

DECLASSIFIED  
 Authority NND 785007  
 By JW NARA Date 11-9

RG 260  
 Entry USACA Control  
 File Property Reparation & Restitution  
 Box 2

1. Is Italy still regarded as an ex-Enemy nation since the treaty has been signed or do the existing principles of WARK 99226 still apply?
  2. Does the status of Hungary change as a result of the signing of the Hungarian State Treaty or of the recent political coup in Hungary, or do the principles of WARK 99226 still apply?
  3. Although WARK 99226 names Austria as an ex-Enemy nation, U.S. policy is publicly stated as considering Austria as a liberated nation. These two statements are in contradiction. Is Austria still regarded as an ex-Enemy for the purposes of restitution or does she enjoy the privileges of a liberated nation? In the above, Austria is neither a United Nation nor an ex-Enemy nation, yet was occupied by the Germans. There is no existing directive which covers these circumstances. Request clarification.
- c. CLARIFICATION OF DIRECTIVES FROM WASHINGTON

Many cables and directives from War and State have been received in the last twelve months. In several instances, action on these cables is obscure to this Headquarters. An incidence of such is as follows:

WARK 87749, 15 Dec 46 was sent "from JCS to McNarney" for action, to Clark for information. Substance of the cable referred to WARK 99226, 5 Mar 46 which included both Germany and Austria. However, from the designations above, this headquarters is still not clear as to whether WARK 87749 applies equally to Austria.

Also, information copies are received on cables sent from Washington to OMCUS regarding policies in Germany. In some of these cables are answers to questions requested by this headquarters from Washington. However, such cables do not state whether or not they apply equally to Austria.

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In view of the fact that the Military Government organization of Austria is entirely separate from that of Germany, request that directives to Germany should state in those cases where they are to apply equally in Austria.

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### MISSIONS

SIZE - Most of the interested nations maintain small permanent restitution missions in Vienna. For a specific restitution, missions may be temporarily increased to assist in identification or to offer special technical advice for loading and transporting equipment. Where a restitution involves lengthy dismantling and loading of equipment, a permanent mission is maintained in the field for this specific task.

SEARCHING PARTIES - All missions have requested repeatedly to be allowed to send searching parties into the U.S. Zone for locating properties subject to restitution. It has been a fixed policy of both USFA and USFET not to allow such searching parties. Searching parties have not been allowed because of (1) security reasons, (2) lack of sufficient billeting and mess facilities, (3) economy of restitution program, (4) increasing resistance from the Austrian Government and (5) scavenging. All searching and location of property has been done by qualified American personnel. To date it is believed that this system is more efficient and presents less cause for disputed claims.

IDENTIFYING MISSIONS - When properties subject to restitution have been located, the permanent restitution mission of the nation concerned is so notified and requested to present adequate proof of ownership to such property. If these proofs are satisfactory, the mission is invited to send representatives, accompanied by field representative of ND&F Division, USACA, into the U.S. Zone to identify the property concerned. This mission includes representative authorized to sign receipts on behalf of his government, and when he has identified the property in the field, he signs a receipt for the restitution.

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NORMAL RESTITUTION PROCEDURE

A normal restitution is accomplished in the following manner:

1. Claimant nation presents a claim through diplomatic channels.
2. Claim is received and recorded, R & R Branch, RD&R Div., USACA.
3. Copy of claim is sent to Zone Command, Military Government for investigation and location.
4. Circumstances warranting, property is placed under formal U.S. Property Control or custodian appointed.
5. Results of search are forwarded to R & R Branch and claimant nation advised.
6. Country concerned is requested to submit proof of ownership.
7. If action is indicated, claimant nation is invited to send a mission to U.S. Zone, authorized to accept property.
8. Mission is accredited through G-2 and accompanied to field by R & R representative.
9. Property is identified, restitution made on the spot, and receipt signed by R & R Field Representative and Representative of nation concerned.
10. Movement of property is begun by foreign mission with R & R assistance, movement costs are paid through Austrian Ministry of Property Control and Economic Planning.
11. Austrian Labor Office supplies labor when indicated. Private moving companies are sometimes utilized.
12. Material necessary for crating, i.e. lumber, nails, etc. are procured through Austrian Economic Land Office. (Wirtschaftsamt)
13. Movement of property is coordinated with Austrian railroads by the mission of nation concerned.

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### RESTITUTIONS IN OTHER ZONES

GENERAL - To date there is no agreed system of reporting progress of restitution among the occupying powers. The U.S. Zone is the only occupying power which publishes detailed monthly reports on the progress of restitution. The British Zone publishes a general monthly statement but is in no way detailed. The French and Russians publish no reports. Unofficially, the U.S. authorities have learned the general trend of restitutions in the other three zones.

BRITISH ZONE - The British policy of restitution to Allied Nations is similar to that of the U.S., and their system of making restitutions is approximately the same. They have effected restitutions on approximately the same percentage of claims received as has the U.S. The British have made restitutions of more transportation equipment and other properties than has the U.S. but has not made nearly as many restitutions of fine arts and industrial equipment. This is due primarily to property location and not to any special policy. The British have not to date made any restitutions to ex-Enemy nations and it is not known when they will begin to do so.

FRENCH ZONE - The French maintain a similar policy of restitution to Allied Nations. However, in operating this policy, the French show decided favor to Belgium, the Netherlands, Norway, Denmark and Luxemburg at the expense of Czechoslovakia, Yugoslavia, Poland and Greece. The French are more prompt in their restitutions of fine arts than in any other category of property. The French have no policy of restitution to ex-Enemy nations and there is no indication as to when they will have such a policy.

USSR ZONE - Nations under Soviet influence or sponsorship receive preference in restitution, namely, Hungary, Yugoslavia, Rumania, and occasionally Czechoslovakia. Restitution to Poland is closely allied to and in conjunction with reparations in the Eastern zone of Austria. Restitution to Western nations is very slow. The first known restitution of any consequence from the USSR Zone to a Western nation was made to the Netherlands in November 1946, over one year after claim was presented, the property located, and proofs of ownership submitted. The French have received a constant token flow of restitutions but

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nothing of any value. It is believed that the USSR maintains this flow more or less <sup>as a</sup> courtesy to an occupying power rather than any intent or desire to make proper restitutions. One explanation for the reluctance and delay of the USSR in making restitutions is that the Russian restitution personnel number less than 20% of those of each of the other three occupying powers.

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SUMMARY OF ACTION BY ALLIED COMMISSION  
FOR AUSTRIA - ON RESTITUTION

ALSO/P(15)12  
5 Nov 1945

WAR MATERIAL OF UNITED NATIONS PATTERN

War material of UN pattern taken or discovered by Allied Military Forces within their zones in Austria will be kept for giving back, provided that such war material can be proved to have been acquired by the Germans during the war from any UN. Lists of war material of this nature will be made available to interested parties who should be given a reasonable period of time in which to prove ownership.

(In the case of the French it was decided by USACA that above included vehicles).

18 Dec 1945 "GENERAL PLAN FOR RESTITUTION"

Instructed the Quadripartite RD&R Directorate to submit to it by 31 Jan 1946 a general plan for putting into operation an effective procedure for restitution.

25 Jan 1946 RESTITUTION TO BE HANDLED UNILATERALLY

A general plan for restitution was submitted by Quadripartite RD&R Directorate to Allied Commission on 25 Jan 46. However, efforts to obtain quadripartite agreement proved futile. It was therefore agreed that in the Western Zones each occupying power would proceed under its own directives, inasmuch as a substantially uniform result would be produced.

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EXCO/P(46)68  
29 Apr 1946

RESTITUTION COSTS

Agreed to adopt the paper and instructed the Chairman to inform the Austrian Government on behalf of the Allied Commission of this decision.

"The paper" was a Joint Resolution by RD&R and Finance Divisions, as follows:

1. The cost of transportation within the frontiers of Austria, as well as the cost of necessary repairs for transportation, including labor, material and organization, necessary for the restitution of property removed from countries occupied by the German Army and which has been recovered in Austria, must be borne by Austria. Expenses incurred outside of Austria, with the exception of Germany, must be borne by the recipient countries.
2. The Austrian Ministry of Finance will issue the necessary instructions so that it be sent the bills representing the expenditures anticipated in par 1, and so that these may be handled with the least delay.

EXCO/P(46)253

DECLARATION OF PROPERTY

Known as "Allied Decree of 25 May 1946"  
(see MGL-96, dated 13 May 46)

Decree requires all Austrian institutions and persons to declare all property belonging to the United Nations, seized by the Germans and taken from the territory of the countries occupied by them, in excess of \$ 500, estimated on the date of the issuance of the Decree.

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2EXOC/P(46)258  
Revised  
23 Sep 1946REF - DECLARATION OF PROPERTY

Agreed to submission of lists of property declared under above decree.

Each Element will submit information to the Element or Allied Restitution Mission concerned.

Each Element will circulate to other Elements and Allied Missions information on property declared for which ownership is unknown.

Commission of representatives of HDAR Divisions to be created to define ownership when questionable - where deemed necessary to 7-in-3 of Zone.

23 July 1946

RAILWAY ROLLING STOCK

The general question of restitution of rolling stock from Austria to Allied Nations is one that must be settled by European agreement, pending settlement of the general question. The Transport Directorate has the right to direct the return to Allied Nations of locomotives and rolling stock to an extent where it does not conflict with settlement of the general European question.

EXOC/M(47)76  
3 Apr 1947DISCUSSION OF "RESTITUTION" IN ALLIED COUNCIL

Executive Committee adopted recommendation of HDAR Directorate that in view of discussions taking place at Moscow Conference the question of restitution to Allied Nations would be dropped from the list of questions currently under discussion in the Allied Commission.

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13 Jun 1947

RESTITUTION MISSIONS

The Allied Council agrees to grant permission to the representatives of Restitution Missions of the United Nations, any of whose territories have been occupied by the enemy, to visit each zone of occupation in Austria in accordance with the procedure laid down, or to be laid down, by each Commander - in-Chief in his zone, in order to facilitate the location and restitution of property looted by Germany from the Territories of the United Nations.

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HEADQUARTERS VIENNA AREA COMMAND  
 MILITARY GOVERNMENT SECTION  
 PROPERTY CONTROL SUB-SECTION  
 PROPERTY CONTROL SURVEY TEAM  
 APO 58 ~~XX~~ 777 U. S. ARMY

*Survey Team*  
 WFJ/cm

19 March 1947

SUBJECT: Netherland Restitution Claims No: 81, 82 and 83  
 TO : Reparations, Deliveries and Restitution Division  
 U. S. Allied Commission, Austria  
 APO 777, U. S. Army  
Attn: Lt. Col. McKee

1. Reference your letters No: 1935, 1940 and 1941 regarding the Netherland Restitution Claims No: 81, 82 and 83.

a. These 3 claims were already investigated by this office, and report was submitted to your office on the 6 January 1947 under the file No: N-9-71.

FOR THE PROPERTY CONTROL OFFICER:

WILLIAM F JEFFREYS  
 Capt Inf  
 Chief, Property Control  
 Survey Team



Sebastian

Clay's cables

January 13th, 1953

ALCO/P(53)2

ALLIED COMMISSION FOR AUSTRIA

ALLIED COUNCIL

PAPER SUBMITTED BY THE SOVIET ELEMENT CONCERNING  
THE HARMFUL INFLUENCE OF GANGSTER FILMS AND GUTTER  
LITERATURE ON AUSTRIAN YOUTH

Report by the Executive Committee

PROBLEM

1. The harmful influence of gangster films and gutter literature upon Austrian youth.

DISCUSSION

2. The Executive Committee examined the above-mentioned question at its meeting on January 9th, 1953, but was unable to reach a unanimous decision. The following points of view were expressed:

- (a) The Soviet Member, having supported the point of view of his representative in the Political Directorate and the resolution contained in paragraph 4 of EXCO/P(52)134, stated that the daily press had reported that there had been an ever increasing number of crimes committed by young men and girls, aged 16-20 years, acting under the influence of gangster films they had seen and gutter literature they had read. The seriousness of this situation was also recognized by Austrian authorities. Thus, the 1952 report of the Vienna Police President, Holaubec, stated that "criminality among youth is a major concern of the Vienna Police." This was no surprise since according to data contained in the same report, more than 4,000 Austrian youths had been punished in 1952 for crimes they had committed. It was necessary in this respect to point out that the results of investigations and court proceedings indicated that assassinations, robberies and other criminal acts had been in many instances committed as a result of the demoralizing influence of gangster films and gutter literature. A wide section of the Austrian population had violently protested against the inundation of the country with such films and so-called literature. The Communal Councils of Innsbruck, Salzburg, Saalfelden, St. Poelten and Ternitz had protested against the dissemination of gangster films and gutter literature. Catholic organizations, as well as the "Union of Democratic Women" and other organizations, had also protested. It was likewise well-known that the Austrian Government had not adopted measures with respect to this problem, but had rather ignored the justifiable demands of the Austrian people. The Allied Commission should not treat this situation with indifference---a situation which was of real concern to people in all walks of life in Austria. The Soviet Member further stated that the French and British Members had agreed that the Soviet Element had acted correctly in bringing this question to the attention of the Allied Agencies. Also, the US Member had expressed no objection. In view of the above, the Soviet Member supported, in full conformity with Article 3(c) of the Control Agreement, the resolution set out in paragraph 4 below.
- (b) The US Member said that the problem of criminality among youth was one which concerned a great number of countries during the present

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Entry 2071 POLAD/  
File Papers of the Allied USCO4  
Box 4 COUNCIL

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Authority NND 852529  
By SR NARA Date 11-2-99

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era. He added that it was generally agreed that the causes were many. He said that the fundamental cause of the situation was the breakdown of the social fabric during the war years, involving, as it did, the weakening of family ties. Secondly, the cause of the situation was economic--a situation which particularly applied to Austria. A third contributing cause was films and literature. In respect of the latter, he pointed out that the world's most eminent psychiatrists were not entirely satisfied as to the precise effect of such media. When confronted with the statement of a young criminal that he had committed robbery or murder under the influence of a book or film, psychologists hastened to point out that most criminals preferred to place their faults at other doors and were reluctant to assume any responsibility or to condemn themselves. Given the situation, however, the question was what measures might best improve it. He said that there were three ways in which the situation might be improved: (1) education, (2) improvement of the economic conditions of the young, and (3) the strengthening of the forces of law and order. He said that the position of the Soviet Element applied primarily to the first point, i.e., education. For this reason, the US Member was of the opinion that it was entirely a matter for the Austrian Government to handle. He said that the Allied Commission should not attempt to impose the laws and culture of its member nations on the Austrian people. The Austrian Government was well aware of the problem, as were the Austrian people. This was evidenced by the fact that certain branches of the Government, Trade Unions, clubs, churches and school groups had already taken measures to combat the evils already mentioned. The Austrian Government possessed laws and regulations concerning the showing of films and the distribution of literature, and it was doing everything within its power to translate these measures into action. In the economic field, too, the Austrian Government and people were taking such steps as were available to them to improve the situation of the youth of Austria. In this field there was some possibility for the Allied Commission to assist the Austrian Government. However, it was in the last field, i.e., assisting the forces of law and order, where the Allied Commission could be of the greatest assistance. In conclusion, he endorsed the British Member's statement with respect to the campaign of violence. He inquired as to what might be expected of our youth when so many groups and so many nations were stimulating fear and tension throughout the world.

- (c) The British Member considered that the Soviet Element had been correct in drawing the attention of the Executive Committee to the harm which could be done to the young by the show of violence in films. He noted, however, that the Soviet Element seemed to concentrate entirely on American gangster films, a fact which made him suspicious that the Soviet resolution was directed more against the Americans than to a solution of the problem. He was convinced that it would be more advisable to leave this question to the parents and the Austrian Government, whom he considered to be far more competent to deal with it than the Allied Commission.
- (d) The French Member associated himself with the Soviet Element in regretting that many parents were not sufficiently concerned with their children's reading matter and with their recreation outside the home. However, he was of the opinion that the Austrian Government

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should be entrusted with the task of taking whatever measures were appropriate and of applying in this respect the provisions provided for by Austrian law. He added that the present situation, i.e., the prolongation of the occupation of Austria for a longer time than was anticipated, was not favorable to the moral development of Austrian youth, who were concerned about the future of their country and, by the same token, about their own futures. The best present that could be given to this youth would be the signing of the State Treaty.

CONCLUSION

3. In view of the disagreement, this question is submitted to the Allied Council for consideration at the request of the Soviet Member.

RESOLUTION

4. The Soviet Member of the Executive Committee recommends to the Allied Council the adoption of the following

R E S O L U T I O N

The Allied Council decides to send the following letter to the Federal Chancellor:

"Mr. Chancellor:

The Allied Council draws your attention to the fact that Austria is currently flooded with a considerable quantity of gutter literature and gangster films which have a harmful influence upon the normal moral and physical development of Austrian youth and which contribute to the increase of criminality in the country.

Considering that such a situation is absolutely intolerable, the Allied Council invites you to submit for its consideration, within two weeks from the date of the receipt of this letter, a list of measures which, in your opinion, should be adopted with the view to preventing the distribution of the type of film and literature mentioned above, as well as to ensuring the withdrawal of such films and literature of this type as are now in circulation."

5. The US, British and French Members submit no resolution to the Allied Council.

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By TJ NARA Date 10/29/89

RG 200
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**SECRET****SECRET  
NEED NOT PARAPHRASE****RECEIVED**

MAR 19 1947

Urn. from BHELIN  
March 18, 1947 1 p.m.

**ACTION:** UNITED STATES DELEGATION  
COUNCIL OF FOREIGN MINISTERS

**INFO:**

Rec'd March 19, 1 p.m.

**PRIORITY****PERSONAL FOR GENERAL CLAY FROM OSOBS.****CC-8442.**

Part one. Subject is Restitution of Property removed from LATVIA, Esthonia, Lithuania. On 8 March JCS cables US SMCOC authorization to inform Kurochkin that US did not recognize incorporation of Baltic states into USSR but would accept information from Soviets on property looted by Germans from Baltic states, such acceptance to be without commitment as to ultimate disposal of such property as might be located in US zone. We are also directed to advise Washington earliest of Soviet reaction. For your information and that of Secretary State; we so advised General Kurochkin by letter on 15 March.

Part two. New subject; Restitution of Hungarian silver. On 13 March WHECAS/W cabled that final decision was now taken that US must support restitution to Hungary and that decision should be implemented promptly. In particular the cable desired immediate restitution of silver. As this cable probably crossed your 12 March outgoing cable on same subjects, we have replied by cable to Washington (see part 3 below). Meanwhile we are arranging to proceed under treaty provisions with operational restitution to Hungary, Roumania, Italy, Bulgaria, and Finland in accordance with assumptions made in your cable 12 March.

Part three. Text of our reply to Washington on Hungarian silver follows:

"One. Our CC-8344, 12 March, reviewed problem of restitution to ex-enemies under pertinent clauses in satellite peace treaties and advised you that evidence to date did not indicate that the silver had been brought to Germany by force or duress.

"Two. Facts

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**SECRET****SECRET**

-2-, Hun. from Berlin, March 18, 1947 1 p.m.

"Two. Facts on removal of silver from Hungary as obtained from Hungarian Restitution Mission and other sources now indicate that silver is not eligible for restitution whether under treaty provisions, JCS directive transmitted in WX-99226 as subsequently amended, United States proposal now in Allied Control Authority, or State Department's memorandum to Hungarian government of 14 June 1946. Concrete evidence at hand indicates silver was shipped from Hungary voluntarily by Hungarian officials, probably before 20 January 1945. Treaty requires removal subsequent to 20 January 1945; JCS directive and United States proposal in ACA, as well as treaty, require removal by Germans; and all four plans require removal by force or duress as a condition of restituting non-cultural property.

"3. Moreover, if silver were delivered to Hungary even outside restitution program, Hungary would be receiving better treatment than United Nations, which must prove removal by Germans or by other "enemies" of claimant government in order to receive any restitution at all. This might provoke allied claimant governments to submit host of frivolous claims for "restitution" of property sent to Germany in ordinary commercial transactions by their own governments or nationals, which we could not reject without exposing ourselves to charges of discrimination and could not accept without undermining German economy and increasing the expense of occupation to United States taxpayers.

"4. Since General Clay is in Moscow and his CC-8344 apparently had not reached you when your WX-93937 was dispatched request instructions as to whether silver is to be returned without reference to restitution standards or procedures."

KREATING

HLT:js

MA/NA  
 Distr  
 Chron  
 Delegation (5)

**SECRET****SECRET**

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 By TJ NARA Date 10/29/89

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UNITED STATES POLITICAL ADVISER  
 FOR GERMANY

June 8, 1946

RESTRICTED

MEMORANDUM

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

FROM : U.S. Political Adviser for Germany

With reference to my memorandum of May 28 concerning the contemplated accord to be signed with the Swiss Government on the liquidation of German external assets, I am now informed by the American Embassy in London that the British Government has instructed her representatives on the Control Council in Berlin to support the indemnification features contained in that accord. *RM*

Robert Murphy

cc: Mr. J.M. Dodge, Director,  
 Finance Division, Attn. Mr.  
 Samuel Kramer, External  
 Assets Br.

PDO@ 1010

MURPHY  
 1461

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 Box 2

## TELEGRAM RECEIVED

From: PARIS Date: August 24, 1945, Midnight  
 No.: Unnumbered  
 Code: Received: August 27 via courier

### PARAPHRASE

FROM PAULEY FROM HARRIMAN.

Waley and Rueff informed me for the British and French at a meeting early today that they had decided to go to Moscow to receive the so-called USSR plan on reparations at Novokov's request. It was stated in a cable from Rueff's people in Moscow that they had been informed by Novokov that his plan would be ready next Tuesday. The British and French have decided to maintain our position--that is, to refer the plan to be submitted by Novokov to the Control Council. Any other matters which may affect the determination or involve the character and amount of reparation removals as provided for in the reparations protocol paragraph 6, article IV will be referred to the Control Council. It is their hope that while they are in Moscow they may secure the Soviet approval of our interpretations of this matter. By securing such approval they further hope it will not be necessary to follow Novokov's suggestion of submitting the matter of who is to formulate the

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the plan of reparations to the Council of Foreign Ministers in London for decision.

It is also their hope that Novokov can be persuaded to discuss war trophies and restitution and that an agreement with him on the definition of these two items can be reached.

Since the determination of the nature of reparation removals is before the Control Council already, and since the U.S. representative on the Control Council is relied upon to proceed with the determination of what should be removed, I have arranged with General Clay for a representative to be sent to Moscow to receive the Russian plan to partake as he sees fit in any further discussions. Since Brigadier General Draper is well-versed on questions of reparations, I believe General Clay will send him as both his representative and mine. I will appreciate it if you (Harriman), since you are fully familiar with every phase of reparations, or one of your representatives, will be present in Moscow at these discussions to take care of any subjects under discussion where State Department decisions are called for. Novokov should be notified of the probable arrival of Clay's and my representative on Friday, August 31, along with Rueff and Waley, and he should be informed that a two or three days' stay only is expected.

FULLERTON

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 Authority 806061  
 By TJ KAPA Date 10/29/89

Entry \_\_\_\_\_  
 File Oct-Dec '45  
 Box 10

1 October 1945

D R A F T

TO : AGWAR FOR WARCAD  
 FROM : US GROUP CC SIGNED CLAY

At meeting of Allied Control Council today British took strong stand against adoption of the vesting and marshalling of foreign assets law. While their stand was made largely on legal grounds they indicated that British Government was making an approach to neutrals through diplomatic channels to ~~adopt~~ *obtain* agreement to principles involved. This is somewhat inconsistent with their stand as to its illegality and to their frank statement that they would not like the proposed law applied within their own empire. It is my view, in which Ambassador Murphy concurs, that there is little likelihood of British changing their position unless such a change is made as a result of diplomatic approaches. We propose no further action except to bring the subject up from time to time in the Control Council to determine if there is any change of British position unless you advise us to proceed unilaterally or to try to effect separate agreements with Russians and French.

New subject. Agreed papers on central communication and transport agencies by US, USSR AND UK came before Control Council today. French adhered to their previous position that they were not parties to Potsdam agreement and moreover that any move would ~~prejudice~~ <sup>prejudice</sup> the Rhineland-Westphalia question. Their position was therefore in opposition to any central administrative machinery being established until Rhineland-Westphalia question is settled. Presumably this question is before present meeting of Foreign Ministers. However, under present conditions we are making little progress towards establishing any German machinery on a centralized basis. This is a condition, as reported before, which must lead to early action to establish <sup>zonal</sup> ~~central~~ capitols with German ~~administrative~~ <sup>administrative</sup> ~~machinery~~ <sup>machinery</sup> organizations which we still believe would be a damaging blow to ~~any~~ <sup>long range</sup> treatment

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of Germany as an economic unit. We assume that any further action should be held in abeyance until completion of present meeting of Foreign Ministers, but soon thereafter a decision must be made either to have central <sup>German administrative</sup> machinery or to so set up as to be able to function within our respective zones without such machinery.

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**EYES**  
FILE  
**ONLY**

~~SECRET~~  
 HQ US FORCES EUROPEAN THEATER  
 STAFF MESSAGE CONTROL  
 INCOMING TOP SECRET MESSAGE

JCYN

USFET MAIN 20/11

TOO 101240Z October

TOR 110530A October

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ROUTINE

REGRADED UNCLASSIFIED  
 ORDER SEC ARMY BY TAG PER 720488

- FROM : NORTH AFRICAN MIDDLE EAST THEATER, FROM MCGLOY
- TO : FOR SAME GENERAL DISTRIBUTION AS MAY CABLE ON LONDON CONFERENCE, INCLUDING HILLDRING, ACHESON AND CLAYTON FOR THEIR EYES ONLY
- FOR INFO : UNITED STATES FORCES EUROPEAN THEATER MAIN TO GENERAL EISENHOWER FOR HIS EYES ONLY, UNITED STATES FORCES IN AUSTRIA TO GENERAL CLARK FOR HIS EYES ONLY
- REF NO : NK-55599, 10 October 1945

Have concluded a visit to BERLIN, FRANKFURT, VIENNA and BUDAPEST and it is about the same welter of problems wherever you go: Food, Transportation, communication, displaced persons, the oppressions of occupation, particularly the weight of Russian forces and their requisitions scarcities with no continuing means of restoring the needs, no industry with all metropolitan areas on a virtual relief basis, everywhere the fear of hunger, disease and Russians. The Army is heavily handicapped by the redeployment and demobilization programs, key men are leaving or are being called back just when the social and economic problems of the occupation are becoming most acute.

CLAY's problems are set forth in his September report which you should shortly get and in his last letter to me. Incidentally it is important to see that he continues to receive our letters while I am away.

The German situation requires the best soldier we can find if EISENHOWER is to leave and he should be selected regardless of any considerations but ability, imagination and force. CLAY and his staff seemed to be making slow but definite progress.

CLARK's Headquarters are impressive. They are hard working and alert. GRUENTHER's departure at this juncture will be a great loss, however.

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KEY at BUDAPEST reports the same slow exasperating efforts to make progress with the Russians. His position there is largely bypassed though he keeps determinedly at it and is on a friendly personal relation with the Russians.

The following are my general conclusions and recommendations:

1. Our policy to date has been one of cleaning up the immediate debris of active warfare. Our emphasis has been on demobilization, denazification, decentralization. All of Middle EUROPE needs the restoration of some industry unless we are to establish permanent soup kitchen feeding. For all practical purposes there is no industry in GERMANY or AUSTRIA and unless there is it is a constantly losing game. The time has come to place more emphasis on the reestablishment of telephone and postal services. It is unthinkable that such a large area should continue to be without even rudimentary means of communication which is now the case. There should be a relaxation of our travel controls so that there can be full access within and among the zones. If the Russians do not come along we should be certain the French and British conform. We cannot afford to continue the almost medieval isolation of existing life.

There should now be greater consultation with the native leaders on matters relating to their social, economic and political restoration. Above all we should not hesitate to encourage the reestablishment of more industry and commerce. I repeat without it there will be collapse and progressive physical and social deterioration of the people in an area whose influence is such that it will set the level of European living so low that we also will be demoralized by it. Moreover unless we do there will be little hope for the reestablishment of anything like political wisdom in the area.

I recommend that our directives be now reexamined with the idea of moving them into a more constructive form having the above considerations in mind.

2. We must have a better centralisation of our policy on displaced persons. This is a problem that cuts across all our areas of occupation and influence. By displaced persons I include the refugee population from AUSTRIA and CZECHOSLOVAKIA as well as our perennial DP's. There are according to OSS reports which seem to be reliable horrible situations developing in Eastern GERMANY due to the expulsions from POLAND. Behind CHURCHILL's black curtain the reports are that we are

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having repeated some of the horrors that used to appall us in ASIA Minor at the time of the Armenian expulsions. The expulsion of the Austrian Germans is a great relief to AUSTRIA and General CLARK but the order terribly complicates EISENHOWER's problem and only increases the U.S. taxpayers European feeding costs for there will not be enough feed to take care of them without direct U.S. or UNRRA aid. Probably it should be done but it must be worked out in conjunction with the return of the Sudetens and the Polish Germans and it must be done with the help of the Germans. It can only be done as a real project under the humane conditions prescribed by the POTSDAM arrangement. It is dangerous to set time limits. If we do not proceed on a thoroughly planned basis we will soon have on our hands scenes and episodes which will revolt us.

