Italy, Bulgaria, Rumania, Hungary, Finland and Japan, including those of territories occupied by them;

(2) the Austrian State, the municipal and provincial government and all governmental authorities within Austria, including their agencies and instrumentalities;

(3) the Nazi party, its formations, affiliated associations and supervised organizations, its officials, leading members and supporters;

(4) all organizations, clubs or other associations prohibited or dissolved by military government;

(5) absentee owners, including United Nations and neutral governments;

(6) any institution dedicated to public worship, charity education or the arts and sciences, which has been used by the Nazi party to further its interests or to cloak its activities;

(7) persons subject to arrest under the provisions of paragraph 7, and all other persons specified by military government by inclusion in lists or otherwise;

b. Property which has been the subject of transfer under duress, or wrongful acts of confiscation, disposition or spoliation, whether pursuant to legislation or by procedures purporting to follow forms of law or otherwise;

c. Works of art or cultural material of value or importance, regardless of the ownership thereof.

You will take such action as will ensure that any impounded or blocked assets will be dealt with only as permitted under licenses or other instructions which you may issue. In the case particularly of property blocked under a (2) above, you

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will proceed to adopt licensing measures which, while maintaining such property under surveillance, would permit its use in consonance with this directive. Property taken from Austrians under the conditions stated in b above should be restored as promptly as possible, subject to appropriate safeguards to prevent the cloaking of Nazi, German or militaristic influence.

The Governing Body should seek out and reduce to the possession and control of a special agency all property interests of any type and description owned either directly or indirectly by Germany or a national or a resident thereof.

External Financial and Property Relations

56. All foreign exchange transactions, including those arising out of exports and imports, shall be controlled for the purpose of achieving the objectives set forth in this directive. To effectuate such objectives the Governing Body should

a. seek out and reduce to the possession and control of a special agency all Austrian (public and private) foreign exchange and external assets of every kind and description located within or outside Austria;

b. prohibit, except as authorized by regulation or license, all dealings in gold, silver, foreign exchange, and all foreign exchange transactions of any kind;

c. make available any foreign exchange proceeds of exports for payment of imports necessary to the accomplishment of the objectives set forth in this directive and authorize no other outlay of foreign exchange assets except for purposes approved by the Governing Body or other appropriate authority;

d. establish effective controls with respect to all foreign exchange transactions, including:

(1) transactions as to property between persons inside Austria and persons outside Austria;

(2) transactions involving obligations owned by or to become due from any person in Austria to any person outside Austria; and

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(3) transactions involving the importation or exportation from Austria of any currency, foreign exchange asset or other form of property.

57. The Governing Body should, in cooperation with the Control Council in Germany, take steps necessary to sever all managerial and other organizational connections of banks, including postal banking offices, and all other business enterprises located in Austria with banks and business enterprises or persons located in Germany.

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INFORMAL POLICY COMMITTEE ON GERMANY

DIRECTIVE TO COMMANDER IN CHIEF OF U.S. FORCES OF OCCUPATION REGARDING THE MILITARY GOVERNMENT OF AUSTRIA

References: a. SWNCC 119/D
b. JCS 1369 as amended

Note by the Secretaries

The enclosure, the basic and political portions (Part I) of a draft directive to the Commander in Chief of U.S. Forces of Occupation Regarding the Military Government of Austria, has been prepared by the Subcommittee for Europe of the State-War-Navy Coordinating Committee and is circulated for consideration by the Informal Policy Committee on Germany. Representatives of the Treasury Department and the Foreign Economic Administration collaborated in the preparation of the directive. The Joint Chiefs of Staff have considered the enclosure and have advised the State-War-Navy Coordinating Committee that they perceive no objection to it from the military point of view provided paragraph 8 d of the Directive is amended to read as follows:

> "d. You will seize or destroy all arms, ammunition and implements of war, including all aircraft, military and civil, and stop the production thereof."

The State-War-Navy Coordinating Subcommittee for Europe submits the following comments with respect to the enclosure:

a. The draft directive follows substantially the provisions of Part One of the Directive for Military Government of Germany. Such changes as have been made result from the different political objectives of the two occupations.

b. It would be inadvisable to postpone the issuance of the basic and political portions of the Austrian Directive (Part I) until the details of the economic and financial sections are agreed upon by the interested agencies of the Government.

c. It is requested that the Joint Chiefs of Staff be notified when the enclosure has been approved.

DECLASSIFIED BY: JCS DECLASSIFICATION BRANCH
DATE 1973

CHARLES W. McCARTHY
ALVIN F. RICHARDSON
RAYMOND E. COX
Secretariat

IPCOG 9 6 June

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ENCLOSURE

May 12, 1945

DIRECTIVE TO COMMANDER IN CHIEF OF US FORCES OF OCCUPATION REGARDING THE MILITARY GOVERNMENT OF AUSTRIA

1. The Purpose and Scope of this Directive:

a. This directive is issued to you as Commanding General of the United States forces of occupation in Austria. As such you will serve as United States member of the Governing Body of the Allied Administration and will also be responsible for the administration of military government in the zone or zones assigned to the United States for purposes of occupation and administration. It outlines the basic policies which will guide you in those two capacities after the termination of the combined command in Austria. Supplemental directives will be issued to you by the Joint Chiefs of Staff as may be required.

b. As a member of the Governing Body you will urge the adoption by the other occupying powers of the principles and policies set forth in this directive and, pending Governing Body agreement, you will follow them in your zone. It is anticipated that substantially similar directives will be issued to the Commanders in Chief of the United Kingdom, the Union of Soviet Socialist Republics, and French forces of occupation.

c. In the event that recognition is given by the four governments to a provisional national government of Austria, such government should be delegated authority in appropriate matters to conduct public affairs in accordance with the principles set forth in this directive or agreed upon by the occupying powers. Such delegation, however, shall be subject to the authority of the occupying powers and to their responsibility to see that their policies are in fact carried out.

d. Any provisional national government of Austria which is not recognized by all of the four Governments of the occupying powers shall not be treated by you as possessing any authority. Only individuals who recognize your supreme authority in your zone will be utilized by you in administration.

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PART I

GENERAL AND POLITICAL

2. The Basis of Military Government:

a. The rights, power and status of the military government in Austria prior to the unconditional surrender and total defeat of Germany, were based upon the military occupation of Austria and the decision of the occupying powers to reestablish an independent Austrian state. Thereafter the rights, powers and status are based, in addition, upon such surrender or defeat. The Text of the Instrument of Unconditional Surrender of Germany published as a separate document has been made available to you. You will assure that the policies set forth in that Instrument are carried out in your zone of occupation insofar as they are applicable in Austria even though the defeat of Germany is not followed by a formal signing of the Instrument.

b. Subject to the provisions of paragraph 3 below, you are, by virtue of your position, clothed with supreme legislative, executive, and judicial authority in the areas occupied by forces under your command. This authority will be broadly construed and includes authority to take all measures deemed by you necessary, appropriate or desirable in relation to military exigencies and the objectives set forth in this and other directives.

c. You will issue a proclamation continuing in force such proclamations, orders and instructions as may have heretofore been issued by Allied Commanders in your zone, subject to such changes as you may determine. Authorizations of action by the Supreme Allied Commander, Mediterranean, or by the Supreme Commander, Allied Expeditionary Force, may be considered as applicable to you unless inconsistent with this or other directives.

3. The Governing Body and Zones of Occupation:

a. The four Commanders in Chief, acting jointly, will constitute the Governing Body which will exercise supreme authority in Austria. The United States proposal for an agreement on the organization of the Control Machinery in Austria published as a separate document has been made available to you. When approved by the occupying powers, the text of the agreement on Control Machinery in Austria

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will be furnished you. For purposes of administration of military government, Austria will be divided into four zones of occupation. When the occupying powers have agreed upon the zones of occupation in Austria, the text of the protocol in that regard will be furnished you.

b. The authority of the Governing Body to formulate policy and procedures and administrative relationships with respect to matters affecting Austria as a whole will be paramount throughout Austria. This authority shall be broadly construed to the end that, through maximum uniformity of policy and procedures throughout Austria, the establishment of an independent Austrian Government may be accelerated. In your capacity as a member of the Governing Body, you will seek maximum agreement with respect to policy and maximum uniformity of action by the Commanders in Chief in their respective zones of occupation. You will carry out and support in your zone the policies agreed upon in the Governing Body. In the absence of such agreed policies you will act in accordance with this and other directives of the Joint Chiefs of Staff.

c. The Governing Body should cooperate with the Control Council in Germany in effecting the severance of all political and administrative connections between Austria and Germany, and the elimination of German economic and financial influences in Austria. You will in every way possible assist the accomplishment of this purpose.

d. The Governing Body should adopt procedures to effectuate, and you will facilitate in your zone, the equitable distribution of essential commodities between the zones. In the absence of a conflicting policy of the Governing Body, you may deal directly with one or more zone commanders on matters of special concern to such zones.

e. Pending the formulation in the Governing Body of uniform policies and procedures with respect to travel and movement of persons to and from Austria, no persons shall be permitted to cross the Austrian frontier in your zone except for specific

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purposes approved by you.

f. The military government personnel in your zone, including those dealing with regional and local branches of the departments of any central Austrian administrative machinery, shall be selected by your authority except that liaison officers may be furnished by the Commanders of the other three zones. The respective Commanders in Chief shall have exclusive jurisdiction throughout the whole of Austria over the members of the armed forces under their command and over the civilians who accompany them.

4. Basic Objectives of Military Government in Austria:

a. You will be chiefly concerned in the initial stages of military government with the elimination of German domination and Nazi influences. Consistently with this purpose, you will be guided at every step by the necessity to ensure the reconstruction of Austria as a free, independent and democratic state. It will be essential therefore that every measure be undertaken from the early stages of occupation with this objective in mind.

b. The Governing Body should, as soon as it is established, proclaim the complete political and administrative separation of Austria from Germany, and the intention of the occupying powers to pave the way for the reestablishment of Austria as an independent democratic state. You will make it clear to the Austrian people that military occupation of Austria is intended principally (1) to aid Allied military operations and the strict enforcement of the applicable provisions of the German unconditional surrender instrument in Austria; (2) to eliminate Nazism, Pan-Germanism, militarism, and other forces opposed to the democratic reconstitution of Austria; (3) to cooperate with the Control Council for Germany in the application and enforcement of measures designed to prevent the recurrence of German aggression; (4) to establish Allied control over the use and disposition of German property in Austria; (5) to effect the complete political and administrative separation of Austria from Germany and free Austria from Nazi and German economic and financial influences; (6) to

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facilitate the development of a sound Austrian economy devoted to peaceful pursuits and not vitally dependent upon German supplies, markets and technical and financial assistance; and (7) to foster the restoration of local self-government and the establishment of an Austrian central government freely elected by the Austrian people themselves. Other objectives of the occupation will be to apprehend war criminals, to care for and repatriate displaced persons and prisoners-of-war who are members of the armed forces of the United Nations, and to carry out approved programs of reparation and restitution insofar as these are applicable to Austria.

c. You will assure that there is no fraternization by your troops with any German elements remaining in Austria. While in the initial period of occupation the relationship of the troops to the Austrian civil population will be distant and aloof but courteous, a progressively more friendly relationship may be permitted as experience justifies.

5. Denazification:

a. A Proclamation dissolving the Nazi Party, its formations, affiliated associations and supervised organizations, and all Nazi public institutions which were set up as instruments of Party domination, and prohibiting their revival in any form, should be promulgated by the Governing Body. You will assure the prompt effectuation of that policy in your zone and will make every effort to prevent the reconstitution of any such organization in underground, disguised or secret form. Responsibility for continuing desirable non-political social services of dissolved Party Organizations may be transferred by the Governing Body to appropriate central agencies and by you to appropriate local agencies.

b. All laws which extended the political structure of National Socialism to Austria or otherwise brought about the destruction of the Austrian state or which established discriminations on grounds of race, nationality, creed, or political opinion should be abrogated by the Governing Body. You will render them inoperative in your zone.

