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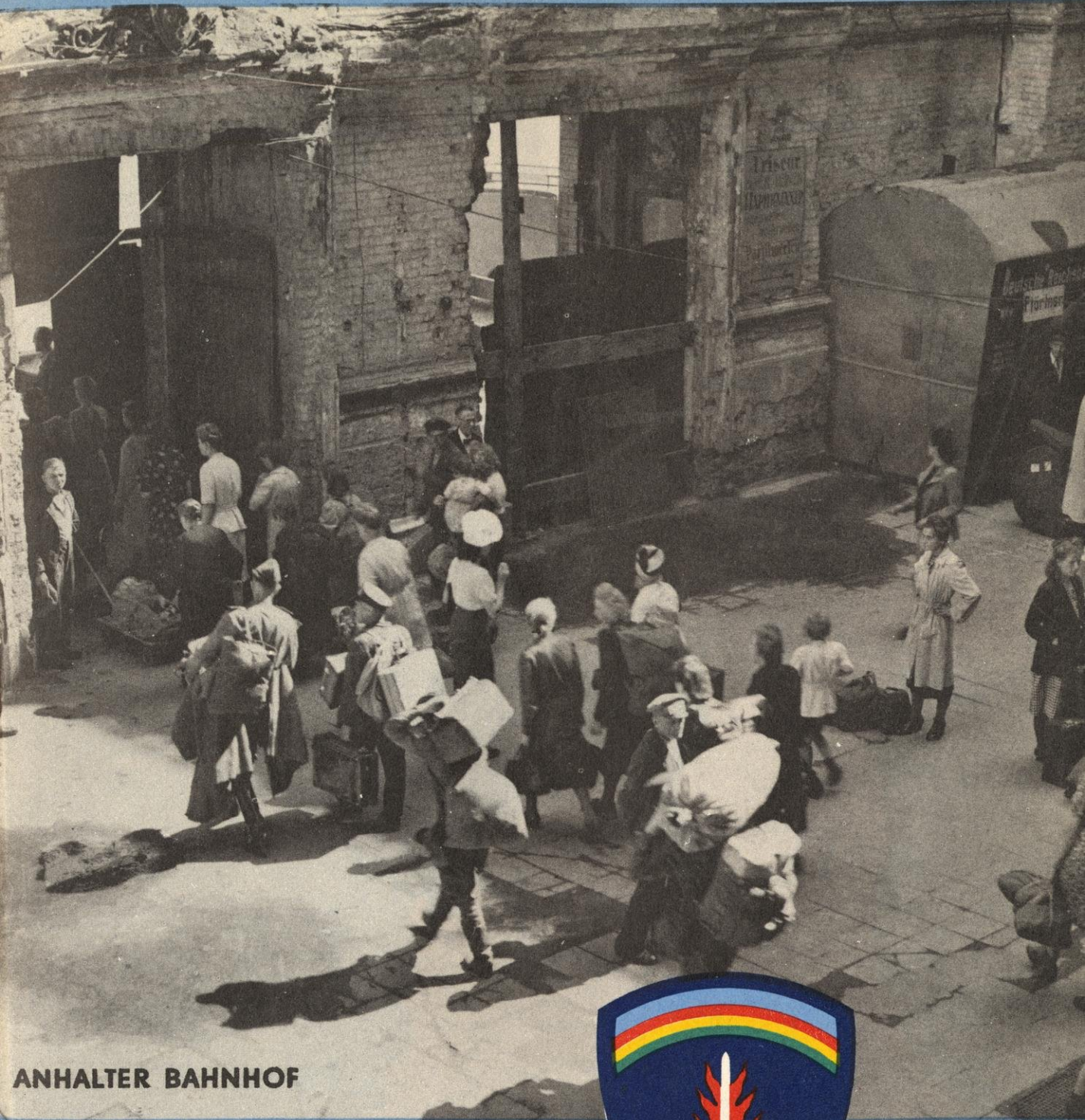
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ANHALTER BAHNHOF



WEEKLY INFORMATION BULLETIN



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FULDA

LIMBURG

USINGEN

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BÜDINGEN

SCHLÖCHTERN

UNTER TAUNUS

OBERTAUNUS

HANAU

GELNHAUSEN

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FRANKFURT

OFFENBACH

GROSS-GERAU

DIEBURG

DARMSTADT

BERGSTRASSE

ERBACH

MANNHEIM

BUCHEN

TAUBERBISCH-OFSHEIM

HEIDELBERG

MOSBACH

MERGENTHEIM

BRUCHSAL

SINSHEIM

KÜNZELSAU

ÖHRINGEN

GRAILSHEIM

KARLSRUHE

VAIHINGEN

LUDWIGSBURG

BACKNANG

AALEN

PFORZHEIM

LEONBERG

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MILITARY GOVERNMENT



WEEKLY INFORMATION BULLETIN

OFFICE OF MILITARY GOVERNMENT FOR GERMANY, U. S.
CONTROL OFFICE APO 742 U. S. ARMY

OFFICIAL INSTRUCTIONS

Control of Fraternization	AG 014.13 GAP-AG 5 Nov 1946, USFET
Vehicle Accidents	AG 537.5 GAP-AGO 16 Nov 1946, USFET
Project Reunion	AG 230 RYT-AGO 16 Nov 1946, USFET
Unaccompanied Baggage of Air Passengers	AG 524 GDS-AGO 21 Nov 1946, USFET
Transfer of Enemy Personnel Exploitation Section	AG 322 GBI-AGO 22 Nov 1946, USFET
International Mail Service	Circular No. 170 23 Nov 1946, USFET
US Military Personnel Sick in Hospital	Circular No. 171 26 Nov 1946, USFET
Liaison Representatives from US Churches	AG 000.3 (IA) 29 Nov 1946, OMGUS
ACA Directive No 44, "Limitation of Characteristics of Fishing Craft to the Peace Economy of Germany"	AG 560 (NA) 30 Nov 1946, OMGUS
Utilization of Military Government Trainees	AG 230.437 (PO) 2 Dec 1946, OMGUS
Distribution Procedures	AG 315 (AG) 2 Dec 1946, OMGUS
Increase in Fines and General Levies on Passenger Traffic (Railways)	AG 531 (TD) 5 Dec 1946, OMGUS
Increase of Wages in the Coal Mining Industry	AG 463.3 (MD) 6 Dec 1946, OMGUS
Coordination with Constabulary or Tactical Military Units with Reference to Re-establishment of Military Government Controls	AG 322 (CA) 6 Dec 1946, OMGUS
Reporting of Crimes, Offenses and Serious Incidents by Military Government Liaison and Security Offices	AG 000.5 (CO) 6 Dec 1946, OMGUS

Copies of Official Instructions listed in the **Weekly Information Bulletin** may be obtained by writing directly to the originating headquarters.



Photo by Byers

ANHALTER BAHNHOF — The picture on this week's cover shows a group of German civilians going into Anhalter Bahnhof, one of Berlin's largest railroad terminals. For other pictures of the badly-damaged rail center see pages 13, 14 and 15.

OUR CONTRIBUTORS

The material for **The Housing Problem** was furnished by the Housing Section, Wages and Labor Standards Branch, Manpower Division, OMGUS, and by "Heute," MG's official German language magazine.

Armed Service Directorate was prepared by the Armed Forces Division, OMGUS. It is a summary of the achievements of the three service directorates of the Allied Control Authority which next month will be combined into one body.

General Clay's speech on page 12 was transcribed from the broadcast recording by the ICD-operated radio station in the US Sector, Berlin. An official text had not reached Berlin by the time the **WIB** went to press. Material concerning the bizonal economic merger agreement came from an official announcement distributed by the Office of the Director of Public Relations, OMGUS.

Frederick C. Dirks, Chief of the Statistical Research Unit, Finance Division, OMGUS, prepared the article, **Financial Intelligence**. Before joining OMGUS, Mr. Dirks served as an economist for the Federal Reserve Board.

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THE

HOUSING

PROBLEM

The bleak and discouraging picture of the housing situation, as Germany enters her second winter of occupation, is slightly relieved by a few elements of hope. Through the repair of partially-destroyed dwellings, through the use of barracks and empty industrial buildings, and through the conversion of attics and unused spaces in buildings, thousands of Germans can find shelter in spite of the lack of building materials and

