

IPCOG 9

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SECRETCOPY NO. 726 July 1945Pages 50 to 64, Incl.INFORMAL POLICY COMMITTEE ON GERMANYADDENDUMTOIPCOG 9/2DIRECTIVE TO COMMANDER IN CHIEF OF U.S. FORCES OF OCCUPATION
REGARDING THE MILITARY GOVERNMENT OF AUSTRIAReferences: a. IPCOG 9/1
b. IPCOG 9/2Note by the Secretaries

1. By informal action on 25 July 1945, the Informal Policy Committee on Germany approved IPCOG 9/1 containing Parts II and III (Economic and Financial) of the Directive to the Commander in Chief of U.S. Forces of Occupation Regarding the Military Government of Austria. Previously, on 9 July 1945, the Joint Chiefs of Staff advised the Informal Policy Committee on Germany that they perceive no objection to IPCOG 9/1 from the military point of view.
2. Holders of IPCOG 9/2 are requested to attach the enclosed pages (Parts II and III of the directive, as approved) to their copies of IPCOG 9/2. With this addendum IPCOG 9/2 contains the complete Directive to Commander in Chief of U.S. Forces of Occupation Regarding the Military Government of Austria as approved by the Informal Policy Committee on Germany.

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

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DATE: 1973

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PART II

ECONOMIC

General Economic Provisions

24. The Allied Council should ensure the direction of the Austrian economy in such a way as to carry out the objectives set forth in paragraph 4 b of this directive and should establish centralized control and administration of the Austrian economy to the extent necessary to achieve the maximum utilization of Austrian resources and equitable distribution of essential goods and services and to obtain uniformity of policies and operations throughout Austria.

You will urge the establishment of such centralized control and administration and, pending agreement in the Allied Council, you will take such measures in your own zone as are necessary to carry out the provisions of this directive.

25. To the maximum extent possible without jeopardizing the successful execution of measures required to implement the objectives outlined in paragraph 4 b of this directive, Austrian authorities and agencies should be used, subject to such supervision as is necessary to ensure that they carry out their task. For this purpose appropriate authority should be given to Austrian agencies and administrative services, subject to strict observance of the provisions of this directive regarding denazification and dissolution or prohibition of Nazi and Fascist organizations, institutions, principles, features and practices.

26. You will preserve all significant records pertaining to important economic, financial and research organizations and activities. You will institute or assure the maintenance of such statistical records and reports as may be necessary to carry out the objectives of this directive.

27. You will initiate appropriate surveys which may assist you in achieving the objectives of the occupation. In particular,

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you will promptly undertake surveys of supplies, equipment and resources in your zone. You will endeavor to obtain prompt agreement in the Allied Council to similar surveys in the other zones of occupation and urge appropriate steps to coordinate the methods and results of these and other future surveys undertaken in the various zones. You will keep the Allied Council and your government currently apprised of the information obtained by means of intermediate reports or otherwise.

Responsibility for Supplies from U.S. Military Sources

28. Imports of supplies from U.S. Military supply sources, for which you will assume responsibility, will be limited to the basic essentials necessary in your zone (a) to avoid disease and unrest which might endanger the occupying forces and (b) for the care of displaced persons. Imports will be undertaken only after maximum utilization of indigenous supplies.

Agriculture, Industry and Internal Commerce

29. You will make maximum use of supplies and resources available within Austria and you will require the Austrians to use all means at their disposal to maximize the production of foodstuffs and other essential goods and to establish as rapidly as possible effective rationing and other machinery for the distribution thereof. You will urge upon the Allied Council that uniform ration scales be applied throughout Austria.

30. The Allied Council should assure to the maximum possible extent the free movement and equitable distribution of goods and services throughout Austria.

31. The Allied Council should facilitate emergency repair and construction for the minimum housing needs of the civil population and restoration of transportation and communications services and public utilities essential to the objectives outlined in paragraph 4 b.