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c. All members of the Nazi Party who were German nationals prior to March 13, 1938, Germans who entered Austria after that date, and other Germans directly connected with the Nazi exploitation of Austria will immediately be removed from government positions and all other categories of employment listed below, and will be expelled from Austria in accordance with paragraph 21. All Austrian members of the Nazi Party who have been more than nominal participants in its activities, all active supporters of Nazism and other persons hostile to Allied purposes will be removed and excluded from public office and from positions of importance in quasi-public and private enterprises such as (1) civic, economic, and labor organizations, (2) corporations and other organizations in which the German Government or subdivisions have a major financial interest, (3) industry, commerce, agriculture, and finance, (4) education, and (5) the press, publishing houses and other agencies disseminating news and propaganda. Persons are to be treated as more than nominal participants in Party activities and as active supporters of Nazism when they have (1) held office or otherwise been active at any level from local to national in the Party and its subordinate organizations, (2) authorized or participated affirmatively in any Nazi crimes, racial persecutions or discriminations, (3) been avowed believers in Nazi doctrines, or (4) voluntarily given substantial moral or material support or political assistance of any kind to the Nazi Party or Nazi officials and leaders. No such persons shall be retained in any of the categories of employment listed above because of administrative necessity, convenience or expediency.

d. Property, real and personal, owned or controlled by the Nazi Party, its formations, affiliated associations and supervised organizations, and by all persons subject to arrest under the provisions of paragraph 7 below, and found within your zone will be taken under your control pending a decision by the Governing Body or higher authority as to its eventual disposition.

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e. All archives, monuments and museums of Nazi inception, or which are devoted to the perpetuation of militarism, will be taken under your control and their properties held pending decision as to their disposition by the Governing Body.

f. You will make special efforts to preserve from destruction and take under your control records, plans, books, documents, papers, files, and scientific, industrial and other information and data belonging to or controlled by the following:

(1) The central German Government and its subdivisions, the offices of the Reichsstatthalter, the former Austrian state and its subdivisions, German and Austrian military organizations, organizations engaged in military research, and such other governmental agencies as may be deemed advisable;

(2) The Nazi Party, its formations, affiliated associations and supervised organizations;

(3) All police organizations, including security and political police;

(4) Important economic organizations and industrial establishments including those controlled by the Nazi Party or its personnel;

(5) Institutes and special bureaus devoting themselves to racial, political, militaristic or similar research or propaganda.

6. Elimination of pre-Nazi Fascists Influences:

a. You will remove and exclude from the positions enumerated in sub-paragraph 5 c above all persons who took an active and prominent part in the undemocratic measures of the pre-Nazi Fascist regime or in any of its para-military organizations such as the Heimwehr and the Ostmaerkische Sturmscharen.

b. You will prevent the revival of any organization seeking to restore the pre-Nazi Fascist regime.

7. Suspected War Criminals and Security Arrests:

a. You will search out, arrest, and hold, pending receipt by you of further instructions as to their disposition, Adolf

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Hitler, his chief Nazi associates, other war criminals, and all persons who have participated in planning or carrying out Nazi enterprises involving or resulting in atrocities or war crimes.

b. All persons who if permitted to remain at large would endanger the accomplishment of your objectives will also be arrested and held in custody until their disposition is otherwise determined by an appropriate semi-judicial body to be established by you. The following is a partial list of the categories of persons to be arrested in order to carry out this policy:

(1) Officials of the Nazi Party and its formations, affiliated associations, and supervised organizations, down to and including Local Group Leaders (Ortsgruppenleiter) and officials of equivalent rank;

(2) All members of the political police, including the Gestapo and Sicherheitsdienst der S.S.;

(3) The officers and non-commissioned officers of the Waffen S.S. and all members of the other branches of the S.S.;

(4) All General Staff Corps officers;

(5) Officials of the police holding a rank or equivalent positions of authority, above that of Lieutenant;

(6) Officers of the SA holding commissioned rank;

(7) The leading officials of all ministries and other high political officials down to and including urban and rural bürgermeister and officials of equivalent rank, and those persons who have held similar positions, either civil or military, in the administration of countries occupied by Germany;

(8) Nazis and Nazi sympathizers holding important and key positions in (a) national and Gau civic and economic organizations; (b) corporations and other organizations in which the German Government or subdivisions have a major financial interest; (c) industry, commerce, agriculture, and finance; (d) education; (e) the judiciary; and (f) the

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press, publishing houses and other agencies disseminating news and propaganda. It may generally be assumed in the absence of evidence to the contrary that any persons holding such positions are Nazis or Nazi sympathizers;

(9) All judges, prosecutors and officials of the People's Court (Volksgerichtshof), Special Courts (Sondergerichte) and other extraordinary courts created by the Nazi regime;

(10) Any national of any of the United Nations or associated states who is believed to have committed offenses against his national law in support of the German war effort;

(11) Any other person whose name or designation appears on lists to be submitted to you by the JCS or whose name may be notified to you separately.

If in the light of conditions which you encounter in Austria you believe that it is not immediately feasible to subject certain persons within these categories to this treatment, you should report your reasons and recommendations to your Government through the Joint Chiefs of Staff. If you believe it desirable, you may postpone the arrest of those whose cases you have reported, pending a decision communicated to you by the Joint Chiefs of Staff. In no event shall any differentiation be made between or special consideration be accorded to person arrested, either as to manner of arrest, or conditions of detention, upon the basis of wealth or political, industrial, or other rank or position. In your discretion you may make such exception as you deem advisable for intelligence or other military reasons.

8. Demilitarization:

a. In your zone you will assure that all units of the German armed forces including para-military organizations are dissolved as such and that their personnel are promptly disarmed and controlled in accordance with the policies and procedures set forth in the Instrument of Unconditional Surrender of Germany or in

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other directives which may be issued to you. Prior to their final disposition you will arrest and hold all military personnel who are included under the provisions of paragraph 7.

Subject to military considerations and priority to be accorded repatriation of United Nations nationals, the Governing Body should cooperate with the Control Council for Germany in arranging the early repatriation or other disposition of German members of the German armed forces, including para-military organizations, found within Austria. The two Allied agencies should likewise concert the prompt return to Austria of Austrian members of the German armed forces found within Germany, except those held as active Nazis, suspected war criminals, or for other reasons.

b. The Governing Body should proclaim, and in your zone you will effectuate, the total dissolution of all military and para-military organizations together with all associations which might serve to keep alive militarism in Austria.

c. All persons who have actively supported organizations promoting militarism or who have been active proponents of militaristic doctrines will be removed and excluded from any of the categories of employment listed in sub-paragraph 5 c.

d. You will seize or destroy all arms, ammunition and implements of war and stop the production thereof.

9. Police:

With the exception of the Kriminalpolizei (Criminal Police), all elements of the Sicherheitspolizei (Security Police), e.g., Geheime Staatspolizei (Gestapo), and the Sicherheitsdienst der S.S. will be abolished. Criminal and ordinary police will be purged of Nazi personnel and utilized under the control and supervision of the military government.

10. Administration of Justice:

a. All extraordinary courts, including the Volksgerichtshof (People's Court) and the Sondergerichte (Special Courts), and all courts and tribunals of the Nazi Party and of its formations,

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affiliated associations and supervised organizations will be abolished immediately.

b. All ordinary criminal, civil and administrative courts, except those previously re-established by Allied authority, will be closed. After the elimination of all Nazi or other objectionable features and personnel you will permit those which are to exercise jurisdiction within the boundaries of your zone to resume operations under such regulations, supervision and control as you may consider appropriate. Courts which are to exercise jurisdiction over territory extending beyond the boundaries of your zone will be reopened only with the express authorization of the Governing Body and under its regulation, supervision and control. The power to review and veto decisions of German and Austrian courts shall be included within the power of supervision and control.

11. Political Prisoners:

Subject to military security and to the interests of the individuals concerned, you will release all persons found within your zone who have been detained or placed in custody on grounds of race, nationality, creed or political opinion and treat them as displaced persons. You should make provision for the review of convictions of alleged criminal offenses about which there may be substantial suspicion of racial, religious or political persecution, and in which sentences of imprisonment have not been fully served by persons imprisoned within your zone.

12. Reconstituion of an Administrative System:

a. As soon as Nazi and fascist influences have been eliminated from public offices in Austria, the reconstituion of Austrian administrative agencies shall be carried out in such a way as not to prejudice the political and constitutional future of Austria. The Governing Body should be responsible for the early establishment of such nationwide administrative and judicial machinery as may be required to facilitate the uniform execution of its policy throughout Austria, to ensure freedom

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of transit and communication to and between the separate zones of occupation, and to lay the foundation for the restoration of an Austrian national administrative system. Administrative officials with powers extending throughout Austria should be appointed only by or under the authority of the Governing Body.

b. The formal abrogation of the Anschluss (Act of March 13, 1938) will not be considered as re-establishing the legal and constitutional system of Austria as it existed prior to that event. Such portions of earlier Austrian legislation or or Reich legislation relating to Austria may be retained or restored to force as is deemed appropriate for the purposes of military government and the reconstitution of Austria on a democratic basis. In so far as it may prove desirable to utilize constitutional laws for Austrian administration, suitable provisions of the Austrian Constitution of 1920, as amended in 1925 and 1929, should be applied.

c. You will assure the severance of all connections between regional (Gau) and local agencies on the one hand and Reich administrative agencies on the other, and will reconstitute Austrian Provincial (Land) and local administration at the earliest possible moment. You may utilize such agencies of the present regional and local administrations as may be deemed useful.

13. Restoration of Regional and Local Self-Government:

As a member of the Governing Body, you will urge the restoration of regional and local self-government throughout Austria at the earliest possible moment. In the absence of agreement, you will facilitate the holding of elections to local and regional public office within your zone. If prior to or during occupation, local and regional popular councils or similar organs appear, they may be granted temporary recognition pending approval by the Governing Body and be utilized in administration in the event that they possess popular support and are free from Nazi or fascist sympathizers and affiliations.

14. Establishment of Independent Austrian Government:

The Governing Body should, and in your zone you will, make

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it clear to the Austrian people that the Allied Powers do not intend through military government to appoint or establish a national government for Austria but will aid the Austrian people themselves to prepare for the election of a national assembly by democratic means. The Austrian people will be free to determine their own form of government provided the new regime be democratic in character and assume appropriate internal and international responsibilities and obligations.

15. Political Activity and Civil Rights:

a. At the earliest possible moment you will permit such political activity and organization by democratic groups as neither threatens military security nor presents substantial danger of public disorder nor engenders suspicion and disunity among the United Nations.

b. You will prohibit the propagation in any form of Nazi, fascists, militaristic, and pan-German doctrines.

c. To the extent that military interests are not prejudiced and subject to the provisions of the two preceding subparagraphs and paragraph 16, you will permit freedom of speech, assembly, press, association, and religious worship.

d. For purposes of military government you may consider as Austrian citizens all persons who held Austrian citizenship on or before March 13, 1938, or who would have automatically acquired citizenship by operation of the law of Austria in force on March 13, 1938. The acts of July 30, 1925 and August 16, 1933 should not be considered as depriving of citizenship Austrians who have entered the service of foreign states or who have taken up arms against the Reich since 1938. German laws purporting to affect Austrian citizenship should be ignored.

16. Public relations and Control of Public Information:

As a member of the Governing Body you will endeavor to obtain agreement for uniform or coordinated policies with respect to (a) control of public information media in Austria, (b) accrediting of foreign correspondents, (c) press censorship, and (d) issuance of official news communiques dealing with matters within

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the jurisdiction of the Governing Body. U.S. policies in these matters will be sent to you separately and you will be guided by these in your negotiations in the Governing Body.

17. Education:

a. You will initially close all schools and universities except those previously re-established by Allied authority. The closure of Nazi educational institutions, such as Adolf Hitler Schulen, Napolas and Ordensburgen, and of Nazi organizations within other educational institutions, will be permanent.

b. A coordinated system of control over Austrian education and an affirmative program of reorientation will be established designed completely to eliminate Nazi, fascists and militaristic doctrines and to encourage the development of democratic ideas.

c. You will permit the reopening of elementary (Volksschulen) middle (Hauptschulen), and vocational (Berufsschulen) schools at the earliest possible date after Nazi and other objectionable personnel has been eliminated. Textbooks and curricula which are not free of Nazi, fascists and militaristic doctrines shall not be used. The Governing Body should assure that programs are devised for the early reopening of secondary schools, universities and other institutions of higher learning. After Nazi and other objectionable personnel and features have been eliminated and pending the formulation of such programs by the Governing Body, you may formulate and put into effect an interim program within your zone and, in any case, you will encourage the reopening of such institutions and departments which offer training which you consider immediately essential or useful in the administration of military government and the purposesof the occupation.

d. It is not intended that the military government will intervene in questions concerning denominational control of Austrian schools, or in religious instruction in Austrian schools, except in so far as may be necessary to ensure that religious instruction and administration of such schools conform to such Allied regulations as are or may be established pertaining to

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purging of personnel and curricula.

