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AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE FEDERAL GOVERNMENT OF AUSTRIA RE-
GARDING SETTLEMENT FOR WAR ACCOUNTS AND CLAIMS INCI-
DENT TO THE OPERATIONS OF THE U. S. FORCES IN AUSTRIA
DURING THE PERIOD 9 APRIL 1945 TO 30 JUNE
1947, INCLUSIVE

PREAMBLE

1. The Government of the United States of America and the Government of Austria have reached an understanding regarding the settlement for outstanding war accounts and claims incident to the operations of the United States Forces in Austria from the liberation of Austria on 9 April 1945 to 30 June 1947, inclusive. This agreement is in full, complete and final settlement, and the signatory governments agree that, except as herein specifically provided, no further benefits will be sought by either of them as consideration for the foregoing. In arriving at this understanding, the signatory governments have recognized the benefits accruing to each from the liberation of Austria on 9 April 1945, the early establishment of that economic security necessary for a lasting peace as well as the difficulties connected on each side with the keeping of detailed accounts and records during the period of and following actual combat operations of field armies.

2. Effective 1 July 1947, rentals, facilities, goods, services, and schillings procured by the U. S. Occupational Forces stationed in Austria will be paid for with U. S. dollar funds.

ARTICLE I

3. The Government of the United States agrees to pay the sum of Three Hundred Eight Million Three Hundred Eighty Two Thousand Five Hundred Ninety Schillings (Sch 308,382,590) to the Austrian Government in full and final settlement of all obligations incurred by United States Forces, agencies (public or quasi-public) together with forces of other nations operating under command of the U. S. Forces in Austria, during the period 9 April 1945 to 30 June 1947, inclusive.

4. The Austrian Government agrees to accept Three Hundred Eight Million Three Hundred Eighty Two Thousand Five Hundred Ninety Schillings in full, final and complete settlement and payment of all claims which have arisen or may arise as a result of acts which occurred prior to 1 July 1947.

5. The word claims as used covers all claims and includes specifically but is not restricted to the following:

a. Claims for the loss, damage, destruction and use of property, whether real, personal, or fixed and for supplies, communication, transportation and other services, requisitioned, ordered and used, arising out of the exercise or purported exercise of belligerent, occupational or other rights and all other claims of any type whatever against the United States by the Austrian Government, nationals of Austria, or persons owning property in or residing in Austria.

b. Claims for rentals for real estate occupied during the period 9 April 1945 to 30 June 1947, inclusive.

c. Claims for cost of supplies and services of any type whatever, furnished during the aforesaid period to the Government of the United States and to individuals accredited to United States Forces in Austria.

d. Settlement in full for the completed and delivered portion of all contracts entered into by representatives of the Government of the United States with Austrian nationals or others owning property, rendering service or residing in Austria, entered into prior to 1 July 1947.

e. The Austrian Government guarantees the Government of the United States to adjudicate individual claims, pay to individuals and settle with individuals, both Austrian nationals and others owning property, rendering

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service or residing in Austria, and to guarantee full protection to the United States against any claims for services, supplies and other obligations of whatever nature which occurred during the period 9 April 1945 to 1 July 1947.

7. The Austrian Government recognises the validity and propriety of the payments made during the aforementioned period in schillings by the United States for obligations of whatsoever nature.

ARTICLE II

8. The Austrian Government agrees that nothing in this agreement is to be construed as settlement of, or in any manner of form as abrogating the terms of any loans made by any agency of the Government of the United States to the Austrian Government. The Austrian Government further agrees that nothing in this agreement is to be construed as modifying or abrogating the terms of any private agreements entered into by citizens or corporations of the United States with citizens or corporations of or residing in Austria, and will not be construed as changing in any manner whatever or abrogating any securities issued by the Austrian Government or corporations whose home office is in Austria.

ARTICLE III

9. The United States Forces in Austria will deliver to the Austrian Government all records, vouchers, etc., pertaining to the obligation and claims of Austrian Governmental agencies, Austrian nationals, corporations, individuals residing in or owning property in Austria, and foreign and local corporations, remaining unpaid as of 1 July 1947.

10. The United States Forces in Austria will hold available for inspection by the Austrian Government, for a period of two years from the date of signing this agreement, all records pertaining to bills paid or claims settled by the United States Forces in Austria, with Austrian Governmental agencies, Austrian nationals, individuals residing in or owning property in Austria, including claims by or bills owing foreign and local corporations and remaining unsettled as of 1 July 1947.

11. The Austrian Government will hold available for inspection by representatives of the Government of the United States, for a period of two years from the date of signing this agreement, all records pertaining to financial transactions, supplies, services, and personal services, furnished to the Government of the United States, during the period 9 April 1945 to 1 July 1947.

ARTICLE IV

12. The Austrian Government further agrees that no amount will be charged to the United States Forces in Austria for any real properties, chattels appurtenant thereto or personal services in connection therewith which shall be derequisitioned and vacated by the United States Forces in Austria prior to 31 July 1947 or for any claims arising out of the termination of employment.

13. This English text in 4 pages including this one is agreed upon as the official language of this agreement, but a translation into German will be made.

In witness whereof the parties hereto by their duly authorised representatives have hereunto set their hands at Vienna, Austria, this 21st day of June 1947.

FOR THE UNITED STATES OF AMERICA FOR THE FEDERAL GOVERNMENT OF AUSTRIA

/s/ GEOFFREY KEYS /s/ F. J. LEOPOLD
 GEOFFREY KEYS Lieutenant General, USA Federal Chancellor for Austria
 High Commissioner

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MISCELLANEOUS NO. I (1946)

FINAL ACT OF THE
PARIS CONFERENCE ON
REPARATION

(With Annex)

Paris, 21st December, 1945

Presented by the Secretary of State for Foreign Affairs
to Parliament by Command of His Majesty

London

HIS MAJESTY'S STATIONERY OFFICE

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Authority NND745072
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Entry FIN. DIV.
Box 420FINAL ACT OF THE PARIS CONFERENCE
ON REPARATION.

Paris, 21st December, 1945.

CONFERENCE RECOMMENDATION.

The Paris Conference on Reparation, which has met from 9th November, 1945, to 21st December, 1945, recommends that the Governments represented at the Conference should sign in Paris as soon as possible an Agreement on Reparation from Germany, on the Establishment of an Inter-Allied Reparation Agency and on the Restitution of Monetary Gold in the terms set forth below.

DRAFT AGREEMENT ON REPARATION FROM GERMANY, ON THE ESTABLISHMENT
OF AN INTER-ALLIED REPARATION AGENCY AND ON THE RESTITUTION OF
MONETARY GOLD.

The Governments of Albania, the United States of America, Australia, Belgium, Canada, Denmark, Egypt, France, the United Kingdom of Great Britain and Northern Ireland, Greece, India, Luxembourg, Norway, New Zealand, the Netherlands, Czechoslovakia, the Union of South Africa and Yugoslavia, in order to obtain an equitable distribution among themselves of the total assets which, in accordance with the provisions of this Agreement and the provisions agreed upon at Potsdam on 1st August, 1945, between the Governments of the United States of America, the United Kingdom of Great Britain and Northern Ireland and the Union of Soviet Socialist Republics, are or may be declared to be available as reparation from Germany (hereinafter referred to as German reparation), in order to establish an Inter-Allied Reparation Agency, and to settle an equitable procedure for the restitution of monetary gold,

have agreed as follows:

Part I.—GERMAN REPARATION.

Article 1.—Shares in Reparation.

A. German reparation (exclusive of the funds to be allocated under Article 8 of Part I of this Agreement), shall be divided into the following categories:

Category A, which shall include all forms of German reparation except those included in Category B;

Category B, which shall include industrial and other capital equipment removed from Germany, and merchant ships and inland water transport.

B. Each Signatory Government shall be entitled to the percentage share of the total value of Category A and the percentage share of the total value of Category B set out for that Government in the Table of Shares set forth below.

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TABLE OF SHARES

Country	Category A.	Category B.
Albania	.05	.35
United States of America	28.00	11.80
Australia	.70	.95
Belgium	2.70	4.50
Canada	3.50	1.50
Denmark	.25	.35
Egypt	.05	.20
France	16.00	22.80
United Kingdom	28.00	27.80
Greece	2.70	.35
India	2.00	2.90
Luxembourg	.15	.40
Norway	1.90	1.90
New Zealand	.40	.60
Netherlands	3.90	5.60
Czechoslovakia	3.00	4.30
Union of South Africa(1)	.70	.10
Yugoslavia	6.60	9.60
Total	100.00	100.00

(1) The Government of the Union of South Africa has undertaken to waive its claims to the extent necessary to reduce its percentage share of Category B to the figure of 0.1 per cent., but it is entitled, in disposing of German enemy assets within its jurisdiction, to charge the net value of such assets against its percentage share of Category A and a percentage share under Category B of 1.0 per cent.

C. Subject to the provisions of paragraph D below, each Signatory Government shall be entitled to receive its share of merchant ships determined in accordance with Article 5 of Part I of this Agreement, provided that its receipts of merchant ships do not exceed in value its share in Category B as a whole.

Subject to the provisions of paragraph D below, each Signatory Government shall also be entitled to its Category A percentage share in German assets in countries which remained neutral in the war against Germany.

The distribution among the Signatory Governments of forms of German reparation other than merchant ships, inland water transport and German assets in countries which remained neutral in the war against Germany shall be guided by the principles set forth in Article 4 of Part I of this Agreement.

D. If a Signatory Government receives more than its percentage share of certain types of assets in either Category A or Category B, its receipts of other types of assets in that Category shall be reduced so as to ensure that it shall not receive more than its share in that Category as a whole.

E. No Signatory Government shall receive more than its percentage share of either Category A or Category B as a whole by surrendering any part of its percentage share of the other Category, except that, with respect to German enemy assets within its own jurisdiction, any Signatory Government shall be permitted to charge any excess of such assets over its Category A percentage share of total German enemy assets within the jurisdiction of the Signatory Governments either to its receipts in Category A or to its receipts in Category B in part to each Category.

F. The Inter-Allyed Reparation Agency, to be established in accordance with Part II of this Agreement, shall charge the reparation account of each Signatory Government for the German assets within the Government's

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jurisdiction over a period of five years. The charges at the date of the entry into force of this Agreement shall be not less than 20 per cent. of the net value of such assets (as defined in Article 6 of Part I of this Agreement) as then estimated, at the beginning of the second year thereafter not less than 25 per cent. of the balance as then estimated, at the beginning of the third year not less than 33 1/3 per cent. of the balance as then estimated, at the beginning of the fourth year not less than 50 per cent. of the balance as then estimated, at the beginning of the fifth year not less than 90 per cent. of the balance as then estimated, and at the end of the fifth year the entire remainder of the total amount actually realized.

G. The following exceptions to paragraphs D and E above shall apply in the case of a Signatory Government whose share in Category B is less than its share in Category A:

- (i) Receipts of merchant ships by any such Government shall not reduce its percentage share in other types of assets in Category B, except to the extent that such receipts exceed the value obtained when that Government's Category A percentage is applied to the total value of merchant ships.
- (ii) Any excess of German assets within the jurisdiction of such Government over its Category A percentage share of the total of German assets within the jurisdiction of Signatory Governments as a whole shall be charged first to the additional share in Category B to which that Government would be entitled if its share in Category B were determined by applying its Category A percentage to the forms of German reparation in Category B.

H. If any Signatory Government renounces its shares or part of its shares in German reparation as set out in the above Table of Shares, or if it withdraws from the Inter-Allied Reparation Agency at a time when all or part of its shares in German reparation remain unsatisfied, the shares or part thereof thus renounced or remaining shall be distributed rateably among the other Signatory Governments.

Article 2.-Settlement of Claims against Germany.

A. The Signatory Governments agree among themselves that their respective shares of reparation, as determined by the present Agreement, shall be regarded by each of them as covering all its claims and those of its nationals against the former German Government and its Agencies of a governmental or private nature, arising out of the war (which are not otherwise provided for), including costs of German occupation, credits acquired during occupation on clearing accounts and claims against the Reichskreditkassen.

B. The provisions of paragraph A above are without prejudice to:

- (i) the determination at the proper time of the forms, duration or total amount of reparation to be made by Germany;
- (ii) the right which each Signatory Government may have with respect to the final settlement of German reparation; and
- (iii) any political, territorial or other demands which any Signatory Government may put forward with respect to the peace settlement with Germany.

C. Notwithstanding anything in the provisions of paragraph A above, the present Agreement shall not be considered as affecting:

- (i) The obligation of the appropriate authorities in Germany to secure at a future date the discharge of claims against Germany and German nationals arising out of contracts and

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other obligations entered into, and rights acquired, before the existence of a state of war between Germany and the Signatory Government concerned or before the occupation of its territory by Germany, whichever was earlier;

- (ii) the claims of Social Insurance Agencies of the Signatory Governments or the claims of their nationals against the Social Insurance Agencies of the former German Government; and
- (iii) banknotes of the Reichsbank and the Rentenbank, it being understood that their realisation shall not have the result of reducing improperly the amount of reparation and shall not be effected without the approval of the Control Council for Germany.

D. Notwithstanding the provisions of paragraph A of this Article, the Signatory Governments agree that, so far as they are concerned, the Czechoslovak Government will be entitled to draw upon the Giro account of the National Bank of Czechoslovakia at the Reichsbank, should such action be decided upon by the Czechoslovak Government and approved by the Control Council for Germany, in connection with the movement from Czechoslovakia to Germany of former Czechoslovak nationals.

Article 3.-Waiver of Claims regarding Property allocated as Reparation.

Each of the Signatory Governments agrees that it will not assert, initiate actions in international tribunals in respect of, or give diplomatic support to claims on behalf of itself or those persons entitled to its protection against any other Signatory Government or its nationals in respect of property received by that Government as reparation with the approval of the Control Council for Germany.

Article 4.-General Principles for the Allocation of Industrial and other Capital Equipment.

A. No Signatory Government shall request the allocation to it as reparation of any industrial or other capital equipment removed from Germany except for use in its own territory or for use by its own nationals outside its own territory.

B. In submitting requests to the Inter-Allied Reparation Agency, the Signatory Governments should endeavour to submit comprehensive programs of requests for related groups of items, rather than requests for isolated items or small groups of items. It is recognized that the work of the Secretariat of the Agency will be more effective, the more comprehensive the programs which Signatory Governments submit to it.

C. In the allocation by the Inter-Allied Reparation Agency of items declared available for reparation (other than merchant ships, inland water transport and German assets in countries which remained neutral in the war against Germany), the following general principles shall serve as guides:

- (i) Any item or related group of items in which a claimant country has a substantial pre-war financial interest shall be allocated to that country if it so desires. Where two or more claimants have such substantial interests in a particular item or group of items, the criteria stated below shall guide the allocation.
- (ii) If the allocation between competing claimants is not determined by paragraph (i), attention shall be given, among other relevant factors, to the following considerations:
 - (a) The urgency of each claimant country's needs for the item or items to rehabilitate, reconstruct or restore to full activity the claimant country's economy;

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- (b) The extent to which the item or items would replace property which was destroyed, damaged or looted in the war, or requires replacement because of excessive wear in war production, and which is important to the claimant country's economy;
- (c) The relation of the item or items to the general pattern of the claimant country's pre-war economic life and to programs for its post-war economic adjustment or development;
- (d) The requirements of countries whose reparation shares are small but which are in need of certain specific items or categories of items;
- (iii) In making allocations a reasonable balance shall be maintained among the rates at which the reparation shares of the several claimant Governments are satisfied, subject to such temporary exceptions as are justified by the considerations under paragraph (ii) (a) above.

Article 5.-General Principles for the Allocation of Merchant Ships and Inland Water Transport.

A. (i) German merchant ships available for distribution as reparation among the Signatory Governments shall be distributed among them in proportion to the respective over-all losses of merchant shipping, on a gross tonnage basis, of the Signatory Governments and their nationals through acts of war. It is recognized that transfers of merchant ships by the United Kingdom and United States Governments to other Governments are subject to such final approvals by the legislatures of the United Kingdom and United States as may be required.

(ii) A special committee, composed of representatives of the Signatory Governments, shall be appointed by the Assembly of the Inter-Allied Reparation Agency to make recommendations concerning the determination of such losses and the allocation of German merchant ships available for distribution.

(iii) The value of German merchant ships for reparation accounting purposes shall be the value determined by the Tripartite Merchant Marine Commission in terms of 1938 prices in Germany plus 15 per cent., with an allowance for depreciation.

B. Recognizing that some countries have special need for inland water transport, the distribution of inland water transport shall be dealt with by a special committee appointed by the Assembly of the Inter-Allied Reparation Agency in the event that inland water transport becomes available at a future time as reparation for the Signatory Governments. The valuation of inland water transport will be made on the basis adopted for the valuation of merchant ships or on an equitable basis in relation to that adopted for merchant ships.

Article 6.-German External Assets.

A. Each Signatory Government shall, under such procedures as it may choose, hold or dispose of German enemy assets within its jurisdiction in manners designed to preclude their return to German ownership or control and shall charge against its reparation share such assets (net of accrued taxes, liens, expenses of administration, other in rem charges against specific items and legitimate contract claims against the German former owners of such assets).

B. The Signatory Governments shall give to the Inter-Allied Reparation Agency all information for which it asks as to the value of such assets and the amounts realised from time to time by their liquidation.

C. German assets in those countries which remained neutral in the war against Germany shall be removed from German ownership or control and

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liquidated or disposed of in accordance with the authority of France, the United Kingdom and the United States, pursuant to arrangements to be negotiated with the neutrals by these countries. The net proceeds of liquidation or disposition shall be made available to the Inter-Allied Reparation Agency for distribution on reparation account.

D. In applying the provisions of paragraph A above, assets which were the property of a country which is a member of the United Nations or its nationals who were not nationals of Germany at the time of the occupation or annexation of this country by Germany, or of its entry into war, shall not be charged to its reparation account. It is understood that this provision in no way prejudges any questions which may arise as regards assets which were not the property of a national of the country concerned at the time of the latter's occupation or annexation by Germany or of its entry into war.

E. The German enemy assets to be charged against reparation shares shall include assets which are in reality German enemy assets, despite the fact that the nominal owner of such assets is not a German enemy.

Each Signatory Government shall enact legislation or take other appropriate steps, if it has not already done so, to render null and void all transfers made, after the occupation of its territory or its entry into war, for the fraudulent purpose of cloaking German enemy interests, and thus saving them harmless from the effect of control measures regarding German enemy interests.

F. The Assembly of the Inter-Allied Reparation Agency shall set up a Committee of Experts in matters of enemy property custodianship in order to overcome practical difficulties of law and interpretation which may arise. The Committee should in particular guard against schemes which might result in effecting fictitious or other transactions designed to favour enemy interests, or to reduce improperly the amount of assets which might be allocated to reparation.

Article 7.--Captured Supplies.

The value of supplies and other materials susceptible of civilian use captured from the German Armed Forces in areas outside Germany and delivered to Signatory Governments shall be charged against their reparation shares in so far as such supplies and materials have not been or are not in the future either paid for or delivered under arrangements precluding any charge. It is recognised that transfers of such supplies and material by the United Kingdom and United States Governments to other Governments are agreed to be subject to such final approval by the legislature of the United Kingdom or the United States of America as may be required.

Article 8.--Allocation of a Reparation Share to Non-Repatriable Victims of German Action.

In recognition of the fact that large numbers of persons have suffered heavily at the hands of the Nazis and now stand in dire need of aid to promote their rehabilitation but will be unable to claim the assistance of any Government receiving reparation from Germany, the Governments of the United States of America, France, the United Kingdom, Czechoslovakia and Yugoslavia, in consultation with the Inter-Governmental Committee on Refugees, shall, as soon as possible, work out in common agreement a plan on the following general lines:

A. A share of reparation consisting of all the non-monetary gold found by the Allied Armed Forces in Germany and in addition a sum not exceeding 25 million dollars shall be allocated for the rehabilitation and resettlement of non-repatriable victims of German action.

B. The sum of 25 million dollars shall be met from a portion of the proceeds of German assets in neutral countries which are available for reparation.

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C. Governments of neutral countries shall be requested to make available for this purpose (in addition to the sum of 25 million dollars) assets in such countries of victims of Nazi action who have since died and left no heirs.

D. The persons eligible for aid under the plan in question shall be restricted to true victims of Nazi persecution and to their immediate families and dependents, in the following classes:

- (i) Refugees from Nazi Germany or Austria who require aid and cannot be returned to their countries within a reasonable time because of prevailing conditions;
- (ii) German and Austrian nationals now resident in Germany or Austria in exceptional cases in which it is reasonable on grounds of humanity to assist such persons to emigrate and providing they emigrate to other countries within a reasonable period;
- (iii) Nationals of countries formerly occupied by the Germans who cannot be repatriated or are not in a position to be repatriated within a reasonable time. In order to concentrate aid on the most needy and deserving refugees and to exclude persons whose loyalty to the United Nations is or was doubtful, aid shall be restricted to nationals of former nationals of previously occupied countries who were victims of Nazi concentration camps or of concentration camps established by regimes under Nazi influence but not including persons who have been confined only in prisoners of war camps.

E. The sums made available under paragraphs A and B above shall be administered by the Inter-Governmental Committee on Refugees or by a United Nations Agency to which appropriate functions of the Inter-Governmental Committee may in the future be transferred. The sums made available under paragraph C above shall be administered for the general purposes referred to in this article under a program of administration to be formulated by the five Governments named above.

F. The non-monetary gold found in Germany shall be placed at the disposal of the Inter-Governmental Committee on Refugees as soon as a plan has been worked out as provided above.

G. The Inter-Governmental Committee on Refugees shall have power to carry out the purposes of the fund through appropriate public and private field organisations.

H. The fund shall be used, not for the compensation of individual victims, but to further the rehabilitation or resettlement of persons in the eligible classes.

I. Nothing in this Article shall be considered to prejudice the claims which individual refugees may have against a future German Government, except to the amount of the benefits that such refugees may have received from the sources referred to in paragraphs A and C above.

PART II -- INTER-ALLIED REPARATION AGENCY

Article 1.--Establishment of the Agency.

The Governments Signatory to the present Agreement hereby establish an Inter-Allied Reparation Agency (hereinafter referred to as "The Agency"). Each Government shall appoint a Delegate to the Agency which shall be entitled to appoint an Alternate who, in the absence of the Delegate, shall be entitled to exercise all the functions and rights of the Delegate.

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Article 2.--Functions of the Agency.

(a) The Agency shall allocate German reparation among the Signatory Governments in accordance with the provisions of this Agreement and of any other agreements from time to time in force among the Signatory Governments. For this purpose, the Agency shall be the medium through which the Signatory Governments receive information concerning, and express their wishes in regard to, items available as reparation.

(b) The Agency shall deal with all questions relating to the restitution to a Signatory Government of property situated in one of the Western Zones of Germany, which may be referred to it by the Commander of that Zone (acting on behalf of his Government), in agreement with the claimant Signatory Government or Governments, without prejudice, however, to the settlement of such questions by the Signatory Governments concerned either by agreement or arbitration.

Article 3.--Internal Organization of the Agency.

A. The organs of the Agency shall be the Assembly and the Secretariat.

B. The Assembly shall consist of the Delegates and shall be presided over by the President of the Agency. The President of the Agency shall be the Delegate of the Government of France.

C. The Secretariat shall be under the direction of a Secretary-General, assisted by two Deputy Secretaries-General. The Secretary-General and the two Deputy Secretaries-General shall be appointed by the Governments of France, the United States of America and the United Kingdom. The Secretariat shall be international in character. It shall act for the Agency and not for the individual Signatory Governments.

Article 4.--Functions of the Secretariat.

The Secretariat shall have the following functions:

A. To prepare and submit to the Assembly programs for the allocation of German reparation;

B. To maintain detailed accounts of assets available for, and of assets distributed as, German reparation;

C. To prepare and submit to the Assembly the budget of the Agency;

D. To perform such other administrative functions as may be required.

Article 5.--Functions of the Assembly.

Subject to the provisions of Articles 4 and 7 of Part II of this Agreement, the Assembly shall allocate German reparation among the Signatory Governments in conformity with the provisions of this Agreement and of any other agreements from time to time in force among the Signatory Governments. It shall also approve the budget of the Agency and shall perform such other functions as are consistent with the provisions of this Agreement.

Article 6.--Voting in the Assembly.

Except as otherwise provided in this Agreement, each delegate shall have one vote. Decisions in the Assembly shall be taken by a majority of the votes cast.

Article 7.--Appeal from Decisions of the Assembly.

A. When the Assembly has not agreed to a claim presented by a Delegate that an item should be allocated to his Government, the Assembly shall, at

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the request of that Delegate and within the time limit prescribed by the Assembly, refer the question to arbitration. Such reference shall suspend the effect of the decision of the Assembly on that item.

B. The Delegates of the Governments claiming an item referred to arbitration under paragraph A above shall select an Arbitrator from among the other Delegates. If agreement cannot be reached upon the selection of an Arbitrator, the United States Delegate shall either act as Arbitrator or appoint as Arbitrator another Delegate from among the Delegates whose Governments are not claiming the item. If the United States Government is one of the claimant Governments, the President of the Agency shall appoint as Arbitrator a Delegate whose Government is not a claimant Government.

Article 8.--Powers of the Arbitrator.

When the question of the allocation of any item is referred to arbitration under Article 7 of Part II of this Agreement, the Arbitrator shall have authority to make final allocation of the item among the claimant Governments. The Arbitrator may, at his discretion, refer the item to the Secretariat for further study. He may also at his discretion require the Secretariat to resubmit the item to the Assembly.

Article 9.--Expenses.

A. The salaries and expenses of the Delegates and of their staffs shall be paid by their own Governments.

B. The common expenses of the Agency shall be met from the funds of the Agency. For the first two years from the date of the establishment of the Agency, these funds shall be contributed in proportion to the percentage shares of the Signatory Governments in Category B and thereafter in proportion to their percentage shares in Category A.

C. Each Signatory Government shall contribute its share in the budget of the Agency, for each budgetary period (as determined by the Assembly) at the beginning of that period; provided that each Government shall, when this Agreement is signed on its behalf, contribute a sum equivalent to not less than its Category B percentage share of £50,000 and shall, within three months thereafter, contribute the balance of its share in the budget of the Agency for the budgetary period in which this Agreement is signed on its behalf.

D. All contributions by the Signatory Governments shall be made in Belgian francs or such other currency or currencies as the Agency may require.

Article 10.--Voting on the Budget.

In considering the budget of the Agency for any budgetary period, the vote of each Delegate in the Assembly shall be proportional to the share of the budget for that period payable by his Government.

Article 11.--Official Languages.

The official languages of the Agency shall be English and French.

Article 12.--Offices of the Agency.

The seat of the Agency shall be in Brussels. The Agency shall maintain liaison offices in such other places as the Assembly, after obtaining the necessary consents, may decide.

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Article 13.--Withdrawal.

Any Signatory Government, other than a Government which is responsible for the control of a part of German territory, may withdraw from the Agency after written notice to the Secretariat.

Article 14.--Amendments and Termination.

This Part II of the Agreement can be amended or the Agency terminated by a decision in the Assembly of the majority of the Delegates voting, provided that the Delegates forming the majority represent Governments whose shares constitute collectively not less than 80 per cent. of the aggregate of the percentage shares in Category A.

Article 15.--Legal Capacity, Immunities and Privileges.

The Agency shall enjoy in the territory of each Signatory Government such legal capacity and such privileges, immunities and facilities, as may be necessary for the exercise of its functions and the fulfilment of its purpose. The representatives of the Signatory Governments and the officials of the Agency shall enjoy such privileges and immunities as are necessary for the independent exercise of their functions in connexion with the Agency.

PART III.--RESTITUTION OF MONETARY GOLD.

Single Article.

A. All the monetary gold found in Germany by the Allied Forces and that referred to in paragraph G below (including gold coins, except those of numismatic or historical value which shall be restored directly if identifiable) shall be pooled for distribution as restitution among the countries participating in the pool in proportion to their respective losses of gold through looting or by wrongful removal to Germany.

B. Without prejudice to claims by way of reparation for unrestored gold, the portion of monetary gold thus accruing to each country participating in the pool shall be accepted by that country in full satisfaction of all claims against Germany for restitution of monetary gold.

C. A proportional share of the gold shall be allocated to each country concerned which adheres to this arrangement for the restitution of monetary gold and which can establish that a definite amount of monetary gold belonging to it was looted by Germany, or at any time after the 12th March, 1938, was wrongfully removed into German territory.

D. The question of the eventual participation of countries not represented at the Conference (other than Germany but including Austria and Italy) in the above-mentioned distribution shall be reserved, and the equivalent of the total shares which those countries would receive, if they were eventually admitted to participate, shall be set aside to be disposed of at a later date in such manner as may be decided by the Allied Governments concerned.

E. The various countries participating in the pool shall supply to the Governments of the United States of America, France and the United Kingdom as the occupying Powers concerned, detailed and verifiable data regarding the gold losses suffered through looting by, or removal to, Germany.

F. The Governments of the United States of America, France and the United Kingdom shall take appropriate steps within the zones of German occupied by them respectively to implement distribution in accordance with the foregoing provisions.

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C. Any monetary gold which may be recovered from a third country to which it was transferred from Germany shall be distributed in accordance with this arrangement for the restitution of monetary gold.

PART IV. --ENTRY INTO FORCE AND SIGNATURE.

Article 1.--Entry into Force.

This Agreement shall be open for signature on behalf of any Government represented at the Paris Conference on Reparation. As soon as it has been signed on behalf of Governments collectively entitled to not less than 80 per cent. of the aggregate of shares in Category A of German reparation, it shall come into force among such Signatory Governments. The Agreement shall thereafter be in force among such Governments and those Governments on whose behalf it is subsequently signed.

Article 2.--Signature.

The signature of each contracting Government shall be deemed to mean that the effect of the present Agreement extends to the colonies, and overseas territories of such Government, and to territories under its protection or suzerainty or over which it at present exercises a mandate.

In witness whereof, the undersigned, duly authorised by their respective Governments, have signed in Paris the present Agreement, in the English and French Languages, the two texts being equally authentic, in a single original, which shall be deposited in the archives of the Government of the French Republic, a certified copy thereof being furnished by that Government to each Signatory Government.

..... for the Government of

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..... for the Government of

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UNANIMOUS RESOLUTIONS BY THE CONFERENCE.

The Conference has also unanimously agreed to include the following Resolutions in the Final Act:

1.--German Assets in the Neutral Countries.

The Conference unanimously resolves that the countries which remained neutral in the war against Germany should be prevailed upon by all suitable means to recognize the tenet of justice and of international law in a policy which motivates the Powers exercising supreme authority over Germany and the other Powers participating in this Conference in their efforts to extirpate the German holdings in the neutral countries.

2.--Gold transferred to the Neutral Countries.

The Conference unanimously resolves that in conformity with the policy expressed by the United Nations Declaration against Axis Acts of Dispossession of 5th January 1943, and the United Nations Declaration on Gold of

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22nd February, 1944, the countries which remained neutral in the war against Germany be prevailed upon to make available for distribution in accordance with Part III of the foregoing Agreement all looted gold transferred into their territories from Germany.

3.--Equality of Treatment regarding Compensation for War Damage.

The Conference unanimously resolves that, in the administration of reconstruction or compensation benefits for war damage to property, the treatment accorded by each Signatory Government to physical persons who are nationals and to legal persons who are nationals of or are owned by nationals of any other Signatory Government, so far as they have not been compensated after the war for the same property under any other form or on any other occasion, shall be in principle not less favourable than that which the Signatory Government accords to its own citizens. In view of the fact that there are many special problems of reciprocity related to this principle, it is recognized that in certain cases the full implementation of the principle cannot be achieved except through special agreements between Signatory Governments.

Reference to the Annex to the Final Act.

During the course of the Conference statements were made by certain Delegates, in the terms set out in the attached annex, concerning matters not within the competence of the Conference but having a close relation with its work. The Delegates whose Governments are represented on the Control Council for Germany undertook to bring those statements to the notice of their respective Governments.

In witness whereof, the undersigned have signed the present Final Act of the Paris Conference on Reparation.

Done in Paris on the 21st December, 1945, in the English and French languages, the two texts being equally authentic, in a single original, which shall be deposited in the archives of the Government of the French Republic, certified copies thereof being furnished by the Government to all the Governments represented at that Conference.

HYSNI KAPO
Delegate of Albania;

JAMES W. ANGELL,
Delegate of the United States of America;

E. RONALD WALKER,
Delegate of Australia;

KAECKEN BECK,
Delegate of Belgium;

MAURICE POPE,
Delegate of Canada;

KRUSE,
for the Delegate of Denmark;

MAHMOUD FAKHRY
Delegate of Egypt; (1)

JACQUES RUEFF,
Delegate of France;

(1) Signed on 5th January 1946.

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S. D. WALEY,

Delegate of the United Kingdom of Great Britain and
Northern Ireland;

Delegate of Greece;

P. CHANDHURI

Delegate of India;

(These signatures are appended in agreement with
His Britannic Majesty's representative for the exer-
cise of the functions of the Crown in its relations
with the Indian States.)

WEHRER,

Delegate of Luxembourg;

HELGEBY,

Delegate of Norway;

S. D. WALEY,

for the Delegate of New Zealand;

BOISSEVAIN,

Delegate of the Netherlands;

VAVRO HAJDU

Delegate of Czechoslovakia;

MAURICE POPE,

for the Delegate of the Union of South Africa;

ALES BEBLER,

Delegate of Yugoslavia.

ANNEX.

I. Resolution on the subject of Restitution.

The Albanian, Belgian, Czechoslovak, Danish, French, Greek, Indian, Luxembourg, Netherlands and Yugoslav Delegates agree to accept as the basis of a restitution policy the following principles:

- (a) The question of the restitution of property removed by the Germans from the Allied countries must be examined in all cases in the light of the United Nations Declaration of the 5th January, 1943.
- (b) In general, restitution should be confined to identifiable goods which (i) existed at the time of occupation of the country concerned, and were removed with or without payment; (ii) were produced during the occupation and obtained by an act of force.
- (c) In cases where articles removed by the enemy cannot be identified, the claim for replacement should be part of the general reparation claim of the country concerned.
- (d) As an exception to the above principles, objects (including books, manuscripts and documents) of an artistic, historical, scientific (excluding equipment of an industrial character), educational or religious character which have been looted by

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the enemy occupying Power shall so far as possible be replaced by equivalent objects if they are not restored.

- (e) With respect to the restitution of looted goods which were produced during the occupation and which are still in the hands of German concerns or residents of Germany, the burden of proof of the original ownership of the goods shall rest on the claimants and the burden of proof that the goods were acquired by a regular contract shall rest on the holders.
- (f) All necessary facilities under the auspices of the Commanders-in-Chief of the Occupied Zones shall be given to the Allied States to send expert missions into Germany to search for looted property and to identify, store and remove it to its country of origin.
- (g) German holders of looted property shall be compelled to declare it to the control authorities; stringent penalties shall be attached to infractions of this obligation.

2. Resolution on Reparation from Existing Stocks and Current Production.

The Delegates of Albania, Belgium, Czechoslovakia, Denmark, Egypt, France, Greece, India, Luxembourg, the Netherlands, Norway and Yugoslavia,

In view of the decision of the Crimea Conference that Germany shall make compensation to the greatest possible extent for the losses and suffering which she has inflicted on the United Nations,

Considering that it will not be possible to satisfy the diverse needs of the Governments entitled to reparation unless the assets to be allocated are sufficiently varied in nature and the methods of allocation are sufficiently flexible,

Express the hope that no category of economic resources in excess of Germany's requirements as defined in Part III, Article 15, of the Potsdam Declaration, due account being taken of Article 19 of the same Part, shall in principle be excluded from the assets, the sum total of which should serve to meet the reparation claims of the Signatory Governments.

It thus follows that certain special needs of different countries will not be met without recourse in particular to German existing stocks, current production and services, as well as Soviet reciprocal deliveries under Part IV of the Potsdam Declaration.

It goes without saying that the foregoing shall be without prejudice to the necessity of achieving the economic disarmament of Germany.

The above-named Delegates would therefore deem it of advantage were the Control Council to furnish the Inter-Allied Reparation Agency with lists of existing stocks, goods from current production and services, as such stocks, goods or services become available as reparation. The Agency should, at all times, be in a position to advise the Control Council of the special needs of the different Signatory Governments.

2. Resolution regarding Property in Germany belonging to United Nations or their Nationals.

The Delegates of Albania, Belgium, Czechoslovakia, France, Greece, Luxembourg, the Netherlands, Norway and Yugoslavia, taking into account the fact that the burden of reparation should fall on the German people, recommend that the following rules be observed regarding the allocation as reparation of property (other than ships) situated in Germany:

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- (a) To determine the proportion of German property available as reparation, account shall be taken of the sum total of property actually constituting the German economy, including assets belonging to a United Nation or to its nationals, but excluding looted property, which is to be restored.
- (b) In general, property belonging legitimately to a United Nation or to its nationals, whether wholly owned or in the form of a shareholding of more than 48 per cent., shall so far as possible be excluded from the part of German property considered to be available as reparation.
- (c) The Control Council shall determine the cases in which minority shareholdings of a United Nation or its nationals shall be treated as forming part of the property of a German juridical person and therefore having the same status as that juridical person.
- (d) The foregoing provisions do not in any way prejudice the removal or destruction of concerns, controlled by interests of a United Nation or of its nationals, when this is necessary for security reasons.
- (e) In cases where an asset which is the legitimate property of one of the United Nations or its nationals has been allocated as reparation, or destroyed, particularly in the cases referred to in paragraphs (b), (c), and (d) above, equitable compensation to the extent of the full value of this asset shall be granted by the Control Council to the United Nation concerned as a charge on the German economy. This compensation shall, when possible, take the form of a shareholding of equal value in German assets of a similar character which have not been allocated as reparation.
- (f) In order to ensure that the property in Germany of persons declared by one of the United Nations to be collaborators or traitors shall be taken from them, the Control Council shall give effect in Germany to legislative measures and judicial decisions by courts of the United Nation concerned in regard to collaborators or traitors who are nationals of that United Nation or were nationals of that United Nation at the date of its occupation or annexation by Germany or entry into the war. The Control Council shall give to the Government of such United Nation facilities to take title to and possession of such assets and to dispose of them.

4. Resolution on captured war material.

The Delegates of Albania, Belgium, Denmark, Luxembourg, Netherlands, Norway, Czechoslovakia and Yugoslavia, taking account of the fact that part of the war material seized by the Allied Armies in Germany is of no use to these Armies but would, on the other hand, be of use to other Allied countries, recommend:

- (a) that, subject to Resolution 1 of this Annex on the subject of restitution, war material which was taken in the Western Zones of Germany and which has neither been put to any use nor destroyed as being of no value, and which is not needed by the Armies of Occupation or is in excess of their requirements, shall be put at the disposal of countries which have a right to receive reparation from the Western Zones of Germany, and
- (b) that the competent authorities shall determine the available types and quantities of this material and shall submit lists to the Inter-Allied Reparation Agency, which shall proceed in accordance with the provisions of Part II of the above Agreement.

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5. Resolution on German assets in the Julian March and the Dodecanese.

The Delegates of Greece, the United Kingdom and Yugoslavia (being the Delegates of the countries primarily concerned), agree that:

- (a) The German assets in Venezia Giulia (Julian March) and in the Dodecanese shall be taken into custody by the military authorities in occupation of those parts of the territory which they now occupy, until the territorial questions have been decided; and
- (b) As soon as a decision on the territorial questions has been reached, the liquidation of the assets shall be undertaken in conformity with the provisions of Paragraph A of Article 6 of Part I of the foregoing Agreement by the countries whose sovereignty over the disputed territories has now been recognised.

6. Resolution on Costs relating to Goods Delivered from Germany as Reparation.

The Delegates of Albania, Australia, Belgium, Canada, Denmark, Egypt, France, Greece, India, Luxembourg, Norway, New Zealand, the Netherlands, Czechoslovakia and Yugoslavia recommend that the costs of dismantling, packing, transporting, handling, loading and all other costs of a general nature relating to goods to be delivered from Germany as reparation, until the goods in question have passed the German frontier, and expenditure incurred in Germany for the account of the Inter-Allied Reparation Agency or of the Delegates of the Agency should, in so far as they are payable in a currency which is legal tender in Germany, be paid as a charge on the German economy.

7. Resolution on the Property of War Criminals.

The Delegates of Albania, Belgium, France, Luxembourg, Czechoslovakia and Yugoslavia express the view that:

- (a) the legislation in force in Germany against German war criminals should provide for the confiscation of the property in Germany of those criminals, if it does not do so already;
- (b) the property so confiscated, except such as is already available as reparation or restitution, should be liquidated by the Control Council and the net proceeds of the liquidation paid to the Inter-Allied Reparation Agency for division according to the principles set out in the foregoing Agreement.

8. Resolution on Recourse to the International Court of Justice.

The Delegates of Albania, Australia, Belgium, Denmark, France, Luxembourg, the Netherlands, Norway, Czechoslovakia and Yugoslavia recommend that:

Subject to the provisions of Article 3 of Part I of the foregoing Agreement the Signatory Governments agree to have recourse to the International Court of Justice for the solution of every conflict of law or of competence arising out of the provisions of the foregoing Agreement which has not been submitted by the parties concerned to amicable solution or arbitration.

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FINAL REPORT

ON THE

File No. 940.21

PARIS CONFERENCE ON REPARATION,

NOVEMBER 9, 1945, TO DECEMBER 21, 1945

SUBMITTED TO

THE SECRETARY OF STATE

BY

JAMES W. ANGELL

UNITED STATES REPRESENTATIVE

ALLIED COMMISSION ON REPARATION - GERMANY

FEBRUARY 18, 1946

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X

UNITED STATES REPRESENTATIVE
ALLIED COMMISSION ON REPARATION

Berlin, Germany

February 18, 1946

The Honorable James F. Byrnes
Secretary of State
Washington, D. C.

My dear Mr. Secretary:

I have the honor to submit to you herewith my Final Report as the United States Delegate to the Paris Conference on Reparations.

On October 23, 1945, the President appointed me the United States Representative on the Allied Commission on Reparations - Germany. Under this appointment, you authorized me to represent the United States at the Paris Conference. The Conference, which was attended by the Delegates of eighteen Governments, was in session from November 9, 1945, to December 21, 1945, and successfully completed its work.

The Final Act of the Conference has now been signed by all of the eighteen participating Governments. The Final Act recommended the adoption of an Agreement dealing with the shares of the several participating Governments in German reparation, the establishment of an Inter-Allied Reparation Agency, the control of German external assets, the restitution of monetary gold, and other related matters. On January 14, 1946, this Agreement was signed in Paris by a sufficient number of Governments to bring it into force on that date. It was left open for signature by the other participating Governments as well, and has now been signed by representatives of the Governments of the United States of America, Belgium, Canada, France, The United Kingdom of Great Britain and Northern Ireland, Greece, Luxembourg, the Netherlands, and Yugoslavia.

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The Paris Conference and the Paris Agreement achieved the following major results:

1. Agreement among the signatory Governments on their shares in all assets declared available to them as reparation from Germany.
2. Establishment of an Inter-Allied Reparation Agency to allocate specific items of German reparation among the signatory Governments, in accordance with their agreed shares and subject to the principles stated in the Agreement. This Agency is now actually in operation.
3. Agreement for the continuance, until its successful conclusion, of the United Nations effort to remove all German foreign assets from German control.
4. Allocation of a share of German reparation to the hundreds of thousands of non-repatriable victims of German action who cannot turn to any Government for present help through the reparation mechanism.
5. Agreement for the restitution of the monetary gold previously looted by Germany from the United Nations and subsequently recovered by them. In largest part, this gold was captured by American Armed Forces. Although the gold might have been treated by the United States as war booty, as an act of simple equity and justice it is being restored to the original owners.
6. Acceptance of a unanimous resolution that in the administration of benefits for war damage to property, each Government shall in principle give national treatment to the nationals of all other Signatory Governments. Because of our large investments in some of the European United Nations, this provision will be of very substantial value to the United States.

I am glad to report that agreement on these measures was reached in a spirit of great good will and mutual cooperation. I believe that the measures themselves will provide adequate solutions for many problems which might otherwise have given rise to grave controversy, distrust and suspicion among the United Nations concerned for years to come, and that their adoption makes a major contribution to the future peace and welfare of the world.

I also believe that the Paris Agreement adequately protects and promotes the vital interests of the United States. Our agreed share in German reparation will assure our retention of the nearly \$200 million in German assets which were within our jurisdiction at the outset of the war; we have obtained rights to 11.8 per cent of the German plant.

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and other capital equipment that will be declared available for reparation to the signatory Governments, a share sufficient to protect legitimate pre-war United States interests in any such plant or equipment and also to allow us to receive certain other technically significant installations; we will receive a substantial share in German ships; and we will also receive 28 per cent of the German external assets in neutral countries and of all other forms of German reparation made available to the signatory Governments.

At the Paris Conference, under your instruction, I authorized the announcement that in the interest of world rehabilitation and reconstruction, the United States would claim a much smaller share of German industrial and other capital equipment than of other forms of German reparation. The announcement was received by the Delegates of the other Governments represented at the Conference with great appreciation and satisfaction. I believe that this announcement, together with the announcement that the United States would restore to its original United Nations owners the looted monetary gold which our forces had captured in Germany, contributed more than any other one factor to the success of the Conference. The announcements gave solid evidence to the other Governments represented at the Conference of the sincere desire of the United States to promote world economic recovery and the effective building of a peaceful post-war world.

I wish to express my great appreciation of the honor you conferred in authorizing me to represent the United States at the Conference, and my great personal satisfaction with its results.

I also wish to acknowledge my profound thanks to all the members of the staff of the United States Delegation to the Conference for their extremely effective help, and particularly to Messrs. D. Maynard Phelps, Deputy Delegate; Covey T. Oliver, Counsellor; Moses Abramovitz, Special Adviser; John B. Howard, Special Adviser; and Raymond W. Oldsmith, Statistical Adviser.

Respectfully submitted,

James W. Angell

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INTRODUCTION

I

The Potsdam Protocol of August 2, 1945, effected a broad agreement among the Governments of the United States, the Union of Soviet Socialist Republics and the United Kingdom with respect to the reparation claims against Germany of these Governments and of other countries entitled to reparation from Germany. Under this agreement the reparation claims of the United States, the United Kingdom and all other countries entitled to reparation, except the Union of Soviet Socialist Republics and Poland, are to be met from the Western Zones of occupation of Germany and from appropriate German external assets.

In order to implement the Potsdam Protocol, on August 27, 1945, the Governments of the United States, France and the United Kingdom invited the Governments of Australia, Belgium, Canada, Czechoslovakia, Denmark, Egypt, Greece, India, Luxembourg, The Netherlands, New Zealand, Norway, The Union of South Africa, and Yugoslavia to supply data relating to their reparation claims against Germany.

On October 15, 1945, the three Governments invited the same 14 Governments to appoint representatives for a meeting to be held in Paris on November 9, 1945, to consider the data requested, to prepare the way for an Inter-Governmental Agreement on the allocation of reparation receipts as between these Governments, and to make recommendations with regard to the establishment of an Inter-Allied

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Reparation Agency. This meeting was later designated the Paris Conference on Reparation, and was in session from November 9, 1945, to December 31, 1945. During the course of the Conference, the Government of Albania was also invited to participate. Certain other Governments, although entitled to submit claims for reparation against Germany, were not invited to attend the Conference because it was felt that their claims could be met adequately from German external assets within their several jurisdictions.

Since it was originally expected that the Conference would not last more than two or three weeks, the three Inviting Powers sought preliminary agreement on as many points as possible before the Conference was officially convened. Informal discussions were therefore begun among the United States, French and United Kingdom Delegations on October 29. These discussions enabled the Delegates of the Inviting Powers to map out preliminary agenda, and to secure tentative advance agreement on a number of subjects both within and outside of the purview of the Conference. The discussions are referred to below as the Tripartite Preparatory Reparation Conference.

Similar meetings of the United States, French and United Kingdom Delegations were also held, although less frequently, during the course of the main Conference itself.

The opening session of the Conference, and the closing session on December 21 at which the Final Act was signed, were plenary sessions open to the press and the public. With the exception of the few

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additional plenary sessions at the beginning, which were devoted to general presentations by the Delegates of the reparation claims of their respective Governments, the work of the Conference was carried on by a Committee of the Heads of Delegations. These meetings were attended by the Delegates and such members of their staffs as were necessary. Drafting, statistical and other ad hoc Sub-Committees were appointed from time to time by the Committee of the Heads of Delegations.

The organization of the work of the Conference followed broadly the plan set out in the Conference Agenda.

The Final Act of the Conference was signed on December 21, 1945, by all of the Delegates or their representatives except the Delegate of Denmark, whose instructions had not yet arrived, and the Delegates of Egypt and Greece. Subsequent to the closing of the Conference, however, representatives of the Governments of all three of these countries likewise signed the Final Act.

II

The purpose of this Report is to explain the significance and general history of the Final Act of the Paris Conference on Reparation, and of the Paris Agreement of January 14, 1946, signed pursuant to the recommendations of the Conference. It is also hoped that the Report will serve as a guide for those officers of the Department who will assist in carrying out the terms of the Paris Agreement.

The Report discusses, in order, the objectives of the United States at the Conference, the United States reparation share, several

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sections of the Final Act of the Conference and its Annexes, the determination as among the participating Governments of their percentage shares in German reparation, and other important questions taken up at the Conference.

Each chapter is followed by a bibliography of relevant documents. These documents consist of telegrams and teletype conversations to and from the United States Delegate, the Minutes and Documents of the Conference itself, the Minutes of the Tripartite Preparatory Reparation Conference, the principal letters and memoranda addressed to and from the United States Delegate during the Conference, and the preliminary instructions on policy transmitted by the Department of State to the United States Delegate (referred to in the chapters that follow as "Repmems"). Except for the telegrams and teletype conversations, these various documents are presented in the Appendices of the present Report.

The Report was prepared with the assistance of the members of the United States Delegation to the Conference, and particularly of Messrs. D. Maynard Phelps, Deputy Delegate; Covey T. Oliver, Counsellor; Moses Abramovitz, Special Adviser; John B. Howard, Special Adviser; and Raymond W. Goldsmith, Statistical Adviser. Miss Selma Freedman assisted in the editorial work.

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CHAPTER ITHE OBJECTIVES OF THE UNITED STATES AND ITS SHARE IN REPARATIONGENERAL OBJECTIVES

The tasks of the Paris Conference on Reparation, as originally envisaged, were (1) to consider the data which the participating Governments had been invited to supply with respect to their reparation claims against Germany, (2) to prepare the way for an Inter-Governmental Agreement on the allocation of reparation receipts as between these Governments, and (3) to make recommendations to the several Governments with respect to the establishment of an Inter-Allied Reparation Agency for the allocation of Specific reparation items.

The Government of the United States, in participating in the Conference, sought to assure the execution of these immediate tasks. It also, however, had a number of other major objectives in view. It sought:

1. To ensure the attainment of a just and final settlement of the distribution of appropriate German reparation assets among all the participating Governments, in accordance with the principles established at the Crimea Conference of February, 1945; namely, that reparation should be received in the first instance by those countries which have borne the main burden of the war, have suffered the heaviest losses and have organized victory over the enemy.

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2. To protect adequately the United States interest in German reparation.
3. To ensure that the smaller countries would be fairly treated, and particularly that there would be no discrimination against the central and eastern European countries.
4. To ensure that the shares in reparation received by the participating Governments would be treated as covering all claims by these Governments and their nationals against Germany arising out of the war.
5. To ensure the continued commitment of all the participating Governments to policies and operations which will guarantee the removal of all German external assets from German control.
6. To ensure that the labor services of German prisoners captured by the Allies and subsequently furnished to any participating Government for rehabilitation work or other non-military purposes should be taken into consideration in the determination of shares in German reparation.
7. To allocate a share of German reparation to the hundreds of thousands of non-repatriable victims of German action who cannot turn to any Government for present help through the reparation mechanism.
8. To assure the restitution to its original owners of monetary gold previously looted by Germany from the United Nations and subsequently recovered by them. In largest part, this gold was captured by the Armed Forces of the United States.
9. In general, to ensure that German reparation would be used as far as possible to promote the economic rehabilitation and reconstruction of the United Nations, and the effective building of a peaceful post-war world.

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The Government of the United States also had certain negative objectives in view. In particular, it desired to limit the discussions in the Conference to the principal questions just outlined, and to prevent action by the Conference on questions which were properly within the competence of the Control Council for Germany. Among the latter questions, the most important were the restitution of looted property, and the final determination of the duration, character, and total amount of reparation from Germany. The United States likewise desired to prevent action by the Conference on the political aspects of reparation, which were likewise considered to be beyond the competence of the Conference itself.

The Delegation of the United States at the Paris Conference was successful in achieving all of these major objectives. Agreement on the measures necessary to implement them was reached in a spirit of great good will and cooperation. The execution of these measures, in terms of the provisions of the Agreement signed at Paris on January 14, 1946, pursuant to the recommendations of the Conference, will provide solutions for many problems which might otherwise have given rise to grave controversy, distrust and suspicion among the United Nations concerned for years to come. The Conference and the Agreement will together make a substantial contribution to the future peace and welfare of the world.

OBJECTIVES WITH RESPECT TO SPECIFIC
CATEGORIES OF REPARATION ASSETS

The position of the United States Delegate at the Paris Conference with respect to the United States claim for German reparation was

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governed by a number of different considerations. Under the principles established at the Crimea Conference, the United States would obviously have been entitled to a very large share of reparation from Germany. The United States Government did not elect, however, to demand the largest share it might conceivably have received. It felt that the United States was entitled to substantial reparation. It also felt, however, that the needs of other United Nations for assets of types which would become available as reparation from Germany under the Potsdam Protocol, and which would be used for reconstruction purposes, were so urgent that the longer range economic interests of the world would be best served by allowing the major part of German reparation to go to other countries. Consistently with the informal agreement reached by Ambassador Pauley in Moscow in the summer of 1945, the United States did in fact claim and receive as large a share of reparation as did the United Kingdom with respect to most types of German reparation assets. For reasons given below, however, the United States refrained from claiming as large a percentage share in industrial or other capital equipment as of other types of reparation assets.

The objectives of the United States Delegation with respect to particular categories of German reparation were as follows:

1. Industrial Equipment

As just stated, the United States decided not to claim as large a percentage share of industrial equipment as of other types of reparation assets. This decision was based on the fact that the early receipt of

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such equipment is especially important to the war-devastated countries of Europe, whereas the United States, as a capital exporting nation, has only a limited interest in such equipment. The United States interest is confined to receiving a proportion of such equipment large enough to protect any American pre-war financial interest in equipment which is likely to be declared available for reparation, and also to make possible the receipt of a relatively small volume of special items likely to be desired by the United States. If factories are removed as reparation and assigned to the United States, they may be relocated in Western Europe or in other foreign countries, rather than shipped to the United States.

2. Merchant Shipping

The United States objectives with respect to German merchant shipping were determined by its desire to receive such German ships as might be useful to the United States, and to obtain the most rational possible readjustment of shipping to world peacetime requirements. In particular the United States desired to make sure that it would receive those German merchant ships in which United States nationals had legal or financial pre-war interests, and in addition a limited number of specific ships desired for special purposes.

3. German Foreign Assets

The United States desired to claim all German assets in the United States and also a substantial portion, at least as great as that of any other Government, of the realizable value of German assets in neutral

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ountries. Proceeds received by the United States from the liquidation of such assets can be used to compensate the United States Government for occupation costs, and to help to meet claims of United States citizens or losses arising out of the war.

Russian Reciprocal Deliveries

The United States is interested in acquiring a substantial portion of the deliveries to be made by the USSR in payment for the 15 percent of the reparation removals from the three Western Zones which, under the terms of the Potsdam Protocol, are to be delivered for the account of the USSR and Poland. Such deliveries can be used to meet American supply obligations in Germany and Austria and elsewhere in Europe, and will limit the exports required from the United States for these purposes.

Labor Services

The United States has no interest in using additional German Prisoners of War or other German reparation labor. It is expected that all German Prisoners of War now in the United States will be returned to Germany at an early date.

REPARATION SHARE RECEIVED BY THE UNITED STATES

The reparation share actually allocated to the United States, and the special provisions of the Paris Agreement applying to German external assets in the United States and to United States receipts of German merchant

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hipping, - can be described in summary form as follows. They entitle the United States to receive as reparation:

- a. All German external assets within the jurisdiction of the United States, estimated at some \$200 million;
- b. 28 percent of all German external assets in neutral countries;
- c. All German merchant shipping to which the United States would be entitled on the basis of its relative losses;
- d. 11.8 percent of all industrial and other capital equipment removed from the Western Zones of Germany and made available to the governments participating in the Paris Conference;
- e. 28 percent of the value of all other German assets made available for reparation to these Governments including such assets as Russian reciprocal deliveries.

It is expected that this United States share in industrial and other capital equipment to be removed from Germany will in fact more than suffice to protect pre-war American interests in such equipment, and in addition will enable the United States to receive the relatively small volume of special equipment it is likely to desire.

/ Under Part I, Article 1, Section G of the Paris Agreement:

- (1) The United States share of industrial and other capital equipment will not be reduced, because of receipts of German shipping, below 11.8 percent unless the United States share of German merchant shipping, computed on the basis of relative losses, exceeds 28 percent;
- (2) The United States share of reparation assets, other than German external assets in the United States, will not be reduced in either Category A or Category B because of

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Page 11, footnote 1, continued)

receipts of these German external assets unless the total value of the assets exceeds roughly the sum of: (a) 28 percent of the value of all German external assets within the jurisdiction of the Signatory Governments, and (b) 16.2 percent (the difference between the United States share in Category A and its share in Category B) of the total value of German industrial and other capital equipment in Category B.

It is reasonably certain that neither of the above conditions will rise, and hence that aggregate shares in the various types of reparation assets received by the United States will be those set forth in this section.

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PART III - RESTITUTION OF MONETARY GOLDPURPOSE

The purpose of the Agreement on the Restitution of Monetary Gold was to establish, with the consent of the countries having claims against Germany for the return of monetary gold, a method of distribution which would recognize their right to restitution without permitting purely fortuitous circumstances to govern the amount of gold actually returned to them.

MAJOR PRINCIPLES

Soon after the large holdings of monetary gold were found by the United States Army at Merkers, varying suggestions regarding their disposition were made in Washington. Serious consideration was given to the possibility of treating this gold as war booty. It was also suggested that the gold be subsumed under reparation.

