

DECLASSIFIED

Authority: NND 760050

By: TD NARA Date 11/19/99

RG 59
Entry 198D
File 740.00119 (AUSTRIA)
5-1345-5-2845
Box 3649

DEPARTMENT OF STATE

INCOMING TELEGRAM

64041 DIVISION OF CENTRAL SERVICES TELEGRAPH SECTION

PEM-350
This telegram must be closely paraphrased before being communicated to anyone. (SECRET)

Caserta

Dated May 17, 1945

Rec'd 5:25 p.m.

Secretary of State,
Washington.



2204, May 17, 1 p.m.

BRIT War Office has informed SAC that request of Jewish Agency to recruit for Jewish Brigade group of Eighth Army to replace non-Jews in Brigade so that occupational group will be entirely Jewish, has been refused.

SAC has been directed to provide War Office with full record of Jewish Brigade in action with an appreciation of its value as a fighting formation, and statement of its battle casualties.

In accordance with Churchill's public statement in Sept. 1944 BRIT are committed to use Jewish Brigade for occupational duties. Since Jewish Brigade group may be predominantly Slav, War Office requests comments on its suitability for occupational role in Austria.

All future moves of Jewish Brigade, as well as personnel scheduled for release will be referred to War Office before action is taken by either Mid-East or AFHQ.

Ana. FC
Rev. FC
Cat. _____
Dist. _____

KIRK

JUN 1 1945

Control Signal File

740.00119 CONTROL (AUSTRIA) / 5-1745

LMS

204084

DECLASSIFIED
Authority NND 760050
By TJ NARA Date 1/19/99

RG 59
Entry 198D
File 740.00119 (AUSTRIA)
5-1945-5-2645
Box 3649

DEPARTMENT
OF
STATE

INCOMING 72611
TELEGRAM

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION



RC-1497
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (SECRET)

Dated May 26, 1945
Rec'd 6:15 p.m.

Secretary of State
Washington

2365, May 26, 6 p.m.

Alexander has replied in part to War Office message
740.00119 Control (Austria) / 5-1745
(REOUR 2204, May 17, 1 p.m.) under reference, with brief
history of Jewish brigade in action with BRIT Fifth Corps
in Italy, and observation that brigade fought well.

In view of many and complex problems already existing
in connection with occupation of Austria SAC considers
it advisable to avoid adding to difficulties by employing
Jewish brigade in occupational role during initial stage.

KIRK

RB

JUN 1 1945
INTEND

| | |
|-----------|--------------------|
| DCR - EUR | |
| Anal. | <i>[Signature]</i> |
| Rev. | <i>[Signature]</i> |
| at | |
| Dist. | |

740.00119 CONTROL (AUSTRIA) / 5-2645

Confidential File

DECLASSIFIED
 Authority NND 76005D
 By TJ NARA Date 11/19/99

RG 59
 Entry 198D
 File 740.0019 CONTROL
(AUSTRIAN) 5-29-45
 Box 3649 6-445

OFFICE OF STRATEGIC SERVICES
 WASHINGTON, D. C.

~~TOP SECRET~~
 CONTROL

29 May 1945

MEMORANDUM FOR THE SECRETARY OF STATE:

The following information, from an Austrian source with excellent French connections, was transmitted by the OSS representative in Paris on 28 May:

On 17 April, de Gaulle signed a decree authorizing the formation of an Austrian battalion of 1000 men recruited among Austrian prisoners of war. This battalion will be used for police duties in the French zone of occupation in Vorarlberg and Tyrol, and would be a part of the French Army.

A commission of 12 men, largely of Jewish origin and drawn from the various Austrian committees in France, began recruitment on 25 April. The POEN [Provisional Austrian National Committee] delegate to Paris is reported to have advised against the formation of this battalion.

The battalion at present is being trained near Clermont-Ferrand. Its director is a French Lieutenant-Colonel, Etienne, who reportedly is a former member of the Deuxieme Bureau. All of the other officers are Austrian, though some of them hold commissions in the French Army. The senior Austrian officer

~~TOP SECRET~~

204087

DECLASSIFIED
 Authority: NND 760050
 By: TJ NARA Date 11/19/99

RG 59
 Entry 198D
 File 740.0019L on 7/24/84
 (AUSTRIA) 5-304
 Box 3649 6-445

~~TOP SECRET~~
CONTROL

- 2 -

and nominal commanding officer is a Lieutenant Roger, alias Roman [Robert ?] Frisch, who prior to the war was connected with the Christian Democratic Paris newspaper l'Aube and claims to be a friend of Bidault. Another Austrian officer is a Dr. Roehninger, who reportedly held an important position in Starhemberg's Heimwehr. The liaison officer to the French is Captain Gaston, alias Roth.

Under the auspices of the battalion, three teams reportedly will be sent shortly to Austria on unofficial and secret political, economic and military missions. The first team includes Eugen Frisch, of the Association pour la Liberation de l'Autriche, and a Dr. Medinger. Its trip has been arranged by the French Ministry of Foreign Affairs.

French Military Government for Austria is reported to have been formed and will be headed by General Chauviet. The only Austrian on the staff, Dr. Reichmann, presently holds the rank of lieutenant in the French Army. Prior to Anschluss he was a judge.

In order to gain prestige in their zone of occupation in Austria, the French are contemplating an exchange rate of 6 or 7 francs to the mark instead of the present official rate of 5.

G. Edward Buxton
 G. Edward Buxton
 Acting Director

~~TOP SECRET~~

204088

DECLASSIFIED
Authority: NND 760050
By: TU NARA Date 1119 99

RG 59
Entry 198D
File 740.0019 Control
(AUSTRIA) 5-2945
Box 3649 6-445

~~TOP SECRET~~

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

FC
CONTROL

29 May 1945

DEPARTMENT OF STATE
RECEIVED
NOV 20 1950
DIVISION OF
COMMUNICATIONS AND RECORDS

OFFICE OF EUROPEAN AFFAIRS
DISTRIBUTION
JUN 1 1945
OFFICE
DEPARTMENT OF STATE

ASSISTANT SECRETARY
MR. HOLMES
MAY 30 1945
DEPARTMENT OF STATE

TO: Brig. Gen. Julius C. Holmes
Assistant Secretary of State

SUBJECT: Report Received in OSS.

~~WE - Mr. C. ...~~
~~CE - Mr. ...~~

Transmitted herewith for your information

is copy of a memorandum which the Acting Director,
OSS, is sending to the Secretary. This memorandum
deals with French occupation plans in Austria.

~~FC - Mr. ...~~
~~Miss ...~~
DC/R

John Magruder
John Magruder, Brig. Gen.
Deputy Director, OSS
Intelligence Service

Enclosure.

DIVISION OF FOREIGN ACTIVITY CORRELATION
OPC
JUN 1 1945
file John
DEPARTMENT OF STATE

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D) or (E)
NND # 740190
By: CVK NARS, Date 29 JAN 1975

2 DC/R
Anal

NOV 20 1950

~~TOP SECRET~~

740.0019
CONTROL
CONROL (AUSTRIA) / 5-2945
TOP SECRET
FILED
A/Vs/5-2945

DECLASSIFIED
Authority NND 760050
By TU NARA Date 11/19/99

RG 59
Entry 198D
File 740.00119 CONTROL
(AUSTRIA) 5-3145
Box 3649 6-445

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

77191

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

MF-1059

This telegram must be
closely paraphrased be-
fore being communicated
to anyone. ~~(SECRET)~~

Caserta

Dated May 31, 1945

Rec'd 3:15 p.m.

Secretary of State

Washington



DECLASSIFIED

E.O. 11652, Sec. 3(E) and 5(D) or (E)
NND # 740190
By CDIER NARS, Date 2-9 JAN 1975

2425, May 31, 8 p.m.

OSS report states that Apr. 17 de Gaulle signed
decree authorizing formation of Austrian battalion re-
cruited from Austrian POWS and equipped by French for
police duties in French zone occupation in Austria.
Decision to form such battalion is understood to have
been taken against advise of PCEN delegation to French
GOVT. Battalion directed by French Lt. Col. Etienne,
all other officers Austrian. Austrian commanding officer
is Lt. Roger, alias Roman Frisch, who claims to be in-
timate friend Bidault.

Under auspices of battalion three teams are al-
legedly ready enter Austria on unofficial and secret
political, economic and military missions.

French military GOVT for Austria reported have been
formed under head Gen Chauviet.

Sent DEPT, rptd Paris 144.

To gain prestige in their Austrian zone French are
contemplating exchanging mark at rate of six or seven
francs instead of official rate five francs.

KIRK

JT

740.00119 CONTROL (AUSTRIA) /5-3145

COMMUNIST FILE

DCR - EUR Unit
Dist.
anal

204090

DECLASSIFIED

Authority AIND 468103
By AI NARA Date 1-18-01

RG 131
Entry FOREIGN FUNDS CONTROL
File PEITLER, JOHN W. (MR)
Box 335 (C.F.)

FOREIGN FUNDS CONTROL

To:

(1) Miss Burnett
 (Room) (Bldg.)

(2)
 (Room) (Bldg.)

(3)
 (Room) (Bldg.)

Hold

Gall
Newfill

From: D. Wilson 10/2/46
 (Date)

.....
 (Room) (Bldg.)

DECLASSIFIED

RG 131

Authority *AIND 468103*

Entry *FOREIGN FUNDS CONTROL*

By *AT* NARA Date *1-18-01*

File *PEHLE, JOHN W. (MR)*

Box *335* *(C.I.F.)*

Gold

Berlin, August 24, 1946

CONFIDENTIAL

No. 6318

SUBJECT: GOLD STOCKS IN RUMANIAN NATIONAL BANK INCLUDING GOLD RECEIVED FROM GERMANY DURING THE WAR.

The Honorable
The Secretary of State,
Washington.

Sir:

Treas - pet enes

*ES CE
FN SE
FC Ga*

I have the honor to refer to Despatch No. 868 of April 10, 1946 prepared by the American representative in Rumania on the subject of "Gold Stocks in Rumanian National Bank Including Gold received from Germany during the War", and to forward herewith a memorandum with enclosures dated 23 July 1946 entitled "Gold Received By the National Bank of Rumania, Bucharest, from the Reichsbank, Berlin during the War" which has been prepared by the Foreign Exchange Depository, OMGUS, (Rear Echelon). The memorandum was prepared, it is understood, with a view to checking as far as possible the Bucharest despatch, a copy of which was made available to the Finance Division, OMGUS.

nc 29/9

Respectfully yours,

FOR THE AMBASSADOR:

Donald B. Heath,
Counselor.

Enclosure:

1. Memorandum with enclosures *only 2 copies available*
dated 23 July 1946.

*1 with copy
1 dist as indicated
NCR*

In triplicate to the Department
Copy for CE - Mr. Riddleberger
File No. 851
LVBsteere:em

204092

*1. Stinson
J. Shuman
47*
*Burnett
47*

ROYAL GOVERNMENT OF ROMANIA
Office of the Governor

Bucharest, April 10, 1946.

~~ABSOLUTELY CONFIDENTIAL~~

His Excellency
Mr. G. Patarscu
Minister of Foreign Affairs and
Vice President of the Council of
Ministers

Dear Minister,

In reply to your letter no. 7282 of March 8 last, by which you sent us copies of three letters received by your Department on March 5, from the United States Mission, the British Government representation and the Representation of the French Government in Rumania, and in which you asked us to give you the data which you find necessary in order to reply to those letters, we have the honor to inform you of the following:

Allozarea fine gold

National Bank of Rumania,
gold available (beside gold
frozen-blocked-in clearing
accounts), on September
1945

147,834.0

of September 1945 and
August 27, 1944. The quantity
available increased by

29,331.0

total available quantity
of gold on August 27, 1944:

177,165.0

Of the total of 177,165.0 allo-
zarea of fine gold by which the
quantity of gold of the National
Bank of Rumania had been increased
between September 1945 and
August 27, 1944, the gold coming
from Germany represents

55,289.7

Of this, there are in the country
in ingots

42,774.0

In Switzerland deposited with the
Banque des Banques Suisses, in ingots
and in coins

7,891.8

2,514.2

which means a grand total of

107,580.7

60,169.7

167,750.4

Box 335 (C.I.F.)
File PELLE, JOHN W. (M.R.)
Entry FOREIGN FUNDS CONTROL
RG 131

By A.I. NARA Date 11-18-90
Authority AND 968103
DECLASSIFIED

204093

Details concerning the situation of quantities available in gold, and the increase of these quantities in the period between September 1, 1939 and August 23, 1944, are given in the notes included herewith.

As regards the gold from Germany, it was sold to us under the Agreements for Payment signed with that country at various times, to wit:

| | <u>Kilograms fine gold</u> |
|---|----------------------------|
| In accordance with the letter annexed to Agreements of April 24, 1940, ingots | 3,427.6 |
| In accordance with the letter annexed to Agreements of January 17, 1942, ingots | 14,347.7 |
| In accordance with the letter of February 2, 1943 which is part of Agreements of February 2, 1943, ingots | 29,996.7 |
| In accordance with the Protocol of February 9, 1944 | |
| in ingots | 7,891.6 |
| in coins | 2,514.2 |
| | 10,405.7 |
| Total | 88,169.7 |

As you know, this gold was sold to us by Germany in accordance with the above-mentioned Agreements, in order to reduce the large debt in RM (Reichsmarks) in the German-Rumania clearing which the Reich entered into as a result of exports or services rendered by Rumania to Germany, and in exchange for which Germany was unable to provide for Rumania, as she should have done, an equivalent importation of goods.

In fact, at the dates upon which the Agreements were signed by virtue of which the above-mentioned purchases of gold took place, the credit balances in favor of Rumania, were as follows:

| | |
|-----------------------------|------------------|
| Reichsmarks 43.1 million on | April 24, 1940 |
| " 281.0 " | January 17, 1942 |
| " 556.7 " | February 2, 1943 |
| " 581.0 " | February 9, 1944 |

At the end of August 1944, the credit balance of Rumania, that is to say Germany's debt toward us in the German-Rumanian clearing - after payment of the gold, naturally - was:

1,053.4 million Reichsmarks that is 1,817.8 Swiss Francs for which we do not see, for the time being, immediate possibilities of liquidation.

The above shows that these transactions (operations) were of a purely commercial nature: a sale of gold by the

debtor

RG 131
 Entry File
 File PELLE, JOHN W. (MR)
 Box 335 (C.F.)

AUTHORITY AND 48103
 BY AT NARA DATE 11-18-00
 DECLASSIFIED

460402

DECLASSIFIED

RG

131

Authority AIND 968103By AI NARA Date 1-18-99Entry FORGION FUNDS CONTROLFile PETLE, JOHN W. (MR)

Box

335CCIFJ

204095

debtor country in the clearing - in this case with Germany - to the creditor country - Rumania - with a view to reducing partially the debt of the former.

The gold thus received only represents, therefore, part of the compensation for exports or services rendered by Rumania to the German Reich. One must also add that all the quantities of gold delivered by Germany to Rumania were sold officially by the Reichsbank to the National Bank of Rumania under conditions and formalities usual to this kind of transaction.

Upon receipt of each shipment of gold, the National Bank of Rumania checked the ingots received and found that they all bore the mark of the Reichsbank. This observation, together with data concerning the cipher weight and content of the ingots are written in our treasury register.

A new check-up on these ingots - although the National Bank of Rumania is prepared to make it, is not possible for the time being because, as you know, the gold brought from Germany, as well as the rest of the Treasury of the National Bank of Rumania, is deposited in a cave in the mountains at 300 kilometers from Bucharest. Access to the cave is difficult and the entrance was filled in with 24 feet of reinforced concrete. In order to gain access to the gold one must therefore break the wall. On the other hand, considering the location of the cave, the handling and opening of the 4,000 crates which contain the German gold cannot be carried out on the spot. Under these conditions, the verification will only become possible when circumstances allow us to open the cave and bring the gold to Bucharest in complete safety.

As regards the gold sold to us by Germany, deposited with the Union des Banques Suisses, I have taken steps in order to ask that organization to communicate to us the characteristics of all the ingots which form the quantity of 2,514 kilograms fine gold or coins which they hold in our account. We shall inform you as soon as we have the answer of the abovementioned bank.

Finally, the National Bank of Rumania wishes to inform you that you may give the Allied Missions which signed the notes which you have forwarded to us, formal assurances that the gold which forms the object of this letter - both that in Rumania and that abroad - is now at our free disposal, exactly in the same condition as that of the moment it was delivered to us.

Please accept Mr. Minister the assurance of my very high consideration.

GOVERNOR

/s/ Tataranu

DECLASSIFIED

RG 131

Authority *AWD 468103*

By *AT* NARA Date *1-18-01*

Entry *Foreign Funds Control*

File *PELLE, JOHN W. (MR)*

Box *335 (C.I.F.)*

Frankfurt

April 10, 1946.

~~CONFIDENTIAL~~

No. 358

SUBJECT: Gold Stocks in Rumanian National Bank Including Gold Received from Germany during the War.

CONFIDENTIAL

THE SECRETARY OF STATE

WASHINGTON

I have the honor to refer to this mission's despatch no. 1570 of March 14, entitled "American Request of Rumanian Government for Examination of Gold Records of Rumanian National Bank", attaching its note of March 6 to the Rumanian Foreign Office, which in collaboration with the British and French representatives, asked for report upon the amount of gold in the possession of the Rumanian National Bank, the quantity received from Germany during the war, and that the Rumanian Government should make no alterations in its gold stocks transferred by Germany until an examination of the Reichsbank's accounts is completed by the Allied Governments.

The Mission has now received the enclosed reply from the Rumanian Foreign Office attaching a letter from the Director of the Rumanian National Bank, which is dated March 8. In view of the detailed information given in these documents, they are transmitted in order that the Department may study its contents in connection with data secured as a result of an investigation of the Reichsbank accounts.

A copy of this despatch is being transmitted to the office of the American Official Adviser at Frankfurt for its use in cross-checking with the American authorities investigating the gold transactions of the Reichsbank.

Very truly yours,

Burton Y. Berry
Representative of the United States
in Rumania

Signature:

Not from Rumanian Foreign Office.

204096

Levelbourne:whb

DECLASSIFIED
 Authority AIMD 468103
 By A-1 NARA Date 1-18-01
 RG 131
 Entry Foreign Funds Control
 File PEHLE, JOHN W. (MR)
 Box 335 (C.I.F.)

STATEMENT OF QUANTITIES OF GOLD AVAILABLE
 NATIONAL BANK OF ROMANIA

| | | <u>Kilograms fine gold</u> |
|---|----------|----------------------------|
| Gold of National Bank of Rumania available on September 1, 1939 | | |
| In Rumania | | 116,846.2 |
| Abroad | | |
| England | 23,686.8 | |
| Switzerland | 6,451.0 | |
| Belgium | 885.5 | |
| Netherlands | 530.7* | |
| | | <u>31,553.5</u> |
| | | 147,689.3 |
| Increases between September 1, 1939 and August 23, 1944, by home production | | |
| | | 17,155.5 |
| Bought in Rumania and abroad | | |
| | | 20,975.8 |
| Bought in Germany and brought to Rumania: | | |
| 1940 | 3,427.6 | |
| 1942 | 14,847.7 | |
| 1943 | 29,998.7 | |
| | | <u>47,774.0</u> |
| Deposited in Switzerland: | | |
| 1944 in ingots | 7,681.5 | |
| in coins | 2,514.2 | |
| | | <u>10,395.7</u> |
| | | <u>58,169.7</u> |
| | | 95,331.0 |
| Total available on August 23, 1944 | | |
| | | <u><u>244,013.3</u></u> |
| This available quantity was deposited as follows: | | |
| In Rumania: gold from Germany | | 47,774.0 |
| others | | <u>144,538.5</u> |
| | | 192,312.5 |
| Abroad: | | |
| U.S.A. | | |
| England | 11,660.4 | |
| Switzerland: | 10,395.7 | |
| From Germany | 10,395.7 | |
| Other | 19,252.3 | |
| | | <u>29,848.3</u> |
| | | <u>51,700.6</u> |
| | | <u>244,013.3</u> |

Gold

* Besides 146.8 kilograms of gold blocked in the Netherlands clearing, liquidated in the meantime.
 Besides 1,499.9 kilograms of gold blocked even now in the Public Debt account.

DECLASSIFIED

RG 131

Authority AIND 468103
By AT NARA Date 1-18-04

Entry FOREIGN FUNDS CONTROL
File PEHLE, JOHN W. (MR)
Box 335 (C.F.)

Gold from Germany on March 6, 1948:

| | |
|--|-----------------|
| In Rumania | 47,774.0 |
| In Switzerland (Union des Banques Suisses) | 10,395.7 |
| | <u>58,169.7</u> |

That is, in exactly the same situation as it was on August 23, 1944.

DECLASSIFIED
Authority 978025
By TJ NARA Date 9/28/99

KU 26
Entry 69A4707
File GERM: GOLD LOOTED HOLDING + TRANSFER
Box 80

DIVISION OF
COMMUNICATIONS AND RECORDS
TELEGRAPH BRANCH

DEPARTMENT OF STATE

INFORMATION
COPY

Germ: Gold Files

OUTGOING TELEGRAM

SECRET

6 P.M.

CONTROL

8630

JUL 28 1950

BRUSSELS,

FRANKFURT.

739

Guiding principles recommended for delivery gold to
TGC outlined PARA 1 URTEL 5528 June 27 approved. BRIT
being invited to proceed under same principles. You may
proceed delivery gold destined TGC including 10 Czech bars.
Consideration has been given effect possible Czech reaction
if and when they learn that this gold classified as monetary.
However, possible Czech reaction believed minimized because
you were unaware ultimate classification principles as agreed
Brussels conference when previously informing Czechs such
bars would go IRC. You may consider tripartitely with other
NICOES principles and procedure outlined PARA ~~2~~ 1 (c) REFTEL.
Sent to Frankfurt: Repeat to Brussels.

CODE ROOM: REPEAT TO BRUSSELS FOR FOX AND FLETCHER.

ACHESON

WFB:WFrchlich:mg

7-14-50 GEA

(Cleared in Draft with
(T/AS - Mr. Smith
(R - Mr. Truesdell
(L/GER - Mr. Purman
(L/R - Mr. Hague)

S/S-GE

SECRET

DECLASSIFIED
Authority 978025
By TJ NARA Date 9/28/99

KU 06
Entry 69A4707
File GERM: GOLD/LOOTED
HOLDING + TRANSFER
Box 80

DEPARTMENT OF THE ARMY *German Gold*
STAFF MESSAGE CENTER
OUTGOING CLASSIFIED MESSAGE

SECRET

PARAPHRASE NOT REQUIRED

Civil Affairs Division
Lt Col A L Jorgenson
Ext 75140

To: COMGEN OMGUS, CINCEN
NR: WARX 89578

3 Jun 49

Fr CSCAD cite EUR. Reourad June 48 WX 85011, and urad CC 8623. Czech gold bars is subj.

1. In case of diamonds taken by Nazis fr persecutees resident in Czecho, it was decided that restitution to Czecho was reqd (ourad June). Since in this case Czecho claims that ref gold bars derived fr Nazi victims resident of Czecho disposition to IRO (assuming that final analysis will not classify these bars as monetary gold) would have to find justification in circumstances which differentiate this case fr that of diamonds. Such differentiation might arise fr nature of oprs of vermogensamt, if known.

2. Would appreciate any info you may be able to obtain re oprs of vermogensamt, particularly as it may relate to Czech claim this gold was derived exclusively fr residents of Czecho.

cc 8623 is CM IN 3491 (18 May 49)

ORIGINATOR: CAD
DISTRIBUTION: CAD(STATE), PO

CM OUT 89578

(Jun 49) DTC
THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, U.S.C. SECTIONS 793 AND 794. THE TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

COPY No. 35

THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN

DECLASSIFIED
 Authority 978025
 By TJ NARA Date 9/28/99

KU 26
 Entry 69A4707
 File GERM: GOLD LOOTED
HOLDING + TRANSFER
 Box 80

CLASSIFIED
 INCOMING
 MESSAGE

SECRET

DEPARTMENT OF THE ARMY
 STAFF COMMUNICATIONS OFFICE

G. M. Gold

SECRET

PARAPHRASE NOT REQUIRED

From: OMGUS Berlin Germany signed Hays

To: Dept of Army for CSCAD

Info: Hq EUCOM

Nr: CC 8623

17 May 49

Reurad WX 88520 Para 2 urad request full information regarding original sources and circumstances. Ourad CC 6848 and CC 6862 November 48 gave you all facts known here. It would appear that issue is whether the ten gold bars, which bear indications of removal from Czechoslovakia and which Czechs claim to originate from Czech victims, are to be returned to Czechoslovakia or be given to IRO.

Instructions to OMGUS contained urad WX 85682 November 46 seem to indicate that source of such gold must not necessarily be a concentration camp, but could be "loot seized or obtained under duress from political, racial or religious victims of Nazi Government". It is our feeling that no distinction could be made between gold rings seized in a gestapo jail, from where people were sent to a concentration camp, or such rings seized in a concentration camp itself.

The decision to be made with respect to the disposition of these gold bars would appear to be of a political nature rather than technical. We felt that the evidence is practically conclusive that these gold bars are non-monetary gold and therefore decided to resolve the remaining doubt in favor of the IRO.

Note: CC 6862 is CM IN 5097 (26 Nov 48) CAD.
 CC 6848 not identified in SMC.

ACTION: CAD

INFO: ID, PO

CM IN 3491

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, U.S.C., SECTIONS 793 AND 794. THE TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

(18 May 49) DTC: 171646Z dgk/D

38

SECRET

DECLASSIFIED
 Authority 978025
 By TJ NARA Date 9/28/99

KU 26
 Entry 69A4707
 File GERM: GOLD LOOTED
HOLDING + TRANSFER
 Box 80

SECRET

CR

DEPARTMENT OF THE ARMY
 STAFF COMMUNICATIONS OFFICE

Room 1 Gold

SECRET

PARAPHRASE NOT REQUIRED

From: ONGUS Berlin Germany signed Hays

To: Dept of Army for CSCAD

Info: Hq EUCOM

Nr: SC 8623

16 May 49

Reurad WX 88520 Para 2 urad request full information regarding original sources and circumstances. Ourad CC 6848 and CC 6862 November 48 gave you all facts known here. It would appear that issue is whether the ten gold bars, which bear indications of removal from Czechoslovakia and which Czechs claim to originate from Czech victims, are to be returned to Czechoslovakia or be given to IRO.

Instructions to ONGUS contained urad WX 85682 November 46 seem to indicate that source of such gold must not necessarily be a concentration camp, but could be "loot seized or obtained under duress from political, racial or religious victims of Nazi Government". It is our feeling that no distinction could be made between gold rings seized in a gestapo jail, from where people were sent to a concentration camp, or such rings seized in a concentration camp itself.

The decision to be made with respect to the disposition of these gold bars would appear to be of a political nature rather than technical. We felt that the evidence is practically conclusive that these gold bars are non-monetary gold and therefore decided to resolve the remaining doubt in favor of the IRO.

Note: CC6862 is CM IN 5097 (26 Nov 48) CAD.
 CC 6848 not identified in SMC.

CM IN 3491 (18 May 49) DTG: 171646Z dgt/D

SECRET

cc: 5/26/49 Messrs. Willis, Arnold, Taylor, Abramson, Schwartz, Bittermann, Eddy, Conway, F. Smith, Mint

204102

DECLASSIFIED
Authority 978025
By TJ NARA Date 9/28/99

KU 26
Entry 69A4707
File GERM: GOLD/LOTTED
HOLDING + TRANSFER
Box 80

DEPARTMENT OF THE ARMY
STAFF MESSAGE CENTER
OUTGOING CLASSIFIED MESSAGE

Form: Gold

SECRET

PARAPHRASE NOT REQUIRED

Civil Affairs Division
Lt Col. A E Jorgenson 75140

To: OMCUS, HQ EUCOM

Re: WARK 88520

12 May 49

Re CSCAD cite EUR. Reurads Nov CC 6849, Nov CC 6862, Jan CC 7527, Apr CC 8222, Apr CC 8253 and ourad Jan WARK 82855. Monetary gold is subj.

1. As requested ourad you should not dspo at this time of 10 bars gold claimed by Czechs.

2. State requests you submit soonest full info re orig. incg specific sources, and other background circumstances on which you base your recm for disposition to IRO.

NOTE: CC 6852 1s CM-IN 5097 (26 Nov 48)
CC 6849 1s CM-IN 5098 (26 Nov 48)
CC 7527 1s CM-IN 18162 (24 Jan 49)
CC 8222 1s CM-IN 14137 (3 Apr 49)
CC 8253 1s CM-IN 14607 (5 Apr 49)

ORIGINATOR: CAD

DISTRIBUTION: CAD(STATE), PO, OAS

CM-OUT 88520

(May 49)

THIS DOCUMENT CONTAINS INFORMATION RELATING TO THE NATIONAL DEFENSE WHICH IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE BY THIS OFFICE AND IS TO BE CONTROLLED AND DISTRIBUTED IN ACCORDANCE WITH THE PROVISIONS OF EXECUTIVE ORDER 11652 AND 11654. THE DISSEMINATION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

DTC 122023Z

33

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THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN

DECLASSIFIED
Authority 978025
By TJ NARA Date 9/28/99

KU 26
Entry 69A4707
File GERM: GOLD LOOTED
HOLDING + TRANSFER
Box 80

Germany Gold - Holdings & Transfers
Treasury Department
Division of Monetary Research

Date May 7, 1945

To: Mr. Coe For Your Information
From: Mr. Southworth

A confidential report of the Federal Reserve Board (dated April 16, 1945) indicates that the Germans seized, or acquired otherwise, \$273 million French gold (including \$223 million formerly belonging to the National Bank of Belgium), \$142 million Netherlands gold, and \$4 million from Danzig. The Germans held \$100 million Italian gold and \$25 million Hungarian gold.

This report indicates further that Germany exported \$40 millions of gold to Rumania, \$8 million to Greece, \$2 million to Slovakia and \$100 million to neutral countries, leaving a net amount of \$571 million in German hands, including an estimated amount of \$177 million held at the outbreak of war.

Germany Gold - Holdings & Transfers

DECLASSIFIED
 Authority 978025
 By TJ NARA Date 9/28/99

KU 26
 Entry 69A4707
 File GERM: GOLD LOOTED
HOLDING + TRANSFER
 Box 80

ORIGINAL TEXT OF TELEGRAM

FROM: Secretary of State, Washington
 TO: American Embassy, Lisbon
 DATED: October 31, 1944
 NO.: 2852

CONFIDENTIAL

FOR INFO FROM THE SECRETARY OF THE TREASURY

"The following information has come to our attention:

"The Bank of Portugal is reported to be trying, at the present time, to sell the larger portion of its gold holdings in Switzerland which consist almost entirely of German gold deposited by the Reichsbank for the account of other Portuguese banks. It is said that the Bank of Portugal has intentions of using these deposits to pay for imports from either Switzerland or Sweden.

"Please investigate and report to us all facts relevant to this matter."

Repeat to Bern No. 3713.

STEPHEN
 ACHES

ef:copy
 11-15-44

Distributed to: Mr. Bell (Mr. Dietrich); Mr. White (Mr. Fisher); Mr. Lufford;
 Mr. Fisher; Mr. Tomlinson; Mr. Ostrow; Mr. Behuncik; Mr. Gold; Mr. Bernstein;
 Mr. Glasser; Mr. Hess.

From Mrs. Fontaine - Room 3457

204105

DECLASSIFIED
 Authority 978025
 By TJ NARA Date 9/28/99

RG 26
 Entry 69A4707
 File GERM: GOLD LOOTED
HOLDING + TRANSFER
 Box 80

AIRGRAM

Fil: Gold

From: Embassy, London
 Date: Oct. 6, 1944
 REC'D: Oct. 18, 4 p.m.

CONFIDENTIAL

Secretary of State
 Washington.

A-1215, October 6, 1944

For Department, Treasury and FEA

For the information of our authorities the text of a letter from MEN to British Embassy, Lisbon, is as follows:

"We have received a report from American secret sources that recently gold ingots with seals showing that they came from Germany, have been sold to the gold and silversmiths by the Portuguese gold and silversmiths' Gremio.

We consider a special warning should be given to the Gremio against handling gold known or suspected to have come from Germany, since it may have been looted or may be replaceable by looted gold. You should call their attention to the Anglo-American declaration of 1st February 1944 concerning looted gold."

Embassy will keep our authorities advised in this matter.

WINANT

AHR:jmc

ef:copy
 10-21-44

Distributed to: Mr. Bell (Mr. Dietrich); Mr. White (Mr. Fisher-Orig.); Mr. Luxford; Mr. Behuncik; Mr. Fisher; Mr. Ostrow; Mr. Tomlinson; Mrs. Gold; Mr. Bernstein; Mr. Glasser; Mr. Sess.

From Mrs. Fontaine - No. 3457

204106

DECLASSIFIED
 Authority 978025
 By IJ NARA Date 9/28/99

KU 26
 Entry 69A4707
 File GERM: GOLD LOOTED
HOLDING + TRANSFER
 Box 80

SECRET
 OFFICE OF STRATEGIC SERVICES
 WASHINGTON, D. C.

Distributed 20 September 1944
 Country Germany
 Subject Transfers of Gold to
 Switzerland

Dissemination No. A-39194
 Original Report No. RB-20443 (pt.)
 Date of Report 18 September 1944
 Evaluation B-3 Usually reliable.
 Possibly true
 report.

1. 8 September 1944: A number of Swiss banks are now embarrassed at having so much stolen gold, and are doing their best to sell it to "sure persons" in spite of the fact that this constitutes a breach of the country's law forbidding the export of gold.
2. The following Swiss banks are definitely known to have received bonds and gold which the Nazis stole from Europe:
 - a. S.A. Ieu & Company, in Zurich, whose director, J. H. Pfeiffer, has done the larger part of handling these German manipulations.
 - b. Credit Suisse, whose director general is Henri Grandjean.
 - c. Societe de Banque Suisse.

cc: Mr. Glasser, Mrs. Gold, Mr. Fisher, Miss Mikulich,
 Mr. Tomlinson, Mr. Schmidt, Mr. Luxford, Mr. DuBois,
 Mr. Bennett, Mr. Schwartz.

copy sh - 10/3/44

204107

DECLASSIFIED
Authority NND 978025
By TJ NARA Date 9/28/99

KU 26
Entry 69A4707
File GERM. GOLD LOOTED HOLDING + TRANSFER
Box 80

Treasury Department
Division of Monetary Research

Date 9-20 19

To: Schmidt (4), DuBois, Luxford,
Saxon-Tomlinson, Fisher

From:

Your recommendations as to possible
action we can take would be appreciated.
Please expedite.

DEPARTMENT OF STATE
WASHINGTON

September 15, 1944

9m
9/21/44
presents his compliments
ary of the Treasury and
the substantial parts of
mber 4, 1944 by Mr. B.
lenipotentiary, Netherlands
he Department as follows:

a letter, which I received
has been established that
y last a quantity of 360
ed into Lisbon by a German
motorcar of the German
ook it to the Legation

a large new safe was
bought by the German Legation and built into the
walls in one of the cellars. It is presumed
that this safe has been specially bought by the
Germans for keeping shipments of gold.

"I thought this information might be of
interest to the authorities concerned of the
United States."

204108

28

*Sugg
have banking
look into this
DWB
9-16*

DECLASSIFIED
 Authority 978025
 By TJ NARA Date 9/28/99

KU 26
 Entry 69A4707
 File GERM: GOLD LOOTED
HOLDING + TRANSFER
 Box 80

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



DEPARTMENT OF STATE
 WASHINGTON

In reply refer to
 ECA

September 15, 1944

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and quotes for his information the substantial parts of a letter addressed on September 4, 1944 by Mr. B. Kleijn Molekamp, Minister Plenipotentiary, Netherlands Embassy, to an officer of the Department as follows:

"...according to a letter, which I received from London today, it has been established that towards the end of July last a quantity of 360 Kilogram gold was landed into Lisbon by a German plane and fetched by a motorcar of the German Legation there, which took it to the Legation building.

"At the same time a large new safe was bought by the German Legation and built into the walls in one of the cellars. It is presumed that this safe has been specially bought by the Germans for keeping shipments of gold.

"I thought this information might be of interest to the authorities concerned of the United States."

204109

DECLASSIFIED
Authority 978025
By TJ NARA Date 9/28/99

RG 26
Entry 69A4707
File GERM. GOLD LOOTED
HOLDING + TRANSFER
Box 80

Germany - gold

United States of America
OFFICE OF STRATEGIC SERVICES
Washington, D. C.

| | | | |
|-----------------|--|-------------------|---|
| COUNTRY | Italy | Dissemination No. | R-21624b |
| SUBJECT | 1. German Seizure of Italian Gold Reserve. | Report No. | TS-91 (PT) |
| Source | 2. Neo-Fascism Weakening | Number of Pages | 2 |
| Sub Source | 3. Cardinal Schuster | Attachments | |
| Date of origin | 23 February 1944 | OSS Evaluation | A-2 Completely reliable Probably true report |
| Place of origin | Switzerland | Distributed | 24 February 1944 |
| | Confirmation of) Supplementary to) | Dissemination No. | |

1. The seizure of the Italian gold reserves by the German bank is reported to have taken place without the knowledge or the cooperation of the German Reichsbank. A person called Veltjens, one of Goering's prominent collaborators on economic matters, went to Rome and personally organized and supervised the seizure of the Italian gold reserve, having brought with him a crew of valut-breaking experts. On this occasion the Germans discovered that the Italian gold reserves were considerably larger than had been represented to them by the Italian authorities on previous occasions. It is understood that Veltjens has since died in an airplane accident.

RESTRICTED

Copied: met 3-1-44

DECLASSIFIED

RG 131

Authority: AND 968103
By: AT NARA Date: 1-18-94

Entry: FOREIGN FUNDS CONTROL
File: PETLE, JOHN W. (MR)
Box: 335 (C.I.F.)

Part Gold

Total Balance of German Reichsbank's Acquisitions and Dispositions of Gold During War
(in millions of dollars)

ACQUISITIONS

DISPOSITIONS

Estimated reserve of non-loot at the outbreak of the war:

Known loot traced in ledgers of the Reichsbank:

| | |
|----------------------|---------------|
| Czechoslovakia | 33.154 |
| Belgium | 223.271 |
| Luxembourg | 4.858 |
| Italy: | |
| { Banca d'Italia } | |
| 61.422 | |
| { Alleged Yugoslav } | |
| 10.509 | |
| _____ | <u>71.931</u> |

Estimated loot believed to have been made available to the Reichsbank:

| | |
|----------------|-----|
| Austria | 46 |
| Czechoslovakia | 17 |
| Danzig | 4 |
| Poland | 12 |
| Holland | 168 |
| Albania | 3 |
| Miscellaneous | 5 |
| _____ | |

ESTIMATED TOTAL GOLD AT REICHSBANK DISPOSAL DURING WAR

149 Shipped to or through Switzerland:

Admitted purchases of BNS since 4 Mar. 1940 275.3

Recorded shipments to BNS since 1 Mar. 1940 minus above purchases - believed credited or transhipped to Portugal, Spain, and others 102.8
(French customs records show shipments of 83 to Portugal and 14 to Spain between 1 July 1943 and 30 May 1944)

333

Estimated shipments to and purchases by BNS between 1 Sept. 1939 and 1 Mar. 1940 (estimated at 3/7 of difference between two figures for admitted purchases) 3.3

Recorded shipments to Swiss private banks after 1 Mar. 1940 20.3 402

254

Shipped directly to other countries:

730

Rumania (recorded shipment of Belgian gold only) 33.8
Sweden (estimated) 18.5 52
(Puhl's global estimate was nearer 30)

Recovered 252.5
Not recovered (Russ. Zone) 9.5 256

Miscellaneous 20
ESTIMATED TOTAL 730

204111

me

Gold

BY HAND Iw
July 12, 1946

SECRET
No. 1609.

EX-105
COPIES

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs and has the honor to refer to the subject of gold sold by the German Reichsbank to the Swiss National Bank.

Information has been obtained in Washington, from sources other than the Swiss Delegation, that the German Reichsbank sold or otherwise transferred to Spain, between February, 1942 and August, 1943, 74,000 kilograms of gold from its deposit in the Swiss National Bank. It is understood that this gold was not included in the confidential report on the disposal of Belgian gold which has been previously obtained.

The American Minister in Bern has been instructed, by the Department of State, to attempt to obtain additional descriptive information on the gold transferred to Spain, particularly with regard to the origin of the gold and, if possible to the marks on the bars involved. Assurances will be given to the Swiss authorities that any information they divulge will be treated as confidential and will not be made known to the Governments of the recipient countries.

It is ..

The Ministry of Foreign Affairs,
Paris.

204112

13
7113
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DECLASSIFIED
Authority AND 105005
By TD
NARA Date 11/26/99

It is respectfully suggested that the Provisional Government of the French Republic may wish to instruct its Mission in Bern to concert in this respect with its American colleague. A similar suggestion is being made to the British Government in London.

Paris, July 12, 1946.

WSP
WSP.sdh

(see Dept's telegram 3348, July 10, 1946)

204113

RG
Entry
File
Box
84
2453
Paris 7
7113
13

DECLASSIFIED
Authority *ND 70505*
By *TD* NARA Date *11/26/99*

DECLASSIFIED
 Authority NND 978025
 By TJ NARA Date 9/31/99

RG 56
 Entry 56-69A 4707
 File Germany: Gold Looted
Holdings + Transfers
 Box 80

Lisbon, March 20, 1944

No. 306

Subject: Transmitting Memorandum Prepared by the Financial Attaché
 on the Gold Position of Germany, Switzerland and Portugal.

The Honorable
 The Secretary of State
 Washington, D. C.

Sir:

I have the honor to transmit herewith as of interest to the Department and for transmittal to the Treasury Department a memorandum prepared by Mr. James E. Wood, Financial Attaché in this Legation, reporting a conversation had by Mr. Wood with Albert Nussbaumer, General Director of Societe Banque Suisse, with regard to the gold position of Germany, Switzerland and Portugal.

Respectfully yours,

For the Minister:

Charles M. Dickerson, Jr.
 First Secretary of Legation

Enclosure:

Report.

863.4

EH/rm

To Department in original and hectograph.

204114

✓ Mr. Dietrich

DECLASSIFIED
 Authority NND 978025
 By TJ NARA Date 9/31/99

RG 56
 Entry 56-69A 4707
 File Germany: Gold Control
Holdings + Transfers
 Box 80

Memorandum to Dispatch No. 308, dated March 20, 1944, from the Legation at Lisbon.

MEMORANDUM

Lisbon, March 10, 1944

To: Edward S. Crocker, Counselor, American Legation, Lisbon
 From: James E. Wood, Financial Attaché, American Legation, Lisbon

Conversation with Albert Nussbaumer, General Director of Societe Banque Suisse, Relating to Changes in German and Swiss Gold Holdings, Gold Owned by Portugal and Gold Backing of Portuguese Currency, and French Payments to Germany.

In the course of two private conversations with Albert Nussbaumer, General Director of Societe Banque Suisse, he communicated to me information on the subjects set forth above which I present herewith.

Before proceeding, I should state that I am aware that the British have delayed Mr. Nussbaumer's projected trip to London pending decision there, based upon evidence presented by a special British representative sent to Lisbon to interview Mr. Nussbaumer, as to whether charges of his alleged connection with the enemy have sufficient basis to warrant refusal of visa. The object of Mr. Nussbaumer's trip to London is to represent the Swiss Government there in negotiations with the British.

German Gold Holdings and Exports

The amount of gold the Germans held at the outbreak of war, increments to their stock of gold obtained from conquered countries, disbursements made from their stock, and the amount they now have in their possession are shown in the table that appears below.

It should be emphasized that the estimate of the present stock of gold in possession of the Germans is based principally upon acceptance of the figure representing the amount of gold they had at the outbreak of the war. That figure, 1.8 billion Swiss francs (= 1.5 billion Reichsmarks converted at 100 Gold Reichsmarks to 125 gold Swiss francs), has been stated by Puhl, who is a Vice President of the Reichsbank and a member of the Board of Directors of the Bank for International Settlements and who is reputed not to be pro-Nazi, to Mr. Per Jacobsson, chief of the Economic Section of the B.I.S. Mr. Nussbaumer is inclined to place credence in the figure. He also believes that the other figures, some of which he has been in position to check, are reasonably accurate. Mr. Nussbaumer is aware that his figures do not agree with those that recently appeared in the London Times. He thinks that the information presented there is so inaccurate as not to merit consideration.

CHANGES IN GERMANY'S GOLD POSITION, 1939-1943
(Billions of Swiss Francs)

A. - Holdings in 1939 and subsequent increments:

| | |
|--|-------|
| 1. Holdings in 1939 (includes amounts taken from Austria and Czechoslovakia) | 1.800 |
| 2. Plus amount taken from Norway, Holland, Belgium and France | .700 |
| 3. Plus amount obtained from Italy | .525 |
| Total | 3.025 |

204115

DECLASSIFIED
 Authority 978025
 By TJ NARA Date 9/31/99

RG 56
 Entry 56-69A 4707
 File Germany: Gold Looted
Holdings + Transfers
 Box 80

- 2 -

y - 300 million Swiss francs gold were taken from Austria and 180 million Swiss francs gold were taken from Czechoslovakia. The amount obtained from the latter had been held by the Bank for International Settlements.

B. - Exports of gold to:

| | |
|------------------------|-------------|
| 1. Switzerland | 1.200 |
| 2. Portugal | .600 |
| 3. Spain | .100 |
| 4. Hungary and Rumania | <u>.200</u> |
| Total | 2.100 |

C. - A Minus B =

.925,

which is approximate amount of gold now held by the Germans.

Movements of Gold Through Switzerland

The following table presents data on Swiss holdings of gold and movement of gold through that country. It shows the portion of the 1.2 billion Swiss francs of gold obtained from Germany that remained with the Swiss and the destination of the remaining parcels.

CHANGES IN SWITZERLAND'S GOLD POSITION
IN SWITZERLAND AND ITS DISPOSITION OF
GOLD OBTAINED FROM GERMANY, 1940-1943.

A. -

| | |
|---|--------------|
| 1. Gold in possession of the Swiss National Bank in 1940 | .700 |
| 2. Gold bought or received from Germany to hold for accounts of other countries | <u>1.200</u> |
| Total | 1.900 |

B. - Gold sold by Swiss National Bank or accepted by it for delivery to:

| | |
|------------------------|-------------|
| 1. Portugal | .600 § |
| 2. Spain | .200 |
| 3. Hungary and Rumania | <u>.200</u> |
| Total | 1.000 |

C. - A Minus B =

.900,

which is the approximate amount of gold now in possession of the Swiss National Bank.

§ - Half for Swiss account and half for German.

Portugal's Gold Position

As a result of conversation with Costa Leite (Imbrales), the Portuguese Minister of Finance, Mr. Nussbaumer has learned that total Portuguese gold holdings exceed 200 thousand kilos. The Minister would not answer the question directly but indicated that his country possessed more than the amount stated.

204116

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 NND Authority 978025
 By T J NARA Date 9/31/99

RG 56
 Entry 56-69 A 4707
 File Germany: Gold Looted
 Holdings + Transfers
 Box 80

In the same manner, Costa Leite indicated that the Portuguese currency has better than a 100 percent backing in gold.

The information contained in the two paragraphs above was given in answer to a question regarding the strength of the Portuguese currency, which question Mr. Nussbaumer was in position to raise as an official representative of the Swiss Government.

French-German Clearing and Occupation Levies

At the end of January, 1944, the total debit against Germany on the French-German clearing was 130 billion French francs. This debit is now increasing at the rate of 10 billion francs a month.

Contributions by the French to the Germans now amount to 30 billion francs a month. This tribute is met by issue of notes and sale of treasury bonds.

Revenue accruing to the French Government from all tax sources is approximately 20 billion francs a month.

DECLASSIFIED
 Authority NND 978025
 By TJ NARA Date 9/31/99

RG 56

Entry 56-69A 4707

File Germany: Gold Looted
Holdings + Transfers

Box 80

FFA:boed

January 6, 1944

To: Mr. White

From: Mr. Fisher

Subject: Gold Transactions - September to November, 1943

- (1) Financial censorship discloses the following information concerning gold transactions during the period from mid-September to October 31, 1943:

- (a) Germany disposed of \$5.8 million of gold to the following neutrals:

| | |
|----------|--------------------|
| Portugal | \$5,600,000 |
| Sweden | 236,000 |
| | <u>\$5,836,000</u> |

The previous report, covering July to early September, 1943 showed \$23 million disposed of to these countries.

- (b) Gold transactions between neutrals (sales or consignments) included the following:

| | |
|---------------------------|------------|
| Switzerland from Portugal | \$ 800,000 |
| Switzerland to Portugal | 10,000,000 |
| Switzerland to Spain | 3,375,000 |

In addition Portugal instructed Switzerland to hold gold of \$1.6 million at the disposal of Germany.

- (c) There are indications that Germany is pushing the sale of looted coins in Turkey by requiring Turkish branches of German banks to accept a large proportion of Dutch or "Latin" gold coins in order to avoid a higher price for ingots.

- (2) In the one week of November 11-17, 1943 gold was disposed of by Switzerland to other neutrals as follows:

| | |
|--|------------|
| Switzerland to Portugal (for German account) | \$ 458,000 |
| Switzerland to Portugal | 3,335,000 |
| Switzerland to Spain | 1,687,000 |

204118

DECLASSIFIED
NND
Authority 978025
By T J NARA Dec 9/21/99

RG 56
Entry 56-69A 4707
File Germany: Gold Loans
Holdings + TPAN, etc.
Box 80

Division of Monetary
Research

(3) During October, 1943 the sterling and dollar balances of the Banco do Portugal, and the Portuguese balance in the German-Portuguese clearing all increased by substantial amounts. The balances at the end of the month were:

| | | |
|-----------------------------|---------------|--------|
| Sterling | £ 49,175,000 | |
| Dollars | \$ 25,664,000 | |
| Luso-German Clearing Credit | RM 18,740,000 | (free) |

Financial Censorship Summary, November 23, 1943
Censorship Relations Report FIR 119.

DECLASSIFIED
 Authority **NND 978025**
 By **TJ** NARA Date **9/31/99**

RG **56**
 Entry **56-69A 4707**
 File **Germany: Gold Looted**
Holdings + Transfers
 Box **80**

Treasury Department
 Division of Monetary Research

Date **November 15** 19**43**

To: **Mr. White**

From: **Mr. Fisher**

Subject: **Gold Transactions**

The following information concerning gold transactions is derived from a Financial Censorship Summary dated October 4, 1943:

(1) Germany disposed of almost \$27 million of gold to the following neutrals:

| | |
|----------|---------------------|
| Portugal | \$21,777,000 |
| Sweden | 1,692,000 |
| Turkey | 3,763,000 |
| | <u>\$26,832,000</u> |

(2) Switzerland consigned gold of more than \$21 million to other European neutrals as follows:

| | |
|----------|---------------------|
| Portugal | \$15,000,000 |
| Spain | 6,000,000 |
| | <u>\$21,000,000</u> |

In addition, Switzerland purchased 30 tons of fine silver (value approximately \$700,000) from Spain against gold to be delivered in Switzerland.

(3) Argentina placed at the disposal of Portugal gold valued at slightly more than \$2,000,000.

C.C. Mr. Taylor
 Mr. Bernstein
 Mr. Gaiser

204120

DECLASSIFIED
 Authority 978025
 By TJ NARA Date 9/31/99

RG 56
 Entry 56-69A 4707
 File Germany: Gold Looted
Holdings + Transfers
 Box 80

CHANGES IN GERMANY'S GOLD POSITION, 1939-1943
 (Billions of Swiss Francs)

| | | | |
|--|----------------|--|-------------|
| A. - Holdings in 1939 and subsequent increments: | | | |
| 1. Holdings in 1939 (includes amounts taken from Austria and Czechoslovakia*) | 1.800 ✓ | | 600 |
| 2. Plus amount taken from Norway, Holland, Belgium and France | .700 | | 233 |
| 3. Plus amount obtained from Italy | .525 | | 175 |
| | <u>3.025 ✓</u> | | <u>1008</u> |
| * - 300 million Swiss francs gold were taken from Austria and 180 million Swiss francs gold were taken from Czechoslovakia. The amount obtained from the latter had been held by the Bank for International Settlements. | | | |
| B. - Exports of gold to: | | | |
| 1. Switzerland | 1.200 ✓ | | 400 |
| 2. Portugal | .600 ✓ | | 200 |
| 3. Spain | .100 ✓ | | 33 |
| 4. Hungary and Rumania | .200 ✓ | | 67 |
| | <u>2.100 ✓</u> | | <u>700</u> |
| C. - A Minus B = | .925 ✓ | | 308 |
| which is approximate amount of gold now held by the Germans. | | | |

Movements of Gold Through Switzerland

The following table presents data on Swiss holdings of gold and movement of gold through that country. It shows the portion of the 1.2 billion Swiss francs of gold obtained from Germany that remained with the Swiss and the destination of the remaining parcels.

CHANGES IN SWITZERLAND'S GOLD POSITION
IN SWITZERLAND AND ITS DISPOSITION OF
GOLD OBTAINED FROM GERMANY, 1940-1943.

| | | | |
|---|----------------|--|------------|
| A. - | | | |
| 1. Gold in possession of the Swiss National Bank in 1940 | .700 ✓ | | 233 |
| 2. Gold bought or received from Germany to hold for accounts of other countries | 1.200 ✓ | | 400 |
| | <u>1.900 ✓</u> | | <u>633</u> |
| B. - Gold sold by Swiss National Bank or accepted by it for delivery to: | | | |
| 1. Portugal | .600* ✓ | | 200 |
| 2. Spain | .200 ✓ | | 67 |
| 3. Hungary and Rumania | .200 ✓ | | 67 |
| | <u>1.000 ✓</u> | | <u>333</u> |
| C. - A Minus B = | .900 ✓ | | 300 |
| which is the approximate amount of gold now in possession of the Swiss National Bank. | | | |

* - Half for Swiss account and half for German.

Source: Despatch No. 306, Lisbon, March 20, 1944. Conversation between Mr. James E. Wood, Financial Attaché, Amleg., Lisbon, and Albert Nussbaumer, General Director of Société Banque Suisse.

DECLASSIFIED
NND Authority 978025
By T J HARA Date 9/31/99

RG 56
Entry 56-69A 4707
File Germany: Gold Looted Holdings + Transfers
Box 80

Treasury Department
Division of Monetary Research

Date 11/17/43 19

DEPARTMENT
COMMUNICATION

DATE NOV 6 1943

Statement on Purchase of Hoarded Gold

To:

See Memorandum for Secy's Files, Nov. 15, 1943, wherein Mr. White reported he had received the Secretary's approval - for us to take it up with the State Department.

On November 17, 1943, Mr. Pehle advised Mr. White by phone that he had prepared a draft statement, copy of which had been sent to Mr. Livesey.

L.S.

memorandum concerning transfers European neutral countries which since our memorandum on the same. Although our information is, of significant to note that transfers total more than 100 million dol-

lars and that such transfers have increased both in frequency and amount.

It is evident that Germany is becoming more and more dependent upon sales of gold for the purpose of obtaining critical materials from the European neutrals and that her credit position is growing progressively weaker. Accordingly, I believe that we should arrange for the issuance of our statement on gold as soon as possible in order to limit Germany's ability to dispose of her gold holdings in the future.

J. W. Pehle

Attachment

Stamp: RECEIVED NOV 17 1943

DECLASSIFIED
Authority NND 978025
By TJ NARA Date 9/31/99

RG 56
Entry 56-69A 4707
File Germany: Gold Looted
Holdings + Transfers

Box 80

Handwritten notes:
L. G. ...
P. 6

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE NOV 6 1943

*Statement on Purchase
of Looted Gold*

TO Mr. White
FROM J. W. Pehle
Subject Treasury's Gold Statement

There is attached a memorandum concerning transfers of gold from Germany to the European neutral countries which have come to our attention since our memorandum on the same subject of August 14, 1943. Although our information is, of course, incomplete, it is significant to note that transfers during the past six months total more than 100 million dollars and that such transfers have increased both in frequency and amount.

It is evident that Germany is becoming more and more dependent upon sales of gold for the purpose of obtaining critical materials from the European neutrals and that her credit position is growing progressively weaker. Accordingly, I believe that we should arrange for the issuance of our statement on gold as soon as possible in order to limit Germany's ability to dispose of her gold holdings in the future.

Signature: J. W. Pehle

Attachment

SECRET
NOV 10 1943
TREASURY DEPARTMENT

DECLASSIFIED
 Authority 978025
 By TJ NARA Date 9/31/99

RG 56
 Entry 56-69A 4707
 File Germany: Gold Looted
Holdings + Transfers
 Box 80

MEMORANDUM FOR THE FILES

FOREIGN CONTROLS UNIT

November 4, 1943

Re: German Gold Transfers to
the European Neutrals

Reference is made to the memorandum of August 14, 1943, which reported that Germany transferred to the European neutrals \$23.6 million in gold during the last quarter of 1941 and an additional \$57 million between December 1942 and June 1943. Recent reports show Germany to have disposed of another \$105,172,185 in gold to the European neutral countries during the six-month period, May - October 1943. ^{1/} Of this total, \$80,135,737 was accounted for by direct transfers, while \$25,036,448 was moved between neutral countries for the account of the German Reichsbank, as is shown by the following tabulation:

Direct Transfers from Germany:

| | | | | |
|-------------|----|-------------------|-------------------------|------------|
| To Portugal | \$ | 843,973 | June 23, 1943 | <u>2/</u> |
| | | 919,721 | July 5, 1943 | <u>2a/</u> |
| | | 1,130,637 | July 6, 1943 | <u>2b/</u> |
| | | 1,131,261 | July 10, 1943 | <u>2c/</u> |
| | | 1,128,803 | July 14, 1943 | <u>2d/</u> |
| | | 32,000,000 | July 17, 1943 | <u>2e/</u> |
| | | 2,260,064 | July 15 - 21, 1943 | <u>2f/</u> |
| | | 560,423 | July 22 - Aug. 4, 1943 | <u>2g/</u> |
| | | 1,687,896 | Sept. 23 - 29, 1943 | <u>2h/</u> |
| | | 563,335 | Sept. 30 - Oct. 6, 1943 | <u>2i/</u> |
| | | 21,377,000 | Oct. 4, 1943 | <u>2j/</u> |
| | | 889,127 | Oct. 7 - 13, 1943 | <u>2k/</u> |
| | \$ | <u>64,492,240</u> | | |
| To Sweden | | 566,088 | July 22 - Aug. 4, 1943 | <u>3/</u> |
| | | 1,127,026 | Aug. 19 - 26, 1943 | <u>3a/</u> |
| | | 1,692,000 | Oct. 4, 1943 | <u>3b/</u> |
| | \$ | <u>3,385,114</u> | | |
| To Turkey | | 6,225,110 | May 16 - Aug. 30, 1943 | <u>4/</u> |
| | | 3,762,548 | Aug. 19 - 26, 1943 | <u>4a/</u> |
| | | 1,743,750 | Aug. 26 - Sept. 1, 1943 | <u>4b/</u> |
| | | 526,975 | Sept. 24, 1943 | <u>4c/</u> |
| | \$ | <u>12,258,383</u> | | |
| TOTAL | \$ | <u>80,135,737</u> | | |

^{1/} Although the months of May and June are reported in the memorandum of August 14, and in this report, there is no duplication of items.

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 Authority 978025
 By TJ NARA Date 9/31/99

RG 56
 Entry 56-69A 4707
 File Germany: Gold Looted
Holdings + Transfers
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Indirect Transfers for Account of German Reichsbank:

| | | | | |
|-------------------------|----|---------------------------|------------------------|-----|
| Switzerland to Portugal | \$ | 843,990 | June 24 - 30, 1943 | 5/ |
| | | 2,036,789 | July 1 - 7, 1943 | 5a/ |
| | | 1,131,285 | July 8 - 14, 1943 | 5b/ |
| | | 1,128,827 | July 15 - 21, 1943 | 5c/ |
| | | 560,435 | July 22 - Aug. 4, 1943 | 5d/ |
| | | 12,737,850 | July 13 - Aug. 3, 1943 | 5e/ |
| | | 1,181,784 | Aug. 5 - 11, 1943 | 5f/ |
| | | 562,226 | Aug. 12 - 18, 1943 | 5g/ |
| | | 1,131,490 | Sept. 1 - 8, 1943 | 5h/ |
| | | 1,002,668 | Sept. 9 - 15, 1943 | 5i/ |
| | | 568,306 | Sept. 16 - 22, 1943 | 5j/ |
| | | 114,059 | Oct. 4, 1943 | 5k/ |
| | | 1,800,422 | Oct. 7 - 13, 1943 | 5l/ |
| | \$ | <u>24,800,131</u> | | |
| Switzerland to Sweden | | 236,317 | Sept. 23 - 29, 1943 | 6/ |
| TOTAL | \$ | <u>25,036,448</u> | | |
| GRAND TOTAL | \$ | <u><u>105,172,185</u></u> | | |

A summary of the fragmentary information available to date concerning German gold transfers to the European neutrals reveals the following total movements for the combined periods of October - December 1941 and December 1942 - October 1943:

| | | |
|---|----|-----------------------|
| Direct Transfers from Germany to the Neutrals | \$ | 133,458,393 |
| Indirect Transfers for the Account of the Reichsbank | | 52,394,226 |
| | \$ | <u>185,852,619 7/</u> |

NOTE: In all cases where figures were given in foreign currencies and weights, they were converted into United States currency on the basis of 1 ton equals 1000 kilos, 1 kilo equals 2.6792 lbs. (troy), 1 lb. equals 12 oz. (troy), 1 oz. of gold equals \$35, 1 escudo equals \$0.04, 1 Swiss franc equals \$0.232, 1 Turkish Pound equals \$0.775.

2/ Reports from Anglo-American Commercial Intelligence enclosed in a letter of August 14, 1943, from James E. Wood, Financial Attache, American Legation, Lisbon to Mr. Harry D. White, Assistant to the Secretary.

2a/ Ibid.

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 NND Authority 978025
 By T J NARA Date 9/31/99

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- 2b/ Ibid.
- 2c/ Reports from Anglo-American Commercial Intelligence enclosed in letter of August 13, 1943, from James E. Wood, Financial Attache, American Legation, Lisbon, to Mr. Harry D. White, Assistant to the Secretary.
- 2d/ Ibid.
- 2e/ Ibid.
- 2f/ Financial Intelligence Report for July 15-21, 1943.
- 2g/ Ibid. July 22 - August 4, 1943.
- 2h/ Ibid. September 23-29, 1943.
- 2i/ Ibid. September 30 - October 6, 1943.
- 2j/ Financial Censorship Summary, October 4, 1943.
- 2k/ Financial Intelligence Report for October 7-13, 1943.
- 3/ Ibid. July 22 - August 4, 1943.
- 3a/ Ibid. August 19-26, 1943.
- 3b/ Financial Censorship Summary, October 4, 1943.
- 4/ Secret Information Report, October 28, 1943.
- 4a/ Financial Intelligence Report for August 19-26, 1943.
- 4b/ Ibid. August 26 - September 1, 1943.
- 4c/ MID Report #4120, September 24, 1943.
- 5/ Financial Intelligence Report for June 24-30, 1943.
- 5a/ Ibid. July 1-7, 1943.
- 5b/ Ibid. July 8-14, 1943.
- 5c/ Ibid. July 15-21, 1943.
- 5d/ Ibid. July 22 - August 4, 1943.
- 5e/ Ibid. August 5-11, 1943.
- 5f/ Ibid. August 5-11, 1943.
- 5g/ Ibid. August 12-18, 1943.
- 5h/ Ibid. September 1-8, 1943.
- 5i/ Ibid. September 9-15, 1943.
- 5j/ Ibid. September 16-22, 1943.
- 5k/ Censorship Intercept #H-45963, October 4, 1943.
- 5l/ Financial Intelligence Report, October 7-13, 1943.
- 6/ Ibid. September 23-29, 1943.
- 7/ Although an individual item check supports the statement contained in footnote 1/, the fact that the basic information has been obtained from various sources makes possible some duplication in the composite total.

204126

DECLASSIFIED
 NND Authority 97802-5
 By T J NARA Date 9/31/99

RG 56
 Entry 56-69A 4707
 File German Gold Looted Holdings + Transfers
 Box 80

Treasury Department
 Division of Monetary Research

Date..... 1943

To:

From:

"Table prepared by Mr. Robert Fisher, First Secretary, British Embassy in endeavor to reconcile Ministry of Economic Warfare and Office of Economic Warfare figures on Axis gold holdings and sales."

IN CONTINENTAL EUROPE

In U.S. \$ Millions
 Tentative revised estimate based on M.E.W. estimate and incorporating some of O.E.W.'s figures

Tentative revised estimate O.E.W.

| | | | | |
|--|------|----------|-----|----------|
| | | 100 | | 100 |
| | | 51.6 | 152 | 64 164 |
| | | 4 | | 4 |
| | | 12 | | 12 |
| | | 28.4 | | 31 |
| | | 204 | | 168 |
| | | 230 | | 230 |
| | | - | | 25 |
| | | - | | - |
| Greece | - | 53 | 531 | 53 523 |
| France | - | min. | | min. |
| Totals (1) and (2) | 490 | | | |
| | 642 | | 683 | 687 |
| 3. Sales by Germany since outbreak of war to end of 1942 | | | | |
| to Portugal | | 100 | | |
| Sweden | | 18.5 | | |
| Roumania | | 32.5 | | |
| all others (pure guess) | | 20 | 171 | 171 |
| Difference (1 and 2) - (3) | | | 512 | 516 |
| 4. Held by Germany's Allies | | | | |
| Bulgaria | 25.6 | 25.6 | | 24 |
| Hungary | 32.4 | 24 | | 24 |
| Italy | 148 | 120 | | 120 |
| Roumania | 152 | 228 max. | | 228 max. |
| Finland | - | 4 | 402 | 4 400 |
| Totals (1, 2 & 4) - (3) | | | 914 | 916 |

10th August 1943.

clc/

DECLASSIFIED
 Authority NND 978025
 By TJ NARA Date 9/31/99

RG 56
 Entry 56-69A 4707
 File Germany: Gold Looted
Holdings + Transfers
 Box 80

AXIS GOLD HOLDINGS IN CONTINENTAL EUROPE

| | Original M.E.W. estimate | In U.S. \$ Millions Tentative revised estimate based on M.E.W. estimate and in- corporating some of O.E.W.'s figures | | Tentative revised estimate O.E.W. |
|---|--------------------------------|--|--------------|--|
| <u>1. Germany's Holdings at Outbreak of war</u> | | | | |
| in Germany itself . . . | 100 | 100 | | 100 |
| in or from Czecho and Austria | <u>51.6</u> | 152 | <u>51.6</u> | 164 |
| <u>2. Acquired from Occupied countries</u> | | | | |
| Danzig (Bank of) | 4 | 4 | | 4 |
| Poland | 65.2 | 12 | | 12 |
| Denmark | 28.4 | 28.4 | | 31 |
| Holland | 204 | 204 | | 168 |
| Belgium | 188 | 230 | | 230 |
| Yugoslavia | - | - | | 25 |
| Greece | - | - | | - |
| France | - | 490 | 53 min. | 53 523 min. |
| Totals (1) and (2) | | <u>642</u> | <u>683</u> | <u>687</u> |
| <u>3. Sales by Germany since outbreak of war to end of 1942</u> | | | | |
| to Portugal | | 100 | | |
| Sweden | | 18.5 | | |
| Roumania | | 32.5 | | |
| all others (pure guess) | | 20 | <u>171</u> | <u>171</u> |
| Difference (1 and 2) - (3) | | | <u>512</u> | <u>516</u> |
| <u>4. Held by Germany's Allies</u> | | | | |
| Bulgaria | 25.6 | 25.6 | | 24 |
| Hungary | 32.4 | 24 | | 24 |
| Italy | 148 | 120 | | 120 |
| Roumania | 152 | 228 max. | | 228 max. |
| Finland | - | <u>358</u> | 4 <u>402</u> | 4 <u>400</u> |
| Totals (1, 2 & 4) - (3) | | | 914 | 916 |

10th August 1943.
 clc/

DECLASSIFIED
NND Authority 978025
By T.J. NARA Date 9/31/99

RG 56
Entry 56-69A 4707
File Germany: Gold Looted
Holding + Transfer
Box 80

FOREIGN 3 CONTROL

August 10, 1943

August 11, 1943

TO: Mr. Luxford
Mr. Taylor (2) ✓
Mr. DuBois

Enclosed is a draft of a memorandum to support our gold statement. We have based our estimates primarily on British figures because we feel this will give us a stronger basis for arguing with the British should that be necessary. We have footnoted the memorandum at this stage, but should we want to distribute it to State or to the British, we may want to rerun the thing, omitting references to footnotes.

O. A. Schmidt

ORVIS A. SCHMIDT

1943 - June 1943,
7 million in gold
\$50 million was
hile \$28 million
nt of the Reichs-
1945 1/
2 - Feb. 1943 2a/
1943 2b/
2 - Feb. 1943 2a/
1943 2b/
2 - Feb. 1943 4/
1943 5/

| | | |
|-------------------------|---------------------|-------------------------------|
| Switzerland to Spain | \$12,820,000 | December 1942 - Feb. 1943 6a/ |
| | 5,500,000 | March - June 1943 6b/ |
| | <u>\$17,820,000</u> | |
| Switzerland to Portugal | \$667,170 | May 13 - 19, 1943 7a/ |
| | 616,271 | May 27 - June 2, 1943 7b/ |
| | 1,234,440 | June 3 - 16, 1943 7c/ |
| | 3,802,736 | June 17 - 23, 1943 7d/ |
| | <u>\$5,436,517</u> | |

DECLASSIFIED
 Authority NND 978025
 By TJ NARA Date 9/31/99

RG 56
 Entry 56-69A 4707
 File Germany Gold Looted
Holdings + Transfers
 Page 80

FOREIGN FUNDS CONTROL

August 10, 1943

MEMORANDUMRecent German Transfers of Gold
to the European Neutrals

During the seven-month period, December 1942 - June 1943, Germany is known to have disposed of more than \$57 million in gold to the neutral European nations. Of this total, \$30 million was accounted for by direct transfers from Germany, while \$28 million was moved between neutral countries for the account of the Reichsbank, as shown by the following tabulation:

Direct Transfers from Germany:

| | | |
|----------------|---------------------|--------------------------------------|
| To Spain | \$1,500,000 | March - June 1943 <u>1/</u> |
| To Portugal | \$8,000,000 | December 1942 - Feb. 1943 <u>2a/</u> |
| | 5,000,000 | March - June 1943 <u>2b/</u> |
| | 562,666 | April 1943 <u>2c/</u> |
| | <u>\$13,562,666</u> | |
| To Sweden | \$7,400,000 | December 1942 - Feb. 1943 <u>3a/</u> |
| | 500,000 | March - June 1943 <u>3b/</u> |
| | <u>\$7,900,000</u> | |
| To Switzerland | \$3,760,000 | December 1942 - Feb. 1943 <u>4/</u> |
| To Turkey | \$3,000,000 | March - June 1943 <u>5/</u> |
| TOTAL | <u>\$29,722,666</u> | |

Indirect Transfers for Account of German Reichsbank:

| | | |
|-------------------------|---------------------|--------------------------------------|
| Switzerland to Spain | \$12,320,000 | December 1942 - Feb. 1943 <u>6a/</u> |
| | 5,500,000 | March - June 1943 <u>6b/</u> |
| | <u>\$17,820,000</u> | |
| Switzerland to Portugal | \$567,170 | May 13 - 19, 1943 <u>7a/</u> |
| | 616,271 | May 27 - June 2, 1943 <u>7b/</u> |
| | 1,234,440 | June 3 - 16, 1943 <u>7c/</u> |
| | 5,202,736 | June 17 - 23, 1943 <u>7d/</u> |
| | <u>\$6,438,517</u> | |

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DECLASSIFIED
 Authority NND 978025
 By TJ NARA Date 9/31/99

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 Entry 56-69A 4707
 File Germany: Gold Looted
Holdings + Transfers
 Box 80

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| | | |
|-----------------------|---------------------|-----------------------------|
| Switzerland to Sweden | \$4,524,000 | December 1942 ^{8/} |
| TOTAL | <u>\$27,762,517</u> | |
| GRAND TOTAL | <u>\$57,505,173</u> | |

In addition to the above, it is known that Germany shipped \$25.6 million in gold to Switzerland in the last quarter of 1941 ^{9/}. Since these figures are based on fragmentary reports which, combined, cover only ten months of the war period, it is likely that Germany's gold transactions have far exceeded the total of \$81 million reflected above.

It has been estimated ^{10/} that Germany's gold holdings of \$150 million at the outbreak of war have since increased by \$800 million as a result of acquisitions from the occupied countries of Belgium, Danzig, Denmark, Holland, and Poland. Information with respect to the gold which Germany may have acquired from other occupied countries is not available. As her military position has weakened, Germany has been compelled to use this gold to obtain essential goods from the neutral European countries, which have become increasingly reluctant to extend additional commercial credits to a faltering Axis.

The ability of Germany to sell in neutral countries the gold presently under her control enables her to acquire essential war materials from them, even after her ability to obtain goods on credit has been exhausted, without using her limited resources for merchandise exports. Any measures adopted which will discourage the acquisition of gold from Germany by the neutrals may have serious repercussions upon her wartime economy.

NOTE: In all cases where figures were given in foreign currencies and weights, they were converted into United States currency on the basis of 1 ton equals 2,000 lbs., 1 kilogram equals 2.2 lbs., 1 ounce of gold equals \$35., 1 escudo equals \$.04, 1 Swiss franc equals \$.252.

- 1/ British Financial Censorship Summary on Gold Transactions and Holdings, for March - June 1943.
- 2a/ Ibid. for December 1942 - February 1943.
- 2b/ Ibid. for March - June 1943.
- 2c/ Office of Strategic Services Report, April 2, 1943. There is no indication as to whether this report duplicates 2b/.
- 3a/ British Financial Censorship Summary on Gold Transactions and Holdings for December 1942 - February 1943.
- 3b/ Ibid. for March - June 1943.
- 4/ British Financial Censorship Summary on Gold Transactions and Holdings for December 1942 - February 1943.
- 5/ Ibid. for March - June 1943.

DECLASSIFIED
 Authority **NND 978025**
 By **TJ** NARA Date **9/31/99**

RG 56

Entry 56-69A 4707

File Germany: Gold Looted
Holdings + Transfers

Box 80

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- 8a/ Ibid. for December 1942 - February 1943.
8b/ Ibid. for March - June 1943.
7c/ Financial Intelligence Report for May 13 - 19, 1943.
7b/ Ibid. for May 27 - June 2, 1943.
7c/ Ibid. for June 3 - 16, 1943.
7d/ Ibid. for June 17 - 23, 1943.
8/ Letter to Mr. Pehle from R. J. Stopford of British Embassy dated December 29, 1942.
9/ Letter to Mr. Dietrich from R. W. Auburn of British Embassy dated January 19, 1942.
10/ Report received from R. J. Stopford of British Embassy dated June 1, 1943.

DECLASSIFIED
 Authority NND 978025
 By TJ NARA Date 9/31/99

RG 56
 Entry 56-69A 4707
 File Germany Gold Looting
Holdings + Transfers
 Box 80

*Europe - Flight of
 Axis Capital*

August 8, 1944

MEMORANDUM FOR THE FILES

Subject: Flight of Axis Capital

From a censorship intercept FEA learned that Credit Suisse, Zurich, has offered the Instituto de Moneda Extranjera up to 20 million Swiss francs worth of gold located in Buenos Aires against payment in Swiss francs. On the basis of this information FEA proposed that a cable be sent to Madrid (1) conveying this information, (2) indicating the possibility that the offer might be passed on to German interests by Spain, (3) asking for Madrid's views as to whether such danger exists and (4) authorizing the Mission to inquire of Spanish authorities what precautions they are taking to prevent Spanish assets in the Western Hemisphere from being purchased in Spain by enemy nationals either directly or through cloaks. (See attached copy of original draft.)

In addition to Treasury's objection to the assumption that looted gold might be converted into clean gold by means of such a transfer, Foreign Funds Control and Legal objected to the emphasis placed upon this one transaction, which is ostensibly innocent, and particularly to using the transaction as a basis for raising the whole question of Spanish treatment of Axis assets in the Western Hemisphere. After further discussion with FEA and clearance with Foreign Funds Control, Legal and Mr. Ness, it was agreed to make the cable a simple cable of inquiry reciting the facts and asking for any information the Mission has on this matter or any similar gold transactions particularly the extent to which such arrangements may be employed by German interest to transfer their looted gold into gold now on deposit in the Western Hemisphere. FEA was informed of Treasury clearance on August 7, 1944. A copy of the revised draft is likewise attached to this memorandum.

Allan J. Fisher

cc: Mr. Glasser
 Mr. Ness
 Mr. Richards
 Mr. Moskovitz

AJF
 AJF:er 8/8/44

FILE COPY

204133

DECLASSIFIED
NND
Authority 978025
By T J NARA Date 9/31/99RG 56
Entry 56-69A 4707
File Germany: Gold Looted
Holdings + Transfer
Box

ORIGINAL DRAFT

July 29, 1944

AMEMBASSY, MADRID

THE DEPARTMENT, TREASURY AND FEA

From a confidential source it has been learned that Credit Suisse Zurich has offered the Instituto de Moneda Extranjera up to 20 million Swiss francs worth of gold located in Buenos Aires against payment in Swiss francs. There is a possibility that this offer might be passed on to German interests by Spain thus enabling Germans to transfer their looted gold - using Swiss francs as a medium - into clean gold deposited in the Western Hemisphere. Your views as to whether such danger exists would be appreciated. If you think advisable, you are authorized to inquire of Spanish authorities what precautions they take to prevent Spanish assets in the Western Hemisphere from being purchased in Spain by enemy nationals either directly or through cloaks. It is presumably to Spanish interest that the United Nations should be assured that all Spanish assets in the U.S. or Latin America are truly Spanish and free of German direct or indirect interest.

REPEAT TO BERN, LONDON AND BUENOS AIRES

204134

DECLASSIFIED
NND
Authority 978025
By T J NARA Date 9/31/99

RG 56

Entry 56-69A 4707

File Germany: Gold Looted
Holdings + Transfers

Box 80

REVISED DRAFT

August 7, 1944

AMEMBASSY, MADRID

THE DEPARTMENT, TREASURY AND FEA

From a confidential source it has been learned that Credit Suisse Zurich has offered the Instituto de Moneda Extranjera up to 20 million Swiss francs worth of gold located in Buenos Aires against payment in Swiss francs. We should appreciate any information you may obtain on this matter or with respect to any similar gold transactions, especially with respect to the extent to which such arrangements have been or may be employed by German interests to transfer their looted gold into gold now on deposit in the Western Hemisphere.

REPEAT TO BERN, LONDON AND BUENOS AIRES

204135

DECLASSIFIED
 Authority NND 978025
 By TJ NARA Date 9/31/99

RG 56

Entry 56-69A 4707File Germany: Gold Looted
Holdings + TransfersBox 80

Treasury Department
 Division of Monetary Research

Date August 6 1943

To: Mr. White

From: Mr. Fisher

Gold Transactions and Holdings

- (1) During the period March to June 1943 Germany disposed of some \$10,000,000 worth of gold to European neutrals as follows:

| | |
|---------------------|---------------------|
| Germany to Portugal | \$5,000,000 |
| Germany to Spain | 1,500,000 |
| Germany to Sweden | 500,000 |
| Germany to Turkey | 3,000,000 |
| | <u>\$10,000,000</u> |

This compares with \$63,500,000 for the previous period, December to February.

- (2) Other gold sales and gold earmarking was as follows:

| | |
|---------------------------------|-------------|
| Portugal to Switzerland | \$1,000,000 |
| Switzerland to Spain | 5,000,000 |
| Argentina to Portugal (earmark) | 450,000 |
| Argentina to Switzerland " | 1,000,000 |

- (a) The Swiss sale to Spain is probably for German account.
- (b) Swiss francs resulting from the earmark of Argentine gold are to be used only for transactions between the two countries.
- (3) Italian attempts to sell gold to Turkey against free Turkish pounds for purchase of exports have so far been unsuccessful.

Financial Censorship Summary,
 July 14, 1943.

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DECLASSIFIED
 Authority **978025**
 By **TJ** NARA Date **9/31/99**

RG **56**
 Entry **56-69A 4707**
 File **Germany: Gold Looted**
Holdings + Transfers
 Box **80**

FOREIGN AS CONTROL

July 31, 1943

TO: Mr. Taylor
 Mr. Luxford
 FROM: Mr. Schmidt

This is the gold information which we could get together quickly. When Monetary Research has checked to see what it has to add, we may want to revamp.

ORVIS A. SCHMIDT

LY CONFIDENTIAL AND
 INSTANCES.

July 30, 1943

Gold from
 any countries.

Less Funds Control
 the Axis countries'
 non neutrals:

Gold Transactions

through February 1943,
 \$21,200,000 worth
 of gold sold by
 mainly of German
 for the three

- 8,000,000
- 7,400,000
- 3,700,000
- 2,000,000
- 1,100,000
- 2,220,000
- 3,480,000

In June 1943, Germany
 worth of gold, and
 sent to Spain was
 figures are as follows:

| | |
|----------------------|---------------------|
| | 5,000,000 |
| | 1,500,000 |
| Germany to Sweden | 500,000 |
| Germany to Turkey | 2,000,000 |
| | 10,000,000 |
| Switzerland to Spain | 5,500,000 |
| | <u>\$15,500,000</u> |

- (c) The following pertinent excerpts were taken from the above-mentioned summaries:
- 1) Germany/Portugal: The gold is sold direct by the Reichsbank to the Bank of Portugal against escudos

DECLASSIFIED
 Authority NND 978025
 By TJ NARA Date 9/31/99

RG 56
 Entry 56-69A 4707
 File Germany: Gold Looted
Holdings + Transfers
 Box 80

NOTE: THE SOURCES MENTIONED HEREIN ARE STRICTLY CONFIDENTIAL AND SHOULD NOT BE DISCLOSED UNDER ANY CIRCUMSTANCES.

FOREIGN CONTROLS UNIT

July 30, 1943

MEMORANDUM FOR THE FILES

Re: Neutral Purchases of Gold from Germany and other enemy countries.

An examination of the files of Foreign Funds Control reveals the following information concerning the Axis countries' dealings in gold, particularly with the European neutrals:

I. British Financial Censorship Summaries on Gold Transactions and Holdings:

- (a) During the period December 1942 through February 1943, Germany disposed directly of about \$51,200,000 worth of gold and an additional \$12,300,000 worth sold by Switzerland to Spain was almost certainly of German origin. The total of \$63.5 million for the three months was made up as follows:

| | |
|-------------------------|---------------------|
| Germany to Portugal | \$8,000,000 |
| Germany to Sweden | 7,400,000 |
| *Germany to Switzerland | 3,760,000 |
| Germany to Roumania | 32,000,000 |
| | <u>\$51,160,000</u> |
| Switzerland to Spain | 12,320,000 |
| | <u>\$63,480,000</u> |

- (b) During the period March 1943 through June 1943, Germany disposed directly of \$10,000,000 worth of gold, and \$5,500,000 in gold sold by Switzerland to Spain was probably for German account. The figures are as follows:

| | |
|----------------------|---------------------|
| Germany to Portugal | \$ 5,000,000 |
| Germany to Spain | 1,500,000 |
| Germany to Sweden | 500,000 |
| Germany to Turkey | 3,000,000 |
| | <u>\$10,000,000</u> |
| Switzerland to Spain | 5,500,000 |
| | <u>\$15,500,000</u> |

- (c) The following pertinent excerpts were taken from the above-mentioned summaries:

- 1) Germany/Portugal: The gold is sold direct by the Reichsbank to the Bank of Portugal against escudes

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 Authority 978025
 By TJ NARA Date 9/31/99

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- and is deposited in Switzerland to Portugal's account "C" at the Swiss National Bank. The escudos no doubt are used to pay for German purchases of goods and other services.
- 2) Germany/Sweden: Reichsbank, Berlin, places the gold with the Swiss National Bank, Bern, at the disposal of Riksbanken, Stockholm. This covers fees for German troops and material sent across Sweden to Norway and Finland.
 - 3) Germany/Switzerland: In this case the metal (about 3 tons), accompanied by Reichsbank officials, is reported to have passed through Basle on December 1, 1942, presumably to be sold to the Swiss National Bank.
 - 4) Italy/Turkey: In May 1943, Italy was trying to sell gold to Turkey against free Turkish pounds. There is no evidence yet of any deals having been closed.