18. Religious Affairs:

a. The Governing Body should leave to the Austrian churchmen of the respective faiths the revision of the constitutions, rituals or internal relationships of purely ecclesiastical bodies.

b. You will protect freedom of religious belief and worship.

c. You will refrain from intervening in matters concerning religious instruction in schools, the establishment or continuation of denominational schools and the re-establishment of ecclesiastical control of any publicly supported schools.

d. You will take necessary measures to protect churches, shrines, church schools, and other ecclesiastical property from damage and from any treatment which lacks respect for their religious character.

e. You may permit religious bodies to conduct appropriate youth, sport, and welfare activities and to receive contributions for such purposes.

f. Subject to the provisions of paragraph 15, you will permit the establishment or revival of religious periodicals and the publication of other religious literature.

19. Treatment of Displaced Persons and Refugees in Austria:

a. Subject to any international agreements and to the agreed policies of the Governing Body, you will undertake the repatriation, return to former residence or resettlement of displaced persons who are (1) nationals of the United Nations and of neutral states, (2) stateless persons, (3) nationals of enemy or former enemy countries who have been persecuted by the enemy for reasons of race, nationality, creed or political opinion, (4) nationals of Italy, as rapidly as military considerations and arrangements with their respective governments permit. Due consideration will be given to the wishes of the individuals involved, and preference will be accorded to nationals of the United Nations and persons freed from concentration camps or other places of detention.

b. You will establish or maintain centers for the assembly and repatriation, resettlement or return of the foregoing displaced persons. Subject to the general control and responsibility of

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military government, existing Austrian agencies will be required to maintain essential supply and other services for them, including adequate food, shelter, clothing and medical care.

c. Subject to your general control, you will hold existing Austrian agencies responsible for the care and disposition of refugees and those displaced persons who are nationals of Germany or former enemy countries not otherwise provided herein. You will facilitate their repatriation or return, subject to whatever control you may deem necessary, as rapidly as military considerations and appropriate arrangements with authorities in their respective home countries permit.

d. Subject to agreed policies of the Governing Body, you will determine the extent to which UNRRA, the Inter-Governmental Committee on Refugees, or other civilian agencies will participate in handling displaced persons and refugees.

e. You will accord liaison on matters connected with displaced persons to representatives of each of the other Occupying Powers accredited therefor by their respective Commander in Chief and to representatives of any of the United Nations and neutral states and of Italy accredited therefor by the Governing Body or other competent authority. You will arrange for such representatives to have access to displaced persons who are nationals of their countries and are authorized to permit them to use the facilities of their governments for purposes of repatriation.

f. The term "displaced persons" includes (1) non-Austrian civilian nationals who have been obliged to leave their own countries or to remain in Austria by reason of the war, (2) stateless persons, and (3) persons who have been persecuted by the enemy for reasons of race, nationality, creed or political opinion. The term "refugees" includes Austrian civilian nationals within Austria who are temporarily homeless because of military operations, or are residing at some distance from their homes for reasons related to the war.

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20. Return of Austrian Civilians to Austria:

In accordance with military considerations and appropriate arrangements with authorities in sending countries, you will cooperate in rapid repatriation of Austrian civilian nationals outside Austria, exclusive of active Nazis and persons suspected of having committed war crimes or held for other reasons.

21. The Removal of German Officials and Civilians from Austria:

a. All German officials, members of the Nazi Party who were German nationals prior to March 13, 1938, Germans who entered Austria after that date and other Germans directly connected with the Nazi exploitation of Austria, except those whom it may be desirable to hold for security or other reasons, should be expelled from Austria. The Governing Body should consult with the Control Council in Germany regarding the removal to Germany of such persons. Removal will be effected at the earliest time consistent with the availability of transport facilities and with the prospect of orderly absorption into Germany.

b. Subject to instructions issued by the Governing Body in accordance with the provisions of the subparagraph a above, you will in your zone take all practicable measures to facilitate and expedite the removal to Germany of all German officials and of German citizens to be repatriated.

22. Diplomatic and Consular Officials and Properties:

All diplomatic and consular officials of countries with which any one of the United Nations has been at war since December 31, 1937 will be taken into protective custody and held for further disposition. The diplomatic and consular property and records belonging to such countries or governments and to their official personnel will be seized and secured if not found in the custody of a protecting power.

23. Arts and Archives:

Subject to the provisions of paragraph 5 above, you will make all reasonable efforts to preserve historical archives, museums, libraries and works of art.

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S E C R E T

COPY NO. 41

IPCOG 8/9

30 August 1945

INFORMAL POLICY COMMITTEE ON GERMANY

NON-GERMAN CURRENCIES UNCOVERED BY ALLIED MILITARY FORCES IN GERMANY AND AUSTRIA

References: a. IPCOG 8
b. IPCOG 8/3
c. IPCOG 8/6

Note by the Secretaries

By informal action on 29 August 1945, the Informal Policy Committee on Germany approved IPCOG 8/6, and the draft cable at the Appendix thereto was forwarded to the U.S. Secretary, Combined Chiefs of Staff for transmission to the Commanding General, USFET, and repeated to the British Chiefs of Staff.

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

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DATE 1977

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SECRET

COPY NO. 41

IPCOG 8/8

11 August 1945

INFORMAL POLICY COMMITTEE ON GERMANY

GERMAN MARK CURRENCY UNCOVERED BY UNITED STATES AND OTHER ELEMENTS OF ALLIED FORCES

References: a. IPCOG 8/1
b. IPCOG 8/4
c. IPCOG 8/5

Note by the Secretaries

By informal action on 11 August 1945, the Informal Policy Committee on Germany approved IPCOG 8/4 as amended by IPCOG 8/5, and the proposed cable at the enclosure to IPCOG 8/5 was forwarded to the U.S. Secretary, Combined Civil Affairs Committee for appropriate action.

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

DECLASSIFIED BY: TBD
JCS DECLASSIFICATION BRANCH
DATE 9/23

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SECRET

IPCOG 8/7

8 August 1945

COPY NO. 41

INFORMAL POLICY COMMITTEE ON GERMANY

FRENCH FRANC CURRENCY UNCOVERED BY UNITED STATES ELEMENTS OF ALLIED FORCES

Reference: a. IPCOG 8/2

Note by the Secretaries

On 11 June 1945 the cable contained in Enclosure "B" of IPCOG 8/2 was sent to the Supreme Commander, A.E.F. (GOV 370). In view of the above no further action on this paper is deemed necessary.

CHARLES W. McCARTHY
ALVIN F. RICHARDSON
RAYMOND E. COX
Secretariat

DECLASSIFIED BY: JCS DECLASSIFICATION BRANCH
DATE 1973

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SECRET

IPCOG 8/7

8 August 1945

COPY NO. 41

INFORMAL POLICY COMMITTEE ON GERMANY

FRENCH FRANC CURRENCY UNCOVERED BY UNITED STATES ELEMENTS OF ALLIED FORCES

Reference: a. IPCOG 8/2

Note by the Secretaries

On 11 June 1945 the cable contained in Enclosure "B" of IPCOG 8/2 was sent to the Supreme Commander, A.E.F. (GOV 370). In view of the above no further action on this paper is deemed necessary.

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

DECLASSIFIED BY: JCS DECLASSIFICATION BRANCH

DATE 1973

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

SECRET

COPY NO. 41

IPCOG 8/6

6 August 1945

Pages 21 - 23, Incl.

INFORMAL POLICY COMMITTEE ON GERMANY

NON-GERMAN CURRENCIES UNCOVERED BY ALLIED MILITARY FORCES IN GERMANY AND AUSTRIA

Reference: a. IPCOG 8/3

Note by the Secretaries

The Enclosure, a report by the Working Party of the Informal Policy Committee on Germany amending the information contained in the Enclosure to reference a above, is circulated for consideration by the Committee in connection with their consideration of IPCOG 8/3.

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

DECLASSIFIED BY: 1821
JCS DECLASSIFICATION BRANCH
DATE 1923

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6 Aug 45

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SECRET

ENCLOSURE

NON-GERMANY CURRENCIES UNCOVERED BY ALLIED MILITARY FORCES IN GERMANY AND AUSTRIA

Report by the Working Party of the Informal Policy Committee on Germany

THE PROBLEM

1. To determine the disposition of non-German currencies uncovered by Allied forces in Germany.*

FACTS BEARING ON THE PROBLEM

2. Non-German currencies have been uncovered at various points in Germany by Allied forces. According to paragraph 6 (e) of Appendix "C" of CCS 551/5 (C.C.A.C. 69/10), subject: Financial Guide for Germany, which was dispatched to SCAEF on 26 August 1944, SCAEF was instructed to impound or block all foreign currencies held by or on behalf of persons specified in the instructions. Presumably foreign currencies have also been captured by the Russian forces in that portion of Germany occupied by them.

3. VOG 459 states that 540,340 Russian roubles have been uncovered among other non-German currencies in the offices of the former Nazi Government at Flensburg, Germany, by a SHAEF control party OKW; also that the Russian Mission, in conjunction with which an accounting for these currencies was made, has requested that the rouble currency immediately be delivered to it. SHAEF initially refused this request, but cabled CCS for guidance when the Russian request for delivery was renewed. In VOG 507, dated 15 June 1945, SCAEF requested a prompt reply in the matter.

4. On June 4, 1945, the French government initiated a conversion of the French currency, in accordance with which all franc currency not exchanged prior to June 15 became invalid. In GOV 370, instructions were given to hold French

*The term "currencies" refers only to the paper note issue of governments or banks.

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SECRET

ENCLOSURE

NON-GERMANY CURRENCIES UNCOVERED BY ALLIED MILITARY FORCES IN GERMANY AND AUSTRIA

Report by the Working Party of the Informal Policy Committee on Germany

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SECRET

franc currency in Frankfurt regardless of the conversion program. With British concurrence an Aide Memoire was handed to the French Treasury representative in Washington by the United States Treasury on 13 June 1945, in which the Ministry of Finance was informed of the French francs held by the United States Army in Frankfurt.

RECOMMENDATIONS

5. It is recommended that:

a. Since the problem of the disposition to be made of non-German currencies uncovered in Germany is closely related to questions of policy concerning reparation and restitution and is, therefore, a matter for inter-governmental determination, such currencies should continue in the custody of the military authorities now having custody of them pending decision at the appropriate inter-governmental level.

b. The draft cable at the Appendix be transmitted by CCS to the Commanding General USFET, and be repeated to the British Chiefs of Staff.

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SECRET

APPENDIX

DRAFT CABLE TO CG, USFET FROM CCS (REPEAT TO BRITISH CHIEFS OF STAFF)

Subject: Disposition of non-German currencies uncovered by Allied Military Forces in Germany. VOGs 459 and 507; GOV 370.

The disposition to be made of non-German currencies uncovered in Germany and related questions are for determination at the appropriate inter-Governmental level. Until such time as a determination is made, such currencies will be held in the custody of the military authorities now having custody of such currencies. You are authorized to reply accordingly to any request for delivery of non-German currencies captured in Germany by Allied Forces.

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COPY NO. 41

INFORMAL POLICY COMMITTEE ON GERMANY

GERMAN MARK CURRENCY UNCOVERED BY UNITED STATES AND OTHER ELEMENTS OF ALLIED FORCES

References: a. IPCOG 8/1
b. IPCOG 8/4

Note by the Secretaries

The enclosure, a report by the Working Party, Informal Policy Committee on Germany, is circulated for consideration by the Informal Policy Committee on Germany in connection with references a and b, above.

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

DECLASSIFIED BY: JCS DECLASSIFICATION BRANCH
DATE 7-9-73

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SECRET

ENCLOSURE

INFORMAL POLICY COMMITTEE ON GERMANY

GERMAN MARK CURRENCY UNCOVERED BY UNITED STATES AND OTHER ELEMENTS OF ALLIED FORCES

Report by the Working Party

RECOMMENDATION

That the following cable be substituted for the cable attached to IPCOG 8/4, dated 28 June 1945.

DRAFT CABLE TO CG, USFET AND REPEAT FOR INFORMATION TO BRITISH CHIEFS OF STAFF FROM CCS (CCAC)

Subject: Use of German mark currency uncovered in Merkers Mine and elsewhere in Germany by Allied Military forces.

Reference: VOGs 462, 496, 502; GOV 358.

Above-mentioned German Reichsmark and Rentenmark currency uncovered by U.S. elements of Allied forces and now in custody of such U.S. elements will be deposited at the Reichsbank in Frankfurt for Official credit of Financial Division, Military Government, U.S. Zone of Occupation, Germany. Pending further instructions, this deposit account will not be drawn upon for any purpose whatsoever and will not be brought on to books of any finance officer/paymaster.

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SECRET

COPY NO. 41

IPCOG 8/4

28 June 1945

Pages 15 to 19, Incl.

INFORMAL POLICY COMMITTEE ON GERMANY

GERMAN MARK CURRENCY UNCOVERED BY UNITED STATES AND OTHER ELEMENTS OF ALLIED FORCES

Reference: a. IPCOG 8/1

Note by the Secretaries

1. The enclosure, a revision of IPCOG 8/1, as recommended by the Assistant Secretary of War, is circulated for consideration of the Informal Policy Committee on Germany. In his memorandum forwarding the enclosure to the Secretariat, the Assistant Secretary of War requests that clearance of the report be treated as a matter of priority in view of the desirability of its being issued prior to the termination of SHAEF.

2. If approved by the Committee, the enclosure will be used by this country as its position on the Combined Civil Affairs Committee.

CHARLES W. McCARTHY
ALVIN F. RICHARDSON
RAYMOND E. COX
Secretariat

DECLASSIFIED BY: JCS
JCS DECLASSIFICATION BRANCH
DATE 1973

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

SECRET

ENCLOSURE

GERMAN MARK CURRENCY UNCOVERED BY UNITED STATES AND OTHER ELEMENTS OF ALLIED FORCES

THE PROBLEM

1. To determine the disposition of German mark currency uncovered in Germany by United States and other elements of Allied forces.

FACTS BEARING ON THE PROBLEM

2. Valuables uncovered by the United States Third Army in a salt mine near Merkers and at other places in Germany include approximately 2,760,000,000 Reichsmarks and Rentenmarks. This currency is now under custodianship of United States elements of Allied forces in Frankfurt-am-Main, Germany. A substantial part of this currency is in small denomination notes.

3. In VOG 462, dated 31 May, the Supreme Commander, AEF, requests the use in Germany of the mark currency mentioned in paragraph 2 above to supplement Reichsbank stocks of marks for civil use. He states that there are local shortages in Germany in small denomination German mark currency notes; also that such shortages have so far been overcome, but that urgent demands for small denomination mark notes are foreseen in the fairly near future. If authorized accordingly, SCAEF states that the entire amount of this mark currency would be lodged with the Reichsbank at Frankfurt subject to his orders, and would be distributed from there to branches of the Reichsbank for use in the German banking system, when and if needed.

4. In VOG 496, dated 3 June, SCAEF requests authority for the use of the German mark currency, mentioned in paragraph 2 above, by the 21 Army Group for payments to German forces about to be disbanded. He stated that unless such currency is made available by 7 June, the 21 Army Group will have to pay out Allied Military marks for the above-mentioned purpose. SCAEF expresses a preference for the use of German mark currency for this type of

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disbursement. Allied Military marks, Reichsmarks and Rentenmarks are legal tender in Germany and are freely interchangeable one for one.

5. GOV 358, dated 4 June, which replies to VOG 496, instructs SCAEF not to use the German mark currency referred to in paragraph 2 above pending further instructions. In VOG 502, dated 9 June, SCAEF states that he has complied with the instructions contained in GOV 358 and that he will use Allied Military marks only to the minimum necessary for the purpose indicated in paragraph 4 above. SCAEF also states that similar need for marks by the 12 Army Group is anticipated.

6. SCAEF's present supply of Allied Military mark currency was printed for him by the U.S. Treasury Department in accordance with combined instructions. In GOV 322, dated 7 May, SCAEF has been informed with regard to production of additional supplies of Allied Military mark notes that it would be necessary to allow for approximately four months between the date of his further orders, if any, for such notes and the first deliveries thereof to him. No further orders for Allied Military mark notes have been received from SCAEF.

7. The Soviets are printing supplies of Allied Military mark currency notes in the USSR for use by Soviet forces in Germany as a supplemental mark currency. The Allied Military mark notes being printed and used by the Soviets are of the same design as the Allied Military mark notes printed for SCAEF as indicated in paragraph 6 above and being used by him in Germany. Agreement as to the printing of the similar Allied Military mark notes mentioned above was effected at government level prior to Allied and Soviet military operations in Germany. However, these arrangements do not include the supplying of Allied Military mark currency notes by SCAEF to the Soviet command nor vice versa.

8. In paragraph 6 e of Appendix "C" of C.C.S. 551/5 (CCAC 69/10) subject: Financial Guide for Germany, which was approved

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by C.C.S. in CCS 551/7 and dispatched to SCAEF on 26 August 1944, SCAEF was given instructions to the effect that, pending determination of future disposition, all gold, foreign currencies, foreign securities, accounts in financial institutions, credits, valuable papers and all similar assets, held by or on behalf of persons specified in the instructions would be impounded or blocked and would be used or otherwise dealt with only as permitted under licenses or other instructions which SCAEF might issue.

DISCUSSION

9. It is necessary to make distinction between the combined control of currencies uncovered by Allied forces, including United States and other elements thereof, and the physical custody of the currencies; also between accounting for the currencies uncovered and ultimate title thereto on the one hand and the physical disposition of these currencies on the other.

10. The amounts of German mark currency mentioned in paragraph 2 above have presumably been entered in Allied military books and records in accordance with policy set by the C.C.S. directive referred to in paragraph 7 above.

11. Althought SCAEF has at present in Germany a supply of Allied Military marks considered adequate by him (VOG 444) to meet his current needs, the increasing shortage of German mark currency may result (VOG 462) in serious drains on SCAEF's present supply of Allied Military mark currency, especially of notes of small denomination. Use in Germany of the Reichsmarks and Rentenmarks referred to in paragraph 2 above should aid substantially in averting such drains.

CONCLUSIONS

12. That SCAEF should be authorized to use the German mark currency referred to specifically in paragraphs 2 and 3 above in accordance with his request in VOG 462; also to use similarly, at his discretion, other legal tender German mark currency uncovered

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by United States and other elements of Allied military forces, to meet his requirements, including the valid needs of the German banking system for such currency, provided that

a. appropriate identifying records are kept by SCAEF regarding the currency so used and of the circumstances under which the currency was uncovered, and

b. no gold coin or bullion is released from present custody under such authorization.

RECOMMENDATIONS

13. That the attached cable (Appendix) be dispatched to SCAEF.

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SECRET

APPENDIX

CABLE TO SCAEF FROM C.C.S. (CCAC)

Subject: Use of German Mark Currency Uncovered in Merkers' Mine and Elsewhere in Germany by Allied Military Forces. Reference: VOGs 462, 496 and 502; GOV 358.

1. You are authorized to use as requested by you stock of German mark currency referred to in VOG 462 provided that

a. appropriate identifying records are kept by you regarding the currency so used and of the circumstances under which the currency was uncovered, and

b. no gold coin or bullion is released from present custody under such authorization.

2. You are also authorized to use similarly at your discretion other stocks of legal tender German mark currency uncovered by United States and other elements of your forces to meet your requirements including valid needs of the German banking system for such currency, provided that safeguards as stipulated in paragraph 1 above are observed.

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S E C R E T

COPY NO. 41

IPCOG 8/3

28 June 1945

Pages 11 to 14, Incl.

INFORMAL POLICY COMMITTEE ON GERMANY

NON-GERMAN CURRENCIES UNCOVERED BY ALLIED MILITARY FORCES IN GERMANY AND AUSTRIA

Reference: a. IPCOG 8

Note by the Secretaries

1. The enclosure, a revision of IPCOG 8, as recommended by the Assistant Secretary of War, is circulated for consideration of the Informal Policy Committee on Germany. In his memorandum forwarding the enclosure to the Secretariat, the Assistant Secretary of War requests that clearance of the report be treated as a matter of priority in view of the desirability of its being issued prior to the termination of SHAEF.

2. If approved by the Committee, the enclosure will be used by this country as its position on the Combined Civil Affairs Committee.

CHARLES W. McCARTHY
ALVIN F. RICHARDSON
RAYMOND E. COX
Secretariat

DECLASSIFIED BY: JCS DECLASSIFICATION BRANCH
DATE 1973

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SECRET

ENCLOSURE

NON-GERMAN CURRENCIES UNCOVERED BY ALLIED MILITARY FORCES IN GERMANY AND AUSTRIA

THE PROBLEM

1. To determine the disposition of Russian rouble and other non-German currencies uncovered by Allied military forces in Germany and Austria.

FACTS BEARING ON THE PROBLEM

2. VOG 459 states that 540,340 Russian roubles have been uncovered among other non-German currencies in the offices of the former Nazi Government at Flensburg, Germany, by a SHAEF control party OKW; also that the Russian Mission, in conjunction with which an accounting for these currencies was made, has requested that the above-mentioned Russian rouble currency be delivered immediately to the Russians.

3. VOG 459 reports further that upon refusal of SCAEF to make such delivery, pending determination of disposition by proper authority, the Russian Mission has renewed its request for immediate delivery of this Russian rouble currency. In VOG 507, dated 15 June 1945, SCAEF has requested prompt reply in this matter, stating that the SHAEF control party may move from Flensburg at an early date.

4. SCAEF has also pointed out that similar questions may arise in connection with the uncovering of other non-German currencies and states that his interpretation of existing C.C.S. directives is that such directives do not authorize the release of captured foreign exchange.

5. SCAEF has accordingly requested guidance from C.C.S. as to whether the above-mentioned Russian rouble currency should be delivered to the Russians; also whether, in case this Russian rouble currency is turned over to the Russians, captured French francs should likewise be delivered to the French.

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6. In paragraph 6 e of Appendix "C" of C.C.S. 551/5 (CCAC 69/10) subject: Financial Guide for Germany, which was approved by C.C.S. in C.C.S. 551/7 and dispatched to SCAEF on 26 August 1944, SCAEF was given instructions to the effect that, pending determination of future disposition, all gold, foreign currencies, foreign securities, accounts in financial institutions, credits, valuable papers and all similar assets, held by or on behalf of persons specified in the instructions would be impounded or blocked and would be used or otherwise dealt with only as permitted under licenses or other instructions which SCAEF might issue.

7. In GOV 370, SCAEF has been given instructions as to present disposition of French franc currency uncovered at Merkers, Germany, by U.S. elements of Allied military forces.

DISCUSSION

8. Distinction should be made between the combined control of currencies uncovered by Allied forces and the physical custody thereof; also between accounting for such currencies and ultimate title thereto on the one hand and disposition of the physical currency on the other.

9. Pending further disposition, the subject currencies have presumably been taken into Allied military accounts (SHAEF Currency Sections for Germany and Austria, respectively), in conformity with SHAEF administrative instructions and Military Government laws based on the C.C.S. directive referred to in paragraph 6 above.

10. SCAEF's action in refusing to deliver the subject Russian roubles to the Russians is proper. Matters of reparation and restitution are involved. However, no objection is seen to the turning over now to the Russians of the physical Russian rouble currency mentioned above nor to the turning over to governments of other United Nations, respectively, the physical currencies

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of such nations uncovered in Germany and Austria by Allied military forces, including all elements thereof, provided that adequate safeguards are taken by SCAEF as to ultimate title to currencies so turned over.

CONCLUSIONS

11. That SCAEF should be authorized to turn over at his discretion the above-mentioned 540,340 Russian rouble and other Russian currencies uncovered in Germany and Austria by Allied Military forces, including all elements thereof, to the Russians, provided that

a. records are kept by SCAEF of the identification numbers of the notes so delivered and of the circumstances under which the currency was found;

b. recipient governments agree to hold themselves accountable to the United Nations for currency so delivered in accordance with the principles which may be agreed upon by the governments regarding the treatment of captured or surrendered Allied currencies as restitution or reparation;

c. no gold coin or bullion is released under these agreements.

12. That, with the exception of French franc currency covered by GOV 370, regarding which SCAEF should receive further instructions separately, SCAEF should be authorized to turn over at his discretion to the governments of other United Nations, respectively, the physical currencies of such nations uncovered by Allied forces, including all elements thereof, provided that the safeguards set forth in paragraph 11 above are observed.

RECOMMENDATIONS

13. That the attached cable (Appendix) be dispatched to Supreme Commander, AEF.

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DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

SECRET

APPENDIX

DRAFT CABLE TO SCAEF FROM C.C.S. (CCAC)

Subject: Disposition of Russian rouble and other non-German currencies uncovered by Allied military forces in Germany and Austria. Reference: VOGs 459 and 507; GOV 370.