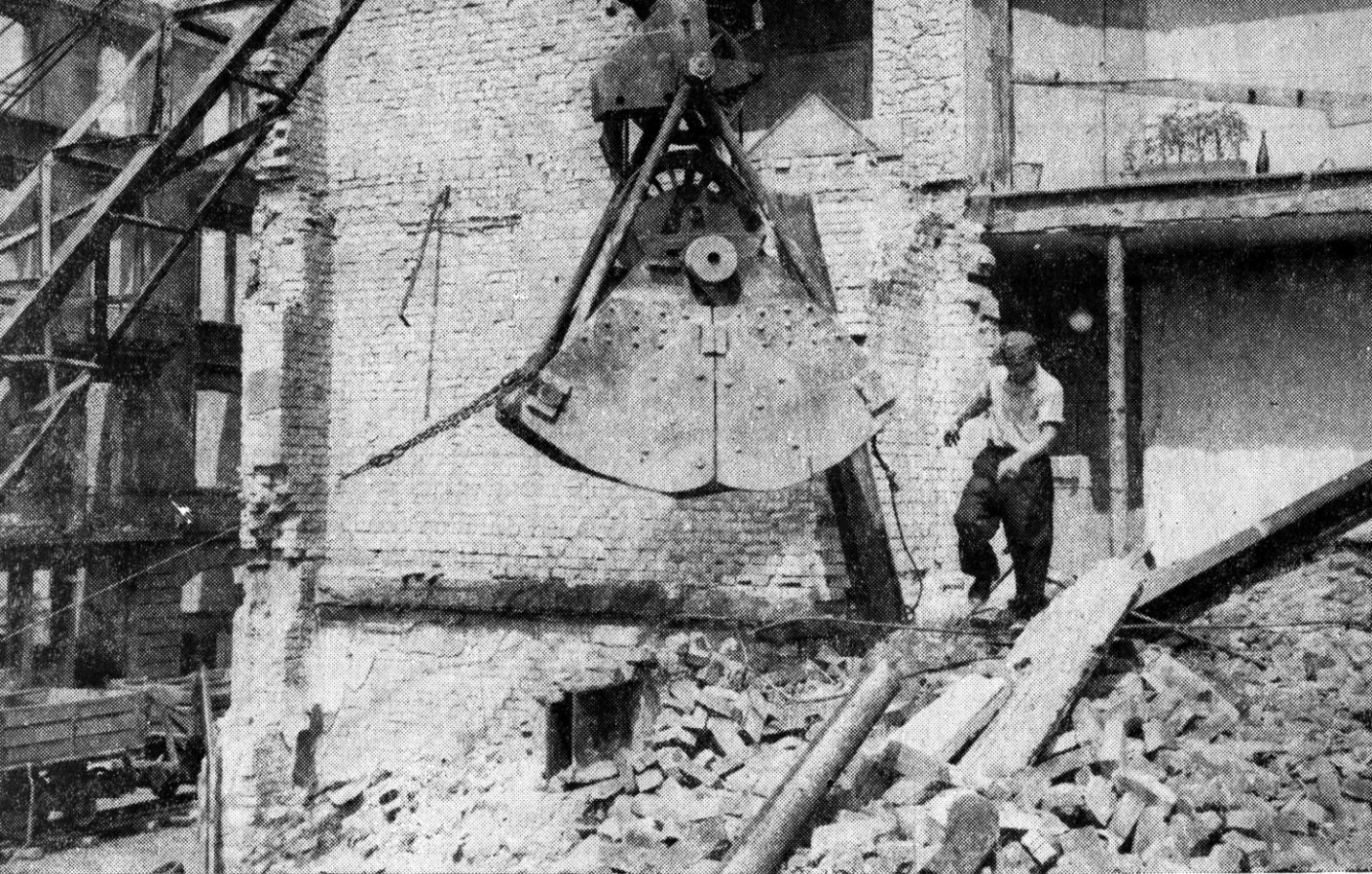
transport. Furthermore, a new method for the disposal and use of rubble will go a long way toward solving several of the heretofore insurmountable problems. By processing the rubble on the site of the ruins by the use of large mills, it can be cleared away and a new and excellent building material can be made on the spot by mixing the pulverized rubble with concrete. Hence, two major tasks can be accomplished without depending on transportation facilities.

It is obvious that old and ordinary methods of construction for solving the current housing problem are out of the question. Coal is needed to manufacture brick and cement, approximately 12.5 tons of it being necessary for building one flat containing three rooms and a kitchen — and a shortage of coal will exist for a long time to come. This

Rubble which lines this street in the US Sector of Berlin can now be utilized by application of a newly-developed process.

Signal Corps Photo





Signal Corps Photo

The above reconstruction scene in Mannheim is becoming increasingly common as the US Zone acts to meet the critical housing shortage.

lack of coal has a particularly ironic twist, for one of the principal reasons for its scarcity is the lack of adequate housing for the miners in the Ruhr area. In other words, until the miners get better homes (which requires building materials, which in turn need coal), there will not be enough coal produced, for the miners' conditions of life are too difficult for them to work vigorously.

METHODS OF CONSTRUCTION

In the rebuilding of dwellings, the old clay construction, the plaster-concrete construction, and other methods will have to be revived to take the place of building houses of stone, wood, concrete, steel, and iron. New methods of construction, especially those of quick construction, are being tried out and developed. Pre-fabricated housing, which Germany is ready to manufacture and which is being considered as a solution to the problem in other countries, cannot al-

leviate the German housing situation, for it must remain an article for export, to be used to finance imports even more essential to Germany than housing.

The aforementioned plan for the utilization of rubble is the outstanding technical solution to the immediate problem. It has been estimated that it would take thousands of workers and thousands of trucks many years just to remove the rubble from bombed-out cities. It would take many more years to transport new building materials to the scene of construction for building. Large portions of blasted walls as well as the fine, powder-like rubble, comprising 30 to 40 percent of the ruins, can be processed in a similar manner and will become a new raw material which can be considered as something between natural pumice and foundry pumice. In the opinion of experts, this is a fine building material, which, made into building blocks ("Ziegelsplittbeton"), will not only

offer resistance against pressure, but also has a higher insulative character than the traditional brick wall.

The tremendous task which faces MG and German officials falls into three parts. The deadly statistics of rows of rubble is the first. Although the casual visitor may travel in a countryside apparently untouched by war, the first city of any size will show the remnants of destroyed buildings. Wuerzburg in Bavaria is more than 70 percent destroyed; Heilbronn in Wuerttemberg-Baden is more than 50 percent destroyed; and in Greater Hesse, where key industrial plants were more numerous, the extent of damage is even greater.

POPULATION FACTOR

The second phase of the problem concerns the factor of increased population. According to the May 1939 census, the German population in what is now the US-occupied area (including the US Sector of Berlin) numbered 15,066,000 persons. At the end of October 1946, the unofficial population figure for the same regions was 17,667,000. This increase has been brought about by the immigration of expellees from Eastern Europe, who are now living with native German families in crowded conditions, very limited facilities, and no privacy. The best index to the extent of over-crowding is the average figure of the number of persons per room, which figure ranges from 1.7 for the entire Land of Greater Hesse to 3.8 persons per room for the city of Kassel.

SITUATION IN RURAL AREAS

The figures for the larger cities do not tell the entire story of over-crowding, for they reflect conditions only in these population centers, for the most part, which have been closed off to further migrators. The expellees continue to be channeled into the country and small towns, and there the conditions of excess population in a limited space is becoming increasingly pressing. An added problem is one of lack of adequate health facilities, water supply, and houses not constructed for the number of persons

now inhabiting them.

The third factor in the housing situation, that of the building material scarcity, exists all over Europe and in America, as well as in Germany. It must be clearly understood by the German people that the overcrowding they are now experiencing is an old story to many Russians, Yugoslavs, Poles, Greeks, and English. In many of these countries, housing conditions are still far worse than in the very recently overcrowded German communities. In Germany itself, however, only statistics on the lack of building materials will indicate just how serious this problem is. In Wuerttemberg-Baden, in the last quarter of 1946, in spite of a strenuous effort to boost the allocation of building material to meet requirements, only 29 percent of the required cement was received, for example, 42 percent of the plaster, 24 percent of building plates, and 50 percent of heating stoves.

INTERDEPENDENCE OF MATERIALS

It must be remembered further that a substantially lower figure of any one of these critical items may possibly impede the whole program far out of proportion to the quantity of the article involved. One item that is only 20 percent available may render useless for the time being several materials which are 100 percent available. A further illustration of the scarcity of materials appeared in a report from Nuremberg which indicates that "with the present rate of supply of building materials it will take 75 years for the reconstruction of all the damaged buildings in that city."

Military Government has attempted to help the German officials in alleviating the housing problem in two ways. In the first place, the policy of carefully surveying all new requests for requisitioning housing space has been in operation for several months. No requisitions can be effected without MG approval. If the approval of MG is withheld, the case must go before resources boards functioning at local, Land, and Zone levels. In the second place, MG has embarked on a program to derequisition housing space no

(Continued on page 16)



Financial Intelligence

Money may make the world go round but it can also facilitate devastating wars by supporting a vicious and abusive war machine. For, while the directing force in the Nazi war economy was probably more political than financial, the political leaders were shrewd enough to realize that economic policy and political affairs would run more smoothly if their financial features were coordinated. The uncovering and tracing down of the financial aspects of German political and economic affairs has been the major task of the Financial Intelligence and Liaison Branch of the Finance Division, OMGUS, during the past 18 months. The Branch has had a variety of jobs, with the emphasis shifting from time to time as the urgency of the work changed in relation to the over-all MG policy.

INITIAL PHASE OF OPERATION

During the first months of the occupation the Financial Intelligence Branch concentrated its efforts on tracking down a variety of valuable properties which had been shifted from place to place. Vast treasures of gold and valuables, which the Wehrmacht had removed from the vaults of the national banks of Austria, Czechoslovakia, Belgium, France, and other conquered countries, and which had been located through interrogations of leading Reichsbank officials, were unearthed in salt mines, caves, and other obscure places. The role played by the Reichsbank in the disposition of loot seized by the SS from concentration camp victims was also exposed.

Other discoveries have included the gold and precious jewels turned over during 1944 to SS officials as ransom money for the lives of Hungarian Jews in German concentration camps. These payments effected the release of some 1500 victims, the greater number of whom were permitted to leave Germany. The valuables, three to five million dollars of which was coolly recorded as "current accounts" on the books of the SS, are expected to be used for the rehabilitation and

resettlement of persecution victims in Europe through the agency of the Intergovernmental Committee on Refugees, organized to administer, for the benefit of refugees, all "non-monetary" valuables, currency, and securities of which victims of persecution had been despoiled.

A search was also initiated for properties transferred by Nazi leaders to neutral countries as a hedge against military defeat. This search early uncovered a network of financial entanglements, and now a special branch of the Finance Division, the External Assets Branch, is investigating throughout the world the entire German program for dissipating and concealing valuable assets.

Simultaneous with these activities was the job of checking on the identity and removal of Nazis and their sympathizers from positions of power and influence in German financial institutions. Because of the key role of German finance in organizing the war economy, and because of the special efforts made by the Nazis to saturate the financial institutions with persons sympathetic with their program, the work of the Finance Division has been of particular importance in the field of denazification. Preliminary work in this field was started more than two years ago by members of the Treasury Department in Washington, who prepared a Civil Affairs Guide for the War Department entitled "Elimination of Nazis from the German Banking Structure." This document advocated removal of undesirable persons, by category, from financial institutions.

DENAZIFICATION FUNCTION

The denazification program in finance was carried out by finance officers in the field under the supervision and guidance of the Field Investigation Section of the Branch, established for this specific purpose. The staff of this section traveled to all parts of the US Zone to assist in the practical application of the directives which it had an active part in formulating at headquarters level, Special denazification teams in groups of two or three were assigned to each major detachment in the Zone and worked closely

with the Finance Officer and Special Branch Officer. The original plan for these denazification teams was formulated in April 1945 to assist local MG officers who found it difficult to devote adequate attention to the great number of persons to be screened, in addition to their other administrative responsibilities. The teams also aided in clarifying the intent of directives issued at headquarters, and in suggesting ways to implement them in the field.

NAZIS REMOVED FROM POSTS

In July 1945 the Field Investigation Section and the Finance Officers in the field were charged with making a final drive in the denazification program on the basis of existing directives. By the 8th of September 1945 an official report indicated that denazification in finance was substantially completed. All employees of financial institutions in the mandatory removal category had been removed by March. Adverse recommendation cases retained in finance were reduced from 535 on 31 December 1945 to 184 on 28 February 1946. The large scale removal of Nazis from the financial economy was accomplished without closing the banks, and without seriously impairing tax collections or other essential financial functions.

Data collected in the spring of 1946 illustrates the extent to which financial institutions had been cleared. Out of 29,400 officials who had been screened in the 21 most important cities in the US Zone, about 9,760 were removed. Reports from the rural sections of Germany show that removals took place at approximately the same ratio. The total number removed from financial positions in the Zone is estimated at 14,000.

In more recent months the denazification activities of the Financial Intelligence Branch have been limited mainly to interrogations and research concerning the wartime records of leading financiers. This work represents a continuation of the investigations which were begun in early 1945 and which were undertaken to provide a basis for policy recommendations with respect to the future structure and functions of the

"Big Six" banks of Berlin. These banks had assets which exceeded those of all other 650 commercial banks in Germany combined. Acting both as investment and commercial bankers, they exercised a controlling influence over virtually all large and medium-sized concerns in Germany.

By virtue of this position they were selected by the Nazi government to play a leading role in financing the rearmament program, and also in penetrating and exploiting the resources of the occupied and conquered countries in Europe. This included, for example, the financing of the Kontinentale Oel Company in Rumania which was intended to be the basis of a German oil monopoly in Europe, and of the Mines de Bor in Yugoslavia, Europe's greatest copper producer.

COMPLICITY IN WAR CRIMES

The complicity of a number of the big banks in such war crimes as the abuse of slave labor has also been established. Representatives of the Deutsche and the Dresdner Banks worked closely with Economics Ministry officials in the creation and formulation, during 1938, of the aryanization program for the economic spoliation of Jewry, first in Germany and later in the occupied countries. In view of the activities disclosed by these investigations, Military Government has encouraged the adoption of legislation by the three Laender to limit the operation of individual banks and their branches to a single Land.

The evidence uncovered in studies of banking practices has also enabled Financial Intelligence Branch to assist the Office of the Chief of Counsel at Nuremberg in the preparation of evidence for the War Crimes trials. An extensively documented study of the misuse of occupation costs by German authorities in conquered countries in violation of the Hague Convention was submitted, and portions were afterward incorporated into the indictment and the prosecution brief. Original documents and interrogations were also supplied to OCC for use as exhibits, including SS loot and the Reichsbank findings which figured prominently in the

prosecution of Watler Funk, one-time president of the Reichsbank and Minister of Economics. More recent findings of current investigations have been made available to OCC for the subsequent trials of bankers and industrialists at Nuremberg.

The Branch has also acted as a clearing house of information for possible appointments to key German positions in zonal and US-British bizonal finance agencies. In addition the Branch has represented the Finance Division on the bizonal sub-committee for denazification in the field of finance.

Another phase of the work of the Financial Intelligence Branch has been to inquire into the effectiveness of administrative procedures for financial laws. For example, a study of the application of MG Law 52, which calls for blocking the control of property, including bank accounts, owned by Nazis and those removed from office by denazification, indicated the need for improving German administrative channels and for giving more attention to investigation and enforcement.

Increasing emphasis is being placed on securing a more adequate picture of current financial conditions in the US Zone. As MG personnel is reduced it becomes more and more important to secure field reports, statistics, and other intelligence, and to organize and analyze it so as to gauge financial conditions in the German economy. Most of the statistics already are drawn from German government and private sources, and increasing reliance will be placed on German sources as they develop the requisite technical staff and information on financial conditions.

New Tax Regulations

The Control Council has promulgated two new laws covering taxes on tobacco, incomes, corporations, and excess profits. Law No. 41 reduces the tobacco tax rate for several categories of tobacco products. Law No. 42 provides for a 50-percent reduction of income taxes for certain corporations, chiefly long-term credit institutions, such as mortgage banks and others.



COMBINED SERVICES DIRECTORATE

The Combined Services Directorate of the Allied Control Authority, approved by Control Council Directive No. 34 on 3 September, will become operative next month. At that time it will assume the functions and responsibilities of the Military, Air, and Naval directorates representing each of the Four Occupying Powers. The United States was the first of the occupying nations to combine the Army and Air divisions with the establishment of the Armed Forces Division in November 1945. The US element then presented a plan for the consolidation of the three quadripartite directorates in a similar pattern. The approval of this plan resulted in the new directorate, which will enable the Four Powers to streamline demilitarization policies.

In an examination of the past operations and objectives of the three individual quadripartite directorates and their four elements, the first to be considered is that of the Military Directorate. The work of planning and forming policy for dissolution of the Wehrmacht has been the assigned responsibility of the Demilitarization Branch of the Armed Forces Division, OMGUS, and of the Military Directorate of the Allied

Control Authority. However, the Office of the Naval Advisor, OMGUS, and the Aviation Branch of the AFD made special studies for the control of their German counterparts — the German Navy and the German Air Force. The work on disarmament, including disposal of German war material and of military installations, was allocated in a similar way, the Military Directorate having the responsibility for assembling the over-all policy as developed jointly by studies of the Military, Naval, and Air Directorates.

DISSOLUTION OF WEHRMACHT

The work of the Armed Forces Division has already been fully covered. (See *MG Weekly Information Bulletin* Nos. 63 and 64, 14 and 21 October respectively.) The disbandment and dissolution of the Wehrmacht in the US Zone is essentially complete. All organizations, schools, and institutions have been dissolved, funds and property have been confiscated, and laws have been published to prohibit the revival of any of its elements. Moreover, all para-military organizations such as the SS, the SA, the Hitler Jugend, the NSKK (Nazi Motor Corps), NSFK (Nazi Flying Corps) and others have



The US representatives on the Military Directorate of the Allied Control Authority shown above at a quadripartite meeting.

been disbanded and dissolved.

The leaders of the military and paramilitary organizations have been arrested and will be subject to sanctions under denazification laws. Although it is expected that the provisions of Control Council Directive No. 38 will prevent the infiltration of militarists into responsible positions, it is necessary to maintain constant vigilance. Such organizations as schools, athletic clubs, fire services, and police services lend themselves readily to militaristic development and must be kept under continuous surveillance over a long period to prevent the development of these agencies along lines hostile to the occupation.

Although demilitarization in the US Zone is essentially complete, there remain the long-range objectives of reeducation and surveillance. Insofar as demilitarization is involved, these objectives become the responsibility, at policy level, of the Combined Services Directorate.

Demilitarization by the Military Directorates of the other three nations has followed similar lines. The clearance of all types of military installations in Germany and the disposal of German war material is progressing satisfactorily. The reports as of 30 June 1946 show, for example, that in the British

Zone 340,489 tons of ammunition had been discovered and that 123,216 tons had been destroyed; 743,122 small arms were seized and 566,222 destroyed or disposed of; and 1,362 single-engine military aircraft were seized and all except one destroyed or disposed of. The French found 8,000 machine guns and small arms, and destroyed or disposed of 7,500. The Soviet forces located 394,384 small arms, among thousands of other weapons, and had destroyed or disposed of 380,647. They destroyed or disposed of all 3,051 tanks and self-propelled guns, and all of 5,960 military aircraft which they captured.

DISARMAMENT PROGRESS

In the case of destruction of minefields, the Soviets had completed this work 100 percent, as compared with about 27 percent in the British Zone, less than 10 percent in the French Zone, and 80 percent in the US Zone. In general, the disarmament of all the zones is believed to be progressing satisfactorily, and it is estimated that all German war material will have been disposed of or demilitarized by 1 July 1947.

The Tripartite Naval Commission (UK, USSR, and US) provided for in the Potsdam

(Continued on page 25)

Bizonal Economic Merger Defined

Deputy Military Governor Explains Anglo-American Accord and US Occupation Policy in Radio Broadcast to the German People

Speaking over the "Voice of America" radio program from New York Saturday evening, 7 December, Lt. Gen. Lucius D. Clay, Deputy Military Governor, described several major situations encountered in the US-occupied areas of Germany, paying special attention to the agreement signed only four days earlier in Washington for joint Anglo-American accord on the economic administration of the US and British Zones as a single area.

Addressed primarily to the German people of the US areas, the speech was delivered in English by the Deputy Military Governor in reply to questions by a program interviewer. A German translation was given immediately following each paragraph. The speech was broadcast by the German-language radio stations of the US areas of Germany. The English text follows:

Bizonal Merger: This agreement for the economic merger of the British and US occupation zones in Germany should assist materially in reviving industry and foreign trade in both zones. The British Zone of occupation is devoted primarily to basic industry. All of Germany is dependent on its output of coal and steel. The industry of the US Zone is largely of the assembly type. Hence the two zones complement each other, and their economic unification will thus make possible a better utilization of the resources of both zones, not only to produce export trade and to finance essential imports but also to provide supplies and commodities urgently needed in Germany.