II. Financial Intelligence Reports:

- (a) Report #87, March 16-24, 1943. "The Turkish Central Bank inquired if the Reichsbank would sell them gold loan Istanbul or Rome against payment in Swiss francs. No reply yet has been seen."
- (b) Report #90, April 6-14, 1943. "It is reported that Roumania is attempting to sell gold to Portugal. Further details are lacking, in particular the amount of gold and the currency for which the sale would be made."
- (c) Report #91, April 15-21, 1943. "Because of Spain's unwillingness to grant credits in pesetas to Germany against Swiss francs,..., the German Government agreed in principle to deposit gold in Switzerland to the equivalent of RM 4,000,000 to stand as guarantee for a 6 months' peseta credit, with the reservation that the gold must not be used until the 6 months are up, if the credit has not been repaid by them. The Germans do not wish the Swiss National Bank to be considered as a Bank in which the deposit could be made."
- (d) Report #92, April 29-May 5, 1943. "The Reichsbank has placed a further amount of 1433 kgs. Gold bars deposited with the Swiss National Bank, Bern, at the disposal of the Bank of Spain..."

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- (e) Report #94, May 6-12, 1943. "The Central Bank of Turkey asked the Reichsbank, Berlin, whether they were prepared to exchange gold in Berlin, against gold to be placed at their disposal in Bern..."
- (f) Report #95, May 12-19, 1943. "Reichsbank Berlin informed the Banque Centrale, Ankara, that they were prepared to sell about 3000 kgs. fine gold bars in Berlin against international marketable gold bars with Banque Nationale Suisse, Bern... It does not appear that the business was eventually completed because a later message... asked by order of Banque Centrale, Ankara, for quotation for delivery from Banque Nationale Suisse, Bern, to Istanbul of 256 gold bars - 3048 kgs. by train but not via Italy or Serbia."
- (g) Report #96, May 12-19, 1943. "Gold sales by the Reichsbank to the Bank of Portugal are stated to be less frequent than formerly... The Bank of Portugal credited the Reichsbank Berlin, with Esc. 14,179,247 the equivalent of 43 bars 504,049 kgs. sold them by the Banque Nationale Suisse for account of the Reichsbank."
- (h) Report #97, May 27-June 2, 1943. "On May 29, Banque Nationale Suisse sold Bank of Portugal 43 bars kilos 500,21894 for account of Reichsbank Berlin."
- (i) Report #98, June 2-16, 1943. "Banque Nationale Suisse, Bern sold the Banco de Portugal for account of the Reichsbank 24 bars kilos 1022,06209."
- (j) Report #99, June 17-23, 1943. "Banque Nationale Suisse, Bern, sold Banco de Portugal 209 bars, Esc. 2432,57610 account Reichsbank Berlin."

III. Section of Strategic Services Report:

- (a) A report from Portugal, dated April 2, 1943, stated that the Reichsbank sold to the Banco de Portugal 115 bars of gold amounting to 1,979,316.04 grams (two lots 500,031.92 and 879,285.02 gram each) valued at ounces 14,066,397.94 and R.M. 2,210,674.67 respectively.

IV. Memorandum to Mr. Schmidt from B. Steinbrenn, dated March 27, 1943.

"To the 675 million (franc) credit to Swiss exporters to be made available by the summer of 1942 in accordance with

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terms of clearing agreement) may be added approximately 260 million francs which resulted from Germany's sale of gold to Switzerland, the figure based on the six month period ending January 1942. The EW report of May 19, 1942 'Switzerland's Financial Transaction on Behalf of Germany and Axis Countries' suggests that although figures for 1942 are not available, the sale of gold to Switzerland was a lucrative source of francs."

V. Enclosure to Letter to Mr. Pablo Stern R. J. Stanford of British Embassy, dated December 22, 1942 - Same prepared in EW.

"In spite of the growing tendency of neutral European governments to insist on receiving goods in exchange for exports, Germany's ability to furnish gold has played an important part in the financing of wartime purchases in Portugal; for diplomatic and subversive activities in Turkey; in regulating her clearing position in Sweden and in maintaining confidence in her external finances in Switzerland. We believe that Germany has already taken possession of the Belgian gold and at any rate most of the Polish gold which was in North Africa at the time of the collapse of France and she is now cut off from the Vichy gold in North Africa which was the main potential source for replenishing her gold holdings"... The letter also mentions "A recent transfer of 227 gold bars -- to an estimated value of 19 1/2 million Swiss francs -- on behalf of the Reichsbank by the National Bank Bern in cover of the Swedish Reichsbank..."

VI. Letter to Mr. Pablo Stern R. J. Stanford of British Embassy, dated October 2, 1942.

"I have recently seen a report from an American source that a high official of the French Treasury in reply to a question denied that the French had made large amounts of gold available to the Germans in Portugal, but added that in May he himself had taken to Portugal several million francs worth of gold for purchases for France and the upkeep of the French Legation at Lisbon, though there had been difficulty in obtaining German approval for the export of this gold...I attach copies of intercepted messages bearing on dealings in gold bars and...in coverages and eagles...Apparently these messages cover:

- (a) The definite sale of gold bars by the Banque de France to the total amount of 932 3/4 fine kilos, representing approximately U.S. \$1,235,000 against the delivery of

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the equivalent in ounces to the account No. 2 of J. de Larentaye (No. 10,549,646) and to the credit of the Banque de France "7" Account (No. 17,029,140).

- (b) The offer by Banco Nacional Ultramarino, Lisbon to buy from Banque de France further gold bars value 400 fine kilos (say U.S. \$495,000). We are unaware of the final result of this transaction which was possibly impeded by new regulations issued by the Banco de Portugal concentrating gold transactions with them.
- (c) Transfer of 135,999 sovereigns from Banco de Portugal to Credit Franco Portugais Lisbon. A later message discloses that the BNU Lisbon were bidding for 136,000 sovereigns (say U.S. \$1,120,000). BNU also asked as a condition that they be given an option on (gold) \$700,000 worth of eagles and double eagles (say U.S. \$1,200,000).

You will see that there is no indication that any of these transactions were for German account...This may or may not be camouflage..."

JLScallen:mb 7/30/13

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Treasury Department
 Division of Monetary Research

Date July 31 1943

To: Mr. Taylor

From: Mr. Fisher

Subject: Axis Gold Holdings

W. H. TAYLOR

The attached memorandum of July 30, 1943 from Foreign Funds Control deals only with neutral purchases of gold from Germany and other enemy countries, and consequently contains no estimate of the total gold holdings of the European Axis countries. This omission is rather surprising in view of the fact that at least one report on Axis gold holdings in Continental Europe, comparing MEW estimates and American estimates, is in the hands of F.F.C. As indicated in your note of June 3, the MEW submits the following figures as representing gold holdings in Europe which are either available to, or vulnerable to seizure by Germany:

| | | |
|------------------------------------|---|--|
| £ 38 million | - | at the outbreak of war held in Germany itself (including seizures from Austria and Czechoslovakia) |
| £122 " | - | seized in occupied countries |
| £ 90 " | - | held by Germany's allies |
| £ 65 " | - | now held in Switzerland and Sweden |
| £ 48 " | - | in Spain and Portugal |
| £363 " | - | Total |
| (or approximately \$1,500,000,000) | | |

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Treasury Department
 Division of Monetary Research

Date 19

To:

From:

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The more detailed breakdown of this £363 millions, and the comments on holdings in individual countries as contained in the original MEW report, could be utilized if desired.

Another MEW report, (dated March 16, 1943) on "Trends in Axis External Finance", prepared in the Enemy Transactions Department states that "The value of the gold available to Germany and her allies in Europe has recently been estimated to be about 1150 million" (presumably dollars). This estimate may be based upon the study referred to above, but is substantially lower than the \$1,500,000,000 arrived at in that analysis, and is closer to the original estimates of about \$1,000,000,000 (MEW) or \$956,000,000 (American).

The analysis of gold transactions in the FFC memorandum under reference is based upon Financial Intelligence Reports and O.S.S. Reports which are also in our hands, but were forwarded to us from Foreign Funds Control.

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Treasury Department
 Division of Monetary Research

Date June 3, 1943 19

FOR YOUR INFORMATION

To: Mr. White

From: Mr. Taylor

Subject: Axis Gold Holdings

An M.E.W. estimate and an American estimate (BEW?) are very close in calculating that Germany has either through ownership, seizure, or control, approximately \$1 billion in gold. The amounts of this that Germany has used are relatively small.

The latest reworking of these figures by M.E.W. indicates that gold holdings in Europe which are either available to, or vulnerable to seizure by Germany, are as follows:-

| | | |
|------------------------------------|---|--|
| £ 38 million | - | at the outbreak of war held in Germany itself (including seizures from Austria and Czechoslovakia) |
| £122 " | - | seized in occupied countries |
| £ 90 " | - | held by Germany's allies |
| £ 65 " | - | now held in Switzerland and Sweden |
| £ 48 " | - | in Spain and Portugal |
| £363 " | - | Total |
| (or approximately \$1,500,000,000) | | |

MR. WHITE
 Branch 2058 - Room 214½

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Received from Mr. Stopford, June 1 1943.

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SECRET

AXIS GOLD HOLDINGS (in Continental Europe)

In \$ MILLIONS

| | <u>M.E.W. Estimate</u> \$4 - E (gold \$ 168/ - per fine ounce) | | <u>American Estimate</u> | |
|--|---|-------------|--------------------------|-------------|
| <u>Germany's holdings at outbreak of war:</u> | | | | |
| in Germany itself - | 100 | | 115 | |
| in or from Czechoslovakia and Austria. | <u>51.6</u> | 152 | <u>94</u> | 209 |
| <u>Acquired from occupied countries:</u> | | | | |
| Danzig (Bank of) | 4 | | - | |
| Poland | 65.2 | | 12 | |
| Denmark | 28.4 | | 44 | |
| Holland | 204 | | 104 | |
| Belgium | 188 | | 260 | |
| Yugoslavia | - | | 25 | |
| Greece | - | 490 | <u>44</u> | 489 |
| <u>Held by Germany's allies:</u> | | | | |
| Bulgaria | 25.6 | | 24 | |
| Hungary | 32.4 | | 25 | |
| Italy | 148 | | 120 | |
| Rumania | 152 | | 210 | |
| Finland | - | 358 | 4 | 383 |
| | | <u>1000</u> | | <u>1081</u> |
| <u>Sales by Germany since the outbreak of war.</u> | | | | |
| | | | <u>?</u> | <u>125</u> |
| <u>Total</u> | | <u>1000</u> | | <u>956</u> |

cc: Schmidt, Fox, Taylor, E.M. Bernstein, Luxford, DuBois.

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(figures in £ millions)

GOLD HOLDINGS IN EUROPE
 (valued at 168/- per fine oz.)

From the information available to us we are inclined to think that

| | | |
|---|-------------|---|
| at the outbreak of war Germany disposed of some | <u>£38</u> | held in Germany itself (including seizures from Austria and Czechoslovakia) |
| to which have been added some | <u>122</u> | seized in the occupied countries |
| while about | <u>90</u> | is held in Europe by Germany's allies. |
| To this total of | <u>£250</u> | there is |
| a further potential addition of | <u>65</u> | now held in Switzerland and Sweden |
| and | <u>£315</u> | |
| giving a possible grand total of | <u>48</u> | in Spain and Portugal |
| | <u>£363</u> | available to, or vulnerable to seizure by Germany. |

The following is a more detailed summary but it must be emphasised that the figures are built up from information derived from a variety of sources and are in most cases estimates only, which should be read in conjunction with the notes which follow, dealing separately with each country. It will be evident from these notes that in some cases our estimates are bound to be high since we have no knowledge of losses which are nevertheless certain to have taken place. On the other hand, we have not included any allowance for private hoards of gold in France (possibly 55) since we believe the Germans have not laid their hands on more than a fraction so far and are by no means certain of being able to trace the rest. The total figure of 363 is therefore very tentative: it would be more reasonable to say 350/400.

| | |
|-------------------------------|------|
| ** Germany | 38 |
| Seized in occupied countries: | |
| Danzig | 1.0 |
| ** Poland | 16.3 |
| Norway | Nil |
| Denmark | 7.1 |
| Holland | 51.0 |
| ** Belgium | 47.0 |
| * France | } |
| Yugoslavia | |
| Greece | |
| Baltic States) | |
| | 122 |

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Held in Europe by Germany's European allies:

| | | |
|----------|-------------|----|
| Bulgaria | 6.4 | |
| Hungary | 8.1 | |
| Italy | 37.0 | |
| Rumania | <u>38.0</u> | 90 |

Held in Europe by Neutrals:

| | | |
|-------------|-------------|------------|
| Switzerland | 44.0 | |
| Sweden | <u>20.8</u> | 65 |
| Spain | 26.4 | |
| Portugal | 22.0 | |
| | | <u>48</u> |
| | | <u>363</u> |

Germany

Including hidden reserves and the gold obtained in Austria and Czechoslovakia (12.9) Germany's holding at September 1939 may be put at 38 (a Federal Reserve Board estimate) and may well have been more. Since then an unknown amount has been sold to neutral European countries.

Danzig

It is thought that the Germans seized about 1.0 gold held by the Bank of Danzig.

Poland

It is estimated that 15.5 was detained by the French at Dakar and may subsequently have been handed over to Germany. An additional 0.8 detained in Rumania may also have been surrendered to Germany, but this is less likely. The Poles have secured attachments on French and Rumanian assets in the U.S.A. covering both these amounts.

Denmark

At the time of the invasion the total gold holding of the National bank was about 13, of which 5.9 is thought to be in the U.S.A., leaving a balance of 7.1 probably acquired by Germany.

Holland

The estimated amount of Nederlandsche Bank's published gold holding which is not accounted for and therefore presumed to have been left in Holland is 29. Hidden reserves and exchange fund gold are thought to have amounted to a maximum of 16. In addition private holdings requisitioned since the occupation may have amounted to approximately 6, giving a total of possibly 51 acquired by Germany.

Belgium

Belgian gold which had not been shipped abroad at the time of the occupation was stopped en route at Dakar and has since been ceded by the Bank of

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France to the Reichsbank; the amount is estimated at 47. Legal proceedings have been taken in New York to obtain an attachment of French assets to this amount.

France

After accounting for gold held in various places - U.S.A., Canada, South Africa and Martinique - nearly all the remaining balance (about 300) of official holdings was believed to be in North Africa in the Spring of 1942. Another 55 is estimated to be in private hoard in France, of which only a small amount is believed to have been acquired by Germany.

Since this was typed there has been a newspaper report (Fin. News 22nd December) - which, however, is so far unconfirmed - of the German seizure of 49 tons, say, £13 million, of gold at Clermont Ferrand and Lyons.

Bulgaria

The National Bank held approximately 5.9 on the 23rd November 1940, with possibly a further 0.5 included in other assets. It is thought that this gold remains in Bulgaria.

Hungary

It is thought that of the published holding in August 1939 of 13, approximately 8.1 remains in Hungary.

Italy

The Bank of Italy's holding on the 20th March 1940 was published at 33. No later reliable information is available as to either additions or disposals but a further 4 are believed to have been received under a Franco-Italian Agreement of November 1941.

Rumania

It was reported at the end of 1941 that approximately 38 remained held in the National Bank's vaults in Bucharest.

Sweden

At the date of the last detailed return (23.1.40), there was 52.2 held in Sweden; of this 36.4 has been shipped to U.S.A. and 3.0 to Switzerland while 3.3 has been received from Germany, 1.7 from Italy and 3.0 from domestic production, giving an estimated holding at present in Sweden of 20.8.

Switzerland

Of the total reported holding of 201 at 23.10.42 a maximum of 44 is found to be held in Switzerland by deducting amounts known to be held in various places abroad.

Spain

To a total holding at August 1941 of 23.1 has been added 3.3 known to have been acquired between June and October 1942 from Switzerland.

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Portugal

Portugal since July 1941 has purchased gold from Banque Nationale Suisse (21.6), from Germany (.1), France (.2) and the B.I.S. (.1), which remains either in Switzerland or in Portugal (probably 12.8 in Switzerland and 9.2 in Portugal).

9th January, 1943.

** Some of these amounts have no doubt moved out to the neutrals and are now part of the holdings in Switzerland and Portugal.

* But see note on next page.

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Axis Gold Movements

COPY

No. 1021 (R. 933)

THE FOREIGN SERVICE
 OF THE
 United States of America

CONFIDENTIAL

AMERICAN CONSULATE GENERAL
 Istanbul, Turkey, July 30, 1943

SUBJECT: German Foreign Exchange Activities in Turkey

THE HONORABLE
 THE SECRETARY OF STATE
 WASHINGTON.

SIR:

I have the honor to report certain confidential information concerning the purchase by Germans, through the Deutsche Orientbank and the Deutsche Bank in Turkey, of Swiss Francs, Swedish Kroners, and Turkish Liras, with gold brought to Turkey by way of the German diplomatic pouch. This information was obtained from a source believed to be reliable, and every effort is being made by this office to obtain specific data on the actual quantity of gold involved in the transactions mentioned.

According to the informant, exports of gold from Germany to Turkey started about December 1, 1941, and included along with gold bullion, gold coins of Dutch, Swedish and Swiss issue.

It was further stated that due to a Swiss law of December 1942, which prohibited exportation of gold in any form from Switzerland, the Germans had to resort to transferring gold from Switzerland to Turkey by diplomatic pouch. The gold transferred in the pouch is said to be in bricks weighing 1-1/2 kilograms.

A ready market is said to exist in Turkey for this German gold due to the fact that the Germans are offering exchange rates of 50 to 54 Turkish Liras per 100 Swiss Francs and Swedish Kroners, while the official Turkish prices of these currencies is 30 and 31 Liras, respectively.

The supply of German gold seeking foreign exchange is said to be so large that it has been necessary to market some of it in Syria, Iraq, and Palestine in order to avoid impairing market conditions in Turkey. The recent closing of the Turkish-Syrian border is said to have resulted in a decline in the price of gold within Turkey.

It was stated that the Italians, for a time, followed the practice of exporting gold to Turkey by diplomatic pouch, but that the Germans raised objections to this action on the part of the Italians. The Germans searched an Italian diplomatic courier a few months ago in Sofia and found him to be carrying a quantity of gold destined for Turkey. This incident is said to have resulted in stopping the flow of Italian gold to Turkey.

Distribution: Mr. DuBois
 Mr. Pehle
 Mr. Aarons

Respectfully yours,
 Burton Y. Berry
 American Consul General

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 By TJ NARA Date 9/31/99

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PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
 TO: AMERICAN EMBASSY, ANKARA
 DATED: July 29, 1943
 NUMBER: 639

CONFIDENTIAL

Reference is made herewith to the Embassy's wire of July 3, 1943, no. 1175, and the Department's cable of July 1, 1943, no. 576.

It is indicated by information just received from a secret source that the Central Bank of Turkey in Galata received a gold shipment on behalf of the Reichsbank Berlin in the middle of June. It is thought that this completed exchange between the two Central Banks may be in addition to the \$3,000,000 worth of gold which you reported. We here view with apprehension the apparent tendency of the Turks to accept German gold thus relieving Germany of the necessity of delivering goods. The Turks have given us frequent assurances that they would ship to Axis Europe only in exchange for merchandise. The Department and OEW would appreciate your views concerning the possibility of a demarche to the Turks on this subject.

HULL

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German Gold
Germany
50259

Treasury Department
Division of Monetary Res ch

Date 7/13/43 194

To: Mr. White

From: Mr. Taylor

Subject: German Gold Holdings and Sales.

1. M.E.W. estimates Germany had in pre-Munich days \$100 million in gold. Germany now has \$1 billion in gold under her influence -- from occupation and holdings of Allies. BEW estimates check with above.
2. Since Sept. 1939, M.E.W. estimates Germany has sold abroad \$223 million in gold -- BEW estimate is \$157 million.

(Letter: Thorold to Pehle, 8 July 1943)

Comment: No Action.
MR. WHITE
Branch 2058 - Room 214

BRITISH EMBASSY

WASHINGTON, D. C.

July 8th, 1943.

Enclosed for the U.S. Treasury are two copies of a memorandum dated July 8th, 1943, and signed by me, containing information regarding German gold holdings and sales since the outbreak of the war. I am enclosing other figures in this connection.

The figures are based on information received from the German Government and are subject to change. I am enclosing a copy of the memorandum for your information.

Yours sincerely,
G. F. Thorold

/s/ Guy Thorold

Mr. J. Pehle,
U. S. Treasury Department,
Foreign Funds Control,
Washington Building,
Washington, D. C.

cc: White, Taylor, E.M. Bernstein, Luxford, DuBois, Fox, Schmidt, Pehle.

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German Gold
Germany
50259

BRITISH EMBASSY
WASHINGTON, D. C.

July 8th, 1943.

COPY

TF. 530

Dear Mr. Pehle:

With reference to previous correspondence on the subject of B.E.W. and M.E.W.'s estimates of German gold holdings and of gold exports from Germany since the outbreak of the war, I am enclosing a note which sets out some further figures in this connection.

Yours sincerely,

/s/Guy Thorold

G. F. Thorold.

Mr. J. Pehle,
U. S. Treasury Department,
Foreign Funds Control,
Washington Building,
Washington, D. C.

cc: White, Taylor, E.M. Bernstein, Luxford, DuBois, Fox, Schmidt, Pehle.

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GOLD

M.E.W.'s estimate of gold exported from Germany since the outbreak of war is \$223 million and compares with B.E.W.'s estimate of \$125 million. See comparative table attached. (page 3)

In the B.E.W. report it is noted that "gold sales took place to Roumania", and that "the Roumanian and Bulgarian figures presumably include the gold received in Switzerland through the conversion of francs and the gold received from Germany in payment of oil deliveries"

In this connection it is interesting to note:

- (1) that the M.E.W. estimate shows gold to the amount of \$32.5 million as having been exported from Germany to Roumania,
- (2) that the B.E.W. estimate of Roumanian gold (exclusive of that held in the United States) is \$210 million, compared with M.E.W.'s estimate of \$152 million held in Roumania at the end of 1941.

If it should transpire that the \$210 million figure in the B.E.W. estimate includes a substantial amount of gold received from Germany, it would be necessary in order to make a straight comparison between the B.E.W. and M.E.W. figures to deflate the figure of \$210 million by some estimate amount, and add that estimate amount to the figure of sales by Germany. Assuming, only for the sake of example, that this estimate could be taken to be the same as M.E.W.'s, the comparison of the two estimates would then show, in summary:

30th June, 1943
 RF:OSF:CLC

(continued)

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| | <u>in \$ millions</u> | | |
|---|-----------------------|-------|-----------------|
| | M. E. W. | | <u>B. E. W.</u> |
| 1. Germany's holdings at the outbreak of war | | | |
| a) in Germany | 100 | | 115 |
| b) in or from Czechoslovakia & Austria | <u>52</u> | 152 | <u>94</u> 209 |
| 2. Acquired from occupied countries | | 490 | 489 |
| 3. Held by Germany's Allies | | 358 | 351 |
| 4. Total holdings within German and German allied influence | | 1,000 | 1,049 |
| <hr/> | | | |
| Germany's holdings at the outbreak of war | | 152 | 209 |
| Sales by Germany since the outbreak of war | | 223 | 157 |

It would be helpful if we could have an explanation of the composition of the figure of \$210 million, given in the B.E.W. report as the amount of Roumanian gold exclusive of that held in the United States.

204156

DECLASSIFIED
 Authority NND 978025
 By TJ NARA Date 9/31/99

RG 56
 Entry 56-69A 4707
 File Germany: Gold Looted
Holdings + Transfers
 Box 80

Estimates of Gold Exports from Germany since Outbreak of War

In millions of \$

| <u>M. E. W.</u> | |
|-----------------|---|
| Portugal | 108 (fairly safe to assume this estimate for Portugal is on the low side) |
| Sweden | 18.5 |
| Roumania | 32.5 |
| All other | <u>16</u> |
| SUBTOTAL | 175 |

| <u>B. E. W.</u> | |
|-----------------|---------------|
| Portugal | 100 (minimum) |
| Sweden | 4 (minimum) |
| Roumania | (small |
| Switzerland | " |
| Spain | " |
| All other | " |
| TOTAL, say | <u>125</u> |

Add: minimum estimate of additional exports, including those to Switzerland 48

TOTAL, say 223

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 NND Authority 978025
 By T J NARA Date 9/31/99

RG 56

Entry 56-69A 4707

File Germany Gold Looted
Holdings + Transfers

Box 80

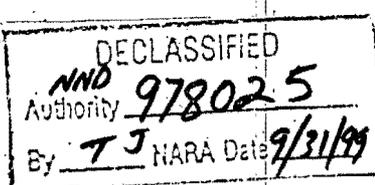
Treasury Department
 Division of Monetary Research

Date June 26, 1943 19 *blum*
278

To: Mr. White
 From: Mr. Taylor

Thorold supplies additional information on German Gold Trafficking Problem.

1. American representative on Anglo-American Economic Committee in Lisbon independently suggested that above problem be raised with Portuguese Government. London press has spontaneously commented on subject.
2. M. E. W. estimates that £55 million of German gold has been exported. Sales of £43 million are substantiated by direct evidence.



RG 56

Entry 56-69A 4707

File German Gold Looted
Holdings + Transfers

Box 80

C O P Y

Treasury Department
Division of Monetary Research

Date June 3, 1943 19

To: Mr. White

From: Mr. Taylor

Subject: Axis Gold Holdings

An M.E.W. estimate and an American estimate (BEW?) are very close in calculating that Germany has either through ownership, seizure, or control, approximately \$1 billion in gold. The amounts of this that Germany has used are relatively small.

The latest reworking of these figures by M.E.W. indicates that gold holdings in Europe which are either available to, or vulnerable to seizure by Germany, are as follows:-

- £ 38 million - at the outbreak of war held in Germany itself (including seizures from Austria and Czechoslovakia)
- £122 " - seized in occupied countries
- £ 90 " - held by Germany's allies
- £ 65 " - now held in Switzerland and Sweden
- £ 48 " - in Spain and Portugal
- £363 " - Total
(or approximately \$1,500,000,000)

204159

DECLASSIFIED
 NND Authority 978025
 By TJ NARA Date 9/31/99

RG 56

Entry 56-69A 4707File German Gold Looted Holdings + TransfersBox 80

German Gold
 Treasury Department
 Division of Monetary Research

Date April 7, 1943 19To: **Secretary Morgenthau**From: **Mr. White**Subject: **German Gold Movements.**

1. Germany is believed to have plenty of gold. In paying for imports in gold, Germany relieves the strain on production. Within the three-month period, December 1942-February 1943 Germany disposed directly of about \$51,200,000 worth of gold as follows:

| | |
|------------------------|-------------------|
| Germany to Portugal | \$8,000,000 |
| Germany to Sweden | 7,400,000 |
| Germany to Switzerland | 3,760,000 |
| Germany to Rumania | <u>32,000,000</u> |

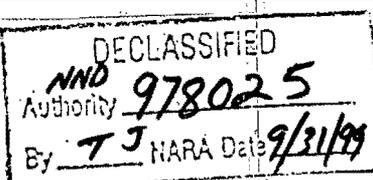
\$ 51,160,000

2. In addition \$12,300,000 worth of gold sold by Switzerland to Spain is stated to be almost certainly of German origin.

(F.P.C. Dispatch Analysis, 4/6/43)

Or. (with "British Financial Censorship Summary on German Gold Transactions and Holdings dated March 20, 1943") to Miss Chauncey

204160



RG 56

Entry 56-69A 4707

File Germany: Gold Looted
Holdings + Transfers

Box 80

Germany: Gold

February 23, 1942

Secretary Morgenthau

Mr. White

Subject: Shipment of Gold from Germany to Switzerland

1. At least \$70 million in gold has been transferred from Germany to Switzerland since March 1941, according to fragmentary information received from the British Embassy in Washington and the American Consulate in Bern.

In the latter part of March 1941, Germany sold to various Swiss banks about \$8 million in gold.

In the early part of April 1941, an unspecified number of bars of Czechoslovakian gold was disposed of by the Reichsbank to private Swiss banks.

From the end of October to the beginning of December 1941, more than 21 tons (over \$23 million) of gold passed through Basle en route from Berlin to the Swiss National Bank at Bern.

On December 7, 1941, 7.5 tons (over \$8 million) in gold arrived at Bern from Berlin.

During the week ending December 27, 1941, 20 tons (about \$22 million) in gold entered Switzerland from Germany consigned to the Swiss National Bank.

On January 23, 1942, 5 tons of gold (about \$5.5 million) passed through Basle en route to Bern.

2. We cannot account for the disposition of all this gold. We do know that up to January 1, 1942, at least \$12 million worth had been converted into escudo credits in Portugal in favor of the Reichsbank. Part of the credits so secured has been used by Germany to pay for purchases of Portuguese tungsten ore and other materials imported by Portugal.

Another part of these gold shipments has possibly been for the purpose of effecting capital transactions for ultimate German account through Swiss intermediaries.

The rest of the gold may have been used to pay for various other imports and services or to increase balances held by the Reichsbank in Switzerland or in other countries.

WJS:meh
2/23/42

204161

DECLASSIFIED
 Authority **NND 978025**
 By **TJ** NARA Date **9/21/99**

RG 56
 Entry 56-69A 4707
 File Germany: Gold Looted
Holdings + Transfers
 Box 80

February 3, 1942

Secretary Berentzen

Mr. White

Subject: Delivery of gold from North Africa to Germany

1. In the spring of 1940, the French Government transferred about three-quarters of a billion dollars of gold to Dakar for safekeeping.

The danger of German occupation of French territory in May 1940 prompted the French Government to transfer to French West Africa a large part of its domestic gold holdings together with the gold held by the Bank of France for the central banks of Belgium and Poland.

After the fall of France, the German Government, on the ground that it had the responsibility of guarding the interests of the central banks of those countries under its "protection", demanded that the French return the Belgian and Polish gold stored in West Africa. The Vichy Government agreed in principle to the return of this gold, although, apparently, no date was set for final delivery.

2. Of the gold removed to Dakar about 310 million belonged to the central bank of Belgium and 80 million to the bank of Poland.

The value of Belgian gold shipped to Dakar has been variously reported as from 310 million to \$250 million with the former figure probably correct. The figure on Polish gold held by the Bank of France was given by the Polish Financial Controller in New York.

3. Previous reports from France and Africa have indicated that the Vichy Government has delivered this Belgian and Polish gold to the Germans.

In January 1941, French officials admitted that they were handing over some of the Belgian and Polish gold to Germany.

In March 1941, it was reported from Dakar that the French commercial airline was carrying small amounts of Belgian and Polish gold to Europe.

204162

DECLASSIFIED
 Authority **NND 978025**
 By **TJ** NARA Date **9/31/99**

RG 56
 Entry 56-69A 4707
 File Germany: Gold Looted
Holdings + Transfers
 Box 80

- 2 -

Division of Secretary
 Research

On July 17, 1941, the American Consul at Algiers reported that about 775 million of Belgian gold had reached Algiers and was to be shipped to France by plane.

About 600 million of Belgian and Polish gold was said to have arrived at the Seydlitz State Bank from West Africa during November 1941, in preparation for transfer to Europe.

In December 23, 1941, 25 million in gold was sent by plane from Algiers to Marseilles, and on December 26, 1941, another shipment of 20 million was made.

4. There is no evidence that the French are arranging for the shipment to Europe of the remaining Belgian and Polish gold now stored in French North Africa.

The American Consulate General in Algiers reports that the French authorities have arranged to ship to Marseilles by regular commercial airplanes about 250 million of this gold a month. Presumably these shipments are destined for eventual delivery to the Germans.

5. The gold shipments might be stopped if one of the French planes were intercepted and forced to return to Algiers.

This method proved effective several months ago when the French sent a trial shipment of several tons of gold over the Mediterranean. British war planes intercepted and turned back the French transports without attacking them, and their gold cargo was again deposited in French Africa.

100-2071
 2/7/42

204163

DECLASSIFIED
 NND
 Authority 978025
 By T J NARA Date 9/31/99

RG 56
 Entry 56-69A 4707
 File German Gold Looted
 Holdings + Transfers
 Box 80

FEB 6 1942

My dear Mr. President:

I wish to call to your attention the continued shipment of gold from French North Africa to Germany. This gold is being delivered in accordance with the decisions of the Franco-German Armistice Commission at Wiesbaden. A brief sketch of how the gold came to be in North Africa and its subsequent disposition is given in the enclosed memorandum.

It would obviously be greatly in our interest to stop the delivery of this gold to Germany. The enclosed cable from our Consulate General in Algeria suggests that the delivery of this gold might be stopped if one of the planes carrying the gold were intercepted and forced to return to Algiers. Could we do anything in this connection?

I am bringing this matter to the attention also of Vice President Wallace and Secretary Hull.

Faithfully yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

The President,

The White House.

Enclosures (2)

CG:WJS/Drl
 2/5/42

204164

DECLASSIFIED

DECLASSIFIED
 Authority **NND 978025**
 By **TJ** NARA Date **9/31/99**

PC 56

RG 56
 Entry 56-69A 4707
 File *Germany: Gold Looted*
Holdings + Transfers
 Box 80

August 23, 1944

DEPARTMENT OF STATE

Paraphrased and sent August 17, 3 p.m.

FOREIGN ECONOMIC ADMINISTRATION

AMEMBASSY,

MADRID.

2281

FROM THE DEPARTMENT, TREASURY AND FEA.

CONFIDENTIAL. FROM A CONFIDENTIAL SOURCE IT HAS BEEN LEARNED THAT CREDIT SUISSE ZURICH HAS OFFERED THE INSTITUTO DE MONEDA EXTRANJERA UP TO 20 MILLION SWISS FRANCS WORTH OF GOLD LOCATED IN BUENOS AIRES AGAINST PAYMENT IN SWISS FRANCS. WE SHOULD APPRECIATE ANY INFORMATION YOU MAY OBTAIN ON THIS MATTER OR WITH RESPECT TO ANY SIMILAR GOLD TRANSACTIONS, ESPECIALLY WITH RESPECT TO THE EXTENT TO WHICH SUCH ARRANGEMENTS HAVE BEEN OR MAY BE EMPLOYED BY GERMAN INTERESTS TO TRANSFER THEIR LOOTED GOLD INTO GOLD NOW ON DEPOSIT IN THE WESTERN HEMISPHERE.

SENT TO MADRID, REPEATED TO BERN, LONDON AND BUENOS AIRES.

HULL
(RLH)

DCR:RLH:ATM

COLE ROOM:
REPEAT TO:

AMLEGATION, BERN, #2830
 AMEMBASSY, LONDON, #6520
 AMEMBASSY, BUENOS AIRES, #1299

WESTONE
 LIAISON, 8/7/44
 BA-813-OFFLETSCHER:MP

cc: 8/25/44 For Information - Messrs. Glasser, Taylor, Ness, Fisher, Schmidt, Sachs, Gilbert, Miss Scullen, O'Flaherty, R. Shwartz, Richards, Bennett, Robinson, Alk, Moskovitz, Luxford, DuBois, NY Fed., General Records, "German gold moving"

EOB:t

DECLASSIFIED
 Authority **NND 978025**
 By **TJ** NARA Date **9/31/99**

RG 56

Entry 56-69A 4707

File Germany: Gold Looted
Holdings + Transfers

Box 80

Treasury Department
 Division of Monetary Research

Date Aug. 22, 1944 19To: Mr. WhiteFrom: Mr. FisherSubject: Reported Shipments of German Gold to Lisbon

- (1) Our Embassy in Lisbon has forwarded a report that between June 26 and July 4, 1944 a total of 320 kilograms of gold (\$360,000) arrived in Lisbon by air from Germany.
- (2) The Bank of Portugal and customs officials at the airport state they have "no official knowledge" of imports of gold by German officials.
- (3) The Bank's representative expressed the opinion that the gold is for private account for safe-keeping or is in transit.
- (4) This report was called to Mr. Wood's attention. He will make further inquiry into these shipments upon his return to Portugal.

Airgram No. A590 from Lisbon
 July 18, 1944.

cc: Mr. Glasser
Mr. Taylor

204166

DECLASSIFIED
 Authority NND 978025
 By TJ NARA Date 9/31/99

RG 56

Entry 56-69A 4787File Germany: Gold Looted
Holdings + TransfersBox 80

FROM: Lisbon
 Date: July 18, 1944
 2:50 p.m.
 Rec'd: July 24, 3 p.m.

SECS TATE

WASHINGTON

590 - July 18, 2:50 p.m.

The Embassy has obtained reliable evidence that during the period June 26 to July 4 four shipments of 80 kilos each of gold totaling 320 kilos arrived in Lisbon by air from Germany, one shipment by German diplomatic pouch, the others in unsealed bags accompanied by two guards.

The Bank of Portugal states that it has "an official knowledge" of any imports of gold by German diplomatic pouch or other channels available to the German Legation here. They agreed, however, that if they had such knowledge, they might have to request the Foreign Office to make representations to the German Legation, such imports being contrary to the terms of the Decree relating to the import and export of gold. The representative of the Bank of Portugal added that upon hearing the rumor, they had made inquiries of the customs officials at the airport and found that they also had no official knowledge of this gold.

In reply to inquiries, the Bank's representative expressed the opinion that the gold belongs to some individual or individuals and has been sent here for safekeeping or perhaps in transit. This supposition was based on the fact that the Bank of Portugal sells on the market enough gold for the requirements of the trade and of private investors. This is about 200 kilos per month (and it would therefore be a difficult and long process for the Germans to sell their gold here).

The Embassy is making further inquiries and will keep the Department informed of any information obtainable as to the disposition of this gold and possible future shipments from Germany.

NORWEB

WOB/mcf

Distributed to: Mr. Bell (Mr. Dietrich); Mr. White (Mr. Fisher-Orig.); Mr. Gaston; Mr. Laxford; Mr. Fisher; Mr. Ostrow; Mr. Nathan; Mr. Bernstein; Mr. Glasser; Mrs. Gold; Mr. Ness

204167

DECLASSIFIED
 Authority **NND 978025**
 By **TJ** NARA Date **9/21/99**

RG 56

Entry 56-69A 4707

File GERMANY: Military Government -
Program (incl. Allied Control Council)

Box 20

30

Germany: Allied Control Council

January 29, 1946

Mr. J. B. Friedman

Mr. R. D. Scott

Subject: Developments in the Control Council for Germany and its
 Various Directorates

Following are findings that have been gleaned from the reports of meetings and papers of the Control Council, the Economic Directorate and the Finance Directorate:

1. On December 1 the Economic Directorate recommended to the Coordinating Committee allocations of various industrial plants for reparations transfer. Of the twenty-two plants recommended for allocation, four were listed for the Soviet, including ball bearing, aircraft, ship building and thermoelectric shops. Eighteen plants were allocated to the Western nations, including ball bearing, chemical, machine tools, aircraft, optical, and explosives and small arms. The Directorate gave a divided recommendation on the allocation of five plants, including Krupp (Essen) and two metallurgical plants, one ship building plant and one machine tool. The Soviet representative refused to consider allocation of the Krupp plant on the ground that it was largely destroyed and that the only remaining shops were reserved under the U.S., U.K. and French proposal, *i.e.* that one-half of the Krupp plant be allocated to the Soviet and the other half to Western nations. The Soviet representative preferred to allocate Krupp on the basis of usable equipment rather than on the basis of whole shops, many of which were largely destroyed. On the allocation of the four other plants, three were recommended by the U.S., U.K. and France to be allocated to the Western nations, the Soviet representative dissenting, and the other plant was recommended by the U.S., Soviet and France to be allocated to the Soviet, with the U.K. dissenting.

2. On November 28 and 30, the U.S., U.K. and Soviet representatives on the Finance Directorate agreed to approve a draft proposal on the establishment of a central German finance department. A covering note, transmitting the draft to the Coordinating Committee, was to provide that the French representative had not taken part in the formulation of the proposal. At the same meeting the Finance Directorate discussed the fate of the German public debt briefly. The British member was for full payment; the French member was willing to discuss any proposal other than total cancellation; the U. S. and Soviet members were for total cancellation.

204168

DECLASSIFIED
 Authority NND 978025
 By TJ NARA Date 9/21/99

RG 56
 Entry 56-69A 4757
 File GERMANY: Military Government -
Program (incl. Allied Control Council)
 Box 80

9/21/99

3. On November 26 the Economic Directorate agreed on a distribution of coal among the zones of occupation. The Soviet zone would start immediately to send 300 to 400 wagons of brown coal briquettes to the American and British zones daily. Ruhr coal would be furnished by the British zone to the Soviet zone to the extent of 5,000 tons per day as soon as the Soviets were able to furnish a thousand wagons for the purpose.

4. In the Coordinating Committee on December 12, General Clay inquired of the other members concerning the proper disposition of the assets of Nazi welfare agencies. He suggested that a quadripartite policy be adopted and said that he had contemplated the transfer of such assets to the various Laender officials as general revenue. The Committee took no action but General Robertson indicated that the British were already disposing of this question in their own zone.

5. On November 28 and 30 the Finance Directorate approved and submitted to the Coordinating Committee a paper on the issue of new loans by local German authorities. This paper proposed that Laender, municipalities and associations of municipalities be permitted to issue loans and short term obligations in order to finance appropriate budget expenditures. Short term debts, maturing within two years, would be incurred only in anticipation of current revenues. Interest on such obligations would be limited to 3% before taxes. Long term loans, maturing in not less than five years, would be issued to meet expenditures provided in the extraordinary budget. Both short term and long term obligations would be issued only with the approval of the Military Government in individual cases.

6. On the 13th of December two rival definitions of the term "restitution" were circulated to the Coordinating Committee for consideration. A Soviet definition limited "restitution" to identifiable goods, whether in existence at the time of occupation or produced during the occupation, which were taken from the country by use of force. All other claims for restitution would be decided on an individual case basis, consideration being given to the fulfillment of reparations and the necessity of leaving a minimum economy for Germany. The U.S., U.K. and French definition would permit restitution of all identifiable goods in existence at the time of the occupation which were removed from the country. This definition made no distinction as to the means of dispossession and would permit restitution of articles sold by individual persons to the German invaders. Goods produced during the occupation, however, would be subject to restitution under the U.S., U.K. and French formula only if they were taken from the country by forceful means.

7. The Soviet representatives on the Food and Agriculture Committee submitted a paper dated December 17 on German Agricultural Cooperatives to the Economic Directorate which approved the paper and forwarded it to the Coordinating Committee. This paper recommends measures to encourage activities of all types of agricultural cooperative associations.

9/21/99

DECLASSIFIED
NND Authority 978025
By T J NARA Date 9/30/99

RG 56
Entry 56-69A 4707
File GERMANY: Military Government -
Program (incl. Allied Control Council)
Box 80

9/30/99

8. The Finance Directorate on the 14th of December approved a paper recommending that information be transmitted to the Finance Directorate quarterly concerning outstanding total of Allied Military marks placed in circulation by the respective Allied powers and the amount issued during the quarter.

9. A sharp debate took place in the Control Council on December 20 concerning the status of Wehrmacht personnel. Marshall Zhukov referred to information that Germans were being recruited into the British Army in the British zone. Marshall Montgomery denied the reports. Marshall Zhukov then inquired of Marshall Montgomery concerning the status of Polish units within the British zone. He observed that in view of the British Government's normal diplomatic relations with the recognized Polish Government, the maintenance of Polish units within the British zone was not desirable. He inquired why such recruitment was being conducted among Poles who are liable to repatriation. Marshall Montgomery said that he would be happy to investigate the questions raised by Marshall Zhukov; however, he said that he was not prepared to discuss the relations between the British and Polish Governments.

10. The Control Council approved and signed a law on the punishment of persons guilty of war crimes, crimes against peace and against humanity on December 20. A detailed statement of the provisions of this law will be prepared in a separate memorandum.

[Faint, mostly illegible text, likely bleed-through from the reverse side of the page]

[Faint, mostly illegible text, likely bleed-through from the reverse side of the page]

RDSScott:joc 1/29/46

RG 84 204171
Entry 2054
File POLAD/USLOA
Box 61 AUSTRIA

DECLASSIFIED
Authority NND 775106
By SE NARA Date 8/29/99

Correspondence
AMERICAN
LEGATION
VIENNA
1946
Volume 68
File No.
8512 - 8675



TELEGRAM RECEIVED

From: BUDAPEST
TO: DEPT.
RPTD: VIENNA: PARIS: BERLIN
Code: SECRET

Date: AUGUST 7, 1946, 10 a.m.
No.: 229
Received: AUGUST 9, 1946, 2 p.m.

PARAPHRASE

Reference my Number 1466. This morning the Hungarian Displaced Property Commissioner NYARADI, who came back last night with the train carrying National Bank's gold, called formally to express the Hungarian Government's appreciation and thanks for the assistance facilities given by OMCUS Frankfurt and Uspolad Berlin. He particularly made known his appreciation for the understanding and courtesy shown. Within a week or ten days he hopes to carry on arrangements with MURPHY Berlin and at Frankfurt and with REBER at Paris for the return of other kinds of Hungarian displaced property. (Sent to Department; repeated as Number 229 to Vienna; as Number 93 to Berlin and as 299 to Paris for SECDEL.)

The difficulties arising from adjustment of four power restitution policy to unilateral US policy in this matter were referred to by NYARADI and as I understand from Department's Number 765 of 2 August this problem settled and I so advised him. General WEEMS tells me that OMCUS has been issued instructions reinforcing JCS directive restitution substantially of all displaced Hungarian property and ruling against the army claim of captured enemy material to which the Hungarian Displaced Property Commissioner referred.

While he said that UGCW authorities gave full cooperation to the Hungarian Restitution Mission Frankfurt, he hinted that in Vienna such was not yet the case.

A statement ** this afternoon with the purpose of obtaining the proper local publicity for this American action concerning monetary gold and related matters - publicity which OIC doubts could be obtained otherwise - is reported in my next following telegram.

SCHOENFELD

eav
 ** Two groups missing.

8576

204172

REPRODUCED AT THE NATIONAL ARCHIVES

RG 84

Entry 2054

File POLARD/USLOA

Box 61 10577214

DECLASSIFIED

Authority NUO0775106

By SE NARA Date 8/28/88

ACTION INFORMATION

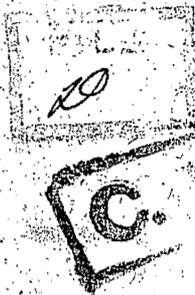
- Pol. Div.
- Press & Pol. Sec.
- Econ. Sec.
- Fin. Sec.
- Agri. Sec.
- Labor Sec.
- Consular Sec.
- Adm. Sec.
- Oil Attache
- Air Div.

204173

DECLASSIFIED
 Authority: UNDO 775106
 By: SE
 NARA Date: 9/22/99

RG 84
 Entry 2054
 File POLAD/VSCOA
 Box 61 AUSTRIA

TELEGRAM RECEIVED



From: BUDAPEST

Date: AUGUST 7, 1946

TO: DEPT.

RPTD: VIENNA: PARIS: BERLIN

No.: 230

Code: EN CLAIR

Received: AUGUST 9, 1946, 4 p.m.

In releasing following statement, local press this afternoon "It was most gratifying to the members of the American Legation to be present last night on the occasion of the arrival in Budapest of the special train which brought to Hungary the monetary gold of the National Bank. This gold which had been removed from Hungary by the Germans and their Hungarian accomplices was captured by the Armed Forces of the United States and held under their protection in the American Zone of Occupation. The United States Section of State acting on behalf of the American Government was asked by the Hungarian Government to release the monetary gold in question during the visit of the Hungarian Prime Minister and members of the Hungarian Government to Washington last June. Secretary BYRNES acceded to the request of the Hungarian Author for the release of the gold with special reference to the plan of the Hungarian Government then being considered for the stabilization of Hungarian finances. The stabilization and rehabilitation of the Hungarian economy have been a matter of special interest to the Government of the US. The American Government therefore took the initiative in harmony with the declaration made by the heads of the Allied Governments at the Crimea Conference to bring about concerted action among the Allied Governments with a view to the improvement and stabilization of the Hungarian economic position. These efforts were marked recently as July 23 of this year by a note to the Government of the Soviet Union urging as had been done before such cooperation of the Allied Powers to assist Hungary in rehabilitating its national economy.

85115

The arrival in Budapest of the gold of the National Bank is a source of special satisfaction as marking an important contribution to the goal desired by the people and Government of the US that Hungarian economy may be promptly restored; that it may take its place in the economy of Europe and the world".

Sent Department; repeated Paris for SECDEL as 300; Berlin 94; Vienna 230.

SCHOENFELD

AS received.

204174

DECLASSIFIED
 Authority: NND 775106
 By: SE
 NARA Date: 5/28/95

RG
 Entry 2054
 File POLAND/USCOA
 Box 61
 84

ACTION INFORMATION

- Pol. Div.
- Press & Pol. Sec.
- Econ. Sec.
- Fin. Sec.
- Agri. Sec.
- Labor Sec.
- Consular Sec.
- Adm. Sec.
- Oil Attache
- Air Div.

McDuer

204175

DECLASSIFIED
 Authority: NND 775106
 BY: SE
 NARA Date: 9/28/99

RG
 Entry 2054
 File POLAD/VSL04
 Box 61 AOSTR14



FILE
D

TELEGRAM RECEIVED

C. W.

From: **HUDAPRES**

Date: **AUGUST 8, 1946**

TO: **DEPT.**

No.: **228**

RPTD: **VIENNA: BERLIN: PARIS**

Code: **EN CLAIR**

Received: **AUGUST 8, 1946, 4 p.m.**

Official train under American command bringing restored Hungarian monetary gold from Frankfurt reached Budapest 8 o'clock local time August 6 and was received ceremoniously by Hungarian authorities including Prime Minister, Minister Finance and others as well as US representative ANCC and myself. Sent Department; Paris SECDEL as 294; Berlin as 92 and Vienna as 228.

SCHUENFELD

BY ACTION

INFORMATION

- Pol. Div.**
- Press & Pol. Sec.**
- Recn. Sec.**
- Fin. Sec.**
- Agri. Sec.**
- Labor Sec.**
- Consular Sec.**
- Adm. Sec.**
- Oil Attache**
- Air Div.**

204176

DECLASSIFIED
Authority: NND 775106
By: SR
NARA Date: 9-28-97

RG
84
Entry 2054
File POLAD/NSCOM
Box 61 AUSTRIA

CC for AUSPOLAD, Vienna

UNITED STATES MISSION
JUL 22 1946
VIENNA

SECRET

C. 1.

A 747

EMBASSY

PARIS (For Cohen, DUNN, REINSTEIN)

Since US draft treaties with Austria, Italy and Hungary are silent regarding participation of those countries in the German gold pot, it is necessary to make other arrangements for disposition of that matter. Fol notes present Department's views and suggest methods for dealing with these problems:

Austria: Questions are:

- (a) Should attempt be made to have gold found in Austria contributed to gold pot?
- (b) Should gold coins and other gold declared or delivered under MG law be included in contribution?
- (c) To what extent should Austria share in gold pot?
- (d) What methods should be used to achieve decisions reached on above questions?

In Potsdam Agreement USSR relinquished claim to gold captured by Allied troops in Germany. Dept has since received indication that USSR has not considered that Agreement applied to gold uncovered in Austria.

Dept's view is that gold uncovered in Austria or delivered under MG law, excluding Hungarian gold stock, should be contributed to gold pot. Austria should participate in distribution of gold found in Germany and Austria on pro-rata basis. As agreed with Fr and Brit as a condition to Fr acceptance of Swiss settlement, Austria and Italy should be excluded from participation in gold recovered in Switz.

While USSR should be notified of Dept's views, it is believed US Govt should act toward purpose described without requesting USSR approval or clearance. It may be mentioned that USSR objection to proposal is not anticipated.

Dept instructed its member on proposed TRI-PARTITE GOLD COMMISSION (BRUSSELS) to reach agreement with his FR and BRIT colleagues on US and ITAL contribution and participation (Deptel 709 to Brussels, line 25).

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Entry 2054
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If such agreement is reached, no serious difficulties are anticipated in securing agreement of other IARA countries to Austrian participation in pot.

Italy: Questions are same as for Austria except that there is no problem of gold declared under MG law, nor of a Hungarian gold stock. Dept's view is that Italian gold uncovered in Germany (which happens to be identifiable as Italian gold) should be merged in gold pot and that Italy should share on pro-rata basis as described for Austria above. Fr reservation regarding Austrian participation in gold recovered from Switz is applicable to Italy also. Since USSR is not concerned with Italian gold uncovered in Germany, it is not necessary to notify them of Dept's intent. They would hardly object to Italy receiving a share of gold uncovered in Germany. It is suggested that procedure described for achieving Austrian participation in gold pot be used for Italy as well.

Hungary: This question was settled as result of discussion between Secretary, Under Secretary and Hungarian Prime Minister. Latter was told that immediate steps would be taken to restore Hungarian gold to Hungary. Only proviso is that Hungarians should return any portions of gold, giving prior assurance that they will do this, which may later be determined to have been looted.

Copies to AMEMBASSY, Brussels; AUSPOLAD, Vienna; USPOIAD, Berlin

ROCHESON, ACTING

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By: SE
NARA Date: 9/22/88

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61/1057/114

TELEGRAM RECEIVED



From: USPOLAD BERLIN
TO: SECSTATE

Date: July 5, 1946 8 PM

RPTD: VIENNA, PARIS, BUDAPEST

No.: 80

C. b.

Code: Confidential.

Received: July 6, 1946 11 AM.

PARAPHRASE

This telegram was sent to the Department as 1661 and repeated to Budapest as 43; Vienna as 80 and Paris for MASON and Ambassador MURPHY as 195.

Pending consideration of a plan discussed by (Reference WX93185 AGWAR to USFET and USFA, July 2) Minister NYARDI when he visited Berlin, it is suggested that no immediate disposition of the Hungarian gold train either within Germany or Austria or for the rehabilitation of stateless persons be made. It was approximated that 200,000 Jews remain in Hungary and that an agency for the rehabilitation of Jews had been formed there. It was NYARDI's idea that this agency should receive the assets of the gold train.

HEATH.

EAV/jkg

9634

ACTION INFORMATION

- Pol Div
- Press & Pol Sec
- Econ Sec
- Fin Sec
- Agri Sec
- Labor Sec
- Consular Sec
- Admin Sec
- Oil Attache
- Air Div.

McJ

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Authority: NND 775106
By: SE
NARA Date: 9/22/94

RG
Entry 2054
File POLAD/USCOA
Box 61 AUSTRIA

TELEGRAM SENT

C.I.

To: USPOLAD BERLIN

Date: January 15, 1946, 10 a.m.

Code: SECRET

No: 7

Charged to: #1

P.A.R.A.P.H.R.A.S.E

(Re 58 from Paris, 6 from ANGELL December 14 delayed).

Gold impounded by USFA in U.S. zone Austria is valued at approximately 4947 thousand U.S. dollars (apart from Hungarian gold). It should not, we repeat not, be brought into gold pot (our opinion). The gold was found partly in possession of private individuals and partly in possession of German Foreign Office. The presumption is that large portion comes originally from Austrian nationals; however, the original ownership is unclear and final disposition is undecided. (Repeated to SECSTATE as number 60.) We know of no Russian claim to the gold.

GRAY

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RC: cs1

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BY SA NARA Date: 5/28/97

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Entry 2054
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Box 61 AUSTRIA

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Authority NNDS 78020

By ICP NARA Date 11/16/99

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Entry 66A-816
File FFC HISTORY
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- Chapter I Introduction: Foreign Funds Control at Peak of Operations
- Chapter II Genesis of Foreign Funds Control - 1937-1939
- Chapter III Period of Protective Blocking, April, 1940 - June, 1941
- Chapter IV Period of Defensive Blocking - June, 1941 - December 7, 1941
- Chapter V Period of Aggressive Blocking - December, 1941 to August, 1945
- Chapter VI Termination of Blocking Controls - November, 1944 to April, 1948

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CHAPTER I

Introduction: Foreign Funds Control at Peak of Operation.

- A. Major Programs.
 - 1. Prevent enemy from using assets in United States.
 - 2. Prevent enemy from benefiting from loot.
 - 3. Stop trade and communication with enemy.
 - 4. Direct weapons of foreign exchange.
 - 5. Procurement of vital financial information.
 - 6. Liberated Areas Programs.
- B. Administrative Organization.

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*Economic
interdict
to warfare*

CHAPTER I

FOREIGN FUNDS CONTROL AT PEAK OF OPERATIONS

Total war is fought in every part of the world on every front -- financial, economic and psychological, as well as military. In such a war the contributions of economic and financial warfare to ultimate victory are far beyond what is generally known. In the long run no army can be more powerful than the economic machine that supports it. Any operation which stops the enemy from producing war materials or from paying for his operations hits him in a vulnerable spot.

The Axis nations planned their economic and financial battle lines for World War II long before actual hostilities began, remembering that in World War I collapse came first on the economic front. Rigid controls on foreign exchange and trade were among the first steps of the Hitler government and the Japanese militarists. German and Japanese industry was encouraged to penetrate throughout Europe, the Americas and the Far East. They bought up raw materials and production facilities. German cartels made financial and trade arrangements which restricted production of vital materials in other nations. Financial and commercial "fronts" were planted throughout the world and through them propaganda and espionage were financed on an extensive scale.

The United States was aware of these moves. By executive order of the and President/pursuant to his authority under Section 5(b) of the Trading with the enemy Act Foreign Funds Control began its economic and financial war nearly two years before Pearl Harbor and the commencement of World War II. Through the mechanism of Foreign Funds Control the Nazis were kept from using billions of assets in this country; Axis fronts were uncovered; the Japanese were prevented

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from getting American oil long before war was declared. It was the one agency responsible for seeing that the Axis reaped no benefits from the billions of dollars looted from its victims; that enemy dollars were prevented from competing with Allied dollars for the acquisition of war materials; that the Axis were deprived of money necessary for espionage, sabotage and propaganda; that rewards to collaborationists and cloaks for their services to dictators were adequately cut off; that as territory commenced to be liberated by our forces the controls were used as a firm basis from which our armies moved forward, and for further weakening the enemy's position. The Control could accomplish these objectives since the United States is not only the largest depository of foreign assets in the world, but is also the world's dominant financial market. As a result, a large portion of all major international financial transactions, particularly those affecting the Western Hemisphere, utilized the financial facilities of the United States and such transactions came under the scrutiny of Foreign Funds Control.

re: charges

The objectives of Foreign Funds Control shifted rapidly: at first, to protect the assets of countries over-run by Hitler; then to defend against the effects of the spread of Hitlerism in the United States; and thereafter, to supplement the tides of the military war as they changed. The continued object of Foreign Funds Control was to hit the enemy where he was weak; to strangle his faltering economy; to destroy his ability to get and use resources; and to prevent him from financing his activities at home, in neutral countries, and within our border.

The history of Foreign Funds Control, both in terms of the programs undertaken and methods of execution, reveals a pattern of improvement and refinement derived from experience and increased awareness of the potential ^{ities} significance of

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Foreign Funds Control as this Government's financial spearhead in its economic attack on the Axis. The following chapters will attempt to describe this evolutionary process, both in terms of programs adopted and the administrative organization established to effect these programs. Since the basic philosophy of Foreign Funds changed consistent with the changes in the war progress throughout the world the history of Foreign Funds Control can conveniently be treated along the following lines: "Genesis of Foreign Funds Control - 1937-1939"; "Period of Protective Blocking, April 1940-June, 1941"; "Period of Defensive Blocking, June 1941-December, 1941"; "Period of Aggressive Blocking, December, 1941-August, 1945;" "Termination of Blocking Controls, November, 1944-April, 1948". ~~A concluding chapter will attempt to set forth some of the lessons we learned in our administration of Foreign Funds Control.~~ ^R Before detailing how Foreign Funds Control adapted itself both from the point of view of administrative techniques and concrete programs of action throughout its years of operation, it was considered useful to ~~attempt~~ to present at the outset a bird's eye view of the functions and administration of Foreign Funds at the peak of its operations in the latter part of 1942 and early part of 1943.

A. MAJOR PROGRAMS

At the peak of its operations Foreign Funds Control was carrying on five main financial warfare programs throughout the world. These programs, based on Executive Order 8389, as amended, and pursuant to Section 5(b) of the Trading with the Enemy Act, as amended, were as follows:

1. Prevent enemy from using assets in U.S.

During the uncertain years prior to the war large sums were transferred to this country for safekeeping. When the nation's...

THE NATIONAL ARCHIVES

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systematic campaign of gaining control of all of these assets held in the United States. Foreign Funds Control took vigorous measures to insure that the innocent owners who put their trust in the strength and integrity of this country were not deprived of their property by the force and fraud practiced by the enemy. Under the authority of the Trading with the Enemy Act and Executive Order 8389, as amended, all assets held here by nationals of invaded countries were placed under "protective blocking". Under the Treasury's powers attempts to transfer any blocked funds without Treasury licenses were made null and void. Operations in the United States of business enterprises which were substantially owned by nationals of blocked countries were rigidly controlled by Treasury licenses.

2. Prevent enemy from benefitting from loot.

Germany was desperately in need of foreign exchange from the time the Hitler machine began grinding out the tools of war in the '30's. She needed greater balances abroad in order to buy from other nations the goods and services to feed her military economy. As the war progressed she required even more exchange to buy from Switzerland, Spain, Turkey and other neutral areas the metals, the goods and the labor she required.

When Germany overran the Netherlands, Belgium, and France, she seized large quantities of negotiable securities, American currency, diamonds, and gold. It soon became apparent that the German government intended to use these readily marketable assets to help pay the costs of the war, and that efforts would be made over a period of time to liquidate and dispose of all American securities and currency which had been seized. Many schemes were developed to turn the valuables into foreign exchange. The general pattern, however, was to make use of black market operators or "fences" in neutral countries who were willing to gamble

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Curry Mission

"2. Recommends:

That all Governments of countries represented at this Conference take action consistent with their relations with the countries at war to call upon the Governments of neutral countries

(a) To take immediate measures to prevent any disposition or transfer within territories subject to their jurisdiction of any

(1) Assets belonging to the Government or any individuals or institutions within those United Nations occupied by the enemy; and

(2) Looted gold, currency, art objects, securities, other evidences of ownership in financial or business enterprises and of other assets looted by the enemy; as well as to uncover, segregate and hold at the disposition of the post-liberation authorities in the appropriate country any such assets within territory subject to their jurisdiction;

(b) To take immediate measures to prevent the concealment by fraudulent means or otherwise within countries subject to their jurisdiction of any

(1) Assets belonging to, or alleged to belong to, the Government of any individuals or institutions within enemy countries;

(2) Assets belonging to, or alleged to belong to, enemy leaders, their associates and collaborators; and

to facilitate their ultimate delivery to the post-armistice authorities.

None of the neutral countries had adopted any of these resolutions by the time hostilities ceased. In fact, in February, 1945, a special mission, the so-called Curry Mission, consisting of the U.S., U.K. and French repre-

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representatives was sent to Switzerland to secure, among other things, a commitment on this gold policy.

The following results were achieved by the Currie Mission:

(2) Switzerland Froze all German Assets.

On February 16, 1945, the Swiss Federal Government issued a decree freezing all assets in Switzerland of Germans and persons in German-occupied territory.

Significantly, Berlin, immediately after the issuance of this decree, recalled home the economic mission which it had sent to negotiate with the Swiss.

(2) Switzerland Agreed to Take Other Freezing Action.

The Swiss Government agreed to tighten certain already existent freezing controls and, upon the receipt of instructions from us, to freeze the assets of Japan, Finland, Rumania, and Bulgaria. The freezing of Finland, Bulgaria, and Rumania was postponed in order that we might first clear such action with the Russians, inasmuch as the Russian Government did not participate in the negotiations. It was decided by us to postpone the freezing of Japan for reasons which I will be glad to explain orally.

In this connection, the Swiss Government also declared in writing that it will "prevent the concealment, disposing of, or dissipation of assets of persons falling under the various blocking decrees issued by the Swiss Government in the past or which it will enact in the future or the execution of transactions for, or on behalf of such persons designed to elude or evade such con-

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(N) Swiss Black Markets in Dollars and Other Foreign Currencies Have Been Eliminated.

The Swiss, by decree of March 3, 1945, have prohibited the importation, exportation, and all trading within Switzerland in the currency of any foreign country. This measure stops all black market dealings in dollars, sterling, francs, etc. and prevents Germans from continuing to sell in Switzerland currencies they have taken from occupied countries.

(N) Swiss Stopped Purchasing Gold from Germany for Ordinary Financial Operations.

The Swiss Government has agreed to cease purchasing any more gold from Germany except to provide funds for German diplomatic expenses in Switzerland, care of German prisoners of war, and payments to the American Red Cross. As a result of this step, payments made by Germans to persons in Switzerland, including payments to stand-still creditors, will cease, since the Germans were acquiring Swiss francs with which to make such payments by the sale of gold.

In this connection you will be interested to learn that Mr. Weber, President of the Swiss National Bank, made the observation to me that he supposed we did not realize it, but by forcing the Swiss Government to cease purchasing gold from Germany we were effectively killing the Bank for International Settlements. He explained that the chief asset of the BIS was a claim against Germany and that the only way in which this claim was being liquidated was

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(2) Swiss Commitment to Take a Census of Foreign Assets
Emasculates Swiss Banking Secrecy.

The Swiss Government agreed to take a census of all assets held in or through Switzerland by nationals of all countries now or hereafter subject to Swiss freezing decrees. This means a census of the assets of all European countries other than Sweden, Spain, Portugal, and Turkey. In agreeing to take this census, the Swiss recognize that for the first time in Swiss history all banks, lawyers, holding companies, etc., will be forced to disclose to the Swiss Government the names of the true owners of assets being held through Switzerland. This commitment was obtained with great difficulty and only because the American delegation was adamant.

(2) Foundation Laid for Securing Swiss Cooperation in Post-War Allied Control of German External Assets.

The Swiss Government is now committed not to release German blocked assets without first consulting the postwar Allied Military Government of Germany. This result was achieved by pressing the Swiss to agree not to relax any of its freezing controls without consulting the government of the blocked country. In addition to its importance in the German program, the commitment will be very helpful to the postwar financial programs of the liberated countries.

(2) Switzerland to Assist in Restoration of Looted Property.

The Swiss Government made a general commitment on its own behalf and that of the Principality of Lichtenstein to prevent the

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disposal, concealment, or reception of assets which may have been taken illegally or under duress during the war" and that "every facility will be given to the dispossessed owners to claim in Switzerland and Lichtenstein their assets found there."

In return for the foregoing, we gave nothing to the Swiss.

This achievement was made possible only because Mr. Currie was willing to throw his full weight behind this aspect of the negotiations and to take the position that action by the Swiss in this sphere was a sine qua non of any trade agreement between Switzerland and the Allied countries represented.

In these negotiations, ^{as} well as in all the negotiations looking toward the original gold declaration, Bretton Woods Resolution VI, and subsequent developments, representatives of Foreign Funds Control played a dominant role, although the actual negotiations with the neutral governments with respect to German external assets and looted gold were the prime responsibility of the State Department. Accordingly, it is considered appropriate here to review the history of the negotiations with the Swiss and Swedish governments which were conducted in Washington in the spring and early summer of 1946.

(a) Swiss Negotiations.

The importance with which the Allied Governments viewed German external assets, especially in the neutral countries, was emphasized in the Potsdam Declaration of August 2, 1945, issued by the governments of the United States, United Kingdom, and Union of Soviet Socialist Republics. Articles 3 and 4 of this Declaration provided that the Allied Control Council

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German external assets not already under the control of the United Nations. In addition to allocating the disposition of German external assets, the Potsdam Declaration provided that the United States, United Kingdom, and other appropriate members of the United Nations, exclusive of the Union of Soviet Socialist Republics, would derive reparation payments from German external assets in neutral countries.

On October 30, 1945, pursuant to the Potsdam Declaration, the Allied Control Council for Germany issued Law No. 5. One of the primary objectives of this vesting decree was to promote "international peace and collective security by the elimination of the German war potential."

In February 1946, the Swiss Government was invited to send a delegation to the United States to discuss with representatives of the Governments of the United States, United Kingdom, and France, questions arising out of Law No. 5 as it related to German external assets in Switzerland and the Principality of Liechtenstein. The representatives of the United States, United Kingdom, and France were also acting on behalf of the governments of Albania, Australia, Belgium, Canada, Denmark, Egypt, Greece, India, Luxembourg, Norway, New Zealand, the Netherlands, Czechoslovakia, Union of South Africa, and Yugoslavia.

The Swiss Foreign Office was advised informally that the discussions in Washington would deal with: (1) the marshalling and liquidation of German assets in Switzerland and the utilization of the proceeds from the liquidation for reparation purposes; (2) procedures for the return to rightful owners of looted property, including gold looted by the Germans which might have found its way into Switzerland. In addition, the Allied Governments

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PARIS CONFERENCE ON REPARATION

NOVEMBER 9th — DECEMBER 21th, 1945

FINAL ACT

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PARIS CONFERENCE ON REPARATION

FINAL ACT

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CONFERENCE RECOMMENDATION.

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

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DRAFT

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

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

Have agreed as follows:

PART I.

GERMAN REPARATION.

ARTICLE 1.

Shares in Reparation.

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

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

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

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

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

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

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

The distribution among the Signatory Governments of forms of German reparation other than merchant ships, inland water transport and German assets in countries which remained

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

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neutral in the war against Germany shall be guided by the principles set forth in Article 4 of Part I of this Agreement.

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

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

F. The Inter-Allied Reparation Agency, to be established in accordance with Part II of this Agreement, shall charge the reparation account of each Signatory Government for the German assets within that Government's jurisdiction over a period of five years. The charges at the date of the entry into force of this Agreement shall be not less than 20 per cent of the net value of such assets (as defined in Article 6 of Part I of this Agreement) as then estimated, at the beginning of the second year thereafter not less than 25 per cent of the balance as then estimated, at the beginning of the third year not less than 33 $\frac{1}{3}$ per cent of the balance as then estimated, at the beginning of the fourth year not less than 50 per cent of the balance as then estimated, at the beginning of the fifth year not less than 90 per cent of the balance as then estimated, and at the end of the fifth year the entire remainder of the total amount actually realized.

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

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

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

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

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ARTICLE 2.

Settlement of Claims against Germany.

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

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

(i) The determination at the proper time of the forms, duration or total amount of reparation to be made by Germany;

(ii) The right which each Signatory Government may have with respect to the final settlement of German reparation, and

(iii) Any political, territorial or other demands which any Signatory Government may put forward with respect to the peace settlement with Germany.

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

(i) The obligation of the appropriate authorities in Germany to secure at a future date the discharge of claims against Germany and German nationals arising out of contracts and other obligations entered into, and rights acquired, before the existence of a state of war between Germany and the Signatory Government concerned or before the occupation of its territory by Germany, whichever was earlier;

(ii) The claims of Social Insurance Agencies of the Signatory Governments or the claims of their nationals against the Social Insurance Agencies of the former German Government; and

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

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

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ARTICLE 3.

Waiver of Claims Regarding Property Allocated as Reparation.

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

ARTICLE 4.

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

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

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

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

(i) Any item or related group of items in which a claimant country has a substantial prewar financial interest shall be allocated to that country if it so desires. Where two or more claimants have such substantial interests in a particular item or group of items, the criteria stated below shall guide the allocation.

(ii) If the allocation between competing claimants is not determined by paragraph (i), attention shall be given, among other relevant factors, to the following considerations :

(a) The urgency of each claimant country's needs for the item or items to rehabilitate, reconstruct or restore to full activity the claimant country's economy;

(b) The extent to which the item or items would replace property which was destroyed, damaged or looted in the war, or requires replacement because of excessive wear in war production, and which is important to the claimant country's economy;

(c) The relation of the item or items to the general pattern of the claimant country's prewar economic life and to programs for its postwar economic adjustment or development;

(d) The requirements of countries whose reparation shares are small but which are in need of certain specific items or categories of items.

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(iii) In making allocations a reasonable balance shall be maintained among the rates at which the reparation shares of the several claimant Governments are satisfied, subject to such temporary exceptions as are justified by the considerations under paragraph (ii) (a) above.

ARTICLE 5.

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

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

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

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

B. Recognizing that some countries have special need for inland water transport, the distribution of inland water transport shall be dealt with by a special committee appointed by the Assembly of the Inter-Allied Reparation Agency in the event that inland water transport becomes available at a future time as reparation for the Signatory Governments.

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

ARTICLE 6.

German External Assets.

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

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

C. German assets in those countries which remained neutral in the war against Germany shall be removed from German ownership or control and liquidated or disposed of in accordance with the authority of France, the United Kingdom and the United States of America, pursuant to

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arrangements to be negotiated with the neutrals by these countries. The net proceeds of liquidation or disposition shall be made available to the Inter-Allied Reparation Agency for distribution on reparation account.

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

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

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

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

ARTICLE 7.

Captured supplies.

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

ARTICLE 8.

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

In recognition of the fact that large numbers of persons have suffered heavily at the hands of the Nazis and now stand in dire need of aid to promote their rehabilitation but will be unable to claim the assistance of any Government receiving reparation from Germany, the Governments of the United States of America, France, the United Kingdom, Czechoslovakia and Yugoslavia, in consul-

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tation with the Inter-Governmental Committee on Refugees, shall as soon as possible work out in common agreement a plan on the following general lines :

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

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

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

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

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

(ii) German and Austrian nationals now resident in Germany or Austria in exceptional cases in which it is reasonable on grounds of humanity to assist such persons to emigrate and providing they emigrate to other countries within a reasonable period;

(iii) Nationals of countries formerly occupied by the Germans who cannot be repatriated or are not in a position to be repatriated within a reasonable time. In order to concentrate aid on the most needy and deserving refugees and to exclude persons whose loyalty to the United Nations is or was doubtful, aid shall be restricted to nationals or former nationals of previously occupied countries who were victims of Nazi concentration camps or of concentration camps established by regimes under Nazi influence but not including persons who have been confined only in prisoners of war camps.

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

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

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

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

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

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PART II.

INTER-ALLIED REPARATION AGENCY.

ARTICLE 1.

Establishment of the Agency.

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

ARTICLE 2.

Functions of the Agency.

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

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

ARTICLE 3.

Internal Organization of the Agency.

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

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

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

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ARTICLE 4.

Functions of the Secretariat.

The Secretariat shall have the following functions :

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

ARTICLE 5.

Functions of the Assembly.

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

ARTICLE 6.

Voting in the Assembly.

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

ARTICLE 7.

Appeal from Decisions of the Assembly.

A. When the Assembly has not agreed to a claim presented by a Delegate that an item should be allocated to his Government, the Assembly shall, at the request of that Delegate and within the time limit prescribed by the Assembly, refer the question to arbitration. Such reference shall suspend the effect of the decision of the Assembly on that item.

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

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ARTICLE 8.

Powers of the Arbitrator.

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

ARTICLE 9.

Expenses.

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

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

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

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

ARTICLE 10.

Voting on the Budget.

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

ARTICLE 11.

Official Languages.

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

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ARTICLE 12.

Offices of the Agency.

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

ARTICLE 13.

Withdrawal.

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

ARTICLE 14.

Amendments and Termination.

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

ARTICLE 15.

Legal Capacity. Immunities and Privileges.

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

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PART III.

RESTITUTION OF MONETARY GOLD.

Single Article.

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

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

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

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

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

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

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

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PART IV.

ENTRY INTO FORCE AND SIGNATURE.

ARTICLE PREMIER.

Entry into Force.

This Agreement shall be open for signature on behalf of any Government represented at the Paris Conference on Reparation. As soon as it has been signed on behalf of Governments collectively entitled to not less than 80 p. 100 of the aggregate of shares in Category A of German reparation, it shall come into force among such Signatory Governments. The Agreement shall thereafter be in force among such Governments and those Governments on whose behalf it is subsequently signed.

ARTICLE 2.

Signature.

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

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

For the Government of
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UNANIMOUS RESOLUTIONS BY THE CONFERENCE.

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

1. German Assets in the Neutral Countries.

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

2. Gold transferred to the Neutral Countries.

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

3. Equality of Treatment regarding Compensation for War Damage.

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

Reference to the Annex to the Final Act.

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

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

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

Hysni KAPO, Delegate of Albania;

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

E. Ronald WALKER, Delegate of Australia;

KAECKENBEECK, Delegate of Belgium;

Maurice POPE, Delegate of Canada;

KRUSE, for the Delegate of Denmark;

, Delegate of Egypt;

Jacques RUEFF, Delegate of France;

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

, Delegate of Greece;

P. CHANDHURI, Delegate of India.

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

WEHRER, Delegate of Luxembourg;

HELGEY, Delegate of Norway;

S. D. WALEY, for the Delegate of New-Zealand;

BOISSEVAIN, Delegate of the Netherlands;

Vavřo HAJDU, Delegate of Czechoslovakia;

Maurice POPE, for the Delegate of the Union of South-Africa;

Ales BEBLER, Delegate of Yugoslavia.

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ANNEX.

1. *Résolution on the subject of Restitution.*

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

(a) The question of the restitution of property removed by the Germans from the Allied countries must be examined in all cases in the light of the United Nations Declaration of January 5 th, 1943.

(b) In general, restitution should be confined to identifiable goods which (i) existed at the time of the occupation of the country concerned, and were removed with or without payment; (ii) were produced during the occupation and obtained by an act of force.

(c) In cases where articles removed by the enemy cannot be identified, the claim for replacement should be part of the general reparation claim of the country concerned.

(d) As an exception to the above principles, objects (including books, manuscripts and documents) of an artistic, historical, scientific (excluding equipment of an industrial character), educational or religious character which have been looted by the enemy occupying Power shall, so far as possible, be replaced by equivalent objects if they are not restored.

(e) With respect to the restitution of looted goods which were produced during the occupation and which are still in the hands of German concerns or residents of Germany, the burden of proof of the original ownership of the goods shall rest on the claimants and the burden of proof that the goods were acquired by a regular contract shall rest on the holders.

(f) All necessary facilities under the auspices of the Commanders-in-Chief of the occupied Zones shall be given to the Allied States to send expert missions into Germany to search for looted property and to identify, store and remove it to its country of origin.

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

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

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

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

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

Express the hope that no category of economic resources in excess of Germany's requirements as defined in Part III, article 15 of the Potsdam Declaration, due account being taken of article 19

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of the same Part, shall in principle be excluded from the assets, the sum total of which should serve to meet the reparation claims of the Signatory Governments.

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

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

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

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

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

(a) To determine the proportion of Germany property available as reparation, account shall be taken of the sum total of property actually constituting the German economy, including assets belonging to a United Nation or to its nationals, but excluding looted property, which is to be restored.

(b) In general, property belonging legitimately to a United Nation or to its nationals, whether wholly owned or in the form of a shareholding of more than 48 percent, shall so far as possible be excluded from the part of German property considered to be available as reparation.

(c) The Control Council shall determine the cases in which minority shareholdings of a United Nation or its nationals shall be treated as forming part of the property of a German juridical person and therefore having the same status as that juridical person.

(d) The foregoing provisions do not in any way prejudice the removal or destruction of concerns controlled by interests of a United Nation or of its nationals when this is necessary for security reasons.

(e) In cases where an asset which is the legitimate property of one of the United Nations or its nationals has been allocated as reparation, or destroyed, particularly in the cases referred to in paragraphs (b), (c), and (d) above, equitable compensation to the extent of the full value of this asset shall be granted by the Control Council to the United Nation concerned as a charge on the German economy. This compensation shall, when possible, take the form of a shareholding of equal value in German assets of a similar character which have not been allocated as reparation.

(f) In order to ensure that the property in Germany of persons declared by one of the United Nations to be collaborators or traitors shall be taken from them, the Control Council shall give effect in Germany to legislative measures and juridical decisions by courts of the United Nation

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concerned in regard to collaborators or traitors who are nationals of that United Nation or were nationals of that United Nation at the date of its occupation or annexation by Germany or entry into the war. The Control Council shall give to the Government of such United Nation facilities to take title to and possession of such assets and to dispose of them.

4. *Resolution on captured War Material.*

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

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

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

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

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

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

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

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

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

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7. Resolution on the Property of War Criminals.
The Delegates of Albania, Belgium, France, Luxembourg, Czechoslovakia and Yugoslavia express the view that :

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

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

8. Resolution on Recourse to the International Court of Justice.
The Delegates of Albania, Australia, Belgium, Denmark, France, Luxembourg, the Netherlands, Norway, Czechoslovakia and Yugoslavia recommend that :

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

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La présente copie est certifiée conforme à l'exemplaire original unique en langues anglaise et française signé à Paris le 21 décembre 1945 et déposé dans les Archives de la République Française.

Le Ministre Plénipotentiaire, Chef du Protocole :

JACQUES DUMAINE.

Tripartite Gold Commission

THE TRIPARTITE COMMISSION FOR THE RESTITUTION OF MONETARY GOLD

1. The Tripartite Commission has its origins in the Agreement on Reparation which was signed in Paris on 14 January 1946. The Paris Agreement covered various aspects of reparations from Nazi Germany but it was Part III alone which gave rise to the establishment of the Tripartite Commission. This part of the Agreement was concerned exclusively with monetary gold and in effect deputed the US, French and British Governments to deal with it. Part III reads (in part):

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

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

2. The former Soviet Union played no part in the Paris Conference or in the activities of the Tripartite Commission, having at the Potsdam Conference in July 1945 renounced all claims to gold recovered by the Allied forces in the Western zones of Germany. For their part, the Western Allies did not apparently seek to discover whether any monetary gold was recovered by the Soviet Union in its zone of occupation in Germany or elsewhere.

3. One of the surprising problems met by the three Governments, and the Tripartite Commission was that there was at that time no standard accepted definition of the term "monetary gold". There was no doubt a general understanding that the term "monetary gold" meant gold which was the backing for a national currency. But, the Signatories to the Paris Agreement, having made provision for the restitution of monetary gold failed to define precisely what they meant by "monetary gold". The three Governments were left to work it out for themselves. A definition was quickly formulated for the purposes of the Tripartite Commission's enquiries and investigations of claims. It was a very specific, tightly drawn definition:

"All gold which, at the time of its looting or wrongful removal, was carried as part of the claimant country's monetary reserve, either in the accounts of the claimant Government itself or in the accounts of the claimant country's central bank or other monetary authority at home or abroad".

4. In order to assist them in carrying out their responsibilities, the three Governments established on 27 September 1946 the Tripartite Commission for the Restitution of Monetary Gold - in Brussels in co-location with but independent of the Inter-Allied Reparation Agency. The Commission was to comprise representatives, known as Commissioners, from the three Governments. Its operating mandate is to be found in the announcements made simultaneously by the US, French and British governments on 27 September 1946. The functions of the Tripartite Commission were defined as:

"(a) To request the submission of and to receive from the Governments claiming the right to participate in the division of monetary gold found in Germany or which may be recovered from a third country to which it was transferred by Germany, claims for restitution of gold looted by or wrongfully removed to Germany, supported by detailed and verifiable data regarding such losses.

(b) To scrutinize claims received and to determine the share of each claimant Government in the pool of monetary gold to be distributed by way of restitution in accordance with Part III of the Paris Agreement on Reparation and any other pertinent agreements.

(c) In due course to announce the total value of the pool of monetary gold which will become available for distribution by way of restitution.

(d) When all the claims for restitution have been received and adjudicated upon, to announce the share in the pool of monetary gold available for restitution to each country entitled to participate in the pool.

(e) In such other ways as shall be decided by the three Governments establishing the Commission, to assist in the distribution of the pool of monetary gold available for restitution.

(f) To perform such administrative acts as may be necessary to carry out the functions referred to in subparagraphs (a) through (e) above, including, without limiting the generality of the foregoing, the opening and maintaining of bank accounts, and the making of contracts for the performance of necessary services. Expenses of the Commission incident to the carrying out of its functions shall be a first charge against the fund of monetary gold to be distributed."

5. It should be noted that, given the terms of Part III of the Paris Agreement and the Tripartite Commission's mandate of 27 September 1946, the Commission was not empowered to and did not at any stage deal with claims from private citizens, commercial banks or companies for their losses, either directly or through claimant Governments acting on their

behalf - however well documented the claim. It would appear that the intention was that such claims should be covered by other parts of the Paris Agreement.

6. In accordance with its mandate, the Tripartite Commission itself was not at any stage involved with the process of the recovery of gold within Germany or from other countries such as Switzerland, Sweden, Spain, Portugal, Romania, or from the Bank for International Settlements. This onerous task remained in the hands of the three Governments. They also had the difficult responsibility of deciding what in practice constituted monetary gold for the purposes of the gold pool. The circumstances surrounding the recovery of gold for the gold pool were complex and frustrating. They are described in some detail in the research papers produced over the last year by the US and British Governments. These papers both point out how the Allied occupation forces in Germany, contending with confusion and urgency, expanded the definition of monetary gold to regard any gold in bar form as monetary gold. One does not have to have lived through that era to understand the immensity of the problems facing the Allies in post-war Germany and Europe generally, not to mention other parts of the world.

7. Given the presence here of so many distinguished historians and researchers, a point which should be made is that, as may be clear from the above, the archives of the Commission are almost entirely concerned with the detailed and highly technical examination of adjudication on the claims from the various Governments and the distribution of gold at various times to them. The archives do not comprise a great treasure trove of unique information concerning the origins of the gold in the pool. Indeed, the archives are small, occupying only a few cupboards in the Tripartite Commission's office in Brussels. In fact, the Commission was never a large organisation. At the height of its activity, in the late 1940s through to 1958 when it delivered the adjudications, it can have had no more than a dozen full-time and part-time staff. For some years, it has comprised no more than one member of staff and three part-time Commissioners.

8. The Tripartite Commission has been understandably criticised for not making its archives available to the public over the years. It is however right to point out in its defence that most of its documentation concerns confidential negotiations with the individual governments about their claims. These negotiations went into considerable detail about central bank gold holdings and losses. These were matters which the claimant countries themselves regarded as sensitive and confidential. It is also the case that the work of the Commission has not yet been completed. From the Commission's point of view therefore, its documentation is still very much in current use. Given, furthermore, that the archives are all in the single office occupied by the Commission, throwing the

archives open to examination by researchers has not been a practical proposition.

9. It is a fair question to ask what the Tripartite Commission has achieved over the fifty-one years of its existence.

10. By September 1996, the amount of gold recovered by the US, French and British Governments in Germany and elsewhere, which they deemed to be monetary within the meaning of Part III of the 1946 Paris Agreement and therefore placed in the gold pool established by the Tripartite Commission totalled something over 10.8 million ounces, ie over 336 tons. This gold pool was set up at the Federal Reserve Bank of New York, the Bank of England and the Banque de France. The Tripartite Commission archives have little in the way of detail about the origins of the gold in the gold pool - and then only information which originated with the three Governments. The first contribution to the gold pool was in fact the 250 million Swiss francs' worth of gold, about 1.7 million ounces, resulting from the negotiations between the Tripartite Governments and the Swiss Government in 1946. This was credited to the TGC account at the Federal Reserve Bank of New York in June 1947.

11. However, by far the greater part of the gold pool, some 7.5 million ounces entered the pool from the Frankfurt Exchange Depository, where it had been collected for safe-keeping by the US Military Authorities. In November 1947, some 3.4 million ounces were transferred direct from the Frankfurt to the Netherlands, Belgium and Luxembourg as advances on their preliminary shares. In 1948, the rest of the monetary gold in Frankfurt, some 4.2 million ounces, was transferred to the Tripartite Commission account at the Bank of England. According to information supplied to the Tripartite Commission by the Governments, most of the gold in Frankfurt had been discovered by the US Army in the Merkers mine in Thuringia before the end of the war.

12. Additional significant amounts of gold were subsequently obtained from: (in round figures)

| | |
|------------------------|----------------|
| Sweden | 423,000 ounces |
| Spain | 3,300 ounces |
| Romania | 578,700 ounces |
| Portugal | 128,600 ounces |
| BIS | 120,200 ounces |
| Military zones Austria | 145,500 ounces |
| Military zones Germany | 96,200 ounces |

A further 119,300 ounces recovered direct from Switzerland by Czechoslovakia were also deemed to have been part of the pool.

13. The Commission sent out to the potential claimant countries in March 1947 a questionnaire designed to elicit as much information as was possible in the circumstances of the monetary gold "looted by Germany or, at any time after March 12, 1938, was wrongfully removed into German territory." The definition of monetary gold used was that referred to in paragraph 2 above. Ten countries responded: Albania, Austria, Belgium, Czechoslovakia, Greece, Italy, Luxembourg, the Netherlands, Poland and Yugoslavia. Although they had not participated in the Paris Conference on Reparation claims were accepted from Austria, Italy and Poland. Indeed Part III of the Paris Agreement made specific provision for the participation in the gold pool of countries not represented at the Paris Conference. Paragraph D of Part III reads:

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

14. The information provided by the claimant countries was painstakingly assessed and conclusions reached - some with considerable difficulty: one case indeed required the services of an independent arbitrator. The Commission's formal adjudications were all signed in June 1958, except for one, which for reasons to do with the Governments concerned rather than the Commission, was not signed until 1982. However, already by 1952, about 80% of the eventual total gold pool, ie about 266 tons had been distributed to claimant countries on the basis of preliminary findings. By 1959 the total distributed had risen to 299 tons. There were further distributions in 1974 (to the Netherlands), 1976 (to Poland), 1982 (to Czechoslovakia) and 1996 (to Albania). These delays were caused by various factors attributable to Governments rather than the Commission.

15. As stated above, the total amount of gold recovered by the Tripartite Governments in pursuance of their responsibilities under Part III of the Paris agreement was about 10.8 million ounces or 336 tons. The total originally claimed by the ten claimant countries amounted to over 735 tons. The total amount of claims validated by the Tripartite Commission, however, amounted to about 16.5 million ounces or 514 tons. As a result, by the time the Commission has completed its work, each claimant country will have received from the Commission only some 64% of its validated claim.

16. The current situation is that only about 5.5 tons of the gold pool remain - ie about 1.5% of the gold pool. In the

circumstances and given the constraints within which the Tripartite Commission had to operate it is reasonable to conclude that the vital restitution of monetary gold to the central banks which had been looted during the war took place as speedily as could be permitted by the need for careful consideration of the competing national claims.

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INTER ALLIED REPARATION AGENCYGERMAN EXTERNAL ASSETS

REPORT SUBMITTED TO THE ASSEMBLY BY THE COMMITTEE
ON GERMAN EXTERNAL ASSETS REGARDING ACCOUNTING RULES
FOR GERMAN ENEMY ASSETS WITHIN THE JURISDICTION OF
MEMBER GOVERNMENTS.

A D D E N D U MNote by the Secretary General.

In accordance with the decision taken by the Assembly at its hundred and twentieth Meeting of 21 November, 1947, the date of 24 January, 1946 has been admitted as the date of entry into force of the Paris Agreement on Reparation.

Consequently, the date "...January, 1946", wherever it occurs in I.A.R.A./AS/Doc.354 should read: "24 January, 1946"; while Annex II page 4, Rule 18, line 7 should read: "24 January, 1949".

(Sgd) N.E.P. SUTTON
Secretary General.

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implement Article 8 of the Final Act of the Paris Reparations Conference in part by allocating to the Intergovernmental Committee on Refugees (IGCR) all "non-monetary gold found in Germany." The possibility that the Reichsbank gold reserves might include persecutee-origin gold that could qualify as non-monetary gold was not lost on the U.S. officials responsible for deciding how the gold held in Frankfurt should be distributed. In July 1946, the State Department sent Irwin S. Mason to the Foreign Exchange Depository to identify items there that might qualify for turnover to the IGCR. In reporting Mason's findings to the Secretary of State, Livingston T. Merchant, Minister-Counselor for Economic Affairs at the U.S. Embassy in Paris, called particular attention to the 8,307 gold bars captured with the Reichsbank holdings at Merkers. According to Merchant, "these gold bars may, after proper assay and expert consideration, be determined to represent melted down gold teeth fillings and therefore [be] classifiable as non-monetary gold."⁴⁴

F. U.S. Definitions of "Monetary" and "Non-Monetary" Gold and Their Application to Persecutee-Origin Gold and Valuables

In August 1946 the State Department proposed that the Joint Chiefs of Staff issue a directive to OMGUS and the U.S. Forces in Austria to proceed with the transfer to the IGCR of captured non-monetary gold held in the U.S. occupation zones. Urging the "broadest possible interpretation" of the reference to "non-monetary gold in Germany" in Article 8 of the Paris Reparations Agreement, State proposed to define non-monetary gold as "all personal property which represents loot seized or obtained under duress from political, racial or religious victims" of Nazi Germany or its satellites, "which was or may hereafter be found, seized or confiscated by USFET or by local authorities acting under direction or control of US forces," with the following provisos: 1) the property could not be restituted to its rightful owner because the original owner was not identifiable or had died without heirs; 2) the property could not be restituted to the nation where it originated because its national origin was undeterminable; and 3) Jewish literature of cultural or religious significance, German currency, and real property in Germany should be excluded.⁴⁵

The preparations for transferring non-monetary gold to the IGCR coincided with the establishment on September 27, 1946, of the Tripartite Gold Commission (TGC) in Brussels by the U.S., British, and French Governments, to implement the provisions of the Paris Reparations Agreement with regard to restitution of gold to the nations whose gold reserves had been looted by Germany during the war. The TGC planned to distribute gold from a "gold pool" that was to be assembled from the various neutral nations that had acquired looted monetary gold from Germany and from the monetary

⁴⁴ Letter from Livingston T. Merchant, Minister-Counselor for Economic Affairs, U.S. Embassy Paris, to Secretary of State, July 19, 1946, "Non-Monetary Gold and Other Valuables," RG 59, Box 4211.

⁴⁵ Cable No. WARX-98112 from War Department, Civil Affairs Division, to OMGUS and USFA (U.S. Forces Austria), August 21, 1946, *ibid.*, TGC, Box 25, folder I-V.

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80th Congress, 2d Session

House Document No. 80-790, Part 2

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Volume II
Council of
Foreign Ministers;
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provisions of the Berlin Protocol dealing with the treatment of Germany as an economic unit. This directive should require the Allied Control Authority to constitute the central German administrative Departments under terms of reference which would make their unhindered operation in each of the four zones possible; and to proceed with the implementation of common policies in production, foreign trade, financial and monetary reform. The nature of these common policies should be broadly agreed. It should likewise stipulate that all resources in Germany are subject to the direction of the Allied Control Council and to German law.

A suggested draft directive is attached as Annex A.⁷⁷

Alternative Positions

The Secretary of State may find it desirable to make concessions to the Soviet Union and France by excluding them from the necessity to contribute to the financing of the interim German deficit on the grounds that their zones do not operate at a deficit and because of inability to pay.

I. REPARATION ⁷⁸

The Problem

Precise Statement

To give effect to the provisions of the Berlin Protocol regarding reparation to be paid by Germany, or to revise the Level-of-Industry Plan for Germany agreed by the Allied Control Council on March 28, 1946 and to devise an alternative method by which Germany would pay reparation.

General Statement

The problem is to agree upon the resumption of reparation removals under the Level-of-Industry Plan, stopped on May 8, 1946, by General Clay because of the failure of the French and the Soviets to implement the terms of the Berlin Protocol regarding economic unification, provided always that the economic unification of Germany is agreed to. It is anticipated that the Soviet Union will propose that reparation out of current output be substituted for removals of capital equipment; a decision must be taken on this question. In connection with this proposal, the Soviet Union is likely to suggest an upward revision of the Level-of-Industry Plan. The British may be expected to suggest an upward revision of the Level-of-Industry Plan without providing for reparation out of current output. The IARA countries other than the US and UK, while generally preferring reparation from current output, are in any event interested in obtaining prompt

⁷⁷ Not printed.

⁷⁸ This is Memorandum No. 2 in a special series "Principal Economic Issues on Current German Problems for Council of Foreign Ministers Meeting, Moscow."

resumption of reparation deliveries from the three Western zones. US bargaining and final positions must be taken on these points.

Concise Statement of Background

On May 8, 1946 General Clay halted reparation removals from the United States zone of occupation because of the French failure to agree to the creation of central administrative departments, provided for in the Berlin Protocol, and because of Soviet unwillingness to agree on common policies for the operation of German foreign trade. Assuming agreement on economic unification, called for in the draft US directive attached as Annex A to Memorandum No. 1, it would be appropriate to resume deliveries of reparation as previously agreed.

The Level-of-Industry Plan, however, was agreed to upon the basis of two assumptions additional to the one that Germany would be treated as a single economic unit. These dealt with population and borders. In view of the inaccuracy of the assumption regarding population, and the proposed separation of the Saar from Germany, some revision in the Level-of-Industry Plan is required. In addition, US experts are convinced that the Level-of-Industry Plan contains internal inconsistencies, particularly in respect of electric power and heavy chemicals. The nature of these inconsistencies is that too little capacity has been left in basic industry to provide the appropriate production of power and intermediate products required to maintain levels of output agreed on for finished goods industries. Revision to eliminate these inconsistencies is required.

An entirely different approach to the problem of reparation is likely to be presented to the Council of Foreign Ministers by the Soviet Union which, as noted in Memorandum No. 1, is anxious to trade its adherence to the economic unification for reparation out of current production. Discussions on this point have been conducted by Soviet representatives with members of the United States element, although no conclusions have been reached. It is clear, however, that the Soviet Union would expect the level of industry to be left to Germany to be substantially increased in order to provide capacity to manufacture the current reparation. It is likely that the Soviet Union's position will be supported by a number of smaller countries, including the Netherlands. It may be expected that the British, likewise, will urge a drastic upward revision in the level of industry to be left to Germany on the grounds (a) that the assumptions of the original agreement are proved to be in error; and (b) that the standard of living objective of the Berlin Protocol is harmful to European trade.

Finally, it should be noted that there is increasing sentiment in the United States for some upward revision of the Level-of-Industry Agreement. This has been expressed by the Colmer Committee of the House of Representatives, in a speech by John Foster Dulles, which is

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THE GERMAN REPARATIONS PROGRAM

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The German Reparations Program

INTRODUCTION

This review of the German reparations program with specific reference to United States policy has been prepared by the Department of State for public information. In the interest of readability, source references and figures have been held to a minimum. An annex containing the documents referred to and statistical tables is available separately.

I. DEVELOPMENT OF BASIC AGREEMENTS.

A. Before Yalta. Pursuant to the Treaty of Versailles, Germany's total World War I reparations liability was fixed at 132 billion gold marks (500 million dollars) and 26% of the value of German exports. Germany made a single payment of 1 billion gold marks by September 1921, but to do so used a substantial portion of her gold, silver and other liquid reserves. By the middle of 1922 payments completely broke down. The Dawes Plan of 1923 and the Young Plan of 1929 sought workable solutions, but the general financial crisis which followed brought any hope of continued payments to an end.

With the accession of Hitler the unpaired industrial resources of Germany were again directed squarely into preparation for war and were developed greatly beyond the demands of peaceful consumption.

The imperatives of allied policy in 1945, therefore, were intended to make Germany pay in those ways which were possible for the frightful losses inflicted, and to reduce Germany's swollen industrial war potential. A program of removal of industrial equipment as reparations resulted from both of these objectives.

The following bases of United States policy were established before the capitulation of Germany, in consequence of the foregoing considerations. They have remained throughout, but there has been reevaluation in the light of subsequent events of Germany's capacity to make amends.

1. Germany should make compensation for damage inflicted by it to the greatest extent possible.
2. To avoid the subsidization of reparations by the victors, compensation should be in kind and not in monetary payments as after the last war, or in the form of current production.
3. Transfers in kind should be from German assets outside Germany, from ships, and from industrial equipment constituting war potential and in excess of Germany's peace-time needs.

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B. Yalta. At the Yalta Conference in February 1945 it was agreed by Churchill, Roosevelt and Stalin that Germany should pay in kind for the losses caused by her to the Allied nations in the course of the war. Reparation was to be exacted in the form of removals of capital equipment from Germany for the purpose of destroying the German war potential and the dispossession of German foreign assets, which were to be accomplished within a period of two years; annual deliveries of goods from current production for a period to be fixed; and the use of German labor. An Allied Reparation Commission was established to prepare a detailed plan. It was agreed by the Soviet and American Delegations that the Commission should take as a basis for discussion in its initial studies the Soviet proposal that the total amount of reparation be fixed at \$20 billion, of which 50% should go to the U.S.S.R. The British Delegation did not concur in this proposal.

The Allied Commission on Reparation established by Yalta did not make substantial progress on the problem by the time that the Potsdam Conference convened.

The principal stumbling blocks encountered in the establishment of the basis for a settlement were (1) inability to agree on the treatment of war booty, which previous experience had indicated the Soviets interpreted broadly, and (2) the US-UK position, to which the Soviets refused to agree, that payment for necessary imports be a first charge on the proceeds of German exports, outranking any claim for reparation from current production.

C. Potsdam. By reason of the lack of agreement in the Reparations Commission, the reparations issue was considered by Stalin, Truman and Churchill (replaced by Atlee) at Potsdam in July 1945. All subsequent measures in execution of a reparations program have been based on the resulting Agreement, which is considered by the United States and the United Kingdom to supersede entirely the understanding reached at Yalta.

Because it was considered that large scale removals were occurring in the Soviet Zone which would never be accounted for as reparations, the United States proposed as a pragmatic solution the division of German capital assets (other than ships) on a territorial basis. This was accepted.

The provisions of Potsdam bearing directly on reparations were as follows:

1. In order to remove Germany's immediate war potential, the production of arms, munitions, implements of war, aircraft and sea-going ships was prohibited.

2. In order to prevent the restoration of an industrial system which could support rearmament, the production of metals, chemicals, machinery and other items essential to a war economy was to be restricted to Germany's approved peace-time needs, and production capacity in excess to be removed as reparations or destroyed.

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3. During the period of occupation, Germany was to be treated as a single economic unit.

4. As the principal standard for measuring Germany's peace-time needs, Germany should be allowed to produce at a level essential to maintain in Germany average living standards not exceeding the average of standards of living of European countries, excluding the United Kingdom and the U.S.S.R.

5. Payment of reparations should leave enough resources to enable the Germans to subsist without external assistance. The proceeds of exports from current production and stocks should be available in the first place to pay for imports approved by the Control Council.

6. Reparations claims of the U.S.S.R. and Poland were to be met by removals from the Soviet Zone and from appropriate German external assets, and the claims of the United States, United Kingdom and other countries entitled to reparations by removals from the western zones and from appropriate external assets. In addition, the U.S.S.R. was to receive 25% of the industrial equipment to be removed as reparations from the Western Zones, for 3/5 of which (15% of the 25%) it was to make payments in the form of agreed raw materials.

7. The amount of industrial equipment to be taken from the western zones was to be determined by February 2, 1946 (6 months from the date of the agreement) and the actual removal of such equipment was to take place within two years thereafter. The reciprocal delivery of commodities by the Soviet Union was to be made within five years.

8. Advance deliveries of capital equipment were to be made before the fixing of the total amount subject to removal.

9. The determination of the amount and character of the industrial equipment available for reparations was to be made by the Central Council, with the participation of France, subject to final approval of the respective zone commanders.

It should be noted that the Potsdam Agreement was silent on the subject of reparations from current production and on the subject of an overall figure of the value of reparations to be exacted. The agreement that the payment for imports should constitute a first charge on the proceeds of exports amounted in practical effect, however, to a rejection of any reparations from current production.

The sections of the Potsdam Agreement relating to boundaries and populations are relevant to the reparation question. The effect of the provisions recognizing a temporary eastern boundary for Germany along the Oder-Neisse rivers, and recognizing that the transfer of German populations in Poland, Czechoslovakia and Hungary to Germany would have to be undertaken, was to increase the population of a Germany reduced in size by approximately 12 million people.

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On December 12, 1945 the Department of State issued a policy statement on reparations in order to make clear the American conception of the meaning of the Potsdam Declaration. The statement emphasized that the determination of equipment unnecessary for the German peace-time economy had the limited purposes of eliminating existing war potentials and deciding the amount of equipment to be available as reparations, and was not designed to impose limitations on the German economy. The volume of permanent production would be subject to constant review and final decisions would not be made until the peace settlement. The statement recognized that reparations removals would retard Germany's economic recovery, but pointed out that this was temporary only and that it was in the United States interest to abide strictly by Potsdam in order to weaken the economic base for war industries, provide material assistance to United Nation countries in rehabilitation and reconstruction, and insure that Germany should not reconstitute a peace-time standard of living before the countries ravaged by German arms.

The statement further indicated that the concept of an economy capable of providing a standard of living not in excess of the European average (excluding the U.S.S.R. and United Kingdom) did not imply a reduction in German living standards except as that might be required to meet reparation payments. The German standard of living chosen as a basis for determining industrial capital equipment to remain in Germany should be based upon a year most closely approximating the 1930 - '38 average in Europe, with adjustments to be made for changes in population, notable deviations in German consumption in the selected year, the needs of reconstruction, and necessity to subsist without external assistance. It was specifically stated that enough capacity must be left in Germany to produce exports necessary to pay for necessary imports. The necessity for the occupying powers to finance imports into Germany during the immediate occupation period did not arise from the policy of reparation removals but from the stand-still of the German economy brought about by Germany's defeat. Only in respect to the demands made upon transport was it considered likely that the reparations policy might require the United Nations to finance German imports for a longer period.

D. Paris Reparations Agreement. The Paris Conference on reparations which met in November, 1945 determined the shares of the 18 countries entitled to reparations other than the Soviet Union and Poland and laid down the procedure for the allocation of equipment and other assets made available. The participants were: Albania, the United States, Australia, Belgium, Canada, Denmark, Egypt, France, United Kingdom, Greece, India, Luxembourg, Norway, New Zealand, The Netherlands, Czechoslovakia, the Union of South Africa and Yugoslavia.

The agreement, which entered into force January 24, 1946, did not purport to deal with any specific quantum of assets, but provided for the division of such assets as would be made available pursuant to the Potsdam Agreement. Reparations shares were divided into two categories: Category B, industrial equipment and ships, Category A, all other equipment. A separate table of percentages was set forth for each category, principally external assets. Four countries, the United States, United Kingdom, Canada and the Union

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of South Africa accepted a smaller percentage in Category B than in Category A; all others received a larger share of Category A. The shares of the three largest participants were as follows:

| Category A | Category B |
|------------|------------|
| U.S. 28 | 11.80 |
| U.K. 28 | 27.80 |
| France 16 | 22.80 |

The total shares in Category B of Albania, Czechoslovakia and Yugoslavia are 14.25 percent.

The signatories agreed among themselves that the share of reparations as determined by the agreement should be regarded as covering all their claims and those of their nationals against Germany arising out of the war. The agreement provided that German merchant ships should be distributed among the signatories in proportion to the respective overall losses of merchant shipping through acts of war, rather than on the basis of the percentages laid down. Nevertheless, these receipts were to be accounted for in Category B and would thus affect the amount of industrial equipment to which the recipients would be entitled.

With respect to German external assets, the agreement recognized the right of each signatory to hold or dispose of Germany enemy assets within its jurisdiction, but provided that such assets should be charged against the Category A reparations shares of the country in question. German assets in neutral countries were to be removed from German ownership or control, liquidated, and the proceeds made available for distribution among the 18 signatories pursuant to arrangements to be negotiated with the neutrals by France, the United Kingdom and the United States.

In recognition that large numbers of persons had suffered at the hands of the Nazis and were unable to claim the assistance of any government entitled to reparations, the agreement provided that non-monetary gold found in Germany, 25 million dollars from German external assets and heirless assets of Nazi victims in neutral countries should be made available in accordance with a plan to be worked out.

The agreement established an agency known as the Inter-Allied Reparation Agency (IARA) with its seat at Brussels to allocate assets made available as reparations in accordance with the agreement.

E. The March 1946 Plan. Pursuant to the mandate of Potsdam, the military governors of the four zones, constituting the Allied Control Council, undertook to agree upon the levels of retention in Germany which would determine the amount of equipment to be made available as reparations. The plan was completed after extremely arduous negotiation in March 1946, two months after the date stipulated at Potsdam. It was based upon studies prepared by each power, and represented substantial concession by each in the final agreement. Officially entitled "The plan for reparations and the level of post-war German economy in accordance with the Berlin protocol",

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the plan recited three basic assumptions: (1) that the population of post-war Germany would be 66.5 millions, (2) that Germany would be treated as a single economic unit, (3) that exports from Germany would be acceptable in the international market.

The plan listed two categories of industries, prohibited industries and restricted industries. Under the former category the production of arms, ammunition, implements of war, aircraft and sea-going ships was to be prohibited. All industrial capital equipment for the production of fourteen categories was to be eliminated, including synthetic gasoline and rubber, ball-bearings, primary aluminum, radio transmitting equipment. Certain of these, however, could be temporarily retained to meet domestic requirements until the necessary imports became available.

In the category of restricted industries, the most significant decision was with respect to steel. The production capacity of the steel industry to be left in Germany was to be 7.5 million ingot tons, the allowable production of steel not to exceed 5.8 million ingot tons without approval of the Control Council. The agreement set forth percentages with respect to other industries: e.g., basic chemicals, retention of 40 percent of 1936 capacity; other chemicals, 70 percent of 1936 capacity; pharmaceuticals, 80 percent of 1936 capacity; machine tools, 11.4 percent of 1938 capacity; automobiles, 80,000 annually; electric power, 9 million k.w. installed capacity. The plan estimated that its general effect would be to reduce the level of industry as a whole to about 50 or 55 percent of the 1938 level (excluding building and building materials industries).

With respect to steel the proposals of the four governments at the time the final compromise was arrived at were: United Kingdom, 9 million metric tons of ingots; United States, 7.8; France, 7; U.S.S.R., 4.6. The final agreement left an important difference of interpretation. The British position was that the 7.5 million tons meant practical operating capacity; the Soviet Union that it meant theoretic maximum capacity, i.e., capacity necessary to assure an actual production of 5.8 million tons. Thus, the British attributed to the 7.5 the meaning given by the Soviet Union to 5.8 in terms of capacity.

The most important fact about the March 1946 plan is that it was never put into effect. It was the high mark of four-power agreement over the occupation of Germany, but the basic objectives and views of the Soviet Union on the one hand and the United States/United Kingdom on the other were so far apart that, despite concessions by both sides, there was no adequate basis for its implementation.

No accurate statement can be made how many plants would have been removed under the March 1946 plan. The estimate of 2000 in the western zones has been made by officers who participated in the studies.

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II BREAKDOWN OF FOUR POWER AGREEMENT

A. Suspension of Reparations Program. Even before the March, 1946 Reparations Plan was approved, disagreements had arisen over the implementation of the Potsdam Agreement. The United States contended that the respective portions of the Agreement were inter-related and in particular that the reparations program must be worked out in the context of an economically unified Germany. Within a little more than a month of the Potsdam Agreement, the Soviet authorities rejected an American demand that removals from the Soviet Zone conform to an agreed four-zone plan. While they agreed that "a common policy must be carried out in relation to Germany as a whole", they claimed that because of the different "procedures" established by Potsdam for removal of equipment from the eastern and western zones, no common reparations plan was necessary. Furthermore, the French refused to agree to any practical steps directed toward treating Germany as an economic unit until a decision had been reached on the French demands that the Ruhr and Rhineland be separated from Germany.

The deadlock continued even after adoption of the Reparation Plan, and no progress was made toward the establishment of the central agencies contemplated by Potsdam which would make economic unity possible. Accordingly, in May, 1946 General Clay announced that the United States would not participate further in the allocation of reparations in the Allied Control Authority in view of the failure of the Control Authority to make any progress on the subject of economic unity. The ground of his action was that the lack of agreement on economic unity imposed additional financial burdens on the United States for the support of its zone, and that the United States could not jeopardize the economic position of the zone by further removals if this situation continued.

Deliveries continued to be made both to the Soviet Union and to the IARA countries under allocations already made as advance transfers and as war plants, and the dismantling of such plants continued. In October, 1946 General Clay agreed to resume quadripartite allocations of the general purpose equipment remaining in war plants after the specialized equipment was destroyed. With these exceptions, there have been no further allocations of equipment by the Control Council and no further equipment was made available in any way until in June, 1948 the Military Governors of the three western zones submitted further lists of 157 plants to IARA.