As for the Jewish DP's I have asked members of my party to inspect and report on the camps. (These men are not connected with the Army. They were Doctor FREEMAN, JOHN VINCENT and COLONEL PARKER USMC). None of them had seen early camps and consequently was not comparing them with the prior conditions of the camps or impressed by the progress which had taken place in the treatment of the enormous problem of the DP's generally. Their reports add up about as follows:

These camps vary from good to indifferent none scandalous or anywhere near so. Definite improvements can be made in several fields but in many cases only with great energy and direction due to the heavy difficulty of disciplining the inmates to the constant necessities which go with clean and pleasant camp conditions. There is no problem with the educated Jew but the bulk of the population of the camps are of a peasant or low living standard type. Observers uniformly reported an unexpectedly sound morale, adequately nourished appearance and low sick rate in spite of cold and lack of fuel with Trojan efforts to achieve cleanliness.

It is fantastic for anyone to say that their condition is the same as it was under HITLER except for the extermination policy and the Jews who seem friendly resent this statement as much as anyone. We must fix a definite policy toward these people. We must determine how far the preference is to go for the mere movement of them into a former German's or Austrian's house does not solve the problem. Are they to receive permanently higher rations than the non-Nazis about them or preferment in business? It may well provoke a more acute anti-semitism if an attempt is made to make permanent any preferment. This is something which RIFKIND should consider both as it affects GERMANY and AUSTRIA. CLARK would be glad to have him look over and study the Austrian situation.

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3. There is a determined economic infiltration policy now being pushed by the Russians in HUNGARY. The recent elections in BUDAPEST which were won by the small holders party rather than the Communists may encourage the government to resist this policy more but it is apparently a definite attempt to take over control of Hungarian industry as distinguished from the broad trade agreements being put forward in AUSTRIA. Incidentally the small holders party celebrated their election success in front of the American Mission's Headquarters.

This movement emphasizes again the supreme importance of the economic element in the whole picture. The political is even less important for without the former there is nothing on which to build politically. Our economic planning must be at the highest level and it must be strengthened. If we are to pull out our troops it becomes even more necessary.

4. As to how long we should keep our troops in AUSTRIA and HUNGARY I have not as yet been able to arrive at a firm judgment. The greatest oppression in spite of many stories of loot and rape is the mere presence of large numbers of Russian soldiers in the area. The heavy requisitions alone are sufficient to demoralize the people apart from the looting which does not count. The greatest boon and first relief project would be to get all the troops out except small garrison forces but for the present I would keep the divisions we have in AUSTRIA until the Russians greatly diminished their forces and I would urge that any credits or UNRRA benefits be held up pending their withdrawal for it is incongruous to send in American financed feed when the country is being reduced to poverty by the requisitions of unnecessarily large forces. ITALY and CZECHOSLOVAKIA present different considerations but I would go slow there as well. Any decision as to CZECHOSLOVAKIA should be considered in relation to the whole problem.

At present the presence of our troops is not burdensome because we mainly feed ourselves and we give the population hope against the Russian fear. There is no doubt that the presence of troops during this period is a substantial aid to our policy in these areas of Middle EUROPE. They need not be large but they should be more than ceremonial detachments.

There is no doubt that local political opposition to Russian pressures gains encouragement in this control period by our mere presence. The presence of well disciplined well behaved and well disposed

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troops affords a continuously favorable impression on both the people and indirectly on the Russians. The dislike of the Russian is creating a political condition unfavorable to him and the local Communist elements which can only have tangible results as long as we are on the ground or until all troops are removed.

5. The French cut out of CLARK's hand in AUSTRIA and of course can only remain here because of our help. My feeling is that the difficulties they are causing in GERMANY when any efforts to centralize controls arise ought to be dealt with on a governmental level at which FRANCE's entire position in EUROPE is taken into account. They would then be more apt to conform. I do not know what the appropriate time to face up to the RUHR RHINELAND problem is but I suggest that the Army must know soon what steps it should take in the event the Quadripartite Administration breaks down. Though there is no reason to believe that it will be any worse than it now is and it may be a great deal better as we go along for at least until recently CLAY was reporting good progress. In spite of the deep inexperience and distrust of the Russians there is still much cause for optimism but the fact remains it may break and situations may arise beginning with this winter so acute that time and events just will not wait on the continued slow processes of such administration. Therefore we ought to have alternative plans for coping with Western GERMANY and the keystone of such planning is the RUHR RHINELAND question.

6. Coal and transportation. Every problem seems to resolve itself in terms of coal and coal also means transportation. The industry of FRANCE suffers from a lack of it as MONNET contends but FRANCE is only a part of it. This entire occupation area will never be anything but a relief area until coal can be supplied. To supply it more transport facilities must be built. A goodly portion of the RUHR coal must be turned back to fabricate the means to produce more of it. Locomotives and railway wagons must be produced in large quantities in GERMANY to make any real impression on the industrial situation and continuously rigorous steps will have to be taken to induce and transport Silesian coal production. The matter of urban transportation is of the greatest importance to provide means for people to go to work and food to be distributed. This requires coal. Closely connected with it is the freeing of the river traffic of EUROPE. The whole DANUBE Basin is stagnant now because of obstructions, political and physical, and the RHINE is only at the barest beginning of being freed. Coal involves much more than furnishing coal men as I pointed out in my earlier cable. It is the first tangible thing to achieve in

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order to build a floor to support our immediate as well as long range political and economic objectives.

7. The next most important thing I should say was a big stockpile of medicines. Every indication is that there is great danger of an influenza epidemic of major proportions in EUROPE induced by the cold, the movement and general malnutrition of the people. Sulfadruugs and the other medicinal necessities to check such outbreaks must be on hand in every area for it does not work I am told unless the outbreak can be checked immediately in the area in which it commences. UNRRA must supply medicines everywhere and irrespective of prior belligerency.

DISTRIBUTION:

1. Commanding General
2. Chief of Staff
3. Deputy Chief of Staff
4. General Clay
5. Mr. Murphy
6. G-1
7. G-2
8. G-3
9. G-4
10. G-5

305650

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Box 2

3 April 1948

Mr. Harsch Schwartzberg  
President, Central Committee of  
Liberated Jews in Berlin  
Schlachtensee, 33 Potsdamer Chaussee  
Berlin, Germany

Dear Mr. Schwartzberg:

I was deeply touched and grateful for  
the Easter greetings from you representing the  
Liberated Jews in Berlin.

Our relationship under difficult conditions  
has been gratifying indeed and from it will yet come  
peace and a happy future for your people.

Sincerely yours,

LUCIUS DE CLAY  
General, U. S. Army  
Military Governor

*Initialed*

305651

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 By TJ NARA Date 10/29/89

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 Box 2

**PC IRO Area Team 1**  
 Berlin Office  
 Central Committee of the Liberated Jews in Berlin  
 Schlachtensee, 33 Potsdamer Chaussee  
 Berlin, Germany

March 26, 1948

**TO: GENERAL CLAY**  
**OFFICE OF MILITARY GOVERNMENT FOR GERMANY(US)**

S i r ,

I beg leave to congratulate you on the most sacred religious holiday of all Christianity, on E a s t e r, presenting you in my name and in the name of all camp-inmates the best and most sincere wishes for the holidays and the time to come, concerning your own person and the whole American Nation. May this lovely feast bode a happy solution of all serious problems envolved in these earnest times, in order to insure prosperity, security and piece to your country and the whole world, and may your just and clever policy always be successful and prosperous for the glorious Army and the American Government.

Let me, on that occasion, thank you again for all your generosity towards the Jewish DPs, and please - never forget about us!

Yours most respectfully

P r e s i d e n t  
 of the Central Committee of the Liberated Jews  
 in Berlin:



*H. Schwarzberg*  
 ( SCHWARZBERG )

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By TJJ NARA Date 10/29/89

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ORIGINATORS FILE

# U.S. GROUP C.C. MESSAGE FORM

CALL	CIRCUIT No.	PRIORITY	TRANSMISSION INSTRUCTIONS
	NR		
SPACES WITHIN HEAVY LINES FOR SIGNALS USE ONLY			
FROM (A)	ORIGINATOR	DATE-TIME OF ORIGIN	
TO FOR ACTION	DEPUTY MILITARY GOVERNOR	101100 Dec 45	
TO (W) FOR INFORMATION (INFO)	AGWAR FOR PARCOP PERSONAL FOR HILLDRING	10 15 40 DEZ 45	
(REF NO.)	USFET (MAIN) For OMB (US Zone) For Adcock	MESSAGE INSTRUCTIONS G R	
	DC 20130		
	(CLASSIFICATION)		

SUBJECT IS MODIFICATION OF JIG CHARLIE SUGAR TEN SIXTY SEVEN PD AS STATED PREVIOUSLY WE PREFER AMENDMENT OF PRESENT PAPER RATHER THAN COMPLETE REWRITING CMA AS LATTER WOULD NECESSITATE MANY CHANGES IN BASIC DIRECTIVES AND INSTRUCTIONS ALREADY ISSUED HERE PD PAREN FROM OMBUS SIGNED CLAY UNPAREN PD WE HAVE FOUND JIG CHARLIE SUGAR TEN SIXTY SEVEN AS MODIFIED BY POTSDAM A WORKABLE POLICY WITH MINOR EXCEPTIONS PD WE PREFER THAT JIG CHARLIE SUGAR TEN SIXTY SEVEN NOT INCORPORATE MANY INTERPRETATIONS OF DETAILS WHICH HAVE RESULTED FROM EXCHANGE OF CABLES CMA SUCH AS THE DETAILS OF OUR RESTITUTION POLICY CMA AS THE DEFINING OF THESE INTERPRETATIONS TENDS TO DESTROY FLEXIBILITY OF DIRECTIVE PARC RECENTLY STATE DEPARTMENT HAS ISSUED TO ITS FIELD OFFICES AN INTERPRETATION OF POTSDAM ECONOMIC POLICY PD THIS STATEMENT WHICH IS FULLY WITHIN POTSDAM PROTOCOL IS DIFFERENT IN TONE FROM PREVIOUS STATEMENTS BUT IS IN FULL AGREEMENT WITH OUR OWN INTERPRETATION OF POTSDAM WHICH WE HAVE BEEN APPLYING IN OUR STUDIES HERE FOR SOME WEEKS PD WHAT WE NEED CMA RATHER THAN DRASTIC CHANGES IN DIRECTIVES CMA IS FULL SUPPORT AT HOME TO THIS INTERPRETATION OF ECONOMIC POLICY PD MOREOVER CHANGES IN OUR DIRECTIVES ARE NOT SO IMPORTANT NOW

4 pages

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	Lt Gen L D Clay, U S Army	AUTHENTICATING SIGNATURE		

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FROM (A)	ORIGINATOR	DATE-TIME OF ORIGIN
<b>OMGUS SIGNED CLAY</b>	<b>DEPUTY MILITARY GOVERNOR</b>	<b>101100 Dec 45</b>

TO FOR ACTION: **AGWAR FOR WARGAD PERSONAL FOR HILLDRING**

TO (W) FOR INFORMATION (INFO)	MESSAGE INSTRUCTIONS
<b>NONE</b>	<b>GR</b>

(REF NO.) CC 20130 (CLASSIFICATION) \_\_\_\_\_

- 2 -

AS THE ESTABLISHMENT OF CENTRAL ADMINISTRATIVE MACHINERY CMA WHICH IS THE REAL STUMBLING BLOCK TO FURTHER PROGRESS PD PARA OUR SUGGESTIONS FOR MODIFICATION OF DIRECTIVE FOLLOW COLON PARAGRAPH THREE CHARLIE PD REVISE TO ENCOURAGE EARLY FORMATION OF CENTRAL GERMAN GOVERNMENT WITH LIMITED AUTHORITY PD PARA PARAGRAPH THREE DOG PD REVISE TO LIMIT DISTRIBUTION OF ESSENTIAL COMMODITIES BETWEEN ZONES TO THOSE QUANTITIES SURPLUS IN ONE OR MORE ZONES PD PARA PARAGRAPH THREE EASY PD REVISE TO ESTABLISH POLICY OF FREE AND UNRESTRICTED TRAVEL BETWEEN ZONES EXCEPT FOR SECURITY SUSPECTS PD PARA PARAGRAPH FOUR BAKER PD DELETE REFERENCE TO FRATERNIZATION IN VIEW OF CONTROL COUNCIL ACTION PD PARA PARAGRAPH SIX CHARLIE PD DELETE DEFINITION OF PERSONS TO BE TREATED AS MORE THAN NOMINAL PARTICIPANTS IN NAZI PARTY ACTIVITIES SO THAT REVIEW TRIBUNALS MAY APPLY INDIVIDUAL TESTS PD PARA PARAGRAPH SEVEN CHARLIE PD SUBSTITUTE PARAGRAPHS THREE PAREN ITEM UNPAREN PAREN BAKER UNPAREN AND ELEVEN OF SECTION ROMAN NUMERAL THREE OF POTSDAM PROTOCOL PD PARA PARAGRAPH SEVEN DOG PD CHANGE QUOTE AS SET FORTH ELSEWHERE IN THIS DIRECTIVE UNQUOTE

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FROM (A) <b>CEGUS SIGNED CLAY</b>	ORIGINATOR <b>DEPUTY MILITARY GOVERNOR</b>	DATE-TIME OF ORIGIN <b>101100 Dec 45</b>
TO FOR ACTION <b>AGWAR FOR WARGAD PERSONAL FOR HILLDRING</b>		MESSAGE INSTRUCTIONS <b>GR</b>
TO (W) FOR-INFO (INFO) <b>NONE</b>		

(REF NO.) DC 20130 (CLASSIFICATION) SECRET

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TO QUOTE AS AGREED IN POTSDAM PROTOCOL UNQUOTE PD PARA PARAGRAPH EIGHT BAKER PD AMEND TO LIMIT MANDATORY ARRESTS TO THOSE PERSONS ACTIVE IN ORGANIZATIONS NOW UNDER TRIAL OR TO BE TRIED BY INTERNATIONAL TRIBUNAL CMA AND TO SUCH OTHER PERSONS AS ARE KNOWN TO BE DANGEROUS TO SECURITY OR AGAINST WHOM THERE IS SPECIFIC EVIDENCE OF PARTICIPATION IN WAR CRIMES PD PARA PARAGRAPH NINE ABLE PD REVISE TO AGREE WITH PARAGRAPH NINE AND PERTINENT PART OF PARAGRAPH TEN OF SECTION ROMAN NUMERAL THREE OF THE POTSDAM PROTOCOL PD PARA PARAGRAPH NINE CHARLIE PD POLITICAL AND CIVIL PARADES SHOULD BE MADE DISCRETIONARY ON APPROVAL OF MILITARY GOVERNMENT PD PARA PARAGRAPH SIXTEEN PD RECOMMEND DELETION AND SUBSTITUTION OF PARAGRAPHS ELEVEN AND FIFTEEN OF SECTION ROMAN NUMERAL THREE OF POTSDAM PROTOCOL PD IN ANY EVENT CMA DELETE LAST SENTENCE PD PARA PARAGRAPH TWENTY ONE PD RECOMMEND RECONCILIATION WITH PARAGRAPHS ELEVEN CMA FIFTEEN BAKER CMA AND NINETEEN OF SECTION ROMAN NUMERAL THREE AND WITH SECTION ROMAN NUMERAL FOUR OF THE POTSDAM PROTOCOL PD PARA PARAGRAPH TWENTY-TWO PD RECOMMEND RECONCILIATION WITH PARAGRAPHS FOURTEEN AND FIFTEEN PAREN CHARLIE

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FROM (A) <u>CLAY SIGNED CLAY</u>	ORIGINATOR <u>DEPUTY MILITARY GOVERNOR</u>		DATE-TIME OF ORIGIN <u>101100 Dec 45</u>	
TO FOR ACTION	<u>AGWAR FOR WARGAD PERSONAL FOR HILLDRING</u>		MESSAGE INSTRUCTIONS	GR
TO (W) FOR INFORMATION (INFO)	<u>NONE</u>			
(REF NO.) <u>CC 20130</u>	(CLASSIFICATION) <u>SECRET</u>			

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UNPAREN OF SECTION ROMAN NUMERAL THREE OF POTSDAM PROTOCOL PD PARA PARAGRAPH  
 TWENTY THREE PD RECOMMEND SUBSTITUTION OF PARAGRAPH TEN POTSDAM PROTOCOL PD PARA  
 PARAGRAPH THIRTY ABLE PD RECOMMEND SUBSTITUTION OF PARAGRAPH ELEVEN POTSDAM PROTOCOL  
 PD PARA PARAGRAPH THIRTY BAKER PD RECOMMEND DELETION OF SYNTHETIC OIL AND RUBBER CMA  
 AT LEAST FOR THE PRESENT PD PARA PARAGRAPH THIRTY TWO PD RECOMMEND RECONCILIATION  
 WITH PARAGRAPH ELEVEN POTSDAM PROTOCOL PD PARA PARAGRAPH THIRTY THREE PD RECOMMEND  
 SUBSTITUTION OF PARAGRAPH THIRTEEN POTSDAM PROTOCOL PD PARA PARAGRAPH FORTY ONE  
 CHARLIE PD RECOMMEND DELETION PD PARA PARAGRAPH FORTY SEVEN PD RECOMMEND DELETION  
 AS ANY RESUMPTION OF SERVICE MAY PROVE IMPOSSIBLE PD

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 AG Rec

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INITIALS	<b>Lt Gen L D Clay</b>
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INITIALS	<b>Lt Gen L D Clay, U S Army</b>
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TIME CLEARED	

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 By TJ NARA Date 10/29/85

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# S. GROUP C.C. MESSAGE FORM

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**NR**

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FROM (A) OMGUS ORIGINATOR DEPMILGOV DATE-TIME OF ORIGIN 231020

TO FOR ACTION \_\_\_\_\_ TO (W) FOR INFORMATION (INFO) \_\_\_\_\_ MESSAGE INSTRUCTIONS GR

CG USFORCES AUSTRIA

USFET MAIN FOR OFFICE MILITARY GOVERNMENT US ZONE

(REF NO.) CC 20838 (CLASSIFICATION) CONFIDENTIAL

REURAD PETER DASH SEVEN ONE ZERO SIX PAREN PETER ABLE ABLE CHARLIE ABLE UNPAREN  
 WE SENT TODAY FOLLOWING CABLE TO AGWAR IN REPLY TO THEIR CABLE WILLIAM DASH EIGHT  
 SEVEN FOUR THREE EIGHT PD PAREN FROM OMGUS SIGNED CLAY TO COMMANDING GENERAL  
US FORCES AUSTRIA CONFIDENTIAL UNPAREN WOULD APPRECIATE YOUR COMMENTS PD QUOTE  
 WE BELIEVE THAT AN EFFORT TO EXCLUDE AUSTRIA FROM VESTING AND MARSHALLING DECREE  
 WOULD FAIL AT THIS TIME PD IN LIEU THEREOF WE PROPOSE A MESSAGE FROM ALLIED  
 CONTROL COUNCIL IN GERMANY TO ALLIED CONTROL COUNCIL IN AUSTRIA ASKING THE LATTER  
 TO ACT AS AGENT IN SEQUESTERING AND ADMINISTERING GERMAN OWNED ASSETS IN AUSTRIA PD  
 THIS WOULD OBLIATE IMMEDIATE DIFFICULTIES IN APPLICATION IN AUSTRIA OF VESTING AND  
 MARSHALLING ACT PD QUESTION OF DISPOSITION DOES NOT NEED TO BE RAISED AT THIS  
 TIME PD UNQUOTE

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- IC/LEAD
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- POL AFF
- AG REC

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INITIALS \_\_\_\_\_

IC/LEAD

Precedence

**PRIORITY**

ORIGINATING DIVISION

DEPMILGOV

NAME AND RANK TYPED, TEL. NO.

M. C. ALLEN

Capt. JAG  
 AUTHENTICATING SIGNATURE

THI or TOR

Opr.

TIME CLEARED

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 By TJ NARA Date 10/29/89

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# U.S. GROUP C.C. MESSAGE FORM

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FROM (A) <b>OMGUS</b>	ORIGINATOR <b>DEPMILGOV</b>	DATE-TIME OF ORIGIN <b>231010</b>
TO (W) FOR INFORMATION (INFO) <b>USFET MAIN FOR OFFICE MILITARY GOVERNMENT US ZONE</b>		MESSAGE INSTRUCTIONS <b>G R</b>
REF NO.) <u>00 20839</u>	(CLASSIFICATION) <b>CONFIDENTIAL</b>	

REURAD WILLIAM EIGHT SEVEN FOUR THREE EIGHT WE BELIEVE THAT AN EFFORT TO EXCLUDE AUSTRIA FROM VESTING AND MARSHALLING DECREE WOULD FAIL AT THIS TIME PD IN LIEU THEREOF WE PROPOSE A MESSAGE FROM ALLIED CONTROL COUNCIL IN GERMANY TO ALLIED CONTROL COUNCIL IN AUSTRIA PAREN TO AGWAR FOR WARCAD FROM OMGUS SIGNED CLAY. CONFIDENTIAL UNPAREN ASKING THE LATTER TO ACT AS AGENT IN SEQUESTERING AND ADMINISTERING GERMAN OWNED ASSETS IN AUSTRIA PD THIS WOULD OBLIATE IMMEDIATE DIFFICULTIES IN APPLICATION IN AUSTRIA OF VESTING AND MARSHALLING ACT PD QUESTION OF DISPOSITION DOES NOT NEED TO BE RAISED AT THIS TIME PD A COPY OF THIS MESSAGE IS BEING WIRED TO OUR REPRESENTATIVE ON THE CONTROL COUNCIL FOR AUSTRIA PD YOUR COMMENT REQUESTED PD

DISTRIBUTION: <b>0/SS</b> <b>IC/EAD</b> <b>Finance</b> <b>Pol Aff</b> <b>AG Rec</b>	COORDINATED WITH: <b>IC/EAD</b>	Precedence <b>PRIORITY</b>	THI or TOR	Opr.
	THIS MESSAGE MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION	ORIGINATING DIVISION <b>DEPMILGOV</b>		
	INITIALS _____	NAME AND RANK TYPED. TEL. NO. <b>M. C. ALLEN</b> <b>Capt. WAC</b>	TIME CLEARED	
	THIS MESSAGE MAY BE SENT IN CLEAR BY ANY MEANS	AUTHENTICATING SIGNATURE <i>M. C. Allen</i> <i>C. J. WAC</i>		
	INITIALS _____			

DECLASSIFIED  
 Authority 806061  
 By TJ NARA Date 10/29/89

RG 200  
 Entry \_\_\_\_\_  
 File Op-Sept 1945  
 Box 10

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TOP SECRET

**SHAEF**  
 STAFF MESSAGE CONTROL  
**INCOMING MESSAGE**

**EYES ONLY**

JEJE

SHAEF FWD 306/31

TOO 311600B May

TOR 312026B May

TOP SECRETURGENT

FROM : SHAEF MAIN, FROM US POLITICAL ADVISER  
 TO : SHAEF FORWARD PERSONAL AND EYES ONLY FOR GENERAL W.B. SMITH  
 AND US POLITICAL OFFICER  
 REF NO : S-89971, 31 May 1945

On May 20, WINANT, pursuant to instructions from the Department of State, contacted Mr. EDEN in order to carry through smoothly abandonment of procedure proposed by UNITED KINGDOM Government on May 24 and in order to secure full UNITED KINGDOM support for UNITED STATES proposal on procedure.

On May 29, WINANT introduced following draft recommendation which comprises UNITED STATES proposal into European Advisory Commission:

"The EAC makes the following recommendations to the Governments of the UNITED STATES of AMERICA, the UNITED SOCIALIST SOVIET REPUBLIC, and the UNITED KINGDOM and the PROVISIONAL GOVERNMENT of the FRENCH REPUBLIC:

1. The four Allied Commanders in Chief will meet in BERLIN not later than June 1 to sign and issue the declaration on the defeat of GERMANY and the assumption of supreme authority with respect to GERMANY;

2. Upon signature of the declaration, the four Allied representatives will constitute the Control Council in order to deal with matters affecting GERMANY as a whole and in order to begin the establishment of control machinery as provided in the agreement on control machinery in GERMANY, of November 14, 1944, amended by the agreement regarding amendments to the above mentioned agreement of May 1, 1945."

Although they felt that a date somewhat later than June 1, perhaps June 4, would have to be selected the UNITED KINGDOM and French delegations generally supported this recommendation. WINANT made it clear that UNITED STATES proposal is designed to expedite as much as possible issuance of the declaration and the beginning of putting into operation control machinery.

GOUSEV maintained at one stage in discussion that Article 6 of the September 12 protocol on Zones of Occupation provides for that protocol

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**SHAEF**  
 STAFF MESSAGE CONTROL  
**INCOMING MESSAGE**

REF NO: S-89971 (Cont'd)

SHAEF FWD 306/31

coming into force on signature of the surrender instrument and that paragraph 2 of the report of November 14 on the control machinery agreement implied to him that establishment of control machinery would take place after completion of occupation of assigned zones. WINANT pointed out that the gradual establishment of control machinery and the movement of the Allied forces into their respective zones and into the Joint Greater BERLIN Zone require close coordination by the Commanders in Chief which could usefully develop from their proposed meeting in BERLIN. WINANT also made it clear that UNITED STATES proposal is merely further working out of agreed procedure and constitutes no alteration of agreed procedure.

Determination of date on which the two agreements on zones of occupation and on control machinery are to come into force is basic question which troubles GOUSEV. He feels that four Governments must agree on definite date and accordingly instruct their Commanders in Chief. Both GOUSEV and the French representative raised the question of how the four Commanders could constitute the Control Council on signing declaration unless the agreement on control machinery has been declared in force by that date.

WINANT reiterated that easiest way to get the Allied agreements into operation is to bring the four Commanders together to sign declaration and to constitute the Control Council; they could then consider questions arising from implementation of the agreements on control machinery and on zones. WINANT believes on basis of today's discussion that UNITED STATES proposal would be acceptable to Soviet Delegation if paragraph 2 were replaced by the following paragraphs 2 and 3:

"2. Upon signature of the declaration, the agreement on control machinery in GERMANY, of November 14, 1944, amended by the agreement regarding amendments to the above mentioned agreement, of May 1, 1945, comes into force. At the same time the protocol of agreement on zones of occupation in GERMANY and the administration of "Greater BERLIN", of September 12, 1944, amended by the agreement regarding amendments to the above mentioned protocol, of November 14, 1944, and amended by the declaration of the CRIMEA Conference of February 12, 1945, to provide for a French Zone of Occupation, likewise comes into force.

3. Upon signature of the declaration, the four Allied representatives will constitute the Control Council in order to begin the practical implementation of the agreements on control machinery in GERMANY and on zones of occupation in GERMANY and the administration of "Greater BERLIN", and in order to deal with matters affecting GERMANY as a whole."

- 2 -

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**EYES ONLY**

REF NO: S-89971 (Cont'd)

SHAEF FWD 306/31

Some such provision for setting a definite date to bring into juridical force the agreements on zones and on control machinery would no doubt meet the Soviet view as expressed today. Considerable time would be required for the execution of the practical question of actually implementing these agreements. Control over the timing would require the unanimous agreement of the four Allied Commanders in Chief.

WINANT requested the Department of States reaction to this addition before discussing it with his EAC colleagues at the next meeting scheduled May 30.

DISTRIBUTION:

1. CHIEF OF STAFF
2. U.S. POLITICAL OFFICER
3. GEN. CLAY (ACTION) ✓
- 4.

- 3 -

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COPY NO.

305661

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**SHAEF**  
 STAFF MESSAGE CONTROL  
**INCOMING MESSAGE**

EYES ONLY

JEJE

SHAEF FWD 290/02

TOO 021700B June

TOR 021744B June

*W* **SECRET**  
**URGENT**

FROM : SHAEF MAIN FROM U.S. POLITICAL ADVISER  
 TO : SHAEF FORWARD TO LT GENERAL W.B. SMITH AND U.S. POLITICAL OFFICER FOR THEIR EYES ONLY  
 REF NO : S-90152, 2 June 1945

We have just learned that MOLOTOV informed HARRIMAN May 31 that the Soviet Government agreed that the four Allied Commanders in Chief should meet in BERLIN on June 1 in order to sign and issue the declaration on GERMANY, and that the Allied representatives who signed the declaration should in effect become the Control Council. MOLOTOV added that the Soviet Government had issued appropriate instructions to its representative on the European Advisory Commission.

Upon receiving foregoing information June 1, WINANT contacted GOUSEV who seemed much pleased to learn of the decision. WINANT added that since GOUSEV had not yet received instructions, European Advisory Commission would be unable to act yesterday and WINANT thought that the earliest feasible date would appear to be June 4.