Food: If the food which has been brought into Germany to feed the civilian population behind the battle lines is included, the United States has made approximately 1,000,000 tons of food available in Germany since July 1945. Neither the United States nor the British Zone raises sufficient food to support

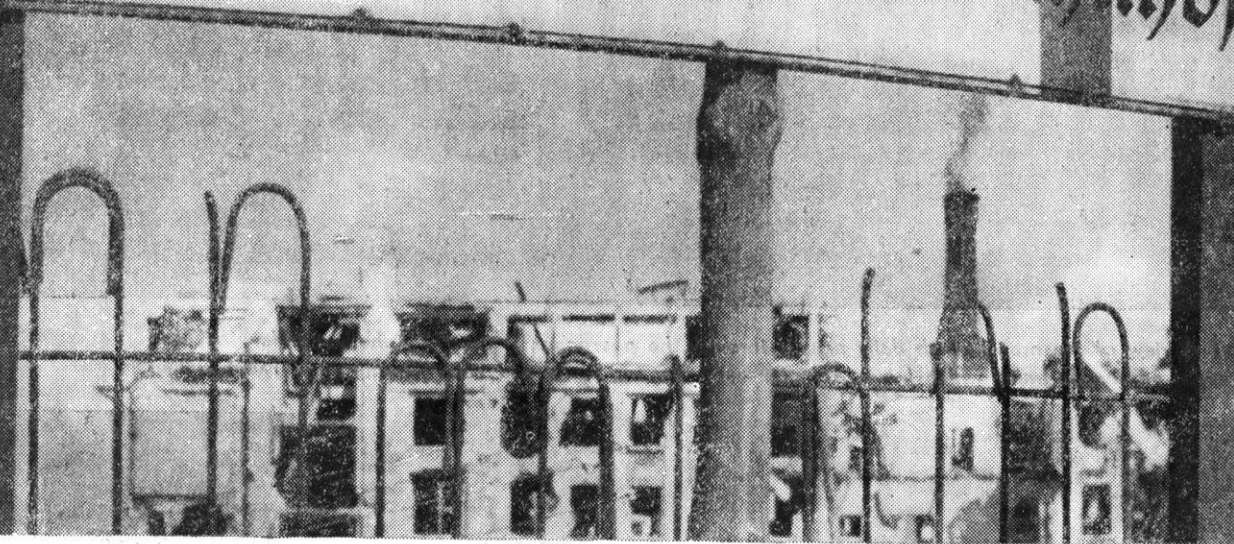
its population. Therefore, large amounts of food, particularly cereals, must be imported into both zones. Much of these cereals must come from the United States. 140,000 tons of cereals, wheat, flour, corn, and oats were allocated to the British Zone from the United States for the last quarter of this year. It is expected that at least 85,000 tons of this amount will have arrived in the British Zone by the end of December. Also, 50,000 tons of cereals have been loaned to the British Zone from stocks on hand in the US Zone which have been provided by the United States.

Supply: The principal cause for the food difficulty in the American Zone arises from the fact that the zone never has raised sufficient food to support its population. This population has increased by almost 2,000,000 persons during the past year. While more land is planted in crops than at any time in the past, there are shortages of fertilizer and farm equipment which make it most difficult to get maximum production. But the present ration of 1,550 calories for the normal consumer is obviously an undesirable arrangement, since approximately one-third of the cereals to support this ration have to be imported into the zone. The ration level must necessarily be fixed by world supply. The world supply has not sufficed for a higher ration. In fact, transportation difficulties including trains into the ports in the United States for shipment to Germany make it exceedingly difficult even to maintain this ration. When world food supply and transport conditions permit, it is essential that the US Zone of Germany, in cooperation with the British Zone of Germany, has an export program which will provide funds to provide the food essential to the maintenance of the German people.

International Business: The United States'

(Continued on page 27)

Berlin Anhalter-Personenbahnhof



The pictures on the following two pages show activity at Anhalter Bahnhof, one of Berlin's largest rail centers. Located in Kreuzberg, US Sector, Anhalter serves as a supply railhead for the American Army and as a passenger and freight terminal for German civilian use. In addition supplies for the British and French occupation forces and CARE and CRALOG relief parcels come through the terminal's freight station.

Each day eight trains leave Anhalter Bahnhof carrying an average of 8,000 persons to Leipzig, Erfurt, Dresden, Helmstedt, and

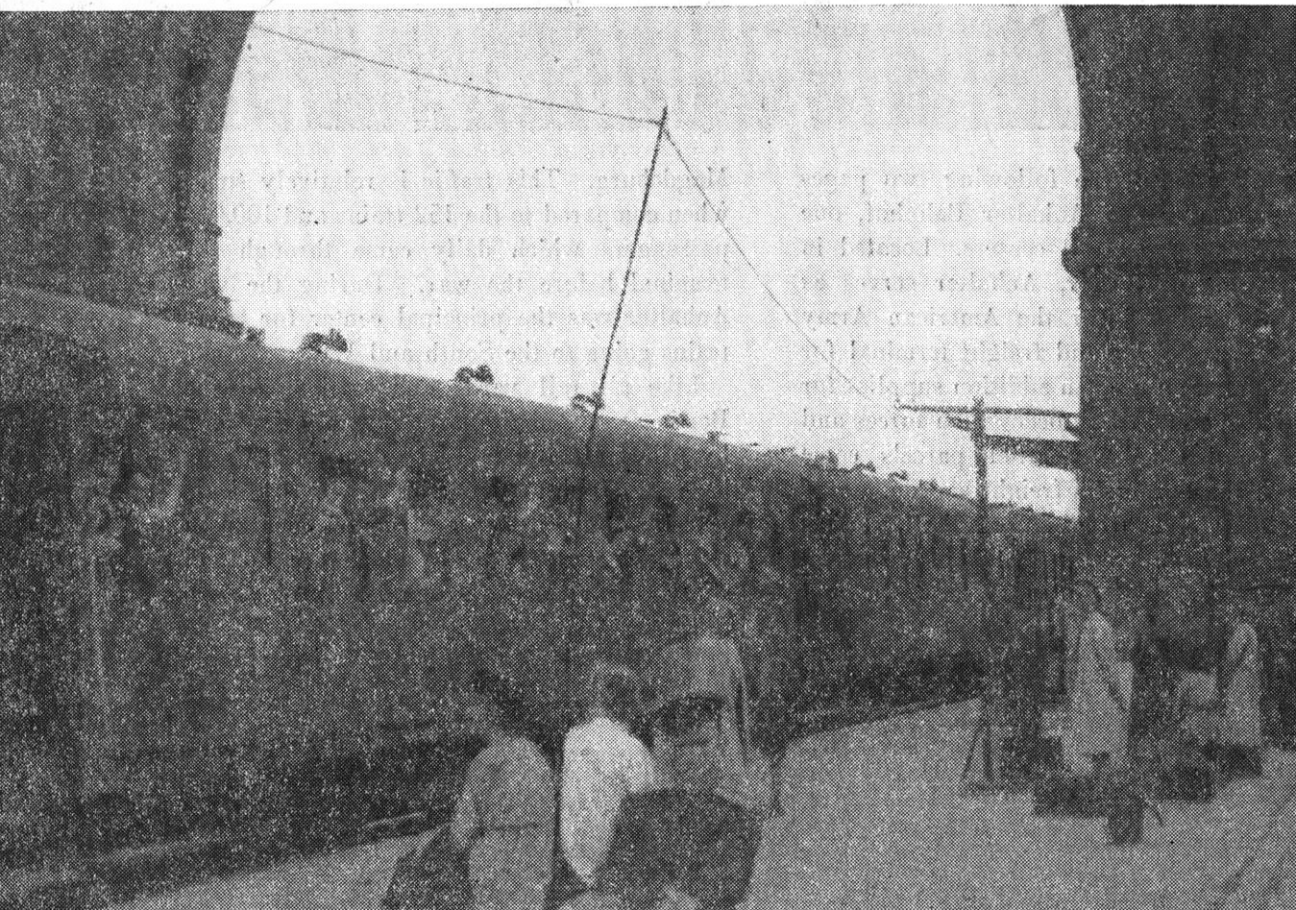
Magdeburg. This traffic is relatively small when compared to the 152 trains and 100,000 passengers which daily came through the terminal before the war. During the war Anhalter was the principal center for troop trains going to the South and West.

Like all rail yards and stations in the Berlin area, Anhalter was severely damaged by Allied air attacks. The damage has now been repaired to the point where traffic is possible, but real reconstruction must wait until essential materials which are now in short supply become available. *Photo by Byers*