1. Your action in refusing to deliver to the Russians, pending further instructions, Russian roubles uncovered by Allied party at Flensburg is approved. However, you are now authorized to take action relative to Russian roubles mentioned in VOGs 459 and 507 in accordance with following general rulings:

a. You are authorized to turn over at your discretion Russian rouble currency uncovered in Germany and Austria by Allied military forces, including all elements thereof, to the Russians, provided that

(1) records are kept by you of the identification numbers of the notes so delivered and of the circumstances under which the currency was found;

(2) recipient governments agree to hold themselves accountable to the United Nations for currency so delivered in accordance with the principles which may be agreed upon by the governments regarding the treatment of captured or surrendered Allied currencies as restitution or reparation;

(3) no gold coin or bullion is released under these agreements.

b. With the exception of French franc currency covered by GOV 370, regarding which you will receive further instructions separately, you are authorized to turn over at your discretion to the governments of other United Nations, respectively, physical currencies thereof uncovered by Allied military forces, including all elements thereof, provided that safeguards as set forth in subparagraph a above are observed.

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

SECRET

COPY NO. 41

IPCOG 8/2

9 June 1945

Pages 7 to 10, Incl.

INFORMAL POLICY COMMITTEE ON GERMANY

FRENCH FRANC CURRENCY UNCOVERED BY UNITED STATES ELEMENTS OF ALLIED FORCES

Note by the Secretaries

The enclosure, a study by the Treasury Department, prepared in consultation with other working members of IPCOG, is circulated for consideration by the Informal Policy Committee on Germany.

CHARLES W. McCARTHY
ALVIN F. RICHARDSON
RAYMOND E. COX
Secretariat

DECLASSIFIED BY: TAD
JCS DECLASSIFICATION BRANCH
DATE 1973

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

SECRET

FRENCH FRANC CURRENCY UNCOVERED BY UNITED STATES ELEMENTS OF ALLIED FORCES

THE PROBLEM

1. To determine the disposition of French franc currency uncovered by the United States Third Army.

FACTS BEARING ON THE PROBLEM

2. Valuables found by U.S. forces in a salt mine near Merkers and at other places in Germany include 2,688,055,445 French francs. This currency is now under custodianship of U.S. forces in the U.S. Zone in the vaults of the Reichsbank in Frankfurt. Other amounts of franc currency have also been so uncovered which have not as yet been inventoried.

3. This currency has not been taken into United States or Allied accounts.

4. The Provisional French Government has announced conversion of outstanding French franc notes into new French franc notes during the period 4 June to 15 June 1945. Under the terms of the conversion, franc currency not turned in during the period will become valueless; however, currency legitimately acquired by a claimant prior to June 4, 1945, may be honored as a claim in appropriate cases.

5. No communication has been received from the French Government concerning this currency.

6. In VOG 500, Supreme Commander, AEF (SCAEF) assumes that the French franc currency referred to in paragraph 2 above should not be presented to the French authorities for conversion under the published French conversion program. SCAEF suggests that without such presentation the subject currency notes would be worthless except by special negotiation, but that, subject to instructions of the Combined Chiefs of Staff, these notes could be deposited in such account with the Bank of France as the Combined Chiefs of Staff might direct and thus converted into a bank credit. SCAEF requests instructions by 13 June and advises that, in order to lodge these notes with the Bank of France during the conversion period, SCAEF is moving these French franc notes to Paris by 12 June.

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DISCUSSION

7. An equitable disposition of the French franc currency uncovered by United States forces cannot be determined except in the light of other related problems involving reparations and restitution.

8. It is therefore considered desirable for the U.S. Army to be the unqualified custodian of such currency pending determination of final disposition and other related questions at the appropriate intergovernmental level.

9. It appears likely that if this currency should be offered for conversion during the period 4 June to 15 June 1945, the French Government would take the position that the currency is the property of the French Government.

10. In order to maintain the validity of a claim based on this currency notwithstanding the French conversion program, it would be advisable to put the French Government on notice concerning the French franc currency in the custody of U.S. forces, but not to move this currency to Paris nor deposit same in an account with the Bank of France.

CONCLUSIONS

11. The United States Government should notify the French Government concerning the French franc currency which has been uncovered by the U.S. Army in Germany and further notify the French Government that additional amounts of French currency uncovered in the future will be notified to it.

12. SCAEF should be directed not to move the French franc currency to Paris nor to deposit same in account with the Bank of France as proposed in VOG 500.

RECOMMENDATIONS

13. That the Combined Civil Affairs Committee approve the enclosed "Aide Memoire" (Enclosure "A") to be presented to the French Treasury representative in Washington by the United States Treasury.

14. That enclosed cable (Enclosure "B") be dispatched.

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SECRET

ENCLOSURE "A"

AIDE-MEMOIRE TO BE HANDED TO THE FRENCH TREASURY REPRESENTATIVE IN WASHINGTON

In view of the currency conversion program of your government which commenced on 4 June 1945, the United States Treasury Department wishes to inform the Ministry of Finance that the U.S. Army has in its custody at the Reichsbank at Frankfurt-am-Main, the sum of 2,688,055,445 francs in French paper currency and certain other uncounted francs seized in various branches of the Reichsbank and in other places. The United States Treasury Department will inform the Ministry of Finance concerning the amounts of uncounted currency and any other French currency which may be discovered in the future as soon as such information is available.

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SECRET

ENCLOSURE "B"

CABLE TO SCAEF FROM CCS

Subject Disposition of French franc currency.

Reference VOG 500.

Pending further instructions French franc notes mentioned in VOG 500 will be held in custody of U.S. forces in Frankfort-am-Main as at present and will not repeat not be moved to Paris nor deposited in account with Bank of France. For your information U.S. Treasury Department is notifying the French Government through French Treasury representative in Washington that this French franc currency is being held in custody as indicated above.

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SECRET

COPY NO. 41

IPCOG 8/1

9 June 1945

Pages 4 to 6, Incl.

INFORMAL POLICY COMMITTEE ON GERMANY

GERMAN MARK CURRENCY UNCOVERED BY UNITED STATES ELEMENTS OF ALLIED FORCES

Note by the Secretaries

The enclosure, a study by the Treasury Department, prepared in consultation with other working members of IPCOG, is circulated for consideration by the Informal Policy Committee on Germany.

CHARLES W. McCARTHY
ALVIN F. RICHARDSON
RAYMOND E. COX
Secretariat

DECLASSIFIED BY: JCS DECLASSIFICATION BRANCH
DATE 1/23

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

SECRET

GERMAN MARK CURRENCY UNCOVERED BY UNITED STATES ELEMENTS OF ALLIED FORCES

THE PROBLEM

1. To determine the disposition of German mark currency uncovered by the United States Third Army.

FACTS BEARING ON THE PROBLEM

2. Valuables found by United States forces in a salt mine near Merkers and at other places in Germany include approximately 2,760,000,000 Reichsmarks and Rentenmarks. This currency is now under custodianship of United States forces in the U.S. zone in the vaults of the Reichsbank in Frankfurt.

3. This currencyhas not been taken into United States or Allied accounts.

4. In VOG 462, dated 31 May 1945, SHAEF has requested the use of this German mark currency in Germany. At present there is a local shortage in lower denomination notes and a substantial part of the uncovered German mark currency is in small denomination notes. However, there is currently an adequate supply of Allied Military marks of all denominations available in Germany.

5. In VOG 496, dated 3 June 1945, SHAEF requests authority for the use of the above-mentioned mark currency by the 21st Army Group for payments to German forces being disbanded. It is stated that unless such currency is made available by June 7, 1945, the 21st Army Group will be required to pay out Allied Military marks. In this connection the 21st Army Group indicates that they prefer to use Reichsmarks for this type of expenditures rather than Allied Military marks.

6. GOV 358, dated 4 June 1945, replying to VOG 462, instructed SHAEF not to use the German mark currency uncovered by the United States forces, pending further instructions from CCS.

DISCUSSION

7. Allied Military marks and Reichsmarks circulate in Germany on an equal basis, and since there are adequate stocks

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of Allied Military marks available for the purpose of paying disbanded German troops, there is no need to make use of the German mark currency uncovered by United States forces.

8. An equitable disposition of the German mark currency as well as other currencies and treasures cannot be determined except in the light of other related problems involving reparations and restitution.

9. In view of the anticipated termination of SHAEF at an early date, it is considered desirable for the United States Army to be the unqualified custodian of this German mark currency until such time as a determination of this and other related questions may be made at the appropriate intergovernmental level.

CONCLUSIONS

10. If supplies of available German mark currency are inadequate, Allied Military marks should be used by SCAEF to the extent necessary in paying disbanded German troops.

11. United States forces should maintain custody of the subject German mark currency pending determination of its further disposition.

RECOMMENDATION

12. It is recommended that the attached cable be dispatched to SHAEF.

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SECRET

PROPOSED CABLE TO SHAEF

Reference: VOG 462: VOG 496

Reichsmark and Rentenmark currency discovered in Merker's mine and other places is not immediately available for use in Germany. You are authorized to use Allied Military marks to supplement the other German mark currency already in your possession or which can be advanced to you from German banking institutions for purposes indicated in VOG 496.

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S E C R E T

COPY NO. 41

IPCOG 8

9 June 1945

Pages 1 to 3, Incl.

INFORMAL POLICY COMMITTEE ON GERMANY

RUSSIAN RUBLE CURRENCY UNCOVERED BY ALLIED FORCES

Note by the Secretaries

The enclosure, a study by the Treasury Department, prepared in consultation with other working members of IPCOG, is circulated for consideration by the Informal Policy Committee on Germany.

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

DECLASSIFIED BY: JCS DECLASSIFICATION BRANCH
DATE 1973

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SECRET

ENCLOSURE "A"

RUSSIAN RUBLE CURRENCY UNCOVERED BY ALLIED FORCES

THE PROBLEM

1. To determine the disposition of Russian ruble currency uncovered by Allied forces.

FACTS BEARING ON THE PROBLEM

2. Valuables uncovered by Allied forces in Germany include 540,340 Russian rubles. The uncovering of this currency was reported by the SHAEF Control Group OKW at Flensburg.

3. This currency has presumably not been taken into Allied accounts.

4. According to VOG 459, dated 30 May 1945, the mission representing the Russian Government has requested that this currency be turned over to it at once. SHAEF has refused this request. The Russian mission has now renewed its request and SHAEF has requested guidance.

5. SHAEF points out that similar questions may arise in connection with the capture of currencies of the Netherlands, France and Belgium.

DISCUSSION

6. An equitable disposition of the uncovered Russian rubles as well as other currencies and treasures cannot be determined except in the light of other related problems involving reparations and restitution.

7. It is therefore considered desirable that the disposition of all currency and other treasures uncovered by Allied armed forces in Germany be held in abeyance until such time as determination of this and other related questions may be made at the appropriate intergovernmental level.

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SECRET

CONCLUSIONS

8. The Russian Government should be informed that all currencies uncovered by Allied Armed forces in Germany are being held in custody until such time as their disposition and other related questions may be determined at the appropriate inter-governmental level. If similar questions are raised by other Allied governments, they should be similarly informed.

RECOMMENDATIONS

9. It is recommended that the attached cable be dispatched.

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SECRET

ENCLOSURE "B"

PROPOSED CABLE TO SHAEF

Reference: VOG 459

1. Russian ruble currency found in German government offices and all other currencies uncovered in Germany will be held in the unqualified custodianship of the forces uncovering such currency until such time as the disposition of this currency and other related questions may be determined at the appropriate intergovernmental level. You are authorized to inform the USSR Mission accordingly.

2. In the event that other governments raise similar questions with respect to their currencies, you are authorized to inform them in a similar manner.

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SECRET

COPY NO. 41

IPCOG 7/2

30 June 1945

INFORMAL POLICY COMMITTEE ON GERMANY

DRAFT DIRECTIVE ON PRICE CONTROL IN GERMANY

Reference: a. IPCOG 7/1

Note by the Secretaries

By informal action on 28 June 1945, the Informal Policy Committee on Germany approved IPCOG 7/1, and the memorandum contained in the appendix was forwarded to the Secretary of State.

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

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DATE 1973

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SECRET

COPY NO. 41

IPCOG 7/1

18 June 1945

Pages 11 - 13 incl.

