

THE JOINT CHIEFS OF STAFF  
WASHINGTON 25, D. C.

*091 Austria  
Miss*

CONFIDENTIAL

SM-7709  
28 February 1947

MEMORANDUM FOR THE SECRETARY, STATE-WAR-NAVY  
COORDINATING COMMITTEE:

Subject: Contemplated disposition of  
political internees under  
automatic arrest in Austria.

References: a. SWNCC memo, 26 Apr 45.  
b. CM-IN-1733 (11 Feb 47).  
c. SM-7582.

Enclosure: CM-IN-4710 (27 Feb 47) Copy No. 101.

The enclosed message from the Commanding Gen-  
eral, U.S. Forces in Austria, is forwarded for your  
information.

*M. M. Stephens*  
M. M. STEPHENS,  
Captain, U.S. Navy,  
Asst. Executive Secretary.

SWNCC SECRETARIAT

State Member	_____
Army Member	_____
Navy Member	_____
Ass't State Member	_____
Ass't Army Member	_____
Ass't Navy Member	_____
Executive Secretary	_____
Ass't Exec. Secretary	_____
State Adm. Assistant	_____
Army Adm. Assistant	_____
Navy Adm. Assistant	_____
File	_____

CONFIDENTIAL

(15)

WAR DEPARTMENT  
CLASSIFIED MESSAGE CENTER  
INCOMING CLASSIFIED MESSAGE

CONFIDENTIAL TOP  
PRIORITY

PARAPHRASE NOT REQUIRED. HANDLE AS CONFIDENTIAL CORRESPONDENCE  
PER PARAS 511 and 60a (4), AR 380-5

From: CONGENUSFA Vienna Austria cite PAGBI

To: War Department for JCS

Wr: P-6804

27 February 1947

Reference our cable PC 6721 dated 10th February 1947, Austrian denazification law was passed and is effective as of 17th February 1947. We propose to carry out provisions of cable by 1st April 1947 unless we hear from you to the contrary.

End

Note: PC 6721 is CM IN 1733 (11 Feb) JCS.

ACTION: JCS

INFO: AAF, Adm Leahy, ASW, CAD, ID, Adm Nimitz, P&O, CSA.

CM-IN 4710 (27 Feb 47) DTG 270901Z fw1

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COPY NO.

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101

**SECRET**

*091 Austria Misc -  
check*

VFF:bjh

SWM-5215  
10 March 1947

MEMORANDUM FOR THE SECRETARY, JOINT CHIEFS OF STAFF:

Subject: Interim Air Agreement with Austria.

References: a. SM-7688 (26 Feb 47)  
b. CM-IN 3995 (23 Feb 47)

In response to your request in SM-7688, reference b was referred to the Department of State for the basis of a reply.

The Department of State suggests that the following reply be made to CG, USFA in answer to his P 6786 (reference b):

"Revised draft civil air transport agreement with Austria being prepared and will be forwarded American Legation Vienna by air mail within few days for negotiations with Austrian Government. Legation advised of status this matter in State Department Secret telegram 124, February 25."

For the State-War-Navy Coordinating Committee:

H. W. MOSELEY,  
Secretary

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(14)

ADDRESS OFFICIAL COMMUNICATIONS TO  
THE SECRETARY OF STATE  
WASHINGTON 25, D. C.

DEPARTMENT OF STATE  
WASHINGTON



March 10, 1947

In reply refer to  
AV 811.79663/2-2547

SECRET

MEMORANDUM FOR THE SECRETARY, SWNCC

Subject: Interim Air Agreement with Austria.

Reference is made to your memorandum of February 25, 1947 (SWN-5168) requesting information to be used as a basis of a reply by the War Department to a telegram of February 23, 1947 from CG USFA Vienna, Austria, CM-IN 3995.

It is suggested that a reply be transmitted along the following lines:

"Revised draft civil air transport agreement with Austria being prepared and will be forwarded American Legation Vienna by air mail within few days for negotiations with Austrian Government. Legation advised of status this matter in State Department Secret telegram 124, February 25."

*J. H. Hilldring*  
J. H. Hilldring

SECRET

(14)

THE JOINT CHIEFS OF STAFF  
WASHINGTON 25, D. C.

SECRET

SM-7688  
25 February 1947


MEMORANDUM FOR THE STATE-WAR-NAVY COORDINATING COMMITTEE:

Subject: Interim Air Agreement  
with Austria.

Enclosure: CM-IN-3995 (23 Feb 47) Copy No. 99.

The enclosed message from the Commanding General, U.S. Forces in Austria, is forwarded requesting the basis of a reply.

For the Joint Chiefs of Staff:

  
A. J. McFARLAND,  
Colonel, U.S. Army,  
Secretary.

SECRET

(14)

From: CG USFA Vienna Austria  
To: War Department for Joint Chiefs of Staff  
Info: General Mark W. Clark, London England; USFET Frankfurt  
Germany; CG USAFE Wiesbaden Germany  
Nr: P 6786 23 February 1947

Urgently recommend State Department be requested to expedite approval and conclusion of an interim air agreement with Austria. Draft of agreement was forwarded to State Department on 29 Nov 1946. Such an interim air agreement is believed vitally necessary at this time to permit continuation of United States air carrier traffic into and through Austria subsequent to the close-out period envisioned in United States draft of the Austrian state treaty, and also to strengthen United States national civil air interests in Austria and the Balkan States.

End

CM-IN 3995

(23 Feb 47)

**SECRET**

*091  
austria*

**SWN-5168**  
**26 February 1947**      **VFF:do**

**MEMORANDUM FOR THE SECRETARY OF STATE:**

**Subject: Interim Air Agreement with Austria.**

At the request of the Joint Chiefs of Staff, the enclosed message from the Commanding General, U.S. Forces in Austria, is forwarded to the Department of State requesting the basis of a reply.

For the State-War-Navy Coordinating Committee:

**H. W. ROSELEY,**  
**Secretary**

Enclosure  
Copy No. 99, CM-IN 3995

**SECRET**

(14)

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SECRET

From: CG USFA Vienna Austria  
To: War Department for Joint Chiefs of Staff  
Info: General Mark W. Clark, London England; USFET Frankfurt  
Germany; CG USAFK Wiesbaden Germany  
NR: P 6786 23 February 1947

Urgently recommend State Department be requested to expedite approval and conclusion of an interim air agreement with Austria. Draft of agreement was forwarded to State Department on 29 Nov 1946. Such an interim air agreement is believed vitally necessary at this time to permit continuation of United States air carrier traffic into and through Austria subsequent to the close-out period envisioned in United States draft of the Austrian state treaty, and also to strengthen United States national civil air interests in Austria and the Balkan States.

End

CM-IN 3096

(23 Feb 47)

SECRET



THE JOINT CHIEFS OF STAFF  
WASHINGTON 25, D. C.

*091 Austria  
Misc*

CONFIDENTIAL

SM-7582  
12 February 1947

*Refugees  
Misc*

MEMORANDUM FOR THE SECRETARY, STATE-WAR-NAVY  
COORDINATING COMMITTEE:

Subject: Contemplated disposition of  
political internees under  
automatic arrest in Austria.

Reference: SWNCC memo (C047578) 26 Apr 45.

Enclosure: CM-IN-1733 (11 Feb 47) Copy No. 101.

The enclosed message from the Commanding Gen-  
eral, U.S. Forces in Austria, is forwarded for your  
information.

*W. G. Lalor*

W. G. LALOR  
Captain, U.S. Navy,  
Deputy Secretary.

SWNCC SECRETARIAT

- State Member -----
- Army Member ----- *W.G.S.*
- Navy Member ----- *L*
- Ass't State Member -----
- Ass't Army Member ----- *G*
- Ass't Navy Member -----
- Executive Secretary -----
- Ass't Exec. Secretary -----
- State Adm. Assistant -----
- Army Adm. Assistant -----
- Navy Adm. Assistant -----
- File -----

CONFIDENTIAL

13

WAR DEPARTMENT  
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CONFIDENTIAL, IVI  
PRIORITY

PARAPHRASE NOT REQUIRED. HANDLE AS CONFIDENTIAL CORRESPONDENCE  
PER PARAS 511 and 60a (4) AR 380-5

From: CG USFA, Vienna, Austria cite PAGEI

To: War Department for JCS

Info: HQ USFET, Frankfurt, Germany

Nr: P 6721

10 February 1947

1. This Headquarters has in its custody in Camp Marces William Orr, the only civilian interment camp in US Zone of Austria, political internees who fall into automatic arrestable categories as prescribed in Intelligence Directive Number 11, this Headquarters dated 4 February 1947. Automatic arrest categories were based on United States Forces European Theater and Joint Chiefs of Staff directives.