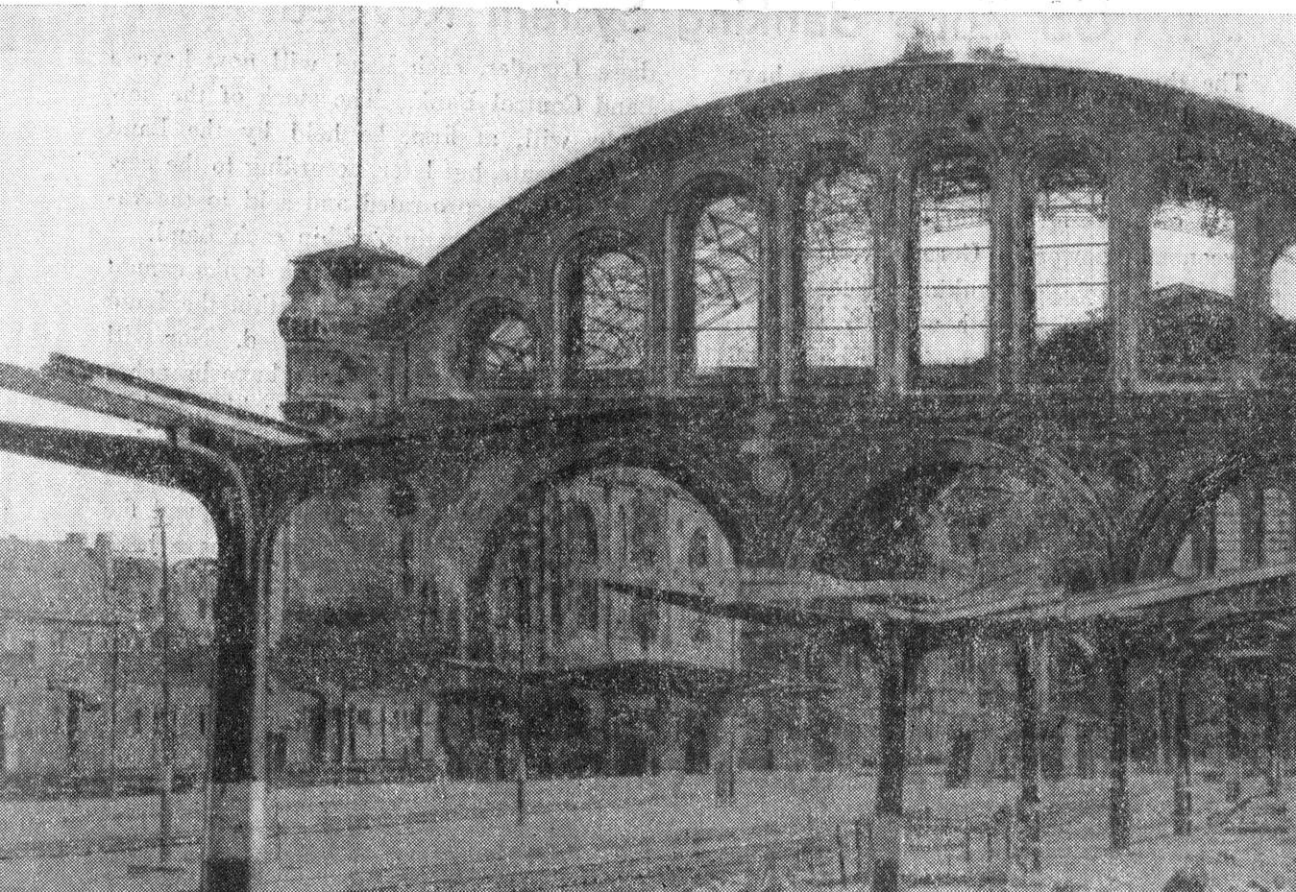


(Above) A view of the crowd which daily passes through the passenger station at Anhalter; **(below left)** one of the eight passenger trains which leave Anhalter each day for South and West Germany. *Photos by Byers*





(Below) Portion of the bahnhof showing the unrepaired damage caused by Allied air attacks. Reconstruction awaits release of building materials. Photo by Byers



THE HOUSING PROBLEM *(Continued from page 6)*

longer considered essential for the occupational mission. As troops go home and organizations become consolidated, more and more installations are being returned to the Germans for housing and business use. In addition, the military authorities, recognizing the needs of the German economy particularly for this winter, have reduced the Military allocation of building materials from 20 to 25 percent to 15 to 20 percent of the total production of materials for the fourth quarter of 1946.

Although MG has aided in solving the housing problem, a solution rests primarily with the German officials. Except in certain areas where there are large military installations, the space which has been requisitioned by the US Army today is actually only a minute fraction of the total space available. It is the German housing officials' job to distribute the remaining and most substantial part of the space to the German population as fairly and as equitably as possible.

In all too many instances, spot checks

have disclosed that too many well-to-do homes are not accepting their share of the expellees and other homeless people. Too many cases of favoritism or wilful neglect to make full utilization of existing space, if it happens to exist in the best houses of the community, have been uncovered. In this serious period of difficult living it is the responsibility of the German authorities to make every effort to carry through a vigorous program of fair allocation of housing space.

As with so many other problems, the housing difficulties cannot hope to be solved before Germany is a functioning economic unit once again. Even at that time, vast housing programs cannot be considered as practicable while so many other European countries which were ravaged by Germany remain in urgent need of assistance; but with economic unification will come renewed economic activity, and progress will be made toward the alleviation of some of the more pressing cases of housing discomfort and inadequacy.

US Zone Banking System Revised

The three Laender of the US Zone have adopted laws reorganizing the banking system throughout the Zone, thus producing a major step in the fulfilment of the US objective of breaking up undue concentrations of economic power in Germany. This reorganization of the banking structure removes the means through which large German banking systems have in the past dominated financial operations throughout Germany. As a result of the misuse of this concentrated power by the "Big Six" banks during the Nazi days, many of the former directors and officials are being held for possible prosecution as war criminals.

These banking laws, which were adopted simultaneously by the three Laender, contain uniform provisions to become effective 1 January 1947. To take over the functions previously performed by the Reichsbanks in

these Laender, each Land will now have a Land Control Bank. The stock of the new banks will, at first, be held by the Land Governments, but later, according to the new laws, is to be pro-rated and sold to the various banks operating within each Land.

Under the new laws, branch banks cannot operate in the Zone except within the Land wherein the head office is located. Nor will the new Land Central Banks have branches outside the respective Land in which each is located. This will mean that the branches of the large German chains, such as the Deutsche Bank, the Dresdner Bank, and the Commerzbank, which in practice have been separated from their head offices in other parts of Germany since the Occupation, now will be completely set apart from these head offices. Ownership relations between the branches themselves can exist only within a single Land.



Steps Taken by MG to Control Disease during Winter Months

No major epidemics are expected in the US Zone during the coming winter, according to the Public Health and Welfare Branch, IA&C Division, OMGUS. Although the average German will enter the winter months with a lower resistance to disease than he had a year ago, medical facilities and supplies for the control of disease have increased to such a extent as to partially offset this danger.

The chief worry of public health officials throughout the Zone is the possibility of an epidemic of influenza. According to the influenza cycle for Germany, an epidemic of this disease is considered to be possible this winter. Other factors pointing to the danger are the crowded living conditions and poor sanitary facilities of the German people.

The measures necessary for the control of such an outbreak have already been set up and are functioning smoothly, officials said. These measures include influenza "listening posts," which are laboratories manned by American-trained German technicians who keep constant watch for any outbreak of respiratory diseases. Any increase in epidemic influenza, which can be recognized only through special laboratory tests, immediately would be reported throughout the Zone and a system of controls put into effect.

In the event of a local outbreak of epidemic influenza the threatened community would be isolated and German-produced influenza vaccine rushed to the spot. An immediate information campaign would be begun warning the people against the danger of the disease and giving instructions for combating it.

Special stocks of US Army hospital supplies have been set aside for emergency use to supplement German supplies and facilities in case of an emergency. German supplies of sulfanimides are considered adequate for

combating the effects of the epidemic disease which are sometimes more dangerous than the disease itself. All German posts for the detection and reporting of the disease are in close touch and coordination with US Army posts of the same type.

The problem of typhus in the Zone has decreased considerably since a year ago. Public health officials credit this drop to the over-all use of DDT insecticide throughout the Zone with emphasis placed on the treatment of incoming refugees and expellees from Eastern Europe. However, local or sporadic outbreaks of the disease are still considered a possibility and necessary arrangements for combating the disease have been made throughout the Zone.

Diphtheria continues at a rate lower than last year and no epidemic is expected inasmuch as about half of the Zone's children have been inoculated against it. Precautionary measures to guard against the spread of any local outbreak have been set up in close cooperation with Army medical officials.

Art Transactions

MG Law No 52 with respect to transfer of works of art or cultural material has been revised to ease the prohibition against transactions in all cultural materials and "objects of art of value or importance, regardless of ownership." It vests authority in the Ministers President to license art dealers in the US Zone, with a proviso for report and inventory of works of art or cultural material of value or importance.

The revised law permits transactions in art objects and requires objects valued at more than RM 10,000 to be reported, thus legitimizing one of Germany's important peacetime industries. It facilitates the export of low-priced paintings and other cultural objects against dollar returns, helping in this way to defray the cost of importing food. In addition, the law is expected to give en-

couragement to indigenous art which has been largely dormant in Germany since the incursion of National Socialism.

Economics Division officers at OMGUS pointed out that US personnel who purchase works of art which are not for purely personal use, will be violating the Trading with the Enemy Act and Theater Regulations. USFET Circular 140, dated 26 September 1945, applies in these dealings.

Eighteen Allied nations, including representatives of governments in exile, announced early in 1943 an "Inter-Allied Declaration against Acts of Dispossession Committed in Territories under Enemy Occupation or Control." In substance, these nations reserved the right to declare invalid transfers of property in countries occupied or controlled — directly or indirectly — by Germany. The declaration was, in the first instance, a formal reiteration of the historical, moral, and legal principle that neither the person who steals property nor the one who may later come into possession honestly receives title. It also put the Axis powers on notice that, when the time for reckoning came, even apparently legal transactions — such as Goering's purchase of French art with stolen francs — would be declared null and void.

In September, 1944, SHAEF promulgated Law 52 which made certain property in Germany subject to seizure and management by the Military Government. Scope of the law was broad. Not only did it cover property owned or controlled — directly or indirectly — by the German government, its political subdivisions, and agencies, but it also extended to the property of organizations and clubs dissolved by the Military Government, to the property of governments and citizens of any nation at war with the Allies, and to property of absentee owners, including United Nations governments and their citizens.

Law 52 banned transactions in all cultural materials and objects of value or importance, regardless of ownership. The ban also covered property owned or controlled by religious, charitable, educational, cultural, and scientific institutions. Everyone having

custody of property covered by the SHAEF law carried specific responsibilities such as preservation, keeping of records, and safe-keeping.

Xmas Aid in Greater Hesse

A campaign for Christmas aid to the "250 neediest families" of Greater Hesse has been organized by the Director of OMG Greater Hesse. The result of a special report on living conditions among the Hessians, the campaign is asking for contributions of food, clothing, and money from MG personnel and dependents, from Germans, and from former officers and civilians with OMG Greater Hesse who have been redeployed.

Handling of DP's

The US Immigration and Naturalization Service "is doing its utmost to carry out the humanitarian program of President Truman facilitating the entry into the country and the handling of displaced persons."

This was asserted in a statement by the Justice Department in Washington. Statistics for the 15 months ending 1 September show that of the 1,377 persons deported to Europe for all causes, 1,368 were nationals of Germany or Austria of whom 58 were criminals.

Many thousand refugees were allowed to remain in United States as visitors, and were given opportunity of obtaining visas as quota immigrants in nearby countries so they could re-enter the United States permanently.

Since 1941, the statement added, 23,000 persons availed themselves of this arrangement, leaving only a small number unable to obtain visas. Of those in this small group, Immigration and Naturalization Service has directed that deportation should not be effected in cases of unusual merit, if removal proceedings are based upon mere technical violation of immigration laws, until 15 February in order that the incoming Congress may have an opportunity to take corrective legislative action if desired.

US ZONE MG ACTIVITIES

The Wiesbaden headquarters of the OMG for Greater Hesse is now drawing its electrical power from its own basement. The installation of a generator relieved Wiesbaden's municipal electric system of furnishing more than 30,000 KWs a month. This move is in keeping with the current army policy to conserve German electricity.

OMGUS has informed the Laenderrat that British and US Military Governments have approved establishment of a German bizonal joint committee on civil service whose functions will include determination of salary schedules for German officials and employees of bizonal agencies. MG requested the Laenderrat to appoint to this committee one voting representative and one alternate from each Land.

In the past three months, arrivals of food imports from US have been at the rate of about 50,000 metric tons per month, in comparison with an estimated average import requirement of 92,000 metric tons per month.

DP DETENTION CENTER

A detention center for short-term DP prisoners has been established in the US Sector of Berlin by Berlin Command. DP's sentenced by MG Courts to less than one year will be held in this center. Those sentenced to more than one year and not eligible for forced repatriation will, in accordance with Theater policy, be transferred to the long-term institution set up by MG at Furth, Bavaria.

Pursuant to MG policy to restore administrative authority to German Land governments, instructions have been sent to field Legal offices to the effect that appointment of the Land Minister of Justice and all other personnel in German administration of justice no longer requires prior MG approval.

As of 1 December, inter-Laender shipments of potatoes were about 47 percent of the amount planned. Sufficient food potatoes from the Soviet Zone and Bavaria to fill US commitments for Berlin through winter and

spring have been delivered to or earmarked for Berlin.

An increase in meat ration in the US Zone for the holiday ration period has been made possible by higher slaughter rates in the Zone. An additional 100 grams per person per week has been authorized for non-self-suppliers over one year of age for the 96th ration period. Also, an extra holiday sugar ration of 250 grams per person (age group 1-20 in the Zone has been authorized.

COAL FOR SPACE HEATING

Only 15 percent of all Ruhr miners have voted for working Sunday shifts. British officials have stated that, as a result, probably no more coal for space heating will be provided by the Ruhr to the US Zone. In US Zone cities over 20,000 population, firewood supplies are estimated at 30-40 percent of winter requirements, with completion of movements in sight by 1 January.

The 11,211 US Army vehicles in use since 4 November to transport harvest crops and fuel wood for the German economy in the US Zone have hauled a total of approximately 49,755 metric tons. The total farm-to-market crop collection program is far enough behind so that request for extension beyond 15 December is under consideration.

COST OF LIVING INDEX

A new cost of living index computed on a uniform basis in the four occupation zones, and submitted by the Laenderrat for US Zone shows an increase of 15 percent in the cost of living in the 12 months ending 30 September. Removal of agricultural subsidies, new taxes, and increased communications and transportation rates are listed as the reasons for the increase.

A new export exhibition, including a display of industrial products manufactured in Wuerttemberg-Baden, has opened at Stuttgart with seven times more floor space than its predecessor which has been in operation approximately 4 months.

EXCERPTS FROM OFFICIAL INSTRUCTIONS

Pertinent excerpts from official instructions are printed for the benefit of our readers. Official copies of the quoted circulars, letters, and directives may be obtained by writing to the originating headquarters.

Historical Correspondence

In an effort to compile complete data for writing the over-all history of OMGUS, offices are instructed to submit any historical material and documents, as set forth in "Historical Correspondence and Documents," AG 314.7 (CO), dated 4 December 1946.

The directive states: Each office will submit for reference and use as source material any files, classified or unclassified, which are deemed of historical importance before such materials are destroyed or otherwise disposed of. Particular interest is expressed for original correspondence and documents covering the planning stages of functional offices and divisions.

Source materials should be addressed to Chief, Historical Section, Control Office OMGUS, APO 742, US Army.

Incident Reporting

Instructions for "Reporting of Crimes, Offenses, and Serious Incidents by Military Government Liaison and Security Offices" are contained in MG directive AG 000.5 (CO) dated 6 December 1946.

The directive states, "Military Government Liaison and Security Offices will report to the nearest Military Police and Constabulary unit all crimes, offenses, and serious incidents of which they become cognizant, as defined in Paragraph 2, USFET Circular 152, "Reporting of Crimes, Offenses, and Serious Incidents," dated 11 October 1946. Reports will be submitted by the fastest means and be confirmed by written report or TWX within twenty-four hours. These written reports will follow the outline prescribed by USFET Circular 152; a copy of each report will be sent to the

regimental or separate battalion commander of any troops involved in such incidents. Similar reports will be made to Land Office Intelligence Officers."

The directive further specifies that copies of serious incident reports will no longer be forwarded to OMGUS as a matter of routine, but that any serious incidents requiring special attention will be forwarded by the Land Office of Military Government. A file of all serious incident reports made will be kept available for inspection, but incident charts as previously required need no longer be kept by Liaison and Security Offices.

Maintenance of Security

The objective of the occupation in preserving peace and order in the US Zone of Germany are set forth in OMGUS directive AG 322 (CA) "Coordination with Constabulary or Tactical Military Units with Reference to Re-Establishment of Military Government Controls" dated 6 December 1946.

The directive states: The preparation of necessary plans for the re-establishment of order and the maintenance of security in emergencies should be the responsibility of the units which will have to carry out such plans in case of need. It is already SOP for Liaison and Security Detachments to prepare and periodically test, in collaboration with local Constabulary and troops, security plans for their respective Laender- and Stadtkreise. Such plans can and should provide for the contingency that full Military Government controls must be re-established locally.

German Labor Law

Effective 1 January 1947 the German labor law of 20 January 1943 entitled "The Organization of National Labor" is repealed together with all enactments concerning the prosecution of the law. This action is contained in Control Council Law No. 40, approved on 30 November 1946.



Constitutional Referendum

The licensed press in Wuerttemberg-Baden took a critical attitude in their editorial comments on the Land's recent constitutional referendum and Landtag elections, according to the weekly newspaper analysis by the Office of the Director of Information Control, OMGUS.

The **Badische Neueste Nachrichten** (Karlsruhe) commented on the fact that considerably more persons voted for the political parties than voted on the constitution. It continued: "Of those entitled to vote, in many cases 20 percent, 30 percent, even 50 percent have made no use of their right to approve or to disapprove. Such lack of interest is evidence of the political immaturity of a large part of the voters . . . Undoubtedly the cause lies partly in the election campaign during which the parties emphasized too much their ideological differences and neglected to hammer on the principles of the constitutions."

The **Heilbronner Stimme** found the large number of non-valid votes on the constitution surprising, but had this explanation: "Evidently many voters did not understand that they had to make another cross at the bottom of the ballot. It, therefore, was a miscalculation to combine both votes on the same ballot."

The **Mannheimer Morgen**, in an analysis of the vote, said, "To state it honestly, the result of the referendum on the new Wuerttemberg-Baden constitution is no success. It may appear, superficially examined, as if — as in Mannheim — 56 percent of our citizens voted for the draft. But this percentage is an illusion for it is calculated on the basis of the number voting and not on the number eligible to vote. Of the eligible number of the total population only 41 percent voted for the constitutional draft . . . The only consolation in this matter is the fact that this con-

stitution cannot be meant forever and eternity, but will, we hope, very soon be replaced by an over-all German constitution."

In Bavaria, the **Nuernberger Nachrichten** (Nuremberg), in criticizing the Bavarian constitution draft, compared it with the United States Constitution. The editorial said the Bavarian document, like the Weimar constitution, "never really became alive and therefore came to such a pitiful end. Why? . . . Because they are too thorough and go too little into fundamentals." The editorial added, "The American Constitution consists of a handful of impressive lines which have gone into the flesh and blood of every American."

Coal Strike

The coal strike in the United States shared top news place in many of the German newspapers in the US Zone and was the topic of several pointed editorials.

The **Sueddeutsche Zeitung** (Munich) said, "When the miners (strike) . . . the whole American transport system in short order becomes paralyzed . . . The consequence is that the food deliveries to Europe are slowed down or stopped, and the danger of famine in Germany is increased . . . If we, as non-participants but fellow sufferers, should form an opinion, we must not overlook that formal right is on the side of the miners. The last responsibility for the American and European economic crisis lies with the government and most of all the pit owners. It is they who risked this fight for power between capital and labor; appearances may be against the miners, but the question of the real economic responsibility must be decided on another level."

In discussing the international implications of the strike, the **Wiesbadener Kurier** said, "It is perhaps not our affair to examine the American coal strike. But, after all, we are

in any case affected adversely. Are all participants in the USA aware — government, management, and labor unions — that the political responsibility of the United States for the maintenance of peace in the world calls for economic responsibility? . . . It is not enough to meet the economic responsibility by supporting free trade and reconstruction by means of loans. The conditions of distress and difficulties resulting from American strikes bring about suffering. This should induce all participants to consider, aside from personal welfare, not only national but also international welfare.”

Bizonal Merger

In editorials on the bizonal merger of the British and American Zones, two Anglo-American licensed newspapers in Berlin expressed favorable opinions of the fusion, while two Soviet-controlled newspapers cited reservations.

The US-licensed *Tagesspiegel* was of the opinion that the fusion of the two western zones will have a greater importance than is now attributed to it, for the merger will also have effects on the international situation.

“Before the agreement was signed,” declared the paper, “America and England made the greatest efforts to get the other Allies to join this agreement. From now on . . . the initiative will lie with Russia and France.”

Telegraf, British-licensed newspaper, found that the merger has political aspects of highest importance for the development in Germany, while at the same time it will contribute to stabilize conditions in western Europe. Stating that the Germans must show their will to make good, the paper added that the Allies have the task to provide the pre-suppositions for peaceful reconstruction.

“The United States and Great Britain have realized that the merger of these two zones is only piece work if the Soviet Union and France do not join this union,” noted the newspaper, observing that the reason they have not done so is because of the rigid ad-

herence of these two powers to certain conditions. The paper noted that the Soviet Union demands reparations from German current production, whereas England and the United States desire that current production is used first for the payment of food and raw material imports.

Turning to France, the paper observed that the French demand the immediate economic consolidation of the Saar to France and the internationalization of the Ruhr before they give their agreement.

Observing that Secretary Byrnes and Foreign Minister Bevin are willing to continue trying to get the French and Soviets in on the merger, the paper said there are signs that the Soviets have become more ready for such negotiations, though there will be great difficulties until the economic frontiers with the eastern zone are also cancelled. Ending on a note of hope, the paper observed that in spite of all difficulties the western powers are determined to speed up the realization of the economic unity of Germany.

Berliner Zeitung, Soviet licensed paper, observed that the agreement is of importance also for the occupation forces because it is expected to reduce occupation costs. The paper continued that one expects favorable consequences for the Germans by the economic merger of the two zones. One must welcome it if the merger does come up to the demands of the people, admitted the paper, adding the reservation that the fusion does not realize the economic unity of Germany.

Der Morgen, Liberal Democratic organ of the Soviet Sector, observed that “undoubtedly this means a step forward,” on the way to economic revival, yet one should not exaggerate the consequences. Citing the favorable consequences which can come from the merger — such as the shipment of food from Bavaria to the Ruhr in exchange for industrial products — the paper pointed out that on the other hand this “centralizing” of economic forces should not lead to the isolation of other parts of the country, meaning not only Berlin and the east zone but also the French occupied part of Germany.



Bizonal Agreement Viewed as First Step to Economic Unity

The recent agreement between the United States and Britain for economic unification of the British and American Occupation Zones in Germany was regarded by US press and radio as a much needed first step toward relieving the victor nations of the cost of indefinitely supporting the German economy. Comment made the point that the British-American move was in accord with the Potsdam Agreement calling for economic unification of Germany and expressed the hope that economic unification can be extended to the French and Russian Zones.

The New York Times regarded the agreement as a move "to put an end to the anomalous situation which compels the United States and Great Britain to pay what amounts to reverse reparations to a potentially prosperous Germany in order to keep the Germans under their rule from starving to death . . . Anglo-American agreement is the first constructive step taken to remedy the situation now prevailing in Germany."

" . . . This start at economic coordination comes late in postwar Europe's second winter. General William H. Draper, Chief of Economics, US Occupation Forces, says that physical deterioration from slow starvation has begun in Germany. All the damage cannot be repaired, but lots of lost time can be made up."

Radio commentator **Joseph C. Harsch** said: "Our Bipartisan foreign policy produced one of its most constructive results in the firm agreement between our government and the British to merge our two zones of occupation in Germany . . . If we and the British can make our combined zones an international asset instead of an international liability then perhaps the French and Russians will see their way to joining . . . If all could approach the task together and not in competition, Germany could be among us."

Elmer Davis: "This looks like a good beginning toward making Germans self-supporting. Not in their interest but in ours. Not merely for reasons of humanity but to prevent them from becoming a national slum of disease, malnutrition, and frustration that would make them a danger to their neighbors once again. It looks like a good gamble. It will require a greater initial investment than the present arrangement, but it seems likely to cost us less both in money and in trouble in the long run."

Radio commentator **David Penn:** "Important as this new agreement is, (British and Americans) regard it only as the first step toward achieving the economic unity of Germany as a whole as envisioned and agreed upon in the Potsdam Protocol. Both governments are ready and anxious at any time to enter into discussions with either or both of other occupying powers to extend those newly constituted arrangements to their zones of occupation."

The New York Sun: "The sooner Germany ceases to be an economic vacuum in center of Europe, the better it will be not only for that continent but for the world as a whole."

Most Difficult Problem

According to an editorial in **The New York Times** the most difficult problem in Germany today is that of reeducation. "Though Allied Military Government officials do the best they can, the job (of redirecting the German mind) can never be done by outsiders," the **Times** point out. "It must be done by the Germans themselves."

"There are, fortunately, Germans who can do the work. A German of this kind is Prof. Fritz Ernst of Heidelberg, who makes a contribution in this intellectual grouping in a new German magazine, 'Die Wandlung,' meaning 'The Transformation.' Professor Ernst concludes that what Germany needs

most of all is contact with the outside world. Germans must learn what is going on in other lands, what other peoples are doing and thinking. Fortunately, after their long isolation, most Germans today suffer from a kind of intellectual claustrophobia and are as hungry for news from the outside world as they are for bread. Therein lies the best chance of Germany's educators."

Thanksgiving Day Editorials

US newspapers made Thanksgiving Day the occasion for a solemn stocktaking of the domestic situation and world progress toward peace and prosperity. They stressed the need for all men to dedicate themselves to greater efforts toward common aspirations.

Noting the difficulties encountered in present-day national economy as highlighted by the coal strike and in the world striving for peace, they drew a parallel to the hardships and privations experienced by the Pilgrims, who observed the first Thanksgiving Day in 1621 by giving thanks to divine providence for a bountiful harvest. Now, as then, the need is for close brotherhood among men, they declared.

While frankly stating the problems, the editorials emphasized the very real progress made by the United Nations during the past year. Typical comments follow:

Chicago Sun: "We give thanks for the United Nations. The clash of national aspirations, the poison of fear and suspicion, the intricacies of the peace settlement occupy our thoughts. But over all these transient anxieties towers the great fact that a world entity has been called into being, by the common consent of the world's millions, to represent and serve the people's deep longing for peace. As yet this entity is only the faintest foreshadowing of a world sovereignty upon which lasting peace depends. But it exists. By functioning it can develop. By reconciling national wills it can gradually fuse an international will; by association, it can proceed to federation, and ultimately to union."

Washington Star: "Humanity is faced with problems which cannot be solved without

cooperation. Governments of great states as well as those of the small must learn to work together for the common benefit of mankind everywhere. A similar observation applies with regard to all classes and conditions of human beings within the several communities . . . It seems obvious that there never can be justice and freedom, fellowship and peace in the world at large until individuals develop within themselves a desire for those blessings more compelling than any other wish . . . Not every problem which today cries for attention can be solved instantly. But progress is feasible in most of them, given only the faithful and unfaltering willingness of people to work with and for and not against each other."

St. Louis Star-Times: "It is naive to think that there is any quick legal formula for labor peace, or for bringing stability to an economy cut loose in a gale, or for overcoming the prejudices that still set race against race and creed against creed, or for allaying the deep suspicion which divides East from West. But perhaps the realization of our difficulties is in itself reassuring. The knowledge that mighty efforts are required may help us to make them. The knowledge that men must find new and better ways of working together may help them more quickly to find those ways."

Raleigh News Observer: "The mere fact that people are this time aware of the obstacles to enduring peace gives fresh hope that those obstacles will finally be overcome."

Pittsburgh Post Gazette: "If we have been spared much of the sorrow and privations of other peoples, it is not that we are wiser, better, or in any sense more worthy. It is simply that God opened up to the world a new land rich in resources and unequalled in opportunity. Lest we who have inherited these blessings dissipate them in an insensate scramble for wealth and power, we might well emulate the Pilgrims. Their Thanksgiving was a thing of the spirit, not an ersatz something staled by custom. They worked for what they got and they did not count their blessings lightly."

Agreement, has accomplished the disarmament of the German Navy and the disposal of the vessels of the Kriegsmarine. The Commission divided 1,713 vessels among the three nations by December 1945, and since then has handled the allocation of 375 naval harbor servicing craft, floating docks, and other equipment. The US received 671 of the vessels, including the cruiser Prinz Eugen, which sailed to Bikini Atoll for the atomic bomb test. The Commission agreed to destroy certain other damaged or incomplete vessels, and in fulfillment the US has destroyed 19 surface vessels, 19 submarines, and 210 submarine sections. Considering the German merchant marine a war potential, the Tripartite Merchant Marine Commission divided its 492 vessels among the three nations. However, 200,000 dead-weight tons of small freighters and tankers were reserved for the peace-time economy of Germany.

The Navy advised the Army on the disarmament of shore establishments and coast defenses, and also turned over to Army PW enclosures the personnel of the Kriegsmarine. The German Minesweeping Administration, operating under Allied Control, is now sweeping the mine-infested waters of Northern Europe, using minesweepers and trawlers on loan from the Allies.

WORK OF NAVAL DIRECTORATE

The Naval Advisor, as the US member of the Naval Directorate, is responsible for surveillance over disarmament and demobilization in order to prevent the resurgence of German naval war potential. The problems involving the characteristics of ships permitted for German use were decided in ACA directives. In addition, the Naval Directorate arranged for the re-establishment of the German Hydrographic Institute, at Hamburg, under a board of directors responsible to the Directorate. Various naval studies directed toward preventing a revival of war potential were forwarded to the other directorates. These studies included such subjects as limiting the manufacture of Diesel engines in

Germany, prevention of the rebuilding of future German naval installations, the measures to be taken against the reorganization of the Kriegsmarine as well as against certain German scientists and technicians, the ships and docks to be retained by Germany for peace-time use, and the restoration of German ports.

ELIMINATING AIR WAR POTENTIAL

The third and final portion of the task of demilitarizing the German armed forces consisted of eliminating German air war potential. This has been accomplished by the personnel of the Aviation Branch, as the US delegation in the Air Directorate, through the preparation of studies, recommendations, and by consultations with other directorates sharing the responsibility. These involved problems of potentially dangerous aviation personnel, the disarmament and control of factories and research institutes, the prevention of passive defense characteristics in the construction of industrial and scientific buildings, a uniform policy for the destruction of German air force installations, and the prohibition of German aviation activities. The Military Directorate was consulted in the air disarmament and the destruction or disposition of aircraft, air fields, and weapons.

The US element of the Air Directorate has worked consistently toward the goal of free air transit over Germany for Allied and neutral aviation, and to develop favorable conditions for the advancement of civil aviation. The Air Directorate agreed to establish three corridors for free flight over the Soviet Zone to link Berlin with Frankfurt a. M., Hamburg, and Buckeburg. These have helped to support the supply of OMGUS and US troops in Berlin, and have made air communications possible.

For the purpose of promoting safety in flight, a committee on Flying Safety for the Greater Berlin area was organized. Regulations approved by the Four Powers cover the establishment of the Berlin Control Zone, Airdrome Traffic Zones, and special and

standard air traffic rules. The Berlin Air Safety Center, located in the ACA Building and operated jointly by the Four Powers as the air traffic control center, ensures uniformity in application of flight rules and control. Navigation facilities are coordinated and are being improved; in November a radio range at Belzig, in the Soviet Zone, was added to improve navigational accuracy on the Berlin-Frankfurt corridor.

The Committee on Meteorology of the Air Directorate formed the policy for the revival of a German meteorological service in the four zones. A basic plan was approved for the zonal meteorological organizations, and nearly all of the required installations have been set up. Germany's strategic position makes her a necessary unit in world meteorology — hence the importance of its proper re-establishment. The chief of the Meteorology Section of the Armed Forces Division, in addition to his position as US delegate on the quadripartite committee, is responsible for supervision of the US Zone's German meteorological organization.

ORGANIZED IN NOVEMBER 1944

A survey of the work of the service directorates and their US elements shows that their activities pre-date the establishment of OMGUS. The US Group Control Council for Germany organized the armed services divisions at Bushey Park, London, under the plan agreed upon by the European Advisory Commission in November 1944. The divisions were Army (Ground), Naval, and Air. Research was begun in anticipation of the primary task of disarmament and demobilization.

The divisions moved to the continent in March 1945, and their teams entered Germany to obtain and assemble necessary information regarding the final stages of organization and disposition of all the German armed forces and para-military organizations. This information, which was the basis for the plans for demilitarization and elimination of the war potential of Germany, was obtained interrogating key Germans and from captured German records.

After the Potsdam Agreement of July 1945, the service directorates were instructed by the Allied Coordinating Committee to make studies and recommendations on the policy for carrying out the disarmament provisions of the agreement. The provisions give as a stated purpose the "complete disarmament and demilitarization of Germany and the elimination or control of all German industry that could be used for military production."

PROBLEM FACED BY ALLIES

The Four Powers faced the problem of demilitarizing probably the most militaristic nation in history. At the end of the war Germany possessed an army of some eleven million men, reinforced by a large but undetermined number of Volkssturm, and directed by a high command and general staff. In addition to the armed forces, Germany possessed a vast network of airfields, fortifications, training institutions, and war factories.

US policy for demilitarization, as confirmed in the Potsdam Agreement, required that all military and para-military organizations, including the General Staff, Officers Corps, the Reserve Corps, and military academies which might serve to keep alive the military tradition in Germany be disbanded and dissolved; that all such individuals of the armed forces and other organizations that might endanger the occupation should be seized and held; that all arms, ammunition, and implements of war be seized and the production thereof stopped; and that all installations such as airfields, military posts, and bases that contribute to the war potential of Germany be rendered ineffective.

US Military Government published the necessary laws for demilitarization of the US Zone as soon as German territory had been occupied. The US then sought, through quadripartite negotiation, to ensure that the laws promulgated in the US Zone become uniform throughout Germany. In general, it has been successful in securing agreement on these laws, and the quadripartite legislation on demilitarization follows very closely that originally instituted in the US Zone.

BIZONAL ECONOMIC MERGER *(Continued from page 12)*

economic policy towards Germany has not led to the procurement of any special advances for American business at the expense of other powers. In point of fact, our economic policy is directed to equality of treatment to all nations.

Patents: The United States, Great Britain, France, and the Netherlands entered into an agreement on July 27, 1946 which provides for the use, without royalty by the nationals of all governments that are parties to the agreement, of all former wholly-German-owned patents issued by them which have been sequestered and which have been terminated or dedicated to the public. In order to become binding, seven of the nations that participated in the discussions must sign the agreement and it is anticipated that the required number of additional nations will sign within the period now prescribed, namely December 31, 1946, or on extension of it. Any other government, Allied or neutral, may join in the accord by acceptance of its terms by January 1, 1947. In Germany, the United States has microfilmed pending patent applications of German nationals and intends to make the information available to the other occupying powers and to approximately 25 other governments. If a bibliography is published which describes the information contained in these pending applications, the information will thereupon be placed at the disposal of the nationals of any country willing to subscribe to the bibliography, including United States citizens. To date, the Soviet Government has made the largest number of requests for these publications.

Democracy: It has been the United States policy in Germany to rebuild democracy from the bottom up. For this reason our first elections were held at the village level. Those elections were followed by city and county elections. Recently the democratic constitutions for the three States which have been established in the American Zone were ratified in state-wide elections. These constitutions were submitted by Constitutional As-

semblies elected by the German people. State legislatures have already been elected under these constitutions and henceforth Military Government will intervene in the administration of German affairs only to the extent required to accomplish basic objectives. It is our belief that democracy can take root in Germany only through constant application of democratic principles in the years ahead.

Future: The major obstacles to further democratic progress in Germany are difficult to define. Certainly a lack of economic opportunity, an inadequate food ration, and insufficient consumer goods do not contribute in the increasing interest of the individual in general. Democracy can thrive only when the individual feels some responsibility for his own government. Lack of educational facilities, insufficient newspapers, and limited radio facilities tend to prevent the free and full circulation of information essential to the education and growth of democratic faith. These difficulties must be overcome. However, if they are overcome by the efforts of the German people operating within a democratic framework of government, democracy should gain a firm foothold in the process. Hence an economic revival in Germany, a reeducation of the German people to a better knowledge of world affairs, and the growth of democracy must necessarily go hand in hand. The success of one depends on the success of the others.

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BIZONAL ECONOMIC AGREEMENT

The joint Anglo-American agreement providing for the "full economic integration" of the US and British Zones of Germany makes the two governments "equal partners in the economic administration of the two zones as a single area." It was signed in Washington 3 December by Secretary of State James F. Byrnes for the United States and Foreign Secretary Ernest Bevin for the United Kingdom.

The agreement, which becomes effective 1 January 1947, was described by the two

Secretaries of State as "a first step towards the economic unification of Germany as a whole" which they hope "will lead to discussions with the other occupying powers for the extension of these or similar arrangements to the other zones of occupation."

The official statement announcing the signing of the agreement continued:

"The agreement contemplates an economic program designed to make the area self-sustaining in three years. This program will not only result in decreasing the costs of occupation for the area but will also make possible the gradual restoration of a healthy non-aggressive German economy which will contribute materially to the economic stability of Europe."

GERMAN RESPONSIBILITY

Pointing out that the Military Governors of the two zones have been preparing for the bizonal arrangements for the past few months, the statement said, "These arrangements have for their object the transfer of executive responsibility in economic matters to German executive committees and their administrations operating for the combined economic area. It is intended that in most spheres executive responsibility will be assumed by 1 January 1947 and as quickly as possible thereafter over the entire field of economic activity."

German bizonal executive committees have already been established for economics at Minden, for food and agriculture at Stuttgart, for transportation at Bielefeld, for communications at Stuttgart, and for finance at Frankfurt a/M. German chiefs named to head these committees are Dr. Rudolph Mueller of the economics committee, Dr. Hermann Dietrich of food and agriculture, and Dr. Wilhelm Mattes of finance.

The statement continued:

"In anticipation of the announcement of the fusion, a common ration scale was established for both zones from the commencement of the 94th rationing period beginning last 14 October, and based upon a normal consumer scale of 1,550 calories per day. Supplementary ration cards have been issued

to certain categories of workers, the most privileged class, the underground miner, receiving 4,000 calories in both zones.

"The German Executive Committee for Economics has drawn up a program for imports and exports which is receiving careful attention from both Military Governments. In the field of trade and commerce, a bipartite foreign trade section is soon to be set up to finalize commercial contracts with foreign countries. The resulting foreign exchange will be held for the account of the US/British Military Governors for use in paying for imports under the terms of the agreement.

"The pooling of resources, both indigenous and imported . . . will result in the US Zone obtaining vital products from the British Zone, including coal and electric power, gas, iron and steel, machinery, coal tar and coke, buna rubber, basic slag, superphosphates, synthetic fatty acids, iron pyrites, petroleum products, plywood, and seed potatoes.

"The British Zone will receive from the US Zone such products as pit props, iron ore, automobile spare parts, food potatoes, electrical equipment, precision instruments, machinery and spare parts, textiles, and chemicals.

"It is intended that the members of the German Bizonal executive committees shall be the Land ministers from both zones responsible for the particular functions with which the relevant committees are to deal."

Land Labor Courts

A questionnaire dealing with the establishment and functioning of Land Labor Courts has been submitted to the German Labor Ministry in each Land for compilation. Issued by the Control Council Committee on Labor Law, the questionnaire is being processed through MG Manpower Officers to obtain information for the use of the committee. Completed forms will be returned to the ACC by 20 December or as near that date as possible. The questionnaire covers number, status, and personnel of Labor Courts in each Land, as well as a summary of types of cases tried and findings, through 1 December.