B. Byrnes' Stuttgart Address. The recasting of United States policy with respect to Germany made necessary by the situation just described and by the general development of United States-Soviet relations was announced in the speech of Secretary of State Byrnes at Stuttgart on September 6, 1946. Reparations was one of the main themes. Secretary Byrnes emphasized that the United States was prepared to carry out fully the principles of the Potsdam Agreement, but that there should be changes in the levels of industry agreed by the Control Council if Germany was not to be administered as an economic unit. He pointed out that the Potsdam settlement left no room for reparations for current production. The time had now come when the zonal boundaries could not be regarded as self-contained units. The United States was willing to unify the economy of its own zone with any of the other zones willing to do so. So far only the British had agreed. The time had also come to give to the German people the primary responsibility for running their own affairs. To this end a provisional German government should be established soon.

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This speech marked a new emphasis in United States policy, in which the necessity of offering to the people of Germany hope for reconstruction and reestablishment in the community of nations took a larger place, without supplanting the policies of demilitarization, denazification and reparations.

C. Conferences of Foreign Ministers. The reparations problem was briefly discussed by the Conference of Foreign Ministers which met first in September, 1945 in London. The Conference was deeply enmeshed in disagreements over the Italian and Balkan settlements, however. It did not go into the issues and merely urged the Allied Control Council in Berlin to expedite the drawing up of the Reparations Program.

Again at Paris in July, 1946 German problems were discussed briefly and inconclusively. The U.S.S.R. put forward again at this time the demand for 10 billion dollars in reparations from Germany, resting its claim on the Yalta Agreement. The Soviet demand was rejected by Mr. Byrnes, who pointed out that the settlement made at Potsdam was different from that envisaged at Yalta, and had superseded any preliminary understandings reached at Yalta inconsistent with the later settlement. Both Mr. Byrnes and Mr. Bevin maintained that Germany obviously could not pay any such sum, and demanded that the Soviet Union stop taking reparations in current production from its zone in violation of the clause of the Potsdam Agreement which provided that the cost of necessary imports should be a first charge against German production.

Finally at Moscow in March 1947 the Conference of Foreign Ministers took up the full sweep of the German problem. The reparation issue was sharply drawn and it was clear that agreement on it would have to be reached if German economic unity were to be achieved and agreement reached on the establishment of the German Government. The U.S.S.R. made acceptance of the principle of a substantial amount of reparation from current production an absolute condition to acceptance of economic unity. The French and certain European countries not represented at the Conference of Foreign Ministers were sympathetic to the principle of reparations from current production, although the French desired to give priority to German coal exports. The United States and United Kingdom maintained that the Potsdam Agreement confined reparations to the assets referred to therein, that it made no provision for any total amount such as the 20 billion dollars still advocated by the Soviet Union, that the first charge principle in the Potsdam Agreement excluded the possibility of reparations from current production, and finally that reparations from current production would necessarily entail larger advances by the United States (and United Kingdom) unless there was to be a catastrophic decline in German standards of living.

There was agreement on the part of all four powers that the Level of Industry provided in the March 1946 Plan for Reparations would have to be raised, although on the part of the Soviet Union this was conditioned by the demand for reparations from current production. The United States Delegation opposed the principle of increasing the Level of Industry in order to produce reparation from current production, but later in the Conference Secretary Marshall indicated that the United States would be willing to study the possibility of a limited program of reparation from current production as compensation for the plants

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destined for removal under the 1946 Level of Industry but which would not be available under an upward revision of the level of industry. This compromise suggestion, which was narrowly limited, envisaged the possibility that the Level of Industry might be lifted not only to correct for erroneous assumptions in the original plan, but that some plants might be left in Germany in order to permit their production to be used for European economic recovery.

The next conference of Foreign Ministers in London, November, 1947 resulted for the most part in the reiteration of the viewpoints discussed at the Moscow Conference, with a considerable sharpening of the differences between the western powers and the Soviet Union. Agreement was reached, however, on one point; that the permitted production of the steel industry for all Germany should be 11.5 million tons of ingots, and sufficient capacity retained to produce this amount. This figure was in line with the figure of 10.7 million tons already agreed upon between the United States and the United Kingdom for the bizonal area, and represented considerable progress; but since the conference as a whole was a failure, it had no practical results.

D. Revised Level of Industry. Notwithstanding the continued failure to achieve economic unity, the United States and United Kingdom considered it necessary to proceed to carry out the revised reparations program in order to put the question at rest and end uncertainty which was hampering German recovery. Following the Moscow Conference, therefore, the Military Governors of the bizonal area proceeded to prepare a revised level of industry plan for the bizonal area, which was published in August, 1947. The plan was discussed beforehand with representatives of the French Government who made certain objections and reservations. While it was agreed to discuss further some of the questions raised by the French, the plan was promulgated without French agreement.

The preamble to the plan recited that its objectives were the same as the objectives of the original plan: to eliminate Germany's war potential, to provide reparations and yet to leave within Germany the necessary plants and equipment to permit the rebuilding of a viable peaceful economy. In contrast to the March, 1946 Plan, which estimated that it resulted in production equivalent to 55% of 1938, which would have been 70-35% of 1936 production, the revised plan estimated its effect to be the retention of sufficient capacity to approximate the level of production prevailing in Germany in 1936, a year which was characterized by neither boom or depression. Taking into account present and probable future population increase, the per capita production of the revised plan was stated to be approximately 75% of 1936. The plan took account of imports and exports, and estimated that the bizonal area would have to export to other countries at least 15% more in volume than in 1936. Increases provided in restricted industries were largely to meet the contemplated export needs.

The level for steel was fixed at 10.7 million tons of ingot production per annum and sufficient capacity was to be retained to produce that tonnage. This figure for the bizonal area is to be compared with 5.8 million, in the 1946 plan. Some of the other figures compared with the 1946 plan were: basic chemicals, 105% against 40% old plan; other chemicals, approximately 100% as against 70% old plan; pharmaceuticals, 84% as against 80% old plan; machine tools, 83% of 1936 capacity to be retained as against 11.4% of 1938 output; automobiles, 160 thousand annually as against 80 thousand; electric power, entire capacity, about 150% of prewar, to be retained as against 3/4 of present capacity to be retained under old plan.

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The revised plan provided that no plants in the aluminum, beryllium, vanadium and magnesium industries would be made available for reparations pending further review. It proposed no change in the arrangements under the previous plan with regard to ball-bearing, synthetic ammonium, synthetic rubber and synthetic gasoline and oil, which, although prohibited, were to be temporarily retained to meet domestic requirements pending the availability of necessary imports.

In October 1947, the United States and United Kingdom military government authorities completed and published the list of plants to be removed as reparations under the revised level of industry. 682 plants in the bizon were listed. Soon thereafter the French military government announced a list of 233 plants to be removed from the French Zone of occupation.

E. Suspension of Allied Control Council. Following the Moscow Conference and the publication of a new level of industry plan and the list of plants to be removed under it in the bizon, a difference of policy arose between the United States and the United Kingdom with respect to the resumption of deliveries to the Soviet Union. All the military governments had proceeded to carry out deliveries of equipment allocated by the Control Council. The British considered that the adoption of the new level of industry had removed the objection to the execution of the reparations program as agreed at Potsdam, since the new level took account of the failure to achieve economic unity. Although Secretary Marshall had agreed with Mr. Bevin when the matter was discussed between them at Moscow, the continued Soviet intransigence on all matters within Germany and elsewhere caused a further hardening of the United States position. The United States considered that by the large scale unilateral removals from the Soviet Zone and by refusal to cooperate in the Potsdam Agreement generally the Soviet Union had forfeited any claim to the delivery of reparations under it, and that such deliveries should not be undertaken unless assurances of cooperation were forthcoming from the Soviet Union. The British position was affected by a keen interest in maintaining trade relations with the Soviet Union and in the receipt of commodities which were to be delivered in reciprocity for 3/5 of the industrial equipment to be delivered to the Soviet Union from the western zones. Such deliveries were later in starting and were just beginning to be received.

While this problem was being discussed by the United States, United Kingdom and France, the meetings of the Allied Control Council in Berlin were indefinitely suspended in 1948 by the Soviet walk-out and the unwillingness of any of the parties to call a meeting without some assurances that there would be a more satisfactory basis for agreement than had existed until then. This created an additional problem, for it was the responsibility of the Control Council to allocate equipment between the Soviet Union (and Poland) on the one hand and IARA on the other. The flow of equipment previously allocated, mostly general purpose equipment from war plants, had almost dried up and the members of IARA were impatient for further deliveries. Moreover, the small amount of equipment hitherto available had greatly complicated the work of IARA because members were not willing to bid (and thus use up their shares) for unimportant or inferior equipment when a large amount of equipment remained unallocated.

F. London

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This problem was resolved in December 1948, at the time that the Humphrey Committee was consulting with the French and British in London, by a decision by the United States Government (concurrent in by the Economic Cooperation Administrator and the State and Army Departments), that equipment surplus to levels agreed in current discussions among the military governors should be removed as reparations or destroyed, and that except for steel, which was necessarily involved in its study, the Humphrey Committee would not examine plants which might be listed for removal as reparations pursuant to the current discussions as belonging to prohibited or restricted industries. The reason for this position was, of course, that the decisions on prohibited and restricted industries were based primarily on security considerations, which were paramount to the economic considerations with which the Economic Cooperation Administration review was primarily concerned. It was understood as an internal United States Government matter that the Economic Cooperation Administration would have a voice in the determination of the United States position with respect to the level in any particular industry.

With respect to steel the United States gave assurances in connection with the Humphrey Committee meetings with the French and British in London, that it intended to abide by the agreement to restrict the production of steel to 10.7 million tons of ingots, but the question of just what facilities were to be removed remained open.

V. Execution of Program. (It is proposed to incorporate here with appropriate revisions FMP D-7, Statistical Data on German Reparation Receipts, prepared by Mr. Miller in EP.)

VI. Conclusion.

O: NHemmendinger; lk: ng

12/28/48

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Box 1

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XI-E

MONSIEUR RUEFF

I have now received a reply from Berlin on the question whether IARA should have any functions in connection with Restitution. My people in Berlin agree, as a general rule, that Governments claiming restitution should deal direct with the Zone Commander, but they would prefer to be relieved of the invidious task of deciding rival claims. They suggest that I.A.R.A. might set up some kind of judicial Committee or Panel to deal both with conflicting claims and with cases where a Zone Commander and a claimant nation are in conflict on facts affecting a claim to restitution. I.A.R.A. would, of course, have no jurisdiction over disputes in which Russia or Poland were a party.

I am giving copy of this note to Mr. Angell.

/s/ S. D. WALEY

2nd December, 1945

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By IE NARA Date 16 27

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X-A



Hotel Plaza,
Boulevard Adolph Max,
Bruxelles.

25th March, 1946.

Dear Mr. Russell

Mr. Angell will tell you that just after the last Sessions of the Assembly he had a few words with Rueff and myself on certain points which he suggested that Rueff and I should raise with our people at home.

I hope this letter will serve as some sort of an answer to these points.

The first concerns that of the restitution of monetary gold. London feels that this is not a subject for an I.A.R.A. Sub-Committee but agrees with Mr. Angell that it should be dealt with on a tripartite basis outside Germany. In our opinion information might be collected, scrutinised and the gold allocated by a Tripartite Committee of banking experts in Paris. We think that such a Committee should be informal and, since the greater part of the gold is in the U.S. Zone, the rest might conveniently be added to the pool there to be held under U.S. auspices. We believe that proposals on these lines have been put to Washington by Paris but we have not heard the U.S. views.

Additional gold from neutrals is on the Agenda of the SAFEHAVEN talks. We feel that if neutrals can be persuaded to acknowledge the possession of looted gold, the correct agent for collecting that will presumably be the SAFEHAVEN Clearance Committee in London.

Another point which Mr. Angell raised with me was that of the disposal of property directly owned by the late German Government or State, as opposed to property owned by German companies or nationals. An example would be German Embassies abroad.

As regard the U.K. our law makes no distinction between the treatment of the proceeds of sale of German Government assets and other German assets. All are equally subject to our laws on "Trading With the Enemy" and all proceeds are payable under our law to the Custodian of enemy property. The Control Commission Law 5 does not apply to the U.K. since Article 9 excludes public as well as private assets in the U.K. and other countries cited therein. Consequently we are paying the proceeds of the sale of the German Embassy in London and its contents into the funds of the Custodian of enemy property.

As to German State property in neutral countries, we have informed Washington that in our view the guiding principle should be the sale to the highest bidder. The proceeds thereof should be held to a joint account of the British and United States Diplomatic Missions in the countries concerned or placed in an account which would be under the joint supervision of the local British and United States Missions.

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*Rueff, 3/27/46
will submit
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Angell
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If I understood Mr. Angell rightly he also mentioned to Rueff and myself the question of the conflict between Article 6 of Part 1 of the Paris Agreement and Law 5 of the Control Council.

We feel that the conflict is more apparent than real. While power remains under Article 9 to exempt other United Nations than those already exempt from Law 5, German assets in those countries not yet formally exempted can only be considered as potentially available and cannot therefore at present be counted upon as assets for the reparation pool of German External Assets.

It is agreed that France, the U.S. and the U.K. should concert in a united policy as to the final and definite list of United Nations which should be exempted under Article 9 of Law 5. Proposals have already been sent to Washington from London for amending Article 9 of Law 5 so as to exclude all signatories of the Final Act of Paris and for additional powers to exempt later on American Republics and certain other United Nation countries such as Iraq and Iran. We have already suggested exempting China and Poland.

I am promised a text of the proposed amendments to Law 5 to reach me by bag. If these proposals are agreed and adopted there will only remain a small residue of countries where German assets are known to be small while the task of securing them would be formidable.

I am sending a copy of this letter to Monsieur Rueff and hope that it gives you a preliminary reply to Mr. Angell's points.

Sincerely yours,

Delegate of His Majesty's
Government in the United
Kingdom and Northern Ireland.

Mr. Russell Dorr,
Hotel Atlanta,
Boulevard Adolph Max,
Bruxelles.

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File Gold
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MEMORANDUM

March 27, 1946

To: Russell Dorr
 From: James W. Angell

M. Rueff called this afternoon to say goodbye, and also to talk about the attached letter of March 25 to you from Morton. I have a few comments, as follows:

The questions of procedures for the actual restitution of monetary gold, for handling German official property abroad, and for dealing with the reparation problems of non-IARA countries (not discussed by Morton) are covered in a recent telegram I sent the Department: From Angell No. 256. This telegram also contains the references to incoming telegrams from the Department.

Rueff agrees to the setting up of the U. S., U. K. and French Delegates as a committee, outside IARA, to handle the gold problem. He will talk with you about it again. I suggested that he make an announcement in the Assembly, not for the minutes, asking all Governments to submit their claims to this committee. It makes little difference whether the experts of the committee sit in Paris or Brussels: whichever is convenient.

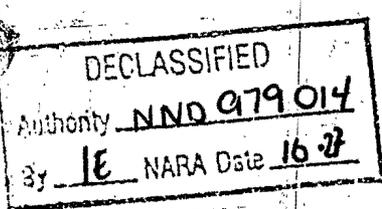
I do not understand Morton's reference to the Safehaven Clearance Committee and neutral gold, and am not sure that he does. The issue here is not getting possession of the gold but establishing rights to it.

On German official assets abroad, his proposal is one defensible possibility, but is not one I made at the instruction of the Department. See the corresponding telegram from the Department.

His second page, on Article VI versus Law 5, worries me somewhat because as you know, I do not think that IARA is the place to handle that issue. If his remarks are for information only, that is all right. I assume our respective Governments will in their own leisurely time do something to resolve the issues.

James W. Angell

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DM/6/72

Alan H. Dow

RWD See cable to Wash 29 Jun

INTER-ALLIED REPARATIONS AGENCY

THE DELEGATE OF HIS MAJESTY'S GOVERNMENT
 OF GREAT BRITAIN AND NORTHERN IRELAND *X-A*

225, Avenue Louise,
 Bruxelles.

26th June, 1946.

•While in London I have been able to discuss with my Government and with the Bank of England your letter to me of June 7th which by mischance did not reach me until June 15th, enclosing the United States proposal for establishing a Tripartite Commission on the Restitution of Gold and also your letter to me of June 6th enclosing proposed drafts of a letter and questionnaire on Gold to be sent to our colleagues at I.A.R.A.

Should I assume that your letter of June 7th takes precedence over your letter of June 6th, and that although we might agree upon a draft along the lines of the one attached to your letter of June 6th, you, M. Rueff and I could not sign such a draft now and despatch it until we have been formally accredited by our respective Governments as members of the Tripartite Commission on the Restitution of Gold along the lines of your letter of June 7th?

Perhaps we might clear this point up first. I am now able to put forward comments on behalf of my Government upon the drafts attached to your letter of June 6th to which your letter of June 20th to me also refers, but will do so in a separate letter. Meanwhile the following are the preliminary views of my Government in regard to the proposal attached to your letter of June 7th for formalising the Tripartite Commission on the Restitution of Gold.

My Government agrees with the United States view that it would be as well to formalise our present informal Tripartite meetings on the Restitution of Gold and make these meetings a matter of record.

Turning however to the text of the proposal attached to your letter of June 7th, there are certain points therein with which my Government does not feel able to agree.

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 By IE NARA Date 16-27

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INTER-ALLIED REPARATIONS AGENCY

THE DELEGATE OF HIS MAJESTY'S GOVERNMENT
 OF GREAT BRITAIN AND NORTHERN IRELAND

Apart from minor drafting points which may arise, my Government does not understand what is proposed in paragraph 3(a) and also referred to in paragraph 2 as "residual reparation questions". My Government feels that the Tripartite Commission on the Restitution of Gold should be authorised to deal with the restitution of gold in accordance with Part 3 of the Pact of Paris, and nothing else. Should the need later be shown for the institution of a Commission to deal with reparation problems other than those falling within the competence of I.A.R.A., my Government will be ready to consider the matter but feels that in all probability such questions will be settled better between Governments. Anyhow, should a Tripartite Commission eventually be found necessary for this purpose, one should be set up separate from the Tripartite Commission on the Restitution of Gold, even should it be found useful to appoint to that Commission the same persons as those taking part in the Tripartite Commission on the Restitution of Gold.

Again my Government does not feel it is in agreement with paragraph 5 of the United States proposal. It is suggested that the Chairmanship of the Commission should rest permanently in ~~the~~ United States hands, and that a Secretary to the Commission should be found either by the United States or by the French Government. My Government regrets that it is not in a position to nominate any-one for the latter post.

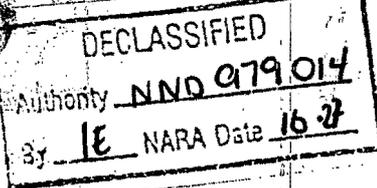
I suggest we should have a talk about the whole matter as soon as possible, and am sending a copy of my present letter to M. Rueff.

Sincerely yours,

Leonard Wood

Mr. Russell H. Dorr,
 U.S. Delegate to I.A.R.A.,
 Shell Building, (No 113),
 Bruxelles.

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Copy of Page 563 of THE DEPARTMENT OF STATE BULLETIN, Vol. XV, No. 378,

(a) In such dated September 29, 1946, aided by the three Governments establishing the Commission, to assist in the distribution of the pool of monetary gold available for restitution.

TRIPARTITE COMMISSION FOR THE RESTITUTION OF MONETARY GOLD

- (1) To perform such administrative acts as may be necessary to carry out the following:
1. In order to implement Part III of the Agreement on Reparation, signed in Paris on January 14th, 1946, the Government of the United States of America, His Majesty's Government of the United Kingdom and Northern Ireland, and the Government of France have established, on September 27th, 1946, a Commission known as the Tripartite Commission for the Restitution of Monetary Gold.
 2. Each of the three Governments will appoint as from September 27th, 1946, a Commissioner as its representative on the Commission.
 3. The Tripartite Commission for the Restitution of Monetary Gold shall normally sit in Brussels, but shall be independent of the Inter-Allied Reparation Agency already located there. The Commission is nevertheless empowered to communicate, on behalf of the three Governments concerned, with the Allied Governments, Members of the Inter-Allied Reparation Agency, through the Delegates accredited to the Agency by those Governments, with the Secretariat of the Agency, and, when necessary, with other Governments, on questions arising out of Part III of the Paris Agreement on Reparation.
 4. The official languages of the Tripartite Commission for the Restitution of Monetary Gold shall be English and French.
5. The functions of the Tripartite Commission for the Restitution of Monetary Gold shall be:

- (a) To request the submission of and to receive from Governments claiming the right to participate in the division of monetary gold found in Germany or which may be recovered from a third country to which it was transferred from Germany, claims for restitution of gold looted by or wrongfully removed to Germany, supported by detailed and verifiable data regarding such losses.
- (b) To scrutinize claims received and to determine the share of each claimant Government in the pool of monetary gold to be distributed by way of restitution in accordance with Part III of the Paris Agreement on Reparation and any other pertinent agreements.
- (c) In due course to announce the total value of the pool of monetary gold which will become available for distribution by way of restitution.
- (d) When all claims for restitution have been received and adjudicated upon, to announce the share in the pool of monetary gold available for restitution to each country entitled to participate in the pool.

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Copy of Page 563 of THE DEPARTMENT OF STATE BULLETIN, Vol. IV, No. 378.

(e) In such other ways as shall be decided by the three Governments establishing the Commission, to assist in the distribution of the pool of monetary gold available for restitution.

(f) To perform such administrative acts as may be necessary to carry out the functions referred to in sub-paragraphs (a) through (e) above, including without limiting the generality of the foregoing, the opening and maintaining of bank accounts, and the making of contracts for the performance of necessary services. Expenses of the Commission incident to the carrying out of its functions shall be a first charge against the fund of monetary gold to be distributed.

6. Decisions of the Commission shall be by unanimous agreement of its members.

7. An official publication of the above text is being made in the London Gazette, the State Department Bulletin, and in the Journal Officiel de la Republique Francaise.

The Commission is hereby located there. The Commission is nevertheless empowered to communicate, on behalf of the three Governments concerned, through the Delegates accredited to the Agency by these Governments, with the Secretariat of the Agency, and, when necessary, with other Governments.

1/ For text of the Agreement, see Bulletin of January 27, 1946, p. 114

2/ Minister Russell H. Dorr, United States delegate to the Inter-Allied Reparation Agency, represents the United States on this Commission. Sir Desmond Morton is the representative of the United Kingdom, and M. Jacques Rueff represents France.

(a) To request the restitution of and to receive from Governments claiming the right to participate in the division of monetary gold found in Germany or which may be recovered from a third country or which it has transferred from Germany, claims for restitution of gold looted by or wrongfully removed to Germany, supported by detailed and verified data regarding such losses.

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(b) To scrutinize claims received and to determine the share of each claimant Government in the pool of monetary gold to be distributed by way of restitution in accordance with Part III of the Paris Agreement on Reparation and any other pertinent agreements.

(c) In due course to announce the total value of the pool of monetary gold which will become available for distribution by way of restitution.

(d) When all claims for restitution have been received and adjudicated upon, to announce the share in the pool of monetary gold available for restitution to each country entitled to participate in the pool.

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| | Box <u>1</u> |

EMBASSY OF THE UNITED STATES
OF AMERICA
JUL 30 1946
BRUSSELS

CC: AMEMBASSY, BRUSSELS FOR DORR

Circular Program JUL 17 1946
8:30 a.m.

File - XI E

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CERTAIN AMERICAN DIPLOMATIC AND CONSULAR OFFICERS

CURRENT STATEMENT OF U.S. RESTITUTION POLICY

A. Restitution From Germany to Government of United Nations Occupied by Axis Forces.

1. The Allied Control Council for Germany on January 18, 1946 agreed upon a statement regarding restitution to Governments of Allied countries of property removed by the Germans. All identifiable property removed by enemy by force or otherwise which was in existence before the occupation or was produced during the occupation is eligible for restitution. In the case of property which was not removed by force and which has been declared available for reparation, however, removal as reparation will have priority over restitution. In such cases the United Nation retains the right to receive compensation for this property from Germany. As to works of art of a unique character, restitution of which is impossible, these will be subject to replacement with equivalent objects. Transportation, handling, and similar expenses within Germany, will be borne by Germany. Similar expenses outside Germany will be borne by the recipient country. The Control Council will deal on all questions of restitution with the Government of the country from which such objects were looted.

2. It is considered that the foregoing Agreement nullifies and supercedes JCS directive WARX 85965 (November 29, 1945) to the US Commander, Germany. This directive in summary stated that identifiable property in existence at the time of the occupation and works of art and cultural and scientific objects, broadly defined, should be returned to the country from which looted, however removed; identifiable property produced during the occupation should be returned to the country from which looted only if removed by force. Gold and securities were subject to later decision. In the case of transportation equipment, it was provided that restitution might be temporarily delayed if required for military deployment or for purposes of the occupation.

3. The Department has not yet been advised by OMGUS whether he is operating under two amendments to JCS directive 85965 (WARX 82436 of March 28, 1946 and 86853 of May 4, 1946) above, or whether he is following the ACC agreement on the points involved. It is assumed that the amendments are being followed. The former amendment states that restitution of barges to all claimants should be deferred pending conclusion of satisfactory arrangements for freedom of navigation on the Danube. In this connection it may be noted that the Czechoslovakia and Yugoslavia governments have lodged vigorous protests. The latter amendment provides as an outcome of the US, UK and USSR Tripartite Merchant Marine Agreement that vessels of foreign nationality should be returned to their owners upon adequate proof of title.

B. Restitution From Austria to Government of United Nations Occupied by the Axis Forces.

1. The Allied Commission, Austria, has not yet arrived at a quadripar

see p. 2

MARC from C. W. R. A

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Site agreement concerning external restitution.

2. The US Commander, Austria has undertaken restitution from the US zone in accordance with JCS directive WARK 85965 as amended. The provisions of this directive and its amendments are described in paras. A2 and A3 above. In addition a further amendment WARK 98923 (March 1, 1946) excepts currencies found in Austria from restitution.

C. Restitution From Germany and Austria to Governments of Italy, Hungary, Rumania and Finland and From Germany to Austria.

1. The Allied Control Council, Germany and Allied Commission, Austria have not yet considered restitution to these countries.

2. JCS directive WARK 93226, dated March 4, 1946, as amended, directs the US Commanders, Germany and Austria to undertake restitution from the US zones. To be eligible for restitution the goods must have been removed during the period of effective occupation of these countries by Germany. The periods are as follows: Italy - 25 July 1943 to 15 May 1945; Hungary - 15 Oct 1944 to 15 May 1945; Rumania - 23 Aug 1944 to 15 May 1945; Finland 2 Sept 1944 to 15 May 1945. Further in the case of all goods except works of art and cultural objects, these must have been removed by act of force or without compensation. Raw material need not be restituted if the Zone Commander determines these are indispensable to the minimum economy. In addition, the restitution of transportation equipment may be deferred if required for military deployment or purposes of the occupation. Gold, currencies, and securities are excepted from the restitution directive pending later decision. As noted in para A3 above, barge restitution is temporarily deferred.

3. Upon request of the US Commanders, this Government reconsidered the above directive. The directive was reaffirmed and this decision communicated on June 15, 1946 as WARK 91471 to COMUS and CG, USFA. In addition it was determined that household goods of racial and religious refugees will not be subject to restitution.

D. Restitution to Albania, Bulgaria, Estonia, Latvia and Lithuania.

1. Since this Government does not recognize the governments exercising control in these countries, no provisions has been made for restitution at this time.

E. Restitution of Gold.

1. The countries represented at the Paris Reparation Conference have agreed that gold uncovered in Germany or recovered from third countries should be restituted through a pooling arrangements to those countries from which gold was looted by Germany.

The Hungarian gold is not included in this arrangement. The U.S. government has obligated itself to return Hungarian National Bank gold now in custody of the U.S. Forces upon receipt of assurances from the Hungarian government that it will undertake to return any part of this gold subsequently established to have been looted.

It is U.S. view that Italy and Austria should participate in the distribution of the gold pool. However, U.S. and U.K. agreement

MARC How does this interpretation of the impact of the "Gold Terms" activities of US troops? Lunt

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with France precludes Italy and Austria sharing gold recovered from Switzerland.

Sent to:

BECKEL, PARIS
AUSPOLAD, AUSTRIA

USPOLAD, BEL IN
ADMINISTR, BRUSSELS (FOR INFO)

James F. Byrnes

7/3/46