2. The automatic arrestable categories are as follows:

A. The Gestapo and the SD.

(1) All personnel of the Geheime Staatspolizei (Gestapo or Secret State Police).

(2) All personnel of the Sicherheitsdienst Des Reichfuhrers-SS (commonly known as the SD).

Notes: (All personnel) As used in sub-paragraphs (1) and (2) above includes all persons who carried executive or administrative responsibilities and authority at the National Headquarters and in the departments, offices, branches, out stations and organizations dependent on or controlled by the Gestapo or SD. It does not include such personnel as typists, messengers, chauffeurs, charwomen, V-Leute or V-Maenner, petty unpaid in-

GM IN 1733

(11 Feb 47)

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CONFIDENTIAL I VI  
PRIORITY

Page 2

From: CG USFA, Vienna, Austria cite PAGBI  
Nr: P 6721 10 February 1947

formers, and the like.

B. Part-military organizations

(1) Waffen SS (Armed SS) All Officers and NCOs down to and including the rank of Scharfehrer, all ranks of Totenkopfverbände (TV) (or deathhead formations) and all SS Helferinnen or SS Kriegshelferinnen.

C. Leadership Corps of the Nazi Party:

(1) The following administrative officials of the party and Stellvertreter:

- A. At Reich level: Stellenleiter and above
- B. Gau level: Amtsleiter and above
- C. At Kreis level: Amtsleiter and above

D. At Ortsgruppen level: Ortsgruppenleiter (two members of the party down to and including the rank of obergemeinschaftsleiter.

3. Upon the passing in the near future by the Austrian Parliament, and, approval by the allied commission for Austria, of the Austrian Denazification Law (the Nazi Gesetz) it is contemplated to deliver to Austrian custody under the above proposed law all internees in our custody with the exception of the following:

CM IN 1733 (31 Feb 47)

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CONFIDENTIAL I VI  
PRIORITY

Page 3

From: CG USFA, Vienna, Austria cite PACBI

Nr: P 6721

10 February 1947

A. Individuals named, in current CROWCASS wanted lists or any other lists, as criminal suspects or witnesses to war crimes.

B. Individuals designated, by the Nuremberg US Chief of Counsel, for prosecution of Axis criminality.

C. Individuals of non-Austrian nationality, other than those described in paragraph 3A above, who should be transferred to their respective governments.

D. Individuals who for reasons of security, interrogation, exploitation or otherwise, should be retained in custody of US Forces Austria.

4. The proposed Austrian Denazification Law as it now stands includes all automatic arrestable categories as listed in our Intelligence Directive Number 11 dated 4 February 1947.

5. The above proposal for turning over internees is similar to the method used in the United States Zone Germany where internees were turned over to German authorities under the law of Liberation from National Socialism and Militarism dated 5 March 1946 (Title 24 Military Government Regulations).

End

ACTION: JCS.

INFO : AAF, Adm Leahy, ASW, CAD, ID, Adm Nimitz, P&O, CSA

CM IN 1733

(11 Feb 47)

DTG: 101030Z

bhh

CONFIDENTIAL

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**SECRET**

**SW-5120  
6 February 1947**

HWK:aj

**MEMORANDUM FOR THE SECRETARY OF STATE:**

**Subject: Removal of Unassimilable Displaced  
Persons from Austria.**

The enclosed message from the U. S. Military  
Attaché, London, England, is forwarded to the  
Department of State at the request of the Joint  
Chiefs of Staff.

**For the State-Navy Coordinating Committee:**

**H. W. ROSELEY,  
Secretary**

**Enclosure:  
GN-IN-517 (5 Feb 47),  
Copy No. 10**

**COPY FOR SWCC FILE**

**SECRET**

(12)

## SECRET

From: USNA London England sgd Bomar Acting from General Clark  
To: War Department for JCS pass to State  
Info: USFA Vienna Austria  
Nr: 71430

4 February 1947

It has now become obvious that displaced persons in Austria is a major problem, the prompt solution of which may be vital to successful conclusion of the Austrian treaty.

It is therefore imperative that urgent steps be taken to solve this problem immediately.

The Austrian Government has stated to CFM that Austria is willing to absorb a portion of the displaced persons after screening and consideration of individual nationalization applications on merits of each case. I have impressed upon Chancellor Figl the necessity for proceeding with this action as rapidly as possible. Figl has indicated to me that about 100,000 might be absorbed in this way. This would affect primarily the Volkdeutsche.

There will in any case remain in Austria a large hard core of unassimilable displaced persons including the Balts, Ukrainians and White Russians for whom the USSR is clamoring, the dissident Yugoslavs, and other nationalities, as well as criminal or political undesirables.

I strongly urge that provision be made immediately to move all this residue of unassimilable displaced persons to Germany, as imminent moves to other parts of the world are not indicated.

Hood of IRO whom I have talked with in London informs me IRO is arranging for 60,000 displaced persons to go to Belgium from US Zone Germany. I also urge that this 60,000 be taken from Austria rather than from Germany or that 60,000 displaced persons from Austria be immediately sent to Germany in the event that the movement from Germany to Belgium has already been made.

I also understand that arrangements are being made to send an additional number of displaced persons from the British Zone Germany to Belgium. I shall raise with Lord Hood the question whether it would not be more desirable to take this number of displaced persons from Austria rather than from Germany.

While the problem of administering these displaced persons would be equally great in Germany, their presence in Austria entails grave political disadvantages which would not exist in Germany. It is one of the major obstacles to successful conclusion of the Austrian Treaty.

SECRET

**SECRET**

- 2 -

Although outlets other than Germany should also be exploited and utilized as much as possible they will be slow to materialize and even then would not in any event account for more than a minor fraction of this residue. The major part of the displaced persons now in Austria will find no other asylum than Germany. Regardless of all the difficulties involved in transferring responsibility for the administration of displaced persons now in Austria to occupation authorities in Germany, I am firmly convinced that there is no alternate solution of the problem.

End

GM-IN-517 (5 Feb 47)

**SECRET**

THE JOINT CHIEFS OF STAFF  
WASHINGTON 25, D. C.

*091 Austria -  
Cross?*

SM-7538  
5 February 1947

**SECRET**

MEMORANDUM FOR THE SECRETARY, STATE-WAR-NAVY  
COORDINATING COMMITTEE:

Subject: Removal of Unassimilable  
Displaced Persons from  
Austria.

Enclosure: CM-IN-517 (5 Feb 47), Copy No. 10.

The enclosed message from the U. S. Military  
Attache, London, England, is forwarded for transmittal  
to the State Department.

3549

*W. G. Lalor*  
W. G. LALOR,  
Captain, U. S. Navy,  
Deputy Secretary.

5120

**SECRET**

(12)



**SECRET**

*091 Austria Misc*

**SWH-8096  
29 January 1947**

**HWK:do**

**MEMORANDUM FOR THE SECRETARY OF STATE:**

**Subject: Meeting of Allied Control Council  
for Austria Held on 24 January 1947.**

**At the request of the Joint Chiefs of Staff  
there is forwarded herewith a copy of a message  
from the Commanding General, U.S. Forces in Austria.**

**For the State-War-Navy Coordinating Committee:**

**H. W. ROSELEY,  
Secretary**

**Enclosure  
Copy No. 98, CM IN 4808**

**COPY FOR SWNCC FILE**

**SECRET**

**(11)**

**SECRET**

From: COMCON USFA Vienna, Austria cite PASOS from Keyes  
 To: War Department for JCS pass to State Dept  
 Info: US Military Attache, London, England for Gen Clark  
 NR: P 6628 25 January 1947

At Allied Council Meeting 24th January administrative General Veizard acted as French High Commissioner. Agenda consisted of 6 items. No agreement reached on any item due to Soviet opposition in each case.

Council considered resolution approving Austrian trade agreements with Belgium, Luxembourg Economic Union and the Netherlands. United States, French and British members approved and pointed out such agreements were already in effect as 31 day period under Article 6A New Control Agreement had expired. Such agreements were considered international agreements therefore Article 6A applied. Soviet member would not agree to resolution and did not agree or disagree with views of United States, French and British members that trade agreements constituted international agreements. However, he submitted proposal that legal directorate should submit list showing those forms of international agreements which should be treated in Allied Council in same manner as constitutional laws, ie unanimous approval. French went along with this Soviet proposal. British and United States members vetoed on grounds Article 6A needed no clarification. Proposal was not adopted.