32. In order to supplement the measures taken by the Control Council in Germany for the industrial disarmament of Germany and

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pending final decision as to the steps necessary in Austria to eliminate Germany's war potential, you should, in cooperation with the other zone commanders, take steps to

a. prevent the production, acquisition and development of all arms, ammunition and implements of war, including all types of aircraft, and all parts, components and ingredients specially designed or produced for incorporation therein;

b. seize and safeguard, pending instructions as to disposal, all facilities which are specially designed or adapted to the production of the items mentioned in a and cannot be converted to non-military production, using in such conversion only materials and equipment readily available and not emanating from Germany;

c. take an inventory of all German-owned plant and equipment in Austria, and all plant and equipment regardless of ownership erected or expanded in Austria subsequent to Anschluss, in the following industries: iron mining; steel and ferro-alloys; armaments (including aircraft); machinery (including automotive vehicles, agricultural machinery, locomotives and rolling stock, bearings and other special components, electrical machinery, and general industrial equipment); electronic equipment; electric power; non-ferrous metals, including light metals; rubber and oil, including synthetic rubber and oil; wood pulp; synthetic fibers; instruments; optical glass; chemicals (including pharmaceuticals and plastics) and photographic equipment; in order that the Allied Council may determine what portion of it is redundant to the development of a sound peacetime Austrian economy and make recommendations to the governments of the occupying powers regarding the treatment of these industries;

d. prevent large-scale exportation of light metals pending subsequent instructions on the policy to be followed regarding the Austrian light metals industry;

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e. prevent the construction of plant capacity for the production of synthetic oil and rubber; and establish procedures, in consultation with the Control Council for Germany, for reviewing any projected construction of new or expanded capacity for materials the production of which is prohibited or limited in Germany as a measure of industrial disarmament, in order to ensure that such expansion is not for the purpose of evading controls in Germany;

f. close initially all laboratories, research institutions and similar technical organizations except those considered necessary for the protection of public health and safety, and provide for the maintenance and security of physical facilities where deemed necessary and for the detention of such personnel as are of interest to technological and counter-intelligence investigations. After the provisions of paragraphs 5, 6, 7 and 8 g have been applied, the reopening of laboratories, research institutions and similar organizations should be permitted under license and periodic supervision, in accordance with policies which will be communicated to you.

33. Without prejudice to the possible eventual transfer of equipment or production on reparation account in accordance with any Allied agreements which may be reached, the Allied Council should facilitate the conversion of industrial facilities to non-military production. In such conversion it will be your policy to give priority to the production of essential goods and equipment in short supply.

34. The Allied Council should assure that all semi-official or quasi-public business and trade organizations of an authoritarian character are abolished and that any organizations of commerce, industry, agriculture and handicrafts which the Austrians may wish to establish are based on democratic principles.

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35. The Allied Council should adopt a policy prohibiting cartels or other private business arrangements and cartel-like organizations including those of public or quasi-public character, such as the Wirtschaftsgruppen, which provide for the regulation of marketing conditions, including production, prices, exclusive exchange of technical information and processes, and allocation of sales territories. Such necessary public functions as have been discharged by these organizations should be absorbed as rapidly as possible by approved public agencies. Pending agreement in the Allied Council, you should take no action in your own zone with regard to this paragraph.

36. The Allied Council should adopt policies designed to prevent or restrain inflation of a character or dimension which would endanger accomplishment of the objectives of the occupation. The Allied Council in particular, should direct and empower Austrian authorities to maintain or establish controls over prices and wages and to take the fiscal and financial measures necessary to this end.

Labor, Health and Social Insurance

37. The Allied Council should permit the self-organization of employees along democratic lines, subject to such safeguards as may be necessary to prevent the perpetuation or revival of Nazi, Fascist or militarist influence under any guise or the continuation of any group hostile to the objectives and operations of the occupying forces. The Allied Council should permit free collective bargaining between employees and employers regarding wages, hours, and working conditions and the establishment of machinery for the settlement of industrial disputes. Collective bargaining shall be within the framework of such wage, hour and other controls as may be instituted or revived.

38. The Allied Council should permit the retention or re-establishment of health services and facilities and non-discriminatory systems of social insurance and poor relief.