A third possibility was restitution. It will be recalled that the United Nations Gold Declaration of February 22, 1944 warned the neutral countries that Allied studies showed that Germany had exhausted the gold reserve with which she entered the war, with the result that gold offered to the neutrals on or after the date of the Declaration would have, of necessity, been looted. The logical and moral implications of the Gold Declaration were, clearly, that the gold found in Germany by the Allied Forces should be regarded as looted gold and should therefore be restored by way of restitution.

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Accordingly, the so-called "gold pot" principle of restitution was devised in the Department of State for achieving the purpose stated in the preceding section of this Chapter. This principle recognizes that the countries whose gold was wrongfully taken by Germany are entitled to its restitution. For administrative convenience (since a great deal of the gold is either unidentifiable or bears questionable markings) as well as for reasons of economic policy regarding gold, it was desirable to avoid the restitution of identifiable gold to particular countries. An analogy to explain this seeming departure from the principles of property which normally govern restitution was found in the rule of the Law Maritime regarding losses in a common disaster. This rule is known to legal classicists as the "Lex Rhodae de Jactu" and to the world of marine insurance as the "Rule of the General Average." Briefly stated, the principle is that if A and B both ship cargo on a particular vessel and during a storm or fire A's cargo is jettisoned to save the ship, B's cargo, when it arrives safely in port, must bear a proportionate share of the loss suffered by A. The analogy has proved quite convenient in the presentation of the "gold pot" principle. The importance of the analogy, however, is more than dialectical: the Rule of the General Average is a rule of property and as applied to gold, it emphasizes that restitution rather than reparation is involved, despite the fact that the method of distribution called for by the "gold pot" principle more resembles the reparation type of relief than it does the usual restitution type of relief.

For political and economic reasons the Department of State

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desired that Italy, Austria, and Hungary participate in the "gold pot". With respect to Italy, the United States Delegate was instructed to take the position that Italy should receive a share of the Italian gold allegedly removed by the Germans from Italy. A great deal of the gold found at Merkers apparently was identifiable Italian gold, and for this reason also it was believed that the "gold pot" principle should be applied to the Italian gold. In the case of Austria, it was the view of the Department that the "strong and independent Austria," envisaged by the Joint Chiefs of Staff directive on Austria, should receive a share of gold.

The Hungarian gold was removed from Hungary by representatives of the Hungarian Government and the National Bank of Hungary and taken to the territory of Austria for surrender to American Forces operating there. This gold was definitely identifiable in terms of the transaction of surrender. The view of the Department of State was that the "gold pot" principle should be applied to the Hungarian gold, because it would permit an early determination of the problem and reduce the amount of gold to be returned to Hungary, to the advantage of the United Nations which lost gold to Germany. In this connection it had been assumed in the Department that Article 4, Section 10, of the Potsdam Communique referred to all gold captured by Allied Forces operating within what was considered to be enemy territory, including Austria as well as Germany. It will be recalled that the section cited above states that "the Soviet Government makes no claims to gold captured by the Allied troops in Germany."

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Until the Tripartite Conference which preceded the Paris Conference on Reparation, the views of the Department of State regarding the distribution of the gold captured in Germany had not been discussed in any detail with the French and British. Nor, indeed, had the Department's views received final clearance in Washington. They were, however, embodied in Repmem No. 5 with the instructions that the United States Representative bring up the matter at the Tripartite discussions, report the views of his French and British colleagues, and await notification of Inter-Departmental clearance in Washington.

SPECIFIC PROVISIONS

Section A. The term "monetary gold" as used in Part III refers to gold bullion and to gold coins. The distinction is between gold which is in such form as to be a medium of exchange and gold which is in such form as to indicate its use for dental, artistic and adornment purposes. 1/ The reservation of coins of "numismatic or historical value" from the principle of distribution provided by Section A arises from a suggestion made by the Department of State. 2/

"Found in Germany" cannot be definitely asserted to refer to territory other than that which was German before the Anschluse. As will be discussed more fully later, the Yugoslav Delegate asserted that gold found in the territory of Austria was not comprised within the Soviet renunciation, at Potsdam, 3/ of "gold captured by the Allied troops in Germany." The Yugoslav construction was

1/ CPR/CcdD/PV/14, November 23, 1945.
CPR/CcdD/PV/21, December 3, 1945.

2/ Telegram from Department to Paris No. 5401, to Angell No. 32, November 20, 1945.

3/ Potsdam Communiqué, Article 4, Section 10.

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reported to the Department, along with the problem it raised regarding inclusion of the Hungarian gold in the "gold pot". Insofar as the Paris Conference is concerned, the matter was not decided the Department having replied that the question of the restitution of Hungarian gold should be dropped entirely. It is for this reason that the Minutes 4/ contain an explicit statement by the United States Delegate regarding the entire reservation of all matters relating to the ultimate disposition of Hungarian gold.

The phrase "by the Allied Forces" was not specifically discussed at the Paris Conference. It is understood that the USSR does not construe the phrase to include the Red Army. Inasmuch as the bulk of the gold which will be pooled was captured by the United States Army operating under SHAEF command, the unresolved question would not appear to be serious.

The pooling principle established by Section A requires all of the countries participating in the pool to establish their total losses of gold to Germany through looting by Germany or wrongful removal to Germany.

4/ CPR/CcdD/PV/37, December 18, 1945. "The gold delivered by the representatives of the Hungarian Government and of the Hungarian National Bank to the Armed Forces of the United States operating in Austrian territory is completely excluded from the scope of Part III of this Agreement. The following questions are therefore reserved: the question of the method of dividing this gold, the question of which countries shall participate in this division, the question of the right which may ultimately be accorded to Hungary, by virtue of Article 4 of Part III of the Agreement to a share of the sum total. If the gold delivered by the representatives of the Hungarian Government and of the National Bank of Hungary to the armed forces of the United States operating in Austrian territory is not included in the sum to be divided, Hungary shall not have the right to include the value of this gold in her losses of gold for the purpose of Part III of the Agreement."

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The grand total of these losses will be the denominator of a fraction whose numerator will be the proved loss of the particular country.

For each country the fraction thus established will be applied to the total amount of gold available for distribution. The amount of gold to which the various fractions will be applied is not to be determined by formula but rather by objective fact. That is to say, if the gold is monetary gold and if it was found in Germany by Allied Forces, it is available for distribution. From the foregoing the Hungarian gold is entirely excepted, but, being identifiable by the transaction of surrender, creates no administrative problem.

It is important to establish criteria for the admission of claims based upon "looting or wrongful removal". The word "looting" includes all of the connotations of wrong included in the United Nations Declaration against Axis Acts of Dispossession, January 5, 1943, and the United Nations Gold Declaration of February 22, 1944. In particular, there are included such acts as theft and removal by force, fraud or intimidation. The concept of "wrongful removal to Germany" is broader. The phrase was inserted by the United States Delegate for the purpose of affording a basis for the inclusion of Austria and Italy within the distribution system established by the "gold pot" principle. It is not confined to physical taking. A wrongful demand that an invaded country earmark its gold balances abroad for Germany is a wrongful removal within the meaning of Section A. 5/ It is the opinion of the United States Delegation that, as a matter of practical operation, the gold losses of the countries entitled to restitution under Part III should be established by taking the difference between the monetary gold balances of the countries, respectively, at the date

5/ CPR/CcD/PV/21, December 3, 1945. Discussed between the United States and Czechoslovak Delegates.

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of invasion and the balances available after liberation. It is not believed that it will be feasible to engage in exhaustive examination of isolated transactions for the purpose of determining whether they come within definitions of the words "looting" or "wrongful removal".

Section B. Section B is designed to serve the purpose for Part III of the Agreement that is served for Part I by Article 2. Section B of Part III means that countries receiving gold through the "gold pot" distribution can make no further claims against Germany for the restitution of monetary gold. That portion of gold losses not satisfied by restitution is a reparation claim and as such merged into the general reparation claim of the country. As a result of Section B of Part III and Article 2 of Part I, there cannot be any special claims regarding monetary gold on the part of any of the countries signing the Paris Agreement. All such claims must either be restitution and settled by the "gold pot" distribution or reparation and merged into the reparation claim as provided by Article 2 of Part I.

Section C. Section C complements Section A and is designed principally to provide for the participation of Austria and Italy in the "gold pot" distribution. The phrase "each country concerned which adheres to this arrangement" provides for their ultimate participation. The word "arrangement" was used by design instead of the word "agreement" for this reason. The date March 12, 1938, refers to the day preceding the day on which the German forces began the occupation of Austria. The date was selected as the earliest date after which removals to Germany pursuant to occupation could be regarded as wrongful within the meaning of Section A.

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Section D. Section D also relates to the special problems created by the instructions to the United States Delegate to provide for the participation of Italy and Austria. Opposition was encountered at both the Tripartite meetings (from France) and at the Conference 6/ (from France, Yugoslavia, Greece, Albania and Czechoslovakia) regarding a specific provision indicating that Italy and Austria would benefit from the participation. In this connection the Czechoslovak Delegate stated that, regardless of the fact that the "gold pot" formula might actually reduce the ultimate gold recovery of Italy, it would be politically inadvisable in his country for Italy to appear as the possible beneficiary of anything done at a reparation conference. The Yugoslav Delegate took the position that the Paris Conference could not settle the issue of the return of gold to Italy. The United States Delegate made the argument that the inclusion of the Italian gold within the amount to be distributed would, in effect, benefit the United Nations which had lost gold to Germany, inasmuch as the Italian gold would otherwise have to be reserved entirely, pending the determination of whether Italy should receive all of her gold back or not. Section D reflects the resulting compromise. This is, that the gold losses of Italy and Austria to Germany within the meaning of Sections A and C will be included along with the losses of other countries in arriving at the common denominator (grand total of losses) of the fractions to be applied to the total amount of gold available for distribution. The shares of Italy and Austria will be calculated and set aside, pending subsequent determination by their ultimate disposition.

S/ CPR/CedD/PV/21, December 3, 1945.

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With respect to Italy, Section D means that Italy will not get back as much gold as was wrongfully taken from Italy by the Germans. On the other hand, it was made quite clear by the United States Delegate that Italian gold recovered in Italy by Allied Forces would not be included in the pool. The Department of State expressed itself regarding Italy's obligation to make restitution of gold to Albania; ^{7/} Italy should make 100 per cent restitution to Albania, notwithstanding the fact that Italy would not get 100 per cent back from Germany. The Department has not expressed itself regarding the similar case of the Yugoslav gold. It is the contention of the Yugoslav Government that Italy should restore, in its entirety, the Yugoslav gold taken by Italy, regardless of what may have happened thereafter to Italian gold taken by Germany. However, the amount of gold recovered within Italy will exceed the total gold claims of Yugoslavia and Albania against Italy.

Section E. This Section obtains the agreement of the participating countries to supply the proper proof of their losses of gold. It will be noted that these data are to be supplied to the "occupying powers concerned." They are specifically stated to be the Governments of the United States of America, France, and the United Kingdom. The reason is to be found in Article 4, Section 10 of the Potsdam Communique. It will be noted that the information is to be supplied in the first instance to the Governments of the countries listed above, rather than to their representatives on the Control Council for Germany. The reason for this is, again, that the matter is Tripartite as a result of the

^{7/} Telegram from Department to Paris No. 5427, to Angell No. 18, November 21, 1945.

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Potsdam Agreement and hence cannot be taken up through the Control Council. In practice, of course, since most of the gold in question is within the United States Zone, directives will ultimately issue to the United States Zone Commander. The Department of State has indicated that Tripartite discussions of procedures for receiving and analyzing claims should be Inter-Governmental rather than through Control Authority elements. 8/

Section F. See discussion of Section E.

Section G. Section G was inserted at the suggestion of the French Delegate after Tripartite agreement had been reached to joint demands that the neutrals surrender looted gold received by them from Germany. 9/

HISTORY OF NEGOTIATIONS

1. Tripartite Discussions

Although the Agenda originally proposed for the 17-Power Conference did not include the question of gold, the United States Delegate was instructed to advance the "gold pot" principle at the Tripartite discussions in Paris. The proposed Agenda for the Tripartite meetings included this item under the head of Restitution. 10/ At one of the early Tripartite meetings, 11/ the United States Delegate introduced

✓ Ibid.

✓ See in this connection the discussion regarding Unanimous Resolution No. 2. The statement in this Report on Unanimous Resolution No. 2 regarding gold transferred to the neutral countries should be read in connection with the foregoing discussion. Formal reasons separate that provision from the body of the agreement.

✓ Repmem No. 1.

✓ Meeting of October 31, 1945; see the Minutes of Preparatory Conference on Reparations, CRP 4a.

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a paper which outlined the salient provisions of the "gold pot" plan. In the discussion which ensued the British Delegate inclined at first to prefer solving the current problem via reparation channels. After consulting with his Government, however, he accepted the basic restitution approach and the "gold pot" plan and within a short period of time came to agree with United States suggestions regarding the treatment of Austrian, Italian and Hungarian gold. At one stage there was some hesitancy on the British Delegate's part regarding the avoidance of any implication that Austria and Italy were to be treated as if equally meritorious, the Foreign Office preferring a distinction in favor of Austria.

In the earliest stages of the Tripartite discussions the French Delegation tended to favor restitution of gold on the basis of identifiability. They referred to their lack of information from the British and ourselves regarding the amounts, markings and other data regarding the gold captured in Germany. Telegraphic exchanges between the United States Delegation and the Department established that the French had received as much information from British and United States experts as, in general, was available to the British and United States Governments. The French also indicated their desire to bargain acceptance of the "gold pot" plan by them against United States and United Kingdom agreement to support a proposed French demarche against Switzerland regarding gold, allegedly looted from Belgium by Germany and received by Switzerland after the United Nations Declaration of January 5, 1943, regarding Axis looting generally, but before the Declaration of February 22, 1944, which specifically related to gold. Additionally, the French wished to obtain United States agreement that

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a quantity of gold which Italy demanded France should earmark for Italian purposes in France, after the 1940 Armistice, be the subject of 100 per cent restitution from Italy to France. These matters are fully covered in a telegram to the Department. 12/

The French formalized their position in a so-called statement of "conditions", presented by M. Chargueraud of the Foreign Office at the Tripartite meetings. The French position was reported to the Department. There was evidence that M. Rueff was somewhat embarrassed at the nature of Chargueraud's presentation, especially his unfortunate use of the word "conditions". Pursuant to the Department's response 13/ the United States Delegate wrote a letter to M. Rueff replying to the so-called "conditions". The letter rejected most of the French position, but the "gold pot" plan was, notwithstanding, accepted de facto by the French Delegation and there was not thereafter serious opposition to it by the French.

2. In the Conference

During the course of the Conference the Department informed the United States Delegate that the "gold pot" had received Inter-Departmental clearance, and suggested that the United States Delegate might present the proposal to the Conference to obtain the reactions of the interested Governments. Accordingly, restitution of gold was put on the agenda for discussion by the Conference. At the meeting of November 23, 1945, the United States Delegate outlined the provisions which had been agreed to on a Tripartite basis and approved by the Department for

12/ Telegram to Department from Paris No. 6543, from Angell No. 42, November 11, 1945.

13/ Telegram from Department to Paris No. 5423, to Angell No. 34, November 21, 1945.

14/ Telegram from Department to Paris No. 5427, to Angell No. 18, November 21, 1945, footnote 7/ above.

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reference to the Paris Conference. The United States proposal was extremely well received by the Conference. The President and the British Delegate, in gracious statements, remarked on the generosity of the United States, in whose zone most of the gold had been found. This act on the part of the United States came at a time when there was considerable feeling in the Conference regarding the progress on the share negotiations and when rumors were rife that the Inviting Powers were going to leave little by way of reparations for the smaller countries. The United States Delegate in his discussion of the matter explained the economic importance of distributing gold on an equitable basis, rather than according to the pure accident of identifiability and order of German use. He adverted to the basis in law which has been mentioned heretofore. He touched also upon the importance of the question to the Bretton Woods monetary arrangements.

There was no major controversy at the Conference regarding the gold proposals advanced by the United States. Such problems as arose have already been discussed above. A comparison of the mutations of the gold document will reveal their resolution. 15/

15/ CPR/Document No. 24
CPR/Document No. 34
CPR/Document No. 34 (MOD)
Final Act/Draft 1/Amendment II

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MINUTES OF THE CONFERENCE

CcdD/PV/14, November 23, 1945
CcdD/PV/21, December 3, 1945
CcdD/PV/37, December 18, 1945

LETTERS AND MEMORANDA

Letter, James W. Angell to M. Jacques Rueff, November 27, 1945. Sent to Department in Despatch No. 3877, November 29, 1945

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RESOLUTION 2. GOLD TRANSFERRED TO THE NEUTRAL COUNTRIESGENERAL PURPOSE

The purpose of this Resolution is to strengthen the positions of France, the United Kingdom and the United States vis-a-vis the neutrals regarding the return of looted gold transferred to the neutrals by Germany, by recording the unanimous support of all the countries represented at the Conference. The provision was of particular interest to the French, who took the initiative at the Conference and suggested that a demarche be made on Switzerland regarding the gold (allegedly Belgian) which was received by Switzerland from Germany after January 5, 1943, but before February 22, 1944.

DISCUSSION

The original United States draft regarding the restitution of monetary gold did not contain the provision which is now Resolution 2. At the Tripartite meetings, the French included a joint United States-United Kingdom-French demarche on Switzerland regarding Belgian gold as one of the "conditions" upon which they would agree to the "gold pot" plan. ^{1/} The Department of State accepted the French proposal on Switzerland. ^{2/} Later it was suggested that agreed Tripartite action would be aided by including in the Conference paper on gold a statement of opinion directed to the neutrals by all the countries represented at the Conference. Such a provision was in the gold recommendation finally approved by the Committee of the Heads of Delegations. After the

^{1/} See discussion of Part III of Final Act

^{2/} Telegram from Department to Paris No. 5426, to Angell No. 34, November 21, 1945

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3/
Decision on the form of the Final Act was taken the provision was transferred from the body of the Agreement to the section on Unanimous resolutions.

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See that given for Part III of the Agreement.

/ See the discussion under Unanimous Resolution I

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SECSTATE WASHINGTON

December 21, 1945, 7 pm

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Dec. 23, 2 am

Dec. 23, 11 am

FOR ANGELL 111.

Questions re gold found in Austria in your telegram 7162, December 14 (Angell 150) discussed in Department's telegram 5875, December 14 (For Angell 86). As indicated therein Department averse to reserving other than Hungarian gold from pot and feels general discussion by Conference of Soviet interest in gold looted by Germany but fortuitously located in Austria should be avoided.

In practice, Hungarian gold may be distinguished from other gold since former not (repeat not) actually looted by Germans. Differentiation solely on this basis would probably be desirable to avoid analogous treatment of other gold merely because it was uncovered in Austria.

You may wish to examine this problem informally with British and French before definite position is taken in this matter. Your telegrams 7026, December 6, and 7162, December 14, give no indication of French attitude re Hungarian or other gold found in Austria. In view of French interest in pot, Department presumes French most concerned with maximizing amount of pot gold.

ACHESON ACTING

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Authority NND 812006
By BAM NARA Date 719

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Bkgnd to Rm 64
Box 11 Entry 318

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VPP

SECSTATE

December 10, 7 pm

5760

Secret-TOT

December 11, 6 am

December 11, 10:00 am

URGENT

The following telegram was sent to Paris as 5760,
FOR ANGELL No. 84, repeated in part to London for Stevenson as
10690. Please repeat your telegram 105 to Department to London
for Stevenson.

PAR ANGELL No. 84.

You are authorized to proceed as requested paragraph
8 your telegram 130, December 8. No specific agreement on
transfer of PW's exists. PW's transferred by Scaf and its
successors under terms indicated Appendix B, repmem 12.
Following is our reply to your telegram 105 drafted last week
but not despatched owing to oversight.

Quote One. Department not inclined favor Gottschalk and
Gray proposal (your telegram 105, paragraph 5) to restrict ben-
efits of reparation for victims of Nazi persecution to non-
reliable concentration camp denizens since people of
German and Austrian nationality who were found in concentra-
tion camps and wish to leave Germany and Austria and needy
refugees now abroad should not be excluded from benefits.
Believe it satisfactory to leave determination classes of
persons aided in rehabilitation and resettlement to board of
Erkenehs by other intergovernmental body charged with re-
ponsibility of distribution reparation on understanding such perso-
ns must be: A. True victims Nazi persecution; B. Needy
in terms future economic position.

Quote Two. Gottschalk, Gray view that allotment of
share must not be construed as solution of problem shared by
Department should be made clear that reparation cannot com-
pensate victims fully, that occupying powers, United Nations,
(thru UNRRA and otherwise), and private charities throughout
world recognize their obligations. Because reparation will
consist largely of payments in kind and will leave Germany
with economy capable only of paying for essential imports,
Germany cannot be made to compensate in full victims of Nazi

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persecution who have left or will leave Germany. Proposal therefore is simply to add small amount liquid assets, which can be made available, to supplement other arrangements. Restitution of property taken from victims of Nazi persecution will, of course, be made in Germany, but can hardly be expected to benefit refugees substantially.

"Three. Department favors allotting absolute sum rather than percentage share to victims Nazi persecution. Believes sum should be nearer fifty million than fifteen million dollars plus non-monetary gold you propose. Any figure less than thirty million plus non-monetary gold regarded here as contributing too little to solution to be acceptable.

"Four. Department agreeable British proposal of trustees under UNC, with your provision of interim arrangement.

"Five. Whatever sum or share is set aside should be in liquid assets. Agency handling fund should not be put in position of claiming equipment in IAMA or of requesting share in stocks or current output."

BYRNES

Note: Mr. Angell. Please note last sentence first paragraph and instruct. Code Room/

2 copies given Angell.

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November 17, 1945, 5 pm

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Nov 18, 8 pm

Nov 21, 4 pm

~~REPPORTEES:~~ ANGELL NO. 35.

Following for your urgent comment is Department interpretation Potsdam protocol concerning reparation claims against German assets in Austria. It is proposed to send this as note to governments of other occupying powers.

"1. Agreed basis for the Allied reparation claim against German assets in Austria must be established and interpreted in terms of the Potsdam protocol as defined and amplified by relevant parts of other agreements between the major powers which concern Austria. The principles outlined and the procedures recommended here apply to all Allied reparation claims against German assets in Austria.

(a) The Potsdam protocol of August, 1945, establishes the following policy with respect to reparation claims against German assets in Austria: ...Paragraph (IV), 1. Within "separation claims of the USSR shall be made by removal from the zone of Germany occupied by the USSR and from appropriate German external assets". Paragraph (II), 3 within "the reparation claims of the United States, the United Kingdom and other countries entitled to reparations shall be met from the western zones and from appropriate German external assets".

"The Soviet Government renounces all claims in respect of

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(W.W.)

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reparations to shares of German enterprises which are located in the western zone of occupation in Germany as well as to German foreign assets in all countries except those specified in paragraph 9 below.'

(IV) 9. 'The Governments of the United Kingdom and the United States of America renounce their claims in respect of reparations to shares of German enterprises which are located in the eastern zone of occupation in Germany as well as to German foreign assets in Bulgaria, Finland, Hungary, Rumania, and eastern Austria'.

(b) The Moscow Declaration on Austria of November 1943 signed by the United States, Britain, and USSR lays down the following agreed policy towards Austria:

'The Governments of the United Kingdom, The Soviet Union, and The United States of America are agreed that Austria, the first free country of all, a victim of Hitlerite agressions, shall be liberated from German domination. They regard the annexation imposed on Austria by Germany on March 15, 1938, as null and void, they consider themselves as in no way bound by any changes effected in Austria since that date, they declare that they wish to sever ~~existing~~ (apparent omission) established a free and independent

Austria and thereby to open the way for Austrian people themselves as well as neighboring states which will be faced with similar problems to find that political and economic security which is the only basis for lasting peace.

Austria is reminded, however, that she has a responsibility which she cannot evade for the participation in the war at the side of Hitlerite Germany and that in the final settlement account will inevitably be taken of her own contribution to her liberation.'

(c) The United Nations Declaration regarding forced transfer of property in enemy-controlled territory of January 1943 signed by the United States, United Kingdom, and USSR, as well as by most of the other United Nations contained the following statement on property rights:

'Accordingly, the governments making this declaration and the French National Committee reserve all their rights to declare invalid any transfers of or dealing with property rights and interests of any description whatsoever which are or have been situated in the territories which have come under the occupation or control, direct or indirect, of the governments with which they are at war or which belong or have belonged to persons, including juridical persons resident in such territories. This warning applies whether such transfers or dealings have taken the form of open looting or plunder, or of transactions apparently legal in form even when they purport to be voluntarily effected. The Governments making this declaration and the French National Committee record their solidarity in this matter.'

(d) The agreement on four-power occupation plans for Austria between Britain, the United States, the USSR, and France of August 1945 sets down the following duties and rights for the Allied Commission in Austria:

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"The primary tasks of the Allied Commission for Austria will be:

To achieve the separation of Austria from Germany; to secure the establishment as soon as possible of a central administrative machine; to prepare the way for the establishment of a freely elected Austrian Govt; meanwhile to provide for the administration of Austria to be carried on satisfactorily."

2. Determination of German assets appropriate for reparations.

It is the US view that the extent and character of German reparations from Austria should be compatible with the agreed Allied aim to reestablish a free and independent Austria and to assure its political and economic security; and that the word "appropriate" used in the Potsdam protocol para IV, 1 and 3 should be defined in ref. to this aim.

A. In the case of removals from Germany which in contrast to Austria is judged an enemy liable for reparations, removals are related explicitly to a peace time economy capable of supporting the German population without external assistance. It is evident that removals from Austrian liberated areas must be related to a higher standard of postwar welfare than Germany. It is suggested by the US that the transfer of German assets from Austria and the conditions surrounding the substitution of Allied for German property interests within Austria should leave capacity and conditions for its operation, capable under full utilization of yielding in the immediate postwar years a standard of living at least equal to the Austrian standard of 1938. To achieve this aim it is evident that removals must be limited in amount and selective in character.

B. It is the US view that the forced transfer clause (See 3 below) should be applied to transfers from Austria, Allied and neutral ownership to Germany ownership after 15 March 1938.

C. It is the US view that the determination of the amount and character of removals from Austria should be the function of the occupying authorities jointly in view of their joint aims and responsibilities with respect to the future of the Austrian economy.

3. No acknowledgment of forced transfers of property from Allied or Austrian to German ownership. The determination of Germany ownership of assets in Austria must be based on the Moscow declaration which regards the annexation imposed on Austria on 15 March 1938 as null and void and which states that the signatory powers are in no way bound by any changes effected in Austria since that date. In accordance with this declaration the United Nations declaration on forced transfer of property in enemy-controlled territory is applicable to transfers of property from Allied or Austrian ownership to German ownership after 15 March 1938. Accordingly any transfer of property in

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CONFIDENTIAL TREATY
PREPARATION

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IN
369

December 18, 1945

Mr. Angell desires Mr. Kindboger, Mr. Rosencron, Mr. deVillida, Mr. Boston and Mr. Rodius, Mr. Sangstead and someone from USA such as Arthur Becker. This material has to go thru this evening or the entire Reparations Conference machinery will be crippled. Is there absolutely nothing that can be done to get more time this evening. Some of the Reparations Conference people must leave Paris tomorrow and it is important that these things be cleared up before these departures.

CONFIDENTIAL

BAGN-MARSHALL, December 18, 1945

CHARACTERIZATION: SECRET

SUBJECT: REPARATIONS CONFERENCE

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Authority NND 812006

By BAM NARA Date 7/9/45

ATTENDERS: Roscoe, J. V. Angell, D. W. Phelps, C. T. Oliver, J. R. Howard, and M. Abramovitz

CIVILIAN OPERATORS: Messrs. Piepenburg, Friedmann

DEFENDED OPERATOR: Mr. Bentley

Essential that we get answers tonight to major outstanding questions raised. Final act will be signed Thursday.

Questions on ships coming up. Suggest you get Radus, Sangstead and someone from USA such as Arthur Becker.

Ships I. Ships. Following are tentative (DPT Tentative) British answers to USA conditions in wrtel for ANWLL 102, December 14, together with supplementary observations.

1. British will sign letter stating they will not present claim before IAPA for alienation of Europe to U.K. I am attempting to obtain similar letters from French, Dutch, and Norwegians.

2. British will probably agree that a vessel in which a Government or its nationals have a substantial legal or equitable interest should be alienated to that Government, if it so desires, provided U.K. is certain to get whaler United. I am attempting to obtain agreement between Dutch and

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assurances that Dutch Government will not present claim for whaler desired by Norwegian.

3. Department has already been informed that British agree to allocation in accordance with over-all tonnage losses and not in accordance with losses by category. Conference recommendation tentatively adopted does, however, provide that in allocation of ships, account should be taken of the quantity and character of the tonnage lost and of the special needs of the various claimant countries.

With respect to computation of losses on ownership basis, not on flag basis, British state impossible to determine ownership of all ships lost. May know what company owns any ship but cannot probe behind that. There are cases such as marine share holders, on which legislation is pending. Would take years to sort things out on ownership basis. If, however, intention is to deal with cases like semi-lease Bareboat charter ships, British state U.S. and U.Z. should, of course, be able to reach satisfactory arrangement without difficulty.

With respect to agreed period, reconciliation of data, division and calculation of losses, I contemplate that these will be covered by provision for special shipping committee to be appointed by IARA which would make recommendations concerning the determination of shipping losses and the allocation of German merchant ships.

4. O.K.

5. British accept on understanding that genuine prizes taken during war are excluded as not being "allocated by tripartite commission."

6. O.K.

With respect to final paragraph urtel concerning computation of losses for Far Eastern as well as European war, British answer is flat no (say no) except that they might be prepared to consider it if U.S. would say that (a) all Japanese merchant ships still be destroyed _____

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(b) that Japanese ships would be distributed in accordance with losses in European war as well as in Far Eastern war. British advise that USA is familiar with British rule about allocation of losses as between European and Far Eastern war. On this point I believe, as stated in my tel from Angell 1128, Dec. 17, that it is unreasonable to expect Conference to accept principle of distribution in accordance with losses arising out of Far Eastern (not Eastern) as well as European war. Such principle contrary to basic principle adopted in claims submissions by all Governments at Conference and in allegation of reparation from Germany. Principles suggested by USA would reopen entire question of greater share which Australia, New Zealand, U.S. and other countries should receive in German reparation by reason of great contribution to Japanese war.

... The Conference today reached agreement on share for non-repatrable persons. Following is text:

"The Paris Conference on Reparation recognises that there are a large number of persons who have suffered heavily at the hands of the Nazis, who now stand in dire need of aid to promote their rehabilitation but who will be unable to claim the assistance of any government receiving reparation from Germany.

The Conference, therefore, recommends that the Governments of France, United Kingdom, United States of America, Czechoslovakia and Yugoslavia, in consultation with the Inter-Governmental Committee on Refugees should work out urgently in mutual agreement a scheme on the following general lines:

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1. That a share of reparation consisting of all the non-monetary gold found in Germany and of a sum not exceeding \$25 million in addition shall be allocated for the rehabilitation and resettlement of nonrepatriable victims of German action;

2. That the share of \$25 million should be satisfied out of a portion of the proceeds of German assets in neutral countries which are available for reparation;

3. That neutral governments shall be requested to make available for this purpose (in addition to the amount of \$25 million) funds deposited in such neutral countries by victims of Nazi action who have since died and left no heirs;

4. That the persons eligible for aid under the scheme should be restricted to true victims of Nazi persecution and to their immediate families and dependents in the following classes:

A. Refugees from Nazi Germany and Austria who require aid and cannot be returned to their countries within a reasonable time because of prevailing conditions;

B. German and Austrian nationals now resident in Germany and Austria who do not desire to remain in those countries and who will emigrate within a reasonable time;

C. Nationals of countries formerly occupied by the Germans who cannot be repatriated or who are not in a position to be repatriated within a reasonable time. In order to concentrate aid on the most needy and deserving refugees and to exclude persons whose loyalty to the United Nations was or is doubtful, aid shall be restricted to nationals of formerly occupied countries or to persons who were nationals at the time of the annexation, occupation or entry into war of such countries who were victims of Nazi concentration camps. (excluding German prisoner of war camps)

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6. That the sums made available under paragraphs one and two above shall be administered by the Inter-Governmental Committee on Refugees or by a United Nations agency to which appropriate functions of the Inter-Governmental Committee may in the future be transferred. The sums made available under paragraph 3 shall be administered for the general purposes of the present plan under a plan of administration to be formulated by the five governments named above;

6. That the non-monetary gold found in Germany be placed at the disposal of the Inter-Governmental Committee on Refugees immediately the plan has been worked out.

7. That the Inter-Governmental Committee on Refugees have power to carry out the purposes of the fund through appropriate public and private field organizations.

8. That the funds be used, not for the compensation of individual victims, but to further the rehabilitation or resettlement of persons in the eligible classes.

9. That nothing in these proposals shall be considered to prejudice the claims which individual refugees may have against a future German Government, except to the extent that the refugees have benefitted from the proceeds of the liquidation of the non-monetary German gold or from German assets in neutral countries. Unquote.

D. We hope prayerfully that this meets the approval of Department. We recognize that Yugoslavia will again raise question of exclusion of certain political groups when final powers need to frame scheme. We are hopeful, however, that at that meeting there will be enough time and patience to reach a satisfactory solution. At any rate we are convinced that present recommendation is best obtainable at present time and that it does not prejudice any essential U.S. interest.

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At Haley's insistence we have agreed to limit category four (b) to "exceptional cases where humane considerations indicate need for resettlement and where persons can emigrate within a reasonable time." This phrasing not exact and not yet passed by Conference. We have, however, accepted the principle.

III.

Text from Angell 168 of today contains text of paragraph - of section on Settlement of Maritime Claims Against Germany. This paragraph reads "that, without prejudice to the determination at the proper time of the form, duration or total amount of reparation to be made by Germany, and without prejudice to the right which each signatory Government may have with respect to the final settlement of German reparations, the signatory Governments agree as between each other that their respective shares of reparation, as determined by the present agreement, shall be regarded by each of them as covering all its claims and those of its nationals against the former German Government and its agencies, etc."

This text, which is a revision of the original U.S. text, was adopted by the Conference only after strenuous debate. The French, Belgian, Dutch, Egyptian and other delegates supported with exceptional vigor and heat the independent text submitted to Conference by Hugo delegate which expressly reserved right of each government to present claim against future German Government for unsatisfied balance of its total reparation claims. This I stated was unacceptable. Hugo, Belgian and Dutch delegates insisted on right of participation along with ACO in determination of form, duration or total amount of reparation or rights (hyp. right) of political participation in final reparation settlement. Formula regarded by me as unacceptable.

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Believe in insist in phrasing adopted by Conference.

Believe text adopted is acceptable on basis of principles which I have already set forth before Conference and which I shall further set forth for the record in following statement:

Quote - The primary purpose of paragraph A (punkt A) inserted as it relates to war-time claims, is to revert the agreement between the signatory governments that all claims, of whatever nature, by a Government for reparation from Germany are, in effect, consolidated into a single claim which has been considered at this Conference, and furthermore that the German reparation which is now available to each Government in accordance with the agreed quota shall be the sole source of satisfaction of the consolidated reparation claim against Germany. If this were not (pdt. not) the intention of paragraph A (punkt A) a legion of reparation claims by individual Governments would continue to exist and be presented for consideration outside the framework of the reparation process envisaged under the Potsdam Agreement. Under such circumstances, the reparation quota we have been discussing would be meaningless because the quota would have no significance whatever, and the work of the Paris Conference would be redundant.

At the same time, certain of the governments not represented on the Allied Control Council have contended that, although as it is the Control Council, under the delegation of the four occupying powers, which in practice determines the form, duration and total amount of German reparation, they are not prepared to renounce their reparation claims against Germany inasmuch as the actual results of their respective shares in the total amount of reparation to be made by Germany. To meet this contention, which I believe is a just one, paragraph A (punkt A) provides that the outcome of the reparation quota by the various governments represented at the Conference shall be without prejudice to the rights which the claimant governments may have with respect to the final

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Settlement of German reparations.

Under this paragraph, therefore, each signatory Government is entitled to receive, to satisfaction of all its reparations claims against Germany, its quota, and only its quota, in the total of German reparation available for allocation among the signatory Governments collectively. But the acceptance by a Government of its quota does not prejudice the right it may have with respect to the final settlement of the reparation to be made available by Germany. Requests

Acceptance of principle of single source of reparation under Potzdam formula very important and it is certain that, with possible exception of U.S. delegates at Conference will not renounce rights with respect to final reparation settlement.

IV. PRINCIPLES.

Assume that word "Protocol" in place of ~~initial~~ formulation in final act by paragraph 7 Dept., tel 108 means the agreement recommended by this Conference. In other words, we assume that Department does not (yet not) object to application that this Conference be considered as adding to the reparation law, rather than merely implementing the great truths of Potzdam. If my assumption is correct, then I should wish to attempt to have inserted before the word "agreed" the words "of this agreement and the provisions agreed upon at Potzdam", etc.

V. Write-off of Claims Against German External Assets.

It is a little late to make the suggestion of paragraph 6 Dept., tel 108. We have tried hopefully here to pursue a middle road between extreme (a) no statement as to valuation of German external assets and (b) too great refinement in definition. I believe that Wiley will now not object if we defeat him in Conference on his opposition to write off of claims of unrecalled creditors. Delegates and I always will insist upon our wording at least.

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If it is changed, I feel they will support a principle giving them absolute freedom to write off what they please. This would mean that we would have no control whatever over countries such as Denmark, where, according to a recent telegram, Danes are already ensuring their failure to extirpate German interest by misquoting proposals of this Conference. Uniform percentage is, I assume, sheer expediency. If it is, to propose it would be inconsistent with what I have tried to do to date, with no dissent from Department, even though it had ample opportunity to express contrary views.

BL

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Authority NND 725042

By *[Signature]* NARA Date 7-22RG 260
Entry *HIL. GOVT
EXEC-OFF.*
Box 111FILE:
RESTITUTION II
(POLICY)MEMORANDUM**SECRET**

5 July 1946

SUBJECT: Paris Reparations Act - Availability of Additional Assets for Purposes of Part I, Article 8.

TO : Office of Political Affairs

Attn: Mr. Loyd V. Steere, Deputy Director

1. Reference is made to your memorandum dated 25 June 1946 in the above matter requesting our comments on Telegram No. 243 dated 20 June 1946 from Mr. Ginsberg, American delegate to the Intergovernmental Committee formed under the Paris Reparations Act. This telegram contains certain proposals for increasing the funds made available to the Committee under Section 8 of Part I of the Act.

2. In paragraphs 3 through 6 below are set forth reasons why the particular sources mentioned in the telegrams are not considered to be presently available; more general considerations are discussed in paragraphs 7 through 9.

3. SS Loot Shipments: To the extent that these "shipments" are regarded as property of the SS, they are subject to Control Council Law No. 2 under which all properties of the Nazi organizations therein referred to, including the SS, are confiscated. Directives as to the ultimate disposition of such properties may only be given by the Control Council. The Control Council has as yet taken no action with respect to such properties.

4. Non-monetary gold and other valuables confiscated from individuals under de-Nazification program: This would include properties confiscated under the Law for Liberation from National Socialism of 5 March 1946. On 12 June 1946 the Deputy Military Governor approved the decision of the Property Disposition Board recommending that such properties be made available to the Laender for creation of a Special Fund for (Internal) Reparation Purposes, and directed that such decision be implemented.

5. Non-monetary gold and other valuables confiscated from Nazi organizations: See comment in paragraph 3 above.

6. Non-monetary gold and other valuables of war criminals: Under Article II of Control Council Law No. 10 it is provided that any property declared to be forfeited or the restitution of

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Authority NND 775042
By *[Signature]* NARA Date 7-22RG 260
Entry *MIL. GOVT
EXEC-OFF*
Box 111FILE: RESTITUTION II
(POLICY)**SECRET**

which is ordered by the International Tribunal shall be delivered to the Control Council which shall decide on its disposal. The Control Council has as yet taken no action in the matter. It has been suggested, however, that should these properties be placed at the disposition of the respective Zone Commanders, the American share be made available for the purposes of the fund referred to in paragraph 4 above.

7. As to the proposed measures in general, it would appear that only a very limited number of persons within Germany will be eligible for aid under the plan of the ICC, viz; "in exceptional cases" Germans wishing to emigrate, and non-repatriable nationals of formerly occupied countries who were victims of Nazi concentration camps. To make any sums from within Germany available for the ICC would raise foreign exchange questions and would deplete the sources within Germany from which internal reparation payments may be derived.

8. Even assuming that the categories of properties mentioned by Mr. Ginsberg which are now included in Control Council legislation will later be released to the Zone Commanders, it would seem premature at this time to make any commitments with respect to the disposition of such properties to an outside agency. Responsibility for the custody and administration of properties subject to Property Control has recently been transferred to the Laender, and the Laenderrat has been directed to formulate a program for the ultimate disposition thereof as a guide to Military Government in the pending quadripartite negotiations. The Laenderrat has also been directed to formulate a program for the payment of interim awards for the economic rehabilitation of those persons destitute as a result of Nazi persecution, and a program for the final settlement of damage claims for injury under the Nazi regime. Since the Laenderrat will undoubtedly recommend that certain of the types of property mentioned by Mr. Ginsberg be used for purposes of rehabilitation and relief not dissimilar to the purposes of the ICC, it would seem desirable to defer action on Mr. Ginsberg's proposals until such time as the program of the Laenderrat is available for study.

9. It should be pointed out that no express authority is found in the Paris Act for the suggested extension of the fund available for payments under Section 8. The Act states that the fund shall be composed of the "non-monetary gold found by the Allied Armed Forces in Germany and in addition a sum not exceeding 25 million dollars". The latter sum is to be met "from a portion of the proceeds of German assets in neutral countries which are available for reparation". No provision is made for payments into this fund from other sources. The question may be raised as to whether one of the parties to the Paris Act should voluntarily increase its contribution to the fund without similar action on the part of at least of those of the other signatories who share in the occupation of Germany.

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Telephone: 43059

ALVIN J. ROCKWELL
Acting Director

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Authority NND 75042
By [Signature] NARA Date 7-22RG 260
Entry HIL. GOVT
Box EXEC.OFF
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RESTITUTION II
(POLICY)

602.3

CONFERENCE RECOMMENDATION

The Paris Conference on Reparation, which has met from 9 November 1945 to 21 December 1945, recommends that the Governments represented at the Conference should sign in Paris as soon as possible an Agreement on Reparation from Germany, on the Establishment of an Inter-Allied Reparation Agency and on the Restitution of Monetary Gold in the terms set forth below.

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Authority NND 775042
By JL NARA Date 7-22RG 260
Entry MIL GOVT EXEC OFF
Box 111FILE:
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By *[Signature]* NARA Date 7-22

RG 260

Entry

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MIL. GOVT
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D R A F T

AGREEMENT ON REPARATION FROM GERMANY,
ON THE ESTABLISHMENT OF AN INTER-ALLIED REPARATION AGENCY
AND ON THE RESTITUTION OF MONETARY GOLD

The Governments of ALBANIA, The UNITED STATES of AMERICA, AUSTRALIA, BELIGUM, CANADA, DENMARK, EGYPT, FRANCE, The UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, GREECE, INDIA, LUXEMBOURG, NORWAY, NEW ZEALAND, The NETHERLANDS, CZECHOSLOVAKIA, The UNION OF SOUTH AFRICA and YUGOSLAVIA, in order to obtain an equitable distribution among themselves of the total assets which, in accordance with the provisions of this Agreement and the provisions agreed upon at Potsdam on August 1st 1945 between the Governments of the United States of America, the United Kingdom of Great Britain and Northern Ireland and the Union of Soviet Socialist Republics, are or may be declared to be available as reparation from Germany (hereinafter referred to as German reparation), in order to establish an Inter-Allied Reparation Agency, and to settle an equitable procedure for the restitution of monetary gold,

Have agreed as follows:

PART IGERMAN REPARATIONArticle 1. Shares in Reparation.

A. German reparation, (exclusive of the funds to be allocated under Article 8 of Part I of this Agreement), shall be divided into the following categories:

Category A, which shall include all forms of German reparation except those included in Category B,

Category B, which shall include industrial and other capital equipment removed from Germany, and merchant ships and inland water transport.

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B. Each Signatory Government shall be entitled to the percentage share of the total value of Category A and the percentage share of the total value of Category B set out for that Government in the Table of Shares set forth below:

TABLE OF SHARES.

Country	Category A	Category B
Albania	.05	.35
United States of America	28.00	11.80
Australia	.70	.95
Belgium	2.70	4.50
Canada	3.50	1.50
Denmark	.25	.35
Egypt	.05	.20
France	16.00	22.80
United Kingdom	28.00	27.80
Greece	2.70	4.35
India	2.00	2.90
Luxembourg	.15	.40
Norway	1.30	1.90
New Zealand	.40	.60
Netherlands	3.90	5.60
Czechoslovakia	3.00	4.30
Union of South Africa (a)	.70	.10
Yugoslavia	6.60	9.60
<u>Total</u>	<u>100.00</u>	<u>100.00</u>

(a) The Government of the Union of South Africa has undertaken to waive its claims to the extent necessary to reduce its percentage share of Category B to the figure of 0.1 per cent but is entitled, in disposing of German enemy assets within its jurisdiction, to charge the net value of such assets against its percentage share of Category A and a percentage share under Category B of 1.0 per cent.

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C. Subject to the provisions of paragraph D below, each Signatory Government shall be entitled to receive its share of merchant ships determined in accordance with Article 5 of Part I of this Agreement, provided that its receipts of merchant ships do not exceed in value its share in Category B as a whole.

Subject to the provisions of paragraph D below, each Signatory Government shall also be entitled to its Category A percentage share in German assets in countries which remained neutral in the war against Germany.

The distribution among the Signatory Governments of forms of German reparation other than merchant ships, inland water transport and German assets in countries which remained neutral in the war against Germany shall be guided by the principles set forth in Article 4 of Part I of this Agreement.

D. If a Signatory Government receives more than its percentage share of certain types of assets in either Category A or Category B, its receipts of other types of assets in that Category shall be reduced so as to ensure that it shall not receive more than its share in that Category as a whole.

E. No Signatory Government shall receive more than its percentage share of either Category A or Category B as a whole by surrendering any part of its percentage share of the other Category, except that with respect to German enemy assets within its own jurisdiction, any Signatory Government shall be permitted to charge any excess of such assets over its Category A percentage share of total German enemy assets within the jurisdiction of the Signatory Governments either to its receipts in Category A or to its receipts in Category B or in part to each Category.

F. The Inter-Allied Reparation Agency, to be established in accordance with Part II of this Agreement, shall charge the reparation account of each Signatory Government for the German assets within that Government's jurisdiction over a period of five years. The charges at the date of the entry into force of this Agreement shall be not less

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than 20 per cent of the net value of such assets (as defined in Article 6 of Part I of this Agreement) as then estimated, at the beginning of the second year thereafter not less than 25 per cent of the balance as then estimated, at the beginning of the third year not less than 33-1/3 per cent of the balance as then estimated, at the beginning of the fourth year not less than 50 per cent of the balance as then estimated, at the beginning of the fifth year not less than 90 per cent of the balance as then estimated, and at the end of the fifth year the entire remainder of the total amount actually realized.

G. The following exceptions to paragraphs D and E above shall apply in the case of a Signatory Government whose share in Category B is less than its share in Category A:

(i) Receipts of merchant ships by any such Government shall not reduce its percentage share in other types of assets in Category B, except to the extent that such receipts exceed the value obtained when that Government's Category A percentage is applied to the total value of merchant ships.

(ii) Any excess of German assets within the jurisdiction of such Government over its Category A percentage share of the total of German assets within the jurisdiction of Signatory Governments as a whole shall be charged first to the additional share in Category B to which that Government would be entitled if its share in Category B were determined by applying its Category A percentage to the forms of German reparation in Category B.

H. If any Signatory Government renounces its shares or part of its shares in German reparation as set out in the above Table of Shares, or if it withdraws from the Inter-Allied Reparation Agency at a time when all or part of its shares in German reparation remain unsatisfied, the shares or part thereof thus renounced or remaining shall be distributed rateably among the other Signatory Governments.

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Article 2. Settlement of Claims against Germany.

- A. The Signatory Governments agree among themselves that their respective shares of reparation, as determined by the present Agreement, shall be regarded by each of them as covering all its claims and those of its nationals against the former German Government and its Agencies, of a governmental or private nature, arising out of the war (which are not otherwise provided for), including costs of German occupation, credits acquired during occupation on clearing accounts and claims against the Reichskreditkassen.
- B. The provisions of paragraph A above are without prejudice to:
- (i) the determination at the proper time of the forms, duration or total amount of reparation to be made by Germany;
 - (ii) the right which each Signatory Government may have with respect to the final settlement of German reparation; and
 - (iii) any political, territorial or other demands which any Signatory Government may put forward with respect to the peace settlement with Germany.
- C. Notwithstanding anything in the provisions of paragraph A above, the present Agreement shall not be considered as affecting:
- (i) the obligation of the appropriate authorities in Germany to secure at a future date the discharge of claims against Germany and German nationals arising out of contracts and other obligations entered into, and rights acquired, before the existence of a state of war between Germany and the Signatory Government concerned or before the occupation of its territory by Germany, whichever was earlier;
 - (ii) the claims of Social Insurance Agencies of the Signatory Governments or the claims of their nationals against the Social Insurance Agencies of the former German Government; and

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(iii) banknotes of the Reichsbank and the Rentenbank, it being understood that their realization shall not have the result of reducing improperly the amount of reparation and shall not be effected without the approval of the Control Council for Germany.

- D. Notwithstanding the provisions of paragraph A of this Article, the Signatory Governments agree that, so far as they are concerned, the Czechoslovak Government will be entitled to draw upon the Giro Account of the National Bank of Czechoslovakia at the Reichsbank, should such action be decided upon by the Czechoslovak Government and approved by the Control Council for Germany, in connection with the movement from Czechoslovakia to Germany of former Czechoslovak nationals.

Article 3. Waiver of Claims Regarding Property Allocated as Reparation.

Each of the Signatory Governments agrees that it will not assert, initiate actions in international tribunals in respect of, or give diplomatic support to claims on behalf of itself or those persons entitled to its protection against any other Signatory Government or its nationals in respect of property received by that Government as reparation with the approval of the Control Council for Germany.

Article 4. General Principles for the Allocation of Industrial and other Capital Equipment.

- A. No Signatory Government shall request the allocation to it as reparation of any industrial or other capital equipment removed from Germany except for use in its own territory or for use by its own nationals outside its own territory.
- B. In submitting requests to the Inter-Allied Reparation Agency, the Signatory Governments should endeavour to submit comprehensive programs of requests for related

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groups of items, rather than requests for isolated items or small groups of items. It is recognized that the work of the Secretariat of the Agency will be more effective, the more comprehensive the programs which Signatory Governments submit to it.

- C. In the allocation by the Inter-Allied Reparation Agency of items declared available for reparation (other than merchant ships, inland water transport and German assets in countries which remained neutral in the war against Germany), the following general principles shall serve as guides:
- (i) Any item or related group of items in which a claimant country has a substantial prewar financial interest shall be allocated to that country if it so desires. Where two or more claimants have such substantial interests in a particular item or group of items, the criteria stated below shall guide the allocation.
 - (ii) If the allocation between competing claimants is not determined by paragraph (i), attention shall be given, among other relevant factors, to the following considerations:
 - (a) The urgency of each claimant country's needs for the item or items to rehabilitate, reconstruct or restore to full activity the claimant country's economy;
 - (b) The extent to which the item or items would replace property which was destroyed, damaged or looted in the war, or requires replacement because of excessive wear in war production, and which is important to the claimant country's economy;
 - (c) The relation of the item or items to the general pattern of the claimant country's prewar economic life and to programs for its postwar economic adjustment or development;

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- (d) The requirements of countries whose reparation shares are small but which are in need of certain specific items or categories of items.
- (iii) In making allocations a reasonable balance shall be maintained among the rates at which the reparation shares of the several claimant Governments are satisfied, subject to such temporary exceptions as are justified by the considerations under paragraph (ii) (a) above.

Article 5. General Principles for the Allocation of Merchant Ships and Inland Water Transport.

- A. (i) German merchant ships available for distribution as reparation among the Signatory Governments shall be distributed among them in proportion to the respective over-all losses of merchant shipping, on a gross tonnage basis, of the Signatory Governments and their nationals through acts of war. It is recognized that transfers of merchant ships by the United Kingdom and United States Governments to other Governments are subject to such final approvals by the legislatures of the United Kingdom and United States of America as may be required.
- (ii) A special committee, composed of representatives of the Signatory Governments, shall be appointed by the Assembly of the Inter-Allied Reparation Agency to make recommendations concerning the determination of such losses and the allocation of German merchant ships available for distribution.
- (iii) The value of German merchant ships for reparation accounting purposes shall be the value determined by the Tripartite Merchant Marine Commission in terms of 1938 prices in Germany plus 15 per cent, with an allowance for depreciation.
- B. Recognizing that some countries have special need for inland water transport, the distribution of inland water transport shall be dealt with by a special committee appointed by the Assembly of the Inter-Allied Reparation Agency in the event

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that inland water transport becomes available at a future time as reparation for the Signatory Governments.

The valuation of inland water transport will be made on the basis adopted for the valuation of merchant ships or on an equitable basis in relation to that adopted for merchant ships.

Article 6. German External Assets.

- A. Each Signatory Government shall, under such procedures as it may choose, hold or dispose of German enemy assets within its jurisdiction in manners designed to preclude their return to German ownership or control and shall charge against its reparation share such assets (net of accrued taxes, liens, expenses of administration, other in rem charges against specific items and legitimate contract claims against the German former owners of such assets).
- B. The Signatory Governments shall give to the Inter-Allied Reparation Agency all information for which it asks as to the value of such assets and the amounts realized from time to time by their liquidation.
- C. German assets in those countries which remained neutral in the war against Germany shall be removed from German ownership or control and liquidated or disposed of in accordance with the authority of France, the United Kingdom and the United States of America, pursuant to arrangements to be negotiated with the neutrals by these countries. The net proceeds of liquidation or disposition shall be made available to the Inter-Allied Reparation Agency for distribution on reparation account.
- D. In applying the provisions of paragraph A above, assets which were the property of a country which is a member of the United Nations or its nationals who were not nationals of Germany at the time of the occupation or annexation of this country by Germany, or of its entry into war, shall not be charged to

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its reparation account. It is understood that this provision in no way prejudgets any questions which may arise as regards assets which were not the property of a national of the country concerned at the time of the latter's occupation or annexation by Germany or of its entry into war.

E. The German enemy assets to be charged against reparation shares shall include assets which are in reality German enemy assets, despite the fact that the nominal owner of such assets is not a German enemy.

Each Signatory Government shall enact legislation or take other appropriate steps, if it has not already done so, to render null and void all transfers made, after the occupation of its territory or its entry into war, for the fraudulent purpose of cloaking German enemy interests, and thus saving them harmless from the effect of control measures regarding German enemy interests.

F. The Assembly of the Inter-Allied Reparation Agency shall set up a Committee of Experts in matters of enemy property custodianship in order to overcome practical difficulties of law and interpretation which may arise. The Committee should in particular guard against schemes which might result in effecting fictitious or other transactions designed to favour enemy interests, or to reduce improperly the amount of assets which might be allocated to reparation.

Article 7. Captured Supplies.

The value of supplies and other materials susceptible of civilian use captured from the German Armed Forces in areas outside Germany and delivered to Signatory Governments shall be charged against their reparation shares in so far as such supplies and materials have not been or are not in the future either paid for or delivered under arrangements precluding any charge. It is recognised that transfers of such supplies and material by the United Kingdom and

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United States Governments to other Governments are subject to such final approval by the legislature of the United Kingdom or the United States of America as may be required.

Article 8. Allocation of a Reparation Share to Non-repatriable Victims of German Action.

In recognition of the fact that large numbers of persons have suffered heavily at the hands of the Nazis and now stand in dire need of aid to promote their rehabilitation but will be unable to claim the assistance of any Government receiving reparation from Germany, the Governments of the United States of America, France, the United Kingdom, Czechoslovakia and Yugoslavia, in consultation with the Inter-Governmental Committee on Refugees, shall as soon as possible work out in common agreement a plan on the following general lines:

- A. A share of reparation consisting of all the non-monetary gold found by the Allied Armed Forces in Germany and in addition a sum not exceeding 25 million dollars shall be allocated for the rehabilitation and resettlement of non-repatriable victims of German action.
- B. The sum of 25 million dollars shall be net from a portion of the proceeds of German assets in neutral countries which are available for reparation.
- C. Governments of neutral countries shall be requested to make available for this purpose (in addition to the sum of 25 million dollars) assets in such countries of victims of Nazi action who have since died and left no heirs.
- D. The persons eligible for aid under the plan in question shall be restricted to true victims of Nazi persecution and to their immediate families and dependents, in the following classes:
 - (i) Refugees from Nazi Germany or Austria who require aid and cannot be returned to their countries within a reasonable time because of prevailing conditions;

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- (ii) German and Austrian nationals now resident in Germany or Austria in exceptional cases in which it is reasonable on grounds of humanity to assist such persons to emigrate and providing they emigrate to other countries within a reasonable period;
- (iii) Nationals of countries formerly occupied by the Germans who cannot be repatriated or are not in a position to be repatriated within a reasonable time. In order to concentrate aid on the most needy and deserving refugees and to exclude persons whose loyalty to the United Nations is or was doubtful, aid shall be restricted to nationals or former nationals of previously occupied countries who were victims of Nazi concentration camps or of concentration camps established by regimes under Nazi influence but not including persons who have been confined only in prisoners of war camps.
- E. The sums made available under paragraphs A and B above shall be administered by the Inter-Governmental Committee on Refugees or by a United Nations Agency to which appropriate functions of the Inter-Governmental Committee may in the future be transferred. The sums made available under paragraph C above shall be administered for the general purposes referred to in this Article under a program of administration to be formulated by the five Governments named above.
- F. The non-monetary gold found in Germany shall be placed at the disposal of the Inter-Governmental Committee on Refugees as soon as a plan has been worked out as provided above.
- G. The Inter-Governmental Committee on Refugees shall have power to carry out the purposes of the fund through appropriate public and private field organisations.

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- H. The fund shall be used, not for the compensation of individual victims, but to further the rehabilitation or resettlement of persons in the eligible classes.
- I. Nothing in this Article shall be considered to prejudice the claims which individual refugees may have against a future German Government, except to the amount of the benefits that such refugees may have received from the sources referred to in paragraphs A and C above.

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14.

PART IIINTER-ALLIED REPARATION AGENCYArticle 1. Establishment of the Agency.

The Governments signatory to the present Agreement hereby establish an Inter-Allied Reparation Agency (hereinafter referred to as "the Agency"). Each Government shall appoint a Delegate to the Agency and shall also be entitled to appoint an Alternate who, in the absence of the Delegate, shall be entitled to exercise all the functions and rights of the Delegate.

Article 2. Functions of the Agency.

A. The Agency shall allocate German reparation among the Signatory Governments in accordance with the provisions of this Agreement and of any other agreements from time to time in force among the Signatory Governments. For this purpose, the Agency shall be the medium through which the Signatory Governments receive information concerning, and express their wishes in regard to, items available as reparation.

B. The Agency shall deal with all questions relating to the restitution to a Signatory Government of property situated in one of the Western Zones of Germany which may be referred to it by the Commander of that Zone (acting on behalf of this Government), in agreement with the claimant Signatory Government or Governments, without prejudice, however, to the settlement of such questions by the Signatory Governments concerned either by agreement or arbitration.

Article 3. Internal Organization of the Agency.

A. The organs of the Agency shall be the Assembly and the Secretariat.

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B. The Assembly shall consist of the Delegates and shall be presided over by the President of the Agency. The President of the Agency shall be the Delegate of the Government of France.

C. The Secretariat shall be under the direction of a Secretary General, assisted by two Deputy Secretaries General. The Secretary General and the two Deputy Secretaries General shall be appointed by the Governments of France, the United States of America and the United Kingdom. The Secretariat shall be international in character. It shall act for the Agency and not for the individual Signatory Governments.

Article 4. Functions of the Secretariat.

The Secretariat shall have the following functions:

- A. To prepare and submit to the Assembly programs for the allocation of German reparations;
- B. To maintain detailed accounts of assets available for, and of assets distributed as, German reparation;
- C. To prepare and submit to the Assembly the budget of the Agency;
- D. To perform such other administrative functions as may be required.

Article 5. Functions of the Assembly.

Subject to the provisions of Articles 4 and 7 of Part II of this Agreement, the Assembly shall allocate German reparation among the Signatory Governments in conformity with the provisions of this Agreement and of any other agreements from time to time in force among the Signatory Governments. It shall also approve the budget of the Agency and shall perform such other functions as are consistent with the provisions of this Agreement.

Article 6. Voting in the Assembly.

Except as otherwise provided in this Agreement, each Delegate shall have one vote. Decisions in the Assembly shall be taken by a majority of the votes cast.

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Article 7. Appeal from Decisions of the Assembly.

- A. When the Assembly has not agreed to a claim presented by a Delegate that an item should be allocated to his Government, the Assembly shall, at the request of that Delegate and within the time limit prescribed by the Assembly, refer the question to arbitration. Such reference shall suspend the effect of the decision of the Assembly on that item.
- B. The Delegates of the Governments claiming an item referred to arbitration under paragraph A above shall select an Arbitrator from among the other Delegates. If agreement cannot be reached upon the selection of an Arbitrator, the United States Delegate shall either act as Arbitrator or appoint as Arbitrator another Delegate from among the Delegates whose Governments are not claiming the item. If the United States Government is one of the claimant Governments, the President of the Agency shall appoint as Arbitrator a Delegate whose Government is not a claimant Government.

Article 8. Powers of the Arbitrator.

When the question of the allocation of any item is referred to arbitration under Article 7 of Part II of this Agreement, the Arbitrator shall have authority to make final allocation of the item among the claimant Governments. The Arbitrator may, at his discretion, refer the item to the Secretariat for further study. He may also, at his discretion, require the Secretariat to resubmit the item to the Assembly.

Article 9. Expenses.

- A. The salaries and expenses of the Delegates and of their staffs shall be paid by their own Governments.
- B. The common expenses of the Agency shall be met from the funds of the Agency. For the first two years from the date of the establishment of the Agency, these funds shall be contributed

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in proportion to the percentage shares of the Signatory Governments in Category I and thereafter in proportion to their percentage shares in Category II.

- C. Each Signatory Government shall contribute its share in the budget of the Agency for each budgetary period (as determined by the Assembly) at the beginning of that period; provided that each Government shall, when this agreement is signed on its behalf, contribute a sum equivalent to not less than its Category B percentage share of ± 50,000 and shall, within three months thereafter, contribute the balance of its share in the budget of the Agency for the budgetary period in which this Agreement is signed on its behalf.
- D. All contributions by the Signatory Governments shall be made in Belgian francs or such other currency or currencies as the Agency may require.

Article 10. Voting on the Budget.

In considering the budget of the Agency for any budgetary period, the vote of each Delegate in the Assembly shall be proportional to the share of the budget for that period payable by his Government.

Article 11. Official Languages.

The official languages of the Agency shall be English and French.

Article 12. Offices of the Agency.

The seat of the Agency shall be in Brussels. The Agency shall maintain liaison offices in such other places as the Assembly, after obtaining the necessary consents, may decide.

Article 13. Withdrawal.

Any Signatory Government, other than a Government which is responsible for the control of a part of German territory, may withdraw from the Agency after written notice to the Secretariat.

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Article 14. Amendments and Termination.

This Part II of the Agreement can be amended or the Agency terminated by a decision in the Assembly of the majority of the Delegates voting, provided that the Delegates forming the majority represent Governments whose shares constitute collectively not less than 80 percent of the aggregate of the percentage shares in Category A.

Article 15. Legal Capacity, Immunities and Privileges.

The Agency shall enjoy in the territory of each Signatory Government such legal capacity and such privileges, immunities and facilities, as may be necessary for the exercise of its functions and the fulfillment of its purposes. The representatives of the Signatory Governments and U.S. officials of the Agency shall enjoy such privileges and immunities as are necessary for the independent exercise of their functions in connection with the Agency.

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PART IIIRESTITUTION OF MONETARY GOLDSingle Article.

A. All the monetary gold found in Germany by the Allied Forces and that referred to in paragraph G below (including gold coins, except those of numismatic or historical value, which shall be restored directly if identifiable) shall be pooled for distribution as restitution among the countries participating in the pool in proportion to their respective losses of gold through looting or by wrongful removal to Germany.

B. Without prejudice to claims by way of reparation for unrestored gold, the portion of monetary gold thus accruing to each country participating in the pool shall be accepted by that country in full satisfaction of all claims against Germany for restitution of monetary gold.

C. A proportional share of the gold shall be allocated to each country concerned which adheres to this arrangement for the restitution of monetary gold and which can establish that a definite amount of monetary gold belonging to it was looted by Germany or, at any time after March 12th, 1938, was wrongfully removed into German territory.

D. The question of the eventual participation of countries not represented at the Conference (other than Germany but including Austria and Italy) in the above-mentioned distribution shall be reserved, and the equivalent of the total shares which these countries would receive, if they were eventually admitted to participate, shall be set aside to be disposed of at a later date in such manner as may be decided by the Allied Governments concerned.

E. The various countries participating in the pool shall supply to the Governments of the United States of America, France and the United Kingdom, as the occupying Powers concerned, detailed and verifiable data regarding the gold losses suffered through looting by, or removal to, Germany.

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F. The Governments of the United States of America, France and the United Kingdom shall take appropriate steps within the Zones of Germany occupied by them respectively to implement distribution in accordance with the foregoing provisions.

G. Any monetary gold which may be recovered from a third country to which it was transferred from Germany shall be distributed in accordance with this arrangement for the restitution of monetary gold.

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PART IV

ENTRY INTO FORCE AND SIGNATUREArticle 1. Entry into Force.

This Agreement shall be open for signature on behalf of any Government at the Paris Conference on Reparation. As soon as it has been signed on behalf of Governments collectively entitled to not less than 80% of the aggregate of shares in Category A of German reparation, it shall come into force among such Signatory Governments. The Agreement shall thereafter be in force among such Governments and those Governments on whose behalf it is subsequently signed.

Article 2. Signature.

The signature of each contracting Government shall be deemed to mean that the effect of the present Agreement extends to the colonies and overseas territories of such Government, and to territories under its protection or suzerainty or over which it at present exercises a mandate.

In witness whereof, the undersigned, duly authorized by their respective Governments, have signed in Paris the present Agreement, in the English and French languages, the two texts being equally authentic, in a single original which shall be deposited in the Archives of the Government of the French Republic, a certified copy thereof being furnished by that Government to each Signatory Government.

..... for the Government of

.....

..... 194 .

for the Government of

.....

..... 194 .

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Authority NND 775042

By *[Signature]* NARA Date 7-22RG 260
Entry MIL GOVT EXEC.OFF
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(POLICY)

22.

UNANIMOUS RESOLUTIONS BY THE CONFERENCE

The Conference has also unanimously agreed to include the following Resolutions in the Final Act:

1. German Assets in the Neutral Countries.

The Conference unanimously resolves that the countries which remained neutral in the war against Germany should be prevailed upon by all suitable means to recognize the reasons of justice and of international security policy which motivate the Powers exercising supreme authority in Germany and the other Powers participating in this Conference in their efforts to extirpate the German holdings in the neutral countries.

2. Gold transferred to the Neutral Countries.

The Conference unanimously resolves that, in conformity with the policy expressed by the United Nations Declaration Against Axis Acts of Dispossession of January 5th, 1943 and the United Nations Declaration on Gold of February 22nd, 1944, the countries which remained neutral in the war against Germany be prevailed upon to make available for distribution in accordance with Part III of the foregoing Agreement all looted gold transferred into their territories from Germany.

3. Equality of Treatment regarding Compensation for War Damage.

The Conference unanimously resolves that, in the administration of reconstruction or compensation benefits for war damage to property, the treatment accorded by each Signatory Government to physical persons who are nationals and to legal persons who are nationals of or are owned by nationals of any other Signatory Government, so far as they have not been compensated after the war for the same property under any other form or on any other occasion, shall be in principle not less favourable than that which the Signatory Government accords to its own nationals. In view of the fact that there are many special problems of reciprocity related to this principle, it is recognized that in certain cases the actual implementation of the principle cannot be achieved except through special agreements between Signatory Governments.

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23.

Reference to the Annex to the Final Act.

During the course of the Conference, statements were made by certain Delegates, in the terms set out in the attached Annex, concerning matters not within the competence of the Conference but having a close relation with its work. The Delegates whose Governments are represented on the Control Council for Germany undertook to bring these statements to the notice of their respective Governments.

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24.

In witness whereof, the undersigned have signed the present Final Act of the Paris Conference on Reparations.

Done in Paris on December 21, 1945, in the English and French languages, the two texts being equally authentic, in a single original, which shall be deposited in the Archives of the Government of the French Republic, certified copies thereof being furnished by that Government to all the Governments represented at that Conference.

Hysni Kapo, Delegate of Albania;

James W. Angell, Delegate of the United States of America;

E. Ronald Walker, Delegate of Australia;

Kaeckenbeck, Delegate of Belgium;

Maurice Pope, Delegate of Canada;

Kruse, for the Delegate of Denmark;

, Delegate of Egypt;

Jacques Rueff, Delegate of France;

S. D. Waley, Delegate of the United Kingdom of Great Britain and Northern Ireland;

, Delegate of Greece;

P. Chandhuri, Delegate of India;

(These signatures are appended in agreement with his Britannic Majesty's representative for the exercise of the functions of the Crown in its relations with the Indian States.)

Wehrer, Delegate of Luxembourg;

Helgeby, Delegate of Norway;

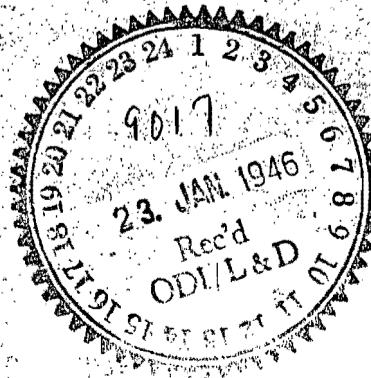
S. D. Waley, for the Delegate of New Zealand;

Boissevain, Delegate of the Netherlands;

Vavro Hajdu, Delegate of Czechoslovakia;

Maurice Pope, for the Delegate of the Union of South Africa;

Ales Bebler, Delegate of Yugoslavia.



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25.

ANNEX1. Resolution on the Subject of Restitution.

The Albanian, Belgian, Czechoslovak, Danish, French, Greek, Indian, Luxembourg, Netherlands and Yugoslav Delegates agree to accept as the basis of a restitution policy the following principles:

- (a) The question of the restitution of property removed by the Germans from the Allied countries must be examined in all cases in the light of the United Nations Declaration of January 5th, 1943.
- (b) In general, restitution should be confined to identifiable goods which (i) existed at the time of occupation of the country concerned, and were removed with or without payment; (ii) were produced during the occupation and obtained by an act of force.
- (c) In cases where articles removed by the enemy cannot be identified, the claim for replacement should be part of the general reparation claim of the country concerned.
- (d) As an exception to the above principles, objects (including books, manuscripts and documents) of an artistic, historical, scientific (excluding equipment of an industrial character), educational or religious character which have been looted by the enemy occupying Power shall, so far as possible, be replaced by equivalent objects if they are not restored.
- (e) With respect to the restitution of looted goods which were produced during the occupation and which are still in the hands of German concerns or residents of Germany, the burden of proof of the original ownership of the goods shall rest on the claimants and the burden of proof that the goods were acquired by a regular contract shall rest on the holders.
- (f) All necessary facilities under the auspices of the Commanders-in-Chief of the occupied Zones shall be given to the Allied States to send expert missions into Germany to search for looted property and to identify, store and remove it to its country of origin.

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(POLICY)

26.

(g) German holders of looted property shall be compelled to declare it to the control authorities; stringent penalties shall be attached to infractions of this obligation.

2. Resolution on Reparation from Existing Stocks and Current Production.

The Delegates of Albania, Belgium, Czechoslovakia, Denmark, Egypt, France, Greece, India, Luxembourg, the Netherlands, Norway and Yugoslavia,

In view of the decision of the Crimea Conference that Germany shall make compensation to the greatest possible extent for the losses and suffering which she has inflicted on the United Nations,

Considering that it will not be possible to satisfy the diverse needs of the Governments entitled to reparation unless the assets to be allocated are sufficiently varied in nature and the methods of allocation are sufficiently flexible,

Express the hope that no category of economic resources in excess of Germany's requirements as defined in Part III, Article 15 of the Potsdam Declaration, due account being taken of Article 19 of the same Part, shall in principle be excluded from the assets, the sum total of which should serve to meet the reparation claims of the Signatory Governments.

It thus follows that certain special needs of different countries will not be met without recourse, in particular, to German existing stocks, current production and services, as well as Soviet reciprocal deliveries under Part IV of the Potsdam Declaration.

It goes without saying that the foregoing shall be without prejudice to the necessity of achieving the economic disarmament of Germany.

The above-named Delegates would therefore deem it of advantage were the Control Council to furnish the Inter-Allied Reparation Agency with lists of existing stocks, goods from current production and services, as such stocks, goods or services become available as reparation. The Agency should, at all times, be in a position to advise the Control Council of the special needs of the different Signatory Governments.

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Authority NND 75042
By JH NARA Date 7-22RG 260
Entry HIL. GONT
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(POLICY)

27.

3. Resolution regarding Property in Germany belonging to United Nations or their Nationals.

The Delegates of Albania, Belgium, Czechoslovakia, France, Greece, Luxembourg, the Netherlands, Norway and Yugoslavia, taking into account the fact that the burden of reparation should fall on the German people, recommend that the following rules be observed regarding the allocation as reparation of property (other than ships) situated in Germany:

- (a) To determine the proportion of German property available as reparation, account shall be taken of the sum total of property actually constituting the German economy, including assets belonging to a United Nation or to its nationals, but excluding looted property, which is to be restored.
- (b) In general, property belonging legitimately to a United Nation or to its nationals, whether wholly owned or in the form of a shareholding of more than 48 percent, shall so far as possible be excluded from the part of German property considered to be available as reparation.
- (c) The Control Council shall determine the cases in which minority shareholdings of a United Nation or its nationals shall be treated as forming part of the property of a German juridical person and therefore having the same status as that juridical person.
- (d) The foregoing provisions do not in any way prejudice the removal or destruction of concerns controlled by interests of a United Nation or of its nationals when this is necessary for security reasons.
- (e) In cases where an asset which is the legitimate property of one of the United Nations or its nationals has been allocated as reparation, or destroyed, particularly in the cases referred to in paragraphs b, c, and d above, equitable compensation to the extent of the full value of this asset shall be granted by the Control Council to the United Nation concerned as a charge on the German economy. This compensation shall, when possible, take the form of shareholding of equal value in German assets of a similar character which have not been allocated as reparation.

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28.

(f) In order to ensure that the property in Germany of persons declared by one of the United Nations to be collaborators or traitors shall be taken from them, the Control Council shall give effect in Germany to legislative measures and juridical decisions by courts of the United Nation concerned in regard to collaborators or traitors who are nationals of that United Nation or were nationals of that United Nation at the date of its occupation or annexation by Germany or entry into the war. The Control Council shall give to the Government of such United Nation facilities to take title to and possession of such assets and to dispose of them.

4. Resolution on captured War Materiel.

The Delegates of Albania, Belgium, Denmark, Luxembourg, the Netherlands, Norway, Czechoslovakia and Yugoslavia, taking account of the fact that part of the war materiel seized by the Allied Armies in Germany is of no use to these Armies but would, on the other hand, be of use to other Allied countries, recommend:

(a) that, subject to Resolution 1 of this Annex on the subject of restitution, war materiel which was taken in the Western Zones of Germany and which has neither been put to any use nor destroyed as being of no value, and which is not needed by the Armies of Occupation or is in excess of their requirements, shall be put at the disposal of countries which have a right to receive reparation from the Western Zones of Germany; and

(b) that the competent authorities shall determine the available types and quantities of this materiel and shall submit lists to the Inter-Allied Reparation Agency, which shall proceed in accordance with the provisions of Part II of the above Agreement.

5. Resolution on German Assets in the Julian March and the Dodecanese.

The Delegates of Greece, the United Kingdom and Yugoslavia (being the Delegates of the countries primarily concerned), agree that:

(a) The German assets in Venezia Giulia (Julian March) and in the Dodecanese shall be taken into custody by the military authorities in occupation of those parts of the territory which they now occupy, until the territorial questions have been decided; and

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Authority NND 775042
By SP NARA Date 7-22RG 260
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(POLICY)

29.

(b) As soon as a decision on the territorial questions has been reached, the liquidation of the assets shall be undertaken in conformity with the provisions of Paragraph A of Article 6 of Part I of the foregoing Agreement by the countries whose sovereignty over the disputed territories has been recognized.

6. Resolution on Costs relating to Goods Delivered from Germany as Reparation

The Delegates of Albania, Australia, Belgium, Canada, Denmark, Egypt, France, Greece, India, Luxembourg, Norway, New Zealand, the Netherlands, Czechoslovakia and Yugoslavia, recommend that the costs of dismantling, packing, transporting, handling, loading and all other costs of a general nature relating to goods to be delivered from Germany as reparation, until the goods in question have passed the German frontier, and expenditure incurred in Germany for the account of the Inter-Allied Reparation Agency or of the Delegates of the Agency should, in so far as they are payable in a currency which is legal tender in Germany, be paid as a charge on the German economy.

7. Resolution on the Property of War Criminals.

The Delegates of Albania, Belgium, France, Luxembourg, Czechoslovakia and Yugoslavia express the view that:

(a) the legislation in force in Germany against German war criminals should provide for the confiscation of the property in Germany of those criminals, if it does not do so already;

(b) the property so confiscated, except such as is already available as reparation or restitution, should be liquidated by the Control Council and the net proceeds of the liquidation paid to the Inter-Allied Reparation Agency for division according to the principles set out in the foregoing Agreement.

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By SP NARA Date 7-22RG 260
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(POLICY)

30.

8. Resolution on Recourse to the International Court of Justice.

The Delegates of Albania, Australia, Belgium, Denmark, France, Luxembourg, the Netherlands, Norway, Czechoslovakia and Yugoslavia recommend that:

Subject to the provisions of Article 3 of Part I of the foregoing Agreement, the Signatory Governments agree to have recourse to the International Court of Justice for the solution of every conflict of law or of competence arising out of the provisions of the foregoing Agreement which has not been submitted by the parties concerned to amicable solution or arbitration.

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OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)

STAFF CABLE CONTROL

DATE 212243Z

INCOMING MESSAGE

ED 1668 Aug 46

1eh.

Mr. Lyon 4 - 10:00

RESTRICTED

P R I O R I T Y

FROM : ANWAR FROM WDSCA ES
 TO : OMNSUS, USFA
 DIAFO : UNFET
 REF NO : WX-9112

Reccured November WX-85965, March WX-99226 this
 cable is in two parts:

PART 1.

There follows State Department Draft proposed JCS
 Directive to OMNSUS and USFA in implementation of that part of
 Article 8 of final act of Paris Conference Reparation signed by
 18 nations on January 14, 1946 which provided:

"In recognition of fact that large numbers of
 persons have suffered heavily at hands of Nazishand now stand
 in dire need of aid promote their rehabilitation but will be
 unable to claim assistance of any government receiving repara-
 tion from Germany, the Governments of US of America, France, UK,
 Czechoslovakia and Yugoslavia, in consultation with Inter-Gov-
 ernmental Committee on Refugees, shall as soon as possible work
 out in common agreement plan on following general lines:

"A. Share or reparation consisting of all non-
 monetary gold found by Allied Armed Forces in Germany shall be
 allocated for rehabilitation and resettlement of non-repatriable
 victims of German action" and that part of Five-power Agreement
 of June 14 pursuant to article 8 which provided: "the Inter-
 governmental Committee on Reparations or its successor organization
 is hereby authorized to take title from appropriate authority or
 all "non-monetary gold" found by Allies in Germany and to take
 such steps as may be deemed to liquidate these assets as promptly
 as possible, due consideration being given to secure highest poss-
 ible realizable value."

Could be
 either internal
 or external
 or extend to
 APO NY 35354

(1.) You will make available on demand to duly
 accredited representatives of ICOR all valuable
 personal property which represents loot seized or
 obtained from any of the following countries:

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 Exempt from paraphrases Handle in compliance with AR 380-5.

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19-1

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REF: WK-9112

RESTRICTED

- 2 -

religious victim^t of Nazi Government or its satellite governments or nationals thereof which was or may hereafter be found, seized or confiscated by USFET or by local authorities acting under direction or control of US Forces, subject to following conditions:

Indicates external level included

- a. That property cannot be restituted to government pursuant to WX-85965 November 1945 and WX-99226 March 1946, as amended and modified by Control Council action, because determination of national origin is impractical.
- b. That property cannot be restituted to lawful owners under laws in force in place where presently found either because lawful owner has died or ceased to exist without legal successor or because determination of individual ownership is impractical.
- c. That ownership interests in real property located in Germany and German currency or instruments of exchange payable in German currency will be excepted.
- d. That Jewish books, manuscripts and literature of cultural or religious importance will be excepted and disposed of pursuant to separate directive.
- e. That detailed inventory and tentative agreed valuation will be made of property subject to transfer to IGCR hereunder, and transfer will be made upon signing of joint inventory which shall be made part of receipt.

(2.) You will permit property transferred hereunder to be removed from Germany and Austria or to be sold therein if payment can be made outside Germany or Austria in acceptable foreign currency, notwithstanding any laws for control of foreign exchange, to end that maximum value be obtained therefrom by IGCR.

(3.) You will seek to obtain Control Council agreement to disposition pursuant to terms of this directive of any property disposition of which is reserved to Control Council. Even prior to such

AEC ID 35354

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Authority NND 75042
By [Signature] NARA Date 7-22RG 260
Entry MIL. GOVT
Box EXEC.OFF
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RESTITUTION II
(POLICY)

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U. S.)

REF: WX-9112

STAFF CABLE CONTROL

INCOMING MESSAGE

RESTRICTED

agreement you will nevertheless execute directive and you will advise the representatives of Control Authority that you are doing so pursuant to obligation assumed by your government in subscribing to Paris Agreement on reparations.

(4.) Expression "valuable personal property" as used in paragraph 1 of this directive shall be interpreted to exclude ordinary items of furniture, clothing and other personal property of small intrinsic value and to include any such items of uncommon value. In determination of impracticality of identification pursuant to paragraph 1 sub-paragraph a and b of this directive regard shall be had to extent of commingling with other property and difficulty and expense of determination of ownership in comparison with value of property. All property, as defined herein, will be considered as falling within this directive and will be made available to IGCR unless available evidence clearly is to contrary. You will establish such administrative machinery as may be necessary to execute this directive promptly and effectively.

PART 2.

Your comments desired soonest. Considered opinion of State that US policy should favor broadest possible interpretation of obligation under Article VIII and that in definition of "non-monetary gold" and application to specific cases, most liberal interpretation should govern. Entirely outside obligation under Paris Reparation Agreement, this program directly related to general responsibilities this government connection financing resettlement German and Austrian non-repatriables. To extent "non-monetary gold" made available from US Zones Germany and Austria and success in persuading UK and France to pursue similar policies their Zones, general financing burden of US will be decreased. Therefore, position taken in proposed directive not viewed as strict construction Article VIII, but as being in line with more fundamental US interests.

As is well known non-repatriable financial position critical and desirable that non-monetary gold formula be established and applied without delay. Implementation thereafter should be given very high priority and preliminary steps taken now. IGCR representatives will be made available to advise and

AGC IN 35354

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R E S T R I C T E D

assist you as required.

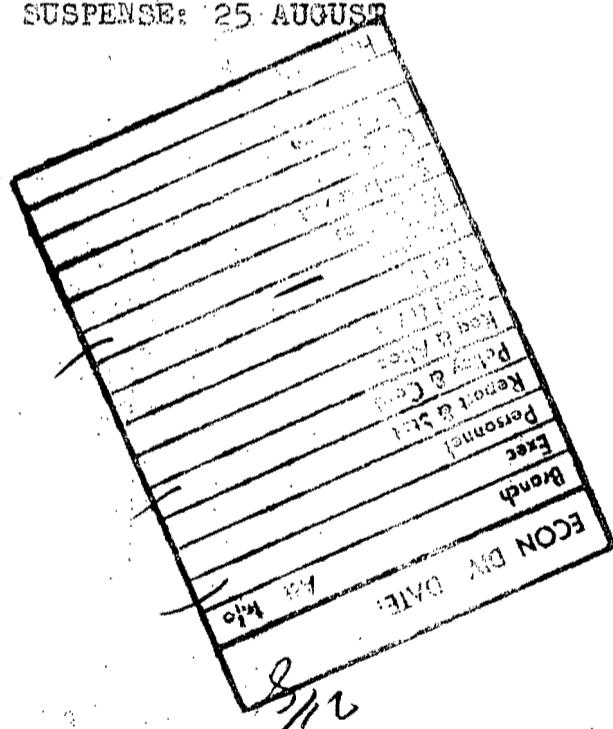
In order facilitate issuance of directive and implementation in field desired that your comments be submitted in form of any specific proposals for amendment which you may consider advisable. Repeat replies all addressees.

WL-85965 is SCC IN 15174, 3 Dec. 45, Info.
WX-99226 is SCC IN 22212, 7 Mar 46, Info.

ACTION : ECON SUSPENSE: 25 AUGUST
INFORMATION : O/SS FIN
LEGAL
IA&C
POL AFF
POW & DP

Reply by cable CC-4770

Charles E. Sands (m.o.)
CHARLES E. SANDS
Executive Officer, Fin. Div.
Tel. 43684



SCC IN 35354, 23 Aug 46 1030B JDL/1eh REF: WX-9112

R E S T R I C T E D

302873

REF ID: A6222
DECLASSIFIED BY *[Signature]* Authority NND 775042
NARA Date 7-22

RG 260
Entry Box III
HIL. GOVT EXEC.OFF

Repartitions file



UNITED STATES POLITICAL ADVISER
FOR GERMANY

Re 602.3

Restitution

USGCC

14 August 1945.

MEMORANDUM

TO : Lieutenant General Lucius D. Clay,
Deputy Military Governor, Germany.
Colonel L. W. Jefferson,
Director, R D and R Division, US Group CG.

FROM: Political Adviser.

You may be interested in the following message from the American Embassy in Paris to the Department of State, which is a translation of a memorandum dated August 2 from the Foreign Office on the subject of restitution of French property.

"General Koeltz, Chief of the French Military Mission for German Affairs, received a letter from General Clay, his American colleague on the Control Commission, stating that the procedure proposed by the French Government for the problem of immediate restitution was considered inopportune. General Clay stated that instead of the tripartite commission contemplated by France, his subordinates would be glad to consider the question informally with French representatives.

"The French Government, through its Ambassadors in London and Washington, has on several occasions called the attention of the American and British Governments to France's great interest during the present period of reconstruction in the immediate recovery of French material and other looted French goods which are urgently needed in France. Because of the opposition of the Russian delegation on the EAC toward creation of an international restitution commission, the French Government recently proposed to Washington and London the adoption of a procedure which would consist either in the establishment of direct contacts among the French, British, and American representatives on the Control Commission, or in the assignment of an official especially charged with recoveries who would be accredited to the British and American military missions within their respective zones. Replies from Washington and London indicate that competent authorities "are currently studying the French suggestion".