INFORMAL POLICY COMMITTEE ON GERMANY

DRAFT DIRECTIVE ON PRICE CONTROL IN GERMANY

References: a. SWNCC 126/D
b. IPCOG 7/D

Note by the Secretaries

The enclosure, a report by the Working Party of the Informal Policy Committee on Germany, is circulated for consideration by the Committee.

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

IPCOG 7/1 18 June 45

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DATE 1923

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SECRET

ENCLOSURE

INFORMAL POLICY COMMITTEE ON GERMANY

DRAFT DIRECTIVE ON PRICE CONTROL IN GERMANY

Report by the Working Party of the Informal Policy Committee on Germany.

THE PROBLEM

1. To consider draft directive on price control (SWNCC 126/D) submitted by the British Delegation on the European Advisory Commission (EAC) and to make recommendations to the Informal Policy Committee on Germany (IPCOG).

FACTS BEARING ON THE PROBLEM

2. The draft directive referred to in paragraph 1 above has been referred to the Working Party of IPCOG through SWNCC.

3. JCS 1067/6, as amended by JCS 1067/8, a copy of which has been forwarded to Ambassador Winant, sets forth the basic policies of the United States including economic policies with regard to Germany.

4. The British draft directive proposes various measures to control prices in Germany without indicating the basic economic policies regarding Germany.

DISCUSSION

5. In discussions on the basic economic policies in Germany in EAC, Ambassador Winant should be guided by JCS 1067/6 and subsequent amendments. Details of price control measures cannot be formulated until basic ecnomic policies have been agreed upon. For that reason, it is impossible properly to appraise the British memorandum. In the absence of agreement in EAC, price control measures and policies applicable to Germany as a whole should be determined by the Control Council for Germany, and pending such agreement or determination, the zone commanders in their own zones should take the necessary measures in accordance with directions received from the respective governments.

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6. Inasmuch as the U. S. views on basic economic policy in Germany have been set forth in JCS 1067/6 and subsequent amendments, it is not necessary to refer this report to JCS for their views.

RECOMMENDATIONS

7. It is recommended:

That on approval of the report by IPCOG the memorandum at the Appendix should be dispatched to the Secretary of State.

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

SECRET

APPENDIX

MEMORANDUM TO THE SECRETARY OF STATE

The Informal Policy Committee on Germany (IPCOG) has considered the British Draft Directive on Price Control (EAC(45)44) introduced in the European Advisory Commission.

Ambassador Winant has been furnished with a directive (JCS 1067/6 and subsequent amendments) in which are stated basic economic policies to be followed in Germany by the Commanding General of the United States Forces of Occupation. Similar policies, it is hoped, will be adopted by the other occupying powers.

The British draft directive above referred to sets forth in detail various measures to be taken to control prices but does not indicate the basic economic policies which these details are designed to carry out.

Until the basic economic policies are agreed upon by the occupying powers, it is impossible to appraise the detailed measures proposed by the British Delegation.

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SECRET

IPCOG 7/D

COPY NO. 41

2 June 1945

Pages 1 - 10 incl.

INFORMAL POLICY COMMITTEE ON GERMANY

DIRECTIVE

PRICE CONTROL IN GERMANY

Note by the Secretaries

The enclosure, EAC (45) 48 a U.K. draft Directive on the above subject transmitted to the Secretary of State by the U.S. Delegate, E.A.C. (formerly SWNCC 126/D dated 14 May 1945) is withdrawn from the State-War-Navy Coordinating Subcommittee for Europe and is hereby referred to the Working Party, Informal Policy Committee on Germany for study and report.

CHARLES W. McCARTHY
ALVIN F. RICHARDSON
RAYMOND E. COX
Secretariat

DECLASSIFIED BY: JCS DECLASSIFICATION BRANCH
DATE 4/9/73

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SECRET

ENCLOSURE

E.A.C. (45) 48

2nd May, 1945.

EUROPEAN ADVISORY COMMISSION

DIRECTIVE ON PRICE CONTROL

Memorandum by the United Kingdom Representative

With reference to my memorandum of 27th October 1944, circulated as E.A.C. (44) 26, I now circulate for consideration by the Commission a draft directive on Price Control in Germany. The draft directive is preceded by a preliminary memorandum containing background information.

W.S.

LANCASTER HOUSE

LONDON, S.W.1.

30th April, 1945.

IPCOG 7/D

~~SWNCC 126/D~~

Enclosure

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SECRET

APPENDIX "A"

GERMANY: DRAFT DIRECTIVE ON PRICE CONTROL

Preliminary

1. The present system of price formation and control is based upon the law for the Execution of the Four Year Plan of 29th October, 1936, which revived the office of a Reich Commissioner of Price Formation. This law was followed by the so-called "Price Stop" Decree (26th November, 1936) which set a rigid maximum limit to the price of every commodity and service not covered by special legislation. Today the Commissioner of Price Formation has an overriding authority which extends to all goods (including real property) and services other than securities, interest rates and such transport charges as are subject to international agreement; transactions by tender also have to receive his sanction. The efficiency of the system of control over price movements is shown by the fact that in spite of expanded monetary incomes and currency circulation and reduced supplies of consumer goods, the cost of living between July 1939 and August 1943 is said to have risen only about 12%.

2. Under this authority the prices of all commodities other than those of which the Government is the sole buyer (see paragraph 8) are now fixed in one of the following ways:-

(a) Prices are fixed at all stages from producer to consumer.

(b) Maximum and minimum prices are fixed with local or seasonal variations, or both.

(c) Rates of profit for all stages from producer to consumer are fixed.

(d) Maximum and minimum rates of profit for all stages are fixed.

(e) A combination of (c) and (d) above.

3. Established prices can now be described under the following heads:-

(a) Prices fixed by cartels and similar associations (paragraph 4).

(b) Stop prices to which the Price Stop Decree applies (paragraph 5).

(c) Prices of new commodities which were not produced at the time of the Price Stop Decree or commodities whose price at that time could not be ascertained (paragraph 6).

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(d) Prices of certain specific goods fixed by the Commissioner of Price Formation, e.g. leather and spinning yards (paragraph 7).

(e) Prices for commodities of which the Government is the sole buyer (paragraph 8).

(f) Maximum, minimum and standard prices.

4. Prices fixed by cartels (associations of independent firms formed for the control of markets) are all registered with the Commissioner of Price Formation whose consent must be obtained not only for prices fixed but to all rebates, retail prices, trade margins and services, and to changes in terms of payment or delivery.

5. Stop prices fixed under the Decree of 26th November, 1936, can only be altered if the change can be economically justified to the Commissioner of Price Formation, e.g. in the case of a change in price of an imported raw material affecting the cost price of a manufactured article. The Commissioner of Price Formation can also insist on reductions in prices in cases where they are warranted by changes in manufacturing processes or in material prices.

6. Prices of new commodities which did not exist at the time of the Price Stop Decree or of commodities whose original raw materials have been changed or for which market prices at the time of the Price Decree could not be ascertained are fixed by the Commissioner of Price Formation.

7. Before 1936 the German authorities had found it expedient to fix the prices of a great number of goods, including all agricultural products, as a part of a wider economic policy. Thus, for example, wool spinners had been compelled to use a certain percentage of domestic wool, in spite of the fact that its price was much higher than that of imported wools, and the price of woolen yarn was accordingly fixed at a price which compensated the spinner for his higher outlay.

8. Prices of goods, e.g. arms, of which the Government is the sole buyer, are in a separate category and none has undergone more changes in the methods of price fixing than this. The main basis of price fixing for public contracts was, and in modified form

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still is, cost plus profit. In this case cost included sums for depreciation and amortisation. A complication is added to the system by the institution of "group prices" and "uniform prices". Group prices apply in cases where a number of suppliers of varying degrees of efficiency are called upon to supply similar goods or perform similar services. In such cases supplies are divided into groups with different prices for each group, a high price being paid to the less efficient firms while prices become increasingly lower from group to group as their efficiency increases. To some extent suppliers are allowed to select the group in which they are to be classed and it is noteworthy that profits earned in the lowest group price of all are not subject to excess profits tax. The same exemption from excess profits tax applies to profits earned under the Uniform Price system, wherein the number of groups is reduced to one. This latter system probably applies to commodities of which there are only a few suppliers. Goods of which both the Government and private consumers are buyers do not come in this category, and the Government pays the prices fixed for private sales.

9. Price regulations for public contracts fill volumes wherein the separate standards for efficient and less efficient firms, and for main and sub-contractors, are set forth. Price formation for building was one of the early features of the price fixing organisation and government building contracts formed the model for public contracts in many other spheres.

10. The special regulations of the Commissioner of Price Formation, covering the calculation of all types of prices, go into considerable detail. They stipulate, inter alia, that prices must be reduced, not only if the quality of the goods is lowered, but also if the terms of sale are changed to the disadvantage of the customer, for example by the discontinuance of guarantees. They also cover the procedure to be adopted for new or substitute products, trade in second hand goods and the prices of property. The decrees dealing with cartel prices are also highly complicated.

11. In the spring of 1943 the Commissioner of Price Formation began to delegate some of his powers to the bodies of the so-called semi-public sphere of economic administration, i.e. the Reich Food

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SECRET

Estate and the trade groups composing the Organisation for Industry and Trade (Reichsnährstand, Organisation der Gewerblichen Wirtschaft). This is in accordance with the policy of giving the self-administrative bodies of industry and trade more responsibility. Examples of this delegation of authority are seen in the power which has been given to the three Associations (Reichsvereinigungen) for Chemical Fibres, Hemp and Textile Finishing to fix prices and trade margins. Prices fixed by authorities to whom powers have been delegated are all fixed on the basis of the numerous general regulations issued by the Commissioner of Price Formation.

12. The widest delegation of the powers of the Commissioner of Price Formation has been to the Reich Food Estate, which in turn has delegated power to the Central Marketing Associations (Hauptvereinigungen) which fix and guarantee prices for all the main agricultural products. These Associations control not only prices but all profit margins from producer to retailer. Thus, for example, the control of grain covers all stages from the farm, through the mills to the baker of bread.

13. Subject to the overriding authority of the Reich Commissioner of Price Formation, transport rates are fixed in the following ways:-

(a) Railway rates are fixed by the State Railways (Reichsbahn) and tramway rates by the Oberprasident or equivalent authority, subject to the concurrence of the State Railways.

(b) Inland Water Transport rates are fixed by the Area Waterway Controllers (Wasserstrassen Bevollmächtigte).

(c) Road transport rates are fixed by Commissioners for Short Distance Transport (Bevollmächtigte für den Nahverkehr). For the rare cases of long distance carriage of goods by motor vehicles, the Trade Group for Motor Transport (Reichs Kraftwagen Betriebsverband), fixes rates subject to the concurrence of the State Railways.

14. Up to June 1944 the administrative apparatus of the Commissioner of Price Formation consisted of:-

(a) Price Formation Offices (Preisbildungstellen) attached to the offices of the Oberpräsidenten and the heads of the government in the Länder. They made price regulations that had only regional authority.

(b) Price Supervision Offices (Preisüberwachungstellen) attached at the "bezirk" level to the offices of the Regierungspräsidenten. They were charged with supervising the carrying out of the price regulations.

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(c) Local Price Offices (Preisstellen) attached for routine administrative duties to the offices of the Landräte and Oberbürgermeister.

Since 1944 considerable simplification has taken place with the object of releasing manpower. Price formation has virtually ceased and the Price Formation offices have been abolished; their powers and functions have been transferred to the Reich Defence Commissioners. The Price Supervision offices have had their powers of control extended. The Price Offices of the Landräte and Oberbürgermeister have been abolished.

15. Enforcement of price regulations is effected by the police, the Regierungspräsidenten and Police Presidents being charged with this duty. Infringement of the regulations of the Commissioner of Price Formation, whether by intent or neglect is a penal offence, punishable by imprisonment up to five years or fines without limitation. If charged as "Folk Traitors" (Volks schädlinge) violators of the regulations are even subject to the death penalty.

16. Barter trading as distinct from trade in second-hand goods is regulated through the trade group for Retail Trade. Barter centres (Tauschzentralen) have been established in most of the larger towns. Some are managed by municipal authorities, some by Party organisations and some by retail traders. Exchange of goods is effected by vouchers which state the value of the articles surrendered and can be given up for articles of equal value. These vouchers are valid for three to six months and can sometimes be used in a group of centres.