S E C R E TReparation and Restitution

39. As a member of the Allied Council and as zone commander you will ensure that the programs of reparation and restitution embodied in Allied agreements are carried out in so far as they are applicable in Austria. The Allied Council should cooperate with the Control Council in Germany for this purpose. You should urge the Allied Council to an agreement that, until appropriate Allied authorities formulate reparation and restitution program for application in Austria,

a. no removals should be permitted on reparation account; and

b. restitution to other countries should be confined to identifiable looted works of art, books, archives and other cultural property.

Foreign Trade

40. The Allied Council should take prompt steps to re-establish Austrian customs autonomy subject to the provisions of paragraph 51 and establish centralized control over all trade in goods and services with foreign countries.

41. In the control of foreign trade the objectives of the Allied Council should be (a) to obtain as much as possible of Austria's essential imports through regular trade; (b) encourage the development by Austrians as rapidly as possible of foreign markets and sources of supply; and (c) to promote the orientation of Austrian trade away from Germany.

The Allied Council should seek to obtain from sources other than military supply sources any imports essential to the achievement of the objectives set forth in this directive. Arrangements may be made with appropriate authorities in Germany for the importation of essential supplies from Germany, whenever in your judgment such supplies cannot be readily obtained from other sources.

The Allied Council should favor the conclusion of such arrangements for the exchange of Austrian goods and services with those of foreign countries including the development of entrepot

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trade, as will aid in the revival of the Austrian economy on a sound basis and will not prejudice the eventual development of trade on a multilateral basis.

The Allied Council in cooperation with the Austrian authorities, should make a survey of Austrian foreign exchange resources and of the possibilities for foreign markets and sources of supply for Austrian industry and trade to serve as the basis of a program for the development of a sound economy. You will communicate to your government through the Joint Chiefs of Staff the results of such a survey, together with such recommendations as you may deem appropriate.

42. The Allied Council should adopt a policy which would forbid participation of Austrian firms in international cartels or other restrictive contracts and arrangements, and should order the prompt termination of all existing Austrian participation in such cartels, contracts and arrangements. Pending agreement in the Allied Council, you should take no action in your own zone with regard to this paragraph.

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43. The Allied Council should adopt, for application throughout Austria, uniform financial measures which are necessary to the accomplishment of the objectives stated in paragraph 4 b of this directive and which are in conformity with the principles and policies set forth below. You will urge the establishment of centralized administration of such measures to the extent necessary to achieve these objectives and, pending agreement in the Allied Council, you will adopt such necessary measures in your own zone as are in conformity with the provisions of this directive.

44. In the administration of financial matters you will follow the principles set forth in paragraph 25 of this directive.

45. You will maintain such accounts and records as may be necessary to reflect the financial operations of the military government in your zone, and you will provide the Allied Council with such information as it may require, including information in connection with the use of currency by your forces, any governmental settlements, occupation costs, and other expenditures arising out of operations or activities involving participation of your forces.

46. You will take measures to safeguard books and records of all public and private banks and other financial institutions.

47. Subject to any agreed policies of the Allied Council, you are authorized to take the following steps:

a. to prohibit, or to prescribe regulations regarding transfers or other dealings in private or public securities or real estate or other property;

b. to close banks, insurance companies and other financial institutions for a period long enough for you to

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b. to close banks, insurance companies and other financial institutions for a period long enough for you to

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introduce satisfactory control, to ascertain their cash position, to apply the provisions of paragraphs 5, 6, 7 and 8 c of this directive, and to issue instructions for the determination of accounts and assets to be blocked under paragraph 55 below;

c. to close stock and commodity exchanges and similar institutions for such periods as you deem appropriate and apply the provisions of paragraphs 5, 6, 7 and 8 c of this directive;

d. to establish a general or limited moratorium, or moratoria, to the extent necessary to carry out the objectives stated in this directive. In particular, it may prove desirable to prevent foreclosures of mortgages and the exercise of similar remedies by creditors against individuals and small business enterprises;

e. to issue regulations prescribing the purposes for which credit may be extended and the terms and conditions governing the extension of credit;

f. to put into effect such further financial measures as you deem necessary to accomplish the purposes stated in this directive.

48. The Allied Council should designate a suitable bank, preferably the former Vienna Branch of the Reichsbank, to perform under its direction central banking functions. Simultaneously, all connections between such designated bank and institutions or persons in Germany should be severed in accordance with paragraph 57 of this directive. When satisfied that this bank is under adequate control, the Allied Council may, by ensuring that credits are made available only in schillings through the zone commanders or authorized issuing banks or agencies, place such bank in a position to finance other banks or other financial institutions for the conduct of approved business.