DISTRIBUTION:

1. CHIEF OF STAFF
2. U.S. POLITICAL OFFICER
3. Gen Clay (ACTION) *W*
4. Gen Bull

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305662

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 By TJ NARA Date 10/29/89

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**SHAEF**  
 STAFF MESSAGE CONTROL  
**INCOMING MESSAGE**

**EYES ONLY**

WAR SHAEP FWD 292/12  
 TOO 121523Z June TOR 122200B June

~~TOP SECRET~~  
**URGENT**

FROM : AGWAR, FROM GENERAL MARSHALL  
 TO : SHAEF FORWARD, TO GENERAL EISENHOWER FOR HIS EYES ONLY  
 MTOUSA, TO GENERAL MCNARNEY FOR HIS EYES ONLY  
 REF NO : WX-15563, 12 June 1945

The PRESIDENT on June 11th sent the PRIME MINISTER a message substantially as follows:

In consideration of the tripartite agreement as to zones of occupation in GERMANY, I am unable to delay the withdrawal of American troops from the Soviet zone in order to use pressure in the settlement of other problems. I am most reliably advised that the Allied Control Council cannot begin to function until our troops withdraw from the Russian zone. I am also convinced that the military government now exercised by EISENHOWER should, without delay, be terminated and divided between him and MONTGOMERY, each to function in the zone occupied by his own troops. It would be highly disadvantageous to our relations with the Soviet to postpone action in this matter until our meeting. I therefore propose to send the following message to STALIN:

"Now that the unconditional defeat of GERMANY has been announced and the Control Council for GERMANY has had its first meeting, I propose that we should at once issue definite instructions which will get forces into their respective zones and will initiate orderly administration of the defeated territory. As to GERMANY, I am ready to have instructions issued to all American troops to begin withdrawal into their own zone on 21st June in accordance with arrangements between the respective commanders, including in these arrangements simultaneous movement of the national garrisons into Greater BERLIN and provision of free access by air, road, and rail from FRANKFURT and BREMEN to BERLIN for United States forces.

- 1 -

~~TOP SECRET~~

COPY NO. 3

DECLASSIFIED  
 Authority NND 806061  
 By TJ NARA Date 10/29/89

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**SHAEF**  
 STAFF MESSAGE CONTROL  
**INCOMING MESSAGE**

Ref No: WX-15563

- 2 -

SHAEF FWD 292/12

"As to AUSTRIA, it seems that arrangements can be completed more quickly and satisfactorily by making our commanders on the spot responsible for determining the definition of zones both in AUSTRIA itself and in the VIENNA area and the readjustment of forces, referring to their respective governments only those matters that they are unable to resolve between themselves. I consider the settlement of the Austrian problem as of equal urgency to the German matter.

"If you agree with the foregoing, I propose that appropriate instructions be issued at once to our respective commanders."

End of message to the PRIME MINISTER.

In light of the foregoing, EISENHOWER's comment is requested as to the practicability of 21st June, the date named by the PRESIDENT, instead of 27th June, the date mentioned by you in SCAF-443 for termination of military government responsibility of SCAEF. Can SHAEF be terminated on 21st June instead of 30th June as recommended in SCAF-451.

Concerning the question of command in AUSTRIA, request EISENHOWER's and MCNARNEY's comment on proposal to have American forces in the American zone in AUSTRIA remain under EISENHOWER's logistical responsibility and pass to CLARK operationally rather than have them pass to AFHQ for an interim period as suggested in SCAF-434.

SCAF-443, FWD-24150, FS OUT 6981, June 9, 1945, CHIEF OF STAFF  
 SCAF-451, FWD-24608, FS OUT 7432, June 11, 1945, C-3  
 SCAF-434, FWD-23521, FS OUT 6363, June 4, 1945, C-3

DISTRIBUTION:

1. SUPREME COMMANDER
2. CHIEF OF STAFF
3. GEN. CLAY ✓
4. GEN. BULL ACTION
5. GEN. CRAWFORD
6. MR. MURPHY

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305664

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 Authority 806061  
 By TJ NARA Date 10/29/89

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(5364) Wt. 56862-GL 1211 25M 3/45 Gt.S.St. Gp. 62-UKB L-14432

ORIGINATORS FILE

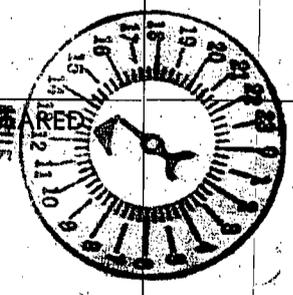
**U.S. GROUP C.C. MESSAGE FORM**

CALL	CIRCUIT No.	PRIORITY	TRANSMISSION INSTRUCTIONS
	<b>NR</b>		
SPACES WITHIN HEAVY LINES FOR SIGNALS USE ONLY			
FROM (A) US GROUP CC	ORIGINATOR CG	DATE-TIME OF ORIGIN 071045B AUGUST 45	
TO FOR ACTION WARCAD			
TO (W) FOR INFORMATION (INFO)		MESSAGE INSTRUCTIONS	GR
(REF NO.) <u>CC-14617</u>	(CLASSIFICATION)	<del>SECRETED</del>	

REGRADED UNCLASSIFIED  
 ORDER SEC ARMY BY TAG PER 72-0485

AT SUGGESTION OF STATE DEPARTMENT CMA I PRESENTED INFORMALLY TO THE PRESIDENT AND SECURED HIS APPROVAL FOR PROMPT RETURN OF ALL ART AND CULTURAL OBJECTS TO LIBERATED COUNTRIES TAKING RECEIPT FOR THESE ITEMS ALLEGED TO HAVE BEEN PURCHASED PD PAREN TO WARCAD FROM US GROUP CC FROM CLAY SIGNED EISENHOWER PAREN ALSO SECURED HIS INFORMAL APPROVAL FOR REMOVAL FOR SAFEKEEPING TO UNITED STATES SIMILAR GERMAN ITEMS WITH PUBLIC ANNOUNCEMENT THAT THEY WILL BE HELD FOR SAFEKEEPING AND ULTIMATE RETURN TO GERMAN PEOPLE PD SINCE RECEIVING THIS INFORMAL APPROVAL HAVE RECEIVED LETTER SIGNED BY PAULEY AND CLAYTON WHICH SUBSTANTIATES ABOVE EXCEPT THAT THEY DESIRE NO PUBLIC STATEMENT OF FUTURE INTENT WITH REFERENCE TO GERMAN ART. THIS IS OF COURSE IN CONFLICT WITH INFORMAL APPROVAL OF PRESIDENT PD I AM APPREHENSIVE THAT REMOVAL OF GERMAN ART WITHOUT STATEMENT OF FUTURE INTENT TO RETURN WOULD NOT BE ACCLAIMED BY PUBLIC AT LARGE PD IN ANY EVENT CMA I AM NOT SURE THAT CLAYTON AND PAULEY'S LETTER GAVE COGNIZANCE TO PRESIDENT'S INFORMAL APPROVAL OF TRUSTEE HOLDING OF GERMAN ART PD THEREFORE CMA REQUEST FURTHER INSTRUCTIONS RELEVANT TO GERMAN OWNED ART AND CULTURAL OBJECTS

*Orig*

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	THIS MESSAGE MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION	<del>CLASSIFICATION</del>		
	INITIALS	ORIGINATING DIVISION OFFICE OF DEP MIL GOV		
	THIS MESSAGE MAY BE SENT IN CLEAR BY ANY MEANS	NAME AND RANK TYPED TEL NO L. S. CLAY, LT GEN 76-1451		
	INITIALS	AUTHENTICATING SIGNATURE S. C. TINT, Captain		

305665

DECLASSIFIED  
NND Authority 806061  
By TJJ NARA Date 10/29/89

RG 200  
Entry \_\_\_\_\_  
File Op-Sent 145  
Box 10

*File in  
needs not  
sent me*

DRAFT

TO : AGWAR FOR WARCAD  
FROM: US GROUP CC SIGNED CLAY

THIS OFFICE HAS RECEIVED COPY OF CABLEGRAM FROM STATE DEPARTMENT TO HARRIMAN AND DRAPER AT MOSCOW DATED 6 SEPTEMBER, NUMBER 412, RELATIVE TO REPARATIONS POLICY. STATE DEPARTMENT PROPOSES THAT ALLIED COMMISSION REPARATIONS WORK IN BERLIN ALONGSIDE CONTROL COUNCIL TO GIVE POLICY GUIDANCE AND TO REVIEW FINAL PLAN FOR REPARATIONS TO BE DEVELOPED BY CONTROL COUNCIL.

THIS OFFICE DOES NOT BELIEVE THAT A DIVIDED RESPONSIBILITY FOR REPARATIONS IS SOUND. UNDER THE TERMS OF THE POTSDAM CONFERENCE, THE QUANTITY AND CHARACTER OF REPARATIONS ARE TO BE BASED ON LEAVING GERMANY WITH STANDARD OF LIVING EQUAL TO THE AVERAGE OF SURROUNDING COUNTRIES AND WITH SUFFICIENT EXPORTS TO PROVIDE REQUISITE EXCHANGE FOR THE IMPORTS ESSENTIAL TO THIS STANDARD OF LIVING.

THUS THE FINAL RESPONSIBILITY FOR THE FIXING FOR THE FUTURE GERMAN ECONOMY RESTS WITH THE AGENCY RESPONSIBLE FOR THE DETERMINATION OF REPARATIONS. THIS BROAD RESPONSIBILITY SHOULD BE CLEARLY FIXED ON ONE AGENCY OR THE OTHER. THIS OFFICE IS PREPARED TO ACCEPT THE RESPONSIBILITY IF DESIRED. HOWEVER, IT WOULD BE VERY GLAD TO SEE THIS RESPONSIBILITY PLACED ENTIRELY IN THE ALLIED COMMISSION REPARATIONS AND WOULD BE GLAD TO TRANSFER TO THE JURISDICTION OF THAT COMMISSION THE EXPERTS ON THE US GROUP OF THE CONTROL COUNCIL WHO ARE NOW WORKING ON THE PROBLEM. IT BELIEVES THAT ANY DIVISION OF RESPONSIBILITY FOR FORMULATION OF THE DETAILED PLAN UNDER THE ESTABLISHED POLICIES WOULD BE A SERIOUS MISTAKE. IT IS DIFFICULT ENOUGH TO GET QUADRIPARTITE AGREEMENT IN ONE QUADRIPARTITE ORGANIZATION. IT WOULD BE ALMOST IMPOSSIBLE TO OBTAIN SUCH AGREEMENT IF AFTER A RECONCILIATION OF VIEWS IN ONE AGENCY THESE VIEWS WOULD BE RECONSIDERED IN A SEPARATE AGENCY. THE RESULT WOULD BE THAT EACH OF THE FOUR GOVERNMENTS WOULD TEND TO PRESENT ITS PROBLEMS AND TO BUILD UP THAT AGENCY WHICH SEEMS TO OFFER THE MOST ATTRACTIVE SOLUTION.

*CC-TO GEN DRAPER*

*not sent*

DECLASSIFIED  
Authority 806061  
By TJ NARA Date 10/29/89

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- 2 -

WE REPEAT THAT WE BELIEVE THE PROBLEM CAN BE SOLVED BY FIXING RESPONSIBILITY IN THE CONTROL COUNCIL TO CARRY OUT POLICIES LAID DOWN BY THE COMMISSION ON REPARATIONS OR BY GIVING FULL RESPONSIBILITY TO THE LATTER ORGANIZATION FOR BOTH POLICY AND FORMULATION OF PLAN. WE REPEAT THAT A DIVIDED RESPONSIBILITY IS ALMOST CERTAIN TO RESULT IN FURTHER MISUNDERSTANDING AND DELAY. IN POINT OF FACT, CONFUSION NOW WITH RESPECT TO RESPONSIBILITY IS DELAYING ACTION OF THE SUBCOMMITTEES ESTABLISHED BY THE ALLIED CONTROL COUNCIL TO CONSIDER VARIOUS ASPECTS OF THE REPARATIONS PLAN.

305667

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Authority 806061  
By TJ NARA Date 10/29/89

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AGPD 5047-7-45/416

ORIGINATORS FILE NO.

*File*

# U.S. GROUP C.C. MESSAGE FORM

CALL \_\_\_\_\_ CIRCUIT No \_\_\_\_\_ PRIORITY \_\_\_\_\_ TRANSMISSION INSTRUCTIONS \_\_\_\_\_

**NR**

SPACES WITHIN HEAVY LINES FOR SIGNALS USE ONLY

FROM (A) **US GROUP CC** ORIGINATOR **CC** DATE-TIME OF ORIGIN **22 SEPT 1945**

TO FOR ACTION **AGWAR FOR WARGAD**

TO (W) FOR INFORMATION (INFO)

MESSAGE INSTRUCTIONS **GR**

(REF. NO.) \_\_\_\_\_ (CLASSIFICATION) **RESTRICTED**

PROPOSED LAW RELATIVE TO VESTING AND MARSHALLING OF GERMAN EXTERNAL ASSETS HAS BEEN BEFORE CONTROL COUNCIL FOR SEVERAL WEEKS PD PARKS TO AGWAR FOR WARGAD FROM UNCLE SUGAR GROUP CHARLIE CHARLIE SIGNED CLAY PART THIS LAW WAS PRESENTED BY US IN ACCORDANCE WITH DIRECT ORDERS FROM THE PRESIDENT PD RUSSIANS AND FRENCH CONCUR FULLY PD BRITISH HAVE AGREED IN PRINCIPLE BUT REFUSE TO APPROVE ISSUANCE PD FINAL DECISION IS TO COME BEFORE COUNCIL AT ONE OCTOBER MEETING PD BRITISH REPRESENTATIVES HAVE AGREED TO PUNISH THEIR GOVERNMENT FOR FINAL BRITISH POSITION PD IF BRITISH WOULD CONSIDERANCE CAN RECOMMEND APPROACHING FRENCH AND RUSSIANS FOR SIMULTANEOUS ISSUANCE AS PROCLAMATION IN EACH OF THEIR ZONES WITH TRIPARTITE COMMISSION TO BE ESTABLISHED PD THIS IS WITHIN TERMS OF AGREEMENT FOR QUADRIPARTITE GOVERNMENT WHICH CONTEMPLATED EQUAL ACTION AND INTERZONAL AGREEMENTS WITH UNANIMOUS CONSENT APPEARS IMPOSSIBLE PD

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	THIS MESSAGE MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION	ORIGINATING DIVISION <b>OFFICE OF DEP DIR CCV</b>	TIME CLEARED	
	INITIALS	NAME AND RANK TYPED TEL NO. <b>L.D. CLAY LT GEN 76-1756</b>		
	THIS MESSAGE MAY BE SENT IN CLEAR BY ANY MEANS	AUTHENTICATING SIGNATURE <b>G. J. LIVINGSTON, CAPTAIN</b>		
INITIALS				

DECLASSIFIED  
 Authority 806061  
 By TJ NARA Date 10/29/89

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*RF*  
*me*

# U.S. GROUP C.C. MESSAGE FORM

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**NR**

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FROM (A) **OMGUS SIGNED CLAY** ORIGINATOR **DEPUTY MILITARY GOVERNOR** DATE-TIME OF ORIGIN **25 1600 Jan 46**

TO FOR ACTION **AQWAR FOR WARGAD PERSONAL FOR HILLDRING**

TO (W) FOR INFORMATION (INFO) **NONE** MESSAGE INSTRUCTIONS **GR**

(REF NO.) C22138 (CLASSIFICATION) ~~SECRET~~

THIS OFFICE FINDS ITSELF COMPLETELY AT SEA WITH RESPECT TO RESPONSIBILITIES OF GEORGE EASY PETER CHARLIE AND WOULD PREFER POLICY CLARIFICATION PRIOR TO ARRIVAL OF KRAMER PD PARA FROM OMGUS SIGNED CLAY UNPARA PARA WE INTRODUCED UNDER STATE DEPARTMENT DIRECTIVE CONTROL COUNCIL LAW NUMBER FIVE WHICH IN ARTICLE SIX PLACES ~~QUOTE~~ RIGHT OWN TITLE AND INTEREST IN GEORGE EASY PETER CHARLIE FOR DISPOSITION AS DIRECTED BY CONTROL COUNCIL OWN THE LATTER PURSUANT TO POTSDAM PROTOCOL OWN OF COURSE PD PARA SUBSEQUENTLY OWN STATE DEPARTMENT DIRECTED SETTING UP OF GEORGE EASY PETER CHARLIE IN TWO SEPARATE PANELS OWN ONE TO CONSIST OF THREE WESTERN POWERS TO DEAL WITH EXTERNAL ASSETS ASSIGNED TO THESE POWERS AT POTSDAM SEMI COLON THE OTHER TO BE RUSSIAN AND TO DEAL WITH RUSSIAN ASSIGNED AREAS PD PARA INFORMAL DISCUSSION WITH RUSSIANS DEVELOPED THEIR OPPOSITION PD THEY ADMITTED NO INTEREST IN ULTIMATE DISPOSITION IN AREAS ASSIGNED OTHER POWERS BUT CLAIMED EQUAL INTEREST WITH OTHER ALLIES IN MAKING CERTAIN TASK WAS ACCOMPLISHED TO DESTROY THIS WAR POTENTIAL PD THIS WAS REPORTED IN TAKE WILLIAM ZERRA TO STATE DEPARTMENT WHICH AGREED TO DELAY IN QUADRIPARTITE PRESENTATION PENDING FURTHER CLARIFICATION PD THIS CLARIFICATION pages

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**Finance**  
**Pol Aff Adv**  
**AG Rec**

COORDINATED WITH: **Colonel Robinson**

THIS MESSAGE MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION

INITIALS \_\_\_\_\_

THIS MESSAGE MAY BE SENT IN CLEAR BY ANY MEANS

INITIALS \_\_\_\_\_

Precedence **PRIORITY**

ORIGINATING DIVISION **DEPUTY MILITARY GOVERNOR**

NAME AND RANK TYPED **Lt Gen L D Clay, US Army**

AUTHENTICATING SIGNATURE \_\_\_\_\_

THI or TOR \_\_\_\_\_ Opr. \_\_\_\_\_

DECLASSIFIED

Authority WND 806061

TIME CLEARED 4/16/88

DECLASSIFIED  
 Authority 806061  
 By TJ NARA Date 10/29/89

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# U.S. GROUP C.C. MESSAGE FORM

CALL \_\_\_\_\_ CIRCUIT No. \_\_\_\_\_ PRIORITY \_\_\_\_\_ TRANSMISSION INSTRUCTIONS \_\_\_\_\_

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FROM (A)	ORIGINATOR	DATE-TIME OF ORIGIN
<b>GEIS SIGNED CLAY</b>	<b>DEPUTY MILITARY GOVERNOR</b>	<b>25 1600 Jan 46</b>
TO FOR ACTION	<b>AGWAR FOR WARCAD PERSONAL FOR HILLDRING</b>	
TO (W) FOR INFORMATION (INFO)	MESSAGE INSTRUCTIONS	G R
<b>NONE</b>		

(REF NO.) \_\_\_\_\_ (CLASSIFICATION) ~~CONFIDENTIAL~~

- 2 -

HAS NEVER BEEN RECEIVED PD PARA HOWEVER CMA BRITISH MEMBER GEORGE EASY PETER CHARLIE ON 22 JANUARY INTRODUCED PAPER REFLECTING SAME APPROACH AS STATE DEPARTMENT PROPOSAL PD SOVIET MEMBER INDICATED STRONG OPPOSITION AND PROPOSAL MAY LEAD TO BREAKUP AT GEORGE EASY PETER CHARLIE PD PARA GEORGE EASY PETER CHARLIE HAS BEEN FUNCTIONING ON QUADRIPARTITE BASIS WITHOUT DISCORD OR FACTIONAL STRIFE PD THERE IS NO INDICATION THAT ANY DIFFICULTIES WOULD DEVELOP IN DISPOSING OF ASSETS PD HOWEVER CMA THERE ARE CLEARLY DIFFERENCES OF OPINION AS TO RESPONSIBILITIES OF GEORGE EASY PETER CHARLIE PD WE RECOGNIZE STATE DEPARTMENTS APPREHENSIONS THAT SOVIET PARTICIPATION IN NEGOTIATIONS WITH CERTAIN NEUTRAL COUNTRIES MIGHT HAMPER THESE NEGOTIATIONS PD HOWEVER CMA IT WOULD APPEAR THAT TASK OF IDENTIFYING CMA LOCATING CMA MARSHALLING AND VESTING OF EXTERNAL ASSETS COULD BE ACHIEVED MORE EFFECTIVELY IN GERMANY BY QUADRIPARTITE COOPERATION PD PARA WE ARE APPREHENSIVE THAT ATTEMPTS TO SPLIT COMMISSION ARE APT TO ENGENDER SUSPICION AND DISTRUST UNLESS AGREED TO IN ADVANCE PD WE UNDERSTAND A CLEARING COMMITTEE COMPOSED OF BRITISH CMA

DISTRIBUTION:	COORDINATED WITH:	Precedence	THI or TOR	Opr.
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	INITIALS _____	NAME AND RANK TYPED. TEL. NO.	TIME CLEARED	
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 By TJJ NARA Date 10/29/89

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 Entry  
 File Jan-May '46

ORIGINATORS FILE

U.S. GROUP C.C. MESSAGE FORM

CALL	CIRCUIT No.	PRIORITY	TRANSMISSION INSTRUCTIONS
	NR		

SPACES WITHIN HEAVY LINES FOR SIGNALS USE ONLY

FROM (A)	ORIGINATOR	DATE-TIME OF ORIGIN
GEORGE SIGNED CLAY	DEPUTY MILITARY GOVERNOR	25 1600 Jan 46

TO FOR ACTION: **AGWAR FOR WARCAD PERSONAL FOR HILLDRING**

TO (W) FOR INFORMATION (INFO)	MESSAGE INSTRUCTIONS
NONE	GR

(REF NO.) \_\_\_\_\_ (CLASSIFICATION) **CONFIDENTIAL**

- 3 p

FRENCH CMA AND AMERICAN REPRESENTATIVES IS PROPOSED IN LONDON TO EXERCISE FUNCTIONS FOR WESTERN ALLIES ASSIGNED TO GEORGE EASY PETER CHARLIE IN ARTICLE SEVEN OF CONTROL COUNCIL LAW NUMBER FIVE PD WE ASSUME THIS RESULTS FROM FAILURE HERE TO DIVIDE GEORGE EASY PETER CHARLIE INTO TWO PANELS PD WE HAVE BEEN ADVISED ONLY INFORMALLY OF THIS CLEARING COMMITTEE AND KNOW OF NO ARRANGEMENTS FOR EXCHANGE OF INFORMATION ON LIAISON PD THUS CMA IT APPEARS TO US THIS COMMITTEE WILL EITHER DUPLICATE OR OBIVIATE ONE OF FUNCTIONS GIVEN TO GEORGE EASY PETER CHARLIE BY LAW NUMBER FIVE PD PARA IT IS ALSO UNDERSTOOD THAT MEETINGS HAVE BEEN ARRANGED IN WASHINGTON WITH SWITZERLAND CMA SWEDEN CMA SPAIN CMA PORTUGAL AND PERHAPS OTHER NEUTRALS TO DISCUSS EXTERNAL ASSETS ALTHOUGH GEORGE EASY PETER CHARLIE HAS NOT BEEN ADVISED OF PURPOSE OF MEETINGS OR INVITED TO SEND REPRESENTATIVES PD AS A RESULT OF THESE ACTIONS CMA AMERICAN REPRESENTATIVES HERE HAVE NOT FELT QUALIFIED TO RECOMMEND ANY QUADRIPARTITE ACTION NOR IN FACT SUFFICIENTLY INFORMED TO PRESENT ACCURATE AMERICAN VIEWPOINT PD PARA OUR INFORMATION INDICATES THAT STATE DEPARTMENT DESIRES TO RELEGATE GEORGE EASY

DISTRIBUTION:	COORDINATED WITH:	Precedence	THI or TOR	Opr.
	THIS MESSAGE MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION	ORIGINATING DIVISION		
	INITIALS	NAME AND RANK TYPED. TEL. NO.	TIME CLEARED	
	THIS MESSAGE MAY BE SENT IN CLEAR BY ANY MEANS	AUTHENTICATING SIGNATURE		
	INITIALS			

DECLASSIFIED  
Authority 806061  
By TJ NARA Date 10/29/89

RG 200  
Entry \_\_\_\_\_  
File Jan-May '46  
Box 10

ORIGINATORS FILE

# GROUP C.C. MESSAGE FORM

CALL	CIRCUIT No.	PRIORITY	TRANSMISSION INSTRUCTIONS
	<b>NR</b>		

SPACES WITHIN HEAVY LINES FOR SIGNALS USE ONLY

FROM (A)	ORIGINATOR	DATE-TIME OF ORIGIN
<b>GROUP SIGNED CLAY</b>	<b>DEPUTY MILITARY GOVERNOR</b>	<b>25 1600 Jan 46</b>

TO FOR ACTION	MESSAGE INSTRUCTIONS	GR
<b>AGWAR FOR WARGAB PERSONAL FOR HILLDRING</b>		

TO (W) FOR INFORMATION (INFO)	
<b>NOTE</b>	

(REF NO.)	(CLASSIFICATION)
	<b>CONFIDENTIAL</b>

- 4 -

PETER CHARLIE TO A SECONDARY ROLE AND THAT ITS INTEREST IN LAW NUMBER FIVE WAS TO HAVE A BASIS FOR ACTION THROUGH DIPLOMATIC CHANNELS PD IF THIS IS CORRECT GMA GEORGE EASY PETER CHARLIE HAS ONLY A BOOKKEEPING FUNCTION EXCEPT PERHAPS TO UNDERTAKE SPECIFIC INVESTIGATIONS ASSIGNED BY THE FOUR GOVERNMENTS COLLECTIVELY PD OUR UNCLE SUGAR GROUP WOULD OF COURSE HAVE TO UNDERTAKE SUCH INVESTIGATIONS IN OUR ZONE DESIRED BY THE STATE DEPARTMENT PD PARA WHILE THIS OFFICE RECOGNIZED THAT GEORGE EASY PETER CHARLIE WOULD HAVE TO OPERATE THROUGH THE DIPLOMATIC CHANNELS OF THE OCCUPYING POWERS GMA IT HAD ASSUMED THAT PRIMARY INVESTIGATIVE RESPONSIBILITY RESTED WITH GEORGE EASY PETER CHARLIE ON A QUADRIPARTITE BASIS PD WE USED THIS ARGUMENT IN SECURING ADOPTION OF LAW PD WE THEREFORE URGE THAT ARRANGEMENTS NOW PROPOSED BY STATE DEPARTMENT BE TAKEN UP WITH OTHER GOVERNMENTS THROUGH DIPLOMATIC CHANNELS AND NOT IN ALLIED CONTROL COUNCIL PD PARA I WOULD LIKE TO MAKE IT CRYSTAL CLEAR THAT WE ARE MAKING NO ATTEMPT TO PROTEST AGAINST OR TO RECOMMEND ANY COURSE OF ACTION TO THE STATE DEPARTMENT PD WE DOUBT OUR ABILITY TO SECURE RUSSIAN AGREEMENT

DISTRIBUTION:	COORDINATED WITH:	Precedence	THI or TOR	Opr.
	THIS MESSAGE MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION			
	INITIALS	NAME AND RANK TYPED, TEL. NO.	TIME CLEARED	
	THIS MESSAGE MAY BE SENT IN CLEAR BY ANY MEANS	AUTHENTICATING SIGNATURE		
INITIALS				

DECLASSIFIED  
Authority 806061  
By TJ NARA Date 10/29/89

RG 200  
Entry \_\_\_\_\_  
File Jan-May '46  
Box 10

ORIGINATORS FILE

# U.S. GROUP C.C. MESSAGE FORM

CALL	CIRCUIT No.	PRIORITY	TRANSMISSION INSTRUCTIONS
	<b>NR</b>		

SPACES WITHIN HEAVY LINES FOR SIGNALS USE ONLY

FROM (A) <b>CLAY SIGNED CLAY</b>	ORIGINATOR <b>DEPUTY MILITARY GOVERNOR</b>	DATE-TIME OF ORIGIN <b>25 1600 Jan 46</b>
TO FOR ACTION <b>ACHAR PGE WARGAD PERSONAL FOR HILDRING</b>		MESSAGE INSTRUCTIONS <b>G R</b>
TO (W) FOR INFORMATION (INFO) <b>None</b>		
(REF NO.)	(CLASSIFICATION) <b>CONFIDENTIAL</b>	

- 5 -

HERE TO CHANGE IN PROCEDURE UNLESS AGREED TO FIRST AT GOVERNMENTAL LEVEL PD WE ALSO  
 NEED TO BE ADVISED SPECIFICALLY AS TO ROLE OF GEORGE EASY PETER CHARLIE AND OUR OWN  
 GROUP PD IF WE UNDERSTAND PRESENT STATE DEPARTMENT PROPOSAL CMA WE WILL BE ABLE TO  
 REDUCE SUBSTANTIALLY OUR PLANNED ORGANIZATION BOTH IN NUMBER AND CALIBER OF  
 PERSONNEL PD - - - - -

DISTRIBUTION: <b>0/SS - 0/s</b> <b>Finance</b> <b>Pol Adv</b> <b>AG Rec</b>	COORDINATED WITH: <b>Colonel Robinsen</b>	THI or TOR	Opr.	
	THIS MESSAGE MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION	Precedence <b>PRIORITY</b>		
	INITIALS	ORIGINATING DIVISION <b>DEPUTY MILITARY GOVERNOR</b>	TIME CLEARED	
	THIS MESSAGE MAY BE SENT IN CLEAR BY ANY MEANS	NAME AND RANK TYPED. TEL. NO. <b>Lt Gen L. D. Clay, U S Army</b>		
INITIALS	AUTHENTICATING SIGNATURE			

DECLASSIFIED  
 Authority 806061  
 By T J NARA Date 10/29/89

RG 200  
 Entry \_\_\_\_\_  
 File Jan-May '46

# OMGUS CABLE FORM

FILE NO \_\_\_\_\_

CALL \_\_\_\_\_ CIRCUIT NO \_\_\_\_\_ PRIORITY \_\_\_\_\_ GR \_\_\_\_\_

NR \_\_\_\_\_  
 SPACES WITHIN HEAVY LINES FOR SIGNAL ONLY

FROM: <b>OMGUS SIGNED CLAY</b>	DATE-TIME OF ORIGIN <b>6 1045 MDT</b>
ACTION TO: ( ) ( ) <b>AGWAR FOR VARGAD PERSONAL FOR HILLIERG</b>	REF NO _____
INFO TO: ( ) ( ) <b>NONE</b>	CC- _____

CLASSIFICATION: **SECRET**

REGRADED UNCLASSIFIED  
 ORDER: SEC ARMY BY TAG PER 720485

I HAVE JUST SEEN DRAPERS TELEGRAM TO YOU REPLYING TO STATE DEPARTMENT CABLE NUMBER FIVE FIVE EIGHT PD PAREN FROM OMGUS SIGNED CLAY UNPAREN IN THIS CABLE STATE DEPARTMENT REQUESTED SUMMARY OF DRAPERS REMARKS AT A PRESS CONFERENCE WHICH WAS INTERPRETED BY CORRESPONDENTS TO MEAN THAT OUR GOVERNMENT HAD REJECTED FRENCH PROPOSALS ON THE RUHR PD THERE WAS NOTHING IN DRAPERS SUMMARY TO JUSTIFY SUCH AN INTERPRETATION PD HOWEVER CMA IT HAS BEEN OUR POSITION HERE CONSISTENTLY THAT THE PRESENT LEVEL OF INDUSTRY STUDY IS BASED ON THE RUHR BEING INCLUDED AS A PART OF THE GERMAN ECONOMY PD IF REPARATIONS ARE MADE ON THE BASIS OF THE RUHR BEING A PART OF GERMANY'S ECONOMIC UNITY CMA AND THE RUHR IS SUBSEQUENTLY SEPARATED CMA IRREPARABLE DAMAGE WOULD BE DONE TO THE REMAINDER OF GERMANY WHICH WOULD BE INCONSISTENT WITH THE OBJECTIVES WHICH WE HAVE BEEN GIVEN PD THEREFORE CMA IT HAS BEEN OUR POSITION IN OUR NEGOTIATIONS THAT THE SEPARATION OF THE RUHR FROM GERMANY WOULD NECESSARILY INVALIDATE THE PRESENTLY PROPOSED PLAN FOR THE LEVEL OF

OMGUS INTERNAL DISTRIBUTION  O/SS - C/S AG Records Econ Div Political Div	CABLES REFERRED TO IN TEXT OF MESSAGE	COORDINATED WITH: <b>NONE</b>	MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION
	REF NO _____ SCC IN _____	PRECEDENCE: <b>PRIORITY</b>	INITIALS: _____
	_____ IS _____ _____ IS _____ _____ IS _____	ORIGINATING DIV: <b>DEPUTY MILITARY GOVERNOR</b> (TYPED NAME, RANK, TEL NO) <b>M.C. Allen, Capt. MAC, 42-481</b> (AUTHENTICATING SIGNATURE)	MAY BE SENT IN CLEAR BY ANY MEANS INITIALS: _____

DECLASSIFIED  
 Authority 806061  
 By TJ NARA Date 10/29/89

RG 200  
 Entry \_\_\_\_\_  
 File Jan-May '46  
 Box 18

# OMGUS CABLE FORM

FILE NO \_\_\_\_\_

CALL \_\_\_\_\_ CIRCUIT NO \_\_\_\_\_ PRIORITY \_\_\_\_\_ GR \_\_\_\_\_

NR

SPACES WITHIN HEAVY LINES FOR SIGNAL ONLY

FROM: **OMGUS SIGNED CLAY**  
 ACTION TO: ( ) **AGWAR FOR WARCAD PERSONAL FOR HILLDRING**  
 INFO TO: ( ) **NONE**

DATE-TIME OF ORIGIN

**6 1745 EST**

REF NO

CC-

CLASSIFICATION: **SECRET**

- 2 -

INDUSTRY TO BE LEFT GERMANY PD PARA QUADRIPARTITE AGREEMENT IS ALMOST AT HAND ON THIS LEVEL OF INDUSTRY CMA WITH THE UNCLE SUGAR POSITION HAVING BEEN IMPLICITLY STATED THAT THIS PLAN WOULD NOT BE SATISFACTORY IF THE RUHR IS TO BE REMOVED FROM GERMANY PD THIS HAS ALWAYS BEEN MY POSITION PUBLICLY STATED TO THE PRESS ON SEVERAL OCCASIONS PD IT IS OUR BELIEF HERE THAT THE SEPARATION OF THE RUHR FROM GERMANY NOW WOULD REQUIRE COMPLETE RECONSIDERATION OF THE PLAN WITH MAJOR REVISIONS CMA AND THAT OBTAINING A NEW AGREEMENT MAY REQUIRE MANY WEEKS OF NEGOTIATION PD IT SEEMS DOUBTFUL IF A REPARATIONS PLAN BASED ON THE RUHR BEING A PART OF GERMANY HAS ANY VALUE UNTIL THAT QUESTION IS FINALLY RESOLVED PD THIS DOES NOT APPLY TO THE SAAR IN VIEW OF ITS RELATIVELY MINOR IMPORTANCE TO GERMAN ECONOMY PD IF YOU THINK IT ADVISABLE CMA SUGGEST THAT A COPY OF THIS CABLE BE MADE AVAILABLE TO THE STATE DEPARTMENT PD-

OMGUS INTERNAL DISTRIBUTION

*C/SS - C/S*  
 AG Records  
 Econ Div  
 Political Div

CABLES REFERRED TO IN TEXT OF MESSAGE

REF NO	SCC IN
_____ IS _____	
_____ IS _____	
_____ IS _____	

COORDINATED WITH: **NONE**

PRECEDENCE: **PRIORITY**

ORIGINATING DIV:

**DEPUTY MILITARY GOVERNOR**

(TYPED NAME, RANK, TEL NO)

**M. C. Allen, Capt. WAC, 42-481**  
 (AUTHENTICATING SIGNATURE)

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 INITIALS:

MAY BE SENT IN CLEAR BY ANY MEANS

INITIALS:

DECLASSIFIED  
NND Authority 806061  
By TJ NARA Date 10/29/89

RG 200  
Entry \_\_\_\_\_  
File Jan-May '46  
Box 10

# OMGUS CABLE FORM

FILE NO \_\_\_\_\_

CALL \_\_\_\_\_ CIRCUIT NO \_\_\_\_\_ PRIORITY \_\_\_\_\_ GR \_\_\_\_\_  
NR \_\_\_\_\_

SPACES WITHIN HEAVY LINES FOR SIGNAL ONLY

FROM: **OMGUS SIGNED CLAY**  
ACTION TO: ( **1** ) **AGWAR FOR WARCAD**  
( )  
INFO TO: ( ) **NONE**  
( )  
( )

DATE-TIME OF ORIGIN

**16 1300 Mar 46**  
14 57 10 MRZ 1946

REF NO

CC- **1529**

CLASSIFICATION: **SECRET**

REFERENCE YOUR CABLE WILLIAM DASH NINE EIGHT SEVEN SIX SIX TWENTYEIGHT

FEBRUARY CMA FOLLOWING COMMENT IS SUBMITTED PD PAREN FROM OMGUS SIGNED CLAY UNPAREN  
PARA ABLE PD REFERENCE PARA ONE ABLE PD THE IMPOUNDING OF PROPERTY AND BLOCKING OF  
ACCOUNTS OWNED BY THE GOVERNMENT CMA NAZI PARTY AND AFFILIATED ORGANIZATIONS CMA AND  
ARRESTED OR DETAINED PERSONS CMA DOES NOT FULLY COMPLY WITH LAW NUMBER FIVE PD ALL  
PROPERTY SHOULD BE IMPOUNDED AND ALL ACCOUNTS BLOKCKED FOR WHICH OWNERSHIP CAN BE TRACED  
TO SOURCES WITHIN GERMANY CMA AND TO ANY PERSON OF GERMAN NATIONALITY OUTSIDE GERMANY  
WHO HAS ENJOYED FULL RIGHTS OF GERMAN CITIZENSHIP UNDER REICH LAW AT ANY TIME SINCE  
ONE NINE THREE NINE  
ONE SEPTEMBER 1939 CMA ALL AS SET FORTH IN ARTICLES TWO CMA THREE CMA AND FIVE OF THE  
LAW PD PARA BAKER PD REFERENCE PARA TWO PD INTERPRETATION OF SUGAR CHARLIE ABLE PETER  
IS CORRECT PD PARA CHARLIE PD REFERENCE PARA THREE ABLE PD RESPONSIBILITY OF SUGAR  
CHARLIE ABLE PETER AT THIS TIME SHOULD BE TO TAKE TITLE TO THE PROPERTY IN THE NAME  
OF GEORGE EASY PETER CHARLIE AND TO PREVENT WASTE OR OTHER ACTION OR TRANSACTIONS  
WHICH WOULD DESTROY OR REDUCE VALUE OF PROPERTY IN QUESTION CMA EXCEPT AS REQUIRED  
FOR DISARMAMENT CMA REPARATIONS CMA OR USE BY ARMY OF OCCUPATION PD PARA DOG PD  
REFERENCE PARA THREE BAKER PD WHILE GEORGE EASY PETER CHARLIE HAS NOT AUTHORIZED

OMGUS INTERNAL  
DISTRIBUTION  
**Q/SS - C/S**  
**Finance**  
**Ex Assets Br**  
**AG Rec**

CABLES REFERRED TO  
IN TEXT OF MESSAGE

REF NO \_\_\_\_\_ SCC IN \_\_\_\_\_  
**W-98766** IS **21658**  
\_\_\_\_ IS \_\_\_\_\_  
\_\_\_\_ IS \_\_\_\_\_

COORDINATED WITH: **Col Robin-**  
**son and Mr Bremer**

PRECEDENCE: **PRIORITY**  
ORIGINATING DIV: **DEP MIL GOV**

(TYPED NAME, RANK, TEL NO)  
**H C Allen, Captain, SAC**

(AUTHENTICATING SIGNATURE)

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IN CYPHER IF  
LIABLE TO  
INTERCEPTION  
INITIALS: \_\_\_\_\_

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IN CLEAR BY  
ANY MEANS

INITIALS: \_\_\_\_\_

DECLASSIFIED  
 Authority 806061  
 By TJ NARA Date 10/29/89

RG 200  
 Entry \_\_\_\_\_  
 File Jan-May '46  
 Box 10

# OMGUS CABLE FORM

FILE NO \_\_\_\_\_

CALL	CIRCUIT NO	PRIORITY	GR
	NR		

SPACES WITHIN HEAVY LINES FOR SIGNAL ONLY.

FROM: <b>OMGUS SIGNED CLAY</b>	DATE-TIME OF ORIGIN <b>16 1100 Mar 46</b>
ACTION TO: ( <b>1</b> ) <b>AGWAR FOR WARGAD</b> ( )	REF NO
INFO TO: ( ) <b>NONE</b> ( ) ( )	CC-

CLASSIFICATION: **SECRET**

- 2 -

SPECIFICALLY ANY USE OF VESTED PROPERTY EVEN TO PROVIDE LIVING EXPENSES FOR OWNER AS A PROPER DEBIT AGAINST BLOCKED ACCOUNTS CMA IT MUST BE RECOGNIZED AT LEAST TEMPORARILY THAT A MINIMUM SUBSISTENCE ALLOWANCE MUST BE MADE AVAILABLE TO SUCH OWNER PD IT WOULD BE PREFERABLE IF AT ALL FEASIBLE TO REQUIRE THE JAPANESE GOVERNMENT TO PROVIDE SUCH FUNDS UNTIL THIS QUESTION HAS BEEN SETTLED BY GEORGE EASY PETER CHARLIE PD ALSO CMA WHILE NO AUTHORITY EXISTS FOR PERMITTING REPATRIATES TO KEEP PERSONAL EFFECTS CMA IT IS RECOGNIZED THAT IN PRACTICE SUFFICIENT MINIMUM PERSONAL EFFECTS TO PROVIDE A MINIMUM SUBSISTENCE MUST BE PERMITTED PD HOWEVER CMA NO LIQUIDATION NOR DISPOSITION OF VESTED PROPERTY CAN BE AUTHORIZED EXCEPT BY GEORGE EASY PETER CHARLIE WHICH CMA IN TURN CMA MUST AWAIT THE ISSUANCE OF DIRECTIVES BY THE ALLIED CONTROL COUNCIL PD HERE AGAIN THE PROPERTY CONCERNED IS SUBJECT TO APPROVED DISARMAMENT AND REPARATIONS PROGRAMS ALTHOUGH PROPERTY DISPOSED OF IN THIS MANNER SHOULD BE REPORTED TO GEORGE EASY PETER CHARLIE TO ENABLE LATTER TO MAKE APPROPRIATE ACCOUNTING PD PARA EASY PD REFERENCE PARA THREE CHARLIE PD GEORGE EASY

M D 6/11/46

OMGUS INTERNAL DISTRIBUTION	CABLES REFERRED TO IN TEXT OF MESSAGE	COORDINATED WITH:	MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION
	REF NO.      SCC IN	PRECEDENCE:	INITIALS:
	_____ IS _____	ORIGINATING DIV:	MAY BE SENT IN CLEAR BY ANY MEANS
	_____ IS _____	(TYPED NAME, RANK, TEL NO)	INITIALS:
	_____ IS _____	(AUTHENTICATING SIGNATURE)	

DECLASSIFIED  
 Authority 806061  
 By TJ NARA Date 10/29/89

RG 200  
 Entry \_\_\_\_\_  
 File Jan-May '46  
 Box 10

# OMGUS CABLE FORM

FILE NO. \_\_\_\_\_

CALL \_\_\_\_\_ CIRCUIT NO \_\_\_\_\_ PRIORITY \_\_\_\_\_ GR \_\_\_\_\_  
 NR \_\_\_\_\_

SPACES WITHIN HEAVY LINES FOR SIGNAL ONLY

FROM: <b>OMGUS SIGNED CLAY</b>	DATE-TIME OF ORIGIN
ACTION TO: (1) <b>AGWAR FOR WARCAD</b> ( )	REF NO
INFO TO: ( ) <b>NONE</b> ( ) ( )	

CLASSIFICATION: **SECRET**

- 3 -

PETER CHARLIE CMA ACTING UNDER AUTHORITY OF ALLIED CONTROL COUNCIL FOR GERMANY CMA IS ONLY AUTHORITY WHICH CAN AUTHORIZE DISPOSAL OF PROPERTY OTHER THAN FOR DISARMAMENT AND REPARATIONS PD THIS IS NOT INTENDED TO INTERFERE WITH THE RIGHT OF THE OCCUPATION FORCES TO USE ANY SUCH PROPERTY WHICH IS ESSENTIAL TO THE HEALTH AND WELFARE OF THE OCCUPATION FORCES CMA OR PENDING DISPOSITION CMA TO THE APPROVED ECONOMY FOR JAPAN PD PARA FOR PD REFERENCE PARA THREE DOG PD SINCE GEORGE EASY PETER CHARLIE CMA IN TAKING TITLE TO PROPERTY CMA IS SERVING AS THE AGENT OF THE COUNTRIES ENTITLED TO REPARATIONS CMA IT WOULD APPEAR THAT THE QUESTION OF PAYING TAXES TO THE JAPANESE GOVERNMENT SHOULD FALL UNDER THE SAME POLICY AS APPLIES TO PROPERTY OWNED BY THE UNITED NATIONS IN JAPAN PD PARA GEORGE PD REFERENCE PARA THREE EASY PD WHILE GEORGE EASY PETER CHARLIE HAS NOT SPECIFICALLY AUTHORIZED THE USE OF VESTED FUNDS FOR MAINTENANCE OR PRESERVATION PURPOSES CMA IT WOULD APPEAR CLEAR THAT SUGAR CHARLIE ABLE PETER IS FULLY ENTITLED TO USE SUCH FUNDS TO PREVENT WASTE AND TO MAINTAIN AND PRESERVE VESTED ASSETS PENDING THEIR DISPOSITION PD PARA HOW PD WITH REFERENCE

OMGUS INTERNAL DISTRIBUTION	CABLES REFERRED TO IN TEXT OF MESSAGE REF NO      SCC IN _____ IS _____ _____ IS _____ _____ IS _____	COORDINATED WITH: PRECEDENCE: ORIGINATING DIV:  (TYPED NAME, RANK, TEL NO)  (AUTHENTICATING SIGNATURE)	MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION INITIALS:  MAY BE SENT IN CLEAR BY ANY MEANS INITIALS:
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305678

DECLASSIFIED  
 Authority 806061  
 By TJJ NARA Date 10/29/89

RG 200  
 Entry \_\_\_\_\_  
 File Jan-May '46  
 Box 10

# OMGUS CABLE FORM

FILE NO \_\_\_\_\_

CALL \_\_\_\_\_ CIRCUIT NO \_\_\_\_\_ PRIORITY \_\_\_\_\_ GR \_\_\_\_\_

NR \_\_\_\_\_  
 SPACES WITHIN HEAVY LINES FOR SIGNAL ONLY.

FROM: **OMGUS SIGNED CLAY**

ACTION TO: (1) **AGWAR FOR WARCAD**  
 (-)

INFO TO: ( ) **NONE**  
 ( )  
 ( )

DATE-TIME OF ORIGIN

REF NO

CC-

CLASSIFICATION: **SECRET**

- 4 -

LAST PARAGRAPH YOUR CABLE CMA LAW NUMBER FIVE CMA ARTICLE SEVEN CMA STATES GEORGE EASY PETER CHARLIE MAY ACT THROUGH ANY AGENCY WHICH IT DEEMS APPROPRIATE ALTHOUGH IT IS NOT CLEAR AS TO THE EXTENT OF DELEGATION WHICH THIS PERMITS PD HOWEVER CMA IT IS OUR VIEW THAT GEORGE EASY PETER CHARLIE SHOULD MAKE SUGAR CHARLIE ABLE PETER ITS AGENT TO ACT WITH RESPECT TO VESTED GERMAN ASSETS IN JAPAN TO EXECUTE THE POLICIES DETERMINED IN GEORGE EASY PETER CHARLIE PD THE JAPANESE PROBLEM WILL BE SUBMITTED TO GEORGE EASY PETER CHARLIE AT AN EARLY MEETING SO THAT YOU MAY BE ADVISED OF ITS ACTION PD PARA ITEM PD IT WOULD BE OUR PURPOSE TO OBTAIN IN GEORGE EASY PETER CHARLIE AS BROAD A DELEGATION AS POSSIBLE TO SUGAR CHARLIE ABLE PETER TO DISPOSE OF THESE ASSETS TO PERMIT THEIR EARLY DELIVERY FOR REPARATIONS PD PARA JIG PD IT MUST BE RECOGNIZED THAT STATEMENTS IN THIS CABLE REPRESENT ONLY THE VIEWS OF THE AMERICAN SIDE OF GEORGE EASY PETER CHARLIE AND THE POSITION WHICH WE WILL TAKE IN THE QUADRIPARTITE DELIBERATIONS IN GEORGE EASY PETER CHARLIE PD THE AMERICAN SIDE OF GEORGE EASY PETER CHARLIE WOULD LIKE ANY RECOMMENDATIONS CMA SUGGESTIONS CMA

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CABLES REFERRED TO IN TEXT OF MESSAGE

COORDINATED WITH:

MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION

REF NO \_\_\_\_\_ SCC IN \_\_\_\_\_

PRECEDENCE:

INITIALS:

\_\_\_\_\_ IS \_\_\_\_\_

ORIGINATING DIV:

INITIALS:

\_\_\_\_\_ IS \_\_\_\_\_

(TYPED NAME, RANK, TEL. NO)

MAY BE SENT IN CLEAR BY ANY MEANS

\_\_\_\_\_ IS \_\_\_\_\_

(AUTHENTICATING SIGNATURE)

INITIALS:

305679

DECLASSIFIED  
Authority 806061  
By TJ NARA Date 10/29/89

RG 200  
Entry \_\_\_\_\_  
File Jan-May '46  
Box 10

# OMGUS CABLE FORM

FILE NO \_\_\_\_\_

CALL	CIRCUIT NO	PRIORITY	GR
	NR		

SPACES WITHIN HEAVY LINES FOR SIGNAL ONLY

FROM: <b>OMGUS SIGNED CLAY</b>	DATE-TIME OF ORIGIN: <b>16 1100 Mar 46</b>
ACTION TO: <b>(1) AGWAR FOR WARCAD</b> ( )	REF NO CC-
INFO TO: ( ) <b>NONE</b> ( ) ( )	

CLASSIFICATION: **SECRET**

- 5 -

OR INSTRUCTIONS WHICH IN ANY WAY MODIFY THE POSITION OUTLINED ABOVE PD - - - -

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**0/SS - C/S**  
**Finance**  
**Ex Assets Br**  
**AG Rec**

CABLES REFERRED TO  
IN TEXT OF MESSAGE

REF NO **21868** IN  
**W-98766** **SCC IN**  
IS \_\_\_\_\_  
IS \_\_\_\_\_  
IS \_\_\_\_\_

COORDINATED WITH: **Col Robin-**  
**son and Lt Kramer**

PRECEDENCE: **PRIORITY**  
**DEP MIL GOV**

ORIGINATING DIV:  
  
(TYPED NAME, RANK, TEL NO)  
**M G Allen, Capt, WAC**  
(AUTHENTICATING SIGNATURE)

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INTERCEPTION  
INITIALS:

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IN CLEAR BY  
ANY MEANS  
INITIALS:

305680

DECLASSIFIED  
 Authority NND 806061  
 By TJ NARA Date 10/29/89

RG 200  
 Entry \_\_\_\_\_  
 File Jan-May '46  
 Box 10

# OMGUS CABLE FORM

FILE NO. \_\_\_\_\_

CALL \_\_\_\_\_ CIRCUIT NO \_\_\_\_\_ PRIORITY \_\_\_\_\_ GR \_\_\_\_\_

NR  
 SPACES WITHIN HEAVY LINES FOR SIGNAL ONLY

FROM: **OMGUS FROM CLAY SIGNED McNARNEY**  
 ACTION TO: ( ) **AGWAR FOR WARGAD FOR ECHOIS**

DATE-TIME OF ORIGIN

11 48 5 APR 1946

INFO TO: ( ) **NONE**

REGRADED UNCLASSIFIED  
 ORDER SEC ARMY BY TAG PER 720483

REF NO  
 CC- CC 2599

CLASSIFICATION **CONFIDENTIAL**

SUBJECT IS THIRD PARAGRAPH YOUR LETTER TWO ZERO MARCH ONE NINE FOUR SIX PD ONE PD PARA OURAD CHARLIE CHARLIE TWO ONE THREE NINE ANTICIPATED SWISS LEGAL POSITION PD PAREN FROM OMGUS FROM CLAY SIGNED McNARNEY UNPAREN TWO PD PARA IN PRINCIPLE CMA WE CONCUR THAT TITLE OF GEORGE EASY PETER CHARLIE SHOULD BE BASED ON INHERENT POWER OF CONDEMNATION FOR PUBLIC PURPOSES RATHER THAN ON CONFISCATION OF PRIVATE PROPERTY PD EXCEPTIONS FROM CONDEMNATION COULD BE MADE FOR PERSONS WHOSE PROPERTY WOULD IN ANY EVENT BE SUBJECT TO CONFISCATION OR FINE AND GENERALLY PROPERTY WHICH WAS GOVERNMENTAL IN CHARACTER PD DETAILS OF EXCEPTIONS CAN BE WORKED OUT IF PRINCIPLE IS AGREED TO PD THREE PD PARA THE PRINCIPLE OF CONDEMNATION AS DISTINGUISHED FROM CONFISCATION DOES NOT REQUIRE IMMEDIATE PAYMENT OF DAMAGES OR COMPENSATION TO PERSONS WHOSE PROPERTY HAS BEEN TAKEN FOR THE USES OF THE STATE PD FOUR PD PARA SINCE EXTERNAL ASSETS WILL BE USED TO PAY REPARATIONS CMA CLAIMS AGAINST THE GERMAN ECONOMY WHICH MIGHT OTHERWISE BE ASSERTED WILL TO THAT EXTENT BE REDUCED AND NO ADDITIONAL BURDEN IS PLACED ON THE GERMAN ECONOMY BY PROVIDING FOR ULTIMATE COMPENSATION WITHIN

OMGUS INTERNAL DISTRIBUTION

**c/ss - c/s**  
**Finance**  
**AG Records**

CABLES REFERRED TO IN TEXT OF MESSAGE

REF NO      SCC IN  
CC-2199 IS 2199  
 \_\_\_\_\_ IS \_\_\_\_\_  
 \_\_\_\_\_ IS \_\_\_\_\_

COORDINATED WITH: **FINANCE**

PRECEDENCE: **PRIORITY**

ORIGINATING DIV:

**DEPUTY MILITARY GOVERNOR**  
 (TYPED NAME, RANK, TEL NO)  
42-481  
**Lt. Gen. Lucius D. Clay, USA**  
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 By TJ NARA Date 10/29/89

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FROM: <b>OMGUS FROM CLAY SIGNED McNARNEY</b>	DATE-TIME OF ORIGIN
ACTION TO: ( ) <b>AGWAR FOR WARCAD FOR ECHOIS</b>	REF NO CC-
INFO TO: ( ) <b>NONE</b>	
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- 2 -

GERMANY TO NATIONALS WHOSE EXTERNAL ASSETS HAVE BEEN USED FOR PUBLIC PURPOSES PD FIVE PD PARA ARTICLE FIVE OF LAW FIVE PROVIDES MACHINERY SO THAT THE VESTING OF RIGHTS UNDER LAW FIVE SHOULD NOT AUTOMATICALLY INVOLVE CONFISCATION OF PRIVATE PROPERTY EXCEPT IN PROPER CASES PD THE ACTUAL UNDERTAKING FOR COMPENSATION SHOULD BE LEFT TO A GERMAN GOVERNMENT WHEN IT IS ESTABLISHED PD PARA HOWEVER GERMAN OWNERS OF EXTERNAL ASSETS OMA SHOULD NOT BE FAVORED OVER GERMANS WHOSE PROPERTY WITHIN GERMANY IS BEING TAKEN FOR REPARATIONS AND THE COMBINED CLAIMS MUST BE OF A CHARACTER NOT TO FOREDOOM THE GERMAN ECONOMY TO DISASTER PD FOR THIS REASON EXTENT OF CONFISCATION SHOULD BE LEFT TO FUTURE GERMAN GOVERNMENT PD SIX PD PARA WE WOULD BE PREPARED AT THE PROPER TIME TO RAISE AND SUPPORT A PROPOSAL RECOGNIZING THAT IN ALL BUT EXCEPTED CASES THE VESTING OF TITLE TO EXTERNAL ASSETS IN GEORGE RAY PETER CHARLIE IS BASED UPON THE PRINCIPLE OF CONDEMNATION FOR PUBLIC PURPOSES AND NOT THE CONFISCATION OF PRIVATE PROPERTY AND THAT THE GERMAN ECONOMY SHOULD CONSISTENT WITH PARAGRAPH FIVE HEREOF ULTIMATELY PROVIDE SOME DEGREE OF COMPENSATION TO ITS NATIONALS WHOSE EXTERNAL ASSETS

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By T J NARA Date 10/29/89

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FROM: **OMGUS FROM CLAY SIGNED MURPHY**

DATE-TIME OF ORIGIN \_\_\_\_\_

ACTION TO: ( ) **AGWAR FOR WARGAD FOR BUDIS**  
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INFO TO: ( ) **NONE**  
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REF NO \_\_\_\_\_  
CC- \_\_\_\_\_

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- 3 -

HAVE BEEN TAKEN BE CONSISTENT WITH THE WELFARE OF THE GERMAN ECONOMY AND DEGREE OF  
COMPENSATION PROVIDED FOR INTERNAL REPARATIONS PD SEVEN PD PARA FOR PRESENT  
PURPOSE CMA IT SEEMS TO BE SUFFICIENT THAT LAW NUMBER FIVE DOES NOT PRECLUDE  
ULTIMATE COMPENSATION PD - - - - -

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ORIGINATING DIV: \_\_\_\_\_  
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(TYPED NAME, RANK, TEL NO)  
**42-481**  
**Lt. Gen. Lucius D. Clay, USA**  
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FROM: **OMGUS FROM CLAY SIGNED MCNARNEY**  
ACTION TO: ( **1** ) **AGWAR FOR WARCAD**  
( )  
INFO TO: ( ) **NONE**  
( )  
( )

DATE-TIME OF ORIGIN  
12 46 11 APR 1946  
REF NO  
cc- 2897

CLASSIFICATION: **UNCLASSIFIED**

PLEASE ADVISE DOROTHY THOMPSON TWO THREE SEVEN EAST FORTYEIGHTH STREET NEW YORK AS FOLLOWS COLON QUOTE GENERAL CLAY HAS ASKED US TO ACKNOWLEDGE RECEIPT OF YOUR CABLE RELATIVE TO RELIEF PD PAHEN FROM OMGUS FROM CLAY SIGNED MCNARNEY UNPAREN FOOD SUPPLIES IN GERMANY HAVE BEEN REASONABLY ADEQUATE TO DATE PD WE HAVE FELT THAT RELIEF BROUGHT IN TO GERMANY SHOULD FIRST BE DISTRIBUTED TO MOST NEEDY AND SHIPMENTS PERMITTED NOW ARE IN BULK FOR DISTRIBUTION BY APPROVED GERMAN WELFARE AGENCIES PD ALSO ONLY RECENTLY HAS PARCEL POST BEEN RESTORED SUFFICIENTLY TO HANDLE INDIVIDUAL SHIPMENTS PD HOWEVER GMA IN VIEW OF RECENT RATION CUT GMA WE ARE NOW CONSIDERING AUTHORIZING INDIVIDUAL PACKAGES EXACTING HOWEVER AS CONDITION FOR DELIVERY TO INDIVIDUAL GMA THAT SENDER MAKE AVAILABLE AN IDENTICAL PACKAGE TO BE DISTRIBUTED BY WELFARE AGENTS TO MOST NEEDY PD WILL HAVE SOMETHING SPECIFIC SHORTLY PD BEST WELFARE PD QUOTE - - - - -

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COORDINATED WITH: **NONE**  
PRECEDENCE: **PRIORITY**  
ORIGINATING DIV: **DEP MIL GOV**  
**Lt Gen L D Clay, U S Army**  
(TYPED NAME, RANK, TEL NO)  
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ACTION TO: ( )  
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INFO TO: ( )  
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**NONE**

DATE-TIME OF ORIGIN  
14 07 19 APR 1946

REF NO  
CC- 341 4

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CLASSIFICATION: \_\_\_\_\_  
 REFERENCE IS MADE TO YOUR LETTER FIVE APRIL AND STATE DEPARTMENT  
 POLICY REGARDING GERMAN EXTERNAL ASSETS INCLOSD THEREWITH PD PAREN FROM  
 OMGUS PERSONAL FROM CLAY UNPAREN WE WILL CMA OF COURSE CMA PROCEED  
 HENCEFORTH UNDER THE POLICY DELINEATED IN THE STATE DEPARTMENT LETTER  
 OF TWO TWO MARCH TO SECRETARY OF WAR PD HOWEVER CMA IT IS MANIFEST  
 THAT THIS REQUIRES CLARIFICATION OR MODIFICATION OF CONTROL COUNCIL  
 LAW NUMBER FIVE PD SINCE THIS LAW WAS INTRODUCED BY UNITED STATES  
 REPRESENTATIVES CMA THE PROPOSED MODIFICATION THERETO SHOULD BE INTRODUCED  
 BY US PD WE PROPOSE TO DRAFT AND INTRODUCE SUCH AN AMENDMENT AT AN EARLY  
 DATE PD IN ORDER THAT IT MAY FULLY REFLECT THE VIEWS OF STATE DEPARTMENT CMA  
 REQUEST THAT LATER ADVISE US OF THE TERMS OF THE MODIFICATION WHICH  
 IN ITS VIEW WOULD RECONCILE PRESENT PROCEDURES AND POLICIES WITH CONTROL  
 COUNCIL LAW NUMBER FIVE BY MODIFICATION OF THAT LAW THROUGH AMENDMENT OR  
 THROUGH CLARIFYING REGULATIONS \_\_\_\_\_

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\_\_\_\_\_ IS \_\_\_\_\_

COORDINATED WITH:

PRECEDENCE: **PRIORITY**

ORIGINATING DIV: **OMG**  
**MARGARET C. ALLEN**  
**CAPTAIN, WAC 42431**  
 (TYPED NAME, RANK, TEL NO)

(AUTHENTICATING SIGNATURE)

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

STAFF CABLE CONTROL  
DATED 010001Z RECD 011712Z MAY 46  
INCOMING MESSAGE 382/01 WG

~~TOP SECRET~~  
~~SECRET~~

FROM : AGWAR SIGNED WARCOS  
TO : USFMT MAIN  
INFO : ONGUS  
REF NO : WX-86314

Re WX-86198.

Reference

As yet no definite decision reached on closing the border. Suggest you observe closely the effect of public announcement Anglo American Commission findings on movement into SS Zones and report by urgent cable all facts should you consider border closure imperative.

Now learn that statement by President will accompany release of commission findings paraphrased as follows:

"I am happy that my request for immediate admission 100,000 Jews into Palestine has been indorsed unanimously. Transfer should be accomplished with greatest dispatch. Report calls for adequate protection and safeguarding of Palestinian Holy Places sacred to Jew, Christian and Moslem. One significant feature of report is it aims toward complete protection to Arab population and guaranteeing their religious and civil rights and by recommending means for constantly improving their educational, cultural and economic position. Also pleased that Committee, in effect, recommends abrogation white paper of 1939 including immigration and land acquisition restrictions to permit further development Jewish nation home. Gratifying also that report contemplates large scale economic development projects which would be of benefit to entire population and facilitate further immigration. The report deals with, in addition to these immediate objectives, many other questions of international law requiring careful study and questions of long range political policy and which I shall take under advisement."

WX-86198 is AGC 26628 30 Apr for POW&DP

Reference

INFORMATION : O/SS C/S INFO CONTROL  
POW&DP IA&C  
POL

AGC 26762 1 May 1946 11757B E/WG REF NO: WX-86314 Copy No. 6

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By TJ NARA Date 10/29/89

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

STAFF CABLE CONTROL

## INCOMING MESSAGE

DATED 300109Z

RECD 301409B APR 46  
207/30 end

**TOP SECRET**  
**SECRET**  
**URGENT**

FROM : AGWAR SIGNED ASST SEC WAR  
TO : USFET (MAIN), OMCUS, USFA  
REF NO : WX-86198

### Reference

Reference WX-85596 and F-6987 from USFA State Department.

(1) Advises entire report Anglo-American Commission being given, without comment, to press for release in morning papers of 1 May and for radio broadcast beginning 20-400Z hours 30 April. Text of report totaling approximately 100 pages will be forwarded by air courier when available. Report contains following additional paragraphs of interest to you:

"In forwarding of these certificates priority should as far as possible be given to those in the Centers, and to those liberated in Germany and Austria who are no longer in the Centers but remain in those countries. We do not desire that other Jewish victims who wish or will be impelled by their circumstances to leave the countries where they now are, or that those who fled persecution before the outbreak of War, should be excluded. We appreciate that there will be difficulty in deciding questions of priority, but none the less we urge that as near as possible such a system should be adhered to, and that, in applying it, primary consideration should be given to the aged and infirm, to the very young and also to the skilled workman whose services will be needed for many months on work rendered necessary by the large influx.

It should be made clear that no advantage in the obtaining of a certificate is to be gained by migrating from 1 country to another, or by entering Palestine illegally.

"If, as we hope, our recommendation for the authorization of immigration certificates is accepted, the great majority of the Jewish Displaced Persons whose situation requires urgent action will be provided for and it will be possible to

AGC IN 26628

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Authority 806061  
By T J KARA Date 10/29/89

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REF NO: WX-86198      T O P   S E C R E T  
-2-

achieve the desirable end closing the Jewish Displaced Persons Centers and thereby discourage the further migration of Jews in Europe. Jews have wandered through Europe almost as they wish, from Center to Center, Zone to Zone, and Country to Country. Such movements have added to the difficulty of tracing relatives, as has the practice, acquired by some during the War, of using various names. They have also imposed a heavy burden on the Authorities who have constantly had to improvise reception arrangements. Stabilization will give sympathetic Governments a better opportunity of implementing national schemes of resettlement and will encourage the Jews themselves to give more careful consideration to such opportunities. Moreover, the resources of the Allied Military Authorities are limited and it is necessary that their comments in connection with refugees be reduced."

2. Prior War Dept letter to Secretary of State had urged necessity of controlling influx and advance warning to Theaters covering points as follows: War Dept concerned over possible influx and no announcement would be made until controls developed; Border Control particularly delicate in view use German Border Guards and there is possibility of incidents; War Dept urges allocation certificates to those now in our Zone to protect their interest; Closing border would be facilitated if eligibility based on residence as of past date; even with certificates, border might have to be closed temporarily; War Dept ask DPs views be brought to attention President; 10 days warning needed to close borders effectively.

3. Questions of migration control still under urgent discussion but no authority received for closing borders to persecutes. More will follow earliest.

WX-85596 is not identified in AGC  
P-6987 is not identified in AGC

ACTION : POW&DP  
INFORMATION : O/SS-C/S  
POL AFF  
INFO CONT  
AG RECORDS  
30 Apr 46

AGC IN 26628      1450B HFR/ehc      REF NO: WX-86198

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

STAFF CABLE CONTROL

INCOMING MESSAGE

*M* SECRET  
ROUTINE

*see me*

EYES ONLY  
DATED 042212Z  
FROM : AGWAR SIGNED ASST SECTY OF WAR  
TO : USFET PERSONAL FOR MCNARNEY  
USFA PERSONAL FOR CLARK  
INFO : OMGUS PERSONAL FOR CLAY  
REF NO : WX-86920

REGRADED UNCLASSIFIED  
ORDER SEC ARMY BY TAG PER 720486

Reference WX-86198 and WX-86314. Give copies of this message to McNarney, Clark and Clay only. Memorandum following was submitted to President at Cabinet Meeting by Acting Secretary of State with concurrence of Secretary of War:

"Publication of the Anglo-American Committee report has raised acutely the question of whether the borders of US Zones of Germany and Austria should continue to be open to Jewish Refugees from Central and Eastern Europe. The War Department has urged the necessity of closing these borders immediately, at least as an interim message, to prevent any large influx in the near future.

The Department of State believes that it is impossible to predict accurately how migration to Germany and Austria will be affected by the reaction of European Jewry to the Committee's report. The Committee's recommendation that 100,000 Jews be admitted to Palestine in the near future acknowledges that there are already more than that number in the Western Zones of Germany and Austria, and Italy. This fact, coupled with the uncertain conclusions of the report with reference to the political status of Palestine, might deter any large influx to Germany and Austria. Instead, the influx might be confined primarily to relatives of those already in Germany and Austria. On the other hand, there is the real possibility that Central and Eastern European Jews will, in their desperation, regard the US Zones of Germany and Austria as their only tangible hope for eventual migration to Palestine. Such a reaction might result in a large-scale

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

STAFF CABLE CONTROL

## INCOMING MESSAGE

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 - 2 -

REF NO WX-86920

unmanageable influx.

The Committee's report will undoubtedly be debated vehemently within the coming weeks. It would be unfortunate, particularly in view of the humanitarian reputation achieved by our policy to date, for the issues to be blurred and good will to be dissipated by closing the borders at this time if it is not really essential. It must be borne in mind that the borders can be effectively closed only by using German Border Patrols. Since the reaction of European Jews to the report is so unpredictable, I believe it would not be advisable for this Government to issue a directive to Generals McNarney and Clark requiring them to close the borders now.

It would be preferable, I believe, to inform Generals McNarney and Clark of this Government's desire to continue the present liberal policy so long as it is consistent with maintenance of satisfactory conditions among the Jewish Displaced Persons in Germany and Austria. The Theater Commanders should be authorized, however, to prevent free entry of Jewish Refugees at such time as it may appear that there are imminent large-scale movements into the US Zone which would prejudice satisfactory handling of Jewish Displaced Persons already in Germany and Austria. If such action should prove necessary, it would be desirable to make special provision for regularizing admittance of hardship cases, such as relatives of persons already in Germany and Austria.

If an authorization along the foregoing lines is approved, it would be highly desirable to take the question of border closing out of the realm of controversial discussion on the Committee's report. I believe that this could best be done by an informal confidential conference with a few key Jewish leaders, confined to the question of border closing.

Accordingly, I recommend that you approve the following:

A. Generals McNarney and Clark should be authorized to close the borders to Jewish Refugees only when there appears to be definitely evident (?) such a large-scale influx as would prejudice adequate handling of those already in Germany and Austria and would exceed the facilities available for proper handling of additional persons. In such an event, the border should be closed only as a temporary freezing measure, and hardship cases

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REF NO WX-86920

should be admitted at specified border control points.

B. A few key Jewish leaders should be invited to a confidential conference with the Acting Secretary of State and the Secretary of War to discuss only the border closing question. At such a conference, the following should be stressed:

1. The unannounced but widely recognized US policy to date of admitting Jewish Refugees to US Zones of Germany and Austria;
2. The reasons for authorizing Generals McNarney and Clark to close the borders if necessary under conditions outlined in paragraph A above;
3. Cooperation of Jewish Organizations is requested in discouraging future movements by making known in Jewish circles in Central and Eastern Europe the complications which would result.

Signed Dean Acheson, Acting Secretary."

Above memorandum was approved by President with concurrence of Cabinet. Above is for your present information only. You are not authorized to take action thereunder pending further instructions which are expected following proposed conference with Jewish leaders.

WX-86198 - 30 April 46, AGC IN 26628, POW & DP.  
 WX-86314 - 1 May 46, AGC IN 26762, Info.

ACTION : DMG

AGC IN 27196 7 May 46 1030B CB/wea REF NO WX-86920

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

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INCOMING MESSAGE

**SECRET**

DATED 090001Z

RECD 090554B MAY 46  
447/09/wea

**SECRET**  
**URGENT**

FROM : AGWAR SIGNED ASSTSECWAR  
TO : USFET PERSONAL FOR MCNARNEY  
USFA PERSONAL FOR CLARK  
INFO : OMGUS PERSONAL FOR CLAY  
REF NO : WX-87331

**Reference**

Reference WX-86902 and WX-86314. Give copies this message to McNarney, Clay, and Clark only.

Now Acting Secretary of State and Secretary of War have held conference with key Jewish Leaders to explain border situation and to enlist support of Jewish Organizations in preventing an unmanageable influx into US Zones of Germany and Austria. Conferees were very cooperative and will discuss with their organizations best available methods for achieving objective. Another conference will be held. Until you receive further advice, you should regard this and previous cable (WX-86902) as for information only, and you are not authorized to take action to close borders to persecutees.

Request you keep us currently advised on best available infiltration figures and particularly any that would show effect on public release of committee report. Also instructions para 1 of WX-86314 still apply.

WX-86902 is AGC IN 27196, 6 May 46 (Eyes Only).  
WX-86314 is AGC IN 26762, 1 May 46, Info.

INFORMATION : DMG **Reference**

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AGC IN 27398 9 May 46 0930B CB/wea REF NO WX-87331  
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FROM: **ARMY FOR BARRAS PERSONAL FOR DESIGS**

DATE-TIME OF ORIGIN

19 May 1946

ACTION TO: ( )

INFO TO: ( )

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REF NO

CC 5635

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### CLASSIFICATION:

CONCLUSIONS OF GOLDSMITH AND OTHERS RE: STUDY OF INFLATION AND MEASURES TO RESTORE FINANCIAL STABILITY IN GERMANY ARE RECEIVED TO THREE CONCLUSIONS STATED WELL BEYOND EXTENSIVE MEASURES CONTEMPLATED IN JIG CIGAR CHARLIE AND ZERO OIL SEVEN TO PAREN FROM OMGUS SIGNED CLAY UNPAREN

THIS STUDY WAS REQUESTED AT REQUEST DESIGS OF WHICH BEST REPLICATED IN BARRA DEPOSIT AND CIRCULATION OF CURRENT TREASURES OF STATE INFLATION WOULD BE FORCED TO CONTROL AT AINSET ANY TIME TO PASS IN GENERAL THE CONCLUSIONS CALL FOR A PROGRAM IN THREE STEPS TO THE FIRST STEP WOULD CREATE A NEW CURRENCY AND ASSURE LISTING MONETARILIZED AND COLLECTIONS IN THE BASIS OF THE PRESENT MEANS TO GET NEW BARRA TO IT CALLS FOR CANCELLATION OF ALL LISTING BARRA BUT SUFFICIENT AMOUNTS OF A NEW DEBT ISSUE WOULD BE ASSURED BY GERMANY AS A WHOLE AND ASSURED TO SOME CIA INSURANCE ORGANIZATIONS CIA COOPERATIVE CIA STEPS TO BARRA THEN TO HAVE THEIR REDUCED OBLIGATIONS TO BARRA SPEAKING CIA THE NEW DEBT WOULD BE ABOUT GERMANY'S PRESENT DEBT TO BARRA THE SECOND STEP IS DESIGNED TO MAKE THE DEVALUATION OF CURRENT BARRA AVAILABLE TO GERMANY AS A WHOLE BY IMPOSING MORTGAGES ON REAL ASSETS CIA FLAT EQUIPMENT AND INVESTORIES IN AMOUNTS OF FIFTY PERCENT TO TITLE TO THESE MORTGAGES WOULD BE PLACED IN A WAR LOSS QUALIFICATION

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INFO TO: ( ) <b>ROME</b>	REF NO
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**CLASSIFICATION:**

FUND WHICH WOULD ISSUE CERTIFICATES PAYABLE AS THE MORTGAGES ARE PAID OFF OVER A LONG PERIOD OF TIME ORA AND WOULD BE ISSUED TO THOSE PEOPLE WHO HAD SUFFERED LOSSES AS A RESULT OF WAR DAMAGE AND RESCUCTION OF MILITARY CLAIMS TO CERTIFICATES REPRESENTING CLAIMS WILL HAVE AN DETERMINE VALUE DEPENDING ON THE EXTENT AND NATURE OF THE CLAIMS RECOGNIZED AND RECEIPTS FROM ASSETS OF THE FUND AVAILABLE FOR REDEMPTION TO THIS WOULD OF COURSE ESTABLISH A SPECIFIC BUDGETARY LIMIT TO THE RECOGNITION OF CLAIMS AND WOULD UNDOUBTEDLY MAKE THE DEVALUATION OF CURRENCY MORE ACCEPTABLE TO THE MAJORITY OF THE POPULATION TO THERE WOULD OF COURSE BE AGREEMENT BY LANDOWNERS TO HOWEVER ORA OWNERSHIP OF REAL ESTATE SHOULD NOT IN ITSELF CONFER AN EXCEPTIONALLY PRIVILEGED POSITION IN ANY PROGRAM DESIGNED TO PREVENT INFLATION TO PARA THE THIRD STEP IS A PROGRESSIVE CAPITAL Levy ON INDIVIDUALS' NET WORTH REMAINING AFTER TAKING STEPS ONE AND TWO ORA RATES TO BE DETERMINED BY TOTAL AMOUNT OF WEALTH AND BY INCREASE IN WAR YEARS BY THIS LEVY RANGING FROM TEN TO NINETY PERCENT ORA WOULD BE PAID OVER A PERIOD OF TEN YEARS INTO THE WAR LOSS EQUALIZATION FUND TO AN EXCEPTION LIMIT WOULD BE ESTABLISHED WHICH WOULD LEAVE A SUBSTANTIAL MAJORITY UNAFFECTED BY THE

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OMGUS INTERNAL DISTRIBUTION	CABLES REFERRED TO IN TEXT OF MESSAGE	COORDINATED WITH PRECEDENCE: _____ ORIGINATING DIV: _____ (TYPED NAME, RANK, TEL NO) (AUTHENTICATING SIGNATURE)	MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION
	REF NO _____ SCC IN _____		INITIALS _____
	IS _____		MAY BE SENT IN CLEAR BY ANY MEANS
	IS _____		INITIALS _____
	IS _____		

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By TJ NARA Date 10/29/89

RG 200  
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File Jan-May '46  
Box 10

# OMGUS CABLE FORM

FILE NO. \_\_\_\_\_

CALL	CIRCUIT NO	PRIORITY	GR
	NR		

SPACES WITHIN HEAVY LINES FOR SIGNAL ONLY

FROM: **ESUAL FOR MARCAD PERSONAL FOR BODOLS**

ACTION TO: ( )

INFO TO: ( ) **HOME**

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DATE-TIME OF ORIGIN \_\_\_\_\_

REF NO \_\_\_\_\_

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### CLASSIFICATION

LEVY PD PARA QUERE MEASURES DEEMED ESSENTIAL BUT NOT INCLUDED IN THE FIRST THREE STEPS WOULD LIMIT OCCUPATION COSTS TO BE PAID BY GERMANY TO ALL FOUR POWERS AND REQUIRE THE ORGANIZATION OF A CENTRAL AGENCY OF ISSUE AND CONTROL OF CURRENCY AND CERTAIN TECHNICAL ADJUSTMENTS IN CONVERTING PRICES AND WAGE LEVELS AND TAX RETURNS TO IT FURTHER VISUALIZES ESTABLISHING AN INTERNATIONAL EXCHANGE RATE FOR THE NEW MARK AT AROUND THIRTYFIVE CENTS PD PARA OUR MEMBERS BELIEVE FIRST STEP OF PLAN AND AS SUCH OF ADDITIONAL MEASURES AS CAN BE AGREED UPON SHOULD BE EXECUTED THIS FALL PD THEY VISUALIZE AT LEAST ONE YEAR FOR COMPLETION OF STEP TWO AND PERHAPS THREE YEARS FOR COMPLETION OF STEP THREE PD PARA I FULLY AGREE IN THE EQUITY OF THE PLAN AND IN ITS DESIRABILITY AS A MEANS TO STAY THE WAR IS ESSENTIAL AND OF IMMEDIATE URGENCY IN THE PRESENT AVAILABILITY OF CURRENCY IN GERMANY IS NOT ONLY MAKING IT IMPOSSIBLE TO HOLD THE LINE IN PRICES AND WAGE CONTROLS, BUT IS ALSO A SEVERE DETERRENT TO ENCOURAGING LABOR TO WORK AND TO BRINGING FARM PRODUCTS AND OTHER PRODUCTS INTO THE MARKET PD IT IS ALSO VIVIDLY THAT THE INTRODUCTION OF THIS MEASURE WITHOUT STEP TWO OR THREE WOULD MAKE IT UNPOPULAR WITH THE LARGE MAJORITY OF THE POPULATION AND WHICH WOULD FEEL THAT

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OMGUS INTERNAL DISTRIBUTION	CABLES REFERRED TO IN TEXT OF MESSAGE	COORDINATED WITH PRECEDENCE:	MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION
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	IS _____	(AUTHENTICATING SIGNATURE) _____	INITIALS: _____
	IS _____		

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By TJ NARA Date 10/29/89

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SPACES WITHIN HEAVY LINES FOR SIGNAL ONLY

FROM: **OMGUS PERSONAL FROM GAY**  
ACTION TO: ( ) **ACTUAL FOR WACAD PERSONAL FOR SCHOOLS**  
INFO TO: ( ) \_\_\_\_\_  
( ) **SCHE**  
( ) \_\_\_\_\_  
( ) \_\_\_\_\_

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REF NO \_\_\_\_\_  
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### CLASSIFICATION

IT WAS BEARING UNDER GRADE OF THE DEVALUATION LOAD IN RELATIONSHIP TO THE ORDERS OF SUBSTANTIAL CAPITAL TO INCLUDE REAL ESTATE PD ON THE OTHER HAND CMA THE IMPOSITION OF THESE MEASURES BY MILITARY DICTATE IS NOT ENTIRELY CONSISTENT WITH OUR DESIRE TO HAVE RESPONSIBILITY FOR SUCH MEASURES TAKEN BY THE GERMAN PEOPLE THROUGH THEIR OFFICIALS PD SCH IS IT ENTIRELY CONSISTENT WITH THE PROVISIONS OF JIC CHARLIE SUGAR ONE ZERO SIX SEVEN LIMITING OUR OWN ACTIONS TO THOSE NECESSARY TO PROTECT THE OCCUPATION FORCES AND PROHIBITING US FROM MEASURES DESIGNED PRIMARILY TO REHABILITATE GERMAN ECONOMY PD SEVENTEENLESS CMA WE MUST RECONSIDER JIC CHARLIE SUGAR ONE ZERO SIX SEVEN DID NOT VISUALIZE PRESENT CONDITIONS IN GERMANY UNDER WHICH ONE YEAR AFTER SURRENDER THERE EXISTS NO RESPONSIBILITY GERMAN MACHINERY CMA AND HENCE FULL RESPONSIBILITY FOR GERMANY'S FINANCIAL STRUCTURE RESTS ON ALLIED OCCUPYING POWERS PD THE QUESTION OF WHETHER OR NOT ANY FORMALLY ESTABLISHED OR DEMOCRATICALLY ELECTED GERMAN GOVERNMENT COULD LONG SURVIVE IF IT HAD TO INITIATE SUCH MEASURES SHOULD BE RECOGNIZED TO BE HAVE PLACED THE PLAN IN THE HANDS OF THE FINANCIAL EXPERTS OF THE OTHER THREE OCCUPYING POWERS FOR THEIR STUDY AND CONSIDERATION CMA ALTHOUGH WE HAVE NOT AS YET

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<p>OMGUS INTERNAL DISTRIBUTION</p>	<p>CABLES REFERRED TO IN TEXT OF MESSAGE</p> <p>REF NO _____ SCC IN _____</p> <p>IS _____</p> <p>IS _____</p> <p>IS _____</p>	<p>COORDINATED WITH _____</p> <p>PRECEDENCE _____</p> <p>ORIGINATING DIV _____</p> <p>(TYPED NAME, RANK, TEL NO)</p> <p>(AUTHENTICATING SIGNATURE)</p>	<p>MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION</p> <p>INITIALS _____</p> <p>MAY BE SENT IN CLEAR BY ANY MEANS</p> <p>INITIALS _____</p>
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FROM: **AGWAR FOR SALCAD PERSONAL FOR SCHOOLS**

ACTION TO: ( )

INFO TO: ( )

**ICOR**

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REF NO \_\_\_\_\_

CC \_\_\_\_\_

FORMALLY PRESENTED THE PLAN AS THE RECOMMENDATION OF THE UNCLE SUGAR DELEGATION TO  
 PARA IT IS CERTAIN THAT ANY MEASURES TO CONTROL INFLATION TO BE FULLY EFFECTIVE MUST  
 BE PART OF A COMPREHENSIVE PROGRAM AS INTERIM AND AD HOC MEASURES TAKEN THROUGHOUT  
 EUROPE HAVE EVERYWHERE PROVED COMPLETELY INEFFECTIVE TO THE PLAN IS DRASTIC AS NO  
 HALFWAY MEASURES PROMISE SUCCESS TO IN VIEW OF THE URGENCY OF THE MATTER OUR YOUR  
 COMMENTS BY CABLE ARE REQUESTED AT EARLIEST DATE AND IF POSSIBLE PRIOR TO OUR JUNE  
 ONE AS IT IS BELIEVED MOST ESSENTIAL FOR OUR FORMAL PROPOSALS TO BE PLACED INTO  
 THE QUADRIPARTITE MACHINE BY THAT DATE SO THAT SOME REACTION MAY BE OBTAINED PRIOR  
 TO FIFTEEN JUNE MEETING OF COUNCIL OF FOREIGN MINISTERS TO MANIFESTLY OUR COURSE  
 CURRENCY CONTRAINDICATIONS ONE OF MAJOR PROBLEMS IN TREATMENT OF GERMANY AS AN ECONOMIC  
 UNIT AND IS ALMOST CERTAIN TO RISE IN ANY EXTENDED DISCUSSION OF THE GERMAN PROBLEM  
 TO - - -

DUPLICATE

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OMGUS INTERNAL DISTRIBUTION <b>CSS - C/S</b> <b>AC Records</b> <b>Finance</b> <b>Recn</b> <b>Legal</b>	CABLES REFERRED TO IN TEXT OF MESSAGE REF NO _____ SCC IN _____ IS _____ IS _____ IS _____	COORDINATED WITH: <b>Fin - Econ</b> PRECEDENCE: <b>PRIORITY</b> ORIGINATING DIV: <b>IMP BIL GOV</b> <b>M. C. ALLEN, CAPTAIN, USA</b> (TYPED NAME, RANK, TEL NO) _____ (AUTHENTICATING SIGNATURE)	MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION INITIALS: _____ MAY BE SENT IN CLEAR BY ANY MEANS INITIALS: _____
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# OMGUS CABLE FORM

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NR

**OMGUS SIGNED CABLES WITHIN HEAVY LINES FOR SIGNAL ONLY**

FROM: **1 AGWAR FOR WARGOS**  
ACTION TO: ( )  
**1 USPET**  
INFO TO: ( )  
( )  
( )

REGRADED UNCLASSIFIED  
ORDER SEC ARMY BY TAG PER 720486

~~SECRET~~

DATE-TIME OF ORIGIN  
20 MAY 1946

REF NO  
CC 5797

CC-

**REURAD WILLIAM BRAY DASH EIGHT EIGHT NINE ONE SEVEN CMA SUBJECTS MENTIONED**

THEREIN ARE DISCUSSED HEREWITH PD PAREN FROM OMGUS SIGNED CABLE UNPAREN FIRST SUBJECT  
QUOTE TREATMENT OF GERMANY AS AN ECONOMIC WHOLE UNQUOTE PD FURTHER PROGRESS IN  
SETTLEMENT OF GERMAN PROBLEM REQUIRES FIRM DEFINITION OF ECONOMIC UNIT AGREED AT  
POTSDAM PD DEINDUSTRIALIZATION AND REPARATIONS POLICIES ARE BASED ON TREATMENT OF  
GERMANY AS AN ECONOMIC UNIT CMA WHICH HAS ALWAYS BEEN INTERPRETED AS FULLY INCLUSIVE  
OF THAT PART OF GERMANY REMAINING AFTER THE ALLOCATION OF TERRITORY TO POLAND AND  
RUSSIA PD IF A COMMON ECONOMIC POLICY IS TO BE FULLY IMPLEMENTED IN ALL ZONES OF  
GERMANY CENTRAL ADMINISTRATIVE AGENCIES ARE ESSENTIAL PD IF THESE AGENCIES CANNOT BE  
OBTAINED AND DASH OR THE BOUNDARIES OF OCCUPIED GERMANY ARE TO BE CHANGED CMA THE  
PRESENT CONCEPT OF POTSDAM AGREES REGARDLESS PD AFTER ONE YEAR OF OCCUPATION CMA  
ZONES REPRESENT ALIEN TERRITORIES WITH ALMOST NO FREE EXCHANGE OF COMMODITIES CMA  
PERSONS AND IDEAS PD GERMANY NOW CONSISTS OF FOUR SMALL ECONOMIC UNITS WHICH CAN  
DEAL WITH EACH OTHER ONLY THROUGH TREATIES IN SPITE OF THE FACT THAT NO ONE UNIT CAN  
BE REGARDED AS SELF SUPPORTING CMA ALTHOUGH BRITISH AND RUSSIAN ZONES COULD BECOME

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*Page 1 of 2 pages*

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IN TEXT OF MESSAGE  
REF NO \_\_\_\_\_ SCC IN \_\_\_\_\_  
**WX 88917** IS \_\_\_\_\_  
IS \_\_\_\_\_  
IS \_\_\_\_\_  
*Cable no 4.*

COORDINATED WITH: \_\_\_\_\_  
PRECEDENCE: **URGENT**  
ORIGINATING DIV: **DEPHILCOG**  
**Lt Gen L. D. Clay, USA**  
(TYPED NAME, RANK, TEL NO)  
**SECRET**  
(AUTHENTICATING SIGNATURE)

MUST BE SENT  
IN CYPHER IF  
LIABLE TO  
INTERCEPTION  
INITIALS: \_\_\_\_\_  
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ANY MEANS  
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SELF SUPPORTING PD ECONOMIC UNITY CAN BE OBTAINED ONLY THROUGH FREE TRADE IN GERMANY AND A COMMON POLICY FOR FOREIGN TRADE DESIGNED TO SERVE GERMANY AS A WHOLE PD A COMMON FINANCIAL POLICY IS EQUALLY ESSENTIAL PD RUMAWAY INFLATION ACCOMPANIED BY ECONOMIC PARALYSIS MAY DEVELOP AT ANY MOMENT PD DRASTIC FISCAL REFORMS TO REDUCE CURRENCY AND MONETARY CLAIMS AND TO DEAL WITH DEBT STRUCTURE ARE ESSENTIAL AT EARLIEST POSSIBLE DATE PD THESE CANNOT BE OBTAINED BY INDEPENDENT ACTION OF THE SEVERAL ZONES PD COMMON POLICIES AND NATIONWIDE IMPLEMENTATION ARE EQUALLY ESSENTIAL FOR TRANSPORTATION CMA COMMUNICATIONS CMA FOOD AND AGRICULTURE CMA INDUSTRY AND FOREIGN TRADE PD IF ECONOMIC RECOVERY IS TO BE MADE POSSIBLE <sup>PD</sup> IMMEDIATE DECISIONS ARE IMPERATIVE THAT THE RHINELAND AND RUHR ARE TO REMAIN WITHIN GERMAN POLITICAL AND ECONOMIC STRUCTURE EVEN IF INTERNATIONALIZED SEMICOLON THAT THE SAAR IS OR IS NOT TO BE CEDED TO FRANCE SEMICOLON THAT THE INDIGENOUS RESOURCES OF GERMANY ARE TO BE EQUALLY AVAILAELE THROUGHOUT GERMANY AND WHERE USED FOR EXPORT CMA PROCEEDS ARE TO BE AVAILAELE TO PROVIDE ESSENTIAL IMPORTS FOR ALL GERMANY SEMICOLON THAT ZONAL BOUNDARIES SERVE ONLY TO DELINEATE AREAS OF OCCUPATION AND NOT AS INTERNAL BARRIERS FOR THE GERMAN PEOPLE SEMICOLON THAT CENTRAL ADMINISTRATIVE AGENCIES EITHER UNDER A PROVISIONAL GOVERNMENT OR TO BE PLACED UNDER A PROVISIONAL GOVERNMENT AT AN EARLY DATE SHOULD BE ESTABLISHED WITHOUT DELAY PD AS IT NOW STANDS CMA ECONOMIC INTEGRATION IS BECOMING LESS EACH DAY WITH THE SOVIET AND FRENCH ZONES REQUIRING APPROVAL FOR PRACTICALLY EACH ITEM LEAVING THEIR RESPECTIVE ZONES CMA AND WITH THE BRITISH AND UNCLE SUGAR ZONES IN SELF DEFENSE MOVING IN THE SAME DIRECTION PD PARA SECOND SUBJECT COLON QUOTE IMPLEMENTATION OF THE REPARATIONS PLAN UNQUOTE PD THE POSTWAR LEVEL OF INDUSTRY TO BE LEFT GERMANY CMA WHICH SERVES AS A BASIS FOR REPARATIONS CMA IS BASED ON TREATMENT OF GERMANY AS AN ECONOMIC UNIT PD ITS EXECUTION UNDER OTHER CONDITIONS WOULD BE ABSOLUTELY IMPOSSIBLE AS IT WOULD LEAVE ECONOMIC CHAOS IN GERMANY PD IT

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WOULD PARTICULARLY AFFECT THE UNCLE SUGAR ZONE WHICH HAS NO RAW MATERIALS AND WOULD CREATE A CONTINUING FINANCIAL LIABILITY FOR THE UNITED STATES FOR MANY YEARS PD IN THE ABSENCE OF AGREEMENTS ESSENTIAL TO ECONOMIC UNITY CMA WE HAVE DISCONTINUED THE DISMANTLING OF REPARATIONS PLANTS EXCEPT THOSE APPROVED FOR ADVANCE DELIVERIES CMA AS FURTHER DISMANTLING WOULD RESULT IN DISASTER IF WE ARE UNABLE TO OBTAIN ECONOMIC UNITY PD IF ECONOMIC UNITY PROVES IMPOSSIBLE CMA ONLY THOSE PLANTS IN THE UNCLE SUGAR ZONE WHICH WERE DESIGNED SOLELY FOR PRODUCTION OF WAR MUNITIONS SHOULD BE REMOVED PD IF ECONOMIC UNITY IS OBTAINED CMA THERE IS NO REASON WHY THE REPARATIONS PLAN SHOULD NOT BE IMPLEMENTED PROMPTLY PD MUCH PRESSURE IS DEVELOPING TO REVISE THE REPARATIONS PLAN IN FAVOR OF PRODUCTION FOR REPARATIONS PD THIS IGNORES THE REAL DANGER WHICH GERMANY WOULD STILL PRESENT IF RESTORED TO FULL INDUSTRIAL STRENGTH PD MUCH HAS BEEN WRITTEN RELATIVE TO IMPORTANCE OF GERMAN INDUSTRY TO THE RECOVERY OF EUROPE PD IT IS MY CONSIDERED OPINION THAT IT WILL TAKE FROM THREE TO FIVE YEARS TO BRING GERMAN INDUSTRY TO THE LEVEL NOW AGREED CMA AND THAT THE REMOVAL OF PLANTS FOR REPARATIONS PURPOSES HAS NO MAJOR BEARING ON THE EXTENT OF ECONOMIC RECOVERY DURING THIS PERIOD PD UNFORTUNATELY CMA THE LEVEL OF INDUSTRY PLAN DOES NOT MAKE SPECIFIC PROVISIONS FOR SMALL NUMBERS OF MISCELLANEOUS PEACEFUL INDUSTRIES CMA AND HENCE SUCH INDUSTRIES CAN BE REMOVED FROM THE EASTERN ZONE WITHOUT VIOLATION OF EITHER POTSDAM OR THE LEVEL OF INDUSTRY PLAN <sup>part</sup> PD WHILE REMOVALS UNDER THIS PLAN COULD NOT BE VERY EXTENSIVE CMA THERE IS NO QUESTION BUT THAT RUSSIA IS REMOVING SOME PLANTS IN THIS CATEGORY PD WHILE NOT ESSENTIAL CMA ANY OVERALL AGREEMENT MIGHT WELL GIVE CONSIDERATION TO A PROVISION THAT NO FURTHER PLANTS WILL BE REMOVED FROM GERMANY EXCEPT AS SPECIFICALLY PROVIDED IN THE LEVEL OF INDUSTRY PLAN PD IMPLEMENTATION OF THE REPARATIONS PLAN SHOULD ALSO REQUIRE A CESSATION IN THE TAKING OF PRODUCTS AS REPARATIONS UNTIL AND UNLESS AN IMPORT EXPORT BALANCE IS OBTAINED PD FINALLY CMA IT MUST BE RECOGNIZED THAT ANY M

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MODIFICATION IN THE BOUNDARIES OF OCCUPIED GERMANY WILL REQUIRE A REVISION OF THE PROGRAM PD THE LOSS OF THE SAAR WOULD NOT REQUIRE A SERIOUS REVISION PD THE LOSS OF THE RHINELAND AND THE RUHR WOULD REQUIRE COMPLETE REVISION PD PARA THIRD SUBJECT COLON QUOTE POLITICAL STRUCTURE UNQUOTE PD <sup>and branches</sup> THE MILITARY GOVERNOR SUBMITTED A SPECIAL REPORT ON CENTRAL GERMAN AGENCIES UNDER DATE OF ONE MAY NINETEEN HUNDRED FORTYSIX CMA WHICH WOULD ESTABLISH SIX CENTRAL ADMINISTRATIVE AGENCIES CMA FREE FROM ZONAL INTERFERENCE CMA TO UNIFY THE GERMAN ECONOMY PD THIS PROPOSAL ADDS FOOD AND AGRICULTURE TO THE FIVE AGENCIES EXPRESSLY AGREED AT POTSDAM PD THEIR ESTABLISHMENT WAS VISUALIZED AT POTSDAM AS AN EMERGENCY MEASURE PD <sup>(with the administrative arrangements agreed at Potsdam)</sup> IT IS FEASIBLE NOW TO ESTABLISH CONCURRENTLY A PROVISIONAL GOVERNMENT TO WHICH THESE AGENCIES WOULD REPORT PD WE WOULD PROPOSE THAT THE INITIAL PROVISIONAL GOVERNMENT WOULD CORRESPOND ROUGHLY TO THE COUNCIL OF MINISTER PRESIDENTS NOW ESTABLISHED IN THE UNCLE SUGAR ZONE PD A COUNCIL OF MINISTER PRESIDENTS OF THE STATES OF ALL FOUR ZONES WOULD BE ESTABLISHED WITH THE REQUISITE COORDINATING COMMITTEES TO SUPERVISE THE APPROVED CENTRAL AGENCIES AND TO EFFECT COORDINATION ON OTHER MATTERS OF INTERNAL POLICY PD THIS COUNCIL WOULD BE CHARGED WITH THE PRELIMINARY DRAFT OF A CONSTITUTION TO BE PLACED BEFORE AN ELECTED CONSTITUTIONAL CONVENTION CMA WHICH WOULD PREPARE FOR RATIFICATION BY THE PEOPLE THE FUTURE CONSTITUTION FOR THE GERMAN STATE CMA SUBJECT TO APPROVAL OF THE ALLIED CONTROL AUTHORITY PD WE BELIEVE THE FOLLOWING PRINCIPLES SHOULD BE FUNDAMENTAL COLON ABLE PD GERMANY SHOULD BE A FEDERAL STATE COMPOSED OF BETWEEN NINE AND FIFTEEN STATES CMA ORGANIZED EITHER BY ECONOMIC AREAS OR BY TRADITIONAL POLITICAL DIVISIONS PD EACH OF THESE STATES WOULD BE POLITICALLY AUTONOMOUS CMA EXCEPT FOR THE SPECIFIC FUNCTIONS CEDED TO THE FEDERAL GOVERNMENT PD BAVARIA AND GROSSE HESSEN IN UNCLE SUGAR ZONE WOULD BE IDEAL STATES PD THE PRESENT AMALGAMATION OF NORTH WURTTENBERG AND NORTH BADEN WOULD BE DISCONTINUED IN FAVOR EITHER OF TWO STATES OR OF A COMBINED WURTTENBERG DASH BADEN

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STATE PD SIMILAR STATE UNITS HAVE BEEN OR COULD BE ESTABLISHED IN THE OTHER  
 ZONES PD <sup>and</sup> THE TREND IN ALL ZONES IS NOW IN THE DIRECTION ESTABLISHED IN THE UNCLE  
 SUGAR ZONE PD <sup>and</sup> BAKER PD THE CONSTITUTION MUST CONTAIN THE ESSENTIALS OF DEMOCRACY  
 TO WIT COLON ALL POLITICAL POWER MUST ORIGINATE WITH THE PEOPLE AND BE SUBJECT TO  
 THEIR CONTROL SEMICOLON THERE MUST BE FREQUENT REFERENCE OF PROGRAMS AND  
 LEADERSHIP TO POPULAR ELECTIONS SEMICOLON ELECTIONS MUST BE HELD UNDER COMPETITIVE  
 CONDITIONS IN WHICH THERE ARE AT LEAST TWO COMPETING PARTIES SEMICOLON POLITICAL  
 PARTIES MUST BE DEMOCRATIC IN CHARACTER AND CLEARLY DISTINGUISHED FROM GOVERNMENTAL  
 INSTRUMENTALITIES SEMICOLON THE BASIC RIGHTS OF THE INDIVIDUAL MUST BE PRESERVED  
 BY LAW SEMICOLON GOVERNMENT MUST BE EXERCISED THROUGH RULE OF LAW SEMICOLON AND THE  
 POWERS OF THE FEDERAL GOVERNMENT MUST BE LIMITED IN THE CONSTITUTION TO THOSE  
 AGREED BY THE SEVERAL STATES COMPOSING THE FEDERAL GOVERNMENT PD WHILE THE  
 CONSTITUTIONS OF INDIVIDUAL STATES NEED NOT AGREE CMA THEY MUST BE DEMOCRATIC IN  
 MAKEUP AND MUST PROVIDE FOR SOME DELEGATION OF POWERS TO THE COUNTY AND THE  
 COMMUNITY LEVEL PD THE CONSTITUTIONS OF THE SEVERAL STATES MUST PROVIDE FOR THE  
 EXERCISE OF ALL POWERS RESERVED TO THE STATES AND NOT GIVEN TO THE FEDERAL  
 GOVERNMENT PD PRIOR TO THE WRITING AND ADOPTION OF THE NEW CONSTITUTION CMA A  
 PROVISIONAL CENTRAL GOVERNMENT OF THE TYPE PREVIOUSLY INDICATED SHOULD BE ESTABLISHED  
 AT THE EARLIEST POSSIBLE DATE PD AS SOON AS THE CENTRAL ADMINISTRATIVE AGENCIES ARE  
 ESTABLISHED THEY SHOULD WORK DIRECTLY WITH STATE ORGANIZATIONS/AND ZONAL ORGANIZA-  
 TIONS ESTABLISHED BY THE OCCUPYING POWERS SHOULD BE DISSOLVED PD <sup>and - State</sup> PARA FOURTH  
 SUBJECT COLON QUOTE DISPOSITION OF THE RUHR RHINELAND UNQUOTE PD A SPECIAL PAPER  
<sup>on the Ruhr</sup> COVERING THIS SUBJECT HAS BEEN PRESENTED TO THE SECRETARY OF STATE AT HIS REQUEST  
 PD IT POINTS OUT THAT RUHR COAL AND STEEL REPRESENT GERMANY'S CHIEF ASSETS PD  
 UNDER THE PRESENT BOUNDARY OF GERMANY CMA PRACTICALLY ALL OF ITS STEEL AND ALL  
 OF ITS INDUSTRIAL COAL COMES FROM THE RUHR PD IT WOULD BE IMPOSSIBLE TO OBTAIN

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A BALANCED EXPORT IMPORT PROGRAM WITH THE REMOVAL OF THE RUHR PD THE SEPARATION OF THE RUHR RHINELAND AREA WOULD IN ITSELF TURN THE REMAINDER OF GERMANY INTO A PASTORAL ECONOMY PD IT WOULD PARTICULARLY AFFECT THE UNCLE SUGAR ZONE WHERE INDUSTRY IS LARGELY OF THE ASSEMBLY TYPE AND CANNOT EXIST WITHOUT COAL AND STEEL FROM THE RUHR PD IF IT HAD TO PAY FOR THIS COAL AND STEEL IN A SEPARATE CURRENCY CMA IT WOULD HAVE A CONTINUING DEFICIT FOR MANY YEARS PD POLITICALLY CMA THE SEPARATION OF THE RUHR RHINELAND AREA WOULD CREATE PERMANENT POLITICAL UNREST AND EVERY PATRIOTIC GERMAN CITIZEN WOULD BEGIN NOW TO PLAN FOR SUCH POLITICAL AND MILITARY ALLIANCES AS WOULD PROMISE SOME DAY TO RETURN THIS AREA TO GERMANY PD IT VIOLATES THE PRINCIPLE OF SELF DASH DETERMINATION PD FACING REALITY CMA THE UNITED STATES AGREED TO THE TRANSFER OF CERTAIN AREAS IN GERMANY TO RUSSIA CMA POLAND AND CZECHOSLOVAKIA PD HOWEVER RECOGNIZING THE IMPOSSIBILITY OF A SUCCESSFUL INCORPORATION OF THESE AREAS INTO THE RESPECTIVE COUNTRIES AS LONG AS THE POPULATION WAS GERMAN CMA IT FURTHER AGREED TO THE REMOVAL OF THEIR ENTIRE GERMAN POPULATION PD MANIFESTLY CMA THE LARGE POPULATION IN THE RUHR COULD NOT BE REMOVED PD ITS REMOVAL WOULD GRIPPLE INDUSTRY IN THE AREA PD MOREOVER CMA IT IS CLEAR THAT THERE IS NO PLACE AVAILABLE TO WHICH THIS POPULATION COULD BE MOVED PD HENCE CMA IT IS OUR VIEW THAT THE POLITICAL OR ECONOMIC SEPARATION OF THE RUHR RHINELAND WOULD BE A WORLD DISASTER PD EVEN <sup>such</sup> INTERNATIONALIZATION OF RUHR INDUSTRY IS OF DOUBTFUL VALUE PD PARA FIFTH SUBJECT COLON QUOTE INTERNATIONAL OWNERSHIP OF THE RUHR RHINELAND INDUSTRY UNQUOTE PD ] <sup>then</sup> IF INTERNATIONALIZATION OF THE RUHR RHINELAND MUST BE CONCEDED CMA WE WOULD PROPOSE THE ESTABLISHMENT OF A RUHR CONTROL AUTHORITY FOR ONLY THE COAL AND STEEL INDUSTRY IN THE AREA PD THIS AUTHORITY WOULD TAKE OVER OWNERSHIP AND POSSESSION OF THE PROPERTIES CMA ISSUING CLASS A/BLE COMMON STOCK TO THOSE PRESENT OWNERS CLEARED FROM NAZI ASSOCIATIONS CMA WHICH WOULD BE THE ONLY STOCK ENTITLED TO DIVIDENDS PD CONTROL WOULD BE EXERCISED THROUGH CLASS BAKER STOCK IN

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THE HANDS OF THE RUHR CONTROL AUTHORITY COMPOSED OF SUCH NATIONS AS MAY BE AGREED PD THE PROPOSED AUTHORITY WOULD OPERATE UNDER EXISTING QUADRIPARTITE GOVERNMENT UNTIL A GERMAN GOVERNMENT IS ESTABLISHED AND ITS RELATIONSHIP TO THAT GOVERNMENT WOULD BE SPECIFIED IN THE PEACE TREATY PD THE AUTHORITY WOULD HAVE COMPLETE CONTROL OVER THE VOLUME OF PRODUCTION AND WOULD REQUIRE SUCH EXPORTS AS ARE AGREED IN THE ALLIED CONTROL AUTHORITY OR SPECIFIED IN THE PEACE SETTLEMENT PD UNDER THIS AUTHORITY CMA GENERAL MANAGEMENT WOULD BE LEFT IN GERMAN HANDS AND THE AUTHORITY ITSELF WOULD OPERATE WITHIN THE POLITICAL AND ECONOMIC FRAMEWORK OF GERMANY PD THE CREATION OF THE RUHR AND THE RHINELAND AS SEPARATE STATES IN A FEDERAL STRUCTURE SHOULD FACILITATE THE OPERATION OF THE RUHR CONTROL AUTHORITY PD PARA <sup>ITP</sup> IN CONCLUDING WE ARE OF THE VIEW THAT OUR PROPOSALS HEREIN WILL BE GENERALLY ACCEPTABLE TO THE BRITISH PD IN THEORY CMA SINCE THEY ACCORD WITH POTSDAM CMA THEY SHOULD BE ACCEPTABLE TO THE RUSSIANS CMA ALTHOUGH IN DETAIL MANY DIFFICULTIES WILL ARISE WITH THE RUSSIAN REPRESENTATIVES PD BASICALLY CMA IT IS EXPECTED THAT THESE PROPOSALS WILL BE STRONGLY RESISTED BY THE FRENCH PD HOWEVER IF AGREEMENT CANNOT BE OBTAINED ALONG THESE BROAD LINES IN THE IMMEDIATE FUTURE CMA WE FACE A DETERIORATING GERMAN ECONOMY WHICH WILL CREATE POLITICAL UNREST FAVORABLE TO THE DEVELOPMENT OF COMMUNISM IN GERMANY AND A DETERRANT TO ITS DEMOCRATIZATION PD THE NEXT WINTER WILL BE CRITICAL UNDER ANY CIRCUMSTANCES AND A FAILURE TO OBTAIN ECONOMIC UNITY BEFORE THE NEXT WINTER SETS IN WILL MAKE IT ALMOST UNBEARABLE PD THE SUFFERINGS OF THE GERMAN PEOPLE WILL BE A SERIOUS CHARGE AGAINST DEMOCRACY AND WILL DEVELOP A SYMPATHY WHICH MAY WELL DEFEAT OUR OTHER OBJECTIVES IN GERMANY PD THE BRITISH AND UNCLE SUGAR ZONES TOGETHER COULD CMA WITHIN A FEW YEARS CMA BECOME SELF SUPPORTING CMA ALTHOUGH FOOD WOULD HAVE TO BE PROVIDED DURING THIS PERIOD UNTIL INDUSTRY COULD BE REHABILITATED SUFFICIENTLY TO PROVIDE REQUISITE EXPORTS TO SUPPORT FOOD IMPORTS PD RECOGNIZING FULLY THE POLITICAL IMPLICATIONS OF SUCH A

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MERGER IT IS OUR BELIEF HERE THAT EVEN THESE IMPLICATIONS WOULD NOT BE AS SERIOUS AS THE CONTINUATION OF THE PRESENT AIRTIGHT ZONES PD IF FRENCH AND RUSSIAN AGREEMENT TO THESE BASIC PRINCIPLES CANNOT BE OBTAINED CMA WE WOULD RECOMMEND STRONGLY THAT THE BRITISH BE APPROACHED TO DETERMINE THEIR WILLINGNESS TO COMBINE THEIR ZONE OF OCCUPATION WITH OURS PD IF THE BRITISH ARE WILLING FOR THIS MERGER TO BE ACCOMPLISHED CMA THE FRENCH AND RUSSIAN REPRESENTATIVES SHOULD BE ADVISED THAT IT IS OUR PROPOSAL TO EFFECT THIS MERGER BEFORE WINTER CMA EVEN THOUGH WE WOULD MUCH PREFER TO OBTAIN ALLIED UNITY IN THE TREATMENT OF GERMANY AS A WHOLE PD <sup>only</sup> PARA SUPPORTING DOCUMENTS IN MORE DETAIL WITH RESPECT TO THE SEPARATION OF THE RHINE DASH RUHR SEMICOLON THE SAAR SEMICOLON THE RUHR AUTHORITY SEMICOLON AND THE POLITICAL STRUCTURE OF GERMANY CMA WILL BE SUBMITTED BY AIR COURIER LEAVING HERE ON OR ABOUT ONE JUNE PD PARA GENERAL MCARNEY IS FAMILIAR WITH CONTENTS OF THIS RADIO AND HAS EXPRESSED HIS APPROVAL IN AUTHORIZING DIRECT REPLY FROM CIGUS PD

*Looking back, I do not believe that to-day, I would change one word of the cable, although I was to be charged with opposition to the transfer of the Ruhr, I did not oppose the possession of the Ruhr of accomplished within the German political and economic structure than a later, however, I believed that except as industrial capacity might be limited, Ruhr control would prove unworkable when coal and steel cease to be in united supply and exports must combine in the united market. Then allocation becomes meaningless unless it is used as a tool to prevent free competition.*

last page (8)

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# OMGUS CABLE FORM

FILE NO \_\_\_\_\_

CALL \_\_\_\_\_ CIRCUIT NO \_\_\_\_\_ PRIORITY \_\_\_\_\_ GR \_\_\_\_\_

NR

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FROM: **OMGUS SIGNED CLAY**

ACTION TO: ( ) **AGWAR FOR WARCAD EYES ONLY FOR ECHOLS**

INFO TO: ( )

REGRADED UNCLASSIFIED  
 ORDER SEC ARMY BY TAG PER 720485

DATE-TIME OF ORIGIN  
31 May 10 45 hours

REF NO  
CC- 5997

CLASSIFICATION: **EYES ONLY - CONFIDENTIAL**

REUR LETTER CIVIL LIBERTIES PD IT IS DISTURBING TO US PD IT WAS MY UNDERSTANDING THAT RESTORATION OF CIVIL LIBERTIES IN GERMANY WAS AN OBJECTIVE TO BE OBTAINED AS RAPIDLY AS CONSISTENT WITH OTHER OBJECTIVES SUCH AS DENAZIFICATION AND DEMILITARIZATION PD PAREN FROM OMGUS SIGNED CLAY UNPAREN OF COURSE WE HAVE NOT RESTORED ALL CIVIL LIBERTIES IN GERMANY PD THE GERMAN PRESS IS STILL SUBJECT TO CENSORSHIP AFTER THE FACT CMA WITH REVOCATION OF LICENSE CMA AND RADIO PROGRAMS ARE STILL EXAMINED IN ADVANCE PD WE DO NOT PERMIT CRITICISM BY GERMANS OF EITHER ALLIED OR UNCLE SUGAR POLICY PD WE HAVE PREVENTED THE CIRCULATION OF NAZI AND MILITARISTIC BOOKS EVER SINCE OUR ARRIVAL IN GERMANY PD WE HAVE MADE IT ILLEGAL FOR PUBLIC BOOKSELLERS TO HAVE BOOKS OF THIS TYPE CMA AND HUNDREDS OF THOUSANDS HAVE ALREADY GONE INTO THE PULP MILL PD AS YOU KNOW CMA WE REMOVED HUNDREDS OF THOUSANDS OF TEXTBOOKS FROM THE GERMAN SCHOOLS TO BE REPLACED WITH BOOKS APPROVED BY MILITARY GOVERNMENT PD APPROVAL OF SCHOOL TEXTS BY MILITARY GOVERNMENT IS CERTAINLY INFRINGING ON CIVIL LIBERTIES YET NO ONE WOULD ADVOCATE CONTINUATION OF USE OF NAZI TEXTBOOKS AND TEACHERS PD AFTER ALL CMA WE PROHIBIT OBSCENE LITERATURE AT HOME AND THE WORST OF NAZI POISON IS CERTAINLY AS

OMGUS INTERNAL DISTRIBUTION  <b>EYES ONLY</b>  <b>NO DISTRIBUTION</b>	CABLES REFERRED TO IN TEXT OF MESSAGE  REF NO      SCC IN  _____ IS _____ _____ IS _____ _____ IS _____	COORDINATED WITH: <b>NONE</b>  PRECEDENCE: <b>PRIORITY</b>  ORIGINATING DIV: <b>DEP MIL GOV</b>  <b>M. C. ALLEN, Captain, MAC</b> (TYPED NAME, RANK, TEL NO)  (AUTHENTICATING SIGNATURE)	MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION  INITIALS:  MAY BE SENT IN CLEAR BY ANY MEANS  INITIALS:
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OFFENSIVE TO PUBLIC MORALS PD PARA WE RECOGNIZE THIS TO BE INCONSISTENT WITH CIVIL LIBERTIES PD MANIFESTLY THE INCONSISTENCY IS ONE OF DEGREE PD WE HAVE ALWAYS REQUIRED THE SEGREGATION OF THOSE NAZI AND MILITARISTIC BOOKS LEFT IN PUBLIC LIBRARIES PD THE QUESTION WAS WHAT TO DO WITH THESE SEGREGATED BOOKS PD IT WAS OUR VIEW THAT THE WORST OF THESE BOOKS SHOULD NOT BE ALLOWED TO REMAIN IN GERMANY BUT SHOULD ALSO BE PLACED IN THE PULP MILLS PD THIS DOES NOT MEAN A DESTRUCTION OF ALL OF THESE BOOKS CMA AS COPIES HAVE ALREADY BEEN INCLUDED IN THE LIBRARY OF CONGRESS ACCUMULATION PD OF COURSE WE ARE NOT GOING TO HAVE ANY PUBLIC BOOK BURNING EXHIBITIONS IN THE UNCLE SUGAR ZONE PD SIMILARLY CMA JUDGMENT WILL BE REQUIRED IN THE DESTRUCTION OF NAZI AND MILITARISTIC MONUMENTS PD ACTUALLY IN THE UNCLE SUGAR ZONE CMA THE GREAT MAJORITY OF THE NAZI MONUMENTS AND SIGNS HAVE ALREADY BEEN DESTROYED PD THOSE WHO WOULD CONDEMN THIS ORDER WOULD BE EQUALLY AS QUICK TO CONDEMN A CARVED SWASTIKA LEFT ON A GERMAN BUILDING PD PARA OBVIOUSLY IT IS VERY DIFFICULT TO DEFINE WHAT IS MEANT BY CIVIL LIBERTIES IN AN OCCUPIED COUNTRY AND CIVIL LIBERTIES AS SUCH ARE NOT ENTIRELY CONSISTENT WITH MILITARY OCCUPATION PD WE HAVE THOUSANDS STILL IN JAIL WITHOUT BOND AWAITING TRIAL UNTIL NURNBERG IS OVER PD CERTAINLY THIS IS NOT CONSISTENT WITH CIVIL LIBERTIES PD NEVERTHELESS IT IS A BASIC PART OF OUR PUNISHMENT OF WAR CRIMINALS AND OUR DENAZIFICATION PROGRAM PD SHOULD WE HANG A GOERING AND LET HIS WORKS GO MERRILY ALONG QUESTION MARK PARA WE HAVE INSTALLED MEASURES FOR CONTROL OF SCIENCE WHICH WOULD PREVENT ITS APPLICATION TO WAR CMA ALTHOUGH SUCH CONTROLS COULD NOT BE HELD CONSISTENT WITH SCIENTIFIC FREEDOM AND WITH CIVIL LIBERTIES PD WE PROPOSE TO CONTROL GENERAL STAFF OFFICERS FOR MANY YEARS TO COME PD WE HAVE NOT HESITATED TO SEIZE AND BREAK UP LARGE PROPERTY HOLDINGS ON AN ASSUMED LIABILITY OF SOME FUTURE GERMAN GOVERNMENT PD WE STILL REQUIRE MILITARY GOVERNMENT APPROVAL OF POLITICAL PARTY PLATFORMS CMA AND WE DO NOT PERMIT PARTIES TO OPERATE AS SUCH WHICH DO NOT SUBSCRIBE TO WHAT WE ACCEPT AS DEMOCRATIC PRINCIPLES PD WE STILL VET CANDIDATES FOR POLITICAL OFFICE PD WE STILL ARREST SECURITY SUSPECTS PD NONE OF THESE MEASURES ARE CONSISTENT WITH OUR UNDERSTANDING OF CIVIL LIBERTIES PD PARA THEREFORE

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AMEMB CABLE FORM

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THE RESTORATION OF CIVIL LIBERTIES UNDER MILITARY GOVERNMENT MUST BE A SLOW PROCESS DURING WHICH THERE WILL ALWAYS BE CONFLICTING OPINION AS TO THE RAPIDITY WITH WHICH SUCH LIBERTIES ARE BEING RESTORED AS COMPARED TO THE ATTAINMENT OF OUR OTHER OBJECTIVES PD WE HAVE CERTAINLY ADVANCED MORE RAPIDLY IN RESTORING CIVIL LIBERTIES THAN ANY OTHER ZONE PD HOWEVER WE ARE STILL FAR FROM HAVING A DEMOCRATIC GERMANY PD IF THE WAR DEPARTMENT BELIEVES IT DESIRABLE TO RESTORE FULL CIVIL LIBERTIES NOW CMA WE WOULD PROBABLY HAVE TO WITHDRAW FROM QUADRIPARTITE GOVERNMENT AS THE OTHER POWERS ARE NOT READY FOR SUCH ACTION PD IN MY OPINION NEITHER IS THE UNCLE SUGAR ZONE IN GERMANY CMA EVEN THOUGH WE HAVE PROGRESSED BETTER THAN EXPECTED PD PARA IF I REMEMBER CORRECTLY CMA IT WAS ONLY A SHORT TIME AGO WHEN MILITARY GOVERNMENT WAS CRITICIZED ALMOST UNIVERSALLY FOR MOVING AHEAD TOO RAPIDLY WITH ELECTIONS AND FOR RESTORING RESPONSIBILITY TOO QUICKLY TO GERMAN OFFICIALS PD PARA I CANNOT BUT FEEL THAT THE BOOK DESTRUCTION MEASURE IS MORE UNPOPULAR IN THE UNITED STATES THAN IN GERMANY AS SOME RESPONSIBLE GERMAN LIBERALS WHO HAVE ALWAYS OPPOSED NAZISM HAVE CONSISTENTLY FAVORED THE REMOVAL OF NAZI LITERATURE FROM GERMANY OR ITS DESTRUCTION PD I WOULD LIKE TO POINT OUT THAT AT LEAST TWO MEMBERS OF QUADRIPARTITE GOVERNMENT WERE NOT ONLY ENTHUSIASTICALLY ENDORSING THESE MEASURES BUT WERE INSISTENT ON THE BOOK MEASURE INCLUDING A SEARCH OF PRIVATE HOMES PD THIS WAS AN INVASION OF INDIVIDUAL RIGHTS TO WHICH WE COULD NOT AGREE PD WE WERE SUCCESSFUL IN PREVENTING THE ADOPTION OF THIS SECTION THROUGHOUT GERMANY AS A WHOLE ALTHOUGH AT THE EXPENSE OF THE DESTRUCTION OF PUBLIC COLLECTIONS PD - - - - -

EYES ONLY FOR ECHOLS

305708

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By TJ NARA Date 10/29/89

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# OMGUS CABLE FORM

FILE NO \_\_\_\_\_

CALL	CIRCUIT NO	PRIORITY	GR
	NR		

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1 JUN PM '46

FROM: **OMGUS SIGNED CLAY**

ACTION TO: ( ) WESTERN BASE SECTION FOR LINCOLN  
( ) AGWAR FOR WDSCA

INFO TO: ( ) ACC HUNGARY  
( ) USFA

DATE-TIME OF ORIGIN



CC- 7479

~~TOP SECRET~~

CLASSIFICATION: ~~TOP SECRET~~

REFERENCE OCD ELEVEN FROM WESTERN BASE SECTION FROM LINCOLN TO USFET AND WILLIAM XRAY NINE ONE SEVEN FOUR TWO FROM AGWAR SIGNED WILLIAM DOG SUGAR CHARLIE ABLE PAREN FROM OMGUS SIGNED CLAY UNPAREN

WE HAVE RECEIVED INSTRUCTIONS FROM JOINT CHIEFS OF STAFF IN CABLE WILLIAM XRAY NINE ONE FOUR SEVEN ONE TO SUPPORT RESTITUTION TO FORMER ENEMY NATIONS TO INCLUDE HUNGARY ITALY AND AUSTRIA PD WE ARE PREPARED TO RECEIVE NAN YOKE ABLE ROGER ABLE DOG ITEM AT ANY TIME AND ALSO TO RECEIVE A SMALL HUNGARIAN MISSION TO IDENTIFY ALLEGED LOOTED PROPERTY PD FOLLOWING OUR CUSTOMARY PROCEDURE CMA THE HUNGARIAN GOVERNMENT SHOULD BE REQUIRED TO SUBMIT A LIST OF SUCH PROPERTY AS IT WOULD NOT BE OUR INTENT TO PERMIT ANY RESTITUTION MISSION TO WANDER THROUGHOUT GERMANY ENDEAVORING TO LOCATE PROPERTY WITH A VIEW TO ITS SUBSEQUENT IDENTIFICATION PD POLITICAL ADVISOR HERE WILL INVITE OTHER MISSIONS PD WITH REFERENCE TO SECRETARY OF STATE'S PERSONAL DESIRE TO HANDLE RESTITUTION DIRECTLY CMA THE ALLIED CONTROL AUTHORITY AGREEMENT PROVIDES THAT QUOTE NO NATION SHALL BE ELIGIBLE FOR RESTITUTION UNLESS ITS TERRITORY WAS OCCUPIED IN WHOLE OR IN PART BY THE GERMAN ARMED FORCES OR THE FORCES OF HER

2 pages

OMGUS INTERNAL DISTRIBUTION  O/SS - POL AFF ECON FINANCE LEGAL TRANSPORT CONT OFF AG REC	CABLES REFERRED TO IN TEXT OF MESSAGE  REF NO      SCC IN  _____ IS _____ _____ IS _____ _____ IS _____	COORDINATED WITH: POLITICAL DIV PRECEDENCE: OPERATIONAL PRIORITY  ORIGINATING DIV: DEP MIL GOV  <i>M. C. Allen</i> (TYPED NAME, RANK, TEL NO) Lt Gen L D Clay 42481 _____ (AUTHENTICATING SIGNATURE)	MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION INITIALS:  MAY BE SENT IN CLEAR BY ANY MEANS INITIALS:
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ALLIES CMA AND UNLESS IT IS A UNITED NATION OR SHALL HAVE BEEN SPECIFIED BY THE ALLIED CONTROL COUNCIL UNQUOTE PD HENCE A UNILATERAL ACTION ON OUR PART WOULD BE A DIRECT VIOLATION OF QUADRIpartite AGREEMENT PD I BELIEVE THAT INFORMALLY WE MAY HAVE GIVEN YOU A SOMEWHAT DIFFERENT IMPRESSION PD HOWEVER CMA THE ADVICE GIVEN YOU ON EIGHTH MAY IN OUR CHARLIE CHARLIE FOUR SIX FOUR NINE WAS AND IS CORRECT PD IN VIEW OF REGULATION QUOTED ABOVE IT IS OUR RECOMMENDATION THAT THE QUESTION OF RESTITUTION TO HUNGARY BE TAKEN UP IN THE QUADRIpartite MACHINE PD WE HAVE EVERY REASON TO BELIEVE THAT AGREEMENT WOULD BE FORTHCOMING PROMPTLY PD WE DOUBT IF ANYONE IN QUADRIpartite MACHINE WOULD RAISE QUESTION IF WE PROCEED UNILATERALLY WITH RESTITUTION PD HOWEVER CMA THE UNITED STATES HAS AN EXCEPTIONALLY GOOD RECORD IN FULFILLING COMPLETELY QUADRIpartite AGREEMENTS CMA AND IN VIEW OF THIS RECORD THE PROPOSED QUADRIpartite ACTION IS DESIRABLE PD ACTING UNDER WAR DEPARTMENT INSTRUCTIONS CMA THE PAPER REQUESTING QUADRIpartite APPROVAL FOR RESTITUTION TO FORMER ENEMY COUNTRIES IS NOW PREPARED AND WE ARE THUS IN A POSITION TO PRESS VIGOROUSLY FOR EARLY APPROVAL PD HOWEVER CMA IN VIEW OF THE EXPRESSED DESIRE OF THE SECRETARY CMA WE WILL NOT PUSH THIS PAPER UNTIL WE HAVE HEARD FURTHER FROM YOU WITH RESPECT TO UNILATERAL ACTION PD THIS CONSTITUTES USFET ANSWER TO OBOE CHARLIE DOG ELEVEN PD

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O/SS POL AFFAIRS  
ECON FINANCE LEGAL  
TRANSPORT CONT OFF  
AG REC

COORDINATED WITH: POLITICAL DIV  
PRECEDENCE: OPERATIONAL PRIORITY  
ORIGINATING DIV: DEP MIL GOV  
Lt. Gen. L D Glay 42481  
U S Army

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By TJ NARA Date 10/29/89

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

AG CABLE CONTROL  
INCOMING MESSAGE

*File  
in*

DATED 151830Z ~~SECRET~~

RECD 160755Z JULY 46  
125/16/wes

~~SECRET~~

U R G E N T

EYES ONLY

EYES ONLY

FROM : USFET SIGNED MCNARNEY  
TO : AGWAR FOR EISENHOWER ONLY  
INFO : OMCUS FOR CLAY ONLY  
USFA FOR CLARK ONLY  
REF NO : S-7414 CITE: BTSGS

This refers to Clark's P-1165 and  
WX-93661.

I interpret paragraphs 2 and 3 of  
WX-93661 to refer entirely to Jewish DP's and to mean  
that when the Jewish in-center population in the US  
Zone of Germany reaches 100,000 all US Zone borders  
in Germany and Austria will be closed and DP care of  
additional Jews entering either Zone illegally will be  
denied. Clark's situation re Vienna is similar to mine  
in Berlin. I agree with Clark on the extreme difficulty  
of enforcement, the additional troop commitments required  
and the almost certainty of serious incidents which will  
develop at border points where determined Jewish refugees  
in mass will attempt ingress in spite of any consequences.  
I believe that to use such force as is necessary to stop  
such groups under present circumstances will put us in  
an unacceptable position unless timely warning has been  
given before closure. On the other hand to give a lengthy  
period of warning will no doubt cause an organized influx  
in mass which we could not now handle.

In order to solve the problem according  
to your WX-93661 authority, I believe that you should announce  
and authorize both Clark and me to carry out the following  
action. To close the borders of British-US Zone and French-  
US Zone in Germany at any time deemed necessary and all other  
borders of US Zone in Austria when the in-center

AGC IN 32399

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~~TOP SECRET~~

EYES ONLY

EYES ONLY

REF NO S-7414

Jewish DP population of US Zones of Germany and Austria reaches 110,000 (assuming Clark can adequately care for 10,000 in his zone) and thereafter to deny DP treatment to any person or groups who may enter the US Zone illegally.

Because of the impossibility of stopping all infiltrates at the border, closing the border should include not only the denial of entry insofar as possible but also prosecution under law 161 for illegal entry. These 2 measures must be accompanied at the refusal of DP care to illegal entrants. An announcement that these measures are to be put into effect would discourage some potential infiltrates from starting westward or divert them to other areas.

At the border I can stop movements of organized groups by rail, motor convoys or other means used by an organized movement. At control points and by means of patrols I can also turn back some of the small groups and individuals without using excess force. However, many of the infiltrates from the organized groups and individual movements will simply detour and enter elsewhere. I will not be able to prevent entry of determined groups without the danger of serious incidents.

Law 161 provides penalties for illegal entry. Under the "judicious enforcement" of the law, instituted as an interim measure, it has not been enforced against persecutees. Prosecution under the law would still not be used to any great extent against persecutees but should be resorted to when necessary, particularly against those who aid and abet illegal border crossing.

I would rely mainly on the denial of DP care to all illegal entrants after the closing of the border. This will be the most effective way of reducing infiltration. It is the method used by the British in their Zone since 1 July. In the US Sector of Berlin the denial of DP care will be my only means of controlling infiltration.

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

AG CABLE CONTROL  
INCOMING MESSAGE

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EYES ONLY

EYES ONLY

REF NO S-7414

Without creating great additional demands for troops and border police, I believe the use of the measures as I have outlined above will offer the most practical solution to the problem which faces us. They will not entirely solve the problem because large numbers will still enter and become a charge on German or Austrian economy and require some organization and control within the zones as a matter of maintenance of law and order and health standards whether they live on the German and Austrian people or are supported in part by Jewish welfare organizations. Our proposed action, however, should be a deterrent on individuals and on organized moves (now uncontrolled by US) by other zone authorities who, now at least, freely assist large movements into the US Zone.

In all discussions in Washington and in any announcement made, it should be made clear that all measures contemplated have been in effect in the US Zone since zonal boundaries were firmly established. The exception in the case of persecutees (mainly Jews) has been an interim policy while a solution to the problem of the disposition of the persecutees was sought. All we are now proposing to do is to apply to the persecutees the same measures as applied to other DP's. The present rate of infiltration and the number of future potential infiltratees leave us no other choice.

All the above facts must be thoroughly understood and the War and State Departments must be prepared to back to the limit the policy once it is announced, in spite of the press and pressure groups in the US. Risks are involved but they are not as great as they will be later if uncontrolled infiltration is allowed to continue indefinitely.

In the event Clark requires more troops

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EYES ONLYEYES ONLY

REF NO S-7414

for his border control, in about 10 days I can now make available for the period of this special emergency up to about a regiment of combined Infantry and Constabulary.

Recommend announcement in Washington with prior notice here along following lines: General McNarney for Germany and General Clark for Austria have been directed to deny DP treatment to any infiltrees who illegally enter either US Zone after the in-center Jewish population of the 2 Zones combined reaches a total of 110,000 and to take steps to control illegal entry into their Zones. MG laws provide penalties for illegal entrants into the US Zones. The above measures have been in effect since the zonal boundaries were finally established but an exception has been made on an interim basis in the case of persecuted categories, principally Jewish DP's. The present uncontrolled mass influx of Jewish infiltrees will make necessary the termination of this exception when capacity of available facilities is reached. Generals McNarney and Clark are authorized to use such force as is found necessary to give effect to these measures for controlling the current mass movement into the US Zones. They are also authorized to enforce border control along the French and British borders of their zones at any time deemed necessary to avoid further entry of infiltrees across those borders.

WX-93661, AGC IN 31813, 9 July, Eyes Only.  
 P-1165 is not identified in AGCC.

INFORMATION : DMG  
 ONLY

AGC IN 32399 16 July 46 1015B JDL/vea REF NO S-7414

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

AG CABLE CONTROL  
INCOMING MESSAGE

*TJ*  
*me*

~~SECRET~~  
DATED 151723

RECD 152130B JULY 46  
77/15/vea

~~SECRET~~  
U R G E N T

EYES ONLY

EYES ONLY

FROM : AGWAR FROM PETERSEN  
TO : USNET FOR MCNARNEY ONLY  
INFO : OMGUS FOR CLAY ONLY  
USFA FOR CLARK ONLY  
REF NO : WX-94453

Reference WX-93661, paragraph (3)  
should read as follows:

(3) You be authorized to deny  
Displaced Persons care to future infiltrees into US Zones  
of Germany and Austria when the number of Jewish Displaced  
Persons in centers in US Zone of Germany reaches 100,000.

WX-93661 is AGC IN 31813, 9 July, Eyes Only.

INFORMATION : DMG  
ONLY

Main & Reference

AGC IN 32353 16 JULY 46 77/15/vea REF NO WX-94453  
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# OMGUS CABLE FORM

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	NR		

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FROM: <b>1 AGWAR FOR WARCAD PERSONAL FOR ECHOLS</b> ACTION TO: ( ) ( ) INFO TO: ( ) NONE ( ) ( )	DATE-TIME OF ORIGIN <i>July 1946</i> <b>231230 B</b>
	REF NO <b>9540</b>

**CONFIDENTIAL**

CLASSIFICATION: **RABBI BERNSTEIN RECOMMENDED TO GENERAL MCNARNEY THE APPOINTMENT OF A JEWISH LEGAL**

EXPERT AS ADVISER ON PROBLEMS OF INTERNAL RESTITUTION, CMA SEQUESTRATION AND DISPOSAL OF JEWISH HEIRLESS PROPERTY FOUND IN GERMANY AND RELATED PROPERTY QUESTIONS PD PAREN FROM OMGUS SIGNED CLAY UNPAREN I HAVE TALKED THIS OVER WITH RABBI BERNSTEIN AND HAVE ADVISED HIM THAT I BELIEVE THE PROBLEM WOULD BE SERVED BETTER HERE WITH SUCH AN EXPERT MADE AVAILABLE TO SERVE IN MILITARY GOVERNMENT PD AS THE RESULT OF MY RECOMMENDATION CMA RABBI BERNSTEIN CABLED THE REPRESENTATIVE OF THE FIVE JEWISH AGENCIES CONSULTED BY WAR CMA STATE CMA ET AL IN CONNECTION WITH RABBI BERNSTEIN'S APPOINTMENT AND THEY HAVE RECOMMENDED UNANIMOUSLY MAX LOWENTHAL CMA NEW YORK LAWYER NOW WORKING FOR SENATE AND HOUSE COMMITTEES ON PENDING LEGISLATION PD NEITHER RABBI BERNSTEIN NOR MYSELF KNOW LOWENTHAL PERSONALLY CMA ALTHOUGH I DO REMEMBER MEETING HIM WHEN HE WAS WITH BOARD OF ECONOMIC WARFARE PD AS I REMEMBER HE WAS REGARDED HIGHLY IN THAT ORGANIZATION PD I WOULD APPRECIATE IT IF YOU WOULD INSTITUTE USUAL CHECKS AND IF SATISFIED WOULD PROCEED IMMEDIATELY TO GET IN TOUCH WITH LOWENTHAL TO ASCERTAIN HIS WILLINGNESS TO COME WITH MILITARY GOVERNMENT AT EARLIEST POSSIBLE DATE TO DEVOTE HIS SPECIAL ATTENTION TO THESE PROPERTY QUESTIONS PD WOULD SUGGEST SECURING HIM IN THE

OMGUS INTERNAL DISTRIBUTION  OSS/CS ASST DEP MIL GOV FINANCE PERSONNEL AG RECORDS	CABLES REFERRED TO IN TEXT OF MESSAGE  REF NO      SCC IN _____ IS _____ _____ IS _____ _____ IS _____	COORDINATED WITH: NONE  PRECEDENCE: PRIORITY  ORIGINATING DIV: DEP MIL GOV  (TYPED NAME, RANK, TEL NO) M.C. ALLEN Capt. WAC (AUTHENTICATING SIGNATURE)	MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION INITIALS: _____  MAY BE SENT IN CLEAR BY ANY MEANS INITIALS: _____
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NND  
Authority 806061  
By TJ NARA Date 10/29/89

RG 200  
Entry \_\_\_\_\_  
File June-Dec 46  
Box 10

HIGHEST RATING WE HAVE TO OFFER CMA NAMELY CMA A PETER DASH EIGHT FOR A STAY OF AT  
LEAST SIX MONTHS AND PREFERABLY WITH WILLINGNESS TO STAY AN ADDITIONAL SIX MONTHS PD  
IF HOWEVER FOR ANY REASON YOU BELIEVE THIS TO BE AN UNWISE SELECTION PLEASE ADVISE BY  
CABLE AT THE EARLIEST POSSIBLE DATE PD A PROMPT DECISION IS MOST DESIRABLE AS FINAL  
POLICY SOLUTIONS TO THESE PROPERTY QUESTIONS SHOULD BE SUBMITTED FOR APPROVAL IN  
WASHINGTON AS SOON AS POSSIBLE PD

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 By T J NARA Date 10/29/89

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# OMGUS CABLE FORM

FILE NO \_\_\_\_\_

CALL \_\_\_\_\_ CIRCUIT NO \_\_\_\_\_ PRIORITY \_\_\_\_\_ GR \_\_\_\_\_

NR  
 SPACES WITHIN HEAVY LINES FOR SIGNAL ONLY

FROM: **OMGUS SIGNED CLAY**  
**EDSCA**  
 ACTION TO: ( ) **AGWAR FOR CIVIL AFFAIRS DIVISION**  
 ( )  
 INFO TO: ( ) **USPET**  
 ( )  
 ( )

DATE-TIME OF ORIGIN  
 271300 July 1946  
 REF NO  
 CC- 60 9805

CLASSIFICATION: CONFIDENTIAL

REFERENCE YOUR WILLIAM X-RAY NINE FOUR EIGHT SIX SEVEN THE DRAFT LAW  
 SUBMITTED IN OUR CHARLIE CHARLIE SEVEN ZERO FIVE THREE HAS BEEN DISCUSSED FURTHER  
 WITH GERMAN LAENDERRAT PD SEVERAL OF YOUR SUGGESTIONS HAVE BEEN MET AND OTHERS ARE  
 STILL UNDER CONSIDERATION PD ADDITIONAL DISCUSSIONS ARE SCHEDULED WITH THE LAENDERRAT  
 ON TWENTYNINE JULY AND A REVISED DRAFT WILL BE SENT TO YOU AS QUICKLY THEREAFTER AS  
 POSSIBLE PD FINAL ACTION WILL BE TAKEN ONLY AFTER RECEIPT OF CLEARANCE FROM YOU PD  
 PARA NO DECISION AS TO THE ULTIMATE DISPOSITION OF HEIRLESS AND UNCLAIMED PROPERTY  
 WILL BE MADE HERE AND ANY RECOMMENDATIONS WHICH WE MAY HAVE WITH RESPECT TO SUCH  
 DISPOSITION WILL BE TRANSMITTED TO YOU PROMPTLY PD PAREN FROM OMGUS SIGNED CLAY  
UNPAREN WE DO NOT AGREE THAT THE APPOINTMENT OF A TRUSTEE FOR SUCH PROPERTY IS  
 DESIRABLE UNTIL ITS DISPOSITION HAS BEEN DETERMINED PD WHEN DISPOSITION HAS BEEN  
 DETERMINED WE WOULD APPROVE FULLY THE IMMEDIATE DESIGNATION OF A TRUSTEE  
 RESPONSIBLE TO THE BENEFICIARIES OF THE TRUST TO RECEIVE THIS PROPERTY AND ALL SUCH

2 pages

OMGUS INTERNAL DISTRIBUTION O/SS CIV ADMIN LEGAL FINANCE AG REC	CABLES REFERRED TO IN TEXT OF MESSAGE REF NO          SCC IN WX 94867 IS 32709 _____ IS _____ _____ IS _____	COORDINATED WITH: PRECEDENCE: PRIORITY ORIGINATING DIV: DEP MIL GOV  (TYPED NAME, RANK, TEL NO) Lt Gen L D CLAY          42481 U S Army (AUTHENTICATING SIGNATURE)	MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION INITIALS:  MAY BE SENT IN CLEAR BY ANY MEANS INITIALS:
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PROPERTY WOULD BE TURNED OVER TO THE TRUSTEE AS RAPIDLY AS FOUND PD THE TRUSTEE COULD ALSO AID IN THE SEARCH FOR ADDITIONAL PROPERTY PD WE ARE CONVINCED THAT THE RESPONSIBILITY FOR THIS PROPERTY MUST CONTINUE IN THE PROPERTY CONTROL BRANCH OF MILITARY GOVERNMENT UNTIL DISPOSITION HAS BEEN DETERMINED PD THIS BRANCH WILL REQUIRE THE GERMAN ADMINISTRATIONS WORKING UNDER CLOSE SUPERVISION TO FIND CMA SEQUESTER CMA AND ADMINISTER THIS CLASS OF PROPERTY UNTIL IT IS TRANSFERRED TO THE TRUSTEE PD WE DO WELCOME ON OUR LEGAL STAFF A QUALIFIED LAWYER WHO HAS THE CONFIDENCE OF THE GROUPS WHICH YOU MENTIONED TO ADVISE US ON PROPOSED LAWS AND PROGRAMS PD HOWEVER CMA WE FEEL THAT HE MUST BE A MEMBER OF THE LEGAL DIVISION OF MILITARY GOVERNMENT WHEREAS TRUSTEE DESIGNATED TO RECEIVE PROPERTY MUST BE RESPONSIBLE NOT TO MILITARY GOVERNMENT BUT TO THE BENEFICIARIES OF THE TRUST PD PARA IT WAS FOR THIS REASON THAT YOU WERE REQUESTED TO OBTAIN MAX LOWENTHAL TO BE A MEMBER OF OUR LEGAL STAFF BASED ON THE RECOMMENDATION OF RABBI BERNSTEIN PD IT IS REQUESTED THAT HIS APPOINTMENT OR THE APPOINTMENT OF ANOTHER SUITABLY QUALIFIED PERSON IN THIS CAPACITY BE MADE SO THAT HE CAN ARRIVE IN THE THEATER NOT LATER THAN FIFTEEN AUGUST PD PARA WE MUST POINT OUT THAT A TRUSTEE OR CUSTODIAN OTHER THAN PROPERTY CONTROL BRANCH WOULD FIND IT IMPOSSIBLE TO DEVELOP AN ADEQUATE STAFF FOR THE LOCATION OF THIS PROPERTY PD PHYSICALLY THE JOB MUST BE DONE BY THE GERMAN ADMINISTRATION UNDER CLOSE SUPERVISION PD FOR EXAMPLE CMA THE GERMAN ADMINISTRATIONS HAVE ALREADY ESTABLISHED TWO HUNDRED THIRTYSEVEN LOCAL OFFICES TO UNDERTAKE THIS WORK PD PARA THE DRAFT LAW FOR INTERIM DAMAGES SUBMITTED IN OUR CHARLIE CHARLIE SEVEN ZERO FIVE THREE WAS ADOPTED BY LAENDERRAT AT ITS NINE JULY MEETING PD IT IS EXPECTED HERE FOR FINAL APPROVAL SHORTLY PD IF THIS PROPOSAL IS APPROVED CMA STATEMENT AS TO INTERIM NATURE OF THE PROPOSAL WILL BE MADE IN ACCORDANCE WITH YOUR SUGGESTION PD THE FINAL INDEMNIFICATION PROGRAM WILL BE SUBMITTED TO YOU BEFORE FINAL ACTION PD PARA OTHER POINTS YOU RAISED WILL BE SUBJECT OF LATER REPLY PD

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MUST REMAIN WITH ATTACHED PAPERS - USE ENTIRE WIDTH OF SHEET - NUMBER ITEMS CONSECUTIVELY - DRAW LINE UNDER EACH ITEM

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)  
APO 742

FILE NO:  
SUBJECT: Telecon between Colonel Robinson and Mr. Thorson regarding Budget Matters.

NO. TO FROM DATE (Has this been coordinated with all concerned?)

1 CG CO 12 1. The following is quoted from the telecon  
Sept. 46 between Colonel Robinson and this office on Wednesday,  
11 September:

*Let WFFY and  
Gen. Taylor know.*

"BOWD SUBMITTING 1947 DEFICIENCY FOR  
DISPLACED PERSONS IN TOTAL AMOUNT OF \$90,912,119, WHICH INCLUDES \$38,376,066  
FOR FOOD. ALSO SUBMITTING REQUEST FOR POL IN AMOUNT OF \$5,190,000 PLUS  
TRANSPORTATION OF POL IN AMOUNT OF \$2,635,000. ALSO REQUEST FOR WAR CRIMES  
DEFICIENCY IN AMOUNT OF \$3,500,000 FOR ALL THEATERS WITH PROBABILITY THAT  
NEARLY ALL THIS AVAILABLE TO GERMANY. ALLOCATING ADDITIONAL \$1,000,000 FOR  
WAR CRIMES IN ANTICIPATION OF CONGRESSIONAL APPROVAL OF DEFICIENCY APPROPRIATION.  
PLEASE ADVISE GEN. CLAY THAT OFFICER REPRESENTING BOTH WAR CRIMES BRANCH AND  
SECRETARY PETERSEN WILL COME GERMANY END OF MONTH TO HELP EXPEDITE PROGRAM."

2. The additional \$1,000,000 allocated by the  
War Department for war crimes will provide a total of \$2,000,000 which is  
immediately available and will permit steps to be taken at once to recruit  
and institute Zonal war crime trials.

3. Your reference is invited particularly to  
the statement that an officer representing both War Crimes Branch and Secretary  
Petersen will come to Germany some time near the end of the month to help  
expedite the program.

4. With respect to the current Military  
Government policy regarding purchase of paper for Information Control and  
Educational Activities, the following is submitted for your information and  
decision:

"Robinson to Thorson: STATEMENT MADE BY  
GEN. MCCLURE IN TELECON YESTERDAY THAT QUOTE DEPUTY MILITARY GOVERNOR WOULD  
APPROVE GIFT OF PAPER STOCK OR PURCHASE FROM STATESIDE APPROPRIATION UNQUOTE  
CONFUSING HERE. PLEASE ASK GEN. CLAY WHETHER HE DISAPPROVES PURCHASE OF  
PAPER STOCK OUT OF APPROPRIATED FUNDS UNDER ANY CIRCUMSTANCE OR MERELY OBJECTS  
TO PURCHASE OUT OF PORTION OF GAROA SPECIFICALLY ALLOCATED TO GERMANY."

*W. Thorson*  
W. THORSON

Acting Control Officer

Telephone 42183

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By TJ NARA Date 10/29/89

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# OMGUS CABLE FORM

FILE NO. \_\_\_\_\_

CALL	CIRCUIT NO	PRIORITY	GR
	NR		

SPACES WITHIN HEAVY LINES FOR SIGNAL ONLY

FROM: **OMGUS SIGNED CLAY**

ACTION TO: (1) **AGWAR FOR WDSKA PERSONAL FOR ECHOES**

INFO TO: (1) **NONE**

DATE-TIME OF ORIGIN  
17 12 17 08Z 46

REF NO  
**CC- 00 7396**

**CONFIDENTIAL**

CLASSIFICATION: CONFIDENTIAL

I AM ADVISED OUR REPRESENTATIVE ON ECITO HAS BEEN INSTRUCTED BY STATE DEPARTMENT TO DISCUSS RESTITUTION ROLLING STOCK FROM GERMANY PD I DO NOT UNDERSTAND THIS TO BE ECITO FUNCTION PD IF RESTITUTION FROM GERMANY IS NOT A FUNCTION OF ALLIED CONTROL COUNCIL WE SHOULD BE ADVISED PD IF IT IS CMA THE MORE AGENCIES SUCH AS ECITO AND IARA CHARGED WITH PROBLEM CMA THE MORE DIFFICULT IS COORDINATION PD PAREN FROM OMGUS SIGNED CLAY UNPAREN WE ARE CHARGED WITH DEVELOPING SELF SUSTAINING GERMAN ECONOMY PD IT SEEMS TO ME RESTITUTION FROM GERMANY IS A MATTER FOR DISCUSSION EITHER AT BERLIN OR AT GOVERNMENTAL LEVEL AND NOT BY ADDITIONAL INTERNATIONAL AGENCIES PD CLARIFICATION IS URGED PD

*See State Department cable 14 Dec 46 2463-  
#12483  
(returned to Embassy)*

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REGRADED UNCLASSIFIED  
ORDER SEC ARMY BY TAG PER 72048

OMGUS INTERNAL DISTRIBUTION  C/S O/SS ECCH DIV OFF POL AFF AG REC	CABLES REFERRED TO IN TEXT OF MESSAGE  REF NO      SCC IN _____ IS _____ _____ IS _____ _____ IS _____	COORDINATED WITH: <b>NONE</b>  PRECEDENCE: <b>PRIORITY</b>  ORIGINATING DIV: <b>OFF DEP MIL GOV</b>  (TYPED NAME, RANK, TEL NO) <b>M. C. ALLEN, Capt., WAC 42481</b>  (AUTHENTICATING SIGNATURE)	MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION  INITIALS: _____  MAY BE SENT IN CLEAR BY ANY MEANS  INITIALS: _____
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 By TJ NARA Date 10/29/89

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 File Jan-Apr '47  
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*Return to O/D MG*

# OMGUS CABLE FORM

FILE NO \_\_\_\_\_

CALL	CIRCUIT NO	PRIORITY	GR
	NR		

SPACES WITHIN HEAVY LINES FOR SIGNAL ONLY

FROM: OMGUS	DATE-TIME OF ORIGIN
ACTION TO: (1) AGWAR FOR WARGAD	1202 - 12 MAR 47
INFO TO: (1) NONE	REF NO
	CC- 8344

**CONFIDENTIAL**

CLASSIFICATION: CONFIDENTIAL

REURADS WILLIAM X-RAY NINE TWO SIX EIGHT FOUR AND WILLIAM X-RAY NINE THREE FOUR THREE THREE CMA THE LATTER CABLE I RATHER EXPECTED WITH THE APPLICATION OF NYARADI'S HIGH PRESSURE TACTICS IN WASHINGTON PD OUR PROPOSAL FOR RESTITUTION TO EX-ENEMIES HAS BEEN WITHDRAWN FROM AGENDA UNTIL FRENCH DELEGATION IS WILLING TO DISCUSS PAPER PD MEANWHILE CMA NO GENERAL RESTITUTION PROGRAM TO EX-ENEMIES IS ON THE WAY PD WE HAVE MADE TRANSFERS TO UNCLE SUGAR FOX ABLE CUSTODY PD ALSO WE HAVE RETURNED HUNGARIAN GOLD AND CERTAIN HUNGARIAN FIRE ENGINES AND HORSES PD WE HAVE BEEN SLOW IN FURTHER RESTITUTION TO HUNGARY WHILE WORKING FOR QUADRIPARTITE AGREEMENT AND ALSO TO MEET A FRENCH REQUEST CMA AS THE FRENCH ARE INDIGNANT AT SLOWNESS OF HUNGARIAN RESTITUTION TO FRANCE PD THE FRENCH DELEGATION HAS NEVER RAISED THE QUESTION HERE IN REGARD TO THE PRESENCE OF THE RUMANIAN MISSION IN THE AMERICAN ZONE BUT HAS EXPRESSED STRONG DISSATISFACTION WITH PROGRESS OF HUNGARIAN RESTITUTION TO FRANCE PD PAREN FROM OMGUS SIGNED CLAY UNPAREN HOWEVER CMA IN TAKING FURTHER ACTION IN MAKING RESTITUTION DELIVERIES TO PEACE-TREATY EX-ENEMIES CMA WE WOULD LIKE TO POINT OUT THAT PRESENT PEACE TREATY WITH HUNGARY PROVIDES IN PART SIX CMA ARTICLE TWENTY CMA PARAGRAPH TWO CMA

*Return to O/D MG*

OMGUS INTERNAL DISTRIBUTION O/SS - C/S POL AFF FINANCE LEGAL CONTROL	CABLES REFERRED TO IN TEXT OF MESSAGE	COORDINATED WITH: ECON <b>CONFIDENTIAL</b> PRECEDENCE: PRIORITY ORIGINATING DIV: DEP MIL GOV  (TYPED NAME, RANK, TEL NO) M.C. ALLEN 42481 Capt. WAC (AUTHENTICATING SIGNATURE)	MUST BE SENT IN CYPHER IF LIABLE TO INTERCEPTION INITIALS:
	REF NO      SCC IN WX-93433    AGC IN 51324 IS WX-92684    AGC IN 50237 IS		MAY BE SENT IN CLEAR BY ANY MEANS INITIALS:

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THAT QUOTE IDENTIFIABLE PROPERTY OF HUNGARY AND ALL HUNGARIAN NATIONALS REMOVED BY FORCE OR DURESS FROM HUNGARIAN TERRITORY TO GERMANY BY GERMAN FORCES OR AUTHORITIES. AFTER JANUARY TWENTY CMA NINETEEN FORTY FIVE SHALL BE ELIGIBLE FOR RESTITUTION UNQUOTE PD WE ASSUME THAT THESE PROVISIONS SUPERCEDE AND CANCEL PREVIOUS STATE DEPARTMENT INSTRUCTIONS PD WE PROPOSE THAT FILING AND PROCESSING OF HUNGARIAN CLAIMS SHALL BE GOVERNED FORTHWITH BY PROVISIONS OF PEACE TREATY PD WE PROPOSE TO PROCEED LIKEWISE FOR ITALY CMA RUMANIA CMA BULGARIA AND FINLAND PD IT IS OUR VIEW THAT THE AGREED PROVISIONS IN THE PEACE TREATY NOW COVER THIS AND THAT FURTHER ACTION BY ABLE CHARLIE CHARLIE IS UNNECESSARY PD PARA WE ALSO ASSUME THAT THE QUOTE ELIGIBLE UNQUOTE IN PARAGRAPH TWO OF ARTICLE THIRTY INDICATES THAT RESTITUTION IS NOT NECESSARILY MANDATORY PD PRESUMABLY WE WOULD BE ABLE TO CONSIDER IN RESTITUTION TO EX-ENEMY COUNTRIES THE EFFECT ON GERMAN MINIMUM ECONOMY AND CONSEQUENT COST TO THE UNITED STATES PD PARA NEW SUBJECT CLN WE HAVE CONSIDERED FRENCH CONDITIONS TO ACCEPT THE UNITED STATES PROPOSAL FOR THIRTY JUNE BEING ESTABLISHED AS A TERMINATION DATE FOR FILING OF CLAIMS PD OF COURSE CMA THE FRENCH CONDITIONS RENDER SUCH A TERMINATION DATE COMPLETELY INEFFECTIVE PD THEIR FIRST CONDITION MERELY PROVIDES A MEANS FOR ESTABLISHING A NUMBER OF GENERAL CLAIMS BY SUBMITTING AN INVENTORY OF ALL FRENCH PROPERTY REMOVED FROM FRANCE WITHOUT PREVENTING THE ACTUAL FILING OF SPECIFIC CLAIMS AT ANY TIME THEREAFTER PD HOWEVER CMA THE PRINCIPAL FRENCH OBJECTION APPEARS TO COME FROM OUR RULE REQUIRING PROOF OF REMOVAL BY FORCE OR DURESS PD TO US THIS RULE APPEARS REASONABLE PD THE FRENCH WOULD ALSO LIKE COMPLETE FREEDOM OF ACTION TO SEARCH FOR PROPERTY IN THE UNCLE SUGAR ZONE PD WE CANNOT ACCEPT SUCH FREEDOM OF ACTION AS WE DO NOT HAVE THE FACILITIES TO FREELY ACCOMMODATE FRENCH TEAMS FOR THIS PURPOSE PD WE ARE ALSO APPREHENSIVE THAT IT WOULD BECOME A GREAT SEARCHING EXPEDITION PD PARA WE CANNOT ACCEPT THE FRENCH POSITION THAT OUR DIRECTIVES ARE PARALYZING RESTITUTIONS TO FRANCE PD WE HAVE RESTITUTED PROPERTY VALUED AT ABOUT THIRTY FIVE MILLION ROGER MIKE PAREN NINETEEN THIRTY EIGHT VALUE UNPAREN TO FRANCE PAREN EXCLUSIVE OF ART OBJECTS UNPAREN WHICH REPRESENTS FORTY PERCENT OF FRENCH CLAIMS FILED PD WE DO

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ORGUS CABLE FORM

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MAKE ALL GERMAN DECLARATIONS OF LOOTED PROPERTY AVAILABLE TO ALL RESTITUTION MISSIONS INCLUDING THE FRENCH MISSION AND ALL REPARATIONS INVENTORIES AVAILABLE TO ITEM ABLE ROGER ABLE IN BRUSSELS PD WE HAVE ALWAYS HELD THAT RESTITUTION OF ITEMS REMOVED FROM FRANCE BY FORCE OR DURESS IS MANDATORY PD HOWEVER CMA WE HAVE ALSO HELD THAT ITEMS REMOVED FROM FRANCE BY PURCHASE UNDER CONTRACT ARE ELIGIBLE FOR RESTITUTION TO THE EXTENT NOT REQUIRED BY THE GERMAN MINIMUM ECONOMY/THAT IS/ ~~SERVICES~~ WHEN THEIR RETURN WOULD NOT REPRESENT AN ADDITIONAL COST TO THE UNITED STATES PD ALL OF THESE MATTERS ARE STILL UNDER DISCUSSION WITH THE FRENCH HERE PD PARA FINALLY CMA WITH RESPECT TO THE RETURN TO HUNGARY OF ONE HUNDRED TWENTY SEVEN TONS OF SILVER CMA OUR EVIDENCE TO DATE DOES NOT INDICATE THAT THE SILVER WAS BROUGHT TO GERMANY BY FORCE OR DURESS PD UNDER THE TREATY PROVISIONS IT IS THEREFORE NOT SUBJECT TO RESTITUTION PD WE HAVE NO OBJECTION TO RETURN OF SILVER IF ITS RETURN IS DESIRED OUTSIDE OF THE TREATY PROVISIONS ALTHOUGH THIS MIGHT CREATE A PRECEDENT WHICH WOULD PROVE UNDESIRABLE PD

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 By TJ NARA Date 10/29/89

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 File Jan-Apr '47  
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**S E C R E T**

OFFICE OF THE DEPUTY MILITARY GOVERNOR  
 Office of Military Government for Germany (U.S.)

Date: 20 March 1947

TO: ARMY CODE CENTER  
 Att: Major Roy

Attached cable for dispatch as per  
 our conversation this afternoon.

If you wish these cables arranged  
 any differently, please let me know.

*M. C. Allen*  
 M. C. ALLEN  
 Capt. WAC

Tel:  
 SPASO ext. 6

**S E C R E T**

SUBJECT: 20 March - cable to Gen. KEATING  
 re restitution Hungarian silver and  
 French recruitment of labor in Germany.

Return this to O/DMG with completed action

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Authority 806061  
By TJ NARA Date 10/29/89

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VIA ARMY LINES

MA 51139  
20 March 1947 *WAS*

S E C R E T

2019002  
= FB

TO: OMGUS BERLIN PERSONAL FOR KEATING  
FROM: MOSCOW PERSONAL FROM CLAY

REURAD CHARLIE CHARLIE EIGHT FOUR FOUR TWO DO NOT UNDERSTAND CABLE PD  
I PERSONALLY ASKED GENERAL GAILEY TO ADVISE YOU TO PROCEED IMMEDIATELY  
WITH RESTITUTION OF HUNGARIAN SILVER REALIZING FULLY THAT MY TWELVE  
MARCH CABLE HAD NOT REACHED WASHINGTON PD HOWEVER CMA IF WASHINGTON  
DESIRED CHANGE IT WOULD NOTIFY US PD HAVING MADE OUR ARGUMENT CMA WE  
MUST ACCEPT GOVERNMENTAL DECISION AND OUR FURTHER REPLY BECOMES  
CONTENTIOUS PD PLEASE ADVISE WASHINGTON THAT YOU HAVE HEARD FROM ME AT  
MOSCOW THAT THE SILVER IS TO BE RETURNED AS SOON AS PHYSICALLY PRACTICAL  
PD PARA NEW SUBJECT CLN IF QUESTION OF FRENCH RECRUITMENT IN GERMANY  
ARISES OUR POSITION MUST BE THAT OUR AGREEMENT TO COOPERATE MEANS SUPPORT  
OF FRENCH REQUEST FOR SUCH RECRUITMENT IN THE ALLIED CONTROL COUNCIL  
SUBJECT TO PROPER SAFEGUARDS SUCH AS VOLUNTARY NATURE CMA A DEFINITE  
CONTRACT WHICH PERMITS TRANSFER OF FUNDS RECEIVED AS WAGES TO GERMANY CMA  
LABOR MUST BE UNEMPLOYED CMA LABOR MUST NOT BE ESSENTIAL TO MINIMUM ECONOMY  
CMA ETC PD IN ADVISING FRENCH IF THEY BRING UP SUBJECT OF OUR WILLINGNESS TO  
SUPPORT IN ABLE CHARLIE CHARLIE WITH PROPER SAFEGUARDS IT IS NOT NECESSARY  
TO SPELL OUT SAFEGUARDS AT THIS TIME PD DO NOT OPEN MATTER WITH FRENCH UNLESS  
THEY DO PD UNDER NO CONDITION CAN WE AGREE TO UNILATERAL ACTION IN PERMITTING  
FRENCH RECRUITMENT IN UNCLE SUGAR ZONE ALONE PD - - - - -

No distribution here

Authenticating  
Signature

*M.C. Allen*  
M. C. ALLEN, Capt. WAC  
PA to General CLAY

S E C R E T

DECLASSIFIED  
 NND Authority 806061  
 By 7J NARA Date 10/29/89

RG Entry 200  
 File Jan-Apr '47  
 Box 10

SECRET

14 April 1947

TO: AGMAR PERSONAL FOR NOOE

FROM: CINCEUR SIGNED CLAY

INFO: OMGUS

REGRADED UNCLASSIFIED  
 ORDER SEC ARMY BY TAG PER 720458

Reurad WX-95481. I am at loss as to why our position is difficult to understand as it has been consistent since our arrival here. COML/P(46)3 did not provide for restitution to United Nations of all property regardless of use of force in removal. We are in a better position here on the ground to interpret Allied Control Authority decisions in the light of our participation in the meetings which led to those decisions. We have reported repeatedly that under the definition of the term "restitution" agreed at Allied Control Authority, it is limited in the first instance to identifiable goods which existed at time of occupation and have been taken by force. Also falling under restitution are identifiable goods produced during occupation and taken by force. In making this definition, the Allied Control Authority then agreed that all other property removed by the enemy is eligible for restitution to the extent consistent with reparations.

It is clear that this definition contemplated a distinction between items clearly removed by force and others produced under contract during the period of occupation. During the discussions on reparations and restitution, I pointed out repeatedly that we could not grant reparations to a level which would provide only a minimum economy, and then on top of the reparations program make restitution to unknown extent. This led to the adoption of the phrase "consistent with reparations". It has always been my position under this phrase that we would examine all claims for restitution and that we would return all items whether or not removed by force provided it did not reduce

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 By TJ NARA Date 10/29/89

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the German economy below the planned level, the latter not being consistent with reparations. I still take the position that if we are to make restitution along the lines in your cable we must modify the reparations program. If, as is being discussed at Moscow, we do revise the level of industry, then of course consideration can be given to restitution regardless of how the items in question reached Germany.

I expect to continue to require proof as to date of removal. With respect to the establishment of a termination date, I again urge that we not be stopped from our efforts to this end. It is very difficult for me to understand our policy in matters of this sort. We have stated repeatedly that we want to make Germany a democratic nation. Nevertheless we proceed unilaterally with irritating measures which we continue indefinitely. If we are to win and hold Germany for western civilization, we must bring such measures to an end some time. The American Zone has been safely held by democratic parties up to date. All of my recent intelligence reports point to a rapid penetration of communism. If communism does win western Germany, it is obvious our policies in Germany have failed and those of us responsible for the government of Germany will be completely condemned. In spite of this, we do not get the support in small matters which are all important. I refer to the recent law on internal restitution which, while sound in principle, is unilateral in application. Our measures in restitution are at least as vigorous as those of our colleagues and I am not willing to give the French and others a hunt and seizure right which is what the French want. I am sure that the results would be disastrous. I doubt if any United Nation can give specific examples of legitimate claims which have been proved. However, our procedure does serve as a desirable brake on unlimited and unproven claims.

**SECRET**

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By TJ NARA Date 10/29/89

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I am not exaggerating the penetration and growth of communism in western Germany. It can win western Germany if we continue to play our cards the way we are.

oOo

*Rec'd 1900 14 April 1947  
LTC DeRoo*

REPRODUCED AT THE NATIONAL ARCHIVES

*Comments*

DECLASSIFIED  
Authority AND 775043  
By JA NARA Date 8/7

RG 760  
Entry US Element 7 Acc  
Box 42

*policy application*

APPENDIX "D"

Control 3004

Brussels

Dated September 10, 1946

Rec'd 5:18 p.m. 10th

Paraphrase before communicating except to Government Agencies.

SECSTATE

1169, September 10, 5 p.m.

FOR GA FROM DORR

Re War DEPTTEL 9356752 052046 Z OMGUS, received Brussels August 28.

One. Note that proposals to OMGUS in reference telegram re disposition of foreign currencies found in Germany are identical with instructions to US delegation at Paris reparation conference. We note further that telegram avers that proposals receive agreement of Paris Conference. In fact, US position received only partial tripartite agreement, and was never discussed by whole conference. (See Angell's final report).

Two. We are uncertain from wording of telegram whether OMGUS is required to take any action on proposals, and, if so, what. If, however, it is contemplated that OMGUS should negotiate these proposals in Berlin, we urge Department to consider whether those chiefly affecting IARA countries might not more appropriate be negotiated in Brussels.

Three. Assume that basis for distinction between treatment of occupied and non-occupied IARA countries is presumption that bulk of currency issued by former and found in Germany was wrongfully acquired and should therefore be restored. In view of nebulous economic advantage accruing to unoccupied countries from return of own currencies, however, question equi of charging such currency to quotas. Furthermore, it will be recognized that occupied countries would be receiving as restitution relatively same qualities of currencies legitimately

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acquired pre-war by Germany as would be charged to unoccupied countries as reparation under US proposals. Believe IARA countries should be urged to agree to restitution principle for all. As for claims by one IARA country, believe cancellation problem could be avoided by reciprocity agreements.

Four. If Department should decide that negotiations in this field should take place in Brussels, request review of problems raised in Angell's report, particularly of British attitude on restitution of dollars; Department will note inter-custodial questions involved.

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*Policy des -  
Restitutio  
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APPENDIX "C"

From: War Department  
To: Berlin, Germany, OMGUS  
Nr: WARX 93567 5 July 1946

Reurad May CC 4350 CC 4993. For Dorr from WDSCA.

Subject is restitution neutral currencies,

Part 1. Re restitution neutral currencies involve larger question disposition property declared and delivered under Law 53 or otherwise uncovered. For State Dept proposals re gold, precious metals and currencies submitted for your comment. Uniform treatment all zones desirable. Disposition securities, checks, etc. being separately considered.

*Last page*

6. Foreign currencies: Cut-off date should apply in each case on small sums delivered under Law 53. (A) foreign currencies issued by UN which experienced Axis occupation should be restored to respective govts as restitution. (B) currencies issued by IARA Govts except those in (A) above should be delivered such govts through IARA. Respective govts, if they decide to accept such currency, would acct for receipt as reparation under category external assets. (C) Latin American currencies should be retained subject to decision on disposition German external assets Latin America. (D) Currencies of Finland Rumania, Bulgaria and Hungary should be delivered USSR as reparation in category German external assets. (E) Currencies neutra countries should be delivered IARA for disposal as reparation category A assets. (F) All other currencies should be reserved pending subsequent decision as to disposition Items A, B, D, and E above were agreed at sessions Paris conference on reparation.

NOTE: CC 4380 is CM-IN 848 (5 May 1946).  
CC 4993 is CM-IN 3239 (15 May 1946).

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APPENDIX "F"

DIRECTIVE TO THE COMMANDER IN CHIEF, U. S. ZONE OF OCCUPATION, GERMANY, ON THE DISPOSAL OF CURRENCIES

1. This directive is issued to you as Commander-in-Chief, U. S. Zone of Occupation, Germany, and U. S. member of the Allied Control Council, Germany. Subject directive applies to disposal of foreign currencies recovered in Germany. You will seek to obtain agreement in the Control Council to proposals laid down in this directive and their application in all zones of occupation in Germany.

2. Foreign currencies found in Germany should be disposed of as follows:

a. Currencies of countries which experienced German occupation, but excluding countries in category (c) below (France, Netherlands, Belgium, Luxembourg, Norway, Denmark, Czechoslovakia, Poland, USSR, Yugoslavia, Greece, Albania, Italy) should be restituted to those countries.

b. Currencies of United Nations, members of IARA, but never under German occupation (United Kingdom, United States, Australia, India, New Zealand, Canada, Union of South Africa, Egypt) should be returned to those countries with the understanding that IARA will decide the question as to whether such disposal should constitute a charge against reparations.

c. Currencies of Hungary, Rumania, Bulgaria and Finland should be given to the USSR.

d. All other currencies should be retained pending ultimate determination of policy in regard thereto.

3. Disposition of currency under the above proposals should be without prejudice to such individual ownership rights in any part thereof as may be established before the governments receiving the currencies in question.

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4. Currency which falls within the provisions of WARX 85682, 18 November (Definition of Non-Monetary Gold) will be treated in accordance therewith.

5. No currency discovered after January 1, 1947 shall be subject to the above program, with the exception of sums in excess of \$1,000 or equivalent.

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From: Berlin, Germany, OMGUS  
To: War Department  
Nr: CC 4350 3 May 1946

1. Distribution of foreign currencies found in Germany presently being considered by Allied Control authorities.
2. We wish to be advised whether neutral currencies found in Germany are to be regarded as eligible reparations under terms of Paris Reparation Agreement or if such currencies may be excluded from reparations and retained by the occupying powers to defray the costs of necessary imports of foreign exchange costs of occupation.

CH-IN 848 (6 May 46)