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ANNEX TO APPENDIX "A"

D I R E C T I V E

1. In order to prevent such unrest and dislocation of the German economy as would interfere with the objects of the occupation, your objectives in dealing with price control in Germany should be to assist in keeping inflation under control, particularly by maintaining prices of food and other essential goods at a reasonable level.

2. You should direct that the German authorities should continue to administer the control of prices and of price determination as before. The existing machinery of price control should be restored or maintained with such simplification as it may be advisable to authorise under paragraph 8. Existing price scales should so far as possible be maintained, but where it is necessary to modify them you should direct the German authorities to submit their recommendations, always taking into account the close inter-relationship of prices and the relationship of prices to wages, rents and the rationing of food and other consumer goods.

3. You should arrange as soon as possible for the transfer of the control of price formation and price supervision to the Ministry of Economics and its subordinate organisations; the abolition of the office of Reich Commissioner for Price Formation; and the removal from the Reich Defence Commissioners of all functions and powers which they formerly exercised in the sphere of price control.

4. You should arrange to replace convinced Nazi personnel holding key positions in the organisations concerned by acceptable personnel as soon as possible, having regard to the need to maintain continuity to avoid a breakdown in the machine (see Directive on the Disbandment of Nazi Organisations).

5. You should direct the German authorities that any executive functions of price-fixing which have been delegated to non-governmental bodies should be restored as far as practicable to

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

the appropriate governmental authority; in the case of agricultural prices the Reich Food Estate, as delegate of the Ministry of Food and Agriculture, may be considered the appropriate governmental authority, and the German authorities should ensure that there is satisfactory co-ordination between the price-fixing departments of the Ministry of Economics and the Ministry of Food and Agriculture.

6. You should direct the German authorities to maintain and rigorously to enforce the existing penalties and sanctions (except those which are to be suspended as being contrary to the general Allied policy) against any infringement of the price control regulations. You may supplement these penalties and sanctions by your own ordinances in case of need, but before doing so you will probably find it advisable to consult the German authorities as to what further sanctions are most likely to prove effective.

7. The German authorities should be permitted to continue the present system of controlling and providing facilities for barter trading. This permission may be reconsidered or withdrawn by you later should you consider this to be necessary in the light of experience.

8. The German authorities should be permitted to submit recommendations for any simplification or change in price controls calculated to increase efficiency of administration. If these recommendations are in your opinion desirable you should authorise them.

9. You should direct the German authorities to withdraw any privileges which members of Nazi organisations may have hitherto enjoyed by way, for example, of reduced prices or special or increased discounts or rebates. You should also direct the German authorities to suspend, with a view to eventual abrogation, all legislation or regulations dealing with prices which penalise or discriminate against any persons of any nationality on the grounds of race, creed, colour, or political opinion.

Absence of a Central German Administration

10. If there is no central administration in Germany at

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the time of the surrender, the German authorities through whom you should deal should be the Price Supervision Offices and the Regional Offices of the Ministry of Economics. You should make use of such acceptable and experienced personnel in these departments as are available. You should endeavor to work with regional organisations at the State or Province level but in the last resort the size of the regional units which you will use must be a matter for your discretion and will depend upon prevailing circumstances.

11. You should arrange to extend the authority of these organisations as you may consider necessary to enable them to carry out your instructions. They should refer to your representatives for decision and guidance such matters as were previously referred to the central authorities, except so far as you may delegate power to the regional authorities themselves.

12. Except in so far as modified in paragraphs 10 and 11 above, the provisions of this directive should be applied to the regional units which you use for purposes of control.

Non-Application to Austria

13. This directive does not apply to Austria.

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

SECRET

Appendix "B"

EMBASSY OF THE
UNITED STATES OF AMERICA

London, May 5, 1945

No. 22913

SUBJECT: EUROPEAN ADVISORY COMMISSION: Transmitting a Draft Directive on Price Control in Germany circulated by the U.K. Delegation as E.A.C. (45) 48 of May 2, 1945.

The Honorable
The Secretary of State
Washington, D.C.

Sir:

I have the honor to transmit copies of a U.K. draft Directive on "Price Control" in Germany, which has been circulated to the European Advisory Commission on May 2, 1945, as E.A.C.(45)48.

The covering memorandum of the U.K. Delegation draws attention to the U.K. memorandum of October 27, 1944, circulated as E.A.C. (44) 26. The present draft Directive is accompanied by a preliminary memorandum containing background information on the problem of price formation and control in Germany.

Respectfully yours,

For the Ambassador:

/s/ Philip E. Mosely
Political Adviser, U.S. Delegation
European Advisory Commission

Enclosures

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

SECRET

2 June 1945

COPY NO. 41

STATE-WAR-NAVY COORDINATING COMMITTEE

MEMORANDUM TO HOLDERS

OF

SWNCC 126/D

Note by the Secretaries

Holders of SWNCC 126/D are requested to substitute the attached cover page to their copies and destroy the superseded cover page by burning.

Holders are further requested to substitute the IPCOG reference for the SWNCC reference at the bottom of each page.

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

~~SECRET~~

COPY NO. 41

IPCOG 6/2

17 July 1945

INFORMAL POLICY COMMITTEE ON GERMANY

REPRESENTATION OF FOREIGN COUNTRIES IN GERMANY AFTER SURRENDER

Reference: a. IPCOG 6/1

Note by the Secretaries

By informal action on 13 July 1945, the Informal Policy Committee on Germany approved IPCOG 6/1, and the memorandum at Appendix "A" attached thereto was forwarded to the Secretary of State.

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D)
JCS Regarding Memo 11/29/72
By JCR NARS Date 6/8/73

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

17 Jul 45

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

~~S E C R E T~~

COPY NO. 41

IPCOG 6/1

27 June 1945

Pages 6 to 11, Incl.

INFORMAL POLICY COMMITTEE ON GERMANY

REPRESENTATION OF FOREIGN COUNTRIES IN GERMANY AFTER SURRENDER

Reference: a. IPCOG 6/D (SWNCC 125/D)

Note by the Secretaries

The enclosure, a report of the Working Party of the Informal Policy Committee on Germany on reference a, is circulated for consideration by the Informal Policy Committee on Germany.

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D)
XS Regarding Memo 11-6-71
by JCK NARS Date 6/8/73

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

SECRET

ENCLOSURE

REPRESENTATION OF FOREIGN COUNTRIES IN GERMANY AFTER SURRENDER

Report of the
Working Party of the Informal Policy Committee on Germany

THE PROBLEM

1. To consider the proposals by the United Kingdom Representatives to the European Advisory Commission (EAC) concerning the representation of foreign countries in Germany after surrender (Appendix to Enclosure, IPCOG 6/D) and to advise the U.S. Representative, EAC of U.S. policy.

FACTS BEARING ON THE PROBLEM

2. In E.A.C.(45)47, the U.K. Representative submitted a proposal for the representation of foreign countries in Germany after surrender. His memorandum directs attention to Article 8 of the Agreement on Control Machinery in Germany (E.A.C.(44) 11th meeting) which provides that "The necessary liaison with the Governments of other United Nations chiefly interested will be ensured by the appointment by such Governments of military missions (which may include civilian members) to the Control Council, having access, through the appropriate channels, to the organs of control." (J.C.S. 1130/1).

3. The U.K. memorandum discusses when those United Nations "chiefly interested" should be invited to send military missions and suggests a list of such nations. It suggests that as far as other United Nations and neutrals are concerned they should be invited to send "Civil Agencies". The privileges and immunities to be enjoyed by members of such "Civil Agencies" are only briefly discussed. The question of the establishment of consulates is also discussed. The memorandum concludes with a recommendation that in the early stages the procedure as far as Austria is concerned should follow the same general lines.

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SECRET

DISCUSSION

4. For discussion see Appendix "B".

CONCLUSIONS

5. It is concluded that:

a. there are no military implications requiring the submission of this report to the Joint Chiefs of Staff; and

b. the memorandum at Appendix "A" should be transmitted to the Secretary of State.

RECOMMENDATIONS

6. It is recommended that the memorandum at Appendix "A" be sent to the Secretary of State.

- - -

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

SECRET

APPENDIX "A"

MEMORANDUM TO THE SECRETARY OF STATE:

The Informal Policy Committee on Germany has considered the United Kingdom's memorandum on "Representation of Foreign Countries in Germany after Surrender" (E.A.C.(45)47) and is in general agreement with the proposals outlined therein, subject to the following comments:

a. With regard to representation by military missions of the United Nations "chiefly interested":

The list presented by the United Kingdom memorandum of smaller United Nations deemed to be "chiefly interested", as that term is used in Article 8 of the Agreement on Control Machinery in Germany, is acceptable, inasmuch as the list includes all those states which have actively participated in the European war and which have been given a special recognition by advance notification of the declaration of 5 June. No invitation should be extended to Poland, however, until such time as there is a single Polish government recognized by the four occupying powers.

The invitations should be sent jointly by the four Powers as soon as feasible. The British proposal to send the invitations not later than the issue of the "public statement" provided for in paragraph 9 of the EAC report covering the Control Machinery Agreement is no longer pertinent since this "public statement" was issued on 5 June.

The Control Council should determine the time when the military missions may arrive at the seat of the Control Council, should make arrangements for their appropriate reception, and should determine their mode of access to the Control Council as well as all other procedural arrangements connected with the work of the military missions. The military missions should be accorded the privileges and immunities usually enjoyed by diplomatic missions and their personnel.

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b. With regard to representation of other United Nations:

In so far as representation of other United Nations may be desired by these countries or may serve to facilitate the work of the Control Council, the Control Council should be authorized to provide for the representation of other United Nations in Germany by means of agencies. The Control Council should determine the appropriate time for the arrival of the members of such agencies at the seat of the Control Council, the scope of the functions of such agencies, and their mode of access to the Control Council, as well as other procedural arrangements connected with their work, including the status of their members in the matter of privileges and immunities.

In cases where a country may not wish to look after its own interests, an agency of one country may be permitted to look after the interests of another country.

c. With regard to representation of neutral states:

The Control Council may permit neutral states to establish agencies to represent their interests in Germany, under whatever specification of functions or restrictions as may be deemed desirable by the Control Council.

With regard to the naming of Chile as an illustration of a neutral state (par. 4 of U.K. memorandum), it should be pointed out that Chile became a member of the United Nations on 14 February 1945.

d. With regard to Austria:

The same policy as expressed for Germany should apply to Austria in the initial stage, subject to decisions of the governing body of the Allied Administration for Austria to alter it to meet more rapidly changing needs in the different circumstances of Austria. When an Austrian government, provisional or otherwise, is recognized by the four occupying powers, the governing body of the Allied Administration for Austria should determine when diplomatic or consular representatives of other nations may be accorded to the Austrian government.

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SECRET

APPENDIX "B"

DISCUSSION

1. The four nations represented on EAC have bound themselves to invite those United Nations "chiefly interested" to send military missions to the Control Council for Germany. The U.K. suggestion is that such invitation should be sent "not later than" the issue of the "public statement" provided for in paragraph 9 of the report by EAC covering their agreement on control machinery in Germany (E.A.C.(44) 11th meeting). This is no longer pertinent since this "public statement" was issued on 5 June. The invitations should be sent jointly by the four powers as soon as feasible.

2. The list of United Nations "chiefly interested" suggested by the U.K. memorandum is generally acceptable to the U.S. However, no invitation should be extended to Poland until such time as there is a single Polish government recognized by the four occupying powers.

3. The Control Council should determine the time when the military missions may arrive at the seat of the Control Council, should make arrangements for their appropriate reception, and should determine their mode of access to the Control Council as well as all other procedural arrangements connected with the work of the military missions. The military missions should be accorded the privileges and immunities usually enjoyed by diplomatic missions and their personnel.

4. With regard to representation in Germany of other United Nations and neutrals the U.K. suggestions are not acceptable in that they propose to require the invitation of representatives and attempt to define their status. These matters should be left to the discretion of the Control Council, which will have to consider, among other things, the available housing and subsistence facilities and the functions which such representatives

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can acceptably perform in Germany. The Control Council should be given general policy direction under which it may extend invitations at such time as it deems representation advisable.

5. For further discussion see Appendix "A".

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~~SECRET~~

IPCOG 6/D

COPY NO. 41

2 June 1945

Page 1 - 5 incl.

INFORMAL POLICY COMMITTEE ON GERMANY

DIRECTIVE

REPRESENTATION OF FOREIGN COUNTRIES IN GERMANY AFTER SURRENDER

Note by the Secretaries

The enclosure, EAC (45) 47 dated 2 May 1945 transmitted to the Secretary of State by the U.S. Delegate, E.A.C. (formerly SWNCC 125/D dated 10 May 1945) is withdrawn from the State-War-Navy Coordinating Subcommittee for Europe and is hereby referred to the Working Party, Informal Policy Committee on Germany for study and report.