Pending the designation of such a bank by the Allied Council, you may designate a bank in your zone to perform similar

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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 Allied Council 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 Reichmarks 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 Allied Council, 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 Allied Council 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 and Rentenmark currency circulated in Austria should be undertaken by the Allied Council or by you in coordination with the other zone commanders.

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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 Allied Council, 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 Allied Council. 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 Allied Council, 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 Allied Council 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 Allied Council 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 Allied Council, you will impound or block all gold, silver, currencies, securities accounts in financial institutions, credits, valuable papers, and all other assets falling within the following categories:

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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 will proceed to adopt licensing measures which, while maintaining such property under surveillance, would permit its use in

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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 Allied Council 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 Allied Council 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 Allied Council 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 ^{owed} owned by or *WJ* to become due from any person in Austria to any person outside Austria; and

(3) transactions involving the importation or exportation from Austria of any currency, foreign exchange

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asset or other form of property.

57. The Allied Council 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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SECRET26 July 1945COPY NO. 7STATE-WAR-NAVY COORDINATING COMMITTEECORRIGENDUMTOADDENDUM TO IPCOG 9/2DIRECTIVE TO COMMANDER IN CHIEF OF U.S. FORCES OF OCCUPATION
REGARDING THE MILITARY GOVERNMENT OF AUSTRIANote by the Secretaries

Holders of the Addendum to IPCOG 9/2, dated 26 July 1945,
 are requested to make the following change in their copies:

Page 63, paragraph 56d (2):

Change the word "owned" to "owed." *ag*

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

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JCS DECLASSIFICATION BRANCHDATE: 1973

SECRETCOPY NO. 726 July 1945INFORMAL POLICY COMMITTEE ON GERMANYMEMORANDUM TO HOLDERS OF IPCOG 9, 9/1 AND 9/2

1. IPCOG 9, IPCOG 9/1 and IPCOG 9/2 are hereby downgraded from TOP SECRET to SECRET. Holders of these papers are requested to mark their copies accordingly.

2. In order that IPCOG 9/2 may conform to the terminology used in the approved Agreement on Control Machinery in Austria which provides for an "Allied Council" rather than a "Governing Body" and provides that the whole control organization is to be known as the "Allied Commission for Austria" rather than the "Allied Administration", as these organizations are respectively described in IPCOG 9/2, it is requested that the holders of IPCOG 9/2:

a. substitute the words "Allied Council" for the words "Governing Body" wherever they appear in IPCOG 9/2; i.e., at the following places:

- page 33, paragraph 1 b, lines 1 and 3;
- page 34, paragraph 3, line 1; paragraph 3 a, line 2;
- page 35, paragraph 3 b, lines 1, 8 and 11; paragraph 3 c, line 1; paragraph 3 d, lines 1 and 4; paragraph 3 e, line 1;
- page 36, paragraph 4 b, line 1;
- page 37, paragraph 5 a, lines 5 and 10; paragraph 5 b, line 5;
- page 38, paragraph 5 d, line 5;
- page 39, paragraph 5 e, line 4;
- page 42, paragraph 8 a, fifth line on page; paragraph 8 b, line 1;
- page 43, paragraph 10 b, line 10; paragraph 12 a, line 5;
- page 44, paragraph 12 a, last line; paragraph 13, lines 1 and 8; paragraph 14, line 1;

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page 45, paragraph 16, line 1;

page 46, paragraph 16, lines 1 and 3 on page; paragraph 17 a, lines 6 and 11;

page 47, paragraph 18 a, line 1; paragraph 19 a, line 2;

page 48, paragraph 19 d, line 1; paragraph 19 e, line 5; and

page 49, paragraph 21 a, line 6; paragraph 21 b, line 1.

b. substitute the words "Allied Council of the Allied Commission for Austria" for "Governing Body of the Allied Administration" on the third and fourth lines, paragraph 1 a, page 33 of IPCOG 9/2.

CHARLES W. McCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat