

DECLASSIFIED	
Authority	NND 775042
By	JIS NARA Date 8/21/99

RG	260
Entry	Dec 1st 1948
Box	511

General Hayes

- 2 -

1 April 1948

The functions of these allied nationals would be to contact the German-Jewish communities by means of a circular letter and personally and with a view to obtaining information on previous Jewish holdings in the community area. In order to verify the information received from the German Jewish communities, these allied nationals would, in accordance with procedures to be agreed upon with OMGUS, also consult the Grundbuch which is a document of public record and also the documents in the Laender property offices which are also, we understand, public documents. The allied nationals would also be in touch with OMGUS in Berlin and in the field. We can offer you assurances that, under no circumstances, will these allied nationals or any indigenous personnel of the American Joint Distribution Committee contact directly or indirectly any member of the German Government in connection with this work without specific prior permission from OMGUS. We also specifically undertake not to contact the German restitution agency for such information and statistics.

As I stated to members of your staff, we believe it is most essential to collect this information as quickly as possible, particularly in view of the fact that all claims for heirless property and all claims for restitution of specific property must be made on or before 31 December 1948. In connection with our functions for giving legal protection to refugees and persecutees in accordance with the arrangements between the American Joint Distribution Committee and the PCIRO, we believe that information relating to the former German Jewish holdings in Germany will provide legal protection to persons who may not yet be specifically identified. We are therefore prepared to collect this information and we will, of course, offer specific assurances that when a successor organization is finally designated, we will turn over all such information to the successor organization. We also assure you that such records and information as we may obtain would, of course, be open to Military Government inspection.

I should be grateful to receive some indication from you as to whether we may proceed on the basis of the above plan.

As regard the records obtained by Dr. Peiser, it is my understanding that these records are almost completely based solely upon information furnished to us by the German-Jewish Communities. The records are presently located in Frankfurt and we have had no intention of removing the documents from Germany. We will be pleased to turn them over to whomever you designate or should you agree, we will hold the records and use them in connection with our operations under the above plan, and we would of course make whatever ultimate disposition of them as you may designate.

76/1

315687

DECLASSIFIED  
Authority NND 775042  
By JR NARA Date 8/2/99

RG 260  
Entry Original File  
Box 511

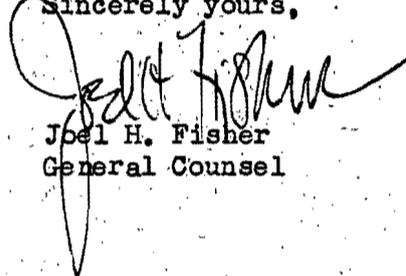
General Hayes

- 3 -

1 April 1948

Finally, I wish to express our appreciation to members of your staff for their understanding and consideration in connection with the oral discussion of the problems which are set forth in this letter.

Sincerely yours,



Joel H. Fisher  
General Counsel

76/11

315688

DECLASSIFIED  
 Authority NND 775042  
 By TLS NARA Date 8/21/99

RG 260  
 Entry Account File  
 Box 511

OFFICE OF MILITARY GOVERNMENT  
 LAND WUERTEMBERG-BADEN  
 FIRST MILITARY GOVERNMENT BATTALION (SEP)  
 APO 154 US ARMY

STUTTGART, GERMANY

24 March 1948

SUBJECT: Dr. Werner Peiser

TO : Major General George P. Hays  
 Deputy Military Governor  
 Office of Military Government for Germany (US)  
 Berlin, Germany  
 APO 742, US Army

1. I am pleased that you have taken action on the Werner Peiser matter as indicated by TWX seen by me on 23 March 1948.

2. To complete the file I enclose copies of correspondence between Peiser and the German Ministry of Justice which are marked respectively Inclosures A and B.

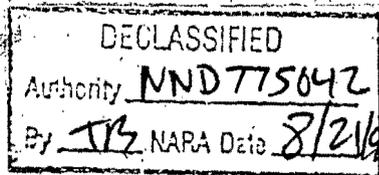
3. While one may agree with the general observations of Peiser in 2b, I still am of the opinion that Peiser's actions in asking to be permitted to review judges to be established by German authorities is contrary to Military Government policy in that only in the rarest of occasions does Military Government attempt to exercise such functions. This matter of unofficial people attempting to assert quasi-authority over German officials, which Military Government does not itself exercise, seems to me should be sternly and promptly ended.

  
 CHARLES M. LAFOLLETTE  
 Director

Incls:  
 a/s

76/1

315689



RG <u>260</u>
Entry <u>Dec 16/66</u>
Box <u>511</u>

Berlin, Germany  
26 March 1948

Mr. Joel H. Fisher  
General Counsel  
American Joint Distribution Committee  
119 rue St. Dominique  
Paris 8

Dear Mr. Fisher:

It has come to my attention that an employee of AJDC, Dr. Werner Feiser, has been conducting unauthorized activities in the field of restitution in the U. S. Zone of Germany.

Dr. Feiser has visited the Ministers of Justice in Mecklenburg, Hesse and Bavaria, to whom he represented himself as the "Chief, Successor Organisation." He secured or attempted to secure agreements with the Ministers of Justice to submit to him a list of judges to be appointed for Restitution Courts in order that he might investigate these judges and object to the appointment of any judge.

He arranged to place one of his agents in the German Property Control Agency in Hesse for the purpose of securing lists of former Jewish properties in custody.

As you know, no successor organization for Restitution has been officially designated. Until such an organization is officially designated, no agency has been authorized or will be authorized to operate in the Restitution field, except that under paragraph 14 of your letter to Mr. Tuck of PCIS, legal assistance in regard to restitution may be given by AJDC upon application of an individual for such assistance. This does not authorize AJDC to solicit requests for legal assistance.

I have discussed this matter with Mr. Sam Haber of AJDC, who showed me a copy of your letter of instructions to Dr. Feiser and Dr. Hasbaum. The activities in regard to Restitution directed by you are unauthorized and must be terminated at once.

I have taken action to have Dr. Feiser deported from Germany because of his attempt to influence the appointment of German public officials.

It is requested that you return to OIGUS all property records and other documents in the Restitution field compiled by Dr. Feiser. I have directed that all agents appointed by Dr. Feiser of whom we have knowledge be contacted and directed to refrain from all Restitution activities and turn in their records to OIGUS.



R 11325  
D 11326 (76)

AG RECORDS AG RECORDS

315690

DECLASSIFIED
Authority <u>MND 775042</u>
By <u>JIS</u> NARA Date <u>8/21/92</u>

RG	<u>260</u>
Entry	<u>Account File</u>
Box	<u>511</u>

Joel H. Fisher, AJDC

-2-

26 March 1948

It is requested that you take prompt and energetic action to terminate any unauthorized activities on the part of AJDC employees in the field of Restitution.

Until a successor organization is officially designated and issued instructions under an appropriate charter, all Restitution activities remain a responsibility of OMBUS and German officials as directed by OMBUS.

Sincerely yours,

GEORGE P. HAYS  
Major General, U.S.A.  
Deputy Military Governor

CC: Brig. Gen T. L. Harrold, CAD, EUCOM

comeback copy sent to O/DMG

76

315691

RG 260  
 Entry Original File  
 Box 510

DECLASSIFIED  
 Authority NNDTS119  
 By VR NARA Date 820

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

AG CABLES



## OUTGOING MESSAGE

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

RECD: 061818Z Feb 48

P R I O R I T Y

TO : DEPT OF THE ARMY PERSONAL FOR NOCE  
 FROM : CINCEUR SIGNED CLAY  
 REF NO : CC-3127

*84110 6023000*  
 Reurad WX-95426, I believe that implied commitments to Jewish Restitution Commission would make the Government's position most difficult to explain if not untenable. It was our understanding that Gen Hildring had almost 2 years ago accepted that an International Jewish Restitution Commission would be the successor organization to heirless Jewish property in Germany, and in several conversations which I have had with Jewish representatives headed by Judge Proskauer I have always let them understand that a Jewish Restitution Commission would be the successor organization. The composition of this Commission was to be determined by the State Dept. Later in seeking Quadripartite agreement, the question was raised on several occasions. While this question did not effect Quadripartite agreement, we would have been able to obtain Tripartite agreement to a non-denominational successor organization and Bipartite agreement with the British to a German organization as successor organization.

Our decision to publish a unilateral law was primarily based on the designation of a successor organization to heirless Jewish property as an International Jewish Restitution Commission. In point of fact it was our understanding that our Govt was unwilling for us to enter into any other agreement. Obviously, the Jewish Representatives in the US were familiar with these negotiations and clearly understood that the successor organization was to be a Jewish Restitution Commission. I do not know whether or not Judge Proskauer and his associates have any commitments in writing but I am quite sure that they were given clearly to understand by

CC-3127

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

**CONFIDENTIAL**

Form OMGUS 253b  
 (8 June 47)

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

Copy No.

315692

RG 260  
 Entry Account File  
 Box 510

DECLASSIFIED  
 Authority NINDTS119  
 By VR NARA Date 820

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

-2-

REF NO: CC-3127

all responsible Govt Officials with whom they discussed the proposed Restitution Law over the past 2 years that the successor organization would be a Representative Jewish Commission. I know that in my own case I have always talked to the Jewish Representatives on this assumption which was certainly not my own assumption but based on my conversations and discussions with responsible Officials in both State and Army Depts. In point of fact, my original views were opposed in favor of a German corporation.

Regardless of these original views, I am sure that at minimum we would be breaking an implied agreement if we did not designate a Representative Jewish Commission as successor organization.

I would like to point out that early decision is imperative as claims under the law must be filed by the end of the present calendar year. By the time such a Commission is formed, the remaining time in which to file claims will be quite limited.

WX-95426 is AGC IN 84110

ORIGINATOR : CINCEUR

AUTH: LUCIUS D CLAY  
 GEN

INFO :

C/S  
 LEGAL DIV HEAD  
 CONT OFF DIV HEAD  
 FIN DIV HEAD  
 ECON DIV HEAD  
 CA DIV HEAD  
 PIO DIV HEAD  
 POL AFF DIV HEAD  
O N L Y

CC-3127

7 Feb 48

WLC/gd

AG 383.6 (Rest.)

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

315693

RG 260  
Entry General File  
Box 510

DECLASSIFIED  
Authority NNDTS119  
By VR NARA Date 820

ag6023 Rest  
X60203  
X080  
Spec # 16

Clay  
Records 1948  
1  
File  
my  
John

MEMORANDUM

TO : General Lucius D. Clay

SUBJECT: Designation of Successor Organization under Military Government Law No. 59, "Restitution of Identifiable Property".

1. As you requested during our discussion yesterday, Friday, 6 February 1948, I have checked my files with a view to determining the extent to which the government has been committed throughout the negotiations on the Restitution Law to the establishment of an International Jewish Successor Organization as the successor to heirless and unclaimed properties of Jewish victims of Nazi aggression and of Jewish communal property.

While I can find no commitment in writing to the Jewish organizations that such an International Jewish Successor Organization would be recognized, I do find that you made this commitment to them orally during your conversations with their representatives in America in the Fall of 1946 and that this commitment was incorporated in an inter-office memorandum to General Hilldring and approved by him. It was also incorporated in a memorandum drafted by the Jewish organizations and submitted to the State Department in November 1946 and transmitted by the State Department via War to OMGUS with the approval of both Departments. Various cables between War Department and OMGUS indicate that the War Department was clearly aware of this understanding and that the only question left open was whether or not the participating membership in the organization set up was sufficiently representative of world-wide Jewry. It was this question which you left for determination by the State Department.

As late as 30 July 1947 we indicated in a cable to the War Department that the British differed from ourselves by insisting that heirless property should go to a German corporation and asked for any comments or instructions that War Department might have prior to our issuing a unilateral law in view of our inability to get agreement with the British on this point. While Washington in its reply to this cable did suggest the possibility of using the formula of the Reparations Agreement as a possible compromise to this deadlock, they did not insist upon it when we pointed out the impracticability of such a formula, and at no time suggested that we accept the British position that the Successor Organization should be a German corporation. It was thus over this very question that we broke off negotiations with the British and issued a unilateral Restitution Law.

16/4  
7e

John  
106

RG 260  
 Entry Behind File  
 Box 510

DECLASSIFIED  
 Authority NNDTSL19  
 By VR NARA Date 820

General Clay

- 2 -

7 February 1948

2. The summary of negotiations concerning the Successor Organization set out in 1, supra, are based on the following documents in my files:

a. Memorandum from Mr. Hemmendinger (State Department to General Hildring dated 3 December 1946: "... On November 21, 1946 representatives of the five leading Jewish organizations saw General Clay. The State Department has seen no minute of the conversation approved by General Clay. It appears, however, that General Clay agreed to the following points:

"1. An international Jewish organization should be recognized as trustee of unclaimed and heirless Jewish property and should be permitted to prosecute claims thereto before restitution tribunals. . . ."

b. Memorandum of the five organizations dated 27 November 1946 concerning the meeting of their representatives with General Clay: "... General Clay agrees that in the reservations to be made by Military Government at the time of signing the draft law it will be clearly provided that Military Government and not the German authorities will designate . . . the organizations to act as successors for the Jews who have died leaving no heirs. General Clay also stated that he would want the trustee for the Jews to be a Jewish organization representing Jews throughout the world. He also said that such trustee for the Jews would be the one who would be allowed to come into the tribunals in Germany and make claims on behalf of the Jews and Jewish bodies. . . ."

c. In a memorandum dated 27 November 1946 from the Jewish organizations to the State Department concerning the 18 October 1946 draft of the Restitution Law it was recommended: "... 1. Military Government and not the German authorities should designate the successors to heirless and unclaimed Jewish interests in corporations and unincorporated bodies and to Jewish communities and foundations; the successors to the claims of Jews who died leaving no heirs; and the persons who may claim on behalf of the aforementioned Jews and Jewish bodies before the tribunals provided in the law. Military Government should recognize a Jewish organization, representative of Jews throughout the world, including Jews now in Germany, as trustee for such Jewish interests. The property or its proceeds acquired by such trustee should be used exclusively for the purpose of rehabilitation and resettlement of Jews. . . ."

16/4

315695

RG 260  
 Entry Account File  
 Box 510

DECLASSIFIED  
 Authority NNDTS119  
 By VR NARA Date 820

General Clay

- 3 -

7 February 1948

In a letter dated 2 December 1946 from General Hilldring to General Echols, Chief, CAD, War Department, it was stated: "The Department of State has carefully considered the annexed memorandum dated November 27, 1946 . . . and concurs in the comments and suggestions made therein with respect to the draft German restitution law of October 18, 1946, with the following qualifications [not related to the matter discussed herein]. . ."

d. In WCL 25176 (from War Department from Lowenthal) comment was requested from General Clay or Mr. Rockwell on the draft of incorporation papers for the Jewish Restitution Commission [which was subsequently incorporated in the State of New York in April 1947]. This cable stated: ". . . Organizations contemplate filing incorporating papers within few days and would like any comments suggesting changes that OMCUS may consider advisable." In our reply of 7 March 1947 we stated: "General Clay requests State Department be consulted re participating membership Jewish Restitution Commission . . . believes Department best qualified determine whether Commission has sufficient world-wide representation and will be guided by their opinion."

e. In your CC 1076 of 30 July 1947 to AGWAR you stated: "It appears unlikely that we will be able to reach quadripartite agreement on Restitution Law. The one major remaining obstacle is question of Escheat. The British have now adopted the position that they can accept only Escheat to a German organization. . . . I have personally talked to General Robertson who informed me that the British could now only accept the position set forth above. It is my belief that this is due to the fact that the British believe funds allotted to an outside organization might possibly be used in Palestine. As you know, I have made certain commitments regarding the issuance of a Unilateral Law. Our previous impression had been that the British would go along with our draft on a bizonal basis. This is no longer a possibility. However, before promulgating the law on a unilateral basis I wish to advise you of the positions of the other three powers and to receive any comment or instructions you might have."

In reply War cabled in its WX 83916 of 9 August 1947: ". . . would appreciate your views re compromise in successor organizations which would make possible quadripartite agreement. Your attention invited as a possible basis for solution of formula used in 14 June 1946 five power agreement implementing Article 8, Paris reparations agreement."

In your reply of 13 August 1947 (CC 1260) you stated: ". . . Only new ideas would be one international organization to

16/4

315696

RG 260  
 Entry Sound File  
 Box 510

DECLASSIFIED  
 Authority NNDTS119  
 By VR NARA Date 820

General Clay

- 4 -

7 February 1948

allocate funds with a certain percentage guaranteed for non-Jewish persecutees. . . . We do not believe that this would solve dilemma because first, Soviets are not members of IRO or any other such international organization, and second, percentage distribution does not answer the basic objections of the other powers as outlined in our previous cables. A Quadripartite body to receive and distribute heirless property would be faced with the same stalemate in which we now find ourselves in the Finance Directorate."

In AGWAR's WX87275 of 30 September 1947, they asked: ". . . will heirless property be handled by separate organizations pursuant Draft Law being worked out with British? We had hoped agreement would be possible at least with British on this matter. . . ."

In our CC 1871 of 7 October 1947 we replied: ". . . re your paragraph 3, the British cannot agree to our concept of successor organization and therefore heirless property will be handled differently in the two zones. . . ."

f. It thus appears that from November 1946 up to October 1947, both State and War were aware that it was contemplated that an International Jewish Successor Organization would be appointed and that this was the disagreement with the British on the basis of which we failed to obtain a Bizonal Restitution Law.

In your CC 2119 to War dated 29 October 1947, you stated that the Jewish Restitution Commission had been incorporated under the Membership Corporation Law of the State of New York for the purpose of claiming heirless and unclaimed property subject to restitution, and had requested that it be appointed Successor Organization for all Jewish property pursuant to the pertinent provisions of the Restitution Law: ". . . Before considering this request we ask to be advised whether you and State consider this organization to be appropriate one for designation as a successor organization under this law."

The question thus presented to War and State was merely as to the appropriateness of the membership of the instant applicant and not as to the nature of its organization.

  
 Irwin S. Mason  
 Advisor on Internal Restitution

*16/4*

315697

JRSD MC-1951  
Items 4-8.

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED  
Authority NND 85 79  
By TJ HARA Date 9/5/99

RG 466  
Entry McCloy Papers  
File D(51)1300-1319  
Box 30

D(51)1310

HEADQUARTERS  
JEWISH RESTITUTION SUCCESSOR ORGANIZATION  
APO 696 A U. S. ARMY

*602.34F  
Restitution  
File*

September 3, 1951

Hon. John J. McCloy,  
U.S. High Commissioner for Germany  
APO 757-A US Army

Dear Mr. McCloy:

I have just received copies of letters sent by Jacob Blaustein to the President, objecting to the addition of German judges to the Court of Restitution Appeals. Since the matter may be raised with you during your stay in Washington, I am attaching copies of the letters for your information.

Respectfully,



BENJAMIN B. FERENCZ

Encls.

315698

DECLASSIFIED  
Authority NND 95 79  
By TJ NARA Date 9/5/99

RG 466  
Entry McClay Papers  
File D(5)1300-1319  
Box 30

COPY

PERSONAL

9/6/99  
RF

August 25, 1951

Honorable Harry S. Truman  
The White House  
Washington, D. C.

Dear Mr. President:

As you know, I am always reluctant to burden you with additional problems, but there is a situation pertaining to Germany which concerns me deeply — as an American citizen, a Vice-President of the Jewish Restitution Successor Organization (approved by the State Department) and President of the American Jewish Committee — and which can be saved only by your personal immediate intervention. Hence, this personal note and attached official letter.

The situation to which I refer has to do with a proposal of our State Department and Britain and France to replace the American Court of Restitution Appeals and its British and French counterparts by a new Court of Restitution Appeals for all of Western Germany (to consist of both Allied and German judges) which new set-up, we are convinced, will menace the very existence of the program of property restitution to the victims (and their successors) of Nazism.

As you will please note from the attached, we believe that this proposed change in courts is both unnecessary and unwise, — not only from the standpoint of those who are so entitled to and are in such dire need of the restitution, but also as regards the real welfare of Germany itself and the ultimate national security interests of the United States.

I do hope, Mr. President, that you will be good enough to intervene promptly with the State Department in this matter and can let me know regarding it. I might add that all the recognized Jewish organizations of our country, as well as other Americans, are anxiously awaiting the outcome of this.

Faithfully,

s/ Jacob Blaustein

DECLASSIFIED	
Authority	MND 86 79
By	TJ NARA Date 9/5/99

RG 466  
 Entry McClay Papers  
 File D (S) 1300-1319  
 Box 30

PERSONAL

AMERICAN BUILDING  
 BALTIMORE, MD.  
 August 24, 1951

Honorable Harry S. Truman  
 The White House,  
 Washington, D.C.

Dear Mr. President:

I am taking the liberty of appealing to you directly on some recent developments in Germany which, in our opinion, menace the very existence of the program of property restitution to the victims (and their successors) of Nazism. Your immediate intervention is, I believe, required if the program is to be saved.

The program of property restitution involves the return of property which had been taken from members of groups persecuted under the Hitler regime in Germany. The elementary justice of this program has at all times been recognized and it has, of course, been publicly supported by you as well as by various agencies of the United States Government and the Western Allied powers.

At present, control over the program in Germany is exercised by the Allies as one of the powers which they have "reserved" to themselves under the Occupation Statute. The actual implementation of the restitution program is carried out under special Military Government legislation in Germany which creates a system of special courts, including, in the U.S. zone, an all-American Court of Restitution Appeals, which is the highest court of appeal under the law, and in the British and French zones, counterparts thereof.

In connection with the proposal to replace the present Occupation Statute with a contractual arrangement between the Allies and Germany, it has been made clear that such reserved powers will be relinquished, in return for (among other things) a contractual commitment from the Germans that they themselves will enforce and achieve such Occupation policies as the one referring to restitution.

Unfortunately, it has not been possible, because of reasons which are perhaps understandable, for the interested Jewish groups, who are gravely concerned that German control over restitution can only mean no restitution, to ascertain the precise terms which our own Government and those of the other two Allies plan to submit to the Germans on this matter. Belatedly, we have learned that one of the terms under consideration is a proposal to set up a new Court of Restitution Appeals for all Western Germany, to consist of both Allied and German judges.

Our reaction to this information, which we have forcefully conveyed to the State Department, is that such a proposal can only result in killing restitution. We have previously pointed out that the Germans, at the very

315700

DECLASSIFIED	
Authority	NND 85 79
By	TJ HARA Date 9/5/99

RG 466  
 Entry McCloy Papers  
 File D(5)1300-1319  
 Box 30

- 2 -

highest levels, in the press and through their organizations, have already demonstrated their intransigent hostility to the whole program. They have filled the air with threats of boycott and administrative and judicial sabotage. The head of the Bavarian office administering indemnification to the victims of Nazism has referred to the restitution law as a "crime against the Bavarian people." Certain German Land governments have openly resisted High Commissioner McCloy's energetic and continual efforts to carry out the restitution program, and others have demanded the weakening of the moderate restitution statute.

The chief bulwark against this opposition and the institution which has made possible the execution of restitution thus far, at least in the U.S. zone, has been the American Court of Restitution Appeals ("CORA"), which has found it necessary regularly to reverse the anti-restitution decisions of lower German courts. To replace "CORA" by a joint mixed court, I am convinced, will present the Germans with the very signal, opportunity and instrumentality they have been seeking to enable them to scuttle this whole program. Delaying tactics, unfavorable decisions on vital "technical" issues (where a single wrong decision can undercut hundreds of pending cases) and numerous other traps await the restitution program in such a court. "CORA" is the keystone of the restitution arch; remove or weaken "CORA" and the structure collapses. This is not to mention the possible effect which a successful evasion in this field will have on the various commitments in other fields which the Germans are expected to make under the contractual arrangement, and, ultimately, on the German attitude to Western democratic interests and principles in general.

These views have been presented to representatives of the State Department but, unfortunately, a fundamental conflict has persisted between them and ourselves. Although the Department is now giving further consideration to the matter, the viewpoint most often expressed is that neither the Germans nor the other Allies can be expected to agree to the continuation of an all-Allied court, that such a court would be inconsistent with the new status contemplated for Germany, and that the entire new, contractual arrangement cannot be held up over an issue like this. The Department also argues that, in any event, the new contractual arrangement will contain terms which safeguard restitution, and that a mixed "CORA" can be made to work successfully.

We contend that our Government's present attitude in the matter is mistaken in several important respects. We point out that there is no legal reason why a new contractual arrangement cannot include a provision for maintenance of the present court system and that this will be no greater an infringement of German sovereignty than other provisions covering restitution. We argue further that it should not be so readily assumed that the other governments will strongly resist such a provision or that their moods or interests must have precedence over the American principles underlying the entire concept of restitution, principles which they themselves have always recognized in the past.

To repeat, we disagree wholeheartedly that a clause in the new contractual arrangement providing for a mixed court will safeguard restitution, and it is our firm conviction that a mixed court can only destroy restitution.

315701

DECLASSIFIED	
Authority	NND 85 79
By	TJ WAPA Date 9/5/99

RG 466  
 Entry McCloy Papers  
 File D (S) 1300-1319  
 Box 30

- 3 -

What is required is a forceful indication from the American side that effective restitution is and continues to be a fundamental objective of the United States Government, and that the issue of the courts, as the turning point of the entire program, cannot be compromised. What is also required, if I may say so, is a greater degree of confidence in the justice and rightness of our own American position on matters such as these, as well as a clearer recognition of the importance of American leadership in Germany.

I wish to make it entirely clear that this appeal is in no event intended to reflect any disagreement or conflict with Mr. McCloy on the matters here discussed. Quite the contrary, Mr. McCloy's record on restitution has been one of admirable firmness and fidelity to principle. For his attitude and assistance, we shall at all times be warmly grateful. In connection with the present problem, we are informed that Mr. McCloy did personally intervene several weeks ago to bring about a postponement of any discussion of this question of the court with the Germans, pending further consideration in Washington.

In closing, may I emphasize certain larger considerations which I feel are involved in this problem. Our Government's fundamental policy in Germany undoubtedly contemplates the development of a democratic attitude and a democratic spirit of public life, based on historic justice and the principles of civilized living. It also rests on a determination that certain aspects of the Hitler program be recognized as morally incompatible with the tenets of civilized society, and that to become members of such a society, nations must be divorced of any trace of a relationship with that program. A failure on issues of the fundamental character of restitution, such as is, in my sincere belief, now seriously threatened, can only undermine these objectives.

I submit, Mr. President, that these objectives are vital to ultimate national security interests of the United States, and therefore must not be endangered, - and I trust that you will be good enough promptly to intervene so that the American Court of Restitution Appeals and its British and French counterparts will not be replaced by a new Court of Restitution Appeals for all Western Germany to consist of both Allied and German judges.

Faithfully,

s/

Jacob Blaustein, President  
 American Jewish Committee

315702

DECLASSIFIED  
Authority NND 85 79  
By TJ NARA Date 9/5/99

RG 466  
Entry McClay Papers  
File D(5) 1019-1053  
Box 29

*002.3412  
Restoration  
File*

AP0 757-A, Frankfurt

August 15, 1951

Dear Peeper,

This is the first chance I have had to write to you after my return from Washington. I had your letter of June 21, but was so busy when I was there that I did not get the chance to write.

The JRSO position is a continuing problem here. We have settlements now in Bremen and Hesse and I am working hard on Wuerttemberg-Baden and Bavaria. It comes like pulling teeth. The transfers are not easy but we may get something moving there. You can be sure that I will do all that I possibly can from this end to bring about satisfactory conclusions. I am in close touch with Ferencz. We have not much time to get results before our influence in internal matters will be very much diminished, but I feel that with help from home we can make some real progress before then.

Sincerely,

Mr. Edward M. M. Warburg  
The American Jewish Joint Distribution Committee, Inc.  
270 Madison Avenue  
New York City 16, New York

DECLASSIFIED  
Authority ND 86 79  
By TJ NARA Date 9/5/99

RG 466  
Entry McCloy Papers  
File D(51)1019-1053  
Box 29

*File 602.941  
Restitution*

A I D E - M E M O I R E  
\*\*\*\*\*

August 30, 1951

SUBJECT: JRSO BULK SETTLEMENT WITH WUERTTEMBERG-BADEN

The JRSO has requested 20 million DM for the assignment of all its claims in Wuerttemberg-Baden. Dr. Kuester, head of the restitution and indemnification offices, publicly voiced his strong opposition to having Wuerttemberg-Baden take over claims against its own citizens. Kuester was prepared however to support a payment of 9.8 million DM for JRSO's claims against public bodies, such as pawn shops, the Reich, and the Land itself, as well as for the purchase of real estate which the JRSO has already recovered. The JRSO requested 11 million DM for these claims alone.

Although Dr. Maier stated his willingness to acquire all of the JRSO claims, he has never made any specific offer. He appointed a commission to meet with the JRSO for purposes of drafting a final global settlement agreement.

The commission was only prepared to draft an agreement along the lines of the Kuester proposal, i.e. excluding claims against individual restitutors. In order to avoid a major internal political clash and under the impression that the amount to be offered would be reasonable, the JRSO agreed to negotiate on the limited basis as a first step. The full text of a contract was agreed upon but the commission, with the knowledge of the Cabinet, was only prepared to recommend a payment of 8 million DM as against the JRSO request for 11 million. There the matter is now deadlocked.

The principal difference seems to lie in the JRSO request for 4.5 million DM, based upon a confiscation by the Reich of over 94 million Marks' worth of Jewish owned securities and bank accounts. The Land does not feel that it will be able to recover the requested amount from the Bonn government.

Dr. Maier will return from leave September 2 and will meet with the Cabinet on September 3. Mr. Ferencz will try to see Dr. Maier before the Cabinet meeting in order to clarify the amount to be paid as well as the question of eventually assigning the claims against individual restitutors. The bulk settlement will presumably be discussed with the Landtag when it meets on September 5.

Dr. Moeller, head of the SPD in the Landtag and Chairman of its financial committee, is a key figure in obtaining ratification for any agreement.

315704

9.

REPRODUCED AT THE NATIONAL ARCHIVES  
DECLASSIFIED  
Authority NND 85 79  
By TJ HARA Date 9/5/99

RG 466  
Entry McClay Papers  
File D(51)1019-1053  
Box 29

AMERICAN JOINT DISTRIBUTION COMMITTEE

EUROPEAN EXECUTIVE  
COUNCIL

119, RUE SAINT-DOMINIQUE  
PARIS (7<sup>e</sup>)

TELEPHONE  
87-83  
INVALIDES } 87-55  
79-37  
CABLES & TELEGRAMS  
JOINTFUND-PARIS

August 3, 1951

The Hon. John J. McCloy  
U. S. High Commissioner for Germany  
APO 757 US Army

Dear Mr. McCloy:

Mr. Ferencz recently delivered to you on behalf of the four principal Jewish Agencies of the United States a letter explaining the very serious concern felt regarding the proposal to disestablish the existing Allied Court structure dealing with restitution problems and replace it with a mixed court which would include German jurists as a part of a proposed Allied - German contractual arrangement. Indeed, the Jewish organizations were disturbed to learn of the questionable haste with which the British authorities have proceeded to propose scheduled discussions with the Germans looking towards ending the Allied reserved powers over restitution matters, more especially since so far as we can determine there does not seem to exist any clear agreement among the three Allied Governments themselves concerning the details of a substituted program which would reasonably assure the Allied Governments that their policies on restitution would be fulfilled under German control. Once again we find ourselves indebted to you for your timely and well considered intervention to urge that more careful thought be given to this subject before discussions be held with the German Government. I am instructed on behalf of the Jewish organizations of the United States to renew the expression of our continued gratitude and indebtedness to you.

You will be pleased to learn that the Jewish organizations of the United Kingdom expressed their concern to Lord Henderson, the British Under-Secretary of State for Foreign Affairs, when they learned that their Government was seeking so prematurely to discuss giving over control to Germany.

We feel that these developments are straws in the wind pointing that an important moral and equitable policy of the United States and the other Governments, namely, the restitution program, may inadvertently to the wishes of our Government be destroyed or cancelled out as a consequence of negotiations with the German Government, which negotiations in the main look towards solving other very important political

and security.....

The Joint Distribution Committee receives its funds in the United States through the United Jewish Appeal. Outside of the United States, the Joint Distribution Committee has the active cooperation of the South African Jewish Appeal, United Jewish Relief Agencies, Canada; Central British Fund; Organizacion Central de Ayuda, Argentina; Comites Auxiliares do Joint, Brazil; United Jewish Overseas Relief Funds, Australia; Joint Relief Committee, Mexico; and others.

315705

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED  
Authority NND 85 79  
By TJ NARA Date 9/5/99

RG 466  
Entry McCloy Papers  
File D(51)1019-1053  
Box 29

AMERICAN JOINT DISTRIBUTION COMMITTEE

EUROPEAN EXECUTIVE  
COUNCIL

119, RUE SAINT-DOMINIQUE  
PARIS (7<sup>e</sup>)

TELEPHONE

87-88  
INVALIDES } 87-55  
79-37  
CABLES & TELEGRAMS  
JOINTFUND-PARIS

- 2 -

The Hon. John J. McCloy, U.S. High Commissioner

and security aspirations of our Government and our Allies. Because of these considerations we have cast about in search of some solution to bring the restitution program to a close quickly before it may be necessary to discuss a transfer of authority to the Germans. A means of exploring this question was informally discussed with you by Mr. Ferencz and we are deeply appreciative that you have indicated your willingness to give it sympathetic consideration.

On May 17, 1951, the British Under-Secretary of State for Foreign Affairs, with the approval of the Secretary of State, appointed a committee to examine the progress made under the restitution law in the British zone, and to make recommendations which might remove or reduce the causes of any delays in the disposal of claims. The three-man-committee invited persons and organizations to give evidence before it and quickly rendered a report to the Foreign Office. The suggestions of the British committee were gratefully received as a valuable contribution towards the fulfilment of the restitution objectives.

The American organizations, who have asked me to communicate with you on their behalf, realizing your own interest in doing everything possible to expedite the successful conclusion of the important restitution program respectfully invite your consideration to the establishment of a similar commission for the U.S. zone. Our suggestions would vary somewhat from the British approach, in that we feel in view of the outstanding record which you have on this and other matters and to dispel any possible assumption by anyone that we would imply any criticism of your administration in this proposal and further to conclude the matter as quickly as possible, any commission in the U.S. zone should be by your appointment in accordance with your frame of reference, and should report its findings and recommendations to you. It is felt that such a body might within a short period of time, survey the restitution scene from the perspective of an outside group, and prepare an objective evaluation of the situation as well as its recommendations for constructive action. In view of the current considerations for discussing with the German authorities the relinquishment of the reserved power in the field of restitution it seems increasingly important that some such step be undertaken before the Allied rights are surrendered. The findings and recommendations of such a group might provide an important scale in which the reasonableness of German demands could be weighed.

Since.....

The Joint Distribution Committee receives its funds in the United States through the United Jewish Appeal. Outside of the United States, the Joint Distribution Committee has the active cooperation of the South African Jewish Appeal United Jewish Relief Agencies, Canada; Central British Fund; Organizacion Central de Ayuda, Argentina; Comites Auxiliares do Joint, Brazil; United Jewish Overseas Relief Funds, Australia; Joint Relief Committee, Mexico; and others.

315706

RG 466  
Entry McClay Papers  
File D(51)1019-1053  
Box 29

DECLASSIFIED  
Authority NND 85-79  
By TJ MAPA Date 9/5/99

AMERICAN JOINT DISTRIBUTION COMMITTEE

EUROPEAN EXECUTIVE  
COUNCIL

119, RUE SAINT-DOMINIQUE  
PARIS (7<sup>e</sup>)

TELEPHONE

87-82  
87-55  
79-37

INVALIDES }  
CABLES & TELEGRAMS  
JOINTFUND - PARIS

- 3 -

The Hon. John J. McCloy, U.S. High Commissioner

Since discussions on the future status of restitution may soon be undertaken between representatives of the High Commission and the German authorities your early and favourable consideration of this suggestion would be sincerely appreciated.

Respectfully yours,

M. W. Beckelman,  
Director General,  
American Joint Distribution Committee

on behalf of:

AMERICAN JEWISH COMMITTEE

AMERICAN JOINT DISTRIBUTION COMMITTEE

JEWISH AGENCY FOR PALESTINE

WORLD JEWISH CONGRESS

REPRODUCED AT THE NATIONAL ARCHIVES  
DECLASSIFIED  
Authority NND 85 79  
By TJ NARA Date 9/5/99

RG 466  
Entry McCloy Papers  
File D(51)1019-1053  
Box 29

Item 8.

HEADQUARTERS  
JEWISH RESTITUTION SUCCESSOR ORGANIZATION  
APO 696 A U. S. ARMY

August 6, 1951  
File 1101-C

Hon. John J. McCloy  
U.S. High Commissioner for Germany  
APO 757, U.S. Army

Dear Mr. McCloy:

Following my talks in Paris last week with representatives of various Jewish organizations a memorandum was sent to your office giving their unified views on the proposed surrender of restitution as a reserved power. The gist of their position is that they fear the disruptive and possibly disastrous consequences of dissolving the prevailing Allied courts of restitution appeals and replacing them with a single new court of mixed German-Allied composition whose method of functioning has not yet been determined. They feel that this action, despite all other safeguards, would seriously jeopardize the entire restitution program. I discussed the problem with Mr. Reber in Bonn on August 1 and understand from him that you have agreed to refer the matter back to Washington for reconsideration.

} ✓

I am attaching copies of two letters I have just received for transmittal to you. In the first (TAB A) the organizations express their gratitude and indebtedness to you for your timely intervention. They further suggest the appointment of a three-man commission to survey the restitution scene and to recommend constructive action for expediting the achievement of the US objectives in this field. The second letter (TAB B) suggests that James Landis, Ruppert Emerson and David Ginsburg would be available for such an assignment which would be completed within three weeks.

Should you desire any additional information on these questions or wish to discuss them further I shall, of course, be available at any time.

Respectfully yours,

*Benjamin B. Ferencz*  
BENJAMIN B. FERENCZ  
Director General

Phone: Nurnberg 61041

BBF:uk

315708

Item 7.

REPRODUCED AT THE NATIONAL ARCHIVES  
DECLASSIFIED  
Authority NND 85 79  
By TJ NARA Date 9/5/99

RG 466  
Entry McClay Papers  
File D (51) 1019-1053  
Box 29

D (51) 1019

802.34E  
Restitution

File

APO 757-A - Frankfurt

August 17, 1951

Dear Mr. Ferencz:

I think you may be interested in the enclosed letter that I have received from Dr. Maier on the matter of Wuerttemberg-Baden's compromise on the JRSO settlements. I had a talk with Dr. Maier, telling him of my concern that the adjournment of the Landtag in Wuerttemberg-Baden without approving a JRSO settlement would result in an entire abandonment of settlement. He has written me the enclosed letter, the implications of which are that there will be time to deal with it in the fall. In the meantime I have asked him to do all that he can to prepare the way for a settlement, and I expect shortly to have a talk with the SPD leader in Wuerttemberg-Baden and impress upon him the same consideration. If you have any further thoughts please let me have them.

Mr. Reber is now in Washington and I believe is taking up the question of restitution with the people there. I suggest, as the matter has been referred to Washington and as Mr. Reber is there, you communicate with your agencies at home who are interested in this matter so their point of view can be developed before Mr. Reber leaves.

Sincerely,

Mr. Benjamin B. Ferencz  
Director General  
JRSO  
APO 696-A, U. S. Army

315709

Item 6

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED  
Authority NND 85 79  
By TJ MAPA Date 9/5/99

RG 466  
Entry McCloy Papers  
File D(51) 401-477  
Box 26

D(51) 421



**RESTRICTED**

OFFICE OF THE U. S. HIGH COMMISSIONER FOR GERMANY

**OUTGOING MESSAGE**

CONTROL NUMBER

2/31

DISTRIBUTION

COLLECT

CHARGE TO HICOG

RESTRICTED

CLASSIFICATION

13391

CONTROL NUMBER

ROUTINE

PRECEDENCE

31 MAR 2PM

DATE

Sent SECSTATE 7888

Ref URTEL 177 of 12 July 50 and OURTEL 294, 12 July 50 concerning assistance to JRSO. In spite of agreement quoted in our telegram 294, JRSO has requested in a letter of March 15 to the High Commissioner additional support out of Occupation Costs for a six-month period after April 1, 1951, a total of DM 500,000 additional.

Letter quoted below sent to Forencz, JRSO. Have taken the position that continuing support JRSO from Occupation Costs not possible during next fiscal year.

"I have studied carefully your letter of March 15 in which you request continuing support for the Jewish Restitution Successor Organization out of Occupation Costs, and the files of previous correspondence between your organization and Military Government and HICOG. I have reluctantly come to the decision that HICOG can not continue the funding arrangement for JRSO that has been in force in the past. I believe that this position is adequately documented and understood by your organization in the agreement which you accepted on July 11, 1950.

"HICOG continues to have a strong interest in the functions of JRSO and, as has been indicated to you by the High Commissioner, will continue to do everything possible to assist your organization in completing its work.

DISTRIBUTION

AHCP  
A  
OCS

Form HICOG-9c

CN-13391

A:TEHall/ea Tel. 8126

Name of originating Office, Persons Name, and Telephone No.

March 22, 1951

**OUTGOING RESTRICTED MESSAGE**

CLASSIFICATION

(1-1-50-130 M)

Corrections made on this original MUST be made

315710

Item 5.

REPRODUCED AT THE NATIONAL ARCHIVES  
DECLASSIFIED  
Authority NND 85 79  
By TJ MAPA Date 9/5/99

RG 466  
Entry McCloy Papers  
File D(51) 178-244a  
Box 25

D(51) 195/7

**CONFIDENTIAL**

CONTROL NUMBER



OFFICE OF THE U. S. HIGH COMMISSIONER FOR GERMANY

**OUTGOING MESSAGE**

06/09 DISTRIBUTION

COLLECT

CHARGE TO HICOG

~~CONFIDENTIAL~~

CLASSIFICATION  
ROUTINE

PRECEDENCE

13776

CONTROL NUMBER

09 APR 51 7 PM  
DATE

SENT DEPT 8131 RPTD AMEMBASSY LONDON FOR ISG 711  
FROM FRANKFURT

On February 14, 1951 a delegation representing several Jewish organizations including Jewish Restitution Successor Organization called upon ~~the~~ High Commissioner to discuss disposition ~~of~~ DM funds acquired by JRSO. Since that date, various conferences have been held with JRSO in ~~an~~ attempt to arrive at solution this problem.

When ~~the~~ restitution program was originated ~~in~~ 1947, Military Government was faced with problem of disposition of those confiscated properties for which no known claimants survived. To prevent enrichment as result of extermination program, it was decided that such claims should be filed by ~~a~~ successor organization which truly represented ~~the~~ Jewish people as ~~a~~ group. JRSO was formed by leading Jewish organizations after consultation with State Department and OMGUS for exclusive purpose of serving as instrument for carrying out established U.S. policy concerning heirless Jewish assets in Germany. By the terms of its New York certificate of incorporation and its appointment in

DISTRIBUTION

Form HICOG - 7b

<sup>13776</sup> **OUTGOING ~~CONFIDENTIAL~~ MESSAGE**

CLASSIFICATION

Name of originating Office, Persons Name, and Telephone No

HICOG (19-1-51) 0126 5C 4

Corrections made on this original **MUST** be made on all copies before delivery to Telegram Branch.

315711

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED  
Authority NND 85 79  
By TJ MAPA Date 9/5/99

RG 466  
Entry The Clay Papers  
File DCSI 178-244a  
Box 25

Form HICCG-12  
(15 Sept. 49)

OFFICE OF THE U.S. HIGH COMMISSIONER FOR GERMANY

### OUTGOING TELEGRAM

COLLECT

2

CHARGE TO

CONFIDENTIAL  
CLASSIFICATION

13776  
CONTROL NUMBER

PRECEDENCE

DATE

Regulation 3 under Law 59, JRSO was obligated to use its proceeds for relief, rehabilitation and resettlement of Jewish victims of Nazi persecution or such other charitable purposes as ~~might be~~ approved by Military Government.

Since ~~the~~ appointment of JRSO ~~in~~ 1948, it has been possible to recover only ~~a~~ few million Marks which have been applied through two IRO voluntary agencies operating in Germany for ~~the~~ relief of Jewish persecutees still in Germany. As previously reported, ~~a~~ settlement was concluded on February 13, 1951 according to which Land Hesse will pay JRSO about 20 million DM's during ~~the~~ next two years, as consideration for ~~the~~ assignment of JRSO claims in Hesse. JRSO ~~is~~ presently endeavoring to conclude similar agreements with the other Laender in U.S. Zone and it appears that JRSO may in ~~the~~ reasonable future be able ~~to~~ recover ~~a~~ total of around 50 million DM's. As most displaced persons ~~were~~ removed from Germany before any substantial restitution proceeds ~~could~~ realized and amounts now needed in Germany ~~are~~ limited, JRSO now raising question ~~is~~ how these funds may be used ~~to~~ fulfill philanthropical objectives for which it

13776

DISTRIBUTION

Name of originating Office, Persons Name, and Telephone No.

CONFIDENTIAL  
CLASSIFICATION

Corrections made on this original MUST be made on all copies before delivery to Telegraph Branch

315712

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED  
Authority UND 95 79  
By TJ NARA Date 9/5/99

RG 466  
Entry McClay Papers  
File DCSI 78-244a  
Box 25

**CONFIDENTIAL**

CONTROL NUMBER

OFFICE OF THE U. S. HIGH COMMISSIONER FOR GERMANY

**OUTGOING MESSAGE**

DISTRIBUTION



COLLECT

3

CHARGE TO

~~CONFIDENTIAL~~

CLASSIFICATION

13776

CONTROL NUMBER

PRECEDENCE

DATE

~~was~~ created.

JRSO states ~~these~~ charitable organizations which have formed JRSO and borne U.S. dollar expenses connected with its activities are to large extent supporting or assisting survivors ~~of~~ Nazi persecution now living outside Germany. JRSO further states ~~that~~ these organizations would, of course, welcome free convertibility ~~of~~ JRSO DM receipts into U.S. dollars, so ~~that~~ they may receive some amelioration of their past and present financial burdens and that even without convertibility, ~~it~~ would be ~~a~~ great assistance if these funds could be used for purchase and shipment from Germany of medical equipment, prefabricated houses, ~~and~~ other goods essential for relief and rehabilitation ~~of~~ Jewish persecutees ~~now~~ now in Israel. It is stated ~~that~~ such permission would also facilitate emigration ~~of~~ considerable number ~~of~~ tubercular DP's ~~now~~ still confined in Germany because Israel does not have ~~the~~ facilities essential for their care.

We have explained to representatives ~~of~~ JRSO ~~that~~ we do not consider conversion ~~of~~ JRSO DM's into U.S. dollars

**OUTGOING CONFIDENTIAL MESSAGE**

Name of originating Office, Persons Name, and Telephone No.

CLASSIFICATION

HICOG (19-1-51) 0126 5C M

Corrections made on this original MUST be made

13776

DISTRIBUTION

Form HICOG 90

315713

# OUTGOING TELEGRAM

COLLECT

CHARGE TO

CONFIDENTIAL

CLASSIFICATION

13776

CONTROL NUMBER

PRECEDENCE

DATE

feasible in foreseeable future and have further explained difficulties faced by us in consideration of their proposals for financing ~~of~~ exports with blocked DM's because approval would be contrary to position previously taken by us in discouraging Federal Republic from authorizing unrequited exports from Germany. We drew their attention to fact ~~that~~ utilization ~~of~~ foreign owned DM balances to finance exports ~~was~~ specifically excluded from all licenses heretofore instituted over such accounts and that present plans for further relaxation ~~of~~ controls did not contemplate any change ~~in~~ this policy. On other hand, ~~we~~ feel ~~that~~ would hardly be justifiable ~~to~~ require small amount of heirless Jewish funds recovered to remain blocked, while many ~~of~~ Jewish survivors ~~of~~ Nazi persecution remain desperately in need abroad, ~~and~~ particularly as JRSO feels ~~that~~ it cannot afford loss that sale of these blocked marks would entail. ~~and~~ Considerable merit to ~~the~~ argument that ~~the~~ successor organization cannot fairly be placed in ~~the~~ same category as any commercial enterprise or ~~any~~ other agency operating in Germany.

13776

DISTRIBUTION

Name of originating Office, Persons Name, and Telephone No.

CONFIDENTIAL

CLASSIFICATION

Corrections made on this original MUST be made on all copies before delivery to Telegraph Branch

RG 466  
Entry The Clay Papers  
File DCSI 178-2449  
Box 25

DECLASSIFIED  
Authority: 100-86-79  
By: TJ HARA Date: 9/5/99

REPRODUCED AT THE NATIONAL ARCHIVES

315714

REPRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED  
Authority NND 85 79  
By TJ NARA Date 9/5/99

RG 466  
Entry Mc Cloy Papers  
File D(51) 178-244a  
Box 25



CHARGE TO

OFFICE OF THE U.S. HIGH COMMISSIONER FOR GERMANY  
**CONFIDENTIAL**  
**OUTGOING TELEGRAM**  
OFFICE OF THE U. S. HIGH COMMISSIONER FOR GERMANY  
**OUTGOING MESSAGE**

CONTROL NUMBER

DISTRIBUTION

CONFIDENTIAL  
CLASSIFICATION

13776  
CONTROL NUMBER

PRECEDENCE

DATE

In view of considerations ~~above~~ above and political significance of satisfactorily solving this problem we are prepared, subject to your approval, to propose to the British and French in HICOM that JRSO be permitted to utilize its funds in Germany for purchase of goods and their shipment abroad, under ~~such~~ controls deemed necessary, such goods to be used for relief, rehabilitation, ~~and~~ resettlement of Jewish persecutees. Provided HICOM approval is obtained, Federal Republic will be informed that in this particular instance there would be no Allied objection to approval such export applications for JRSO.

MC CLOY

AUTH: E:FN:R. G. Leonard

*Handwritten notes:*  
4/11/51  
OK's  
9/22/51

13776

DISTRIBUTION

OBS TREAS  
c CB  
PA  
A  
55

E:FN:R. G. Leonard: 6328

Name of originating Office, Persons Name, and Telephone No

CONFIDENTIAL April 6, 1951

CLASSIFICATION

**OUTGOING CONFIDENTIAL MESSAGE**

Control this message before delivery to telegraph branch

Form HICOG - 9b

HICOG (19-1-51) 0126 5c M

315715

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

RG 466  
 Entry McCloy Papers  
 File D(50)2636-2679  
 Box 22

FORM HICOG-77a  
 (14 Nov. 49)

OFFICE OF THE U.S. HIGH COMMISSIONER FOR GERMANY

# PRESS RELEASE

ISSUED BY

PUBLIC RELATIONS DIVISION  
 OFFICE OF PUBLIC AFFAIRS

D(50)2672

Press Release No. 531  
 December 4, 1950

Frankfurt/Main  
 Telephone: 8587

For Immediate Release

## HICOG Takes Steps to Expedite Disposition of Restitution Cases

In accordance with the policy of bringing the restitution program in the U.S. Zone of Germany to early completion, the U.S. High Commissioner has enacted two laws amending MG Law No. 59 (Restitution of Identifiable Property) which are expected to speed up the settlement of claims.

In addition, the Office of the U.S. High Commissioner has instructed all Restitution Agencies to make full use of their authority to enforce the deadlines set for hearings and the submission of evidence, and to prevent attempts by the parties to unnecessarily delay the proceedings. The Restitution Agencies are scheduled to complete their phase of the program not later than the end of 1951.

The first amendment (HICOG Law No. 12) reduces from six months to three months the periods for stays of proceedings which Restitution Agencies and Courts may grant claimants under the law.

The second amendment (HICOG Law No. 14) provides that losing parties to restitution proceedings in the courts will be assessed court fees and costs. This measure is designed to prevent parties from causing the referral of cases from the Restitution Agencies, which are initially responsible for the processing and settlement of claims, to the Restitution Courts merely for the purpose of delaying the proceedings.

In the drafting of the Restitution Law, which was promulgated in November 1947, consideration was given to such conditions as the difficulties, at that time, of communication between Germany and other countries and the lack of familiarity of interested parties as to their rights under the law. These conditions no longer exist.

While these latest measures are designed to expedite the disposition of claims, the Office of Economic Affairs again emphasized that the substantive provisions of MG Law No. 59 will remain unchanged.

315716

DECLASSIFIED

Authority <sup>NND</sup> 857579

By SLP NARA Date 8/26/99

RG 466

Entry McCloy Papers

File D502054-2057

Box 18

FORM HICOG - 77a  
(14 Nov. 49)

OFFICE OF THE U.S. HIGH COMMISSIONER FOR GERMANY

# PRESS RELEASE

ISSUED BY

PUBLIC RELATIONS DIVISION  
OFFICE OF PUBLIC AFFAIRS

D (50) 2075

Press-Release No. 452  
(Smartt, Tel. 8691)Frankfurt/Main  
29 August 1950For Immediate ReleaseCourt Rules Jews Must Be Reimbursed for Property Sold at Forced Sales

Jews who were forced by the anti-semitic laws of the Nazis to "sell" their jewels, art objects, and precious metals to municipal pawnshops, must be reimbursed for such property, the U.S. Court of Restitutions Appeals in Nuernberg ruled in an opinion handed down today.

The Court's opinion overruled and set aside a decision of the German Oberlandsgericht at Munich in a test case involving a Jewish widow who had been required to dispose of certain silver articles to the municipal pawnshop of Nuernberg. The Court held that the municipality of Nuernberg was liable for reimbursement to the widow.

The opinion is regarded as significant in view of the many other claims which have been filed by Jews who suffered similar confiscations. Neither the number nor the total value of these claims is known but it is believed there are thousands of them and that the decision, therefore, will have far-reaching effects.

Under the Nazi regime, the Jews were required by law to surrender their gold, silver, jewels and art objects to the municipal pawnshops at prices which had no relation to the actual value of the articles. Whatever money was paid to the Jews was put into blocked accounts. This amounted practically to confiscation and was described by the court as "wholesale robbery."

Today's decision was handed down in a case filed by Mrs. Rosa Moschkowitz who claimed damages for two silver candlesticks and five small silver bowls which she was required to surrender to the municipal pawnshop of Nuernberg.

The case was argued in April before a panel consisting of Chief Justice William Clark, Justice Fred J. Cohn and Judge Peter J. Flanagan. The judgment of the court was unanimous and Chief Justice Clark wrote the opinion. Judge Flanagan wrote a concurring opinion.

The Court ordered the case remanded to the Restitution Chamber at Nuernberg/Fuerth Landgericht to determine the amount of damages due Mrs. Moschkowitz and ordered a judgment to be entered in favor of Mrs. Moschkowitz against the city of Nuernberg for the damages.

Attorneys for the city of Nuernberg defended the suit on the theory that the acts were committed under the "superior orders" of the Third Reich and as the latter's agent. The court, however, held that an agent cannot use his principal as a shield to excuse his own wrong-doing and that even if such orders are relied on as a defense they must bear some semblance of legality.

The Court considered the municipal pawnshops as being a joint "tortfeasor" (joint wrongdoer) of the Third Reich and as such were equally responsible with the Third Reich for the damages resulting from these wrongs.

"Nothing we have said," the opinion stated, "is to be construed to exculpate the Third Reich from a similar liability if and when it should be sued. The Third Reich itself - praise God and the Allied armies - no longer exists. Whether the present Federal Republic, its successor in the government of the German people, is liable for the obligations is a political rather than a legal question."

DECLASSIFIED	RG <u>466</u>
Authority <u>NND 857579</u>	Entry <u>McCloy Papers</u>
By <u>SLP</u> NARA Date <u>8/26/99</u>	File <u>D(50)1943-1983</u>
	Box <u>17</u>

D(50)1967 File

Form HICOG-8  
(15 Sept 49)

OFFICE OF THE U.S. HIGH COMMISSIONER FOR GERMANY

602 3 Restitution

**CONFIDENTIAL OFFICE MEMORANDUM**

To: Mr. John J. McCloy

From: Office of Economic Affairs - Mr. R.M. Hanes, Director

Date: Aug 11, 50

Subject: Jewish Restitution Successor Organization: Proposal re bulk settlement of JRSO claims

This is a brief statement on the status of the JRSO bulk settlement negotiations which you recently requested of Mr. Miller.

As you know, negotiations between JRSO and the Laender have been carried on since April 1950. A formal meeting between representatives of JRSO and the Laender governments of the US Zone was held on June 2, 1950 (at Bonn) and in addition there have been several exchanges of views through written memoranda and less formal discussions. HICOG, through the Administration of Justice and the Property Divisions, has lent its good offices to contribute to the success of the negotiations. Its representatives were present as observers at the meeting which they were instrumental in arranging and have generally acted as mediators between the parties.

The JRSO proposal is that it transfer in bulk to the Laender its restitution claims under MG Law 59 (except claims for Jewish cemeteries, synagogues of historical significance, Jewish cultural objects, assets formerly belonging to Jewish communities claimed by newly established Jewish communities in Germany, and monetary claims against the Reich) for the sum of DM 126,300,000, payable in two equal installments, one to be paid during the present fiscal year and one during the next fiscal year.

JRSO bases its figure upon computations of the value of real estate claimed by it plus 10% which is an estimate of the value of the movable properties it claims. The Laender agreed to examine JRSO records to see if the JRSO figure was based upon computations which could also be accepted by the Laender as a basis for establishing value. The Laender have made this examination and are in the process of evaluating the results thereof. They have not yet indicated acceptance or rejection of the JRSO figure or method of computation.

The Laender have raised in writing and orally a number of points which are envisaged by them as constituting obstacles to the conclusion of a bulk agreement. The point given most emphasis involves the question of whether the former owner or his heirs who failed to file a claim within the time limit prescribed by MG Law 59 may subsequently appear and demand restitution of the property on the basis of a claim filed by JRSO. You have requested an advisory opinion of the Court of Restitution Appeals on this point, and that opinion, which is expected shortly, will probably remove all difficulties presented by this question. The other

**CONFIDENTIAL**

315718

DECLASSIFIED	
Authority	<u>NND 857579</u>
By	<u>SLP</u> NARA Date <u>8/26/99</u>

RG	<u>466</u>
Entry	<u>McCloy Papers</u>
File	<u>150) 1943-1983</u>
Box	<u>17</u>

- 2 -

**CONFIDENTIAL**

points of difficulty formally raised by the Laender are also of the nature that would not present real difficulties to parties seriously negotiating for their settlement.

However, it definitely appears that the Germans do not have enthusiasm for the bulk settlement. Ministerialdirektor Dr. Ringelmann of the Bavarian Finance Ministry, for instance, has stated that the bulk settlement was not advantageous for Bavaria for several reasons, among others, that the Bavarian Government, unlike JRSO, was not in a position, out of political considerations, to press claims against innocent purchasers for value. The Germans profess the view that numerous JRSO claims will turn out to be against innocent third parties or against buyers from former Jewish owners who have not claimed restitution because they received full value and do not feel themselves in anyway wronged or aggrieved.

We are presently attempting to bring the parties together for the next meeting which will probably be during the week starting August 14, at which time it is hoped the German representatives will be able to more or less formally state the position of their governments with regard to the acceptance of the bulk settlement.

**CONFIDENTIAL**

315719

DECLASSIFIED  
Authority <sup>NND</sup> 857579  
By SLP NARA Date 8/26/99

RG 466  
Entry McCloy Papers  
File (50) 1813-1042  
Box 17

**SECRET**

CONTROL NUMBER

44-2380

OFFICE OF THE U. S. HIGH COMMISSIONER FOR GERMANY

**OUTGOING MESSAGE**

DISTRIBUTION

BOOK COPY

SECRET  
PRIORITY

D (50) 1842 c

1 Aug 50/7 PM

with  
32277 and  
32093  
HICOG

FROM : HICOG, FRANKFURT  
TO : SECSTATE  
SENT DEPT 868

501.2

THE FOLLOWING IS FURTHER EXPLANATION TO BONN 60.

**PART I.** DURING COUNCIL SESSION WE MADE EVERY EFFORT POSSIBLE HAVE BRITISH AND FRENCH AGREE TO US VIEWS THIS PROBLEM. HOWEVER, AS ALREADY REPORTED, COUNCIL VOTED, WITH US VOTING AGAINST PROPOSAL BEFORE COUNCIL. I THEN ADVISED MY COLLEAGUES THAT I DESIRED TO APPEAL THIS MATTER TO GOVERNMENT. WE WISH TO SUMMARIZE STATUS AFTER HICOM VOTE AS FOLLOWS:

- (A) INDIVIDUAL UN NATIONALS WILL BE EXEMPTED INDEFINITELY FROM LEVY UNDER IMMEDIATE AID ORDINANCE AND SUBSEQUENT LEGISLATION;
- (B) PERSECUTEES LIVING OUTSIDE GERMANY SAME AS (A) ABOVE.
- (C) RESTITUTIONS SUCCESSOR ORGANIZATIONS SAME AS (A) ABOVE.
- (D) CORPORATIONS WITH UN INTERESTS:

i. IF 95% OR MORE UN INTEREST, THEY WILL BE EXEMPTED FROM LEVY FOR 2 YEAR PERIOD BY VIRTUE SUCH OWNERSHIP; AFTER TWO YEARS THEY WILL BE EXEMPTED FOR 5 YEARS PROVISIONALLY UNDER SUBSEQUENT LEGISLATION IF TREATED AS ENEMY.

ii. IF UN OWNED 50% OR MORE THEY WILL BE EXEMPTED FOR TWO YEARS AND 5 YEARS UNDER SUBSEQUENT LEGISLATION ON THE BASIS OF GERMAN ENEMY TREATMENT WITHOUT REQUIREMENT THAT RESULTING LOSS OR DAMAGE BE SHOWN.

**PART II.** BIPARTITE BOARD AGREED ON 29 APRIL 1949 THAT FOR PURPOSES OF TAX EXEMPTION UNDER ECONOMIC COUNCIL ORDINANCE No. 71A THE TERM "UNITED NATIONS NATIONALS" SHOULD MEAN INDIVIDUALS OF UN NATIONALITY, COMPANIES ORGANIZED UNDER LAWS OF THE UN AND COMPANIES ORGANIZED UNDER GERMAN LAW BENEFICIALLY OWNED BY SUCH INDIVIDUALS OR COMPANIES EXCEPT FOR QUALIFYING SHARES. ALSO AGREED THAT SUCH DEFINITION WOULD STAND "UNTIL SUCH TIME AS THE TWO GOVERNMENTS MAY AGREE UPON A WIDER DEFINITION." (BICO/MEMO (49)53, 30 APRIL 49).

**OUTGOING SECRET MESSAGE**

315720

DECLASSIFIED

Authority <sup>NND</sup> 857579  
By SLP NARA Date 8/26/99RG 466  
Entry McCloy Papers  
File (50)1813-R42  
Box 17

CN 2380

SECRET

-2-

SRL NO : 866

PART I REPORT OF COUNCIL ACTION OBVIOUSLY CONSTITUTES SUBSTANTIAL ALTERATION OR MODIFICATION OF US/UK AGREEMENT CONTAINED IN BICO/MEMO (49) 53, 30 APRIL 49. APPEAL UNDER PARA 7(A) OF AGREEMENT AS TO TRIPARTITE CONTROLS SEEMS IN ORDER. SECONDARILY, OUR VIEW IS THAT PROPOSED REDEFINITION, WHICH IS OPEN TO CRITICISM FOR REASONS GIVEN IN DEPYELS 3434, 3815 AND 4017, CONFLICTS WITH PRESTIGE OF OCCUPYING FORCES AND THAT APPEAL CONSEQUENTLY LIES ALSO UNDER PARA 7(B) OF AGREEMENT AS TO TRIPARTITE CONTROLS. THIRDLY, TRIPARTITE AGREEMENT ON GROUND THAT DECISION INCONSISTENT WITH BASIC TRIPARTITE POLICIES REGARDING GERMANY IN THAT IT ENTALS POSSIBLY UNFOUNDED DISCRIMINATION IN FAVOR OF COMPANIES IN WHICH UN NATIONALS HAVE FINANCIAL INTEREST.

PART III. ALL THESE GROUNDS OF APPEAL SPECIFIED ARE CONTROVERSIAL AND MAY CREATE EMBARRASSING PRECEDENT IN FUTURE SITUATIONS. PRESTIGE ARGUMENT BASED ON PARAGRAPH 7(B) APPEARS PARTICULARLY DIFFICULT TO SUSTAIN.

WEAKNESS OF BASIS OF APPEAL SUGGESTS ABANDONMENT OF APPEAL SHOULD BE CONSIDERED. HOWEVER, IF IN VIEW IMPORTANCE US ATTACHES TO SATISFACTORY SOLUTION THIS PROBLEM, DEPARTMENT SHOULD DECIDE ON APPEAL WE SUGGEST IMMEDIATE APPROACH TO HIGHEST LEVEL FRENCH AND UK FOREIGN OFFICE WITH FIRM PROPOSAL BASED ON 95-90% EXEMPTION. PLEASE ADVISE YOUR DECISION AND IF APPEAL DESIRED, SPECIFY GROUNDS. URGENT REPLY REQUIRED IN VIEW TIME LIMITS IMPOSED PARAGRAPHS 7(B) AND 8 AND NECESSITY OF ADVISING BRITISH AND FRENCH OF GROUNDS OF APPEAL.

MCCLOY

AUTH: JEAN CATTIER  
RH STERN:AG E/FN 8127COORD: CG  
PA

80 JULY 29/50 CN-38277 ✓  
3434 MAY 17/50 CN-39500 ✓ -501.2  
3815 MAY 30/50 CN-40669 ✓ -501.2  
4017 JUN 7/50 CN-41137 ✓

OES AHC I  
IND E FN E/RF A  
HSCA E BONN HAYS PA  
TF BAR DUSSEL I BN  
PM OM BONN H'BERG CB

CN-2380

60

SECRET

315721

DECLASSIFIED	
Authority	<i>NND 857579</i>
By	<i>SLP</i> NARA Date <i>8/26/99</i>

RG	<i>466</i>
Entry	<i>McCloy Papers</i>
File	<i>D50 1813-R42</i>
Box	<i>17</i>

Mr. McCloy's Office  
OGC - LAD

*602.3 Restitution*

APO 757

JUL 20 1950

President, Court of Restitution Appeals,  
United States Courts of the  
Allied High Commission of Germany,  
APO 696-A, U.S. Army.

*D (50) 1822*

Dear Sir:

Pursuant to the provisions of Article 2, paragraph 7 of Regulation No. 7 under Military Government Law No. 59 "Restitution of Identifiable Property", an advisory opinion is requested of the Court of Restitution Appeals on the following question:

*Query re*

Does a person entitled to claim restitution of property under Military Government Law No. 59 remain entitled to such restitution, after a successor organization has, by virtue of Article 11 (2) of said law, acquired his legal position?

The above question has arisen in connection with negotiations recently initiated between the Jewish Restitution Successor Organization and the Laender governments of the U. S. Zone with a view toward the bulk assignment to the latter, in exchange for a lump sum payment, of claims held by the former. The parties have found it essential to know with certainty whether, in the case of claims to which the Jewish Restitution Successor Organization succeeded under Article 11 (2), the original claimants remained entitled to restitution. In some instances original claimants have already asserted their right to restitution in cases in which they failed to file their claims within the specified time but in which the Jewish Restitution Successor Organization had filed claims pursuant to the provisions of Article 11 (2) with respect to the property of such claimants.

The question submitted to the Court of Restitution Appeals has arisen in connection with the following provisions of Military Government Law No. 59:

Article 11 (2): "If the claimant himself has not filed a petition on or before 31 December 1948, the successor organization by virtue of filing the petition shall acquire the legal position of the claimant. Only after that date, and not prior thereto, shall it be entitled to prosecute the claim."

PLEASE RETURN TO MR.  
MCCLOY'S OFFICE

315722

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

RG 466  
 Entry McCloy Papers  
 File 150-1813-R42  
 Box 17

This provision, although it does not do so expressly, might be construed to bar the original claimant from any claim to restitution against either the restitutor or the successor organization.

Article 56 (4): "Any petition, filed by a person who is not entitled to restitution of the property, shall be deemed to have been effectively filed in favor of the true claimant, or where Articles 8, 10, and 11, are applicable, in favor of the Successor organizations mentioned therein. The same shall apply to the filing of petition by any such successor organization."

This provision might indicate that any petition filed by the Jewish Restitution Successor Organization must be deemed to have been effectively filed in favor of the original claimant so that the original claimant remains entitled to restitution against the restitutor as well as against the successor organization.

Very truly yours,

John J. McCloy  
 U.S. High Commissioner for Germany

315723

DECLASSIFIED  
Authority NND 857579  
By SLP NARA Date 8/26/99

RG 466  
Entry McCloy Papers  
File D(50) 1789-1812  
Box 17



# CONFIDENTIAL

CONTROL NUMBER

OFFICE OF THE U. S. HIGH COMMISSIONER FOR GERMANY

## INCOMING MESSAGE

DISTRIBUTION

ROUTINE

*BOOK COPY*  
*D (50) 1793*

ORIG DTG	: 14 JULY 50/8 P.M.	ACTION: OES	6
RECD	: 16 JULY 50/0255Z	INFO: HCSA	2
FROM	: SECSTATE	AHC	1
SENT	: LONDON TOSIG 38	PA	5
RPTD INFO	: <u>HICOG FRANKFURT 334</u>	I	5
		I BN	1
		IAR	3
		RECORDS	2
		GC	5
		E	1
		IND/E	2
		TP	2
		PM	1
		E/RF	2
		E/HAYS	1
		BONN	6
		BERLIN	2
		FILE	1
		CB	10

REGARDING POINT 6, TOSIG 33, JUNE 10, RESERVED POWER REGARDING EXTERNAL RESTITUTION.

PURSUANT 1949 MCCLOY POLICY DIRECTIVE HICOG HAS BEEN ENDEAVORING OBTAIN HICOM AGREEMENT GENERAL TERM RESTITUTION ACTIVITIES BY SEPTEMBER 30, 1950. LATEST INFORMATION INDICATES NO DISAGREEMENT ON DATE BUT DIFFERENCE OPINION IN PROPERTY SUB-COMMITTEE REGARDING NATURE AND FUNCTIONS OF GERMAN SUCCESSOR AGENCY IN THIS FIELD. ALSO APPEARS GENERAL AGREEMENT RESTITUTION CERTAIN CATEGORIES PROPERTY HAS NOT BEEN COMPLETED AND MAY HAVE TO CONTINUE AFTER DEADLINE. THESE CATEGORIES ARE:

1. SECURITIES AND CURRENCIES. LITTLE PROGRESS TO DATE BECAUSE INVOLVEMENT WITH OTHER PROBLEMS (SEGREGATION BY CLASSES FOR DISPOSITION TO OWNERS OF RECORD, PERSECUTEES, COUNTRIES OF ISSUE FOR LIQUIDATION GERMAN ASSETS, ETC.) AND PERSONNEL SHORTAGE. LATEST INFORMATION INDICATES MOST RESTITUTION THIS CATEGORY EXPECTED BE COMPLETED IN US ZONE BY END 1950.

ROLLING STOCK. RESTITUTION HAS BEEN MADE DEPENDENT ON BILATERAL OR TRILATERAL AGREEMENTS WITH OWNING COUNTRIES TO RETURN EQUIVALENT AMOUNTS GERMAN ROLLING STOCK HELD BY THEM. SUCH AGREEMENTS NOW CONCLUDED WITH ALL WESTERN EUROPEAN COUNTRIES. BUT

CN 31146

CONFIDENTIAL

CASE NO 7-17c 346  
ACTION on this correspondence should be completed by 21 July  
ACTION TAKEN

INCOMING **CONFIDENTIAL** MESSAGE 315724

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

RG 466  
 Entry McCloy Papers  
 File 1501789-1812  
 Box 17

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

-2-

SRL NO: 334

IMPLEMENTATION NOT COMPLETED. FREIGHT CAR AGREEMENT WITH POLAND JUST SIGNED, BUT NO IMPLEMENTATION AS YET. NO AGREEMENTS WITH ROMANIA, HUNGARY, BULGARIA AND USSR, WHICH HAVE GERMAN CARS AND SOME OF OWN CARS IN GERMANY. OLD AGREEMENT REGARDING FREIGHT CARS WITH CZECHOSLOVAKIA, BUT SOME OUTSTANDING PROBLEMS. HICOG HAS RECENTLY RECOMMENDED NO FURTHER ROLLING STOCK AGREEMENT BE MADE. UNTIL THERE HAS BEEN COORDINATION OF INFORMATION AND VIEWS DEPARTMENT UNABLE COMMENT WHETHER RESTITUTION ROLLING STOCK SHOULD BE RETAINED AS RESERVED POWER.

3. INLAND WATER TRANSPORT CRAFT. DISPOSITION OF NUMBER OF IWT CRAFT IN UK AND US ZONES REMAINS FOR NEGOTIATION WITH BELGIUM AND NETHERLANDS. THESE PROBLEMS CAN PROBABLY BE LIQUIDATED BY END 1950.

4. CULTURAL PROPERTY. OF SEVERAL MILLION CULTURAL ITEMS (INCLUDING BOOKS) AT ONE TIME UNDER US CONTROL (MOST NAZI CULTURAL REPOSITORIES IN US ZONE), APPROXIMATELY 200,000 UNDERSTOOD REMAINING TO BE PROCESSED AT 2 US COLLECTING POINTS AND DISPOSED OF, IN PART BY EXTERNAL RESTITUTION. ISSO D-1/2 NOW CIRCULATING, RECOMMENDS DISPOSITION THIS PROPERTY REMAIN WITH HICOG LONG AS HICOG AUTHORITY IN GERMANY REMAINS SUBSTANTIALLY UNCHANGED BUT EVENTUAL SHIFT OF RESTITUTION RESPONSIBILITY TO GERMANS BE ENVISAGED BUT NOT BEFORE GERMANY HAS MADE SUITABLE COMMITMENTS TO GUARANTEE RESTITUTION THIS TYPE PROPERTY AND BY LEGISLATION ADOPTED NECESSARY CONTROLS TO IMPLEMENT SUCH COMMITMENTS. DEPARTMENT HAS BEEN TENTATIVELY THINKING IN TERMS OF A HICOG CULTURAL RESTITUTION PROGRAM AT LEAST UNTIL JULY 1951 AND IS AT PRESENT RECRUITING ADDITIONAL PERSONNEL TO SPEED UP THIS OPERATION.

IN GENERAL, US-UK POSITION IN HICOG HAS BEEN THAT ALLIES SHOULD CONTINUE AFTER DEADLINE HANDLE RESTITUTION ABOVE CATEGORIES, AND OF OTHER PROPERTY DISPOSITED OR WHICH IS UNDER ACTIVE CONSIDERATION AT DEADLINE (THESE MAY INCLUDE SO-CALLED BELGIAN DIAMONDS ON WHICH INVESTIGATION AND DECISION SHOULD BE COMPLETED BY END OF 1950 LATEST, AND PROPERTY AVAILABLE FOR RESTITUTION HUNGARY WHICH HAS BEEN TIED UP WITH VOGELER CASE). FRENCH WORKING LEVEL WANTS CENTRAL GERMAN RESTITUTION ORGANIZATION TO PERFORM RESTITUTION FUNCTIONS AFTER DEADLINE. AS IN THIS CONNECTION HICOG HAS UNDER CONSIDERATION ADENAUER LETTER REQUESTING

CN 31146

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

315725

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

RG 466  
 Entry McCloy Papers  
 File D50) 1789-1812  
 Box 17

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

-3-

SRL NO: 334

ESTABLISHMENT CENTRAL RESTITUTION AGENCY FOR CULTURAL PROPERTY IN DECISIONS OF WHICH A GERMAN COMMITTEE WOULD PARTICIPATE. (US-UK ELEMENTS WILLING PERMIT GERMAN ZONAL RESTITUTION AGENCIES BUT NOT CENTRAL GERMAN AGENCY, AND PROVIDED NO RE-EXAMINATION PAST RESTITUTION ACTIONS AND RIGHT OF CLAIMANT NATION TO APPEAL FROM GERMAN ZONAL AGENCY TO HICOM ONLY IN CASES WHERE LOCATION OF PROPERTY IS KNOWN; US-UK ALSO AGREEABLE TO FORMATION FEDERAL REPUBLIC COMMITTEE OF CULTURAL EXPERTS, BUT TO HAVE NO CONNECTION WITH ANY GERMAN ZONAL RESTITUTION AGENCIES LONG AS ALLIES RETAIN CULTURAL RESTITUTION. HICOG HAS REQUESTED (REGARDING HICOG DESPATCH 1341, JUNE 27) COMMENTS THESE POINTS FROM DEPARTMENT AND IN MEANTIME HICOM NEGOTIATIONS SUSPENDED.

IN GENERAL DEPARTMENT'S TENTATIVE VIEWS COINCIDE WITH HICOG'S POSITION.

WOULD APPRECIATE DELEGATION AND HICOG COMMENTS.

ACHESON

TOSIG 33 RPTD FKFT 169 10 JULY 50 CN 30726 OES

CN 31146 16 JULY 50 GD/LM SRL NO: 334

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

315726

DECLASSIFIED

Authority <sup>NND</sup> 857579  
By SLP NARA Date 8/26/99RG 466  
Entry McCloy Papers  
File D(50)1534-1578  
Box 15

D(50)1577

ALLIED HIGH COMMISSION FOR GERMANY  
Petersberg

Press Release No 162

For Release 1600 Hours  
26 June, 1950HIGH COMMISSION'S LIBERAL ATTITUDE TOWARDS GERMAN LEGISLATION.  
IN 9 MONTHS, OF 855 LAWS SUBMITTED, ONLY 7 FINALLY DISAPPROVED.

A survey of action taken by the Allied High Commission during the past nine months - from 21 September 1949, when the Occupation Statute went into effect, to 20 June 1950 - reveals that the High Commission has made only the most sparing use of its powers to disapprove German federal and Land legislation. It has thus fully and liberally fulfilled the provisions of the Occupation Statute in which the French, United Kingdom and United States Governments asserted their intention to give the German people the maximum possible degree of self-government consistent with occupation.

The sum total of legislation coming before the High Commission during the nine months' period was made up of 769 laws and implementing regulations from the Laender of the Federal Republic and 86 federal laws and regulations.

Of this total of 855 federal and Land laws and regulations, only seven Land laws have been finally disapproved. Three other Land laws remain provisionally disapproved. Only three federal laws have been provisionally disapproved: the provisional civil service law, the income tax law and the petrol price law. The provisional disapproval was withdrawn after the Federal Government had given certain assurances and explanations.

The High Commission's disapproval of German legislation has occurred so far for these briefly stated reasons: budgetary legislation from Schleswig-Holstein, Eaden and Rhineland-Palatinate was disapproved because of illegal or manifestly unsound budgetary procedures, a Schleswig-Holstein law regulating the right to practice as a physician was disapproved because of discrimination against displaced persons, a North-Rhine-Westphalia law relating to Jewish communities was disapproved because it contained provisions prejudicial to the interests of former owners of property in Germany who are now living abroad. A Bremen law concerning the re-establishment of consumers' cooperative societies was disapproved because it purported to amend a non-existent law and a Schleswig-Holstein law affecting organization of the police was disapproved because it would lead to dangerous centralization of police forces in that Land.

There have also come before the High Commission a number of laws or regulations of doubtful constitutionality. The High Commission has, however, so far generally adopted the practice of not itself determining points of constitutionality. Apart from one case only, it has left such matters to be wettled by German courts. The one case concerned was that of the Rhineland-Palatinate provisional budget law for 1950 where the unconstitutional practice was flagrant and had continued over a period of four years.

(end)

315727

DECLASSIFIED

Authority NND 857579By SLP NARA Date 8/26/99RG 466  
Entry McCloy Papers  
File (50)1534-1578  
Box 15Attachment to  
Brief on  
HICOM/P(50)10227 June 1950Joint Export/Import Agency Frankfurt/M  
GermanyECON/FT/500

28th November, 1949

Federal Minister of Economics

Subject: Restrictions and Prohibitions on Movement of Certain Items  
and Commodities

1. Regulation No. 1 issued under Military Government Law No. 53 (revised) designates the Federal Government as the agency competent, subject to such conditions as may from time to time be prescribed by Military Government, to authorise and regulate the movement of "controlled" property into and out of the three western Zones. The object of this letter is to prescribe certain conditions which the Allied High Commission requires to be observed by the Federal Government in the exercise of the responsibilities delegated to it under the above-quoted Regulation No. 1, as regards the export of certain commodities.

2. There are enclosed with this letter copies of two separate and distinct lists and commodities. Similar (though not in all cases identical) lists are also operative in the various other countries which are signatories to the E.C.A. Agreement. The Allied High Commission now requires that the attached lists be taken into immediate use by the Federal Government and that controls be applied for the time being in accordance with the following guiding principles:

(i) Commodities included in List 1

The export of any of these commodities to:

- (a) Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, the U.S.S.R., and the Soviet occupied area of Germany is prohibited.
- (b) Austria, China, Finland, North Korea, Switzerland and Yugoslavia is subject to prior approval by an Allied Agency to be designated by the Allied High Commission.
- (c) Any country or area not included in (a) or (b) above may be authorised by the Federal Government at its discretion.

(ii) Commodities included in List 2

The export of any of these commodities to

DECLASSIFIED

Authority

NND 857579

By SLP

NARA Date 8/26/99

RG

466

Entry

McCloy Papers

File

1501534-1578

Box

15

- (a) Austria, Albania, Bulgaria, China, Czechoslovakia, Finland, Hungary, North Korea, Poland, Rumania, Switzerland, the U.S.S.R., Yugoslavia and the Soviet occupied area of Germany may be authorized by the Federal Government at its discretion in cases where the quantity of the proposed commodity is not substantial. In cases where the quantity proposed is substantial the application for export should be referred for prior approval to the Allied Agency to be designated by the Allied High Commission. Whether or not a proposed export covers a substantial quantity of the commodity involved is for the Federal Government to determine, but the Allied High Commission is prepared to offer advice to the Federal Government in cases of doubt.
- (b) Any country or area not included in (a) above may be authorized by the Federal Government at its discretion.

3. In view of the fact that the lists attached to this letter are graded "Confidential" it will not be permissible for them to be reproduced in their present form for distribution to subordinate agencies. It is suggested, therefore, that you should have a single list compiled of all the commodities in the attached lists plus additional commodities, the export of which the Federal Government may wish to restrict for economic reasons. It is important that when transmitting this single list to subordinate licensing agencies no mention should be made of the component lists from which it derives. Nor should any mention be made, publicly or to the applicants, that the treatment of applications for exports may differ according to the country of destination as indicated in paragraph 2 above.

4. It is further suggested that you should establish within your administration a central licensing agency based upon the organization already established and operating under Regulation 1 of JEIA Instruction 1 (1st Revision). This agency should be responsible for (a) issuing the single list of commodities referred to in paragraph 3 to subordinate licensing agencies to be determined by the Federal Government, and to customs and frontier control offices, together with detailed instructions as to its application; (b) reviewing all applications for the export of commodities included in the single list and submitting to the appropriate Allied agency those applications which require the prior approval of the Allied High Commission.

5. The detailed instructions referred to in paragraph 4 should be submitted to the Allied High Commission for examination before they are issued.

6. The Allied High Commission will from time to time request information and statistics relating to exports and applications for exports of the commodities included in the attached lists. It is, therefore, important that the central licensing agency referred to in paragraph 4 maintain adequate records.

7. It is suggested that any doubt concerning the interpretation of the instructions contained in this letter can best be resolved at a meeting with the Economic Advisers to the High Commissioners which can be arranged at short notice.

DECLASSIFIED

Authority <sup>NND</sup> 857579  
By SLP NARA Date 8/26/99RG 466  
Entry McCloy Papers  
File D50)1534-1578  
Box 15

8. Nothing in this letter shall be construed as delegating to the Federal Government responsibility for authorizing the export of commodities, the export of which is prohibited or controlled by other legislation.

T.H. COX,  
Secretariat.

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

RG 466  
 Entry McCloy Papers  
 File D(50) 1226-1272  
 Box 13

Form HICOG-8  
 (15 Sept 48)

OFFICE OF THE U.S. HIGH COMMISSIONER FOR GERMANY

OFFICE MEMORANDUM

JRSO and MG Law 59

*Handwritten notes:*  
 R 337  
 Note  
 Date: April 28, 1950  
 mtd jls  
 \*

To: Off, HICOG - Lt.Col. A.H. Gerhardt  
 From: OGC, AJ - Mr. Hulse F.H.  
 Subject: Conference with Mr. Levine (MG Law 59)

D(50) 1252

Shortly before noon on Thursday, April 27, 1950 the High Commissioner's secretary called from Bonn and asked me to go into Frankfurt and have lunch with Mr. Levine who had some suggestions on a method of disposing of individual (non-JRSO) claims under Military Government Law 59. I inquired whether the subject could be fully discussed and whether Frank Miller could join us. The reply to both questions was affirmative.

Mr. Levine proposed that things should be so arranged that individual claimants could form themselves into a group and share pro rata from the proceeds of a common fund. Individual claimants who did not wish to join the group would be "on their own", i.e. proceed individually under Law 59. Additional arrangements should be made to make it possible for the claimants to have their claims paid in the currency of the country of their residence through barter transactions.

To get a basis for discussion, we explained the organization and purposes of JRSO and described the current proposal of JRSO for a bulk transfer of its claims. As to the proposal of JRSO we explained that negotiations were in the formative stage and that the information we gave was only for his personal information. (Otherwise we would have been in the same situation Gailey had you in when the ACA Mess went on the dollar). We then proceeded with a description of how MG Law 59 machinery worked, the results we were getting and what we anticipated in the way of results. Mr. Levine was not familiar with our method of operation.

Mr. Miller stated that in his opinion the JRSO transfer should not be complicated by present implementation of the proposal made by Mr. Levine. In this Mr. Levine concurred.

We feel safe in reporting that Mr. Levine is satisfied that any implementation of his proposal should be delayed.

Mr. Levine left at 3:45 to return to London. Lt. Col. Stump understands that Mr. Levine will return the weekend of May 6.

There are a number of reasons why we do not think the proposal practicable at this time and if it is to be the subject of further consideration, Mr. Miller and I ask to be heard on the whole case.

F.G.Hulse:ie

315731

DECLASSIFIED  
Authority NND 857579  
By SLP NARA Date 8/26/99

RG 466  
Entry McCloy Papers  
File D(50) 1100-1143  
Box 12

*11 April 50*

*D(50) 1137 Restitution*

*APD 757*  
*Bulk Restitution*

*R* ~~*X*~~

Frankfurt, Germany  
MAY - 8 1950

My dear Minister President:

I am pleased to learn that our talk of April 11, 1950, had in connection with the bulk transfer to the Laender of claims of Jewish Restitution Successor Organization (JRSO) arising under the General Claims Law and Military Government Law 59, has resulted in favorable preliminary negotiations with JRSO representatives.

The difficulties which will be encountered in the transfer are familiar to all of us but I feel that disposition of the claims along the lines suggested is so mutually desirable that every effort should be made to bring the settlement to an early conclusion.

Accordingly, I have asked members of my staff to arrange to meet with your representatives and representatives of JRSO during the week of May 15, 1950 if such tentative date is convenient. The exact time and place of the meeting can be agreed upon by those who are to attend. I hope that the meeting will serve to bring the matter forward to the point where the essential elements in the transfer are clarified and the major problems are isolated.

Sincerely yours,

JOHN J. McCLOY  
United States High Commissioner for Germany

Mr. Christian Stock  
Minister President for Land Hesse  
Hessische Staatskanzlei  
Wiesbaden  
Bierstaedterstr. 2

PLEASE RETURN TO  
MCCLOY'S OFFICE

315732

Mr. McCloy's copy

DECLASSIFIED
Authority <u>NND 857579</u>
By <u>SLP</u> NARA Date <u>8/26/99</u>

RG	<u>466</u>
Entry	<u>McCloy Papers</u>
File	<u>(50) 1100-1143</u>
Box	<u>12</u>

Form HICOG-8  
(15 Sept 49)

OFFICE OF THE U.S. HIGH COMMISSIONER FOR GERMANY

## OFFICE MEMORANDUM

To: The U.S. High Commissioner

From: Robert M. Hanes, Director, Office of Economic Affairs

Date: April 27, 1950

Subject: Bulk Transfer to the Laender of Jewish Restitution Successor Organization (JRSO) Claims under Military Government Law No. 59 and General Claims Law

Reference is made to memorandum dated April 5, 1950 subject, Proposal of Jewish Restitution Successor Organization (JRSO) to Effect Bulk Settlements of its Claims, previously submitted to the U.S. High Commissioner on April 10, 1950, the conference of the U.S. High Commissioner with JRSO representatives held on April 10, 1950 and the conference of the U.S. High Commissioner with the Minister Presidents held on April 11, 1950. At TAB A appear the JRSO minutes of the conference of April 10, 1950. At TAB B is an extract of the draft minutes prepared by Mr. Whitman of the conference with the Minister Presidents held on April 11, 1950.

On April 21, 1950 a meeting attended by representatives of Property Division, Finance Division, Administration of Justice Division and Mr. Kagan of JRSO was held at Frankfurt. Mr. Kagan reported that the Ministry of Finance for Hesse (Hilpert), the Under-Secretary for the Ministry of Finance for Bavaria (Ringelmann), and a Deputy of the Minister President of Wuerttemberg-Baden (Wittwer) had opened negotiations with JRSO representatives at Land level and that all of such representatives were favorably disposed toward a bulk settlement. The Ministry of Finance for Wuerttemberg-Baden (Kaufmann) has been ill for several weeks and it is expected that his absence will continue until the third week in May. In the meantime, Wittwer is carrying on the preliminary work. The JRSO representative stationed at Karlsruhe has been selected to discuss the transfer with officials of Land/Bremen and it is anticipated that preliminary discussions will be held at Bremen during the week of May 1, 1950.

The opening of negotiations by Laender representatives with JRSO is in accordance with the understanding of the Minister Presidents with the U.S. High Commissioner, contained in the draft minutes (TAB B).

Mr. Kagan said that in preparation for a formal meeting with Laender representatives he must confer with officials of Jewish organizations in Paris to determine within what limits JRSO will be authorized to negotiate in connection with the amount to be paid and the manner and time of payment.

315733

PLEASE RETURN TO  
MCCLOY'S OFFICE

DECLASSIFIED	
Authority	<u>NND 857579</u>
By	<u>SLP</u> NARA Date <u>8/26/99</u>

RG	<u>466</u>
Entry	<u>McCloy Papers</u>
File	<u>(50) 1100-1143</u>
Box	<u>12</u>

- 2 -

As JRSO has not completed its exploratory conferences and as neither JRSO nor the Laender representatives are presently prepared to discuss final terms, it seems desirable to have informal negotiations continue for the next two or three weeks by which time the problems common to the Laender should begin to take shape.

It is not advisable that informal talks be permitted to continue indefinitely nor is it advisable that such talks continue without HICOG participation. It is anticipated that Laender and JRSO representatives will be in a position to discuss the common problems during the week of May 15, 1950. To the end that the conversations heretofore had by the U.S. High Commissioner with JRSO and the Ministers President be formalized and the common problems be formulated, it is recommended that the letters to the Ministers President annexed hereto at TAB C be signed and despatched.

*done - JK*

## Enclosures:

1. JRSO Minutes of Meeting,  
dtd April 10, 1950
2. Extract of Draft Minutes,  
dtd April 11, 1950
3. Letter to Minister President  
for Hesse
4. Letter to Minister President  
for Bavaria
5. Letter to Minister President  
for Wuerttemberg-Baden
6. Letter to Senate President  
for Bremen

PLEASE RETURN TO  
MCCLOY'S OFFICE

315734

DECLASSIFIED NND 857579 Authority By SLP NARA Date 8/26/99	RG 466 Entry McCloy Papers File D(50) 1100-1143 Box 12
---	---

TAB A

C  
O  
P  
Y

R X  
D(50) 1129

MEMORANDUM

SUBJECT: Minutes of Meeting with the High Commissioner,  
Monday, April 10, 1950.

Persons Present:

John J. McCloy  
US High Commissioner

Dr. Nahum Goldmann  
Chairman, American Section,  
Jewish Agency for Palestine

Maurice Boukstein,  
Counsel,  
Jewish Agency for Palestine

Dr. Joseph Schwartz,  
Director General,  
American Joint Distribution Committee

Benjamin B. Ferencz,  
Director General,  
Jewish Restitution Successor Organization

John Rintels,  
Chief, Administration of Justice Division,  
Office of General Counsel, HICOG

Frederic Hulse  
Deputy Chief,  
Administration of Justice Division  
HICOG

\*\*\*\*\*

Mr. McCloy welcomed the representatives at about 1120 hrs. and stated that he had read the memorandum on the global settlement of JRSO claims (mailed to him on March 20 by Dr. Goldmann and Mr. Edward M. M. Warburg) and was prepared to discuss the question.

Dr. Goldmann began the discussion by outlining again the contents of the memorandum and pointing out that the restitution of heirless property was taking longer than expected, that the amounts involved were not as large as had been anticipated and that the interested organizations were trying to find a short-cut in order to actually achieve the relief function of the

PLEASE RETURN TO MR.  
MCCLOY'S OFFICE

315735

DECLASSIFIED	
Authority	<sup>NND</sup> 857579
By	SLP NARA Date 8/26/99

RG	466
Entry	McCloy Papers
File	(50) 1100-1143
Box	12

JRSO and at the same time remove a source of friction with the Germans in the US Zone. He stated that the money was needed now and not in 5 or 10 years and therefore a global settlement was being sought.

Mr. McCloy said that the idea sounded attractive and asked whether the same could be done concerning all restitution claims (including the individual claims). He digressed for a moment to cite a hypothetical case in which Blackacre was sold to A, a purchaser who acquired the property knowing it was sold under duress, and where then A sold the property to B, who had no such knowledge. Mr. McCloy asked whether B would be liable to reconstitute the property to the original owner.

Mr. Boukstein pointed out that he would be liable to reconstitute the property since the purchaser acquired no better title than one who brought stolen goods. Mr. Ferencz added that the restitutor would have a claim for damages against the person from whom he bought the property. Furthermore that in the sale of real estate there is practically no such thing as a bona fide purchaser under the prevailing circumstances since in the tracing of title it would have been apparent that the property had been acquired from a Jew.

Mr. McCloy said that he raised the matter because he had been receiving a large number of complaints about the operation of the restitution program and that Mrs. McCloy in particular had received a large number of letters from Germans on the subject and "there is a great deal of sand in the letters". He therefore thought it would be a fine thing if we could eliminate this type of "complaint".

Dr. Schwartz explained that the conference dealt only with JRSO property which was limited to the unclaimed and heirless properties and that the discussion did not concern the individual restitution claims.

Mr. Boukstein added that any settlement with the JRSO would be without prejudice to the question of individual claims.

Mr. McCloy wanted to know how much money was involved in the type of settlement contemplated.

Dr. Schwartz replied that it was still impossible to say with any real degree of accuracy but the figure would probably be around 100 million to 125 million DM more or less.

Mr. Rintels asked whether it was true that the JRSO claims represented about 75% of the cases, to which Mr. Ferencz replied that although the JRSO had claimed considerably more the actual number of valid claims remaining would probably be about 50% of the complete total filed.

Mr. McCloy began to compute aloud the possible totals in DM of both the JRSO and the individual claims and asked how much the grand total of both might involve.

PLEASE RETURN TO  
315736  
MCCLOY'S OFFICE

DECLASSIFIED	
Authority	<i>AND 857579</i>
By	<i>SLP</i> NARA Date <i>8/26/99</i>

RG	<i>466</i>
Entry	<i>McCloy Papers</i>
File	<i>150 1100-1143</i>
Box	<i>12</i>

Dr. Schwartz answered that although the JRSO had half of the total number of cases, the value of the individual claims would be greater, perhaps three or four times as much as the value of the JRSO claims.

Mr. Ferencz added that disposing of the JRSO cases at one time would make it possible to finish half of the work and thereby clear the field for the remainder, but there was no way of knowing at this point how much was involved in the value of the individual claims.

Mr. McCloy repeated that it sounded like a good idea and asked how the thing could actually be worked out.

Dr. Goldmann replied that the JRSO claims would be sold to the Land governments and then it would be a matter between them and their own citizens.

Mr. Rintels added that it would be like the right of subrogation.

Mr. McCloy pointed out that one of the problems would be to keep the pressure on the German Laender to really follow through on his suggestion for a global settlement.

Mr. Rintels added that it was very important to let the Germans know that Law 59 would not be changed in any respect and that the United States would insist on carrying it out to the letter. He felt that this would serve as a sort of pressure on the German authorities.

Mr. Hulse stated that although he personally had been opposed to harmonization of Law 59 with the restitution laws in the other two zones he had apparently lost out on that point. He stated that the restitutors have been expecting a modification in the restitution law and therefore have been dragging their feet. He pointed to the fact that there had recently been a bottle-neck created by the "wait and see" attitude and he feared that the efforts to achieve harmonization would bring about a recurrence of such delays.

Mr. McCloy stated that the United States was pledged to harmonization of all the laws and therefore he could not swear that there would be no change since there were two other partners sitting around the table.

Mr. Rintels stated that we were trying to ride two horses at the same time. One, for the strict adherence to Law 59 and the second for harmonization which might have to involve some modifications or concessions on our part. He thought the horses were going in different directions and could not be reconciled.

Dr. Goldmann indicated that the British law was not much different from the American law anyway and Mr. Ferencz explained that although the British law was very similar the French law was quite different and that the French authorities were most reluctant to bring about changes at this

315737

PLEASE RETURN TO  
MCCLOY'S OFFICE

DECLASSIFIED
Authority <sup>NND</sup> 857579
By SLP NARA Date 8/26/99

RG	466
Entry	McCloy Papers
File	150-1100-1143
Box	12

time which might involve the setting aside of many judgments already rendered in the French Zone. He said that the view might well be taken that restitution was temporary measure which could be carried out in a short period of time and therefore did not fall within the category of those laws which we were committed to harmonize. As shown by the U. S. experience on Law 59, quadripartite and tripartite attempts at unification had dragged out for years and then had failed. He said that harmonization would indeed be difficult to achieve and might take a very long time.

Mr. McCloy asked whether Mr. Ferencz thought the restitution program could be ended before harmonization could be realized, to which Mr. Ferencz replied that the disposal of half of the program by a bulk settlement with the JRSO would certainly sharply accelerate the entire matter. Mr. McCloy himself had given the Minister Presidents a deadline of December 1951 for the completion of the cases in the restitution agencies and even that figure might be advanced if the JRSO work load could be removed.

Dr. Schwartz added that once the JRSO matter was settled it might be possible to take up the question of a similar settlement on behalf of individual claimants. In the latter case however it was much more difficult since a power of attorney was lacking and the restitutors were not organized.

Dr. Goldmann pointed out that as far as the claimants from Israel were concerned they were very well organized and a bulk settlement of the individual claims of Israeli citizens would be easier to achieve than the claims of individuals in other parts of the world.

Mr. Boukstein added that the matter should be presented to the Minister Presidents in a form which would not encourage them to interfere with the amicable settlements of either the individual claimants or the JRSO and that this could be most effectively done by pointing out that the United States intends to carry the program through and that they favor doing so by lump sum payments. He pointed out that this was in line with Mr. McCloy's speech made shortly after his recent return from the United States.

Mr. McCloy said that he was prepared to suggest such a solution to the Minister Presidents.

Dr. Goldmann pointed out that if the Germans used the opportunity merely to further stall the restitution program it would be a bad result and Mr. McCloy acknowledged that the problem of pressuring the Germans would be a serious one.

Mr. Ferencz stated that if such discussions became public knowledge all settlements with the JRSO would cease and that if the negotiations for lump sum settlement would then break down without success the net result achieved would have been to defeat rather than carry out the U. S. policy on heirless assets. He suggested therefore that the discussion with the Minister Presidents be handled with caution.

Mr. Boukstein interjected "with firmness".

PLEASE RETURN TO  
315738  
MCCLOY'S OFFICE

DECLASSIFIED	
Authority	NND 857579
By	SLP NARA Date 8/26/99

RG	466
Entry	McCloy Papers
File	150 1100-1143
Box	12

Mr. McCloy chided that either the organizations wanted the matter raised with the Minister Presidents or they did not and that the risks involved in such a discussion would have to be taken.

All present agreed that the matter should be raised with the Minister Presidents.

Dr. Goldmann then went on to explain that the Jewish organizations were not interested in merely acquiring blocked DM in Germany. He wanted Mr. McCloy to be aware of the fact that the Jewish organizations had in mind the use of these funds for the purchase of commodities in Germany which might be exported to Israel or other places in order to grant the relief which was badly needed. The persecutees were not in Germany and the houses, medical supplies, etc. could only be used elsewhere. He suggested that this method of achieving the objectives would at the same time give employment to Germans and would stimulate German production too, while at the same time not producing any serious loss to U. S. interests.

Mr. McCloy said that the entire idea sounded quite attractive and that he was prepared to raise the question at his meeting with the Minister Presidents on the following day. He promised to let the group know the results of his discussion.

Dr. Goldmann then raised an additional problem concerning the liability of the JRSO to certain German taxes. Mr. Ferencz explained it further by pointing out that under the Immediate Aid Ordinance the JRSO was faced with the possibility of being taxed as having been the owners of property before the currency reform since restitution gives use to the legal fiction that the loss of the property never occurred. At the same time the JRSO did not qualify for an exemption as a UN national since it was not actually in existence on 8 May 1945. The net consequence being that the JRSO is deemed to be in existence for purposes of being taxed but not for purposes of being exempt. This might result in a loss of anywhere from 25% to 40% of JRSO assets.

Mr. Boukstein added that "the power to tax is the power to destroy" and that the German officials should not be allowed to draw off the heirless assets for their own purposes.

Mr. McCloy replied that he had just completed his income tax return and was well aware of the fact that the power to tax was the power to destroy. He thought it was ridiculous to subject the JRSO to such a liability.

Mr. Ferencz asked whether he could quote Mr. McCloy to that effect on the next tax bill he received from the German officials, to which Mr. McCloy laughingly replied that he could try it and see what happens. He then added seriously that the matter was under consideration and that he believes he had a paper on his desk dealing with just that problem. He thought it

315739

PLEASE RETURN TO MR.  
MCCLOY'S OFFICE

DECLASSIFIED
Authority <u>NND 857579</u>
By <u>SLP</u> NARA Date <u>8/26/99</u>

RG	<u>466</u>
Entry	<u>McCloy Papers</u>
File	<u>(50) 1100-1143</u>
Box	<u>12</u>

could be worked out satisfactorily and asked whether it could be done unilaterally or whether the other powers had to join.

Mr. Ferencz stated that it could be worked simply since the law under which the JRSO had been appointed specifically provided that the status of the JRSO under German taxation would be defined by Military Government.

The conference ended at about 12 o'clock and Mr. McCloy again promised to notify the persons present of all developments.

PLEASE RETURN TO MR.  
MCCLOY'S OFFICE

315740

DECLASSIFIED	
Authority	<u>NND 857579</u>
By	<u>SLP</u> NARA Date <u>8/26/99</u>

RG	<u>466</u>
Entry	<u>McCloy Papers</u>
File	<u>150</u> 1100-1143
Box	<u>12</u>

C O P Y

TAB B

EXTRACT OF DRAFT MINUTES PREPARED BY MR. WHITMAN OF MEETING  
WITH MINISTER PRESIDENTS HELD APRIL 11, 1950.

Mr. McCloy then went on to talk to the minister-presidents about restitution claims. He felt there existed a singular opportunity to help this problem along if a start were made to settle the so-called heirless claims. He said his appeal was not directed to Bremen which had a good record for the settlement of these claims. If the Laender would get in touch with the JRSO organization which represented most of these heirless claims, he felt sure that it should not be too difficult to arrange for some sort of a global settlement. Such a settlement, which should not be financially too burdensome for the Laender, would take care of a substantial portion of these claims, it would make an excellent impression abroad where a certain amount of bad feeling and criticism has been created by the long delays. Such a global settlement with the JRSO of the heirless claims might pave the way for future agreements of individual claims. The minister-presidents agreed to contact representatives of the JRSO in their respective Laender and to see what could be done about it.

C O P Y

PLEASE RETURN TO MR.  
MCCLOY'S OFFICE  
315741

DECLASSIFIED
Authority <u>AND 857579</u>
By <u>SLP</u> NARA Date <u>8/26/99</u>

RG	<u>466</u>
Entry	<u>McCloy Papers</u>
File	<u>D(50) 829-973</u>
Box	<u>11</u>

315742

D(50) 862  
Agred

Sub

23 March 1950

Restitution of Currencies and Securities

MEMORANDUM TO: MAJOR GENERAL HAYES.

The attached paper is a Press Release announcing the extension of the date for the submission of applications for the recognition of title to, and in certain cases the return of, <sup>here</sup> German Currencies or Securities owned by non-Germans not subject to Control Council Law No. 5. It is being presented to the Council of the High Commission at the request of the French element as they have, prior to the Council meeting, been unable to submit it for the approval of M. Francois-Poncet. Mr. Battenwieser has already submitted this press release for your approval and the present text embodies the revision you suggested in respect of Para 9. General Robertson has also approved the text as is here presented.

The policy enunciated in this release has been the subject of discussion for about a year and has been approved by the Governments of all three elements as has the text of the release itself.

Action Recommended: That the U.S. Member recommend approval and immediate release of this text.

J. E. SLATER

DECLASSIFIED  
 Authority <sup>NND</sup> 857579  
 By SLP NARA Date 8/26/99

RG 466  
 Entry McCloy Papers  
 File (50) 829-973  
 Box 11

315743



**RESTRICTED**

CONTROL NUMBER

OFFICE OF THE U.S. HIGH COMMISSIONER FOR GERMANY CN-489

**OUTGOING MESSAGE**

R E S T R I C T E D ORIG: FM DISTRIBUTION

P R I O R I T Y **BOOK COPY** INFO PREAS 1

SENT : 23 March 50 1846Z  
 TO : SECSTATE (50) 862  
 FROM : HICOG FRANKFURT  
 SRL NO : 2449  
 ORIG/DTG : 23 March 50 8:PM

- E 1
- PM 1
- TP 2
- E/IN 1
- E/RF 2
- PA 5
- OBS 3
- I 3
- I/BN 3
- PUB 2
- PUB BN 5
- HCSA 2
- BONN 6
- BERLIN 2
- HEIDELBERG 2
- CB 9
- RECORDS 2
- FILE 1

Reference: Department telegram 1152, February 1950, Supplement 1152; Department telegram 1371, March 2, 1950

Following is text press release on extension of III. To be issued March 24 from Allied High Commission, Peterberg:

"THE ALLIED HIGH COMMISSION TODAY ANNOUNCED:

1. Under the terms of a Press Release issued jointly on 1 September, 1948 by the United States, United Kingdom and French Military Governments, all persons not subject to Control Council Law No. 5 who own non-German currencies or securities in currency not of German issue held by the Military Governments under the provisions of Military Government No. 53, were invited to submit application for the recognition of their title to such currencies or securities. Applications could be filed with the appropriate office of Military Government up to 31 December, 1948.

2. Under an agreement of the Allied High Commission the time limit for submission of such applications has been extended to 30 June 1950. Applications which have already been submitted need not be repeated.

CN-4894

R E S T R I C T E D

DECLASSIFIED  
Authority NND 857579  
By SLP NARA Date 8/26/99

RG 466  
Entry McCloy Papers  
File D(50) 829-973  
Box 11

315744

SPI NO 2419

In announcing this extended period for submission of applications, the Allied High Commission draws attention to the fact that persons, natural and juridical, of the following categories are included within the definition of "persons not subject to enemy control council" No.

1. Persons who were born in Germany, if they submit proof that they have been residing outside Germany since before 1st September 1939 and have not returned to Germany during the war. A certificate from a Governmental authority in the country of residence establishing the above must be submitted with the applications.

2. Persons who are shareholders in corporations of any country other than Germany, provided that the percentage of shares owned by them in such corporations does not exceed 25% and there is no present evidence of the exercise of such interest.

3. The Allied High Commission also announces that it is prepared to consider applications from victims of Nazi persecution resident in Germany, provided evidence is submitted

of such persecution. This category includes persons deprived of citizenship pursuant to any German law, decree or regulation discriminating against religious or racial groups, trade organizations and

iv. that such persons did not enjoy the rights of German citizenship at any time between September 1939 and the date of such law, decree or regulation; and

v. that such persons did not voluntarily accept German citizenship after the Allied occupation of the Reich, and

vi. that their case merits favorable consideration.

7. Consideration will also be given to applications from corporations in Germany which are wholly or more beneficially owned by United Nations nationals or victims of Nazi persecution as defined in paragraphs above, for which present proof of treatment by Germany as enemy or under enemy control.

8. Filing of a claim with the Allied High Commission does not imply recognition of title, or the title will subsequently be recognized. Moreover, recognition of title by the Allied

DECLASSIFIED  
 Authority <sup>NND</sup> 857579  
 By SLP NARA Date 8/26/99

RG 466  
 Entry McCloy Papers  
 File D(50) 829-973  
 Box 11

315745

-3-

SRL NO : 2449

High Commission does not imply recognition of the applicant's claim by the country of issue or the current validity of securities or currencies in the country of issue.

7. A person desiring recognition of title to securities or currencies will be required to submit evidence to demonstrate exclusive ownership of the currencies and securities involved and the freedom of such currencies and securities from claims for external or internal restitutions.

8. External restitution claims are those filed by governments eligible for restitution to cover property removed from such countries during their occupation by Germany. Exemption from external restitution may be shown by submission of proof that the property has been owned exclusively since September 1939 and was not removed from a country occupied by the Germans during the German occupation.

9. Internal restitution claims are those filed by persons for recovery of property taken from them under duress in Germany for racial, religious or political reasons at any time after 30th January 1933. Exemption from internal restitution may be shown by proof of continuous ownership since that date.

10. The Allied High Commission has further agreed to permit removal from Germany of foreign currencies and foreign securities title to which has been recognized when the recipient owner is not a resident of Germany.

10. Applications should be addressed:

in the U.S. Zone of Occupation, to:

for Germany,

Office of the United States High Commissioner  
 Office of Economic Affairs,  
 Finance Division,  
 Foreign Securities Section,  
 APC 742.

In the British Zone of Occupation, to:

Hq. Investigation Branch,  
 Finance Division,  
 Hq. R/B Duesseldorf,  
 318 Hq. COG (BE), BAOR 4.

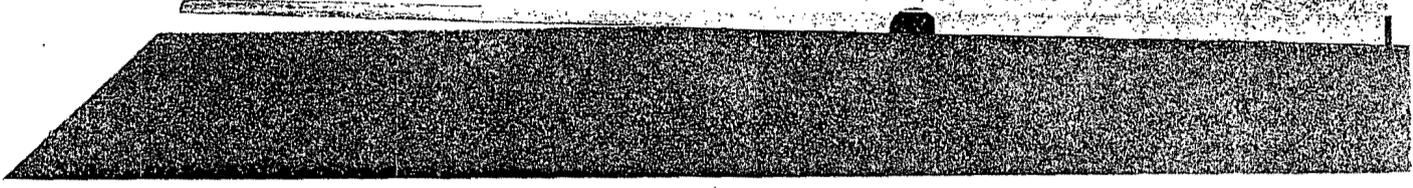
In the French Zone of Occupation, to:

CN 4894

R E S T R I C T E D

DECLASSIFIED  
Authority <sup>NND</sup> 857579  
By SLP NARA Date 8/26/99

RG 466  
Entry McCloy Papers  
File (50) 829-973  
Box 11



R E S T R I C T E D

-4

SRL NO : 2449

Caisse Central des Titres Etrangeres,  
Landau, Pfalz.

McCLOY

Jean Cattier, Auth.  
Chief, Finance Division

COORD WITH: None

FM/R. H. Stern/eb  
8127  
March 23, 1950

DN-4894

24 March 50

CR/edh

SRL NO: 2449

R E S T R I C T E D

315746

DECLASSIFIED

Authority NND 857579By SLP NARA Date 8/26/99

RG

466Entry McCLOY PAPERSFile D(50) 717-786Box 10

315747

FORM HICOG-77  
(14. Nov. 49)

OFFICE OF THE U.S. HIGH COMMISSIONER FOR GERMANY

# PRESS RELEASE

ISSUED BY

D(50) 785PUBLIC RELATIONS DIVISION  
OFFICE OF PUBLIC AFFAIRSPRESS RELEASE NO. 248  
(Smartt, Tel: 8691)FOR IMMEDIATE RELEASE  
16 March 1950

## NEARLY QUARTER MILLION PETITIONS FILED FOR RESTITUTION OF PROPERTY IN U.S. ZONE SINCE 1947

Nearly a quarter of a million petitions have been filed for the restitution of identifiable property under US Military Government Law No. 59 since that law was enacted in November, 1947, according to officials of the Property Division, Office of Economic Affairs, which has policy responsibility in the execution of the program.

The program implements US policy of effecting to the largest extent possible the speedy restitution of identifiable property to persons wrongfully deprived of such property between January 30, 1933, and May 8, 1945, for reasons of race, religion, nationality, ideology or political opposition to National Socialism.

It is anticipated that approximately 115,000 active claims will survive the initial stages of the program, for there have been many duplications, and many claims will be withdrawn. The Jewish Restitution Successor Organization has filed over 163,000 petitions, many of which were filed for purely precautionary purposes. Of this number, some 50,000 have already been withdrawn, in cases where living claimants had themselves filed petitions.

Approximately 10,000 cases have been settled, representing 20 percent of the total net number, with which authorities expect to have to deal, apart from the petitions of the Jewish Restitution Successor Organization.

No figures are yet available as to the total value of the 10,000 settled claims nor as to the types of property which have been restored but the following are a few outstanding examples of what has been accomplished in the way of restitution.

Hertie G.m.b.H. of Berlin, a chain of department stores valued at DM 40,000,000 with main branches in Berlin, Munich, and Stuttgart and outlets in other major cities, has been returned to George Tietz of the United States and Martin Tietz of Cuba, from whom it had been expropriated.

Shares of stock valued at DM 10,000,000 of the Deutsche Magnesit A.G., Muenchen-Starnberg, a holding company controlling the firms of Austrian Magnesit and Deutsche Meraklit which produce building slabs by processing magnesite and wood shavings, were returned to the American Austrian Magnesit Corporation of the United States.

A cellulose factory at Okriftel/Main, the second largest cellulose paper factory in Land Hesse, valued at DM 7,000,000 has been returned to its former owners.

Other items which have been returned either to their original owners or their heirs include a Bavarian brewery valued at DM 2,000,000; shares of the firm Schade and Fuellgrabe, a retail food store chain with 148 outlets throughout the Western Zone, valued at DM 1,519,000 plus a cash payment of DM 450,000; the Deutsche Tafelglass A.G., at Fuerth, valued at DM 16,000,000, which makes window glass, safety glass and glass tiles and is one of the three most important glass factories in Western Germany; 51 percent of the stock of Merkur A.G., of Nuernberg, valued at DM 8,000,000, which controls six large department stores in the US Zone and had a turnover last year of DM 30,000,000.

DECLASSIFIED

Authority NND 857579By SLP NARA Date 8/26/99

RG

466

Entry

McCLOY PAPERS

File

D(50) 717-786

Box

10

- 2 -

All these cases were settled amicably without resort to court action and are typical of the type of property being returned.

The policy of the U.S. Government as to restitution of identifiable property taken from Nazi victims within Germany has reflected a deep concern for the fate of these individuals, and has always been clearly expressed in official policy statements, even those issued before the end of the war.

Beginning shortly after the end of the war, careful efforts were made to draft suitable legislation to put this policy into effect in Germany, and American Occupation Authorities, in cooperation with the German Laenderrat (Council of States) developed the basis for the present text of the U.S. Zone Restitution Law. The only provisions appearing in the final law differing from the German draft, were those upon which the Occupation Authorities insisted for the accomplishment of true restitution.

The American policy of encouraging German authorities to develop legislation in this field was based largely on the desire to permit the German Government to formulate and execute a law which would demonstrate to the entire world the determination of the German nation to make good the wrongs which had been done to the vast number of persecutees of the Hitler regime.

The machinery for handling the claims since its beginning has been almost exclusively German. Law 59, with the exception of the currency laws, is the only Military Government law which uses the German language as its official text. Of the 49 offices, agencies and courts which deal with these claims, only two are either American or under the direct supervision of the Americans. Those are the Central Filing Agency at Bad Nauheim where all the claims were first filed, and the Court of Restitution Appeals at Nuernberg, the highest court to which a restitution claim can be appealed.

The Office of the U.S. High Commissioner maintains a small staff of U.S. restitution experts whose duty it is to maintain a continued, coordinated supervision over the program, and order corrective action in cases of discrimination or other mistreatment of claimants.

Since unknown thousands of victims had died or disappeared, there developed the perplexing problem of recovering their confiscated property. To assure that the wrongful takers of this property did not retain it, Military Government decided to recognize a charitable society as successor to the persons who were sent to the gas chambers or otherwise put to death because they did not meet with the approval of the NSDAP. The Jewish Restitution Successor Organization, representing many worldwide Jewish groups, was therefore authorized by Military Government to re-claim properties of heirless Jews, and to use the properties or the proceeds for charitable purposes, to benefit persecutees throughout the world. This organization is presently operating in the U.S. Zone, with principal offices at Nuernberg, and branches in various cities in the Zone.

The U.S. High Commissioner, in order to ensure his objective of bringing the restitution program to an early and effective conclusion, recently requested the Ministers-President of the U.S. Zone Laender substantially to increase the staffs and facilities available to the Restitution Agencies. The results have already been apparent, Land Bavaria alone having provided for an increase of over 40 percent in personnel assigned to administration of the program.

In May, 1947, the British CCG enacted a law similar to Law 59 for their Zone. The French have had a restitution law in their Zone enacted at approximately the same time as Law 59.

Little is known of the progress of restitution in the Russian Zone where U.S. authorities know of no general program for the return of such properties to victims of Nazi persecution. In Berlin, there is a tripartite law similar to Law 59. There are about 20,000 petitions on file there and the program, although it only began last July, is going forward very satisfactorily and will possibly be finished before the program in the U.S. Zone.

315748

( end )

RG 466  
Entry McCLOY PAPERS  
File D(50) 524-553  
Box 9

DECLASSIFIED  
Authority NND 857579  
By SLP NARA Date 8/26/99

UNITED STATES HIGH COMMISSIONER FOR GERMANY

*File*

Date Feb. 27, 1950

TO: Public Affairs Division

FROM: Mr. J.J. McCloy

*and the letter from Hyman*

This letter should be reproduced and circulated to all concerned Directors of Divisions, Land Commissioners, etc.

J.J. McCloy

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 524-553  
 Box 9

DECLASSIFIED  
 Authority AND 857579  
 By SLP NARA Date 8/26/99

383.7  
 529

D(50) 529

APO 757 - Frankfurt

February 27, 1950

Dear Mr. Haber:

Major Hyman has written to me telling me that a single group representing the Jews in the Zone came into being on January 25. I understand this is now called The Coordinating Council of the Jewish Organizations in the US Zone, Germany.

This is merely to let you know that I will be pleased to consult with you from time to time about Jewish problems in the Zone.

Sincerely,

Mr. Samuel Haber, Director  
 American Joint Distribution  
 Committee  
 APO 407-A, US Army  
 Munich, Germany

~~READER~~

315750

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 524-553  
 Box 9

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

388.7

APO 757 - Frankfurt

*File*

February 27, 1950

Dear Major:

Thank you very much for your letter of February 3 regarding the group that is to represent the Jews in this Zone. I have written to Mr. Haber telling him of my satisfaction that such a group is to continue to operate here.

Sincerely,

Major Abraham S. Hyman  
 Headquarters, European Command  
 Office of the Adviser on Jewish  
 Affairs  
 APO 403, US Army

315751

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 524-553  
 Box 9

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

HEADQUARTERS  
 EUROPEAN COMMAND  
 403 Office of the Adviser  
 on Jewish Affairs

3 February 1950

Honorable John J. McCloy,  
 US High Commissioner for Germany,  
 APO 757, US Army.

Dear Mr. McCloy:

Relative to an item we discussed at our last conference, I am pleased to inform you that a single group, representing the Jews in the Zone, came into being on 25 January. The newly formed organization is called the Coordinating Council of the Jewish Organizations in the US Zone, Germany.

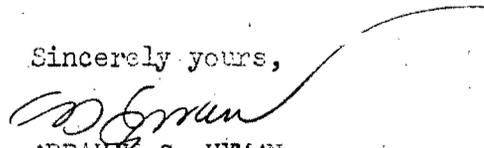
The governing body of the Council consists of one representative of each of the three constituent elements within the Council; namely, the Kultusgemeinden (permanent Jewish communities), the Central Committee of Liberated Jews (displaced persons), and the principal voluntary Jewish agencies working within the Zone (American Joint Distribution Committee and the Jewish Agency for Palestine). The group designated Mr. Samuel Haber, Director of the American Joint Distribution Committee, as the liaison for the Council. His address is the following:

APO 407-A, US Army  
 Munich, Germany

Phone: Munich 4-81761

I know the men who were selected by their respective groups to serve on the Council and am confident that they will be very helpful should you ever call upon them for advice. I am equally certain that you will extend them the courtesies you so generously extended to our office.

Sincerely yours,

  
 ABRAHAM S. HYMAN  
 MAJOR FA

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 524-553  
 Box 9

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

## AMERICAN JOINT DISTRIBUTION COMMITTEE

c/o IRO U. S. ZONE HQs.  
 Vol. Soc. Div.  
 APO 407, U. S. Army

Director's Office

LOCAL ADDRESS:  
 MUNICH, SIEBERTSTR. 3  
 TEL. 481 761-8

November 21st, 1950

Dear Mr. Mc Cloy;

I stopped in your office a week ago to arrange for an appointment with you on behalf of Jewish leaders in Germany.

You will recall that you met with some of them during one of your visits to Munich, shortly after your arrival in Germany.

The delegation which would like to see you includes the four members of the Executive Board of the Coordinating Council of Jews in Germany.

Attending this conference will also be Dr. Gerhard Jacoby and the writer. They would like to talk to you about some of the current problems of Jews in Germany: problems of emigration and the problem of the remaining Jewish DP camps.

If it would be possible to meet with the delegation at a time convenient for you on Monday November 27th or Tuesday November 28th, I would appreciate it very much if you would advise me of a specific time so that I can pass on the information to the members of the Board.

Very sincerely yours,

*Samuel L. Haber*  
 SAMUEL L. HABER  
 Director for Germany

Honorable John J. Mc Cloy  
 United States  
 High Commissioner for  
 Germany  
 APO 757 - US Army

*Shader*  
 11:00 am

315753

RG

466

Entry

McCLOY PAPERS

File

D(50) 524-553

Box

9

DECLASSIFIED

Authority <sup>AND</sup> 857579

By SLP NARA Date 8/26/99

334 Gen  
528

D(50)528

File

APO 757 - Frankfurt

February 27, 1950

Dear Mr. Haber:

This is the first opportunity I have had to reply to your letter of January 18 in which you enclosed the minutes of the meeting of the committee which was held on January 8 in New York City. I was naturally very much interested in the matters that related to Germany.

I have always been impressed by the amazing amount of work and contributions which this committee represents.

Sincerely,

Mr. Samuel L. Haber  
Director for Germany  
American Joint Distribution Committee  
c/o IRO U.S. Zone Headquarters  
APO 407, U.S. Army

315754

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 524-553  
 Box 9

DECLASSIFIED  
 Authority AND 857579  
 By SLP NARA Date 8/26/99

## AMERICAN JOINT DISTRIBUTION COMMITTEE

c/o IRO U.S. ZONE HQs.  
 Vol. Soc. Div.  
 APO 407, U.S. ARMY

LOCAL ADDRESS:  
 MUNICH, SIEBERTSTR. 3  
 TEL. 481761-8

January 18, 1950

Hon. John J. McCloy  
 U. S. High Commissioner for Germany  
 APO 757, U. S. Army.

Dear Mr. McCloy:

I am taking the liberty of sending you a release covering the 35th Annual Meeting of the American Joint Distribution Committee which was held recently in New York City.

I felt as I read the release that you would be interested in most of it and particularly, however, in the comments made by Eddie Warburg and by Harry Greenstein.

It was a pleasure to meet with you recently and I hope that I shall have the opportunity to meet with you again in the near future.

Respectfully yours,

*Samuel L. Haber*

Samuel L. Haber  
 Director for Germany

SLH/js  
 Enc. 1

315755

RG 466  
 Entry McCLOY PAPERS  
 File D/50 524, 553  
 Box 9

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

FROM: 35th Annual Meeting  
 Joint Distribution Committee  
 Hotel Commodore  
 Lexington Ave. at 42 St., NY

Raphael Levy, Publicity Director  
 MU 6 - 6000, Ext. 137

FOR RELEASE: ALL MEDIA  
 5:00 PM or thereafter  
 Sunday, January 8, 1950

48,000 JEWS MUST EMIGRATE "BEFORE MID-SUMMER,"

WARBURG, JDC HEAD, TELLS 35TH ANNUAL MEETING

Agency Will Require \$44,512,000 During 1950

JDC AID HELPED 600,000 IN 1949,

COST NEARLY \$62,000,000, LEAVITT REPORTS

Morgenthau Calls for "Maximum Contribution" to United Jewish Appeal

GREENSTEIN, LUBIN ALSO HEARD;

LEHMAN MESSAGE GREETES DELEGATES

The Joint Distribution Committee must help approximately 48,000 Jewish survivors to emigrate from Europe and other areas before mid-summer, "or they may never have another opportunity to leave," Edward M. M. Warburg, JDC Chairman today (Sunday, January 8) warned 2,000 delegates and guests attending the 35th Annual Meeting of the organization, major American Jewish overseas aid agency, at the Hotel Commodore.

The 48,000 "now or never" emigrants are part of the 146,500 Jews JDC plans to move to Israel and other lands in 1950, and includes Jews from Poland who have been granted government permission to leave until August 15, DP Jews waiting to come to the United States before the DP Act expires in July, and Jews leaving certain Moslem areas under emergency conditions. For its emigration work, as well as for relief and other aid in Europe and Moslem lands, for nearly 500,000 persons, JDC will require a minimum of \$44,512,000 during the coming year, Mr. Warburg said.

The emergency character of the conditions still facing Jews abroad, in Israel, as well as Europe and Arab lands, was stressed also by Henry Morgenthau, Jr., General Chairman of the United Jewish Appeal, who told the conference it "dare not fail to recognize that the elements of urgency and danger are not yet removed from the scene of Jewish existence." The United Jewish Appeal raises the principal funds utilized by the JDC, and by other agencies which provide for the building of Israel and for the reception of newcomers to the United States.

Marking 35 years of humanitarian service by JDC in behalf of millions of distressed Jews abroad, at an expenditure of more than \$425,000,000, the annual

315756

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 524-553  
 Box 9

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

conference also heard first-hand accounts of the progress toward recovery achieved by Europe's Jews since V-E Day, from Harry Greenstein, former Adviser on Jewish Affairs to the U.S. High Commissioner in Germany, and Moses A. Leavitt, JDC Executive Vice-Chairman. A special message of greeting was received at the meeting from Senator Herbert H. Lehman, a founder and vice-chairman of the JDC. Rabbi Jonah B. Wise, a UJA National Chairman, and also a JDC Vice-Chairman, presided over the meeting.

In his address, Mr. Warburg declared that the "now or never" emigrants were "looking desperately for JDC help in reaching new homes in Israel, the United States or other lands." He said the JDC was hopeful that it would be able to aid in the neighborhood of 20,000 Jews from Poland in the "now or never" category, 3,000 from Hungary, 7,000 from Yemen, and at least 18,000 from the DP areas of Germany, Austria and Italy.

Mr. Warburg pointed out that emigration aid is only part of the responsibility facing the JDC in 1950. Calling for continued support of the agency's work and the United Jewish Appeal, he said: "We are giving life -- and the chance for life -- to hundreds of thousands of our fellow Jews."

JDC Helped 600,000 in 1949, Leavitt Reports

Moses A. Leavitt, Executive Vice-Chairman of the JDC, told the meeting that in 1949 JDC aid reached more than 600,000 Jews at a cost of nearly \$62,000,000.

As top priority tasks for JDC in 1950, in addition to its plans to emigrate 146,500, he listed:

The provision of relief and other welfare assistance to an estimated 240,000 Jews in various European countries, and religious, cultural and communal help to additional tens of thousands.

The extension of aid to 54,000 persons through programs of economic reconstruction to help them achieve full or partial self support.

The expansion of JDC medical, educational and welfare programs in behalf of tens of thousands of needy among the nearly 900,000 Jews of North Africa and Moslem lands.

The establishment of a special social welfare and rehabilitation program in Israel in cooperation with the Jewish Agency and Israel Government for "hard core" immigrants. The program is expected to make possible the emigration of 9,000 physically disabled and incapacitated Displaced Jews and their dependents, still in the DP camps.

Mr. Leavitt, briefly reviewing the work of the JDC since its inception, called the work of the JDC since V-E Day the most important in its history. Since May 8, 1945, in "an operation of rescue," he said, "JDC has brought help to more than a million Jews overseas. Today," he added, "nearly five years later, we can look on our work and see the remarkable transformation which has taken place."

315757

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 524-553  
 Box 9

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

- 3 -

Lists JDC Achievements Since V-E Day

Over 430,000 Jews have been enabled to leave Europe and other distressed areas for new homes in Israel, the United States and other lands, Mr. Leavitt added. Of these, JDC brought 350,000 to Israel, while 41,000 were helped to reach the United States and 39,000 helped to go to British Commonwealth countries and other areas.

Other JDC accomplishments listed by Mr. Leavitt since V-E Day were in the fields of economic reconstruction, medical care and child care. He said that 200,000 persons, most of them family breadwinners, had been helped to support themselves, and that the agency had aided in the establishment of more than 500 medical institutions. At the peak of its efforts, JDC took care of 140,000 of the 180,000 surviving Jewish children of Europe.

Mr. Leavitt revealed that JDC's offices in Poland had closed down last week at the request of the Polish Government. He said that "for the first time in 35 years, there is no JDC office in Poland." And he added that since V-E Day, JDC had expended nearly \$20,000,000 in Poland, rebuilding Jewish schools, hospitals, clinics and children's homes." Mr. Leavitt told his audience that the agency would continue to help Jews who receive permission to emigrate.

"Of the hundreds of thousands of Jews in Europe still needing aid," Mr. Leavitt also said, "a very large number are in Hungary. And, as long as we are permitted to, we shall seek to help them."

To help the Jews of the Moslem world, he said, JDC has undertaken to help thousands to emigrate, and to provide medical attention, child feeding programs and educational aid for additional thousands, and to equip as many as possible for life in Israel.

"Hard Core" Program in Israel

One of the newest developments in JDC welfare programs, Mr. Leavitt said, was an agreement recently concluded by JDC with the Jewish Agency and the Israeli Government, for a program to aid the so-called "hard core" -- ill, aged and physically handicapped immigrants -- in Israel. Under the agreement, a 15-month program, at a cost of \$15,000,000, will provide medical care and social welfare attention to "the people who suffered Hitler's deepest wounds." Half of the funds are to be provided by JDC, and other funds will come from the Jewish Agency. The Israeli Government will provide land and necessary installations.

"JDC took this step," Mr. Leavitt said, "at the invitation of the Government of Israel and the Jewish Agency, because it felt that the physically handicapped, the emotionally disturbed and the aged could not be left to rot in Germany or Austria.

315758

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 524-553  
 Box 9

DECLASSIFIED  
 Authority AND 857579  
 By SLP NARA Date 8/26/99

Morgenthau Asks Audience to "Pledge Yourselves"

Henry Morgenthau, Jr., former Secretary of the Treasury in the Cabinet of the late President Franklin D. Roosevelt and now serving his fourth term as General Chairman of the United Jewish Appeal, called upon his audience "in the name of the human beings who look to us for the opportunity to live in freedom and in peace ... to pledge yourselves and all your resources to ... hasten their hour of liberation from fear and want.

"Only in that way," the UJA leader declared, "will we fulfill our responsibilities to the Jewish people and make a maximum contribution to the success of the 1950 United Jewish Appeal."

Pointing out that while American Jewry can take pride in the achievements during 1949, as well as previously, Mr. Morgenthau declared "it would be a tragic mistake to assume that the great humanitarian tasks to which the UJA is dedicated are finished.

"In 1950 we face a situation where 900,000 Jews in Moslem lands are living in the shadow of cruel oppression and indescribable poverty. Their rescue and emigration are in many respects as urgent in 1950 as were the escape and survival of the Jews in Germany under the Nazi regime."

The UJA General Chairman added: "Within Israel, the development of the new democracy that has been set upon the foundations of the ancient Jewish homeland has met with many difficulties." He stated that "the speedy establishment of Israel as a stronghold of democracy in the Middle East represents a project of deep concern not only to American Jews but to all Americans interested in preserving and strengthening the the forces of democracy throughout the world."

Harry Greenstein, of Baltimore, recently adviser on Jewish affairs to John J. McCloy, U. S. High Commissioner for Germany, spoke of the necessity for implementation of the present restitution law which has been adapted for the U.S. Zone of Germany. He said if the law is carried out effectively it will be possible for substantial heirless and unclaimed property, originally seized by the Nazis from Jews, to be employed in resettlement and rehabilitation of displaced Jews, still in Germany or now living in Israel and other lands. He stated: "Elementary justice and decency demand that the law be properly carried out."

Senator Lehman Greet Conference

Declaring that "only urgent official duties keep me from being present," a message to the conference from Senator Herbert H. Lehman, former Director-General of the United Nations Relief and Rehabilitation Administration, and a Vice-Chairman and founder of the Joint Distribution Committee, said that "it has been a satisfaction to me to have had the privilege of being closely connected with JDC since its earliest days."

315759

RG 466  
 Entry McCLOY PAPERS  
 File 150 524-553  
 Box 9

DECLASSIFIED  
 Authority AND 857579  
 By SLP NARA Date 8/26/99

- 5 -

Senator Lehman stated that "the achievements of JDC are one of the prime factors responsible for the revival and recovery that has come to Jews overseas since V-E Day. They add up to the greatest voluntary humanitarian effort the world has ever seen."

Warburg Relected; Goldwater, Kahn Elected Vice-Chairman

At a morning session of the JDC Board of Directors and National Council, Edward M.M. Warburg was relected Chairman of the JDC for 1950. In addition, plans were outlined for JDC's humanitarian activities during the coming 12-month period:

Monroe Goldwater, President of the United Jewish Appeal of Greater New York and Chairman of JDC's Reconstruction Committee, was elected a JDC Vice-Chairman, as was Bernhard Kahn, Honorary Chairman of JDC's European Executive Council.

In addition, Dr. Joseph J. Schwartz, until now Chairman of European Executive Council, was named Director-General, in charge of JDC's overseas operations.

Moses A. Leavitt was relected Executive Vice-Chairman and Secretary of the Agency.

Others relected include:

Honorary Chairmen: Paul Baerwald, James N. Rosenberg, and Mrs. Felix M. Warburg

Vice-Chairmen: James H. Becker, I. Edwin Goldwasser, Alexander Kahn, Herbert H. Lehman, Harold F. Linder, William Rosenwald, William J. Shroder, M.C. Sloss, Rabbi Jonah B. Wise

Chairman, National Council: Judge Maurice Bernon

Vice-Chairmen, National Council: Bernard Alexander, Lester D. Alexander, John Balaban, Lloyd W. Dinkelspiel, Joseph H. Epstein, Louis A. Fischl, Arthur M. Lowenthal

Treasurers: I. Edwin Goldwasser and Benjamin Abrams

Assistant Treasurer: Evelyn M. Morrissey

Comptroller: Alexander A. Landesco

Assistant Comptroller: Dorothy L. Speiser

Assistant Secretaries: Benjamin B. Goldman and David Weingard

JDC Spent More than \$278,000,000 Since V-E Day, Dr. Lubin Reports

Also at the morning session of JDC's Board of Directors, Dr. Isador Lubin, former Adviser to the late President Roosevelt and a member of JDC's Administration Committee, reported that JDC had spent \$278,466,109 for its overseas activities since V-E Day. The peak year in JDC expenditures was 1947, when more than \$70,000,000 was spent.

Pointing out that JDC expenditures during 1950 are estimated at \$44,512,000, Dr. Lubin indicated that "an internal change has taken place in JDC expenditures since 1948 -- the pivotal year in the destiny of Europe's Jews: Whereas in 1948, emigration sums represented only about 15 per cent of JDC's budget," Dr. Lubin declared, "in 1950, the sums which JDC proposes for emigration purposes represent 33 per cent of its total proposed budget."

Dr. Lubin added, "Above all it is important to realize that perhaps as much as half of the proposed 1950 budget of JDC ties in directly with Israel, through its emigration programs, through its programs on behalf of the 'hard core' in Israel and through JDC aid in training future emigrants to Israel."

The invocation, which opened the afternoon session of the conference, was read by Rabbi Bernard J. Bamberger of the West End Synagogue in New York City. Rabbi Morris Max of Queens Jewish Center, New York, pronounced the benediction at the close of the meeting. Leading the singing of the Star Spangled Banner was Mrs. Sabina Rapp, a graduate of the Berlin Conservatory of Music.

ooOoo

1/8/50

315760

RG 466  
Entry McCLOY PAPERS  
File D(50) 524-553  
Box 9

DECLASSIFIED  
Authority NND 857579  
By SLP NARA Date 8/26/99

*For 27 February 1950*

OFFICE OF THE U.S. HIGH COMMISSIONER FOR GERMANY

TO:

Date \_\_\_\_\_

*A. J. D. C. Activities*

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 410-455  
 Box 9

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

383.7 417

APO 757

D(50) 417

PD, OEA: FJM/dk

Frankfurt, Germany

The Honorable J.K. Javits,  
 House of Representatives,  
 Washington 25, D.C.

FEB 16 1950

Dear Mr. Javits:

This is in reply to your letter dated January 17, 1950, concerning claims recorded with the Claims Office of Land Bavaria for damages to personal property of racial, religious or political persecutees.

It is my understanding that you are desirous of stressing the urgency of making proceeds of such claims available to the claimants for their use in the United States.

It is my desire, as much as your own, to expedite the program for restitution and compensation of persecutees to the greatest possible degree, and I have frequently stated this intention to the authorities in Germany who are administering these programs.

As you have noted, payments under the Restitution Law and the German General Claims legislation, so far as they are made to claimants presently outside Germany, must be placed in blocked Deutsche Mark accounts within Germany. Under the present extremely difficult foreign exchange situation prevailing in Germany it is as yet impossible to facilitate remittances abroad, and unfortunately this situation touches successful claimants under the restitution and indemnification programs as it does all other persons having bank accounts in Germany.

I wish to assure you that we are keenly aware of the difficulties growing out of this situation, and that we will continue to endeavor to alleviate it at the earliest possible time.

Very truly yours,

JOHN J. McCLOY  
 United States High Commissioner  
 for Germany

*Digitized by Film & Records*

315762



*McCloy papers*

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 330-379  
 Box 8

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

358  
 Wuerttemberg - Baden Denazification  
 Scandal

BRIBE SCANDAL IN GERMAN STATE TESTS U.S. POLICY

Wuerttemberg-Baden Chief Still Defies McCloy on Order for Full Expose

By Don Cook

D(50) 358

By Wireless to the Herald Tribune  
 Copyright, 1950, New York Herald Tribune Inc.

STUTT GART, Germany, Feb. 13 - In the week since American High Commissioner John J. McCloy spoke here on the political shortcomings of Western Germany, the scandal of bribery and sale of justice state officials of Wuerttemberg-Baden has hardened into a test of the firmness of American policy.

From outward appearances there has been no change in the status of the bribery investigation or of the various ministers and officials who are known to be directly involved. In the wake of Mr. McCloy's firm declaration of the right of the occupation authority to mix in internal political affairs for the protection of democratic development, the Land (State) Parliament has closed ranks in support of Minister-President Reinhold Maier and the Cabinet.

The ban on further news of the scandal which Mr. Maier had imposed, and which Mr. McCloy roundly condemned, has been lifted from the land police with the statement that it never existed anyway, but it has been imposed on the de-Nazification courts, where the bribery scandal exists. Effectively, the news blackout virtually is unchanged.

Thousands Changed Hands

Investigations so far have established that many thousands of deutschemarks changed hands in Wuerttemberg-Baden in return for repeal actions or reduction of sentences by de-Nazification courts. A "fixer", a state prosecutor and a de-Nazification courts judge are either jailed or under arrest.

Political pressure of the strongest kind is being brought against the chief of the criminal investigation division of the land police, Otto Oster, who has been pressing ahead with the probe of the scandal. To remove Mr. Oster would be too much, for the ramifications are by now too wide. But the police chief is fast reaching the limit of his powers to see the affair through.

Two nights ago an official of the Land Commission who has sided with the Americans received a threatening telephone call, and his home has been under guard ever since.

The state government seems to have stiffened, as if it intends to test right here and now just how far the Americans are prepared to intervene in what Germans regard as a purely internal German affair. Yet behind the scenes the case for American intervention is growing steadily more clear.

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 330-379  
 Box 8

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

BRIBE SCANDAL IN GERMAN STATE TESTS U.S. POLICY. (Cont'd)

President Implicated

The police investigators, it was learned today, have uncovered direct evidence, so far suppressed by the news blackout, which links the Minister-President himself to the scandal through a series of extra-legal actions. The Minister-President admits publicly to having pardoned or reduced sentences of 19,000 Nazi offenders, most of them in the last five months. In reviewing these cases, the police have found that he granted many judicial favors beyond the scope of his authority.

Moreover, although Police Chief Oster has sought action by the State Public Prosecutor to remove the Parliamentary immunity of Minister-President Maier so he can be brought to court to answer the charges, the Public Prosecutor has so far refused to take such a step. The police chief has also been turned down by the Public Prosecutor in efforts to suspend the immunity of two other members of the Parliament who are involved.

These facts will be laid before Mr. McCloy tomorrow by the American Land Commissioner, Charles P. Gross. The American position so far has been to expect and encourage the German officials to see the scandal through, come what may. But the investigations have now involved so many high state figures that almost all hope has disappeared for the sort of public airing that is required.

Yet the Americans find themselves in the dual dilemma of intervening in an internal German matter where lines of occupation authority are not clearly drawn, and of seeming to resurrect the old de-Nazification controversy before German public opinion.

- New York Herald Tribune -

February 14, 1950

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 203-263  
 Box 7

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

D(50)228a

OFFICE OF THE U.S. HIGH COMMISSIONER FOR GERMANY

**OFFICE MEMORANDUM**  
C O N F I D E N T I A L

To: The U.S. High Commissioner

Date: April 5, 1950

From: Robert M. Hanes, Director, Office of Economic Affairs *Ruth*

Subject: Proposal of Jewish Restitution Successor Organization (JRSO) to Effect Bulk Settlements of its Claims

The JRSO has given this Office a copy of a memorandum to be discussed with you by its representatives on April 10, subject as above. In anticipation of such interview, it is thought that the views of our Office on the matter may be of some interest to you.

Briefly reviewing the proposal, which is understood to already have been discussed with you by Jewish representatives in New York, the plan of JRSO contemplates the bulk assignment of most of its cases to the several Laender in the U.S. Zone, in exchange for a Deutsche Mark settlement at figures to be determined.

It is understood that the plan has been discussed to some extent with German Land authorities, and that the Laender have exhibited considerable interest therein.

Although numerous basic questions which would require consideration have not been explored, it is the view of this Office that the proposal merits your consideration.

We are not informed as to the amount at which the JRSO has valued its claims, nor as to the proposed method by which the Laender would finance the transaction. It is our understanding, however, that payments to JRSO by the Laender would probably be made over a period of some three years.

The proposal would most definitely aid in terminating the entire restitution program, and thus would contribute substantially to the conclusion of a most sensitive matter.

The JRSO, which suffers in its operation by reason of the fact that it is both Jewish and foreign, would be removed from long-drawn-out negotiations. This would reduce friction and political complications in Germany.

The Laender could recover their investment by assessing property owners over a protracted period of time and thus lighten financial burdens on restitutors, many of whom are more or less innocent individually.

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

315766

RG 466  
Entry McCLOY PAPERS  
File D(50) 203-263  
Box 7

DECLASSIFIED  
Authority NND 857579  
By SLP NARA Date 8/26/99

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

- 2 -

The views herein expressed have been coordinated with the Office of General Counsel.

It is our recommendation that the matter be given your favorable consideration, subject to such further development of the actual plan as may be essential after the meeting with the Jewish groups.

Meantime, the subject is being treated confidentially by the Offices referred to above.

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

315767

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 203-263  
 Box 7

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

602.3  
 File *Restitution*  
 D(50) 228 R

March 20th, 1950

Mr. John J. McCloy  
 High Commissioner  
 U.S. Zone of Germany  
 APO 757, c/o Postmaster, New York, N. Y.

Dear Mr. McCloy:

You will recall that at the interview which you were kind enough to grant to Messrs. Edward M. M. Warburg, Joseph J. Schwartz, and Moses A. Leavitt at the time of your visit in New York during February, there was discussion concerning the need of the Jewish Restitution Successor Organization (JRSO) for assistance in effecting bulk settlement of its claims under Law 59 in Germany. At that time, your attention was particularly called to the negotiations which had been taking place between the JRSO and the Land Bavaria regarding over-all settlement of claims where the Land itself is the restitutor, and your attention was further called to the sudden breaking-off of these negotiations which had taken place on the part of the Land's representatives.

In accordance with your request at the close of the aforementioned discussion, the Jewish Agency for Palestine and the American Jewish Joint Distribution Committee (the operating agents of JRSO) are pleased to submit to you through their undersigned officers the attached memorandum summarizing the position of JRSO on the question of bulk settlements. As a result of developments and discussions taking place since the meeting with you, it has been found desirable to present the problem to you in its overall aspects, rather than limiting the memorandum to any specific types of claims, such as those where the Land itself is the restitutor.

It is the sincere hope of the undersigned that this memorandum will have both a helpful and a clarifying effect upon your consideration of the problem and further, that it will offer a basis for favorable action on the part of your office.

315768

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 203-263  
 Box 7

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

-2-

Should there be additional questions or need for amplification, it is suggested that these might be dealt with in the forthcoming appointment with you in Germany which has been requested for officers of the Jewish Agency for Palestine, the American Jewish Joint Distribution Committee, and JRSO.



EDWARD M. M. WARBURG  
 Chairman, American Jewish Joint  
 Distribution Committee



NAHUM GOLDMANN  
 Chairman, American Section,  
 Jewish Agency for Palestine

315769

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 203-263  
 Box 7

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

March 20, 1950

MEMORANDUM

SUBJECT: The overall settlement of JRSO restitution claims in the American Zone of Germany

It is the purpose of this memorandum to suggest a method whereby the American policy objectives concerning the general program of restitution in the U.S. Zone of Germany and the settlement of heirless Jewish assets in particular may be more readily achieved.

The Inter-Allied Declaration at London in 1943 announced that the methods of property dispossession practised by the German government would be negated and that property transfers effected through those methods would be declared invalid. After the war, the drafting of appropriate restitution laws pointed up the problem of what was to be done about property taken from persons who perished leaving no heirs. To allow such property to escheat to the German states or to remain in the hands of the aryanizers would have enabled them to profit from the extermination of the victim and his family. Moreover, German officials could not be relied upon to seek vigorously the recovery of such property if the Allies would only reserve the right to disburse the proceeds for the benefit of others. Thus, the basic U.S. policy which was formulated stated:-

"It is the policy of your government that persons and organizations deprived of their property as a result of National Socialist persecution should either have their property returned or be compensated therefor .... With respect to heirless and unclaimed property,

315770

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 203-263  
 Box 7

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

-2-

subject to internal restitution, you will designate appropriate successor organizations."

Before an organization was named as successor to heirless and unclaimed property of Jewish persecutees, it had to establish that it was truly representative of the victims and would use the proceeds for the relief, rehabilitation and resettlement of the surviving victims.

The Jewish Restitution Successor Organization was organized by the leading Jewish charitable agencies of the world in order to serve as the instrument for the carrying out of American Policy concerning heirless or unclaimed Jewish assets. The JRSO was thereupon designated by Military Government as the Jewish successor organization with the sole function of tracing, claiming and recovering those properties or securing adequate compensation therefor, and making the proceeds available for the relief, rehabilitation and resettlement of Jewish survivors of Nazi persecution.

The JRSO has completed that part of its task dealing with the tracing and claiming of heirless Jewish assets. It is estimated that of the total of over 150,000 claims filed by JRSO between 50,000 and 75,000 are active cases requiring a return or indemnification. This constitutes more than the combined total of all petitions filed by individual claimants under the Restitution Law. During the past six months the JRSO has been trying to reach amicable settlement with many of the restitutors concerned. From an analysis of these negotiations the conclusion is inescapable that the objective of "speedy restitution to the maximum extent possible", as declared in Article I of the Law, will be exceedingly difficult, if not impossible, to attain. Not a single JRSO case has yet appeared before a Restitution Chamber of adjudication.

Further, unless a considerably increased expenditure is made by the various Laender for additional personnel and facilities, as recently urged by the

315771

RG	466
Entry	McCLOY PAPERS
File	D(50) 203-263
Box	7

DECLASSIFIED
Authority <sup>NND</sup> 857579
By SLP NARA Date 8/26/99

-3-

High Commissioner, the objectives will be readily defeated in delays which seem likely to impede the program beyond any foreseeable limit of the American occupation. Against this background, German individual and group resistance to the principles of American Restitution Policy have become evident along with the signs of resurging German nationalism and Nazism of which the High Commissioner took cognizance a short time ago at Stuttgart. It is, therefore, deemed appropriate to consider whether some new method might be devised to facilitate the achievement of the restitution goals.

The JRSO accordingly proposes that in return for just and reasonable compensation from the Laender, its claims be assigned to the respective Land governments who would have been the recipients of heirless assets under normal circumstances. The Land governments may then employ their own administrative machinery in dealing with the claims for contribution which they will consequently have against the German restitutors. This would permit more than half of the total number of the restitution cases to be disposed of promptly, and thereby the handling of the remaining cases of individual claimants likewise would be greatly accelerated.

The many reasons favouring the speedy conclusion of the restitution program are well known. The attainment of the remedies provided in the law are long overdue. The cloud which now rests on the title to thousands of businesses and parcels of real estate would be more quickly removed, thereby facilitating the reconstruction, repair and use of an important segment of the German economy. The administrative costs of an extensive restitution apparatus which now serve as a drain on the Land budgets and keep needed judges and other legal personnel away from normal civil assignments would be reduced and soon eliminated. The restitution of confiscated property remains as one of the few criteria by which German democratization can be tested and delays in this program will surely be interpreted as a sign of German opposition. The West German government regards the Allied

315772

RG 466  
 Entry McCLOY PAPERS  
 File D(50) 203-263  
 Box 7

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

-4-

reservation of power in connection with restitution as a needless limitation on its sovereignty and this source of difference would be removed by a rapid solution. Above all, the high purpose and just reasons upon which the American Restitution Policy is based would be realized quickly instead of being left to the hazard of dissolution through delay. It must be recognized that this proposal is equally as beneficial to the German economy and political situation as it is in attaining the goals of American Restitution Policy. It would enable the rapid stabilization of an important segment of German real property, thus facilitating the repair and more extensive use of property for business, agriculture and housing. This would be achieved at a far less costly amount than many German political leaders believe, whose public statements speculating on the enormity of restitution costs have contributed to political and social unrest in Germany.

It is submitted that the Land governments are in a better position to proceed against German nationals than is the JRSO. Where the restitutor has been financially unable to make an offer approximating a reasonable compensation payable within a short period of time in lieu of returning the property, the JRSO has felt that it had no alternative but to pursue the recovery of the property. Thus, the restitutor might be required to surrender a house in which he had been living for the past 10 or 15 years. In such cases he has generally refused to settle the case amicably and instead has sought to oppose and delay the proceedings as long as possible. The Land governments are able to accept compensation from the restitutors over a long period of time and probably in the form of slightly additional tax levies. They could thereby permit the restitutor to retain his home or business. Such economic disruption which may be caused if the JRSO, as a short term agency, is compelled to sell thousands of parcels of real estate

315773

RG 466  
Entry McCLOY PAPERS  
File D(50) 203-263  
Box 7

DECLASSIFIED  
Authority NND 857579  
By SLP NARA Date 8/26/99

-5-

within a relatively short period, could be obviated. It is felt that the restitutors would be less inclined to pursue dilatory measures and appeals against their own government. Further, the hostility which normally accompanies litigation and which in this instance might be construed as a rise in anti-Semitism would not occur. The German restitutors would welcome any change which would enable them to deal with their own government under more favourable terms than dealing with an American organization. The early and satisfactory conclusion of the restitution program would enhance Germany's prestige in the eyes of the world and would demonstrate the new German government's determination to help make good some of the Nazi injustices.

Although precise calculations are not yet possible, it is, nevertheless, clear that the total sum which the JRSO will require in settlement of its restitution claims in the American Zone would not be unbearably large. Since whatever total figure is agreed upon could be recovered substantially from the restitutors, there would, in any case, be no real cost to the Land governments. The initial expenditure would be very amply justified by the economic, social and political advantages achieved.

It is, therefore, respectfully requested that the Office of the U. S. High Commissioner lend its support to this proposal and that the proposal be recommended to the Land governments concerned.

315774

RG 466  
 Entry McCLOY PAPERS  
 File D49 461-493  
 Box 5

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

*D 461 463*

HEADQUARTERS  
 JEWISH RESTITUTION SUCCESSOR ORGANIZATION  
 APO 696 A U. S. ARMY

21 December 1949

Hon. John J. McCloy  
 U.S. High Commissioner for Germany  
 APO 757, U.S. Army

Dear Mr. McCloy,

Please permit me to express the gratitude of this organization for the statement recently issued by your office concerning the High Commission's determination to fully carry out the restitution program under MG Law 59.

Sincerely yours,

**BENJAMIN B. FERENCZ**  
 Director General

Tel.: Nurnberg 26391

315775

RG 466  
 Entry McCLOY PAPERS  
 File D49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~Secret~~

*Hawkins  
 Report  
 R*

29 July 1949

MEMORANDUM

TO : Mr. McCloy

SUBJECT : Outstanding Problems in the Fields in which the Author  
 has been Particularly Intimately Concerned

In this memorandum only the matters for which I have been exclusively responsible are dealt with in detail. Other matters are disposed of by indicating the person or persons who can be consulted to obtain background material. Also, matters which have been disposed of are dismissed summarily and attempt is made to emphasize only those fields where there are outstanding problems with which you will have to deal in the future.

REPARATIONS

The Reparations Program in the US Zone has been very largely completed. Inevitably, there will be inquiries about past actions but fortunately the competent Reparations official who has been with the program since the beginning will be available indefinitely to answer inquiries from Congressmen, foreign recipients, etc. This is Mr. Frederick Draper, who is presently the Chief of the Reparations and External Restitutions Section of the Property Group of the Office of the Economics Adviser.

The outstanding problems which remain in the Reparations field are as follows:

- (1) 15 plants totalling 8,645 tons and 6.8 million RM valuation have been reserved for possible future allocation to Russia. These plants are all dismantled and are centrally stored in three storage places. If our Government makes a determination that these plants should be allocated to Russia, the Minister-Presidents can be charged with the responsibility of carrying out the shipping and the Property Adviser in each land can be utilized to assure that instructions are complied with. As you know, the original Reparations Agreement called for 25% of the reparations from the Western Zones to be shipped East and 75% to be shipped to IARA countries. All of the plants comprising the 75% for shipment to the West have been allocated. The plants referred to herein are the 25% which would have been allocated to Russia if the original normal procedure had been followed.

~~Secret~~

315776

RG 466  
 Entry McCLOY PAPERS  
 File D.49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~SECRET~~

(2) The recent Governmental Agreement on Prohibited and Restricted Industries resulted in one aluminum plant and one magnesium plant being earmarked in the US Zone for dismantling. These two plants total 5,190 tons weight and have an estimated value of 4.4 million RM. In view of the likelihood that Congress will require ECA to reinvestigate these plants as a proviso in the Bill appropriating this fiscal year's ECA funds, we have been instructed by Washington to hold off on any dismantling. Although this directive from Washington has little effect on the US Zone, it has given the French and British considerable concern as they have already submitted to one US Government review of the plants to be taken from their Zones in reparations and they consider it necessary that the present list should be announced to be final if they are to avoid very severe labor trouble in completing their dismantling programs.

(3) Although all of the plants (except those mentioned in paragraph 2 above) which were scheduled for shipment to IARA countries have been allocated to IARA, IARA has not as yet completed sub-allocations to member nations so that there remains some shipping to be done to the IARA countries. The following have not yet been sub-allocated by IARA:

- (a) Three plants totalling 1,510 tons or one-half million RM value.
- (b) Rejected equipment in four plants which remains to be reallocated. Total weight estimated at 395 tons or 210,000 RM value.
- (c) Approximately 200 tons of equipment which had been sub-allocated to Czechoslovakia is being withheld. This equipment is not being shipped to Czechoslovakia as it is covered by the US Government's lists A and B of equipment which should not be shipped to the East. IARA has been informed of this problem and is attempting to settle it by getting Czechoslovakia to take other equipment in place of these 200 tons which come from the Kugelfischer ball bearing plant.

(4) The Potsdam Agreement concerning reparations provides that Russia shall supply the IARA countries bulk commodities from Russia to a value equivalent to 60% of the value of the equipment they receive in reparations from the Western Zones. The total obligations of the USSR for reciprocal deliveries

315777

RG 466  
 Entry McCLOY PAPERS  
 File D49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

arising out of reparations already shipped are 52 million RM. At the time that quadripartite negotiations broke down, a time schedule was being worked out to cover reciprocal deliveries. At that time 37.1 million RM worth of the reparations already delivered had been covered by a time schedule for reciprocal deliveries. According to this time schedule, 22.7 million RM in reciprocal deliveries are due by 2 August 1949. The amount of reciprocal deliveries received to date are 6 million RM, although a second consignment of reciprocal deliveries valued at 11 million RM have long been agreed upon and promised. Mr. Bevin has suggested that the question of reciprocal deliveries and further reparations should be settled once and for all. He has suggested two alternatives, one of which is that we should announce that because of the Russians' failure to make reciprocal deliveries we are not going to deliver any further equipment in reparations. The other proposal is that we should suggest to the Soviets that we excuse them from any further reciprocal deliveries and that we should balance the amount already delivered in reparations plus what is owed us in reciprocal deliveries against what would be the total Soviet share of reparations. If this latter were done, it would mean only a very small additional shipment of reparations to the Soviet Union. The development of a solution of this problem is currently under discussion by the French, US and UK Governments.

#### EXTERNAL RESTITUTION

The External Restitution Program is also the responsibility of Mr. Frederick Draper. The program has been practically completed except for a few tag ends. The US Member of the Allied Control Authority announced on 16 October 1947 that after 30 April 1948, US Military Government would not receive any claims for non-cultural items unless they were classifiable as meritorious claims because of unusual circumstances which prohibited their earlier filing. It was later announced that claims except in meritorious cases for cultural properties would not be received after 15 September 1948. It has now been announced that no more claims for non-cultural items, even those covering meritorious cases, will be received after 30 June 1949. A final report on the External Restitution Program has been published by the Control Office.

The following are the principal problems in the field of external restitution which remain to be disposed of:

- (1) 20 Italian claims involving approximately 1,000 items have been accepted as an exception to the usual policy and are being processed at the specific request of the State Department.

RG 466  
 Entry McCLOY PAPERS  
 File D.49 21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

(2) Meritorious claims for cultural properties will continue to be processed indefinitely.

(3) There are still outstanding claims by the Dutch and the Belgians for restitution of inland water transport craft. Certain aspects of this problem have been taken up on a Governmental level. However, our Government has recently authorized us to meet with the Netherlands representatives to reach, if possible, a mutual understanding on all inland water transport restitution questions except the question of so-called N.V. craft. Restitution to the Netherlands of IWT is governed by an agreement between the US and UK Military Governors on the one hand and the Dutch Government on the other hand. Under the terms of the agreement, US and UK Military Governments will restitute IWT craft located in their Zones which fill certain requirements stated in the agreement and whose legal title is in the Dutch Government or a Dutch national.

There are a considerable number of craft whose legal title is in Dutch hands but whose title in equity would be declared to be in German hands. This situation arises through the fact that German purchasers frequently established a so-called N.V. in Holland, which is a Dutch corporation owned by the German purchaser. These N.V.'s were formed purely for the purpose of holding title to the purchase mortgage and thereby allowing the German purchaser to register under Dutch law and also according the Dutch seller a Dutch asset against which he could proceed in case of a default on payments on the purchase money mortgage. In many cases the German purchaser left the title to his craft in the N.V. even after he had paid off the purchase money mortgage in order to continue to obtain the favorable terms of Dutch registry as opposed to German registry.

The Dutch insist that under the agreement all such N.V. craft, even though the purchase money mortgage was completely paid, should be restituted. We contend that the equities of the case should be taken into consideration and that the legal title should not be the single controlling factor. We have presented our arguments to Washington by cable and are awaiting further instructions.

(4) The restitution of rolling stock has been carried out on the basis of individual agreements with various foreign countries involved. In each of these countries there are considerable numbers of German wagons and engines which were removed from Germany during the war. The basis of all these agreements is that we will exchange wagons and locomotives with the foreign country on a car-for-car and locomotive-for-locomotive exchange.

315779

RG 466  
 Entry McCLOY PAPERS  
 File D49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~SECRET~~

basis. Particular difficulty has been experienced in carrying out the exchange with France, as they regret having ever entered into such an agreement, having now adopted the theory that German wagons and locomotives located in France constitute German external assets and consequently they should not be required to return them. We have naturally rejected this position of the French on the basis that the domicile of rolling stock should be considered to be its normal situs, which is Germany, and can in no way be considered to be a German external asset.

The French are reluctantly continuing on an exchange on a car-for-car basis. When this exchange is completed there will still be a large number of German cars in France. In view of the French attitude there is no expectation that we will be able to obtain the return of any of these. The State Department is aware of this problem and intends to propose a settlement to the French when the car-for-car exchange has been completed.

(5) In the early part of 1948 the State Department directed that contrary to previous policy we should not restitute to Satellite countries where the item in question was independently claimed by a refugee from that country. Hitherto our policy had been to restitute only to Governments and to leave it to the foreign Government to make further disposition of the properties to the rightful claimants. This changed policy has resulted in several protracted negotiations to determine whether individual refugee claimants were the proper recipients of given items and whether they had a valid title. One such case is the case of the Manfred Weiss properties, which is too lengthy to recount but which is presently being handled by Mr. Miller, the head of the Property Group in the Office of the Economics Adviser.

Another case is the case of the Lubomirski properties. Lubomirski is a Polish refugee prince. Legal Division was asked for an opinion on whether his title to the properties in question was valid. Legal Division finally concluded that they were not competent to interpret Polish law so as to answer the question. It will be necessary to obtain an opinion on this matter from Washington.

We have received letters from a Hungarian refugee whose property was restituted to Hungary before Washington made this change in policy. The refugee is now unable to get his property from the Hungarian Government. It is possible that you will wish to consider some method of compensating such refugees. A possible source of funds would be the blocked DM proceeds derived

~~SECRET~~

RG 466  
 Entry McCLOY PAPERS  
 File D4921-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~SECRET~~

from the sale by STEG of captured enemy material of Hungarian origin. I have discussed this problem with Mr. Miller and he is familiar with my thinking.

(6) We have a large amount of Jewish cultural properties of Baltic origin in our Central Collecting Points. We have now entered into an agreement with the Jewish Cultural Restitution Agency whereby they agree to assume custody of this property in view of our inability to return it to the Baltic countries with any assurance that it will be returned to its rightful owner. We also have non-Jewish cultural properties of Baltic origin for which we have no satisfactory method of disposition. It will be necessary for us to maintain these properties in our Wiesbaden Collecting Point until Washington can devise a method of further disposition.

(7) We have in our custody the so-called St. Stephen's crown, referred to in code as the "Bent Hat". Because of the political significance of this item we can make no disposition. When Military Government dissolved the Property Division, I appointed Mr. Miller custodian of the keys to the vault containing this item with instructions that he should turn them over to you upon your arrival. Mr. Miller is writing you a separate memorandum on this subject.

(8) The Nazis had intended to establish a large art museum in Linz, Austria. At the end of the war large deposits of cultural material were discovered in storage in Linz. As the storage places in which they were found were not suitable, they were transferred to our Central Collecting Point in Wiesbaden where they are presently being screened and those items which are identifiable as German owned or subject to restitution to other countries will be retained and those which are identifiable as Austrian property or which are unidentifiable will be returned to USFA for final disposition.

(9) As a result of unfriendly acts by the Hungarian Government, the Hungarian Restitution Mission was expelled from the US Zone over a year ago. There remained large amounts of Hungarian property which had been claimed by the Hungarian Government. These claims have recently been screened and it has been determined that 96% of the property claimed was not subject to restitution. Disposition of these properties and of the 4% which is restitutable is presently being worked out between this Headquarters and Washington. Mr. Draper is fully familiar with this subject.

(10) The French have claimed a printing press located in Berlin which is clearly restitutable. Restitution has been delayed in the past because of the blockade. As this press is

315781

~~SECRET~~

RG 466  
 Entry McCLOY PAPERS  
 File D.4921-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~Secret~~

used heavily for printing the more important daily publications in Berlin we are extremely anxious to retain the press if possible. We have made an offer to the French to either return the press or to give them a substitute press. They have referred our offers to Paris. Colonel Textor of ISD is fully familiar with this subject.

#### PATENTS

One of the most troublesome problems that we have had in the recent past is the problem of re-establishing a Patent Office in the Bizonal Area. Although this is properly a subject to be dealt with by the Legal Division, I have been intimately concerned with the problem because of the fact that I happened to be a patent attorney in private life. Mr. Victor Billings of the Legal Group in BICO can supply detailed information.

As a first step in encouraging technological developments in Germany and to afford some degree of protection to inventors for new developments incorporated in present manufacture, we opened in the Bizonal Area in September 1948 a Filing Office where inventors could file applications for patents. This office was not authorized to grant patents but merely to receive applications. To date it has received applications amounting to close to 100,000. In order to accord inventors the full protection of an issued patent and also in order to put German nationals in a position where they can take advantage of the International Convention, where other countries are willing to accord them the privilege, it became necessary to open a Patent Office which was authorized to issue patents. The accomplishment of this objective has been obstructed by two things:

(1) Because of the political situation it was considered desirable to open the Patent Office in the Bizone. The former Patent Office was located in the US Sector of Berlin. The necessary records for operating a Patent Office are therefore presently located in Berlin in the US Sector. The first difficulty encountered in opening a Patent Office in the Bizone was the refusal of the Berlin authorities to allow the records to be moved from Berlin as they maintained the hope that the Patent Office would be reopened in Berlin. Within the last week the Western Berlin Magistrate has passed an ordinance which is now up for the approval of the Kommandatura for reopening the Berlin Patent Office.

(2) The second difficulty which has been encountered has been in the form of a violent protest by the French against the Patent Office being permitted to conduct searches of the prior art in order to determine whether the invention claimed was novel. They contend that searches by the Patent Office of the already published literature in a given field constitute a security threat. This is obviously ridiculous and has no foundation in fact. It is a transparent attempt on the part of the French to reduce the German Patent Office, which was always efficient and issued valuable patents, to the worthless level of the French Patent Office. The French objections become

315782

~~Secret~~

RG 466  
 Entry McCLOY PAPERS  
 File D4921-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~SECRET~~

even more ridiculous now that the Germans have voluntarily passed and Military Government has approved Ordinance 117 which revises the German Patent Law and provides that when the Patent Office is reopened patents will be issued for the foreseeable future without a search of the prior art. It appears to us to be unquestionable that the future German Government will be perfectly free to reopen the Patent Office if they see fit to do so, as the subject of patents is not in the reserved field. The French undoubtedly will argue, however, that it falls into the reserved field because of the security aspect.

Our position has been made abundantly clear to Washington but the State Department has been loathe to authorize us to take action in the face of a very strong note on the subject which was submitted by the French Government within the past month.

You will find reference in the Ferguson Committee Report to an accusation by Mr. Sachs that the writer deliberately disregarded the so-called "President's patent policy for Germany". The policy referred to, for your information, is a statement prepared by an inter-divisional committee established in Washington in 1946 concerning the policy which we should advocate for treatment of future German patents. Far from being opposed to this policy, I assisted in the drafting of it when I was in Washington. There could have been no blocking of the policy because the question had never arisen at the time the Ferguson Committee Report was written. The question arose for the first time when the Germans proposed their Ordinance 117. This Ordinance, when approved by Military Government, was compared with the "President's patent policy" and the compulsory licensing provisions recommended in that policy were transmitted to the Germans with a request by the three Military Governors that the Ordinance be altered to accord with the President's policy.

This matter is brought to your attention merely because similar accusations may be made in the future and to assure that any future German legislation in the patent field is compared with the President's policy to assure that it is in accordance therewith.

LAW 75

In order to understand the provisions of Law 75, it is necessary to comprehend the situation which existed at the time it was drafted. The British had been in exclusive control of the Ruhr industries and had developed far-reaching plans for the reorganization of the iron and steel industries. Their plans in the field of steel were known as Operation Severance and in the field of coal as Plan Segregation. No steps had been taken, at the time that the Bizonal fusion took place, toward carrying out Plan Segregation, but radical changes had been effected in the steel industry

RG 466  
 Entry McCLOY PAPERS  
 File D49 21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

through Operation Severance. Operation Severance was to a large extent the brainchild of Mr. Dinklebach, whom the British appointed as head of the German executive body under the North German Iron and Steel Control. In essence, the plan provides for removing from the Ruhr combines only those assets which are purely steel producing assets and transferring them to new so-called Severance companies which operate them under a lease from the old owners. No working capital and no ancillary assets outside of strictly steel producing assets are transferred to the new companies. Because of this lack of working capital, the Severance companies were required to borrow heavily as soon as they were established. Thus, one Severance company, the Huttenweg Werke which is a Severance company formed out of the steel assets of Gutehoffnungshuette, was forced in its first month of operation to borrow ten million RM from private sources and twenty million RM from public funds. Great difficulties were encountered by the British in carrying out Operation Severance as the managers of the old combines frequently refused to sign the leases to the Severance companies which were required under the plan. At the time that Law 75 was written, Operation Severance had proceeded to the point where 24 separate Severance companies had been established. The total number of companies envisioned under the plan when completed was 28.

When US Military Government came to share with British Military Government the responsibility for the Ruhr, it was emphasized to the British that we considered Operation Severance entirely unacceptable as it served to form companies which would have inadequate assets and would be entirely unable to compete with international competition. Specifically, we objected on the ground that a certain degree of vertical integration was necessary and that a steel industry of 10.7 million tons per year would not support 28 separate companies. On the basis of a report submitted to Military Government by US steel experts, US Military Government was advised that the optimum steel company in Germany would be approximately one million tons per year steel capacity.

Law 75 was designed to effect a reorganization of the basic industries in the Ruhr, along totally different lines from Operation Severance and yet at the same time not cause the British to lose face by abandoning Operation Severance. Accordingly, Law 75 provides a plan for reorganization of the coal and steel industries to be carried out so as to provide a degree of vertical integration where such is necessary in order to allow the new companies to compete on world markets.

Progress in the implementation of Law 75 has been seriously delayed through the development of basic disagreements between the British and US as to the method. Law 75 provides that all coal and all steel assets in the Ruhr are made subject to seizure by Military Government. The US author of Law 75 in no way intended by this phrase that all coal and steel assets should be seized, but agreed to the inclusion of this language only because he felt that it would be impossible at the time the law was written, before much further study had been given

RG 466  
 Entry McCLOY PAPERS  
 File D.49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

to the problem, to list the specific assets which would be made part of the reorganization, and also because this provision merely restated powers which had already been assumed by British Military Government under General Orders 3, 5 and 7 under Law 52. When the time came to prepare plans for the reorganization of the coal industry, it became apparent that British Military Government intended something entirely different and actually intended to seize every coal mine and make it part of the reorganization regardless of whether there was any reason for seizing the asset. US Military Government wished to seize only those assets which belonged to a pattern of ownership which was offensive either because it constituted an excessive concentration of economic power or because the owners had been found guilty by a tribunal of being Nazis.

Following their line of reasoning, the British prepared a plan for the reorganization of the coal industry which resulted in dividing the Ruhr into geographical areas and decreeing that every coal asset located in a given area would become part of a specified new company. The British were little impressed with US arguments that the former owners must be offenders of some type in order to justify seizure as the seizure was not accompanied by prompt and adequate compensation. The reason for their plan is, of course, obvious, as a reorganization such as they propose creates a pattern well adopted for socialization.

This basic disagreement between the US and UK Military Governors has not been resolved but a modus operandi has been developed which solves the stalemate which had resulted and puts off the day of deciding what assets will be seized to a later date. This was accomplished by instructing the EKBL, the German coal body under the US, UK and French Coal Control Group, to prepare their own plans of reorganization for approval by Military Government.

A second disagreement which will lead to difficulties in the future is the disagreement between the British and US as to the degree of vertical integration which should be allowed the newly formed steel companies. The law provides that the Steel Trustee Association may recommend that assets other than basic steelmaking assets should be included in new steel companies where they can show that it is economically necessary for the new company to have such assets. The US author of Law 75 insisted on the inclusion of such provision with particular concern over the necessity for including captive coal mines in the assets of new steel companies. The British Military Government authorities have recently indicated that they would give effect to their basic concept that coal and steel should be completely divorced by refusing to ever agree that a captive coal mine was economically necessary for the efficient operation of a steel company. This problem will become acute when the Steel Trustee Association has completed its recommendations for the constitution of the new steel companies.

RG 466  
 Entry McCLOY PAPERS  
 File D49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/24/99

At the time that Law 75 was being drafted there was considerable discussion as to whether the Stinnes Company, which is practically 100% American owned, should be included in the list of companies contained in Schedule A, which are classified as excessive concentrations of economic power and therefore subject to liquidation. General Clay took the attitude that this was a decision to be made by the State Department, although his own feeling was that foreign-owned companies doing business in Germany should be subject to the same anti-trust rules as German-owned companies. The matter was discussed by the writer with Mr. Willard Thorpe in Paris and with Mr. Cowey Oliver, also of the State Department, and both of these gentlemen stated that the policy of the US State Department was that foreign interests in Germany should not be subject to discrimination either in their disfavor or in their favor. Mr. Thorpe stated that the Alien Property Custodian, who owned the majority of the Stinnes interests, did not wish any special treatment accorded Stinnes because of his interest in the company. On the strength of this conversation, Stinnes was included in the list of excessive concentrations. The matter of the inclusion of Stinnes becomes important at the present time because Washington has informed us that the Office of the Alien Property Custodian and the State Department are bringing concerted pressure to have Stinnes removed from the list of companies on Schedule A.

One of the arguments used by the Office of the Alien Property Custodian for the proposition that Stinnes should be removed is the fact that Arbed, a Luxembourg-owned company which is larger than Stinnes, was not listed. A further review of the interests of Arbed reveal that it is larger than Stinnes and should rightly have been included on the list. We have indicated to Washington that in our opinion the mistake which has been made is not to have included Stinnes, but rather to have not included Arbed. We therefore have suggested that the British be urged to agree to include Arbed rather than that we should insist on excluding Stinnes.

To date we have received no affirmative instructions from Washington on this problem, except for a statement that we should not approve any regulations under the law which would affect Stinnes interests until they have been approved by Washington.

One of the most controversial provisions of Law 75 is the statement that assets transferred to the new coal and steel companies will be transferred free and clear of incumbrances and that the sole recourse of secured creditors will be against the liquid assets derived from the sale of the new companies in the hands of the liquidators and parent concerns. This clause has been attacked by many, including the trustees for the US dollar bondholders, as being arbitrary and confiscatory. The arbitrary nature of this clause was well understood by the Military Governors when they approved the law, but it was considered necessary by them if the law was to accomplish its purpose, which was to assure that the objectionable pattern of ownership of the Ruhr industries in the hands of Nazis

315786

RG 466  
 Entry McCLOY PAPERS  
 File D49.21-35  
 Box 1

DECLASSIFIED  
 Authority AND 857579  
 By SLP NARA Date 8/26/99

and excessive concentrations of economic power was not to be re-established. Unless the secured liens against these properties were removed there would be nothing to prevent a foreclosure by the creditors with a resultant transfer of the properties into the hands of persons who might or might not be acceptable. It has been explained to various secured creditors that they will be accorded a priority against the liquid assets resulting from the reorganization and liquidation of the combines which will be in accordance with the regular provisions of German law in a bankruptcy liquidation. They have also been assured that they will be given an opportunity to present plans to accord them interests in the newly formed companies to correspond with their equities in the old companies. For the most part, creditors and stockholders who have been given these assurances have been satisfied with the reasonableness of the approach.

There remains one outstanding disagreement between the US and UK elements as regards the implementation of Law 75, which is the question as to who shall have responsibility for the liquidation of the residual assets of the combines remaining after the coal and iron and steel assets have been removed and placed in newly formed companies. The minutes of a meeting between General Clay and General Robertson dated 8 March 1949 provide that liquidators will be appointed by the Minister President in the Land in which the top holding company has its situs and that the Minister President will be responsible for the carrying out of the liquidation under the general policy guidance of the Decartelization Group. The British now question the advisability of this agreement and suggest that it would be less cumbersome and more proper if the liquidators, after appointment by the Minister President, reported to the appropriate Control Group. The US Economic Adviser is in agreement with the British view.

Agreements between the Military Governors as to the method of carrying out Law 75 are recorded in the 8 March minutes referred to above. General Robertson later withdrew his agreement to these minutes and there ensued a lengthy exchange of letters between the Military Governors in an attempt to reconcile various differences which had developed between them. These letters are as follows:

1. Letter to General Hays from General Robertson, dated 16 May.
2. Reply from General Hays to General Robertson, dated 21 May.
3. Letter from General McLean to General Hays, dated 1 June.
4. Letter from General Hays to General McLean, dated 4 June.
5. Letter from General Robertson to General Hays, dated 20 June.
6. Letter from General Hays to General Robertson, dated 23 June.

315787

RG 466  
 Entry McCLOY PAPERS  
 File D4921-35  
 Box 1

DECLASSIFIED  
 Authority AND 857579  
 By SLP NARA Date 8/26/99

~~SECRET~~

At the date of this writing the British and US Economics Advisers have agreed on the terms of a single document incorporating the substance of the agreements contained in the 8 March minutes and the various letters referred to above. This document will be presented to the Military Governors for approval at their meeting of 4 August. At the same time, a confidential agreement will be presented which establishes the criteria which Military Government will employ in passing on German plans to include a given asset in their reorganization plans.

An awkward organizational situation exists in the agencies established for implementation of the law. The Coal and Steel Control Groups are now tripartite organizations although they report to the Bipartite Control Office and although they are charged with the responsibility of carrying out bizonal legislation. This awkward situation results from the fact that Secretary Marshall offered the French participation on these Groups as a conciliatory gesture when the French expressed violent objection to the provision in the preamble of the law which states that the German people may, through a popularly elected Central German Government, effect a socialization of the Ruhr industries. This situation will cure itself automatically at the time of trizonal fusion, at which time we should insist upon French legislation parallel to Law 75.

#### KRUPP VERDICT

The original verdict in the Krupp trial at Nuremberg read as follows: "The Tribune ... orders forfeiture of all of your property, both real and personal. The same shall be delivered to the Control Council for Germany and disposed of in accordance with the provisions of Article II, Section 3 of Control Council Law No. 10". This forfeiture came before General Clay for review in the early part of 1949 and it was determined that the verdict should be altered for two reasons. One reason was that the Allied Control Council no longer existed, or if it did exist was not functioning. We were anxious that we should not get in the same position as we are in as regards Farben property, where title is in a non-functioning body. The other reason was Law 75, which had been passed since the original Krupp decree was handed down. Law 75 provides for the seizure of the majority of the Krupp property. It is intended that in implementing Law 75 seizures would not result in a forfeiture in the sense that the owners would be deprived of all rights of compensation. It is intended that the Krupp properties will be seized under Law 75 along with the other properties which are seized under that law and that after the seizure the Zone Commander will confiscate the liquid assets derived from the sale of the seized properties and will make a determination at a later date as to their disposition.

It will be noted that in the new verdict the question of what is to be done with the forfeited liquid assets is left to the Zone Commander. This is in no way a softening of the verdict, as it would

RG 466  
 Entry McCLOY PAPERS  
 File D.49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~SECRET~~

be entirely up to the Zone Commander as to whether he gave full faith and credit to a verdict of the Nuremberg trials which are now carried out on a unilateral rather than a quadripartite basis. The verdict as now worded reads: "All property owned by Alfried Alwyn Krupp von Bohlen und Halbach on 21 July 1948 is ordered and declared to be subject to forfeiture and confiscation by the Zone Commander of the Area of Control in which the same was then located, without compensation, and without regard to any transfers by him that have taken place or may take place". The reasons for the change in verdict are set forth for your information because there have been many questions about the reasons for changing the verdict and many accusations that the effect of the change was to lessen the severity of the verdict.

I have had Mr. Miller prepare a list of the Krupp properties in the US Zone which are under property control. I will ask him to get together with the British and French property control people and have them prepare similar lists for their Zones. These lists of properties should then be submitted to the Coal and Steel Control Groups with a request that they designate which of these properties will clearly not be seized under Law 75. The properties which are in this category can then immediately be confiscated and I would suggest should then be turned over to the Lander for disposition, similar to that made of properties confiscated under denazification trials.

#### FARBEN

One of the first acts of the Occupying Powers was to seize title to the I. G. Farben properties in Germany. This action makes the Farben disposal problem unique in that the Farben property, unlike other properties involved in deconcentration programs, is owned by the Allied Control Council. In view of the fact that the Allied Control Council is no longer functioning, the problem of how to transfer good title to purchasers of Farben property is a difficult one. There are three possible ways that title can be transferred unilaterally. One would be for the respective Military Governors to re-seize the properties from the present owners. This method is not considered desirable as it would in effect be seizing property from our British and French colleagues as well as from the Russians. The second possible method is to renounce Control Council Law No. 9 which was the instrument by which title was seized. This method has several disadvantages. It is not considered desirable to start a precedent of renouncing specific pieces of Control Council legislation. This action would leave in great confusion the rights of parties engaged in transactions with Farben during the period that Law No. 9 was in effect. After the law was renounced an additional seizure would be necessary, for the effect of the renouncing would be to reestablish ownership in the old Farben combine.

The problem of how to transfer title has been referred to the US and UK Legal Advisers with the suggestion of this office that the best solution would be for the Military Governor for the Zone in which the property involved is located to state that under his supreme authority

315789

~~SECRET~~

RG 466  
 Entry McCLOY PAPERS  
 File D.49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~Secret~~

he is transferring title in order to carry out the purposes for which the original seizure was made under Law No. 9, such action being taken in the face of the inability of the Allied Control Council to carry out its original purposes.

Before the Allied Control Authority ceased functioning, an agreement was reached that the Farben operating properties in each Zone should be divided into separate independent economic units capable of operating entirely independently of their former ties with the old Farben combine. These units were to be proposed by the individual Zone Commander and approved by the four-power committee of Farben Control Officers. At the time quadripartite negotiations ceased, the US Zone had completed the task of dividing its Farben operating properties into independent units. The total number of such units is 50, all of which were quadripartitely approved before the Control Council discontinued its meetings. The other three Zones were far behind the US Zone in recommending independent units, so that as of the close of business of the Control Council the Russians had proposed no units, the French had proposed one or two minor units, and the British had proposed a very small number.

A further quadripartite agreement which was obtained prior to the close of business was that when the independent units had been quadripartitely approved, the individual Zone Commanders would be authorized to transfer title to a trustee. There was no agreement, however, that title might be transferred out of the trustee into the hands of the eventual purchasers. Although the work in the US Zone establishing independent units has been completed, we have never transferred title to any German trustees but have contented ourselves with appointing custodians whose instructions are to operate their units as independent going concerns. It was found impracticable to transfer title to trustees as the German law is unfamiliar with the concept of a trusteeship and without a revision of the German law the taxes on a unit operating under a trusteeship would be prohibitive.

The failure on the part of the British to divide the Farben property in their Zone into independent economic units has caused great inconvenience and disruption in our Zone because the huge Leverkusen complex in the British Zone which has always been a supplier of many of the intermediaries used by the Farben units in our Zone has been able to dominate the former Farben units and we have examples of their using pressure on the independent units to observe policies laid down by Leverkusen if they are to continue to receive the necessary intermediaries. There is no satisfactory explanation of the British failure in this field except for their general dislike of any deconcentration and the incredible incompetence of their Farben Control Officer whose principal objective is to conceive his job, as he envisions it as general manager of the Leverkusen complex. To get around this situation we have recently established a German committee known as the Farben Dispersal Panel (FARDIP) to propose the composition of independent units in the Combined Area. They have been given as a first priority the Leverkusen problem. Their instructions also call for their confirming the wisdom of the division which was made in

~~Secret~~

RG 466  
 Entry McCLOY PAPERS  
 File D.49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~SECRET~~

the US Zone. This German organization reports to a US/UK organization known as the Bipartite Farben Control Office (BIFCO). The incompetence and lack of agreement between the members of BIFCO has caused considerable delay and the situation will become worse rather than better in the future as the plans now call for expending FARDIP and BIFCO to make them trizonal. My recommendation would be that you should make every effort to obtain a top-flight person with experience in corporate reorganization and receiverships and team him up with an able chemical engineer, at the same time urging the British to match these two men.

Although in the US Zone the dismemberment of Farben has in practical effect been accomplished by the establishment of these independent units, as yet no Farben industrial properties have been sold. There has been a strong feeling on the part of the British that the state of the capital market in Germany is such that sale of any large industrial units at the present time is impossible. In support of their position they cite the recent attempt to float an issue of bonds for the German railways. It is our contention that the railway bond issue is not a proper yardstick because of the unfavorable financial position of the Reichsbahn at the time of the issue.

Contrary indications of the possibility of selling industrial units at this time are to be found in the moving picture industry where owners of more than a given number of theaters were recently required to dispose of their holdings over and above that number. The reports which we have received have indicated a ready market for motion picture theaters. Thus, one theater which was purchased in 1934 for 2600 RM was sold recently for 8000 DM with twenty individuals competing to obtain the theater at about this figure. The successful bidder paid the entire sum in cash. To determine whether it is possible to sell large amounts of industrial property, the Bipartite Board has agreed upon a trial sale of one Farben unit which FARDIP has agreed is a proper independent economic unit. This unit chosen for the trial sale is the Kalle Company which manufactures cellulose products.

An instruction has been given to FARDIP to prepare an inventory and an evaluation of the Kalle Company, to organize a new company to take over the Kalle assets and to prepare a complete plan for disposing of stock in this new company by sale on the open market. There are many problems involved in such a sale, such as the question whether creditors and stockholders in the Soviet Zone should be allowed to participate in the proceeds from the sale of the stock or whether they should be excluded because of the fact that stockholders and creditors in the Western Zones will not receive any compensation for the disposal made by the Soviets of the plants located in their Zone. Another difficulty is the question of whether former stockholders will be allowed to exchange their equity in the old company for shares in the new company. The British are anxious to work out a plan for permitting this. In view of the fact that most of the stock in Germany is in the form of bearer shares and we have no stockholders lists, it is the American point of view that although such a system of an exchange of

~~SECRET~~

RG 466  
 Entry McCLOY PAPERS  
 File D.49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~Secret~~

equities would be desirable, it is impossible to work out a practical system for accomplishing it. These are all problems which we would prefer to have FARDIP propose an answer for, if possible. Accordingly, we have asked them to come up with a complete plan for the sale of the Kalle plant. Only on two points have we made a decision prior to making this request to FARDIP. One of these decisions was to retain 20% of the stock offered for possible future sale to foreign stockholders after the moratorium against foreign investment has been lifted. The figure of 20% was chosen because this represents the estimated percentage of foreign ownership in the old Farben combine. The other decision which we indicated to FARDIP would be made by Military Government was the question of how to transfer title out of the quadripartite body. If FARDIP fails to adequately or satisfactorily answer any of the problems with which we have been concerned we can suggest additions and changes in their plan when it is submitted by them.

At the same time we established FARDIP we provided for the establishment of a Stockholders' Protective Committee which would act purely in an advisory capacity. We have made provision for the committee to have not more than ten members, six of whom will be German and four of whom will be foreign. Although only about 20% of the stock is known to be foreign-owned, we have provided for four foreigners because the foreign-owned stock is divided almost equally among the US, UK and Swiss, with the French and Benelux combined having an equal share. It was considered that it would be difficult to determine what nationality the foreign representatives should be if four members were not provided for. A memorandum on this subject has been given to Mr. Riddleberger who is sending out the necessary letters to the countries involved to obtain nominations for membership. When the four foreign representatives have been chosen the other foreign nations will be informed of the identity of the foreign representation and will be invited to contact one of these representatives if they have any Farben ownership.

Mr. Bronson, the head of the Decartelization Group, was formerly the Farben Control Officer for the US Zone, and the present Farben Control Officer, Mr. Maupin, reports through Mr. Bronson's office. Mr. Bronson is thoroughly familiar with the Farben problems. As an indication at least of the problems if not of the correct answers involved in selling Farben properties, a plan prepared on 10 January 1947 by Mr. Bronson and I for the sale of the Hoechst plant is of considerable interest. As an indication of the magnitude of this problem, it is estimated that the value of the Farben properties is approximately as follows:

US Zone:	1 billion RM
UK Zone:	1 billion, 200 million RM
French Zone:	1 billion RM
Soviet Zone:	2 billion, 100 million RM
Polish District:	500 million RM
Foreign Holdings:	1 billion, 200 million RM

~~Secret~~

RG 466  
 Entry MCCLOY PAPERS  
 File D.49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~Secret~~

STEG

STEG is a German organization which was set up under the general supervision of a US body known as OMSTEG for the purpose of disposing of US Army surplus materials which were turned over to the German economy. Since its inception, OMSTEG has been ably administered by Mr. James Cunningham who is in a position to supply you with details on the various items which have been disposed of through the STEG organization. These items fall principally into four main categories, which are:

- (a) Surplus material turned over to the German economy on quantitative receipt.
- (b) Army surplus material which was turned over to the German economy under the so-called "bulk deal" contract.
- (c) Captured enemy material.
- (d) Surplus incentive material (i.e., SIM).

The particular concern in regard to STEG at the present time is the utilization of the DM proceeds derived from sales by STEG. At the present time there are approximately 22 million DM in the quantitative receipt fund, 44 million DM in the bulk deal fund, and 54 million DM in the SIM fund. The contract covering the bulk deal provides that the US Government may either take dollars as a deferred charge against the future German economy or may alternately elect to receive immediate payment in Deutsche Marks.

When it became necessary to obtain funds for housing for the airlift, General Clay ordered that 34 million DM should be taken from the bulk deal funds to finance the project. The State Department has recently shown considerable concern over this decision as they feel that the matter should have been cleared with them in the first instance, and they have intentions of utilizing the money to build an Embassy in Germany. The problem has not been finally resolved but it has been pointed out to Washington that the British are very much opposed to expenditures of these funds for construction of US-owned buildings as long as the moratorium exists. Steps are being taken to have the Germans assume expenditure of the 34 million DM as a German expense so that it will not result in a reduction of the dollar sums owed the United States.

Another reason why these funds have been under discussion recently is that we have suggested to Washington that the funds derived from the sale of the SIM are a possible source of financing for RIAS. To date we have received no reaction to our suggestion.

SOCIALIZATION

During the early days of the Occupation great pressure was exerted upon Military Government to permit socialization of basic industries. When the Land Constitutions were adopted and approved by Military Government, the provision was allowed to stand in the Constitutions providing for socialization of major industries. Military

~~Secret~~ - 18 -

315793

RG 466  
 Entry McCLOY PAPERS  
 File D4921-35  
 Box 1

DECLASSIFIED  
 Authority AND 857579  
 By SLP NARA Date 8/26/99

~~SECRET~~

Government felt it would not be consistent for it to tell the German people that the aim of Military Government was to give the German people their own democratic system of government and at the same time to tell them that they could not socialize their industry if such was the wish of the German people. At the same time, however, Military Government felt that it would be unwise to permit socialization at a time when funds were not available to provide compensation for the socialized industries.

At the present time there has been very little socialization in Germany because of two things. One has been the inability of the German Governments to provide the necessary funds to accord the former owners prompt and adequate compensation which Military Government has insisted upon. The second deterrent has been the policy of Military Government not to permit Land Governments to socialize industries whose import transcends the Lander boundaries. It has been Military Government's position that socialization of the more important industries which affect the entire German people can be voted only by a Central German Government, which up until the present time of course has not existed. As has been stated in the Preamble of Law 75, if the new Central German Government votes to socialize the major industries in Germany, Military Government will interpose no objection provided always, of course, that prompt and adequate compensation is accorded the former owners.

#### REICH-OWNED PROPERTY

Large segments of the industrial property in Germany were owned by the Reich Government. Except for the major Reich-owned utilities such as the Reichsbahn and the Reichspost, these Reich properties have been operated under property control for the past four years. The disposal of these properties to their final owners so that the properties could be fully utilized and efficiently managed has been a difficult problem. Military Government recently solved the problem in the US Zone by the issuance of Military Government Law 19. According to the terms of this law the former Reich property is transferred to the Minister President in the Land in which it is located. The property which would obviously be utilized by a Central German Government is transferred to the Minister Presidents as trustees for a future German Government, while other properties are transferred to them outright.

There were two classes of properties which were exempted from the provisions of the law. The Reich-owned iron and steel and coal assets were exempted for the reason that they are already dealt with under Law 75. The Reich-owned movie properties were exempted for the reason that it was considered necessary to issue special legislation to assure that these important information media were not allowed to remain under government control.

Just previously to the issuance of Law 19 Military Government had informally approved an early draft of the Constitution for the new Central German Government. This Constitution contains paragraphs pro-

315794

RG 466  
 Entry McCLOY PAPERS  
 File D.49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~Secret~~

viding for the method of disposition of the Reich-owned property. These provisions are very similar to the provisions in Law 19 in the end result. However, the procedure is the opposite of that provided in Law 19 in that all property first becomes the property of the new Central German Government with the Lander Government receiving certain classes of property, from the new Central Government. In view of the fact that Military Government had informally approved a draft of the Constitution containing this provision, the clause was inserted in Law 19 providing that any disposals made of property under Law 19 should be subject to revocation if they were in conflict with the directives of the new Central German Government.

A separate law has now been drafted providing for the disposition of Reich-owned movie properties. This law is so drafted as to provide that the Lander Governments who temporarily receive the property must dispose of it immediately to private ownership. The amount of such property which any single private individual or groups of individuals can acquire is limited. Through the operation of this law it will be possible to accomplish Military Government's objectives as regards deconcentration of the Reich movie industry without having to take separate action under the decartelization law. In view of the fact that the provisions of the movie law are designed to accomplish deconcentration objectives it is regarded by Military Government that this is a proper subject for Military Government legislation as it is within the reserved field.

Although the terms of the law had been finally agreed upon between the British and the US, the law was submitted to the Minister Presidents at their request in order that they might have an opportunity to comment. The Minister Presidents presented some valuable comments which were incorporated in the law and are being incorporated in a regulation presently being drafted to be issued at the same time the law is issued or slightly thereafter. Within the past week the draft law as altered to meet the comments of the Minister Presidents has been submitted to the Economic Council at their request.

A long letter has been received from the Economic Council wherein they violently attack Military Government for presuming to pass such a law, arguing that issuance of such a law is clearly beyond the scope of the Occupation Statute. No constructive comments are made by the Economic Council as to the substantive provisions of the law. Thus, the letter from the Economic Council is principally of interest in showing the type of reaction which we may expect in the future from the German Government each time Military Government attempts to take action in the fields reserved to them by the Occupation Statute. If Military Government indicates in any way, even by a postponement in issuing the law, that they are swayed by Dr. Puender's insolence, it will greatly weaken its position in Germany under the Occupation Statute. The British have displayed an inclination to delay issuance because of Dr. Puender's comments. The matter will be considered at the Bipartite Board meeting on 4 August, and it is hoped the result will be an agreement to publish the law at once and ignore Puender's comments.

315795

~~Secret~~

RG 466  
 Entry McCLOY PAPERS  
 File D49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

PUBLIC UTILITIES REGULATIONS AND REORGANIZATION

At the time that Law 75 was drafted it was obvious to the drafters that some action should be taken in regard to the large electrical public utility companies in the Ruhr which owned 90% of the brown coal deposits and which very obviously constituted excessive concentrations of economic power. The drafters, however, were undecided on exactly what action should be taken against the companies, as they felt that further study of the problem was necessary before any recommendations could be made for actions which might vitally affect the critically short power position of the Bizone.

Although it was felt that the problem had not sufficiently been studied to allow a detailed solution it was also felt that Law 75 should to the extent possible be the final piece of legislation in the deconcentration field so that German industry in the future would have assurance that if they had not been affected by Law 75 or proceeded against under Law 56 that they would not be deconcentrated. Accordingly, the four largest power companies in the Ruhr were listed in a separate schedule in Law 75 with a statement that their assets were subject to seizure if a determination were made at a later date that such seizure was necessary.

After the issuance of Law 75 a group of power experts from the US and UK, headed by Mr. James Parker from the US, made a thorough study of the power situation in the Bizone and made recommendations for the establishment of a public utilities commission to reorganize and regulate the power industry. Upon receipt of this report, the US authorities drafted a Military Government law designed to implement the recommendations put forward by the power experts. French Military Government authorities agreed completely with this law and were willing to issue such legislation immediately. The British authorities, however, felt that although the deconcentration aspect of the law was a reserved subject on which Military Government could properly legislate, the field of regulation was not reserved and therefore not a proper subject for Military Government legislation.

The British were also opposed to the establishment of another Allied control group as is provided for in the draft law. In view of the fact that any legislation designed to regulate and reorganize the power industry would be worthless unless there were uniformity in the three Zones, US Military Government could not proceed further without British consent. It appeared that the only hope of obtaining uniform Military Government legislation would be to wait until the Occupation Statute came into effect, at which time Military Government legislation would be adopted by a two out of three vote and the French and US could outvote the British as regards the public utility matter. Pending the establishment of the new Central German Government and the adoption of two out of three voting by the Occupying Powers, it was agreed to refer

RG 466  
 Entry McCLOY PAPERS  
 File D4921-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~Secret~~

the report of the power experts and the draft law to the Economic Council and the suitable German authorities in the French Zone to see if the Germans would take it upon themselves to issue German legislation to accomplish the same purpose as the Military Government legislation would have accomplished. Inability of the three Military Governments to agree upon the exact language to be used in transmitting this request to the Germans resulted in a lengthy delay so that when the report and the draft legislation were finally submitted to the Germans the Economic Council had had its last meeting. The matter will therefore have to remain in abeyance until the new German Government is established, at which time they will have to be given an opportunity to prepare their own legislation before Military Government legislation is imposed upon them.

Mr. Bronson and I drafted the proposed Military Government legislation in this field and Mr. Bronson is thoroughly familiar with the subject. It is not felt that there will be any problem in regard to this matter as for the immediate future, as I believe we are committed to give the Germans an opportunity to pass their own legislation before Military Government action is taken.

#### PROTECTION OF FOREIGN INTERESTS

As a result of the London Six-Power Conferences various working parties were established in Berlin. Working Party No. 6, to which the writer was the US Delegate, was concerned with protection of foreign interests. In view of the fact that there was a misunderstanding of the scope of the terms of reference of this working party, detailed discussions were impossible, the British Delegate refusing to discuss any matters of detail. As a result the report of the committee was confined to a statement of the general philosophy of the various governments toward the problem of protection of foreign interests. The US Delegate stated that it was American policy to make every effort to see that there was no discrimination as regards foreign property in Germany, but that the other Delegates should understand that this meant exactly what it said and that US Military Government would not require discrimination in favor of foreign nationals any more than it would allow discrimination against foreign nationals.

The Benelux countries and France were disappointed with the outcome of Working Party No. 6 and as a result of their requests to Governments, an Intergovernmental Working Group was established in Paris to consider the question of protection of foreign interests in Germany. The final outcome of this working party was the submission to Governments of 30 recommendations. These recommendations were immediately adopted by the French and Benelux Governments and, I understand from the British Economics Adviser, have now been adopted by the British Government. The US Government is still considering the recommendations. The latest report received from Mr. Baker of the State Department was that there remain only three

~~Secret~~

RG 466  
 Entry McCLOY PAPERS  
 File D49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~SECRET~~

recommendations to be approved by Washington. However, formal notification of final acceptance or rejection has reached OMGUS only as regards twelve of the recommendations. During the development of these recommendations and their consideration in Washington there has been a large volume of cable exchange, as Washington has requested OMGUS' views in great detail on each of the recommendations. The most pertinent cables emanating from this Headquarters are the following:

CC-9149	CC-7083	CC-6556
CC-9132	CC-7070	CC-6539
CC-8675	CC-7064	CC-6371
CC-7747	CC-6778	CC-6211
CC-7446	CC-6700	CC-6214
CC-7233	CC-6642	

There are only two or three copies of the recommendations available in the Headquarters and inasmuch as these recommendations now constitute a part of Military Government policy it is recommended that if and when they are finally approved by our Government they should be reproduced and made part of the MGR's so that all Military Government officials will be thoroughly familiar with them.

Many of the recommendations require no implementation by US Military Government, either because the policies recommended are already followed by US Military Government or because the matters with which they deal have not yet arisen. A very brief and hasty survey of the 30 recommendations with a statement as to their status and the action, if any is necessary, follows:

(1) Decontrol of Property. US Military Government decontrol policy is in conformity with this recommendation. The step of notifying the foreign governments through their missions of properties of their nationals in the US Zone remaining under control has already been taken. Washington has not indicated final acceptance or rejection.

(2) Internal Restitution. US Military Government policy already in accord. Washington has indicated final acceptance.

(3) Prepaid Contracts for Goods. The US Government has accepted this recommendation, subject to certain qualifications which are set forth in cable AGC IN 30052. These qualifications have been agreed by the British and French Military Governors and the revised policy has been put into effect by JEIA. The details of the revised policy are set forth in the press release which was cabled to Washington in CC-9099

(4) Reinvestment and Disposal of Property. Still under discussion. Finance Division handling. Latest cable on subject is CC-8675.

315798

~~SECRET~~

RG 466  
 Entry McCLOY PAPERS  
 File D4921-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/89

(5) Compensation for War Damage. The General Claims Law in its latest draft accords with the principles stated in recommendation No. 5. Washington has indicated final acceptance.

(6) Equalization of Burdens. The French, US and British Military Governments have finally agreed on a definition of UN nationals as including UN national individuals and 100% UN-owned corporations (except for qualifying shares). The Equalization Law as presently drafted by the Germans conforms with this definition.

(7) UN Blocked Bank Accounts. This is a matter which need not be considered until the time of a peace treaty. No final decision from Washington has been received.

(8) Reallocation of Equipment within Germany. This recommendation is still under consideration. The most recent exchange of cables on the subject are AGC IN 33671 and our answer, CC-9132. When this recommendation is approved, as appears to be likely in the near future, implementing instructions will have to be forwarded to the German Government in order for them to issue regulations under Ordinance 21 which will accord with the recommendation.

(9) Public Ownership and Land Reform. Paragraph No. 1 providing for prompt, adequate and effective compensation in cases of socialization conforms with already existing US Military Government policy. The only question which remains to be settled as far as the US Government is concerned is whether Deutsche Mark payments constitute adequate compensation. It is hoped that Washington will soon give policy direction on this matter as it becomes increasingly urgent that we should inform the German Government of our position on this matter.

Paragraph No. 2 providing for consultation with the Benelux countries where a socialization measure is approved, should be kept in mind in the future where the matter becomes pertinent.

Paragraph No. 4 requires no action.

Paragraph No. 5 requires implementation at Government level.

No word has been received from Washington as to their acceptance or rejection, but it is hoped that Washington will reject Paragraph No. 3.

RG 466  
 Entry McCLOY PAPERS  
 File D.49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~SECRET~~

(10) Deconcentration in General. This recommendation is in accordance with present US Military Government policy. The only deconcentration action under Law 56 presently pending is the Bosch matter and no foreign interest is known to exist in this company. Washington has indicated final acceptance.

(11) Deconcentration of I. G. Farben. Provisions in conformity with this recommendation will need to be inserted in the plans for the sale of the Kalle Company which are presently being formulated by the German Farben organization. Washington has indicated final acceptance.

(12) Reorganization under the Trusteeship Plan. The substance of this recommendation is in accordance with Military Government intentions. The exact procedure to be followed in dealing with equities in reorganized companies where the owners wish to exchange their equities for equities in the new companies is presently being worked out by the Steel and Coal Groups and by the Economics Advisers. Washington has indicated final acceptance.

(13) Disposition of Coal. As long as coal continues in short supply and the disposition of Germany's exports is handled by the ECE, it will be impossible to give effect to this recommendation. No statement has been received from Washington as to whether they intend to accept or reject this recommendation.

(14) Coal Pricing Policy. Paragraph No. 1. If the meeting of experts provided in this recommendation is convened, the new German Government should most certainly have representation. As yet Washington has not indicated acceptance or rejection.

(15) Iron and Steel Pricing Policy. As yet Washington has not indicated approval or disapproval.

(16) Acceptance of DM by UN Creditors. This recommendation is still under discussion, the latest exchange of cables are AGC IN 35265 and CC-

(17) Special Problems Raised by Monetary Reform. Washington has indicated final rejection of this recommendation.

(18) Contractual Relationships. This recommendation has been finally accepted by Washington. It is not considered that any specific implementation other than wide publicity of the policy involved is necessary.

(19) Foreign Currency Debt. No statement from Washington of final rejection or acceptance has been received.

~~SECRET~~

RG 466  
 Entry McCLOY PAPERS  
 File D.49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

(20) Gold Mark. Washington has indicated final rejection of this recommendation.

(21) Potash Loan. No indication received from Washington as to Washington's views. No implementation possible until Washington has indicated acceptance.

(22) Prescriptions and Limitation of Actions. This recommendation has been finally approved by Washington and should be referred to the Legal Adviser for an opinion as to whether SHAEF Law No. 2 is adequate to comply with the recommendation.

(23) Pre-War Treaties. This recommendation has been approved by Washington. Washington has also indicated that its implementation will be carried out at Governmental level.

(24) Social Insurance. No indication has been received as to Washington's views on this recommendation.

(25) Double Taxes. Washington has indicated final approval. It is believed that the Finance Adviser will want to call a six-power meeting of finance experts to study the implications of this recommendation.

(26) Industrial, Literary and Artistic Property. This recommendation has been accepted by Washington. It is believed that it should be pointed out by our Government that implementation of this recommendation, on which the French insisted, is impractical until the French have consented to the reopening of a Patent Office in the Bizonal Area.

(27) Insurance. This matter is still under discussion between this Headquarters and Washington. The latest exchange of cables are AGC IN 27695 and CC-9149., and AGC IN 35546.

(28) National and the Most Favored Nation Treatment. No statement has been received from Washington as to their position in regard to this recommendation.

(29) Occupation Statute. This recommendation has already been complied with in the Occupation Statute.

(30) Future Meetings. This recommendation requires implementation at Governmental level.

RG 466  
 Entry McCLOY PAPERS  
 File D.49.21-35  
 Box 1

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~SECRET~~

EXTERNAL ASSETS

In the early days of Military Government a large staff was employed in tabulating reports of external assets owned by Germans and in making investigations to uncover cloaked ownership of external assets. The Paris Accord provides that the United States shall receive 28% of the total of the external assets located in the countries who are parties to the Accord. Thus, it is theoretically to the monetary advantage of the US to uncover cloaked German assets in any of the Accord countries. The US has undertaken these investigations for this reason and also for the reason that it was not considered desirable to have missions from all of the countries involved making their own independent investigations.

The external assets investigating staff has now been reduced to three investigators and one secretary. OMCUS has recommended to State that the investigations be discontinued but State has expressed the wish that they be continued at the present rate. As of this date, there is a backlog of 76 cases to be investigated. Many of the investigations led to uncovering intangible assets which are not subject to exact evaluation. However, those which are capable of monetary evaluation averaged a value of \$500,000 monthly for the first half of 1949.

PROPERTY CONTROL

A detailed report on the subject of property control has been prepared by the departing chief of the Branch, Mr. Hartzsch. A copy of the report is attached for obtaining detailed information. Mr. Miller, the head of the Property Group in the Office of the Economics Adviser, is thoroughly familiar with the property control program as he has been associated with it from the earliest days. Mr. Cassoday, who is now the Deputy Director of the Finance Division, is also thoroughly familiar with the program and will be available to answer detailed questions.

A vastly accelerated program for decontrol of properties during the past year has resulted in a reduction of the property control functions to almost negligible proportions. Thus, whereas the properties under control a year ago, excluding properties under control because of internal restitution, numbered approximately 70,000. The number at the present writing is less than 8,000. A great majority of these properties are located in Berlin where it has been impossible to release them as quickly as in the Zone because of the need for obtaining tripartite agreement on the release policy.

Properties remaining under control in the Zone, other than Law 59 properties, are:

- (1) Properties belonging to absentee owners where the court has not as yet appointed a custodian in absentia.
- (2) Movable properties which must be retained under property control for a period of six months unless their export by absentee owners is requested prior to that time under the revised Military Government policy as regards precapitulation contract goods.

RG 466  
 Entry McCLOY PAPERS  
 File D.49.21-35  
 Box 1

DECLASSIFIED  
 AUTHORITY NND 857579  
 BY SP NARA DATE 8/26/99

~~SECRET~~

(3) Properties formerly belonging to Polish nationals which were confiscated by a Reich law, the title to which is still not clear. A Military Government law is being prepared in order to re-transfer title to Polish owners.

(4) Hungarian-owned properties whose return has been held up pending a decision from Washington as to the policy to be followed.

(5) Properties which are under control because of Law 75, which will be administered by the Coal and Steel Control Groups.

(6) Nazi organization properties, most of which are located in Berlin and which are being turned over to the Kommandatura for administration.

(7) Properties which are under control because of Nazi ownership. These properties cannot be disposed of until the denazification trials have been completed.

#### INTERNAL RESTITUTION

US Military Government Law 59 governs the filing of claims for properties which were confiscated in Germany under duress by the Nazi regime. Although this law is administered primarily by German chambers and German courts, its general supervision is the responsibility of Military Government.

Before the closing of the period for filing of claims, 218,000 claims were received, 160,000 of which were filed by JRSO. As soon as the Central Filing Agency has completed its work of recording the filing of these claims and forwarding them to the appropriate restitution chambers, the agency may be closed. A US Board of Review has been established, composed of four American judges who will review any claims filed by foreign nationals where the foreign nationals consider that a final appeal to an American body is necessary in order to receive justice. It is variously estimated that it will require from two to ten years to complete the disposition of all of these cases.

*Phillips Hawkins*  
 PHILLIPS HAWKINS  
 Deputy Economic Adviser

Incl: a/s

315803

~~SECRET~~

RG 466  
Entry MCCLOY PAPERS  
File D49 410-429  
Box 5

DECLASSIFIED  
Authority AND 857579  
By SLP NARA Date 8/26/99



**SECRET**

CONTROL NUMBER

OFFICE OF THE U.S. HIGH COMMISSIONER FOR GERMANY CN 17384

**OUTGOING MESSAGE**

DISTRIBUTION

COPY DESTROYED

1.	
2.	
3.	
4.	

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

ORIG: SPEC ASST HICOG 2

RECD : 021344 DEC 49  
TO : SECSTATE  
FROM : HICOG FRANKFURT  
SRL NO : 4496  
ORIG DTG : 2 DEC 49 / 2 P.M.

INFO: POL AFF	4
INTELL	2
INTELL (BN)	2
EXEC SEC	3
BONN	3
BERLIN	2
HEIDELBERG	1
CB	7
RECORDS	2
FILE	1

Inquiry made of British and French at yesterday's meeting of High Commission concerning status of tripartite study on nationalism. (Reference your 2933, 23 November). British and French have not completed their report but hope to have studies ready soon (Poncet remarked he would not put in his study until after United States and British had submitted theirs). United States study in final edition now completed and will be air-mailed to you in next few days.

MCCLOY

AUTH:OHC Lt. Col. H.A. Gerhardt  
7255  
2 DECEMBER 1949

2933 NOVEMBER 23, 1949 CN 16436 EXEC SEC

CN 17384 2 DEC 49 GI/lm SRL NO: 4496

S E C R E T

OUTGOING

**SECRET**

MESSAGE

RG 466  
Entry McCLOY PAPERS  
File D49 410-429  
Box 5

DECLASSIFIED  
Authority NND 857579  
By SLP NARA Date 8/24/99

000,1

RESTRICTED

*File*

THE STATE OF GERMAN NATIONALISM  
FOLLOWING THE FOUNDING OF THE WEST GERMAN REPUBLIC

*30 Dec*

Report No. 1  
Series No. 2  
30 December 1949  
REACTIONS ANALYSIS BRANCH  
INFORMATION SERVICES DIVISION  
PUBLIC AFFAIRS OFFICE  
HICOG APO 307  
Bad Nauheim Germany

RESTRICTED

315805

RG 466  
 Entry McCLOY PAPERS  
 File D49 410-429  
 Box 5

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

RESTRICTED

TABLE OF CONTENTS

Introduction		Page b
Conclusion in Brief		Page c
Part I	Attitudes Toward Americans	Page 1
Part II	Attitudes Toward The Ruhr Statute	Page 7
Part III	Racist Attitudes	Page 9
Part IV	German Unity	Page 17
Part V	Views of World War II	Page 23
Part VI	Militarist Sentiments	Page 27
Part VII	Nationalism In The Popular Mind	Page 33

315806

- a -  
 RESTRICTED

RG 466  
 Entry McCLOY PAPERS  
 File D49 410-429  
 Box 5

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~RESTRICTED~~

#### INTRODUCTION

One dark cloud attendant to the launching of the West German Republic was an apparent renaissance of German nationalism. Some observers saw it in the heavy volume of anti-Allied criticism that marked the election campaigning. Others inferred it from what seemed to be an upsurge in anti-Semitic incidents. Still others saw it in the campaign stress upon the necessity for German unity and the demand for restoration of former German lands. Attempts to minimize Germany's responsibility and defeat in the last war - as in General Halder's book - also seemed symptomatic of a general rise in German nationalism.

To ascertain whether these campaign incidents actually reflected increased nationalistic feelings among the rank and file of the German people, the Reactions Analysis Branch, Information Services Division, HICOG, utilized opinion survey methods to assess public attitudes on the issue.

To this end in September 1949 a representative sample of approximately 3000 people in the U.S. Zone, 500 in Berlin, and 300 in Bremen were interviewed on a questionnaire designed to tap trends and present attitudes in the various kinds of sentiments that have been focused on as areas of nationalism-inspired upsurges. As usual, the interviews were conducted in the homes of the respondents by trained German interviewers under the direction of American field supervisors.

315807

- b -

~~RESTRICTED~~

RG 466  
 Entry McCLOY PAPERS  
 File D49 AIO-429  
 Box 5

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~RESTRICTED~~

CONCLUSION IN BRIEF

In viewing the trend results as a whole - in the various areas of nationalism-related sentiments that are examined - it will become evident that the present study discloses no evidence of any recent upsurge in the extent of nationalist feeling among the German people. Whatever changes have occurred in the trends have been without exception in the opposite direction, i.e. toward less nationalism rather than more.

It must be clearly understood that the above finding does not mean that there are no nationalist sentiments in the German public. It means that the extent of such sentiments - quite appreciable in certain areas of attitudes - has not recently risen among the German people.

Possibly then, the indications of increasing German nationalism attendant to the formation of the West German Republic were simply a result of more vigorous expression of sentiments by nationalist groups with the diminution of military control. Or again, as some observers have suggested, what seems like a rise in nationalism could in large part have been the consequence of campaigning politicians beating the drums to capture nationalist votes. But whatever the complete explanation, the evidence of the present study offers no good basis for inferring any recent resurgence of nationalism among the German rank and file.

315808

RG 466  
Entry McCLOY PAPERS  
File D49 410-429  
Box 5

DECLASSIFIED  
Authority NND 857579  
By SLP NARA Date 8/26/99

~~RESTRICTED~~

PART I

ATTITUDES TOWARD AMERICANS

The spate of criticism of the occupying powers which occurred during last summer's pre-election campaign was interpreted by some observers as indicative of a resurgence of German nationalism.

In this section, trends in attitudes toward the Americans - as one of the western allies - are examined in order to ascertain whether any noticeable changes in this regard have occurred.

Four lines of inquiry were used:

1. Are the Germans and Americans similar or are they different?
2. What feelings primarily motivate Americans in their dealings with the Germans?
3. Have the Americans furthered or hindered the reconstruction of Germany?
4. What about the American troops -- are they more popular or less popular than formerly?

315809

RG 466  
 Entry McCLOY PAPERS  
 File D49 410-429  
 Box 5

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

AMERICANS CONSIDERED SIMILAR TO GERMANS ...

In September 1949, as in November 1947, majority opinion in the U.S. Zone was that Germans and Americans are alike. Assuming the correctness of psychologists' theory that such assertions of similarity are generally complimentary, it means that U.S. Zone Germans have continued to have a relatively high regard for Americans. And during this two-year period, West-Berliners came to place greater stress on similarities, and less emphasis on differences between the two peoples.

"What do you think, are Americans similar to Germans, or are there differences between the two peoples?"

	U.S. Zone		Berlin	
	Nov 1947	Sept 1949	Nov 1947	Sept 1949
Similar	61%	65%	55%	67%
Differences	30	27	43	30
No opinion, no answer	9	8	2	3
	100%	100%	100%	100%

Significant also is the fact of regional consistency in these attitudes, as is evident in the following figures from the September 1949 survey:

Americans and Germans:	Bavaria	Hesse	W-Baden	ALZON	Berlin	Bremen
Similar	63%	68%	65%	65%	67%	66%
Different	28	23	28	27	30	29
No opinion, no answer	9	9	7	8	3	5
	100%	100%	100%	100%	100%	100%

When those who found differences between Americans and Germans were asked what differences they had in mind, a wide variety of answers was received. The replies were grouped into three broad categories: those construed as favorable to Americans, those involving no value judgments, and those considered uncomplimentary to Americans.

Differences noted in ALZON were about equally divided among favorable, unfavorable and neutral characteristics. Of the differences noted in Berlin, about half were favorable to Americans while a fourth could be considered unfavorable.

(If "Differences") "What differences?"

	ALZON	Berlin	Bremen
Americans more spontaneous, more generous; other favorable characteristics	9%	10%	11%
American mode of thinking and living different; other neutral characteristics	10	10	10
Americans racially mixed, money-grabbing, less industrious; other unfavorable characteristics	0	11	7
No opinion, no answer	1/29*	-/40*	3/31*

\* Percentages add to more than the number who found differences because some people gave more than one answer.

RG 466  
 Entry McCLOY PAPERS  
 File D49 410-429  
 Box 5

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/89

~~RESTRICTED~~

AMERICANS MOTIVATED LARGELY BY "UNDERSTANDING" ...

Fifty U.S. Zone Germans out of every 100 selected "Understanding" as the most influential factor in American treatment of the German people, when asked in September 1949, to indicate their choice from a card listing five alternative characterizations.

Only six out of 100 chose derogatory factors ("Dislike," 4%; "Vengeance," 2%). Twenty in 100 selected "Indifference" as a motivating influence.

"What feeling do you think influences the Americans most strongly in their treatment of the Germans?"

	Bavaria	Hesse	W-Baden	AMZON	Berlin	Bremen
Understanding	48%	46%	57%	50%	59%	64%
Indifference	21	17	19	20	12	11
Sympathy	9	10	9	10	22	9
Dislike	4	3	4	4	1	3
Vengeance	3	3	1	2	1	2
Others	3	6	2	3	4	5
No opinion and no answer	12	15	8	11	1	6
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Also, the per cent selecting "Understanding" increased 10 points between November 1947 and September 1949. At the same time, the proportion asserting American indifference toward Germans declined from 35 to 20% in AMZON.

"What feeling do you think influences the Americans most strongly in their treatment of the Germans?"

	AMZON	
	Nov 1947	Sept 1949
Understanding	40%	50%
Indifference	35	20
Sympathy	9	10
Dislike	4	4
Vengeance	2	2
Others	-	3
No opinion and no answer	13	11
	<u>103%*</u>	<u>100%*</u>

\* Percentages add to more than 100% because some people gave more than one answer.

RG 466  
 Entry McCLOY PAPERS  
 File D49 410-429  
 Box 5

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~RESTRICTED~~

AMERICANS HELD TO HAVE FURTHERED THE RECONSTRUCTION OF GERMANY ...

Six out of ten AMZON respondents think the Americans have furthered the reconstruction of Germany. The proportion rises to seven out of ten in Wuerttemberg-Baden and Bremen, and more than eight out of ten in Berlin. Less than one out of ten in AMZON (fewer in Berlin and Bremen) believe Americans have hindered reconstruction. It was found that views on this question did not vary appreciably with age, sex, education or income.

"Do you think the Americans have furthered or hindered the reconstruction of Germany?"

	Bavaria	Hesse	W-Baden	AMZON	Berlin	Bremen
Furthered	58%	57%	71%	60%	85%	71%
Hindered	10	3	7	0	4	5
Neither / Nor	18	20	13	18	9	18
No opinion and no answer	14	15	0	17	2	6
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

The proportion believing the Americans have furthered German reconstruction has increased markedly since November 1947. Current figures represent the high point in Berlin, while the slight drop recorded in AMZON from the high point in July 1949 is not statistically significant.

	AMZON					Berlin						
	Nov 47	Aug 48	Sep 48	Jan 49	July 49	Sep 49	Nov 47	Aug 48	Sep 48	Jan 49	July 49	Sep 49
Furthered	39%	63%	58%	57%	64%	60%	64%	82%	81%	80%	84%	85%
Hindered	20	10	12	13	10	9	10	7	4	3	3	4
Neither / Nor	31	20	23	24	16	18	23	0	13	14	8	9
No opinion, no answer	10	7	7	6	10	13	3	2	2	3	5	2
	<u>100%</u>											

This rise in the proportion who believe Americans have furthered the reconstruction of Germany appears clearly related to the increase in U.S. economic assistance. When respondents who thought Americans had furthered reconstruction were asked, "In what way?" the most frequent reply was "through economic aid," or more specifically, "through the Marshall Plan."

(If "Furthered") "In what way?"

	AMZON	Berlin	Bremen
Economic aid, ERP, Marshall Plan	42%	71%	65%
Political aid (assistance to German authorities, freedom, moral support)	6	12	3
Furthering of building	4	3	3
Currency reform	1	2	1
Providing for work	1	1	1
Other	11	11	1
No opinion, no answer	3	2	1
	<u>67%*</u>	<u>102%*</u>	<u>75%*</u>

\* Percentages add to more than those saying "Furthered" because some people gave more than one answer.

315812

~~RESTRICTED~~

RG 466  
 Entry McCLOY PAPERS  
 File D49 410-429  
 Box 5

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~RESTRICTED~~

Dismantling and occupation policies were most frequently mentioned by those who thought Americans had hindered the reconstruction of Germany.

(If "Hindered") "In what way?"

	AMZON	Berlin	Bremen
Dismantling	3%	2%	3%
Occupation policies and regulations	3	1	1
Mistrust of Germans and desire to keep them down	1	2	-
Occupation costs	1	-	-
Exploitation	1/2	-	1
Others	1	-	-
No opinion, no answer	1/2	-	-
	10%*	5%*	5%

\* Percentages add to more than those saying "Hindered" because some people gave more than one answer.

AMERICAN TROOPS MORE POPULAR THAN BEFORE ...

Over a third of the AMZON respondents think American troops have become more popular during the past year, while a third believe their popularity has remained the same, and one out of eight believe it has declined. Almost half the respondents in Bremen and two-thirds of those in Berlin feel the American troops are better liked now, while insignificant numbers believe they are less liked.

"Do you think the American occupation troops have become better liked or less liked by the German population during the past year?"

	Bavaria	Hesse	W. Baden	AMZON	Berlin	Bremen
Better liked	34%	33%	39%	35%	65%	47%
Same	30	44	30	33	26	42
Less liked	14	8	12	12	4	3
No opinion, no answer	22	15	19	20	5	8
	100%	100%	100%	100%	100%	100%

A survey in November 1947 also shows Berliners, under four-power occupation, more inclined than AMZON residents to believe in the increasing popularity of American troops.

"Do you think the American occupation troops have become better liked or less liked by the German people during the past year?"

	AMZON Berlin November 1947		AMZON Berlin September 1949	
Better liked	32%	54%	35%	65%
Same	32	32	33	26
Less liked	22	8	12	4
No opinion, no answer	14	6	20	5
	100%	100%	100%	100%

RG 466  
 Entry McCLOY PAPERS  
 File D49 410-429  
 Box 5

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~RESTRICTED~~

Berliners' increased belief in the American troops' popularity gains is probably due to the experience of the airlift, as indicated by their emphasis on "help."

(If "Better liked") "Why?"

	AMZON	Berlin	Bremen
They help us	6%	44%	10%
Their conduct has improved	10	8	24
They have adapted themselves; have more understanding	7	4	7
We are better off.. contrasts lessened	5	5	1
We are used to them by now	4	2	1
Less control and requisitioning	1	1	2
In comparison with the Russians	1	4	1
Others	-	1	-
No opinion, no answer	1	-	1
	<u>35%</u>	<u>69%*</u>	<u>47%</u>

\* Percentage adds to more than those saying "Better liked" because some people gave more than one answer.

Those who believe the American troops have become less popular, mention several of the same points as above — the conduct of the troops and their attitude toward the Germans, the length of the occupation and its effect on the German economy — but draw opposite conclusions.

(If "Less liked") "Why?"

	AMZON	Berlin	Bremen
Misconduct	5%	1 $\frac{1}{2}$ %	3%
Length of occupation; we have our own gov't	2	1	-
Economy is hampered	1	1	-
They are arrogant	1	1 $\frac{1}{2}$	-
Others	3	1	-
No opinion, no answer	-	-	-
	<u>12%</u>	<u>4%</u>	<u>3%</u>

IN SHORT ...

From the replies to the foregoing questions, a pattern of attitudes generally favorable toward Americans emerges.\* As other studies have shown, these sentiments do not necessarily imply acceptance of American ideals or approval of specific occupation policies. Nevertheless, it is significant that the proportion expressing these favorable attitudes has tended to increase, while the number manifesting neutral and unfavorable attitudes has declined. Thus the present evidence controverts the belief that there is an increasingly widespread hostility toward Americans which may be taken to signify resurgent nationalism While hostile attitudes toward Americans may be given freer expression by those who hold them, results indicate that they have not become more generalized among the population.

\* On questions directly bearing upon American prestige, allowance has to be made for a tendency on the part of some respondents to somewhat inflate their praise for Americans when talking to German interviewers in U.S. employ. However, experiments have shown that the magnitude of any such tendencies is not such as to invalidate overall conclusions.

315814

RG 466  
Entry McCLOY PAPERS  
File D49 410-429  
Box 5

DECLASSIFIED  
Authority NND 857579  
By SLP NARA Date 8/26/99

~~RESTRICTED~~

PART II

CRITICISM OF THE RUHR STATUTE

The Ruhr territory, and especially the Ruhr Statute also came in for discussion during the heat of the electoral campaign, with aspersions thrown from right and left at Western policies on the issue. Again, many observers saw this as a demagogic appeal to re nascent German nationalism. Accordingly, opinions on the Ruhr Statute were measured to see if any upsurge in antagonism has occurred which would suggest rising nationalistic sentiments.

Two inquiries, originally posed in February 1949, were repeated:

1. Have people heard of the Ruhr Statute?
2. What effect will the agreement have on Western German economy?

315815

RG 466  
 Entry McCLOY PAPERS  
 File D49 410-429  
 Box 5

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~RESTRICTED~~

## WANING AWARENESS OF RUHR STATUTE ...

Extent of public awareness of the Ruhr Statute — and hence probably too of public interest — has dropped sharply since last measured early in the year. The February and September results are contrasted below:

"Have you happened to read or hear anything about the Ruhr agreement as concluded last winter?" \*

	AMZON		Berlin		Bremen	
	Feb 49	Sep 49	Feb 49	Sep 49	Feb 49	Sep 49
Yes	46%	30%	59%	33%	53%	27%
No	54	70	41	67	47	73
	100%	100%	100%	100%	100%	100%

Where majorities in Berlin and Bremen — almost half in AMZON — indicated awareness of the Ruhr Statute in February, only a relatively small minority everywhere sampled indicated such awareness in September. Clearly the Ruhr Statute has made no great impression on the German mind, and with the pressure of other events, many people have even forgotten they have ever heard or read anything about the agreement.

## SHARP DROP IN NEGATIVE ATTITUDES ...

Germans who have retained their awareness of the Ruhr Statute show a sharp drop in adverse judgments as compared to the February results.

"What effect will the Ruhr agreement have on the economic condition of Western Germany — a good, a bad, a very bad one, or will it have no effect at all?" (Asked only of respondents who had indicated they had heard or read about the Ruhr agreement.)

	AMZON		Berlin		Bremen	
	Feb 49	Sep 49	Feb 49	Sep 49	Feb 49	Sep 49
Good	7%	9%	21%	19%	6%	11%
Bad	23	7	25	2	22	4
Very bad	5	1	4	1	8	1
No effect	2	1	1	1	3	-
No opinion	9	12	8	10	14	11
	46%	30%	59%	33%	53%	27%

In all three geographic areas surveyed, the above figures make apparent there has been a marked decline in the proportion of respondents who feel that the Ruhr Statute will have a bad or very bad effect on the Western German economy. So in this particular segment of German attitudes the conclusion must be that there is definitely no indication of an increase in antagonism that could be taken as symptomatic of rising nationalism.

\* The question put in February 1949 went as follows:

"Have you happened to read or hear anything about the Ruhr agreement?"

RG 466  
Entry McCLOY PAPERS  
File D49 410-429  
Box 5

DECLASSIFIED  
Authority NND 857579  
By SLP NARA Date 8/26/99

~~RESTRICTED~~

PART III

RACIST ATTITUDES

For some observers the charge of rising nationalism over the last few months has been largely prompted by what appeared to them to be indications of increased racist feeling in Germany - primarily anti-Semitism. It is therefore important in answering the question whether or not nationalism is on the rise, to scrutinize racist sentiments among the German people.

The analysis is based on trends of opinion regarding:

1. The fitness of particular races to rule.
2. Relative inferiority of particular races.

Added questions probed such issues as:

1. Whether a third-generation German Jew is a "real" German.
2. Which nationals would people like most to work under, and least like to work under.
3. What are the relative cultural levels of various countries?

RG 466  
 Entry McCLOY PAPERS  
 File D49 410-429  
 Box 5

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~RESTRICTED~~

DIFFICULTIES OF MEASUREMENT ...

The difficulties of trying to measure so complex an attitude as racism are manifold. For one thing, the public, in Germany as elsewhere, is not sure of the meaning of the term "race." Its nearest approach to an anthropological definition is to speak of white, black, yellow races. Generally, however, people talk in terms of "European," "British," "German," "French," races. In other words, many persons confuse nationality and culture with race. In this respect, western Germans share the limitations and ignorance of other nations, but in larger proportions probably, because of the fanatically false teachings of the Nazis on the subject. Another factor which adds to the difficulty of measuring racist attitudes applies especially to anti-Semitism. The German public is well-aware of the stigma attached to Germany because of her past record. Thus when the term "Jew" is used in a question, the verbal reply may be guarded, and not an entirely accurate reflection of attitudes.

FITNESS TO RULE ...

If racist sentiments are on the rise, increasing proportions of Germans might be expected to espouse the belief that some races are more fit to rule than others. But in fact there has been no such increase in past years, and viewing the AMZON trend over the last year, there has been a decrease in the number of those who see some human races as more fit to rule.

"Do you think that some human races are more fit to rule than others

	Dec 46	Nov 47	March 48	Oct 49
Yes	48%	42%	54%	44%
No	35	42	31	37
No opinion, no answer	17	16	15	19
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

The above facts fail to support, of course, any thesis of a recent nationalistic rise in racist feeling. However, it may be seen in the current results below that except in Hesse and in Bremen, the plurality view is still that some races are more fit than others to rule.

	Bavaria	Hesse	W-Baden	AMZON	Berlin	Bremen
Yes	47%	35%	47%	44%	63%	36%
No	34	44	37	37	33	53
No opinion, no answer	19	21	16	19	4	11
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

315818

~~RESTRICTED~~

RG 466  
 Entry McCLOY PAPERS  
 File D49 410-429  
 Box 5

DECLASSIFIED  
 Authority AND 857579  
 By SLP NARA Date 8/26/99

~~RESTRICTED~~

Persons who claimed superior ability for some races were asked to specify which races they had in mind. Replies show some confusion about the term, e.g. Allies, Protestants, and of course, various national groups are named among the races. Obviously, however, the idea of white, and especially Nordic superiority finds most favor. Combined mention of such groups, as the white race, Nordic, Germans, British, and Americans, totals more than any mentions of other groups.

"Which ones are more fit to rule?" (Asked of people who say some races are more fit to rule.)

	Bavaria	Hesse	W-Baden	A-ZON	Berlin	Bremen
1. <u>White Race, Europeans</u> "White," "occidental race"	27%	15%	27%	24%	21%	25%
2. <u>Germans</u> "Prussians," "North Germans"	7	5	5	6	14	2
3. <u>British</u>	4	5	3	4	12	3
4. <u>Americans</u> "Those who are in the saddle - first it was the Germans, now it is the Americans"	5	3	3	4	12	2
5. <u>Nordic Race, Teutonic Race</u>	2	6	3	3	6	3
6. <u>French</u>	1	1	1	1	2	1
7. <u>Jews</u> "Because they are eager for power," "because they have the money," "the Jewish race"	2	1	2	2	3	1
8. <u>The Asiatic Race</u> "The Asiatic race, first of all I have the Russians in mind," "the Japanese"	1	-	1	1	3	-
9. <u>Others</u> "Italians, Protestants," "all - except the Jews - are equally well fitted," "the big powers," "those more reasonable," "the black," "the Romans, the Herrenmenschen," "the Allies," "Austrians," "the pure races, not mongrels"	1	2	1	1	3	1
10. No opinion, no answer	2 5%	3 41%*	4 50%*	3 40%*	4 80%*	2 40%*

\* Percentages total more than the proportion asked the question because some people mentioned more than one race.

~~RESTRICTED~~

RG 466  
 Entry McCLOY PAPERS  
 File D49 410-429  
 Box 5

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

315820

RESTRICTED

INFERIOR RACES ...

A corollary question - "Do you think that some races are inferior to others?" - similarly yields in its trend results no evidence of any recent increase in racist feeling - as measured by this type of inquiry. Again whatever trend changes had occurred were in the opposite direction -- toward a decrease in racist sentiments.

"Do you think that some races are inferior to others?"

	AMZON			Berlin	Bremen
	March 1948	June 1948	Sept 1949	Sept 1949	Sept 1949
Some races inferior	43%	36%	34%	30%	44%
No difference	46	53	56	66	54
No opinion, no answer	11	11	10	4	2
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

The present state of affairs, it should be noted, is that majorities in AMZON and Bremen - two out of three in Berlin - do not hold the belief that some human races are inferior to others.

Among the minority who do believe in racial inferiority the questioning was pursued further to discover whether these racial differences were considered to be biological - the pure racist dogma - or cultural. These people were asked if they thought that the inferior races could through education be raised to the level of the superior races.

The results reveal the proportions of unambiguous racist - those who hold that such education is impossible - to be 13% in the U.S. Zone, 12% in Bremen and 17% in Berlin.

It is noteworthy too, that the better educated and the upper social groups are more likely to feel that education would not help, thus presumably holding that racial differences are biological, not cultural. On the other hand, German men, generally better educated than German women, are less inclined to this view. An interesting finding is that refugees more than "native" AMZON Germans take the cultural view. An explanation may be that many of them have lived in non-Germanic countries.

"Do you think it is possible to educate these inferior races up to the level of other races?" (asked of the 34% who said some races are inferior.)

	Yes	No	No opinion	...	100%
AMZON Total	55%	39%	6%	...	100%
By Education:					
Volksschule	56	38	6		
More than Volksschule	51	45	4		
By Sex:					
Men	65	31	4		
Women	47	46	7		
By Socio-Economic Level:					
Lower	56	37	7		
Lower middle	56	41	3		
Upper middle and Upper	41	54	5		
By Derivation:					
Refugees and Expellees	62	32	6		
"Natives"	53	41	6		

RG 466  
 Entry McCLOY PAPERS  
 File D49 410-429  
 Box 5

DECLASSIFIED  
 Authority NND 857579  
 By SLP NARA Date 8/26/99

~~RESTRICTED~~

WHO ARE "REAL" GERMANS? ...

To measure the extent of belief in the myth of "pure" race as applied to Germany, people were queried on whether they thought a Jew, a Frenchman, and a gypsy whose parents and grandparents had been born in Germany could be considered "real" Germans. Almost seven in ten U.S. Zone Germans assert that a third-generation German Jew is a "real" German, but 28% say he is not - which gives some estimation of the proportion of AMZON Germans who may be considered to day to be at least latently anti-Semitic.

"In your opinion, is a Jew whose parents and grandparents were born and grew up in Germany a real German or not?"

	Bavaria	Hesse	W-Baden	AMZON	Berlin	Bremen
Yes	68%	71%	66%	68%	79%	72%
No	25	25	31	28	21	24
No opinion	4	4	3	4	-	4
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

For whatever light it may shed on the strength of anti-Semitism in Germany it must be noted that the Jew fares better on this question than does a Frenchman or a gypsy.

About six in ten U.S. Zone Germans feel that a "Frenchman" whose parents and grandparents were German born would be a real German. About a third take the opposite view, and the remainder have no opinion. Persons in West Berlin and Bremen are somewhat more inclined than AMZON Germans to acknowledge German nationality.

"Do you think a Frenchman whose parents and grandparents were born and grew up in Germany is a real German or not?\*"

	Bavaria	Hesse	W-Baden	AMZON	Berlin	Bremen
Yes	53%	58%	57%	53%	67%	75%
No	35	33	37	35	32	22
No opinion	7	9	6	7	1	3
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

\* This question is possibly more difficult to answer than the one on a Jew or a gypsy. The term "German Jew" can be properly applied to a particular religious group, and the term gypsy to a culture group. But a French German may appear to be a contradiction in terms.