"The Minister of Foreign Affairs wishes to emphasize again the urgency involved in a favorable solution of the restitution question. The French Government will not accept, insofar as it concerns France, the thesis supported by the Soviet Government (and repeated, with certain mitigations,

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by the American and British communications referred to) according to which the problem of restitutions would constitute merely an aspect of the problem of reparations.

"Such a conception, which has no legal foundation, will, by the inevitable delays, render almost impossible the identification and recovery of the stolen goods. Delays in this matter have been too long protracted in the opinion of the French authorities who have been met with objections all the more incomprehensible since they request only the opportunity to find and bring back truly French goods in the zones occupied by Allied and friendly armies.

"The French Government wishes to draw the American Embassy's attention to the risk that is run of serious repercussions on French opinion when delays and obstacles of all sorts are placed in the way of satisfying the Republic's most essential and legitimate requests. Information recently published by the American Press on the Reparations Agreement according to which the French portion was fixed without consultation with France at less than 1% of the real damage has produced the effect of a scandal. It will be easily understood that under these conditions France can less than ever afford to renounce the right to take back immediately, while there is yet time, all that belongs to her in the Allied zones of occupation.

"The Minister of Foreign Affairs would be grateful if the attention of the American Government would be brought to the foregoing matter." /M/

Robert Murphy.

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REF ID: A65742
DECLASSIFIED
Authority NND 775042
By [Signature] NARA Date 7-22
RG 260
Entry MIL GOVT EXEC.OFF
Box 111

Reparations file

HEADQUARTERS
U.S. GROUP C.C.
AG CABLES
INCOMING MESSAGE

DATED 271231B

RECD 281130B JUNE

26/28

SECRET

PRIO RITY

FROM : ETOUSA FWD FROM CLAY SIGNED BRADLEY
TO FOR ACTION : AGWAR FOR JCINT CHIEFS OF STAFF
PASSED TO : US GROUP CC FOR INFO
REF NO : S-93445

Reured W-21841, of course we will make no restitutions from United States Zone without concurrence of Pauleys representative. For your information it was our understanding that United States policy prohibited the export of captured property from Germany unless there were exceptional circumstances and that such property would be held for ultimate disposition by the Allied Control authority. We did not understand that such property was to be treated on a unilateral basis unless so decided by Allied Control authority. We had assumed that action by Allied Control authority would be based on recommendations of reparations commission as approved by the representative governments. Brad indicates that works of art and goods urgently needed for economic restoration of Allied countries might be removed from Germany on a unilateral basis. Since we have made no plans for such action awaiting the formation of Allied Control authority further advice is requested.

W-21841 is AG IN 2199, 25 June 45

INFORMATION : Secretary General DCA R D & R
Economic Political
Finance AG Records

IN 2343 28 June 45 1245B BPS/dwc REF NO: 6-9344538
COPY NO. 5 ✓
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SECRET

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Reparations File

HEADQUARTERS
U.S. GROUP C.C.
 A.G. CABLES
 INCOMING MESSAGE

DATED 210150Z JUNE

RECD 251110B June

31/25

SECRET
REF ID: A64545
 PRIORITY

FROM : AGWAR FROM THE JOINT CHIEFS OF STAFF AT THE
 PRESIDENT'S REQUEST

TO : AGOUSA FWD TO EISENHOWER

PASSED TO : US GROUP CC FOR INFO

REF NO : W-21841

The President has approved a recommendation made by Ambassador Pauley that any removal of property from territories under the control of US forces in Germany and Austria for the purpose of restitution should first be submitted by you for the approval of the US representative on the reparation commission. Such coordination is essential because of the close relationship between restitution and broad questions of reparation policy.

However, the President has expressed the view that such coordination with respect to restitution should not operate to delay unduly (1) the return of works of art to the countries from which they were obtained, or (2) the removal from Germany, as restitution or otherwise, of goods urgently needed for the economic restoration of Allied countries. To assure efficient coordination, the President has instructed Ambassador Pauley to make available to you a member of his staff with authority to act promptly on matters submitted by you.

INFORMATION : R D & R
 Secretary General
 AG Records

AG 18 2199 25 June 1945 11158 DMH/djj REF NO: W-21841

COPY NO: 1 2 3

SECRET
REF ID: A64545

The Making Of An Exact Copy Of This Message Is Forbidden

RG 260
Entry Box 111
MIL. GOVT EXEC.OFF.
NARA Date 7-22

Reparations File



UNITED STATES POLITICAL ADVISER
FOR GERMANY

14 August 1945.

A6602,3
Restitution
US6cc

SECRET - PERSONAL

MEMORANDUM

TO : Lieutenant General Lucius D. Clay,
Deputy Military Governor, Germany.

FROM: Political Adviser.

You may be interested in the following message which was sent by Mr. Clayton to the Department of State. Mr. Clayton is still in London.

"Pauley and I did not, as pointed out in Collado's letter to Phelps, formally turn over the restitution memorandum to General Clay. Ambassador Pauley has discussed the matter with General Clay and makes the following report:

"I had a long conference with General Clay this afternoon on a wide variety of problems relating to reparations and one of the matters discussed was the enclosed memo on restitution which you left with me at Pabelsberg with the understanding that I would go over the matter with General Clay. General Clay does not believe that now is the time to press for a directive on restitution and prefers to feel his way for some little time longer on this subject. I have thought it best not to press the matter at this particular time in view of his reluctance to urge definitive action now.

"It is hoped that you will agree that this is the wise course to take at this time."

"I recommend that you do not take further action in Washington until my return. I recommend that you continue to inform Clay, Pauley, and Murphy regarding any notes received from the restitution claiming Governments, but that you let them use their judgment as to the timing of action in the Control Council and in the Reparations Commission." *M*

Robert Murphy.

C48-2

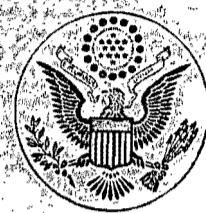
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Entry HIL. GOVT
Box 111

Reproduction File



SECRET

UNITED STATES POLITICAL ADVISER
FOR GERMANY

30 June 1945.

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Restitution
4-SCCSECRETMEMORANDUM

TO : Lieutenant General Lucius D. Clay,
Deputy Military Governor, Germany.
Captain Faigle, RD and R Division, US Group CC.
FROM: U. S. Political Adviser.

The following message, which was reprinted to Ambassador Fauley in Moscow, has been received from Ambassador Winant in London:

The Soviet, UK and French delegations in EAC discussed restitution on June 26 on Soviet initiative. The US delegation took no part in view of the present negotiations in Moscow.

The Soviet representative objected strongly to the creation of a restitution commission as violating supreme authority assumed by the four powers regarding Germany and pointed out that such a commission would lack apparatus to investigate and execute claims. He envisaged the three following procedures: (1) The occupying powers would claim looted property direct through control council and reparation division. (2) The other Allied Governments would present their claims to control council through military missions in Germany. (3) The reparation division in cases of conflicting claims would request the claimants to send experts for consultation. The Soviet representative stated that looted property is now in the hands of occupying powers, later of control council, and claims for restitution should be directed to them as custodians of the property. He stated that the proposed restitution commission possesses no property and has no apparatus for investigating its existence. As the control council has no responsibility to other Governments regarding ascertaining rightful ownership, the other Governments must present claims to the council and prove ownership. French and UK representatives stressed the need for a restitution commission to receive claims from Allied Governments and

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US Group CC
AG M & D
No. B-326

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decide conflicting claims; the time and method of actual return alone would be decided by Allied control machinery. The French suggested permanent membership of the four occupying powers and ad hoc membership of other Allied Governments in cases concerning them; the UK urged membership of all interested Allied Governments on the commission. The proposed commission was described as an inter-governmental semi-judicial body, transmitting its findings regarding fact and law to the reparation division as recommendations not as orders. The reparation division would act only on the control council's order or authorization. The French representative felt if the control council is responsible for deciding conflicting claims it undertakes heavy responsibility toward other Allied Governments, especially since those Governments are not represented on the control council. The Soviet representative suggested that when the council decides a case affecting other Allied Governments, their representatives should attend the control council without voting.

The British representative asked how the reparation division in Germany can deal with property outside Germany. He felt determination of rightful ownership by the restitution commission was no derogation of the four Governments' supreme authority.

The Soviet representative asked what should be done about German property transferred during the war to occupied Allied countries. The French representative suggested, with a touch of irony, that if it were found that France had gained on the balance between the removal of French property and the importation of German property, the balance should be credited to France against their reparation claims.

The French and UK felt the Soviet proposal would delay the return of looted property, be widely resented by other Allies, and place a great burden on the control council. The Soviet representative stated that by making the control council a restitution, reparation and deliveries division solely responsible for all matters regarding restitution, a most efficient and expeditious return could be effected.

FOR AMBASSADOR MURPHY:

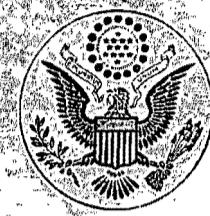
J. D. Beam

J. D. Beam.

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Entry *HIL GOVT EXEC.OFF*
Box 111*Reparations file***SECRET**UNITED STATES POLITICAL ADVISER
FOR GERMANY

29 June 1945

SECRETMEMORANDUM

TO : Lieutenant General Lucius D. Clay,
Deputy Military Governor, Germany.

FROM: U. S. Political Adviser.

Ambassador Pauley in Moscow sent the following telegram dated 27 June, addressed to you for delivery to Captain Faigle and Mr. Adams of the RD and R Division:

"As requisite to effective coordination, the President has approved my recommendation that matters of restitution or the transfer of property as restitution shall be made subject to the approval of the Allied Commission on Reparations. The President has also approved my recommendation that General Eisenhower first present for my approval as the American Representative on the Allied Commission on Reparations any contemplated removals of property for the purpose of restitution from the American-controlled regions in Germany and Austria. The President desires, however, that the required coordination between reparations and restitution shall not act to retard unnecessarily (1) the withdrawal from Germany in the form of restitution or any other form of supplies badly needed by Allied nations for their economic reconstruction, or (2) the return of works of art to those nations from which they were taken.

The President suggests that in order to achieve effective coordination and prompt decisions I assign a representative to General Eisenhower authorized to act on these matters as presented by him.

In accordance with the President's request Mr. Frank Adams of my staff, who is now in Frankfurt, is hereby designated as my representative to General Eisenhower and authorized to take prompt action on such specific cases of the foregoing character as may be presented by General Eisenhower.

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By *[Signature]* NARA Date 7-22

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In carrying out the duties hereby assigned, my representative will be guided as follows:

1. Approve the return of works of art only to the Government of an Allied nation and not to private persons and only if evidence submitted to my representative conclusively establishes identity of particular works of art. Prior to each and every delivery of any art object to any Allied nation a proper statement shall be sent to the appropriate national authorities to the effect that the value of the art object returned may or may not be included in the final reparations accounting for such nation depending upon policies to be determined by the Allied Commission on Reparations and the circumstances and conditions under which each particular art object was taken or removed.

2. In order to avoid abuses by, and unwarranted preferences to, particular nations and private interests no withdrawal of supplies or property in the form of restitution in kind shall be approved. Withdrawals of supplies or property from Germany by Allied nations for their economic reconstruction may be approved provided the proper authorities in the receiving nation are notified in advance that the question of whether any or all of the supplies or property delivered shall be deemed to be reparations, restitution or exports for which payment must be made in acceptable currencies remains to be determined by the Allied Commission on Reparations and that the acceptance of supplies or property by the government of the receiving nation constitutes an agreement of such government to the foregoing conditions.

3. In order that proper future accounting may be made both in the case of art objects and in the case of property and supplies accurate and detailed descriptions and records of all such objects, property or supplies delivered or withdrawn shall be kept and maintained and copies forwarded to me immediately. Also in the case of art objects detailed records and sworn statements shall be required showing all of the conditions and circumstances under which such objects were acquired or removed by the Germans.

"I have every confidence in the care which I know General Eisenhower and his staff will exercise in the withdrawal or delivery from Germany of any art objects, property or supplies. I am most anxious that our policies and records shall be so clearly defined and maintained that no possible question of inconsistency (garbled) may arise in our forthcoming reparations negotiations."

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11 Ream for Robert Murphy.

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REFRIGERATED AT THE NATIONAL ARCHIVE

DECLASSIFIED	RG 260
Authority NND 785042	Entry MIL. GOVT EXEC-OFF
By <i>[Signature]</i> NARA Date 7-22	Box 111

Reparations File

Restitution
Policy

Headquarters
U. S. GROUP CONTROL COUNCIL
(Germany)
APO 742
Office of the Chief of Staff

24 September 1945

MEMORANDUM FOR: All Division and Staff Section Chiefs
U.S. GROUP CONTROL COUNCIL

SUBJECT: Restitution Policy and Procedure

Ag 6023 Resti
US G.C.C.

1. Pending the formulation of a definitive United States Restitution Policy for negotiation with our Allies the policy set forth below has been approved for prompt and full application in the US Zone during the present interim period.

2. Upon application by certain Allied governments (listed in par 6 hereof) restitution may be made of the following categories of property wherever found in the US Zone of Occupation if such property is identifiable and was removed from occupied territory by the enemy by whatever means:

a. Heavy and power-driven industrial and agricultural equipment, and unique machinery; livestock.

b. Rolling stock, other railroad or transportation equipment, communication and power equipment.

c. Works of art, religious, historical, educational or cultural objects, laboratories, scientific equipment, and other library or research materials related to organized inquiries into the arts and sciences.

3. All questions of restitution shall be dealt with on behalf of the injured property owners by the Allied nation of which they are citizens, unless such Allied Nation shall make other arrangements with the Allied nation from whose territories the property was removed.

4. Restitution will be made of identifiable property of the categories mentioned in par 2, above, regardless of question of payment by Germany or of effect on future essential imports.

5. Restitution will be made regardless of effect on reparations, but a system of records and receipts will be instituted for future determination as to applicability to reparations. Receipts will not impose any contingent liability for payment on the country to which the property is returned but will leave open the question whether returned property will be incorporated

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III

within reparation accounts. Receipt forms for standard use will be furnished by US Group CC.

6. The following governments have been invited by the US Government to prepare lists of items taken by Germans in order to facilitate identification of such property in the US Zone: France, Belgium, Luxembourg, Netherlands, Norway, Denmark, Poland, USSR, Czechoslovakia, Greece, and Yugoslavia. Restitution during the interim period will be made only to the above mentioned countries.

7. The governments concerned will be requested by US Group CC to submit consolidated lists of items and quantities claimed for restitution, giving preliminary evidence as to location and the circumstances connected with their removal by the Germans. After each list has been examined by the Military Governor for Germany, the several countries concerned will be permitted to send small missions into the American Zone for identification of these items and to arrange for their return.

8. The above instructions do not apply to gold, silver, and currencies with respect to which policy will be formulated later.

9. The restitution of art and cultural objects will proceed in accordance with policies, instructions, and procedures previously established.

FOR THE DEPUTY MILITARY GOVERNOR:

DAVID MARCUS
Colonel, GSC
Acting Chief of Staff

Distribution: "C" plus
G-5, USFET
Berlin District

*(Signature)**(Signature)*

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Authority NND 725042

By *JL* NARA Date 7-22

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Reparations file

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)
AG CABLE CONTROLDATED 200519Z INCOMING MESSAGE 200519Z DEC 46
567/20 chd~~CONFIDENTIAL~~~~CONFIDENTIAL~~~~P R I O R I T Y~~FROM : AGWAR FROM WISCA ES
TO : OMGSUS
REF NO : W-88129

Reurad Dec CC-7277, ourad Dec -86780, ourad June WX-93067 and Dorr telegram 1648 from Brussels to USPOALAD 7 Dec reparations removals is subj.

Gen Clay has been informed re separate Fr removal program reported Dorr's reference telegram. State instructing Dorr express US regret that Br-Fr Govt have found it necessary act outside agreed arrangements connection reparations removals. Dorr also being instructed reserve US pos in LARA re these programs. No official protest can safely be made or is being made in LARA against Br-Fr action however, because US inability to report US unilateral removals and US action halting reparations removals last May has led other allied powers to proceed unilateral removals to satisfy their needs with complete approval non occupying powers.

Re CC-7277, nature of private arrangement with US Zone and removal Fischer Frotsch machinery and statement that OMGSUS will make final decision at later date re treatment this equipment as reparations or export-import is not understood. Do you consider these removals included in apl given for unilateral removal FIAT items? This is not so understood here in view ourad June which limited removals to specific items.

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REF NO : W-88129 C O N F I D E N T I A L

- 2 -

State Dept concerned about breakdown quadripartite arrangements re reparation removals and also failure maintain unity of action between 3 Western Powers. Also concerned about fact that US Govt open to criticism from US business that they are deprived opportunity obtain desired equipment from UK, Fr Zones especially individual items specialized equipment with respect which their interest has been stimulated by FIAT activities and reports.

Suggest OMGUS may wish send ltr Fr delegation similar Draper ltr to Weir reported CC-7277. Also recommend any other action considered feasible and desirable which will prevent further breach tripartite unity and lead to bringing removal policies 3 Western Zones into line.

CC-7277, 7 Dec 46, Econ.

W-86780 is AGC IN 43029, 3 Dec 46, Econ.

WX-93067 is AGC IN 31327, 30 June 46, Econ.

ACTION : ECON

INFORMATION :
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22 Dec 46

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WHY/e REF NO: W-88129

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Authority NND 725042

By *[Signature]* NARA Date 7-22

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Reparations File

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)
AG CABLE CONTROL
OUTGOING MESSAGE

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P R I O R I T Y

TO : AGWAR FOR WDSCA ES
FROM : OMGUS FROM DRAPER SIGNED CLAY
REF NO : CC-7464

TOO: 231657Z DEC 46/leh

Reurad W-88129 and ourad CC-7277 we consider scientific and similar equipment required by US Bureau of Mines in same category as FIAT list, but have left open question of accounting either as reparations or export pending final agreement with British, and depending on availability US Bureau of Mines funds.

Moreover our total removal of equipment, even to this limited type, did not exceed one million dollars. This would hardly seem to justify removal of several hundred million dollars of equipment unilaterally. We also know French and British had, prior to our action, removed unilaterally equipment of much greater value.

Do not understand your reference to "inability to report US unilateral removals". See no objection to reporting to IARA that original FIAT list plus equipment requested by US Bureau of Mines represent only unilateral removals from US Zone, with request that these items be charged against US reparations account. This would be definitive and final report of our unilateral removals.

If you concur above suggestion, we propose reporting these removals to ACA with request that other occupying powers submit similar reports covering unilateral removals from their zones.

Draper sending letter to French delegation similar Draper letter to Weir reported CC-7277.

W-88129 is AGC IN 44640

ORIGINATOR : ECON AUTH L WILKINSON, COL

INFO : O/SS FIAT CONT OFF NAVAL LEGAL FIN
POL AFF

CC-7464

24 Dec 46

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Authority NND 75042

By *St* NARA Date 7-22RG 260
Entry *MIL. GOVT EXEC-OFF*
Box 111

Reparations File

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P
YAC-602.3
X 211 Draper
X 095 - Weir, Cecil
X 312 P/A c/fEcon Sub-Commission,
Office of the Deputy Military Governor
Advanced Headquarters,
Control Commission for Germany
(British Element),
BERLIN, BAOR

8th December 1946

R. M. Weir

My dear Bill,

I am writing to acknowledge your letter of the 30th November which you handed to me on our recent trip to the American Zone and which deals with the British proposal with regard to certain reparations items of a non-unique character other than those coming from the general purpose equipment of war plants.

I am sorry you should feel that in this matter the action of the British Military Government is contrary to quadripartite policy, but in point of fact I cannot see that there is anything objectionable in our proposal, which is designed to give the speediest possible help to a number of countries which have suffered from Germany's war and which are now engaged on the rightful task of reconstructing their industries.

The limit which we have set to the value of these items, which include general purpose equipment, is not relatively a large sum but it will be a really useful contribution which I do not think we are entitled to withhold from the countries to which I have referred, of which my own country is one and the Soviet another.

As you know, our declaration was made at the Co-ordinating Committee by General Erskine on behalf of the D.M.G., who had approved it before he left for the United States.

I understand that the French have made a similar proposal, and I should be very glad indeed if the United States Military Government should decide to join in these arrangements so that we might have a tri-partite procedure for the extraction of these items.

I have of course noted and will convey to the D.M.G., and through him to my Government, your comments.

Yours sincerely,

/s/ Cecil M. Weir

Brigadier General W. H. Draper, Jnr.,
Office of Military Government for Germany (U.S.)
Economics Division
APO 742

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302889

30 November 1946

Sir Cecil Weir
President, Economic Sub-Commission
Adv. Hq., Control Commission for Germany (BE)
Berlin, B.A.O.R.

Dear Cecil:

I am giving you frankly my personal comments on the British proposal to meet requests of countries entitled to reparations and special equipment. This proposal was presented to the Economic Directorate some months ago by Sir Percy Mills and was found unacceptable since it reversed the normal reparations procedure of declaring plants and equipment not needed for the agreed level of industry by substituting requests from outside for particular equipment. These requests would obviously be based on the needs of the countries making the requests rather than on the equipment available in Germany.

General Clay and I have been fully conscious of the needs of the liberated countries for equipment as reparations. I had thought that our proposal to make machine tools and other general purpose equipment from the war plants which were being dismantled and destroyed (even under our policy of not dismantling further peacetime plants) would meet this present and immediate need satisfactorily. I see from the figures that forty nine of the seventy plants from which equipment was allocated recently, and that ninety percent of this equipment by value (fifty-two million Reichsmarks out of fifty-eight million Reichsmarks) are from our Zone. It seemed to me that if the proportionately larger amounts of this type of equipment which should be available in the British Zone were promptly declared and allocated sufficient equipment to meet immediate needs and, in fact, to completely use available transportation facilities for shipment of such equipment would have thus become available.

Instead I understand that the British proposal asking IARA members to make special requests for what they need has been placed before the IARA Assembly and accepted by that body despite the unfavorable reaction to this proposal some months ago and again very recently in the Economic Directorate.

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Authority NND 785042

By *[Signature]* NARA Date 7-22

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The basis for declaring and making available reparations equipment rests both in the Potsdam Agreement and the agreed Reparations and Level of Industry Plan. The declaration and allocation of reparations has always been considered a quadripartite matter. I regret that one of the delegations should find it necessary to take unilateral action, particularly in dealing with eighteen other nations, fifteen of which do not have responsibilities as Occupying Powers. This action might easily give the impression that one of the delegations is more interested in providing reparations than the others. I would hope that some way could still be found so that the declaration of reparations equipment could be continued by all of us on the mutually agreed basis on which we have so far been operating.

Sincerely yours,

WILLIAM H. DRAPER, Jr.
Brigadier General, GSC
Director

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Authority NND 785042
By *[Signature]* NARA Date 7-22

RG 260
Entry MIL. GOVT
Box EXEC-OFF
III

Reparations File

TELEGRAM RECEIVED

From:

SECSTATE

Date:

December 11, 1946, 5 p.m.

No.:

Code:

CONFIDENTIAL
URGENT

Received:

December 12, 5 a.m.

Action:

Mr. Haraldson

Info:

FOR DORR.

Department desires you take opportunity make known official U.S. regret French and U.K. have found it necessary act outside agreed Control Council and IAMA arrangements. You should not enter any official protest against British and French programs, however, but should state U.S. reserves its right to participate these programs without indicating whether or not we shall submit any lists of equipment which we desire. Reservation should be in general terms and should leave U.S. free take any subsequent action which may be decided upon. In your discussions this matter you should make most of point re U.S. initiative proposing and obtaining quadripartite agreement removal general purpose equipment from war plants.

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Authority NND 775042
By [Signature] NARA Date 7-22RG 260
Entry HIL. GOVT
EXEC-OFF
Box 111

Reparations File

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)
AG CABLE CONTROL

OUTGOING MESSAGE

~~SECRET~~
~~PRIORITY~~

TO : AGWAR FOR WDSCA PERSONAL FOR CLAY.
FROM : OMCUS FROM DRAPER SIGNED KEATING
REF NO : CC-6985 TOO: 161327 NOV 46/wea

1. Economic directorate allocated general purpose equipment from 70 war plants, 49 US Zone, 18 British Zone, three French Zone, valuation 58 million, of which equipment US Zone 52 million. Directorate issued communique announcing allocation.

2. At the same meeting British mentioned unilateral bits and pieces program based on requests from interested countries. Koval pointed out this suggestion on quadripartite basis turned down by directorate before and could not understand as not in accordance Potsdam. Draper confirmed this previously not acceptable directorate and allocation machine tools and general purpose equipment from war plants just allocated and to be allocated from war plants should satisfy immediate needs reparations countries and make British proposal unnecessary.

3. Understand from Dorr same proposal introduced in IARA by British and adopted by IARA assembly with Yugo-Czech amendment that equipment declared available by British in response to IARA requests be allocated by IARA, which may well mean countries making specific requests may not receive requested equipment even if made available by British.

ORIGINATOR : ECON AUTH: W H DRAPER
INFORMATION : O/SS-C/S BRIG GEN
 FIN
 POL AFF
 LEGAL

CC-6985 16 Nov 46 DK/wea

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Authority NND 785042

By *[Signature]* NARA Date 7-22

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Reparations File

File 602.3

Reparations

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U. S.)

Office of the Political Adviser

APO 742

SECRET

14 October 1946

MEMORANDUM

TO : Lieutenant General Lucius D. Clay
Deputy Military Governor for GermanyBrigadier General W. H. Draper, Jr.
Director - Economics Division

FROM: U. S. Political Adviser

You will be interested in a recent telegram from Acting Secretary of State Acheson to the Secretary's Delegation in Paris, text of which is as follows:

"For Cohen and Thorp and Matthews.

"You will have seen Brussels' telegrams October 9 and 10 re action of IARA Assembly deplored slowness reparations deliveries and formally bringing matter attention Council of Foreign Ministers. Department appreciated pressure under which you and delegation are working and that you may not have time or wish to consider this subject now. However, it may prove helpful to you to have Department's thinking in event you have time to consider subject and wish to discuss with Clay and British prior to CFTM discussions.

"Aside from recent IARA action, telegrams from Dorr and other information reaching Dept. indicate continuation present reparation deadlock (1) will focus increasing attacks on U.S. in IARA and may lead to break-up IARA, and (2) has caused serious concern to British, who believe suspension reparation removals unjustly penalizes reparation recipients other than Soviet Union and France and injures U.K. industrial, rehabilitation, and export program presently handicapped by serious bottlenecks in machine tools. (See Brussels' 1216, Sept. 18 to Dept., repeated Paris; Brussels' 1177, Sept. 11, to Department; Brussels' 103, Sept. 13 to Berlin, and Brussels' 1245, Sept. 24 to Dept.) Department further concerned (3) that reconstruction needs liberated countries will already be scheduled for satisfaction by other means if delay continues much beyond next 9 months with result that reparation claims cannot be satisfied in ways agreed Potsdam and Paris Act on Reparation, but will produce demands for other satisfaction such as reparation from

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Box 111

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current output, including resistance to payment for German exports of coal, etc., (4) that further substantial delay in removals will lead to accelerated deterioration of machinery which under present conditions cannot be avoided, (5) that continued existence excess capacity in US-UK Zones will provide USSR with basis propaganda accusation of Western aggressive aims against Eastern Europe as well as argument that German capacity to pay reparation in current output of steel, machinery, etc. exists and (6) that it is highly undesirable from the standpoint of stabilizing the German economy further to delay the selection and removal of capital equipment eventually to be taken for reparation. It will be particularly unfortunate if such removals are made at a time when industrial activity has been stabilized in the Soviet Zone and perhaps when such action might handicap the Western occupying powers in their relations with a new or prospective German government.

"Having foregoing in mind, Department has been seeking some solution which would permit resumption limited reparation removals and at same time would maintain position against deliveries to Soviets and French while they oppose Potsdam economic unity policy. Following suggestion might accomplish purpose:

"1. A way to complete rapidly determination of surplus capacity under level-of-industry agreement in each zone and, if possible, lists of plants eventually to be removed from each zone.

"2. US and UK to agree on partial implementation of level-of-industry plan on bizonal basis by making available for actual reparations delivery those plants earmarked for reparation on above lists, which would be unneeded for agreed standard of living even if UK and US Zones alone treated as economic unit. Such plants would presumably be made all pure war plants in US-UK Zones (from which only general-purpose equipment is declared available for reparation) and certain proportions of basic industries, such as iron and steel, non-ferrous metals and chemicals, which were expanded greatly for war use and would not be required for peaceful uses.

"3. US-UK to submit list of such plants to ACA for allocation between USSR (and Poland) and IARA with specific proviso that no actual dismantling and delivery of plants is contemplated by US-UK to powers unwilling to treat Germany as unit. In event ACA failure to agree allocation on this understanding, US-UK unilaterally to

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By *[Signature]* NARA Date 7-22RG 260
Entry *MIL. GOVT
EXEC. OFF.*
Box 111

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set aside about 25% for delivery (possibly in each broad category of industry) to Soviets, contingent ultimate agreement treatment Germany as economic unit, and to turn over remainder to IARA for allocation purposes without delay.

"4. US-UK, in making plants available to IARA for distribution, to state that delivery of any plants allocated to France contingent on French participation US-UK Zone unification.

"Soviets and French would doubtless not concur in such plan, so would have to (be) put into effect by US and UK jointly. This involves certain possible disadvantages: (a) Existing stop order has color of excuse that impossible determine surplus industry capacity and as to whether Potsdam economic unity policy will be followed. Would lose benefit such justification if follow above proposal. (b) It may aggravate relations with French generally and, particularly in light impending elections, may affect position elements domestic French politics favorable to western orientation.

"Would be impossible exclude Yugoslavia and Czechoslovakia since they are IARA countries and not responsible present impasse in Germany. Question arises, however, whether proposal can be considered as opposed to present policy of refusing economic assistance to Czechoslovakia and Yugoslavia. Under Paris reparations agreement, Czechoslovakia and Yugoslavia would be entitled to 4.3 and 9.6 per cent of reparation made available through IARA.

"Department believes SECDEL in better position to weigh pros and cons on basis atmosphere in Paris. Plan could be implemented either immediately, if British agree, or withheld pending outcome CFM session in Germany. If you deem it wise to withhold implementation until after CFM session you may still consider it desirable, if British agree, for US and UK representatives IARA to make announcement they will carry out such a plan if CFM unable to reach agreement." *(RM)*

Robert Murphy

(Secstate's 2091, October 11, 9 p.m.)

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Authority NND 785042
By [Signature] NARA Date 7-22
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Reparations File

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OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U. S.)
Office of the Political Adviser
APO 742

MEMORANDUM

October 12, 1946

TO : Lieutenant General Lucius D. Clay
Deputy Military Governor for Germany

Brigadier General W. H. Draper
Director - Economics Division

FROM: U. S. Political Adviser

Forwarded herewith for your information is the text of a telegram received from Russell Dorr in Brussels presenting the text of a resolution passed by the IARA Assembly on October 8 deplored the delay on reparations deliveries. This resolution was passed by 15 affirmative votes. The U.S. and Egyptian delegates abstained from voting and the Luxembourg delegate was absent. Text of resolution is as follows:

"The Assembly of the Inter-Allied Reparation Agency,

"Recalling the objects for which it was set up by the Paris Agreement of January 14, 1946,

"Deplores the slow rate at which industrial capital equipment from Germany is being made available for distribution among its member governments, a state of affairs inconsistent with the reparation policy enunciated in the Yalta Communique and the Potsdam Declaration of 2 August 1945.

"Observing that the value of industrial capital equipment as reparation is in direct relation to the speed at which it can be dismantled, removed and incorporated into the economy of the recipient countries,

"Observing that the Potsdam Declaration stressed the need for speed in the delivery of industrial capital equipment by (A) providing that such deliveries should be completed as soon as possible and (B) making special provision for advance deliveries of capital industrial equipment to begin prior to the fixing of the total amount to be removed from Germany,

"Records that 14 months after the Potsdam Declaration only an insignificant number of plants has been declared available for distribution among members of the agency,

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By [Signature] NARA Date 7-22

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"And that the agency has received no official explanation of the reasons for the present delays or information regarding the prospect of future allocation of industrial capital equipment,

"Considers that the serious state of affairs described above should be brought to the notice of the Council of Foreign Ministers at the earliest possible date with a view to a speedy remedy,

"And decides to charge the President of the Assembly

"(I) To request the delegates of the United States, France, and the United Kingdom, being the delegates of the governments of the three powers occupying Germany which are also signatories to the Paris Agreement of January 4, 1946, and the Soviet Ambassador to Belgium to bring this resolution urgently to the notice of their respective governments and to inform their respective governments that it is the wish of this Assembly that the matter be placed on the agenda of the Council of Foreign Ministers at the earliest possible date,

"(II) To inform the President of the Allied Control Council in Berlin of the action taken by the Assembly."

It was decided that this resolution should be delivered on October 10 and released to the press on October 16. However, Mr. Dorr informs us by telephone that there has already been a press leak and that it may appear in the newspapers at any time. He understands that a story has been wired to the Times which includes the statement that he, Dorr, abstained from voting on instructions from the Secretary of State. Mr. Dorr informs me that this statement is false and that he is vigorously protesting the violation of the agreed release and the secrecy agreements. It is my understanding that a number of IARA countries may make independent and supporting diplomatic representations to the four occupying powers now.

Robert Murphy

Cables from Brussels 112, 114, 116,
October 9, October 10, October 10

Copy for Staff Secretary

38 302897

Authority NND 725042

By *[Signature]* NARA Date 7-22RG 260
Entry *ALL GOVT EXEC.OFF*
Box 111

Reparations File

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)
AG CABLE CONTROL

OUTGOING MESSAGE

SECRET**S E C R E T****P R I O R I T Y**

TO : AGWAR FOR WDSCA PERSONAL FOR ECHOLS
FROM : OMGUS SIGNED CLAY
REF NO : CC-5331 TOO: 111230A OCT 46/wea

In discussion with Mr. Byrnes he indicated no objection to our endeavoring find possible compromise basis concerning Russian desire for reparations from current production provided total amount not too large. Draper has been discussing this with Koval and Kolpakov of the Economic Directorate, and Kolpakov has personally drafted proposal along following lines which we consider reasonable basis for discussion. We recognize need for limitation on total amount of reparations including reparations from current production and/or time limit on latter. Kolpakov's proposal leaves open question occupation costs and division of responsibility for past and future deficits which will need further discussion. We hope to have something more definite before meeting Council of Foreign Ministers.

1. Reparations from current output from Germany as a whole is provided in amounts agreed by Control Council and the level of industry and capital removal program are correspondingly revised.

2. The amount of reparations in current output to be divided between the Soviet Union (including Poland) and IARA Nations would take into account the value of German assets owned abroad and the capital removals going to each.

3. Recipient nations would furnish raw materials for the production of reparations until a favorable balance of trade permitted the German economy to furnish raw materials.

4. Central German administrative departments would be established, in particular a department with responsibility for implementing the agreement on reparations from current output.

CC-5331

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S E C R E T

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Exempt from paraphrase. Handle in compliance with AR 380-5.

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Authority NND 775042
By [Signature] NARA Date 7-22
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REF NO CC-5331

TO INSTITUTIONS DIRECTLY

LEADERSHIP OF 5. Zone Commanders would retain responsibility for the capital removal program; otherwise, economic zonal boundaries would be entirely removed.

6. A balanced import-export program for Germany as a whole would be agreed to eliminate the burden on the occupying powers.

7. Ban on dismantling reparation plants would be lifted.

ORIGINATOR : ECON AUTH: DOUGLAS H. PATTERSON
MAJ

INFORMATION : O/SS
POL AFF
FIN

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CC-5331

11 Oct 46

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By NARA Date 7-22

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Reparations File

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AG Records

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)
Economics Division

APO 742



MEMORANDUM:

TO : Lieutenant General Lucius D. Clay
Deputy Military Governor

1. During the trip to the French Zone I discussed reparations from current production with Mr. Kolpakov on the basis of increasing the level of industry sufficiently to provide such reparations from Germany as a whole but subject to central agencies being made effective for Germany as a whole and a common export/import plan being adopted so that Germany could shortly become self supporting. We also discussed the question of sharing of the deficit during the interim period. Mr. Kolpakov, who was giving his personal views just as was I, did not think the sharing of the future deficit would be too great a problem but he was disturbed about the need for sharing past deficits of particular Zones, which he said had been incurred unilaterally and not by quadripartite agreement. He said that his discussions were based on reaching an agreement on the total amount of reparations and particularly with total amount which would go to Russia (including Poland). He suggested as a starting figure ten billion dollars for Russia, which would be made up from external assets, capital plant removals and current production over a ten-year period. I pointed out that this figure was far too high. He said that this was the only figure so far mentioned and could be a starting figure for discussion.

2. I attach translation of a suggestion Mr. Kolpakov wrote up following our discussions. He is expecting me to study it and discuss it with him and Mr. Koval in the next day or two, after which he will report to his government our exchange of views with the comment that "this basis was considered as a possibility for discussion by certain American circles". I would like to discuss this at your convenience, today if possible.

WILLIAM H. DRAPER, JR.
Brigadier General, USA
DirectorIncl: Translation of Proposal for
Reparations from Current
Production**SECRET**

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PROPOSAL FOR REPARATIONS FROM CURRENT PRODUCTION

by Mr. Kolpakov

1. It is recognized that reparations from current production should and can be payed by Germany.
2. In determining the original level of reparations and industry, reparations from current production were not foreseen, and because of this, it is recognized that the level of industry should be increased by about 10%, first of all for coal and steel.
3. As soon as the plan for reparations from current production will be determined, the responsibility for implementing the plan will be given to the Germans, under the control of the occupying powers.
4. Reparations of capital equipment will be carried out to the end by the Zone Commanders.
5. As soon as the plan for reparations from current production will be determined, Central German Departments will be established; in particular, the Reparations Department.
6. Due to the fact that in the first few years, Germany will not be able to pay reparations from current production, based only on indigenous raw material resources, it is recognized that the countries receiving these reparations will furnish Germany with the necessary raw material and therefore, reparations will be taken out through labor and devaluation of capital.
7. After Germany will re-establish her foreign trade and will reach an active trade balance, reparations from current production will be payed in products made from indigenous raw materials.
8. Reparations from current production will not be payed by Zones, but by the whole of Germany.
9. For this purpose, as soon as the reparations plan from current production will be determined, zonal boundaries, for economic purposes, will be removed.
10. The Control Council will determine, as soon as possible, the amount of reparations from current production, and it is proposed that U.S.S.R. and I.A.R.A. be requested to name the amount of their claims for reparations from current production.

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By *[Signature]* NARA Date 7-22

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11. As soon as the amount of reparations from current production is determined, a yearly payment sum should be fixed for each country.

12. It is ~~required~~ that stabilization of German economic life will be achieved only when capital removals of equipment will be completed; therefore, the "Veto" which has been placed on the dismantling should be lifted immediately after this plan has been accepted.

13. The proposed plan does not pursue any aims other than stated and does not solve other problems on demilitarization and democratization of Germany. These problems will be solved in accordance with the Potsdam Decisions.

14. The proposed plan is not a quadripartite or a final decision, but all concerned agree that it could be used as a basis for reaching an agreement on this question.

15. Immediate steps must be taken to prepare a balanced import-export plan for Germany as a whole so that none of the occupying powers would have to finance the German Economy.

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Authority NND 785042
By [Signature] NARA Date 7-22RG 260
Entry MIL. GOVT
Box 111

Reparations File

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)

AG CABLE CONTROL

TAB

OUTGOING MESSAGE

SECRET

To : AGWAR FOR WDSCA - ES
From : OMGSUS SIGNED CLAY
Ref No : CC-4694 To : 011942B OCT 46/estd

Reurad WX-81036, our comments on Soviet note as follow:

1. Since Soviet does not object in principle to AGA examining the question of compensation procedure for property of Nationals of United Nations removed on account of reparations we assume, in view of Paragraph 3 of our note to the Soviet, that State Dept will ask you to instruct us to support the compensation principle with respect to the Nationals of the United Nations having a substantial interest in properties removed as reparations from Germany. A substantial interest, as defined in Paragraph 1 of our note, is a shareholding of 48% or more of the outstanding stock. This view was indicated in your WX-80631 which included also the question of compensation for property of Nationals of neutral govt's which have concluded agreements with US, UK and France on German external assets. We request more definite instructions as to the scope of the term "equitable compensation" as well as State Dept decision as to whether non-discriminatory protection of neutral property means comparable compensation for neutral and allied owned property. On receipt of such instructions we will of course support the compensation principle as so directed, although we wish to point out the complications that will follow with respect to American or other United Nations or neutral bond holders having prior claims to stock holders, as well as claims which will follow from United Nations stock holders having less than 48%.

2. It is our considered opinion, however, that it is too early to contemplate or make arrangements for actual payment of compensation inasmuch as no funds are presently available for this purpose. When the war equalization fund or some similar fund or assets have been set up the priority of compensation to Nationals of United Nations could be made effective and actual payment made. We propose, however, if the compensation principle is accepted by AGA, that appraisal of United Nations interest in such properties be made by the AGO as soon

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Entry HIL. GOVT EXEC. CH.
Box 111

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S E C R E T

as possible so that the amount of the liability involved will be known. After such determination the amount involved will determine the practicability and perhaps the method of compensating the United Nations owners, depending upon what assets may then be available for this purpose. To provide now for immediate deposit of the appraised value in reichsmarks by the ACA would require issuance of Allied Military Marks for this purpose or a levy in reichsmarks on the banks or governmental units in the several zones. Neither of these alternatives would be suitable at this time and would greatly complicate the current discussions concerning the broad financial reform plans we have proposed.

We propose the general principle that foreign owners be only permitted to re-invest either from present resources or from compensation eventually received on account of reparations removals to the extent that would give the foreign owner the approximate percentage of a particular industry which was held before the war. This percentage would apply either to the present size of the industry in Germany or to the size of the industry permitted to remain under the level of industry plan, as appropriate. Otherwise Germany would be wide open for carpet-bagging.

3. We believe that with few exceptions plants with American ownership, and probably plants with United Nations ownership, have been removed for reparations or are contemplated for such removal only from the Soviet Zone. In view of the Soviet note agreeing to examination of claims of citizens of the United Nations regarding property located in the Soviet Zone we propose to list American properties removed from the Soviet Zone and to request discussion with the Soviet Representatives here concerning these properties unless the State Dept prefers to request specific claims by the American owners and to present these claims through diplomatic channels. Please advise us of State Dept's preference together with any information you have available concerning American properties removed from the Soviet Zone if you wish us to carry on the discussions.

4. With reference to Soviet opposition to compensation for interests in German armament enterprises, we consider this a difficult distinction to make inasmuch as during the war period practically all industries were concerned with armament, and the United Nations owners during that period had no control of the operations concerned. Alternatively we propose that the appraisal of the American or

SOLICIT CC-4694 7/18/47 S E C R E T

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**OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)
AG CABLE CONTROL**

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SECRET

other United Nations' interest in German properties be made as of 1 Jan 1938, or some other appropriate date preceding the declaration of war, which would largely eliminate the question of armament production by these companies and would also eliminate from the compensation problem war profits and increases in capital structure for assets due to war time production.

5. Regarding statement in the Soviet note that reparations plants are being pilfered by German firms or re-sold to the latter, field surveys have recently been completed as a result of which it is known that equipment is not being sold to Germans from plants declared available for reparations in the US Zone.

There has been one known case of pilferage which resulted in the arrest of responsible Germans and return of small amount of equipment that was removed from the plant, but no other pilferage cases have been discovered.

The 7 plants listed by number are all Messerschmitt Plants. The statement that these plants are all without equipment for reparations is incorrect. In 3 of these plants recent surveys made by American personnel revealed that their machinery and equipment had suffered almost complete war damage and that in accordance with quadripartite procedures there was no equipment with sufficient value to be listed or made available for reparations. In the other 4 cases actual inventories and evaluations are practically completed and will be submitted for quadripartite approval at an early date. We will cable within a few days the number of pieces of equipment and their valuation for each of these 4 plants. We suggest that you await this information before replying to the Soviet note, particularly as we propose to present complete information concerning a longer list of plants claimed to be without equipment in answer to the Soviet charges at the coordinating committee within a week or 10 days.

For your information, each time a plant is made available for reparations it is seized and physical custody of the property is taken and security guards are placed at the plant. The Soviet charges developed because they learned that certain of these plants had no equipment remaining at the plant site, the reason being that the general purpose equipment, which alone was available for reparations, had been removed from several plants to one large plant for safekeeping and evaluation. While this will be fully explained and the equipment accounted for in the coordinating committee, I have made

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By JH NARA Date 7-22 Entry HIL GOVT
Box 111 Exec. Off.

generally poor but they were able to contact us to say they have

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S-E-C-R-E-T

APT OF SIEGE AND THE SOVIET ARMY AT TARTU. RECENTLY REPORTED SIGHTS OF WEAPONS AND EQUIPMENT IN PLANTS. NO EFFORT TO EXPEDITE REPLY AS THE SOVIET CHARGE WAS MADE WITHOUT ANY EFFORT TO ASCERTAIN REASON FOR EQUIPMENT NOT BEING IN THE PLANTS FOLLOWING THEIR NORMAL TACTICS.

WX-81036 IS AGC IN 37522
WX-80631 IS AGC IN 37325

(COORD WITH C/S)

ORIGINATOR:

ECON

INFORMATION:

O/SS-C/S

AUTH: D. H. PATTERSON
MAJOR

IAC

FOM AFI

CIV ADMIN

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AG RECORDS

ITEM	DETAIL	REMARKS
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CONFIDENTIAL SECURITY

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OFFICE OF MILITARY INFORMATION AND OBSERVATION (OIO)

Reparation File

*Mr. Steare**Tel. 1333 pm 14
from Dept*

June 19, 1946

Tel 13~~SECRET~~

MEMORANDUM

TO : Lieutenant General Lucius D. Clay
Deputy Military Governor for Germany

FROM : U.S. Political Adviser for Germany

I am forwarding for your information the substance of a note which the American Embassy in Moscow has been instructed by the Department of State to present to the U.S.S.R.

Acting upon instruction from my Government, which attaches the highest importance to this matter, I have the honor to bring the following considerations to your attention:

At the Potsdam conference, the Governments of the U.S.S.R., the United Kingdom and the United States of America agreed upon an overall and far-reaching program designed to meet our mutual reparation and security objectives. In the protocol of that conference, it was agreed, *Inter Alia*, that Germany would, during the period of occupation, be treated as a single economic unit; and that the reparation claims of the U.S.S.R. would be met by removals from the zones of Germany occupied by the U.S.S.R. and from appropriate German external assets. Subsequently, and in accordance with procedures envisaged at Potsdam, a conference was held in Paris to discuss distribution of reparation shares to other nations entitled to compensation from the other three zones of Germany, and from appropriate German external assets. In the agreement resulting from that conference, the signatory nations agreed that they would in no way support claims on behalf of themselves or persons entitled to their protection in respect of property received by a reparation-claimant Government as reparation "with the approval of the Control Council for Germany". In addition, it was agreed that each signatory nation should have a prior right to claim items declared available for reparation removal when a claimant

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nation or its Nationals had a substantial interest in such property. Subsequently, the ACC for Germany has established the principle that, in an industry in which reparation removals are to take place, purely German property should be removed before that in which Nationals of the United Nations have an interest; and the level of industry report, which has been under consideration over a considerable period of time, has been agreed.

The United States is informed that certain removals of plants in which Nationals of the United States have substantial interests have taken place from the Zone of Germany occupied by the U.S.S.R. The United States would desire to be informed, at the earliest possible moment, of the cases in which such removals have taken place, of the extent of such removals, and the justification of each. On the question of principle which is involved, the United States would desire to bring the following comments and suggestions to the attention of the Government of the U.S.S.R.:

1. The United States feels strongly that, in the absence of specific determination on each such case in the ACC, properties in Germany in which Nationals of the United Nations have a substantial interest are not properly subject to removal for reparation purposes. For purposes of discussion, the United States would define the term "substantial interest" as being a shareholding of 40 per cent or more of the outstanding stock of the German corporation or entity directly owning the property in question.

2. The United States believes that all past or future cases of removals from the zone of Germany occupied by the U.S.S.R. of properties in which Nationals of the United Nations have a substantial interest should be identified to the ACC. Only thus can implementation be given to the agreement that Germany is to be treated as an economic unit. Furthermore, this information is essential in order to enable the ACC to pass on an overall basis upon the suitability of such removals as reparations.

3. The United States proposes that the ACC shall be instructed to institute procedures which will make it possible for Germany to provide compensation to the Nationals of the United Nations having a substantial interest in properties removed as reparations from Germany. In the view of the United States, these procedures would entail appraisal of the United Nations interest in such property by the ACC, deposit of the appraised value in Reichsmarks by the ACC to the account of the United Nations owner, and permission by the ACC

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that the sums so deposited may be used by their owner in the purchase in Germany of similar properties in related industries. The AGO should also be instructed to give favorable consideration to methods of compensating such United Nations owners, where feasible, by transfer of shares of similar enterprises in Germany. The AGO should also be instructed to explore other ways and means of making available to such United Nations owners, as a charge on the German economy, compensation for the properties so removed.

'4. The United States requests that, pending these steps, any removals which may be contemplated of properties in which Nationals of the United Nations have a substantial interest should be discontinued.

'5. The United States must state that, where past or future removals do not fall within the category of reparation removals as thus defined by the AGO, the United States reserves its right to claim compensation from the reparation recipient, on behalf of its Nationals, in respect of such removals of properties in which such Nationals have a substantial interest.

'6. In recognition of the needs of economic security, the United States recognizes the rights of the occupying powers to effect removals of all plants and equipment falling within those categories which are proscribed under paragraph III B II of the Potsdam protocol. The United States reserves its right at a later date, however, to ask Reichsmark compensation for its Nationals with respect to such removals.

'7. The question of minority interests of Nationals of the United Nations is expressly reserved in this memorandum.

'8. The United States will support proposals in the AGO for Germany designed to implement these principles, and requests an expression of the views of the Government of the U.S.S.R. at the earliest opportunity. The United States is making similar proposals to the Governments of the other occupying powers.'

Robert Murphy

cc: Brigadier General W.H. Draper Jr.
Director, Economic Division

WCH:DM

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Authority NND 75042
By [Signature] NARA Date 7-22RG 260
Entry HIL. GOVT
Box III

Reparations file

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6 September 1946

~~MEMORANDUM~~TO : Lieutenant General Lucius D. Clay
Deputy Military Governor for GermanyBrigadier General W. H. Draper, Jr.
Director, Economics Division

FROM: Office of U. S. Political Adviser

Your attention is invited to our memorandum of 19 June quoting the Department of State's cable no. 1333 of 17 June, which contained the text of a note which the Department instructed the American Embassy in Moscow to present to the Soviet Government, on the subject of removal as reparations of property substantially owned by U. S. nationals.

Following is the text of the Soviet reply dated 1 September, which was cabled by Moscow to the Department on 4 September and repeated to Berlin as no. 214.

There follows Embassy translation text of Soviet note, dated September 1, signed Dekanosov, replying to Embassy's note of June 18:

"In connection with the Ambassador's letter no. 407 of June 18, I am instructed to communicate to you the following.

"1. The Soviet Government does not object in principle to the proposal of the Government of the United States of America that the Allied Control Council in Germany examine the question of a compensation procedure for property withdrawn in Germany on reparations account, in which the United Nations or individual citizens thereof have an interest. The Soviet Government considers at the same time that it is more expedient to examine the proposal in question after the Control Council has decided the basic reparations questions.

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"The Soviet Government has more than once directed the attention of the Government of the United States of America to the fact that the Control Council, as a result of the position taken by the American and English representatives, has not as yet carried out the decisions of the Berlin conference concerning the specified quantity of plant subject to removal from the western zones of Germany and to transfer to the Soviet Union and to other governments having a right to receive reparations. The decision concerning advance delivery has also not been carried out, since even from the first list of factories, of which the equipment was destined for advance delivery account, the Soviet Union up to the present time has received not more than 3.5 - 4 per cent. At the same time the American military authorities in Germany have issued a stop order on the dismantling of plant. These measures are in manifest contradiction to the decision of the Berlin conference on reparations.

"Of late facts have become known to the Soviet Government indicating that the equipment of enterprises destined for dismantling for reparations account is being pilfered by German firms or resold to the latter. Thus, for example, the factories numbered 62, 84, 85, 87, 89, 90, 97 and others destined for dismantling for reparations account, prove to be without equipment, since it was transferred to German firms or pilfered by Germans. Reports are also being received concerning the purchase by foreign firms of stocks in armament factories.

"2. The Soviet Government is deprived of the possibility of informing the Control Council concerning cases of dismantling of enterprises in the Soviet Zone of Occupation in which there was foreign capital, because at the time of carrying out the dismantling the Soviet military authorities did not have at their disposition information regarding the presence of foreign interests in given enterprises. The Soviet military authorities in Germany are prepared, however, to examine, as stated above, the claims of citizens of the United Nations regarding their property, located in the Soviet Zone of Occupation, if the necessary evidence is presented attesting the presence of the interest of these citizens in one or more enterprises.

"3. As regards the proposal for the establishment of the principle of compensation for removed property

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which belongs to citizens of the United Nations, the Soviet Government has no objection to the examination of the question in the Control Council. The Soviet Government at the same time considers that there ought not to be compensation for citizens of the United Nations having interests in German armament enterprises, the equipment of which might be dismantled for reparations account or destroyed, since such compensation would appear to be an encouragement to the owners who had aided the arming of Germany for aggressive purposes.

4. The Soviet Government cannot agree with the declaration that the United States of America reserves the right to demand compensation from the recipients of reparations in the name of its citizens for removed property in which these citizens have an important interest. The Soviet Government considers that all claims of citizens of the United Nations in connection with compensation for their property withdrawn from Germany should be directed only against Germany and not against the recipients of reparations.

Robert Murphy

2 copies to General Draper
1 copy to Staff Secretary

(Moscow's 214, Sept. 4 (9370))

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Authority NND 775042

By [initials] NARA Date 7-22

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Entry HIL. GOVT
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Box 111

Reparations File

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FROM: OMGUS

TO : AGWAR FOR WDSCA - ES

Refer your WX-81036. Our comments on Soviet note as follows:

1. Since Soviet does not object in principle to ACA examining the question of compensation procedure for property of nationals of United Nations removed on account of reparations we assume, in view of paragraph 3 of our note to the Soviet, that State Department will ask you to instruct us to support the compensation principle with respect to the nationals of the United Nations having a substantial interest in properties removed as reparations from Germany. A substantial interest, as defined in paragraph 1 of our note, is a shareholding of 48% or more of the outstanding stock. This view was indicated in your WX-80631 which included also the question of compensation for property of nationals of neutral governments which have concluded agreements with U.S., U.K. and France on German external assets. We request more definite instructions as to the scope of the term "equitable compensation" as well as State Department decision as to whether non-discriminatory protection of neutral property means comparable compensation for neutral and Allied owned property. On receipt of such instructions we will of course support the compensation principle as so directed, although we wish to point out the complications that will follow with respect to American or other United Nations or neutral bond holders having prior claims to stock holders, as well as claims which will follow from United Nations stock holders having less than 48%.

2. It is our considered opinion, however, that it is too early to contemplate or make arrangements for actual payment of compensation inasmuch as no funds are presently available for this purpose. When the War

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Authority NND 78042

By *[Signature]* NARA Date 7-22

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Equalization Fund or some similar fund or assets have been set up the priority for compensation to nationals of United Nations could be made effective and actual payment made. We propose, however, if the compensation principle is accepted by ACA, that appraisal of United Nations interest in such properties be made by the ACC as soon as possible so that the amount of the liability involved will be known. After such determination the amount involved will determine the practicability and perhaps the method of compensating the United Nations owners, depending upon what assets may then be available for this purpose. To provide now for immediate deposit of the appraised value in Reichsmarks by the ACC would require issuance of Allied Military Marks for this purpose or a levy in Reichsmarks on the banks or governmental units in the several Zones. Neither of these alternatives would be suitable at this time and would greatly complicate the current discussions concerning the broad financial reform plans we have proposed.

We propose the general principle that foreign owners be only permitted to re-invest either from present resources or from compensation eventually received on account of reparations removals to the extent that would give the foreign owner the approximate percentage of a particular industry which was held before the war. This percentage would apply either to the present size of the industry in Germany or to the size of the industry permitted to remain under the Level of Industry Plan, as appropriate. Otherwise Germany would be wide open for carpet-bagging.

3. We believe that with few exceptions plants with American ownership, and probably plants with United Nations ownership, have been removed for reparations or are contemplated for such removal only from the Soviet Zone.

In view of the Soviet note agreeing to examination of claims of citizens

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EXEC-OFF

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of the United Nations regarding property located in the Soviet Zone we propose to list American properties removed from the Soviet Zone and to request discussion with the Soviet representatives here concerning these properties unless the State Department prefers to request specific claims by the American owners and to present these claims through diplomatic channels. Please advise us of State Department's preference together with any information you have available concerning American properties removed from the Soviet Zone if you wish us to carry on the discussions.

4. With reference to Soviet opposition to compensation for interests in German armament enterprises, we consider this a difficult distinction to make inasmuch as during the war period practically all industries were concerned with armament, and the United Nations owners during that period had no control of the operations concerned. Alternatively we propose that the appraisal of the American or other United Nations' interest in German properties be made as of 1 January 1938, or some other appropriate date preceding the declaration of war, which would largely eliminate the question of armament production by these companies and would also eliminate from the compensation problem war profits and increases in capital structure for assets due to war-time production.

5. Regarding statement in the Soviet note that reparations plants are being pilfered by German firms or re-sold to the latter, field surveys have recently been completed as a result of which it is known that equipment is not being sold to Germans from plants declared available for reparations in the U.S. Zone.

There has been one known case of pilferage which resulted in the arrest of responsible Germans and return of small amount of equipment

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By *[Signature]* NARA Date 7-22RG 260
Entry *[Handwritten]*
Box 111~~SECRET~~

that was removed from the plant, but no other pilferage cases have been discovered.

The seven plants listed by number are all Messerschmitt plants. The statement that these plants are all without equipment for reparations is incorrect. In three of these plants recent surveys made by American personnel revealed that their machinery and equipment had suffered almost complete war damage and that in accordance with quadripartite procedures there was no equipment with sufficient value to be listed or made available for reparations. In the other four cases actual inventories and evaluations are practically completed and will be submitted for quadripartite approval at an early date. We will cable within a few days the number of pieces of equipment and their valuation for each of these four plants. We suggest that you await this information before replying to the Soviet note, particularly as we propose to present complete information concerning a longer list of plants claimed to be without equipment in answer to the Soviet charges at the Coordinating Committee within a week or ten days.

For your information, each time a plant is made available for reparations it is seized and physical custody of the property is taken and security guards are placed at the plant. The Soviet charges developed because they learned that certain of these plants had no equipment remaining at the plant site, the reason being that the general purpose equipment, which alone was available for reparations, had been removed from several plants to one large plant for safekeeping and evaluation. While this will be fully explained and the equipment accounted for in the Coordinating Committee, I have made no effort to expedite reply as the Soviet charge was made without any effort to ascertain reason for equipment not being in the plants following their normal tactics.

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By *JL* NARA Date 7-22RG 260
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OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)

DATED 191200B

AG CABLE CONTROL

RECD 250804B Aug 46

814/25/jb

INCOMING MESSAGE

~~CONFIDENTIAL~~

P R I O R I T Y

FROM : ACC HUNGARY FROM WEEMS

TO : WARCOS FOR OPD FOR JCS,

INFO : WDGD ID, USFET, USA, MTOUSA, ACC-RUMANIA,
OMGUS, MA RUSSIA

RELAYED BY : AGWAR (240220Z)

REF NO : Z-3784

Regular meeting of the ACC was held 15 Aug.
Subjects in order of their importance to US as follows:

1. American property taken as reparations under Potsdam Agreement. On behalf of State Dept we requested that in all cases where claim of American interests was made we desired to have sufficient time to assemble proof of such interest prior to transfer. Nine cases were listed as pending. Soviets stated that though investigation is made before transfer, that clause is inserted to the effect that property will be returned to owner by Soviets if proof is later submitted, and third that property is not physically removed to Russia. (Latter statement is open to question). However, Russians state that no injury will be done to American interests and that of the nine cases listed eight have been proved to be non-German and would not be touched and other case was still being checked. General Sviridov for ACC would give no promise that they would suspend transfers pending verification of proof of US citizenship or other necessary documentary evidence.

In this connection the seizure of the Singer Sewing Machine Company was discussed which was a separate item on agenda. State Dept requested that we ask ACC to direct return of this wholly American owned company to its rightful owners. General Sviridov replied that Soviets and Hungarians had determined this to be one hundred percent German property and that therefore will be transferred to the USSR. It was asked that if we submit evidence to show that it was one hundred percent owned, would it be transferred back and reply was yes. (Comment: Russians have informed owners they will take physical possession of this property).

ACC IN 35619

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REF NO : Z-3784

~~C O N F I D E N T I A L~~

(2 .)

forthwith.)

2. The next question related to clearance of foreign service officers, government officials and American personnel on US Government business to enter Hungary. It was pointed out that Mr Erhardt, a representative of the Dept of State, and Mr Dodd of the Agricultural Dept (see our Z-3765) had not been granted clearances although the request had been in for a considerable length of time. That 2 American Army officers who had been requested to come from Vienna for consultation had been denied clearance, and that clearance for 41 Americans during the month of June had required more than 7 days for action. General Sviridov stated that request for clearance for very important people must be submitted to the Soviet High Command, that requests for clearances of all other persons who are not regular members of the military or diplomatic mission must be submitted to the commander of the occupying forces for approval and that he as chairman could only grant permission to regularly assigned personnel. It is obvious that we are not able to obtain any satisfactory solution on the matter of clearances on ACC level, and that there will be no improvement in the matter in the foreseeable future. General Sviridov, it must be assumed, is acting upon instructions from Moscow in this matter. When asked why no reason is given for failure to clear officers not VIPs, he replied that he merely transmits to us the information that he receives from higher HQs. The British stated that they had been refused IO clearances in July until the first of Aug for British businessmen, and they were very disappointed.

3. The Hungarian repatriation program was next discussed. General Sviridov stated that the ACC in Hungary had not received any official info about the agreement or the repatriation of Hungarians from the American Zone, although the question of the British Zone was finished. The Soviets would not do anything further until they had received word from the Hungarian Govt that they desired this matter to continue.

He categorically denied that Colonel Staroff, the Russian officer in Vienna, had made any agreement with Mr Millok, the Under-Secretary of State for Hungary in charge of repatriation, and said that any agreement should have been submitted to him prior to ratification. Further msg on this subject will be sent.

4. The status of the Swabian expatriation program was then explained, it being stated that American authorities required that the Hungarian Govt must agree to the furnishing of

AGC IN 35619

~~C O N F I D E N T I A L~~

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OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)

REF NO: Z-3784 AG CABLE CONTROL
~~CONFIDENTIAL~~

INCOMING MESSAGE

500 reichsmarks up each employee before the American Government would agree to accept buy more slaves. This matter is being discussed with the Hungarian Govt and an agreement is expected shortly.)

The British Delegation raised the question of the illegal movement of Jews from Hungary and stated that the British authorities in Austria were being continually embarrassed by continued emigration of these people who it was believed were going on to Palestine. They requested that the Soviet authorities in cooperation with the Hungarian authorities make every effort to prevent these people from crossing the border, and said that inasmuch as such elaborate precautions were taken to prevent other people from travelling freely from Hungary to Austria, they thought that a greater effort could be made to prevent these unauthorized departures. General Sviridov promised to help in the matter.

5. Next question of the British agenda related to postal services between Hungary and Italy. Sviridov states that Marshal Voroshilov had authorized resumption of postal, telephone, and telegram services between Hungary and Italy as of 30 July. The British had asked for permission for aircraft to fly over Hungary from Vienna to Yugoslavia on regular weekly flights and General Sviridov said that they had now agreed that such flights may take place over the following corridor, Vienna-Komarom-Budapest-Kecskemet-Szeged-Subotica, and that while US and British aircraft would be permitted to fly over this corridor they would be subject to strict adherence to such corridor and that the corridor would not be free but that flights must be requested 14 days in advance with a complete schedule, and must be submitted at the same time as that of the Budapest-Vienna flights. (this is the same arrangement as at present.) British evidently wanted to have a corridor whereby they could make regular weekly flights without the necessity of requesting each flight separately.

6. The British also raised the point of Fascist activities under Article 15 and were given a further dissertation by General Sviridov as to so called Fascist - that is anti-Communist activities that are continuing in Hungary. The British had requested a copy of the letter that was sent relating to the suppression of Catholic organizations as was requested in their meeting 24 July. The Chairman stated that Marshal Voroshilov had not approved permission for the furnishing of a copy of this letter as the Marshal thought sufficient time had passed that this was no longer of importance and that the British and Americans knew the contents anyway. General Edgcumbe stated that he would report the matter to his government and would tell them exactly what General

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REF NO: Z-3784

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Sviridov had said. Complete notes of the meeting have been sent to the War Dept"

Z-3765 not identified

INFORMATION : O/SS
POL-AFF
ECON
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CONT OFF
LEGAL
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AG RECORDS

AGC IN 35619 25 Aug 46 1145B EM/Jb REF NO: Z-3784

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By <i>JL</i> NARA Date 7-22	Box 111

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STAFF CABLE CONTROL

WORLD 210848Z

INCOMING MESSAGE

1946 Aug 46

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PRIORITY

FROM : AGWAR FROM WDSCA ES
TO : OMGUS USFA
INFO : USEET
INFO NO : WX 2112

Recurrid November WX-85965, March WX-99226 this
entrie is in two parts.

PART I.

There follows State Department Draft proposed JOE Directive to OMGUS and USFA in implementation of that part of Article 8 of final act of Paris Conference Reparation signed by 16 nations on January 14, 1946 which provided:

"In recognition of fact that large numbers of persons have suffered heavily at hands of Nazishand now stand in dire need of aid promote their rehabilitation but will be unable to claim assistance of any government receiving reparation from Germany, the Governments of US of America, France, UK, Czechoslovakie and Yugoslavia, in consultation with Inter-Governmental Committee on Refugees, shall as soon as possible work out in common agreement plan on following general lines:

"A - Share or reparation consisting of all non-monetary gold found by Allied Armed Forces in Germany shall be allocated for rehabilitation and resettlement of non-repatriable victim of German action" and that part of Five-power Agreement of June 14 pursuant to Article 8 which provided: "the Inter-Governmental Committee on Refugees" or its successor organization "hereby authorized to take title from appropriate authority to all "non-monetary gold" found by Allies in Germany and to take such steps as may be needed to liquidate these assets as promptly as possible, due consideration being given to secure highest possible realizable value".

(1) You will make available on demand to duly accredited representative of IOCCR all valuable personal property and documents lost seized or obtained during course of war political, racial, No.

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Authority NND 725042

RG 260

Entry MIL. GOVT
EXEC-OFF.

By [Signature] NARA Date 7-22

Box 111

REF ID: WX-9112

R E S T R I C T E D

THE PROPERTY OF JEWISH RELIGIOUS VICTIMS OF NAZI GOVERNMENT OR ITS SATELLITE GOVERNMENTS OR NATIONALS THEREOF WHICH MAY HEREAFTER BE FOUND, SEIZED OR CONFISCATED BY U.S. ARMY OR BY LOCAL AUTHORITIES ACTING UNDER DIRECTION OR CONTROL OF U.S. FORCES, SUBJECT TO FOLLOWING CONDITIONS:

(1) THAT PROPERTY CANNOT BE RESTITUTED TO GOVERNMENT PURSUANT TO WX-85965 NOVEMBER 1945 AND WX-99226 MARCH 1946, AS AMENDED AND MODIFIED BY CONTROL COUNCIL ACTION, BECAUSE DETERMINATION OF NATIONAL ORIGIN IS IMPRACTICAL.

(2) THAT PROPERTY CANNOT BE RESTITUTED TO LAWFUL OWNERS UNDER LAWS IN FORCE IN PLACE WHERE PROPERTY IS LOCATED PRESENTLY FOUND EITHER BECAUSE LAWFUL OWNER HAS DIED OR CEASED TO EXIST WITHOUT LEGAL SUCCESSOR OR BECAUSE DETERMINATION OF INDIVIDUAL OWNERSHIP IS IMPRACTICAL.

(3) THAT OWNERSHIP INTERESTS IN REAL PROPERTY LOCATED IN GERMANY AND GERMAN CURRENCY OR INSTRUMENTS OF EXCHANGE PAYABLE IN GERMAN CURRENCY WILL BE EXCEPTED.

(4) THAT JEWISH BOOKS, MANUSCRIPTS AND LITERATURE OF CULTURAL OR RELIGIOUS IMPORTANCE WILL BE EXCEPTED AND DISPOSED OF PURSUANT TO SEPARATE DIRECTIVE.

(5) THAT DETAILED INVENTORY AND QUANTITATIVE AND VALUATION WILL BE MADE OF PROPERTY SUBJECT TO TRANSFER TO UGCOM HEREUNDER, AND TRANSFER WILL BE MADE UPON SIGNING OF JOINT INVENTORY WHICH SHALL BE MADE PART OF RECEIPT.

(6) YOU WILL PERMIT PROPERTY TRANSFERRED HEREUNDER TO BE REMOVED FROM GERMANY AND AUSTRIA OR TO BE SOLD THEREIN IF PAYMENT CAN BE MADE OUTSIDE GERMANY OR AUSTRIA IN ACCEPTABLE FOREIGN CURRENCY, NOTWITHSTANDING ANY LAW FOR CONTROL OF FOREIGN EXCHANGE, PROVIDED THAT MAXIMUM VALUE BE OBTAINED THEREFROM BY ICCR.

(7) YOU WILL SEEK TO OBTAIN CONTROL COUNCIL AGREEMENT TO DISPOSITION PURSUANT TO TERMS OF THIS DIRECTIVE OF ANY PROPERTY DISPOSITION OF WHICH IS RESERVED TO CONTROL COUNCIL. EVEN PRIOR TO SUCH

R E S T R I C T E D

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Authority NND 725042

By *[Signature]* NARA Date 7-22RG 260
Entry MIL GOVT EXEC-OFF
Box 111

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)

REF: WX-9112

STAFF CABLE CONTROL

INCOMING MESSAGE
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agreed upon you will nevertheless execute directive and you will advise the representatives of Control Authority that you are doing so pursuant to obligation assumed by your government in subscribing to Paris Agreement on reparations.

(4.) Expression "valuable personal property" as used in paragraph 1 of this directive shall be interpreted to exclude ordinary items of furniture, clothing and other personal property of small intrinsic value and to include any such items of uncommon value. In determination of impracticality of identification pursuant to paragraph 1 sub-paragraph a and b of this directive regard will be had to extent of commingling with other property and difficulty and expense of determination of ownership in comparison with value of property. All property, as defined herein, will be considered as falling within this directive and will be made available to IGCR unless available evidence clearly is to contrary. You will establish such administrative machinery as may be necessary to execute this directive promptly and effectively."

PART 2.

Your comments desired soonest. Considered opinion of State that US policy should favor broadest possible interpretation obligation under Article VIII and that in definition of "non-monetary gold" and application to specific cases, most liberal interpretation should govern. Entirely outside obligation under Paris Reparation Agreement, this program directly related to general responsibilities this government connection financing resettlement German and Austrian non-repatriables. To extent "non-monetary gold" made available from US Zones Germany and Austria and success in persuading UK and France to pursue similar policies their Zones, general financing burden of US will be decreased. Therefore, position taken in proposed directive not viewed as strict construction Article VIII, but as being in line with more fundamental US interests.

As is well known non-repatriable financial position critical and desirable that non-monetary gold formula be established and applied without delay. Implementation thereafter should be given very high priority and preliminary steps taken now. IGCR representatives will be made available to advise and

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By *[Signature]* NARA Date 7-22

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MIL. GOV'T
EXEC-OFF

111

REF ID: WY-9112 R E S T R I C T E D

It is desired that you will submit your comments on the proposed Directive as soon as possible. Your comments will be considered in the preparation of the final Directive.

assist you as required.

In order facilitate issuance of directive and implementation in field desired that your comments be submitted in form of any specific proposals for amendment which you may consider advisable. Repeat replies all addressees.

WY-85965 is SCC IN 15174, 3 Dec. 45, Info.
WY-99226 is SCC IN 22212, 7 Mar 46, Info.

ACTION : ECON SUSPENSE: 25 AUGUST

INFORMATION : O/SS
FIN
LEGAL
IA&C
POL AFF
POW & DP

AGC IN 35354 23 Aug 46 1030B JDL/ish RRF: 44-617

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Entry MIL. GOVT
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AUG 12 1946

AUG 12 1946

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)

DATED 082325Z STAFF CABLE CONTROL

RECD 091710B Aug 13
529/39/rb

INCOMING MESSAGE

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ROUTINE

No action necessary

L. V. Steere
Deputy Director
Pol. Aff.

August 13, 1946

FROM : AGWAR FROM WDSCA E S
TO : OMGUS
INFO : USFA VIENNA
M A BRUSSELS
REF NO : WX-96934

USPOLAD's dispatch 3832, 21 June, indicates some US Govt Depts desiring obtain reparations items do not understand that their appropriations must be charged fair value. Wash Depts have been advised of policy by State Dept which is quoted below for your info:

This Govt (Not individuals or Govt agencies) receives reparations as result war costs incurred by Govt and damage suffered by its nationals. Reparation in form of currency will be turned over to Treas for deposit SP Acct without exception. All other reparation will be sold to Govt agencies or firms or individuals and receipts therefrom must be deposited this SP Acct. Aggregate receipts this Acct will be subj to disposition in accordance with such legislation as Congress may enact.

On specific point raised in USPOLAD's dispatch 3832, No Govt agency may receive reparation assets without having its appropriation charged for fair value and simultaneously receive it made in SP Treas Acct.

3832 not identified

ACTION

POL. AFF.

SUSPENSE

INFORMATION

07SS-4

ECON

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AUG 13 1946

POLITICAL DIVISION

AGC IN-34303 10 Aug 46 158 11/6th REF NO: WX-96934

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Authority NND 725042
By [initials] NARA Date 7-22RG 260
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OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)
AG CABLE CONTROL

OUTGOING MESSAGE
CONFIDENTIAL

TO : OMG FOR GREATER HESSEN TO ECON DIV.
TO IND BR

FROM : OMGUS SIGNED CLAY

REF NO : CC-1420 TOO: 080950B AUG 46/ehd

Reference is made to your TWX-286 dated 31 July 1946 in which you request clarification on several points in TWX from this Headquarters reference number CC-9880 dated 29 July 1946.

1. The machinery that has been moved from War Potential Plants is to be inventoried and evaluated in its present location. Your attention is invited to cable reference number S-8346 dated 31 July 1946 from USFET signed McNarney. This cable supersedes cable from this Headquarters reference CC-9880.

2. The list of equipment that has been removed from each plant is to include only that equipment removed after date plant approved for reparations.

3. Military units may continue to use machinery in reparations plants until plant has been allocated and instructions received from this Headquarters to commence dismantling and shipping of equipment to recipient nation.

S-8346 is AGC IN 33697

ORIGINATOR : ECON AUTH: L. WILKINSON
INFORMATION : O/SS COL.
 POL AFF AF
 FIN DAS
 LEGAL AG RECORDS

CC-1420

8 August 46

1400B

JDL/ehd

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Reparations File

C O P Y

SECRET

7 May 1946

MEMORANDUM FOR: Chief of Staff

SUBJECT : JCS Memorandum for Information No. 489:
Disposition of Property Captured from the
Enemy.

1. One copy of subject paper was received from USFET
for information.

2. "Inclosure B" of JCS Memorandum for Information No. 489, consists of Executive Order No. 9630 dated 27 September 1945. Insofar as this order is pertinent to the subject of the present memorandum, it transfers to the State Department all functions of the Army-Navy Liquidation Commission under whatever authority, and all functions of the War and Navy Departments relating to disposition abroad of property captured from the enemy. The order further provides that the War and Navy Departments will handle and account for surplus property in foreign areas, and will furnish necessary services required for foreign disposal, without reimbursement from the State Department for services rendered. The Secretaries of War and Navy are authorized to detail military personnel to the State Department to assist in the duties hereby transferred to the Department or delegated to it under the Surplus Property Act of 1944.

3. On 9 April 1946, the Joint Chiefs of Staff agreed to publish the memorandum designated as "Inclosure A" to Theater Commanders and other officers responsible for the disposal of enemy material.

4. Inclosure A refers to Executive Order 9630, and contains an interpretation of that order agreed upon by State Department, State-War-Navy Coordinating Committee, and JCS.

COMSTOCK GLASER
Asst. Staff Secretary

SECRET*EE 7-22 73*

S-738

302927

C O P Y

S E C R E T

COPY NO. 103

J.C.S. Info Memo 48910 April 1946JOINT CHIEFS OF STAFFMEMORANDUM FOR INFORMATION NO. 489DISPOSITION OF PROPERTY CAPTURED FROM
THE ENEMY

Reference: J.C.S. 906/42

Note by the Secretaries

On 9 April 1946 the Joint Chiefs of Staff agreed that Enclosure "A" should be published as a memorandum for information and distributed to theater commanders and to officers of the War and Navy Departments charged with responsibilities concerning the disposal of enemy material.

A. J. MCFARLAND,
C. J. MOORE,
Joint Secretariat.

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ENCLOSURE "A"

DISPOSITION OF PROPERTY CAPTURED FROM THE ENEMY

Executive Order No. 9630, dated 27 September 1945 (Enclosure "B"), transferred to the Department of State all functions of the Army-Navy Liquidation Commissioner and the War and Navy Departments relating to the disposition abroad of property captured from the enemy.

In order that the separate functions of the Department of State and of the military services may be accurately defined, the Department of State, the State-War-Navy Coordinating Committee, and the Joint Chiefs of Staff have agreed to the following interpretation of Executive Order No. 9630 in its application to the disposition of property captured from the enemy and under United States control.

INTERPRETATION OF EXECUTIVE ORDER NO. 9630

Executive Order No. 9630, in its application to the disposition of property captured from the enemy and under United States control, transfers to the Department of State those functions relating to property which is surplus to the needs of the armed forces. This order does not apply to:

a. Property suitable for civilian use which is not surplus because it is required: to meet the needs of occupation forces, prisoners of war, and displaced persons of United Nations; to meet the needs of armed forces pending the total disbandment of such forces; to meet relief needs of civilian population to prevent disease and unrest; or to meet requirements for trophy, intelligence, and research purposes.

b. Property not suitable for civilian use which is not surplus because it is required to meet operational requirements of occupation forces or for trophy, intelligence, or research purposes.

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Enclosure "A"

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Authority NND 775042

By *[Signature]* NARA Date 7-22

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MIL. GOVT
EXEC-OFF

III

S E C R E T

Executive Order No. 9630, in its application to the disposition of property captured from the enemy, transfers to the Department of State all functions relating to the disposition of property surplus to the needs of the armed services, as summarized above, (other than functions relating to storage, care, handling, delivering, and accounting specifically charged to the War and Navy Departments in the Executive Order), including:

- a. Determination of policies and accounting procedures to govern the destruction or other disposition of surplus property.
- b. Determination of quantity and type of surplus property to be transferred to other nations.
- c. Determination of policies governing the return of war materials acquired by the enemy from other United Nations.
- d. Determination of policies regarding the ownership of war material surrendered to the United Nations.

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Authority NND 735042
By *[Signature]* NARA Date 7-22RG 260
Entry *HIL. GOVT
EXEC.OFF.*
Box 111ENCLOSURE "B"

EXECUTIVE ORDER 9630

REDISTRIBUTION OF FOREIGN ECONOMIC FUNCTIONS
AND FUNCTIONS WITH RESPECT TO SURPLUS
PROPERTY IN FOREIGN AREAS

By virtue of the authority vested in me by the Constitution and Statutes, including Title I of the First War Powers Act, 1941, and as President of the United States, and Commander in Chief of the Army and the Navy, it is hereby ordered as follows:

PART I

1. The Foreign Economic Administration established by Executive Order No. 9380 of September 25, 1943, hereinafter referred to as the Administration, and its agencies except as otherwise provided in this order, and the office of the Administrator of the Foreign Economic Administration, are terminated and disposition shall be made of the affairs thereof according to the provisions of this part.

2. There are transferred to the Department of State all functions of the Administration and of its agencies with respect to:

(a) The administration of the Act of March 11, 1941, as amended, entitled "An act further to promote the defense of the United States and for other purposes."

(b) The participation by the United States in the United Nations Relief and Rehabilitation Administration, as defined in Executive Order No. 9453 of July 6, 1944.

(c) Activities in liberated areas with respect to supplying the requirements of and procuring materials in such areas under paragraph 4 of the said Executive Order No. 9380.

(d) The gathering, analysis, and reporting of economic and commercial information, insofar as such functions are performed abroad.

(e) The planning of measures for the control of occupied territories.

(f) The administration of Allocation No. 42/3-93 of February 1, 1943 from the appropriation, "Emergency Fund for the President, National Defense, 1942 and 1943."

3. There are transferred to the Reconstruction Finance Corporation:

(a) The Rubber Development Corporation, the Petroleum Reserves Corporation, and the US Commercial Company and their functions, capital stock, assets, and liabilities. The board of directors of the Reconstruction Finance Corporation may reconstitute the boards of directors of the said transferred corporations.

TB

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(b) The functions of the Administration (including those of the US Commercial Company) with respect to the procurement of commodities abroad, excluding such functions transferred to the Department of Agriculture under paragraph 5 of this Part.

4. There are transferred to the Department of Commerce all functions of the Administration and its agencies with respect to:

(a) Export control, including all functions of the Administration under section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended and extended.

(b) The Technical Industrial Intelligence Committee (under existing directive of the United States Joint Chiefs of Staff).

(c) The facilitation of trade, including functions affecting foreign trade and domestic commerce and the functions of the Clearing Office for Foreign Transactions and Reports, except as any of the aforesaid functions are otherwise transferred by this Part.

(d) Any other matter not transferred by this Part, including the final liquidation of the Administration and winding up of such of its affairs as are not otherwise transferred by this order.

5. There are transferred to the Department of Agriculture the functions of the Office of Foreign Food Programs and all other functions of the Administration with respect to food (as defined in paragraph 10 of Executive Order No. 9280 of December 5, 1942), food machinery, and other food facilities.

6. There are transferred to the heads of the agencies to which functions are transferred by this Part the respective functions of the Administrator of the Foreign Economic Administration, hereafter referred to as the Administrator, which relate to the functions so transferred to the aforesaid agencies.

PART III

7. For the purpose of unifying the disposition of foreign property owned by the United States in foreign areas under a single agency acting in conformity with the foreign policy of the United States and with the Surplus Property Act of 1944, and consonant with the transfer of such disposition function under paragraph 2(a) hereof and the designation of the Department of State, pursuant to the provisions of the Surplus Property Act of 1944, as a disposal agency for all surplus property in foreign areas, excepting certain vessels, there are transferred to the Department of State all functions of the Army-Navy Liquidation Commissioner (under whatever authority, including War Department Memorandum No. 350-45, dated January 27, 1945 and letter of the Secretary of the Navy dated February 1, 1945) and all functions of the War Department and the Navy Department relating to the disposition abroad of property captured from the enemy. So much of the functions of the Secretary of War and the Secretary of the Navy as relates thereto is transferred to the Secretary of State. The office of Army-Navy Liquidation Commissioner is abolished.

8. The War Department and the Navy Department shall each store, care for, handle, deliver and keep the fiscal and other accounts for all property declared to be surplus in foreign areas including property captured from the enemy, and shall also furnish such personnel, transportation and administrative services or facilities as may be required for foreign disposal. The provisions of this paragraph shall be carried out without reimbursement from the Department of State for the services rendered. As used in this order, the words "foreign areas" mean areas outside the continental United States, its territories and possessions.

9. The Secretary of War and the Secretary of the Navy are authorized to detail officers and enlisted persons of the military and naval establishments, respectively, to the Department of State to assist it in the discharge of its duties under this Part or of any duties delegated to it under the Surplus Property Act of 1944, and any such officer or enlisted person shall, while so detailed, retain and be entitled to the rights, benefits, promotions and status of an officer or enlisted person of the establishment from which he was detailed.

PART III

10. There are transferred to the respective agencies to which functions are transferred by this order, for use in connection with the functions so transferred, so much as the Director of the Bureau of the Budget shall determine to relate to such functions, respectively, of the records, property, civilian personnel, and funds of the Administration and its agencies (including funds appropriated to the President for carrying out functions administered by the Administration) and of the War Department and of the Navy Department. Such further measures and dispositions as may be determined by the Director of the Bureau of the Budget to be necessary to effectuate the transfers and abolitions provided for in this order shall be carried out in such manner as the Director may direct and by such agencies as he may designate.

11. The head of each agency to which functions are transferred by this order may, in the interest of efficient administration, assign such of the functions transferred to such head or to his agency by this order as he shall determine to such officers and agencies under his jurisdiction as he shall designate.

12. All prior regulations, rulings, and other directives relating to any function transferred by this order shall remain in effect except as they are in conflict with this order or are hereafter amended or revoked under proper authority.

13. All provisions of prior Executive Orders and of prior instruments of any Federal agency in conflict with this order are amended accordingly. Each transfer of functions provided for in this order shall be effective on such date, not later than December 31, 1945, as shall be designated jointly by the Director of the Bureau of the Budget and the head of the agency to which the function is transferred. Pending such designation the officers and agencies from whom functions are transferred under this order shall continue to administer their respective functions.

HARRY S. TRUMAN

THE WHITE HOUSE

September 27, 1945

Enclosure 344-B

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DECLASSIFIED

Authority NND 75042

By *[Signature]* NARA Date 7-22

RG 260

Entry

Box 111

MIL. GOVT
EXEC.OFF

Reparations file

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)

AG CABLE CONTROL

INCOMING MESSAGE

SECRET

DATED 071923Z

RECD 082200B JUNE 46
7-2/08/yes**S E C R E T**

ROUTINE

FROM : AGWAR SIGNED WARCAB

TO : OMGSUS

INFO : USFET

REF NO : WX-90538

Reured May CC-5791, reured May WX-89222.

Compensation for property US Nationals removed pursuant economic security program, with respect which US reserved its rights (reured WX-89222) in para 6 proposed note to Soviets commented on urad May CC-5791 is subject. This point was reserved in State Dept. draft in view possibility some US Nationals with German assistance might have expanded their property in Germany for purpose manufacture war materials and should therefore not be compensated for destruction or removal thereof. Further considered that USSR might allege US trying protect warmongers in seeking compensation for such property owners. Possible example is IT and T interest in Focke Wulf. Request study be made to determine whether such cases American property in fact exist and report be submitted for further use State Dept. For your information State Department is Forwarding to Moscow for presentation to Soviet Govt note as set forth in urad WX-89222, although appreciated case not strong as you point out. Comment by you on ACC action proposed. Para 3 note, not mentioned urad CC-5791 is desired likewise.

CC-5791, 26 May 46 Econ.

WX-89222 is ACC IN 28750, 25 May 46, Econ.

ACTION : ECON

INFORMATION : 0/SS-C/S POE ATF LEGAL FINANCE
CONTROL OFF

ACC IN 29303 9 June 46 1350E 1CB/yes REF NO WX-90538

SECRET

Copy No

Exempt from paraphrase Handle in compliance with AR 380-5.

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