A resolution clarifying status and equipment of Police and Gendarmerie was likewise vetoed by Soviet and French members and subject finally dropped when United States and British members refused to agree to fix strengths these organizations before proceeding with discussion other matters in the paper. Soviets pressed very hard to get Council to establish ceiling limit on number Police and Gendarmerie. United States and British members considered it inadvisable to take any action this regard while Deputy Ministers are considering (Peace) treaty in London. No decision taken on resolution presented.

No action taken on reply to letter received from the Chancellor requesting assistance in improving effectiveness of Police and Gendarmerie in view deadlock on preceding item.

**SECRET**

## SECRET

No agreement reached on Salaries Transition Law, which becomes effective automatically 25th January under Article 6A Control Agreement. Soviets proposed several amendments which infringed upon authority of Austrian Government and operated to benefit of individuals placed in schools of learning in early days of Soviet occupation. Amendments not agreed in Council.

No agreement reached on resolution setting forth instructions to Austrian Government regarding execution of Federal Finances (Budget for 1947), which law became automatically effective under Article 6A Control Agreement on 17th January. Soviets attempted to get Council to agree to instruct Government budget not approved pending receipt amendments desired by Allied Council. This proposal not agreed by United States and British members. French member took no positive position. Soviet member then made long statement pointing out his ideas budget deficiencies, which in the end amounted mainly to a proposal to increase the civil budget from approximately three billion schillings to 4.5 billion schillings. His argument was that this increase was justified in order to provide funds for reconstruction of war damage. Proposal was not supported by United States and British members. This action by Soviets appears as subterfuge in order to get more funds for occupation costs inasmuch as such funds are provided on basis of a percentage of the civil budget. Deadlock was reached on resolution and matter was dropped.

Last item was resolution establishing procedure for dealing with Austrian liquid fuel distribution plans. Resolution was agreed by United States, British and French. Soviets expressed no interest in matter and after lengthy discussion in which it was obvious Soviets had no intention reaching agreement subject was dropped.

Throughout entire meeting Soviets demonstrated unwillingness to compromise or to be interested in reaching any agreements. They attacked several articles of the control agreement, principally Article 6A. Since most items dealt with controversial matters of long standing their attitude at yesterday's meeting cannot be interpreted fully as a change in their cooperative spirit which has existed since early December.

End

CM IN 4800

(26 Jan 47)

SECRET

THE JOINT CHIEFS OF STAFF  
WASHINGTON 25, D. C.

**SECRET**

SM-7476  
28 January 1947

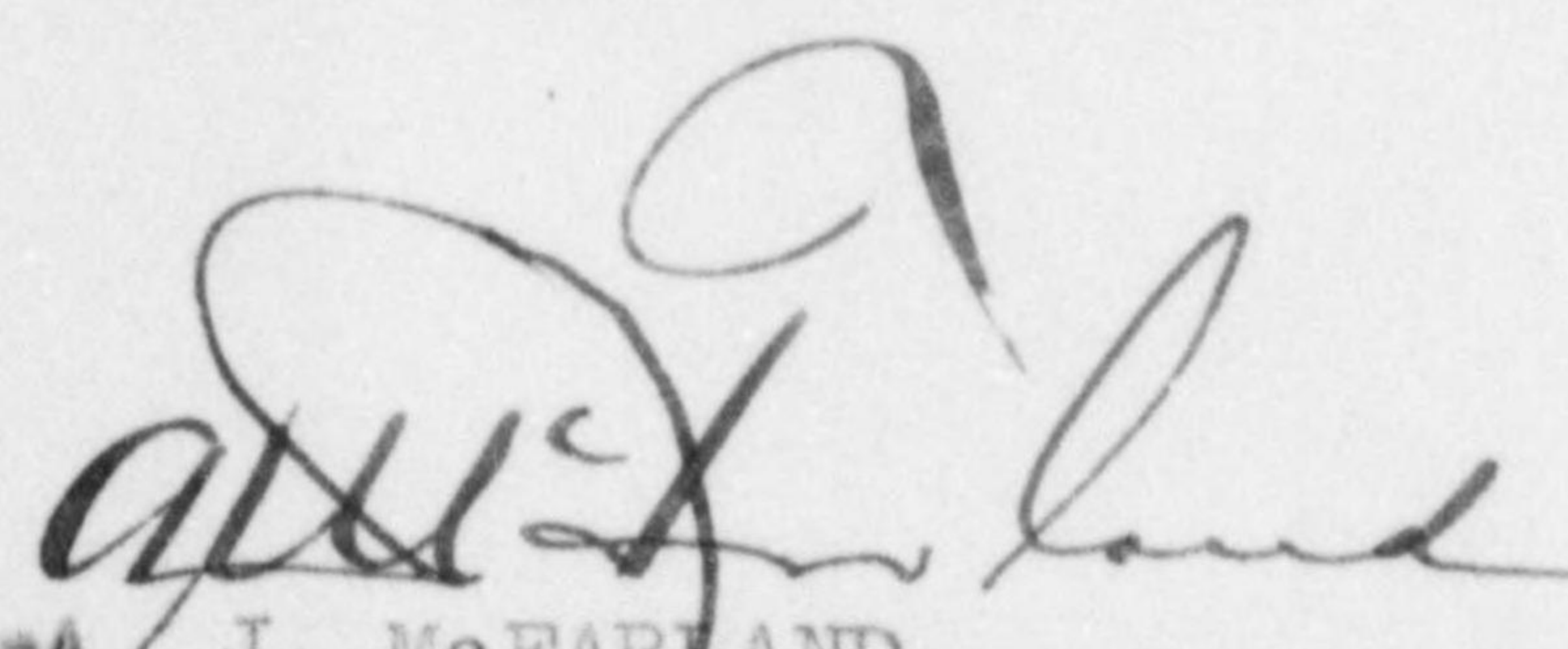
MEMORANDUM FOR THE STATE-WAR-NAVY COORDINATING COMMITTEE:

Subject: Meeting of Allied Control  
Council for Austria held  
on 24 January 1947.

Enclosure: CM-IN-4808 (26 Jan 47)  
Copy No. 98.

The enclosed message from the Commanding  
General, U.S. Forces in Austria, Vienna, Austria, is  
forwarded for transmittal to the State Department.

3513



J. McFARLAND,  
Colonel, U.S. Army,  
Secretary.



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STATE DEPARTMENT  
JAN 29 1947

**SECRET**

11

WAR DEPARTMENT  
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SECRET ANUG

PARAPHRASE NOT REQUIRED. HANDLE AS SECRET  
CORRESPONDENCE PER PARAS 54 and 60 e. (4) AR 380-5

From: COMDEN USFA Vienna, Austria cite PASGS from Keyes  
To: War Department for JCS pass to State Dept  
Info: US Military Attache, London, England for Gen Clark  
Rr: P 6628 25 January 1947

At Allied Council Meeting 24th January administrative General Voixerd acted as French High Commissioner. Agenda consisted of 6 items. No agreement reached on any item due to Soviet opposition in each case.

Council considered resolution approving Austrian trade agreements with Belgium, Luxembourg Economic Union and the Netherlands, United States, French and British members approved and pointed out such agreements were already in effect as 31 day period under Article 6A New Control Agreement had expired. Such agreements were considered international agreements therefore Article 6A applied. Soviet member would not agree to resolution and did not agree or disagree with views of United States, French and British members that trade agreements constituted international agreements. However he submitted proposal that legal directorate should submit list showing those forms of international agreements which should be treated in Allied Council in same manner as constitutional laws, to unanimous approval. French went along with this Soviet proposal. British and United States members vetoed on grounds Article 6A needed no clarification. Proposal was not adopted.

A resolution clarifying status and equipment of Police and Gendarmerie was likewise vetoed by Soviet and French

CM IN 4808

(25 Jan 47)

SECRET

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SECRET AMUG

page 2

From: COMGEN USFA Vienna, Austria cite PASGS from Keyes

Nr: P 6628

25 January 1947

members and subject finally dropped when United States and British members refused to agree to fix strengths these organizations before proceeding with discussion other matters in the paper. Soviets pressed very hard to get Council to establish ceiling limit on number Police and Gendarmerie. United States and British members considered it inadvisable to take any action this regard while Deputy Ministers are considering (Peace) treaty in London. No decision taken on resolution presented.

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CM IN 4808

(26 Jan 47)

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SECRET AMUG

page 3

From: COMBEN USFA Vienna, Austria cite PASGS from Keyes  
Nr: P 6628 25 January 1947

agreed by United States and British members. French member took no positive position. Soviet member then made long statement pointing out his ideas budget deficiencies, which in the end amounted mainly to a proposal to increase the civil budget from approximately three billion schillings to 4.5 billion schillings. His argument was that this increase was justified in order to provide funds for reconstruction of war damage. Proposal was not supported by United States and British members. This action by Soviets appears as subterfuge in order to get more funds for occupation costs inasmuch as such funds are provided on basis of a percentage of the civil budget. Deadlock was reached on resolution and matter was dropped.

Last item was resolution establishing procedure for dealing with Austrian liquid fuel distribution plans. Resolution was agreed by United States, British and French. Soviets expressed no interest in the matter and after lengthy discussion in which it was obvious Soviets had no intention reaching agreement subject was dropped.\*\*

Throughout entire meeting Soviets demonstrated unwillingness to compromise or to be interested in reaching any agreements. They attacked several articles of the control agreement, principally Article 6A. Since most items dealt with controversial matters of long standing their attitude at yesterday's meeting cannot be interpreted fully as a change in their cooperative spirit which has existed since early December.

END

\* Being serviced.

ACTION: JCS  
INFO : AAF, Adm Leahy, ASW, CAD, ID, Adm Nimitz, P&O, CSA  
CM IN 4808 (26 Jan 47) DTG: 25 NMT bfr

SECRET

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SECRET AMUG  
SUPPLEMENTARY COPY

PARAPHRASE NOT REQUIRED. HANDLE AS SECRET  
CORRESPONDENCE PER PARAS 51 1 and 60 a (4) AR 380-5

From: CONGENUSFA Vienna, Austria cite PASGS from Keyes

To: War Department for JCS pass to State Dept

Info: United States Military Attache, London, England  
for Clark

Nr: P 6628 25 January 1947

Please correct Page 2 line 16 to read:

infringed upon authority of Austrian Government and  
operated to.

Page 3 line 16 to read:

Resolution was agreed by United States, British and  
French. Soviets expressed no interest in matter.

Page 3 line 18 to read:

had no intention reaching agreement, the subject  
was dropped.

End

Note: Supplementary copy of CM-IN-4808 (26 Jan 47) JCS

ACTION: JCS

INFO: AAF, Adm Leahy, ASW, CAD, ID, Adm Nimitz, P&O, CSA

CM-IN-4857

(27 Jan 47)

DTG: 25/NPT rmt

SECRET

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RESTRICTED

BWN-5018 VFF:do  
2 January 1947

MEMORANDUM FOR THE SECRETARY OF STATE:

Subject: Procedure for Procurement and  
Importation of Coal from U.K.  
Zone, Germany, to Austria for  
Use by Occupying Force.

At the request of the Joint Chiefs of Staff,  
the enclosed message from the Commanding General,  
U.S. Forces of Occupation, Austria, Vienna, Austria,  
is forwarded to the Department of State.

For the State-War-Navy Coordinating Committee:

J. H. HILLDRING,  
Chairman

Enclosure:  
Copy No. 17, CM-IN 4377

RESTRICTED

COPY FOR SWNCC FILE

(10)

COPY 1

From: COMGENUSFA, Vienna, Austria from Clark cite PAQDA-E  
 To: War Department for JCS pass to State Department  
 Nr: P 6477 28 December 1946

Understand agreement has been reached United States and United Kingdom State Department that cost of coal imported from United Kingdom Zone in Germany into Austria for consumption by the occupying forces shall be paid by the occupying powers. Presumably this means from War Department account.

From date of occupation to July 1st, 1946 Military coal requirements were estimated by this Headquarters and bid for through SRAEF and USFET to North German Coal Association who shipped coal to Austria consigned to Quartermaster. Change in procedure on or about July 1st, 1946 by Joint Allocation Board Berlin and Military Coal Allocation Board of USFET transferred its duties to Allied Council Berlin and Joint Allocations Board which latter set up procedure allocating Austria bulk coal monthly including both civilian and military coal requirements of four Occupying Powers. British and French had previously conformed to this latter procedure charging military coal as cost of occupation. United States had not done so prior to July 1st. We are informed however by USFET no War Department funds for payment of coal exist. We believe present method of procurement drawing from bulk allotment Austria and charging against occupation cost as first charge for this basic commodity for use of troops subjects us to criticism of violating basic policy of treating Austria as liberated country in obliging Austrian Government to pay for imported requirements of United States Army currently. We therefore concur in this reported change of procedure believing it will relieve us here of serious political implications both from the Austrians and from other powers, particularly Soviets. Request instructions specifically as to procedure to be adopted and particularly as to whether War Department authorized funds are available for procurement and payment of USFA Military Coal requirements fiscal year 1947. In particular, request that USFET be informed of new policy, purpose numbers and procedure to be followed. Believe procurement military coal other than through Austrian Government would strengthen United States position in Austria.

Upon receipt of information requested above, new bid procedures and receipt procedure will be worked out with USFET and COMGUS and Joint Allocation Board Berlin. As we are formulating program 1947 calendar year and first 6 months 1948 request these instructions earliest to facilitate negotiations now under way.

End.

RESTRICTED

CM IN 4377

(29 Dec 46)

THE JOINT CHIEFS OF STAFF  
WASHINGTON 25, D. C.

*09: Austria  
MWO?*

RESTRICTED

SM-7339  
31 December 1946

MEMORANDUM FOR THE SECRETARY, STATE-WAR-NAVY  
COORDINATING COMMITTEE:

Subject: Procedure for procurement and  
importation of coal from U.K.  
Zone, Germany, to Austria for  
use by occupying force.

Enclosure: CM-IN-4377 (29 Dec 46) Copy No. 17.

The enclosed message from the Commanding  
General, U.S. Forces of Occupation, Austria, Vienna,  
Austria, is forwarded for transmittal to the State  
Department.

3444

*W. G. Lalor*  
W. G. LALOR,  
Captain, U.S. Navy,  
Deputy Secretary.

RESTRICTED

⑩

From: COMGENUSFA, Vienna, Austria from Clark cite PAQCA-E  
To: War Department for JCS pass to State Department  
Nr: P 6477 28 December 1946

Understand agreement has been reached United States and United Kingdom State Department that cost of coal imported from United Kingdom Zone in Germany into Austria for consumption by the occupying forces shall be paid by the occupying powers. Presumably this means from War Department account.

From date of occupation to July 1st, 1946 Military coal requirements were estimated by this Headquarters and bid for through SHAEF and USFET to North German Coal Association who shipped coal to Austria consigned to Quartermaster. Change in procedure on or about July 1st, 1946 by Joint Allocation Board Berlin and Military Coal Allocation Board of USFET transferred its duties to Allied Council Berlin and Joint Allocations Board which latter set up procedure allocating Austria bulk coal monthly including both civilian and military coal requirements of four Occupying Powers. British and French had previously conformed to this latter procedure charging military coal as cost of occupation. United States had not done so prior to July 1st. We are informed however by USFET no War Department funds for payment of coal exist. We believe present method of procurement drawing from bulk allotment Austria and charging against occupation cost as first charge for this basic commodity for use of troops subjects us to criticism of violating basic policy of treating Austria as liberated country in obliging Austrian Government to pay for imported requirements of United States Army currently. We therefore concur in this reported change of procedure believing it will relieve us here of serious political implications both from the Austrians and from other powers, particularly Soviets. Request instructions specifically as to procedure to be adopted and particularly as to whether War Department authorized funds are available for procurement and payment of USFA Military Coal requirements fiscal year 1947. In particular, request that USFET be informed of new policy, purpose numbers and procedure to be followed. Believe procurement military coal other than through Austrian Government would strengthen United States position in Austria.

Upon receipt of information requested above, new bid procedures and receipt procedure will be worked out with USFET and OMGUS and Joint Allocation Board Berlin. As we are formulating program 1947 calendar year and first 6 months 1948 request these instructions earliest to facilitate negotiations now under way.

End.

CM IN 4377

(29 Dec 46)

23 DEC 1946

The Honorable  
The Secretary of State

Dear Mr. Secretary:

I refer to your letter of December 16, 1946, requesting that a copy of the "Decisions of the Council of Foreign Ministers Respecting Its Next Session" be transmitted to Generals McNarney and Clark.

The text of the Decisions has been transmitted to Generals McNarney and Clark by cable and General McNarney has been requested to cooperate in the Allied Control Council in the preparation of the desired report.

Sincerely yours,

(Signed) ROBERT P. PATTERSON

Secretary of War

SWNCC SECRETARIAT

State Member	-----	✓
Army Member	-----	WPA
Navy Member	-----	
Copy for SWNCC State Member	-----	
Ass't Army Member	-----	
Ass't Navy Member	-----	
Executive Secretary	-----	
Ass't Exec. Secretary	-----	
State Adm. Assistant	-----	
Army Adm. Assistant	-----	
Navy Adm. Assistant	-----	
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9

## SECRET

From: COMGENUSFA, Vienna, Austria cite PASGS from Clark

To: War Department for JCS, pass to State Department

Nr: P-6467

24 December 1946

The Allied Council met in a short session on 23 December under the chairmanship of the Soviet element, with Colonel General Victor V Kourasov presiding. The meeting was characterized by cordial relations similar to those which were in evidence at the last previous meeting on 13 December.

The Council approved, with certain amendments, a constitutional law in the purge of Nazi literature which paralleled the decision of the Council taken in January 1946, and agreed the texts of 3 simple laws; namely, a law providing for the punishment of Nazis guilty of falsifying questionnaires, a law providing for the trial by the summary court of black market operators and a law relating to the collection of through freight charges in stable foreign currency.

The text of a letter to the Federal Minister of Justice, in which was set forth the procedure for the detention, arrest and handing over of war criminals by the Austrian Government, was approved.

Procedure for the establishment of limited trade between Austria and Germany was discussed but no decision was reached and the matter was referred back to the Economic Division for further study. Disagreement was based on question of whether such deals should be implemented only after unanimous approval or should be implemented unless there was unanimous disapproval by the Allied Commission. The Soviets and French supported the first position and the US and British the second.

The Council, on the insistence of the Soviet element, discussed the matter of the closed session of the Austrian Parliament held on 30 October. No action was taken and the question was dropped.

End.

CM IN 3898 (25 Dec 46)

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THE JOINT CHIEFS OF STAFF  
WASHINGTON 25, D. C.

**SECRET**

SM-7301  
27 December 1946

*091 Austria  
Miz*

MEMORANDUM FOR THE SECRETARY, STATE-WAR-NAVY  
COORDINATING COMMITTEE: *Cross*

Subject: Meeting of Allied Council  
in Vienna on 23 December  
1946.

Enclosure: CM-IN-3898 (25 Dec 46) Copy No. 44.

The enclosed message from the Commanding Gen-  
eral, U.S. Forces of Occupation in Austria, Vienna,  
Austria, is forwarded for transmittal to the State De-  
partment.

3432

*W. G. Lalor*  
W. G. LALOR,  
Captain, U.S. Navy,  
Deputy Secretary.

**SECRET**

8

**SECRET**

**SWH-5012**  
**30 December 1946**

VFF:aj

*cross  
Gunn*

**MEMORANDUM FOR THE SECRETARY OF STATE:**

**Subject: Meeting of Allied Council in Vienna  
on 23 December 1946.**

The enclosed message from the Commanding General,  
U.S. Forces of Occupation in Austria, Vienna, Austria,  
is forwarded to the Department of State at the request  
of the Joint Chiefs of Staff.

**For the State-War-Navy Coordinating Committee:**

**J. H. HILLDRING,**  
**Chairman**

**Enclosure:**  
**CM-IN-3698 (25 Dec 46),**  
**Copy No. 44**

**COPY FOR SWHCC FILE**

**SECRET**

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TOP SECRET

BWH-4952  
6 December 1946

HWK:do

*091 Austria*

MEMORANDUM FOR THE SECRETARY OF STATE:

Subject: Status of Occupation Forces in  
Austria.

The enclosed message from the Commanding  
General, United States Forces in Austria, is  
forwarded to the State Department at the request  
of the Joint Chiefs of Staff.

For the State-War-Navy Coordinating Committee:

J. H. HILLDRING,  
Chairman

Enclosure:  
Copy No. 22 of  
GS-IR-768

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TOP SECRET

COPY

From: HQ USFA Vienna Austria from Clark site PASGS  
To: War Department for JCS info WDGID, pass to State  
Department  
Info: CG USFET  
Nr: P 6340

5 December 1946

At the extraordinary session of the Allied Commission held December 3rd occupation costs for the last quarter of the 1946 year and for all of 1947 were discussed. It was agreed to give the Soviets for the current quarter 112,000,000 schillings because of the Soviet Commanders stated requirement that he needed funds badly this quarter to assist in the demobilization of troops called for by Marshal Stalin. We gave the Soviet Commander the increased amount for this quarter with the understanding a great reduction would take place in the first quarter of 1947. We reached an agreement of 15 percent of the budget for 1947 with a more equitable distribution which gave the Soviets 40,000,000 schillings and the other three occupying powers 30,000,000 schillings each. This great reduction in Soviet occupation costs from the previous quarter requirements is significant. The Soviet Commander asked that we discuss the second quarter for 1947 and stated his requirements at 40,000,000 schillings. I would not commit myself for the second quarter and that subject will be discussed at a later date.

However, during the discussion Colonel General Zheltov told me that he was most anxious to arrange for funds for the second quarter for in the third quarter he expected the Soviet troops to be withdrawn from Austria. When I followed this point further he indicated his belief that the United Nations by that time would have agreed on the withdrawal of all troops from Austria.

Member of Soviet Political Division, normally carefully instructed, during recent, unimportant conversation with his United States counterpart made following two remarks:

"The Soviet element does not contemplate a long occupation of Austria."

"Soviet Forces in Austria are being substantially reduced."

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Recent check of Soviet movements does not indicate current reduction of Soviet forces in Austria. Rail movements remain normal. No Soviet units have departed Austria. No motor convoys have departed Austria. Soviet motor traffic density has not noticeably increased in Austria. Usual reparations incident to movement of troops out of Austria have not been made.

End

CM-IN-765

(5 Dec 46)

-2-

TOP SECRET



THE JOINT CHIEFS OF STAFF  
WASHINGTON 25, D. C.

**TOP SECRET**

SM-7183  
6 December 1946

MEMORANDUM FOR THE SECRETARY, STATE-WAR-NAVY  
COORDINATING COMMITTEE:

Subject: Status of Occupation  
Forces in Austria.

Enclosure: CM-IN-765 (5 Dec 46) Copy No. 22.

The enclosed message from the Commanding General, U.S. Forces in Austria, Vienna, Austria, is forwarded for transmittal to the State Department.

*W. G. Lalor*  
W. G. LALOR,  
Captain, U.S. Navy,  
Deputy Secretary.

3368

DEC 6 - 1946



STATE-WAR & NAVY COORDINATING COMMITTEE

**TOP SECRET**

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HWK:bjh

SM-4920  
26 November 1946

MEMORANDUM FOR THE SECRETARY OF STATE:

Subject: Distribution of Food Produced on  
Soviet Controlled Land in Austria.

The enclosed message from the Commanding  
General, U. S. Forces of Occupation, Vienna, Austria  
is forwarded to the State Department at the request  
of the Joint Chiefs of Staff.

For the State-War-Navy Coordinating Committee:

J. H. HILLDRING,  
Chairman

Enclosure  
OW-IN 3487, 20 Nov 46,  
Copy No. 98

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(6)

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From: USFA Vienna Austria from Clark cite PASGS

To: War Department for Joint Chiefs of Staff (pass to State Department)

Nr: P-6174

19 November 1946

Since my return here it has become increasingly evident that the Soviets do not intend to allow indigenous food products to move from their zone to other parts of Austria without compensating imports from the other zones, nor is there any indication that the Soviets intend to allow the Austrian Government to have any control of the distribution of foodstuffs grown on lands which the Soviets have seized under their interpretation of the Potsdam Agreement.

More than a month ago the Austrian Government sent a letter to the Soviet Commander asking if the government would be given control over crops raised on seized land. To date no reply to this inquiry has been received and the government has been unable to take any action toward distribution of food harvested on these lands.

On 4 October the Soviet Command issued an order to the land governors of lower Austria and Burgenland which contains the following: (Any exportation of agricultural and industrial products, raw materials, and other materials will only be carried out with your knowledge and if authorized by the Soviet Commander-in-Chief through the Economics Division of the Soviet element of the Allied Commission for Austria. This ordinance applies above all to foodstuffs but also to all kinds of raw materials and finished products of your land.)

On 4 November the Soviet Command issued a second order concerning the movement of potatoes into Vienna. This order directed that potatoes moved into the city from the Soviet Zone be distributed only in the Soviet Bezirke. It remains to be seen if this order is to be implemented.

On 5 November and 15 November I had a talk with the Soviet Commander on this subject. It was clear from this discussion that the Soviets do not intend to authorize any shipments of indigenous food to the other zones if such shipments will lower the ration in the Soviet Zone. If any food is shipped to the other zones they insist upon compensating imports of other food items. The reason for this action is to protect the living standard of the people in the Soviet Zone. It was brought out in our discussion that the Soviets do not intend to import any

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food from Russia. It was claimed that Russia does not have enough food for its own people.

I am confident that Soviet control over indigenous food in their zone will become more and more rigid as the winter progresses, and that they intend to ignore any Austrian Government food distribution plan which requires outshipments to other zones without compensating imports. The effect of this will be to require direct negotiations between the Soviets and the other zone commanders on a barter basis, with the Austrian Government by passed. The Soviet Commander frankly stated that they were taking this course of action to protect against the situation which prevailed last winter, when the three western zones were better fed than the Soviet Zone.

UNRRA food supplies are still being distributed in the Soviet Zone. It is too late to take any action to cut off the Soviet Zone from the benefits of UNRRA supplies for the current ration period which ends on 8 December, as available supplies have been distributed to all zones. Furthermore, UNRRA relief ends on the 1 December.

Since the additional 60,000 tons of wheat procured by UNRRA was obtained only because the War Department reduced its bill for supplies furnished from military stocks, it is recommended that this wheat not be shipped as an UNRRA supply, but instead be shipped to me as a military supply in addition to the supplies I will need for my zone. If this is done I plan to use this as a weapon against the Soviets to force them to break down zonal control and to put more food into Vienna. This wheat is needed in the Soviet Zone to come anywhere near feeding the new 1550 ration scale.

It is obvious that the Soviets are using food as a political weapon. UNRRA supplies only aid them in this regard. Our position will be stronger if we retain control of the 60,000 tons additional wheat. Early consideration of this proposal is requested.

Related subject. In my zone it is estimated that about 800 calories daily per person is available from indigenous production. I am watching the situation to see that as a result of the recent Soviet Controls over indigenous food in their zone, the Austrian Government does not make excessive shipments out of my zone into the British and French zones to meet deficits. Principle shortages in my zone to provide the current 1550 scale are wheat, pulses and sugar. If UNRRA supplies continue to arrive through 31 December I can get by until then. After that date I must rely upon GA/MG stocks which have been called forward for January and February. It is therefore urgent

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that my military pipeline be reestablished before 31 December. The urgency of making early shipments of food items already called forward was put forth in my message P-5758 to Echols on 5 November.

End

NOTE: Corrected copy of GM IN 3256 (19 Nov) GAD

GM IN 3467

(20 Nov 46)

SECRET



THE JOINT CHIEFS OF STAFF  
WASHINGTON 25, D. C.

SM-7122  
22 November 1946

**SECRET**

*[Handwritten signature]*  
*091 Austria Miss Was*  
*2/7?*

MEMORANDUM FOR THE SECRETARY, STATE-WAR-NAVY  
COORDINATING COMMITTEE:

Subject: Distribution of Food Produced  
on Soviet Controlled Land in  
Austria.

Enclosure: CM-IN 3467 (20 Nov 46) Copy No. 93.

The enclosed message from the Commanding General,  
U.S. Forces of Occupation, Vienna, Austria is forwarded  
herewith for transmittal to the State Department.

*W. G. Lalor*  
W. G. LALOR  
Captain, U. S. Navy,  
Deputy Secretary.

3336

**SECRET**

(6)

THE JOINT CHIEFS OF STAFF  
WASHINGTON 25, D. C.

**SECRET**

SM-7104  
19 November 1946

*091  
Austria Mail*

MEMORANDUM FOR THE SECRETARY, STATE-WAR-NAVY  
COORDINATING COMMITTEE:

Subject: Reduction in Pension  
Expenditures in Austria.

Enclosures: a. CM-IN 2949 (17 Nov 46) Copy No. 117.  
b. CM-IN 3013 (17 Nov 46) Copy No. 118.

The enclosed messages from the Commanding General,  
U.S. Forces of Occupation, Vienna, Austria, are forwarded  
for your information.

SWNCC SECRETARIAT

- State Member \_\_\_\_\_
- Army Member \_\_\_\_\_
- Navy Member \_\_\_\_\_
- Ass't State Member \_\_\_\_\_
- Ass't Army Member \_\_\_\_\_
- Ass't Navy Member \_\_\_\_\_
- Executive Secretary \_\_\_\_\_
- Ass't Exec. Secretary \_\_\_\_\_
- State Adm. Assistant \_\_\_\_\_
- Army Adm. Assistant \_\_\_\_\_
- Navy Adm. Assistant \_\_\_\_\_
- File \_\_\_\_\_

*Wap*

*W. G. Lalor*  
W. G. LALOR,  
Captain, U. S. Navy,  
Deputy Secretary.

NOV 20 1946

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PRIORITY

PARAPHRASE NOT REQUIRED. HANDLE AS SECRET CORRESPONDENCE  
PER PARAS 511 and 60a (4) AR 380-5

From: CG, USFA Vienna, Austria cite PASGS  
To: War Department for Joint Chiefs of Staff pass to  
State Department  
N<sub>r</sub>: P 6110 16 November 1946

The Allied Council on 15th November 1946 took note of a report from the Federal Chancellor concerning anticipated reductions in pension expenditures in the amount of 30 to 85 million schillings for the budget year 1946 and recommended that

(A). Payment of pensions to Nazis dismissed under the provisions of the denazification law be stopped and

(B). That all pensions established during the German occupation be re-examined.

Unanimous agreement was finally reached on the matter of instructions to the Austrian Government concerning the establishment of an Austrian frontier and \* the fact that the new denazification law had not yet been reported out of the Legal Directorate and decided that the High Commissioners would exert pressure on their subordinates with the view to assuring consideration of the law by the Council at its next meeting on 29th November. In response to a statement by the French High Commissioner, the Council took action to have both the Austrian Government and the Internal Affairs Directorate study measures designed to correct current deficiencies

CM IN 2949 (17 Nov 46)

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PRIORITY

Page 2

From: CG, USFA Vienna, Austria cite PASGS

Nr: P 6110

16 November 1946

In the issuance of passports and visas to Austrians desiring to travel beyond the Austrian frontiers.

A letter from the Federal Chancellor in which was set out the estimated Austrian trade balance for 1947 was referred to the Economic Directorate for more detailed study, with the understanding that any High Commissioner who so desired would inform his government of this estimate of Austrian need.

The new 1550 calorie food ration and the general food problem were discussed at length as a result of the question being raised by the Soviet member. The Economic Directorate was instructed to determine whether the ration was being met and to work out with the Austrian Government an estimate of indigenous food availability. A more detailed report of this matter will be the subject of a separate communication.

End

Note: This message has been relayed to State Department.

\* Being Serviced.

ACTION: JCS

INFO: AAP, Adm Leahy, CAD, ID, Adm Nimitz, SSF

CM IN 2949

(17 Nov 46)

DTG 161600A

mk

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PRIORITY

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PAPAPHRASE NOT REQUIRED. HANDLE AS SECRET  
CORRESPONDENCE PER PARAS 51 i and 60 a (4) AR 380-5

From: CG USPA Vienna, Austria c/c PARGS  
To: War Department for JCS pass to State Department  
Re: P 6110 16 November 1946

Please correct page 1 line 12 to read:

Establishment of an Austrian frontier and customs control service.

The council again took note of the fact that.

End

NOTE: This message has been relayed to State Department.

Note: Supplementary copy of CM-IN-2942 (17 Nov 46) JCS

ACTION: JCS

INFO: AAF, Adm Leahy, CAD, ID, Adm Limits, SFP, P&O

CM-IN 3013 (17 Nov 46) DTG 161600Z avc

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118

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091 - austria  
misc

*This is a response to a msg sent out by the Director for the Affairs Div.*

SWNCC SECRETARIAT

CONFIDENTIAL I VI

PARAPHRASE NOT REQUIRED. HANDLE AS CONFIDENTIAL CORRESPONDENCE PER PARAS 511 and 60a

- State Member \_\_\_\_\_
- Army Member \_\_\_\_\_
- Navy Member \_\_\_\_\_
- Ass't State Member \_\_\_\_\_
- Ass't Army Member \_\_\_\_\_
- Ass't Navy Member \_\_\_\_\_
- Executive Secretary \_\_\_\_\_
- Ass't Exec. Secretary \_\_\_\_\_
- State Adm. Assistant \_\_\_\_\_
- Army Adm. Assistant \_\_\_\_\_
- Navy Adm. Assistant \_\_\_\_\_
- File \_\_\_\_\_

From: USFA Vienna, Austria cite PASGS  
To: War Department for WARCAD  
Info: OMGUS, Berlin, Germany  
Nr: P 1266

16 July 1946

Detailed suggestions and comments of proposal in WARX 90450 made as follows:

(A) Suggest governments concerned submit lists of securities to Germany only, unless specifically known that type of security involved was brought to Austria. Few securities were brought to Austria, mostly from Holland, very few from neighboring Balkan States. Only lists of securities checked and not needed in Germany should be forwarded to Austria. This will eliminate work of Allied Council, Austria, officials, who otherwise will be flooded with lists having no connection with Austria.

(B) Many securities and records of ownership, especially in Soviet Zones of Germany and Austria, believed destroyed or at least not available for inclusion in lists, thus making task of preparing lists as per para 3C (1), WARX 90450, and comparing as per para 3C (2) extremely difficult. Restitution of pieces of paper may be impossible.

(C) Any individual tracing of transactions by Allied experts or under effective supervision thereof impracticable due to shortage of personnel. It is doubtful if results achieved would justify personnel expenditures required.

CM-IN-3482

(17 Jul 46)

CONFIDENTIAL

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CONFIDENTIAL IVI

Page 2

From: USFA Vienna, Austria cite PASGS

Nr: P 1266

16 July 1946

(D) Scheme similar to that for distribution of gold does not seem feasible because of multitude of securities and quotations involved and because of complications arising from exchange rates.

(E) Utilization of decree number 4 as proposed in para 3B of WARX 90450 not possible, because this decree of similar measures by British and French did not cover Vienna and Russian Zone, where security ownership and holdings are concentrated. The new Austrian Foreign Exchange law which has been approved by Quadripartite Finance Division provides for reporting of foreign securities to Austrian National Bank, but without all necessary details required for restitution purposes. Results will be available, at the earliest, in September.

Recommend alternative proposal in which issuers of securities who now or suspect that securities have been looted take following action:

(A) If numbers of looted securities are known, effect legal cancellation of such securities.

(B) If number are not known: to have securities deposited so that ownership rights can be verified and securities not deposited, declared void, in accordance with various national laws. As long as ownership not finally decided, new securities issued in substitution should be held in trust by respective governments.

This procedure can be effected by individual issuing corporation, hence will not require cumbersome machinery, large staff, etc, will not necessitate any Quadripartite

CM-IN-3482

(17 Jul 46)

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CONFIDENTIAL IVI

Page 3

From: USFA Vienna, Austria cite PASGS

Nr: P 1266

16 July 1946

agreement which will be difficult to get for the scheme proposed in WARX 90450.

Assume that Austria is considered a country which was "Occupied, or effectively controlled by Germany" to which looted securities should be restituted in accord para 2A and B reference cable in spite of the fact that other securities might have been brought to Austria from other occupied or controlled countries. This would legally cut off German economic penetration which is presently only suspended as far as corporation laws are concerned. However, it would leave German holdings acquired before 13th March 1930-8 intact and give Germany chance to prove that duress was not involved. Admittedly this will lead to prolonged litigation in some cases before either Austrian courts or some interallied body of measures will have to be taken that the restitution of the securities to the Austrian government will not have the effect of impairing the rights of claimant countries under the existing agreements regarding reparations from German external assets.

This treatment of Austria would be in accordance with Austrian nullification law which is based on the same principle, but also covers so-called internal loot (Aryanization), and with the principle that location of the plant or seat of the enterprise, not the location or ownership of the securities, would be the decisive factor in the settlement of German-Austrian claims.

CM-IN-3482

(17 Jul 46)

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CONFIDENTIAL IVI

Page 4

From: USFA Vienna, Austria cite PASGS

Nr: P 1266

16 July 1946

Alternative proposal recommended by USFA considered especially advantageous on account of by-passing Soviet objections and because experience has shown that Austrian Government has great difficulties compiling reliable data and lacks ready machinery for handling such matters. The alternative method will make use of the initiative of individual companies and of the largely intact and experienced two Austrian big banks. Alternative proposal would also cover Austrian securities looted by Soviets in Austria. This is considered very important.

RM/schilling 690 million worth securities, of which however only 301 million complete (certificate and coupons) and 383 million coupons only, deposited with but not belonging to the former Reichsbank, seized by Soviets upon entry. Value of securities seized from safe deposit boxes and private storing places not yet obtainable. The securities seem not to have appeared on the market as yet. However, they might constitute means by which Soviets accomplished, by agents if necessary, economic penetration in spite of Zonal principle of reparation policy, or acquire schillings or, possible, even some Foreign Exchange. Even if Soviets do not make use of securities, the threat that they might causes considerable uncertainty.

Alternative proposal would take the form of converting securities from mark to schilling currency (at the rate of 1: 1) conformity with the Allied Council approved schilling law. This is desirable in its own right and can not be objected to by the Soviets, as they have approved original measure. Believe that provisions requiring proof of ownership can be worked in such a way that Soviets would

CM-IN\_3482

(17 Jul 46)

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CONFIDENTIAL IVI .

Page 5

From: USFA Vienna, Austria cite PASGS

Nr: P 1266

16 July 1946

not object. After new control agreements in effect, legis-  
lation originating with Austrians, if not unaminously ve-  
toed by Council action, will become law.

The foregoing could be put through in Austria re-  
gardless if method employed locating securities issued out-  
side Austria, and would be welcomed by Austrians. It would  
cover the case of locating securities originally issued in  
Austria, looted from occupied countries, mentioned in para  
3C of WARX 90450.

End.

ACTION: CAD

INFO : D/I, D/PO, CAD(State), SWNCC

GM-IN-3482

(17 Jul 46) DTG 161545Z

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- State Member
- Army Member
- Navy Member
- Ass't State Member
- Ass't Army Member
- Ass't Navy Member
- Executive Secretary
- Ass't Exec. Secretary
- State Adm. Assistant
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SPFBC WEI 3g

13 MAY 1946

The Honorable

The Secretary of State

Dear Mr. Secretary:

*091 Austria Misc*

Reference is made to your communication of 25 April 1946 transmitting a copy of a letter from the Austrian Political Representative to the United States relative to the redemption of military payment orders issued to prisoners of war being repatriated to Austria.

Military payment orders are not negotiable instruments and the functions of the Treasurer of the United States with regard thereto do not involve the payment from the Treasury of moneys of the United States, but are intended to transfer charges for cashing the payment orders to the proper disbursing officers' accounts. If such an order were cashed for the payee by any facility other than an Army or Navy disbursing officer and presented to the Treasury through usual banking channels payment would be declined.

Military payment orders which have been issued to prisoners of war have been charged against the Trust Fund Appropriation, "Funds of Civilian Internees and Prisoners of War". In order to segregate payments made to repatriated prisoners of war of former enemy countries, project accounts have been prescribed for use in connection with all payments charged against the foregoing trust fund appropriation. The basis for determining the proper project citation is the Army component to which the repatriated prisoner belonged at the time of capture and not necessarily the nationality of the individual concerned. Thus, the three project accounts established are for charges made against the trust fund appropriation for military payment orders issued to repatriated German, Italian, and Japanese prisoners of war, respectively. In connection with German prisoners, no records are available to indicate the nationality of the respective members of the

MAY 17 1946



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STATE WAR & NAVY COORDINATION COMMITTEE

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The Secretary of State

former German military establishment. Furthermore, charges made against the trust fund appropriation represent the aggregate value of military payment orders issued and not necessarily the amounts which have been presented for redemption upon the completion of repatriation.

In determining the equivalent to be credited to the account of the Austrian Government with a bank in the United States, in the event such a procedure should be adopted, the applicable rate of exchange would be necessarily of primary consideration. In this connection, it has been previously recommended to the War Department by the Commanding General, United States Forces of Occupation in Austria, that the redemption of these military payment orders be effected by the Austrian authorities at an arbitrary rate of 6.625 schillings per dollar (based on the pre-Anschluss schilling-pound rate and the depreciation of sterling in dollars), the amount of payment to be adjusted when the general exchange rate is fixed. However, the Joint Chiefs of Staff have stated, upon approval of the State and Treasury Departments, that the United States is opposed as a matter of general principle to the establishment of multiple exchange rates even on a temporary basis. It follows, therefore, that encashment of military payment orders at the present time must be at the established military rate of exchange.

The United States Government has indicated its willingness to consider any views which the Commanding General, United States Forces of Occupation in Austria, the Allied Control Council and the Austrian Government may have relative to the establishment for all transactions of a uniform provisional exchange rate differing from the present provisional military rate. Pending the establishment of such a rate, it is the opinion of the War Department that dollars should not accrue in United States banks for credits arising from the encashment in Austria of United States obligations at an arbitrary rate of exchange differing from the established provisional military rate and not concurred in by the United States Government.

Sincerely yours,

(Signed) ROBERT P. PATTERSON  
Secretary of War

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SWNCC	
COL. MCCARTHY	.....
COMDR. RICHARDSON	.....
MR. R. E. COX	.....
LT. COL. PENNOYER	.....
LT. <del>COMDR.</del> <del>SEILFUSS</del>	.....
MR. H. W. MOSELEY	.....
MR. J. P. GARDINER	.....
LT. <del>COMDR.</del> ROCKEFELLER	.....
LT. COL. V. F. FIELD	.....
MAJOR W. E. GUNTHER	.....
1ST LT. E. SPITTALL	.....
ENS. F. WHITESIDE	.....
FILE	.....

*asst*  
*W*  
*DEC 28 1945*

The Honorable  
The Secretary of State  
My dear Mr. Secretary:

*091-Austria (Misc)*

Please refer to your letter of 24 November 1945 (file 740,0019 Control, Austria) and my interim reply of 4 December 1945, which agreed in principle to your proposals for the reduction of occupation forces in Austria.

Current strengths of the national occupation contingents in Austria are approximately as follows:

U.S.:	47,000, including two divisions
France:	40,000, including one division
U.K.:	65,000, including two divisions
U.S.S.R.:	200,000, including 17 divisions

Conditions in each of the national occupation zones, as for example, the amount of frontier responsibility, vary so that occupation force requirements in each zone are not now, and will not be in the near future, equal. United States proposals to equalize the forces in each national zone may be countered by this argument. I therefore recommend that agreement be sought among the four powers to reduce progressively the forces of occupation to the following maximum figures on the dates indicated:

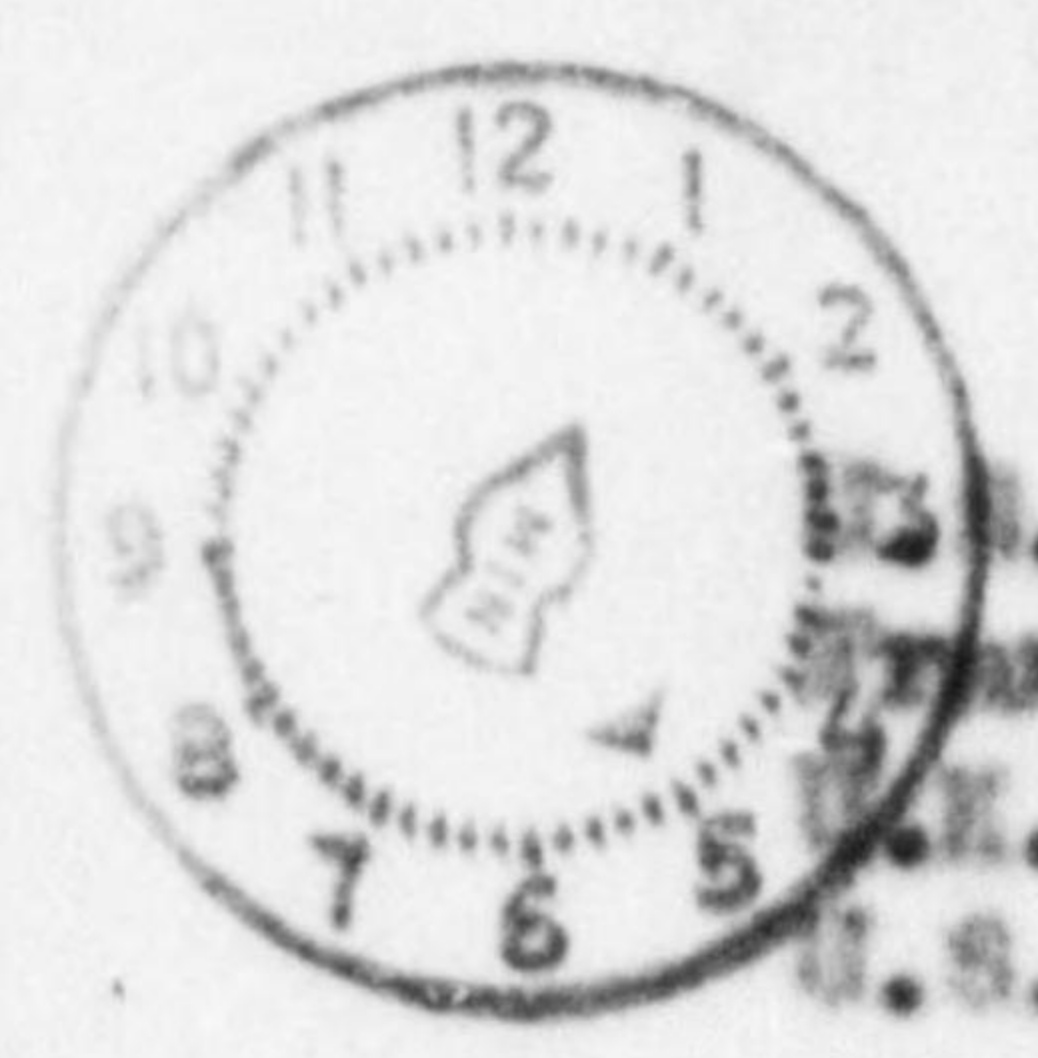
a. In Vienna:

	<u>1 Feb 46</u>	<u>1 Jul 46</u>	<u>1 Nov 46</u>
Each Power	9,000	8,000	5,000

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b. Outside Vienna:

	<u>1 Feb 46</u>	<u>1 Jul 46</u>	<u>1 Nov 46</u>
U.S.	31,000	16,000	12,500
France	28,000	16,000	12,500
U.K.	85,000	30,000	30,000
U.S.S.R.	60,000	40,000	26,000



STATE WAR & NAVY COORDINATING COMMITTEE

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091 Austria  
(24 Nov. 45)

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Should you deem the principle of establishing equalized occupation force figures important, I recommend that the figures shown for U.S.S.R. be used. In either instance, the proviso must be made that the figures are maximum figures and that each power may, if it desires, maintain garrisons of lesser strength. In every case, the specified strengths should include the personnel of all ranks of ground, air, and sea forces.

Sincerely yours,

(Signed) ROBERT P. PATTERSON  
Secretary of War

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091 Austria, Com

COL. MCCARTHY	.....
CDR. RICHARDSON	.....
MR. R. E. COX	.....
LT. COL. PENNOYER	.....
LT. COL. KILFUSS	.....
MR. H. W. MOSELEY	.....
MR. J. P. GARDINER	.....
LT. CDR. ROCKEFELLER	.....
LT. COL. V. F. FIELD	.....
MAJOR W. E. SPITALL	.....
ENS. F. WHITESIDE	.....
FILE	.....

The Honorable  
 The Secretary of State  
 Dear Mr. Secretary:

Estimates indicate that it will be necessary to import, annually, to Austria 761,000 tons of subsistence supplies and 1,800,000 tons of coal. These tonnages provide a minimum standard of living and do not include imports of supplies other than coal and food, which may be required at a later date to further the objectives of the occupation. Since the United States is the residual world supplier of these commodities, imports will have a direct effect upon the United States economy.

The supply problem in Austria differs from that in Germany, in that there does not appear to be any hope that supply requirements will decrease in the future nor that the Austrian Government shall at any time in the future be able to reimburse the United States for the cost of these imports. The pre-war economy of Austria was insufficient to provide for the needs of its people. This insufficiency is now exaggerated by restrictions to the free exchange of goods within Austria resulting from the zoning of responsibilities by the occupying powers, and by barriers to trade existing between Austria and other Central European and Balkan countries. Normally these latter areas exported substantial quantities of food to Austria.

The War Department, through negotiations by its military representatives in Austria, is exerting every effort to reestablish a free exchange of foodstuffs and other commodities within Austria. The Allied Council for Austria held its first meeting on 14 September 1945. It is hoped that a Quadripartite Resources Board can be established soon. However, the British Government has been reluctant to participate in any quadripartite organization in Austria until consideration has been given to the supply of Austria as a whole, particularly the utilization of the countries of the Danube Basin as a primary source of supply. The Russian Government opposes this view, and has proposed unilateral responsibility for the separate occupied zones of Austria itself.

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In view of the close interdependence between civilian supply for Austria and the complex trade problems existing in Central Europe, the War Department does not feel that it can adequately protect the interests of the United States Government without resorting to negotiation on the governmental level. It is, therefore, recommended that appropriate steps be taken through the State Department to negotiate or otherwise arrange such agreements as are necessary to insure the maximum utilization of Central European resources to reduce the import requirements from the United States to Austria.

Sincerely yours,

(Signed) ROBERT B. PATTERSON

Secretary of War