DECLASSIFIED E.O. 11652, Sec. 3(E) and 5(D) JCS Regrading Memo 1-6-71 By JCN NARS Date 6/8/72

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

SECRET

ENCLOSURE

E.A.C. (45) 47

2nd May 1945

EUROPEAN ADVISORY COMMISSION

REPRESENTATION OF FOREIGN COUNTRIES IN GERMANY AFTER SURRENDER

Memorandum by the United Kingdom Representative

- - - -

I circulate to my colleagues, for consideration by the European Advisory Commission, a memorandum making proposals for the representation of foreign countries in Germany after surrender. I hope the Commission will be able to give early consideration to these proposals.

W.S.

LANCASTER HOUSE,
LONDON, S.W.1.

30th April 1945.

IPCOG C/D

SWNCC 125/D

Enclosure

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

SECRET

APPENDIX

REPRESENTATION OF FOREIGN COUNTRIES IN GERMANY AFTER SURRENDER

Memorandum by the U.K. Delegation

- - -

1. After the German surrender, the Governments of the United Kingdom, the United States of America and the Union of Soviet Socialist Republics, and the Provisional Government of the French Republic, will be represented in Germany by their respective Commanders-in-Chief in their capacity as members of the Control Council, and their staffs. It has been agreed in Article 8 of the Agreement on Control Machinery in Germany that "The necessary liaison with Governments of other United Nations chiefly interested will be ensured by the appointment by such Governments of military missions (which may include civilian members) to the Control Council, having access, through the appropriate channels, to the organs of control." Such United Nations' Governments will thus be represented in Germany by their military missions. It has not yet been decided which Governments shall be so represented.

United Nations chiefly interested

2. The United Kingdom Delegation proposes that an invitation to the United Nations accepted as "chiefly interested" to appoint military missions to the Control Council should be sent jointly by the United Kingdom, the United States of America, the Union of Soviet Socialist Republics and France. Such an invitation should be sent not later than the issue of the "public statement" provided for in paragraph 9 of the Report by the European Advisory Commission covering their

IPCOG 6/D

~~SWNCC 125/D~~

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

SECRET

Agreement on Control Machinery in Germany (E.A.C.(44) 11th Meeting). The U.K. Delegation would suggest that this invitation should be addressed to the Governments of: -

Australia	India
Belgium	Luxembourg
Brazil	The Netherlands
Canada	New Zealand
China	Norway
Czechoslovakia	Poland
Greece	South Africa

Yugoslavia

Other United Nations

3. Representation in Germany by military mission does not seem justifiable in the case of the remaining United Nations. At the same time, it would seem impossible to refuse them representation of any character, more particularly if, as we suggested below, neutral states are to be allowed some degree of representation. The United Kingdom Delegation accordingly suggests that the Governments of these remaining United Nations should be invited to nominate "Civil Agencies" to represent them in Germany. It would be undesirable to accord the title of diplomatic mission to these agencies, as a diplomatic mission normally enjoys a higher status than that of any other foreign agency in the country of residence. It would clearly be impossible to give a higher status to the representatives of the minor Allies than to those of "the United Nations chiefly interested," which would be represented by military missions.

Neutral states

4. There remains the question of the representation in Germany of neutral states. The United Kingdom Delegation, basing its view in part on experience gained in Italy, takes the view that on the whole the convenience of having neutral representatives in Germany to look after their national

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interests on the spot would substantially outweigh any inconvenience that their presence might cause. The United Kingdom Delegation accordingly proposes that neutral missions should be allowed to remain in Germany; but they too should be classified as "Civil Agencies." Those neutral states, e.g., Chile, which have no relations with Germany, could not be placed in a worse position than those which have maintained relations. They should therefore be permitted on request to enjoy the same facilities as those determined for other neutral states.

Privileges and Immunities

5. The military missions of the United Nations chiefly interested will not be entitled to deal with any German authorities except through or with the permission of the Allied Control Machinery. The same restriction should a fortiori be placed on the Civil Agencies of the lesser Allies and of neutral states. They should, however, be entitled to a certain measure, to be determined by the Control Council, of the immunities normally enjoyed by diplomatic representatives; e.g. immunity from local taxation and arrest. The representatives of Allied states, whether in military missions or Civil Agencies, should have the right to communicate with their Governments by bag and cypher. This right should not however be granted to the Civil Agencies of neutral states, at any rate in the early stages.

Consulates

6. The only consulates which will be found in Germany on the conclusion of hostilities will be those of ex-enemy and neutral states. The treatment of the former is outside the scope of the present memorandum. As to neutral consulates, the United Kingdom Delegation takes the view that they might

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SECRET

well prove an embarrassment to the Commanders of forces of occupation and that it would therefore be desirable to close them down at the earliest possible moment. If it were later found convenient that certain foreign states should have representatives in other parts of Germany, the necessary steps could be taken by permitting the military missions or Civil Agencies of such states in Berlin to nominate local agents. These should not have the title of consul, as that would raise numerous technical difficulties, e.g. their exequatur.

Austria

7. The position in Austria is in many respects different, as there have of course been no diplomatic missions in Vienna since before the war. But the United Kingdom Delegation proposes that the representation of foreign countries in Austria after Germany's surrender should, in the early stages at least, be broadly speaking on the same lines as is proposed above for Germany.

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2 June 1945

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STATE-WAR-NAVY COORDINATING COMMITTEE

MEMORANDUM TO HOLDERS

OF

SWNCC 125/D

Note by the Secretaries

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Holders are further requested to substitute the IPCOG reference for the SWNCC reference at the bottom of each page.

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

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2 June 1945

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STATE-WAR-NAVY COORDINATING COMMITTEE

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IPCOG 5/2

4 July 1945

COPY NO. 41

INFORMAL POLICY COMMITTEE ON GERMANY

STATUS AND TREATMENT OF GERMAN MERCHANT SEAMEN AFTER THE SURRENDER OF GERMANY

Reference: a. IPCOG 5/1

Note by the Secretaries

By informal action on 3 July 1945, the Informal Policy Committee on Germany approved IPCOG 5/1, and the memorandum contained in the appendix was forwarded to the Secretary of State.

DECLASSIFIED E.O. 11652, Sec. 3(E) and 5(D) JCS Regarding Memo 1/27/71 6/8/71 By JCK NARS Date

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

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COPY NO. 41

IPCOG 5/2

4 July 1945

INFORMAL POLICY COMMITTEE ON GERMANY

STATUS AND TREATMENT OF GERMAN MERCHANT SEAMEN AFTER THE SURRENDER OF GERMANY

Reference: a. IPCOG 5/1

Note by the Secretaries

By informal action on 3 July 1945, the Informal Policy Committee on Germany approved IPCOG 5/1, and the memorandum contained in the appendix was forwarded to the Secretary of State.

DECLASSIFIED E.O. 11652, Sec. 3(E) and 5(D) 16-71 JCS Regarding Memo By JCK NARS Date 1/27/71 6/8/71

CHARLES W. McCARTHY
ALVIN F. RICHARDSON
RAYMOND E. COX
Secretariat

July 19

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SECRET

COPY NO. 41

IPCOG 5/1

28 June 1945

Pages 7 to 9, Incl.

INFORMAL POLICY COMMITTEE ON GERMANY

STATUS AND TREATMENT OF GERMAN MERCHANT SEAMEN AFTER THE SURRENDER OF GERMANY

References: a. IPCOG 5/D.
b. SWNCC 124/D.
c. JCS 1067/6 (IPCOG 1/4).

Note by the Secretaries

The enclosure, a report by the Working Party of the Informal Policy Committee on Germany on reference a, is circulated for consideration by the Informal Policy Committee on Germany.

CHARLES W. McCARTHY
ALVIN F. RICHARDSON
RAYMOND E. COX
Secretariat

IPCOG 5/1 28 Jun 45

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

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ENCLOSURE

U.K. DRAFT DIRECTIVE ON STATUS AND TREATMENT OF GERMAN MERCHANT SEAMEN AFTER THE SURRENDER OF GERMANY

Report by the
Working Party of the Informal Policy Committee on Germany

THE PROBLEM

1. To consider the draft directive on "Status and Treatment of German Merchant Seamen after the Surrender of Germany" submitted to the European Advisory Commission (EAC) by the United Kingdom representative, and to make recommendations to the Informal Policy Committee on Germany (IPCOG).

FACTS BEARING ON THE PROBLEM

2. The U.K. draft directive was circulated by the U.K. representative on EAC for consideration by the Commission on 1 May 45.

3. The United States representative on EAC has not introduced in EAC a draft directive on the specific subject of merchant seamen. JCS 1067/6 (IPCOG 1/4), particularly paragraphs 23 and 24, sets forth basic U.S. policy with respect to the treatment of labor generally in Germany.

DISCUSSION

4. It is believed that JCS 1067/6 (IPCOG 1/4) furnishes adequate guidance on general labor policy to enable Ambassador Winant to negotiate the U.K. draft directive on the EAC.

5. Furthermore, the U.K. draft which closely follows SHAEF Administrative Memorandum 52, now in effect, sets forth in part detailed guidance for the initial administrative tasks connected with the treatment of crews of German merchant vessels. Since such tasks will have been largely completed prior to the termination of SHAEF, the general labor policy contained in JCS 1067/6 (IPCOG 1/4), is considered sufficient to afford guidance to the Zone Commander.

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6. Inasmuch as the U.S. views on basic labor policy in Germany have been set forth in JCS 1067/6 (IPCOG 1/4), it is not necessary to refer this report to the Joint Chiefs of Staff for their views.

RECOMMENDATIONS

7. It is recommended that the memorandum at the Appendix be transmitted to the Secretary of State.

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DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

SECRET

APPENDIX

MEMORANDUM TO THE SECRETARY OF STATE

The Informal Policy Committee on Germany has considered the British draft directive on "Status and Treatment of German Merchant Seamen after the Surrender of Germany" (E.A.C.(45)46) introduced in the European Advisory Commission.

Ambassador Winant has been furnished with the "Directive to Commander in Chief of U.S. Forces of Occupation Regarding the Military Government of Germany" (JCS 1067/6--IPCOG 1/4), in which is set forth basic U.S. policy with respect to the treatment of labor generally in Germany.

In the opinion of the Committee, the general labor policy set forth in JCS 1067/6 (IPCOG 1/4) furnishes adequate guidance to enable Ambassador Winant to negotiate the British draft directive on the European Advisory Commission. It is not considered necessary to consider that part of the British directive which sets forth detailed guidance for the initial administrative tasks connected with the treatment of crews of German merchant vessels. Essentially similar instructions are contained in SHAEF Administrative Memorandum 52, and it is anticipated that the initial tasks will have been largely completed prior to the termination of SHAEF.

- - -

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COPY NO. 41

IPCOG 5/D

2 June 1945

Page 1 - 6 incl.

INFORMAL POLICY COMMITTEE ON GERMANY

DIRECTIVE

STATUS AND TREATMENT OF GERMAN MERCHANT SEAMEN
AFTER THE SURRENDER OF GERMANY

Note by the Secretaries

The enclosure, EAC (45) 46 dated 1 May 1945 transmitted to the Secretary of State by the U.S. Delegate, E.A.C. (formerly SWNCC 124/D dated 10 May 1945) is withdrawn from the State-War-Navy Coordinating Subcommittee for Europe and is hereby referred to the Working Party, Informal Policy Committee on Germany for study and report.

CHARLES W. McCARTHY
ALVIN F. RICHARDSON
RAYMOND E. COX
Secretariat

DECLASSIFIED E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 740132

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ENCLOSURE

E.A.C. (45) 46

1st May, 1945.

EUROPEAN ADVISORY COMMISSION

DIRECTIVE ON STATUS AND TREATMENT OF GERMAN MERCHANT SEAMEN AFTER THE SURRENDER OF GERMANY.

Memorandum by the United Kingdom Representative

- - - - -

With reference to my memorandum of 27th October, 1944, circulated as E.A.C. (44) 26, I now circulate for consideration by the Commission a draft Directive on the Status and Treatment of German Merchant Seamen after the Surrender of Germany.

W.S.

LANCASTER HOUSE
LONDON, S.W.1.

30th April, 1945

IPCOG 5/D
~~SWNCC 124/D~~

Enclosure