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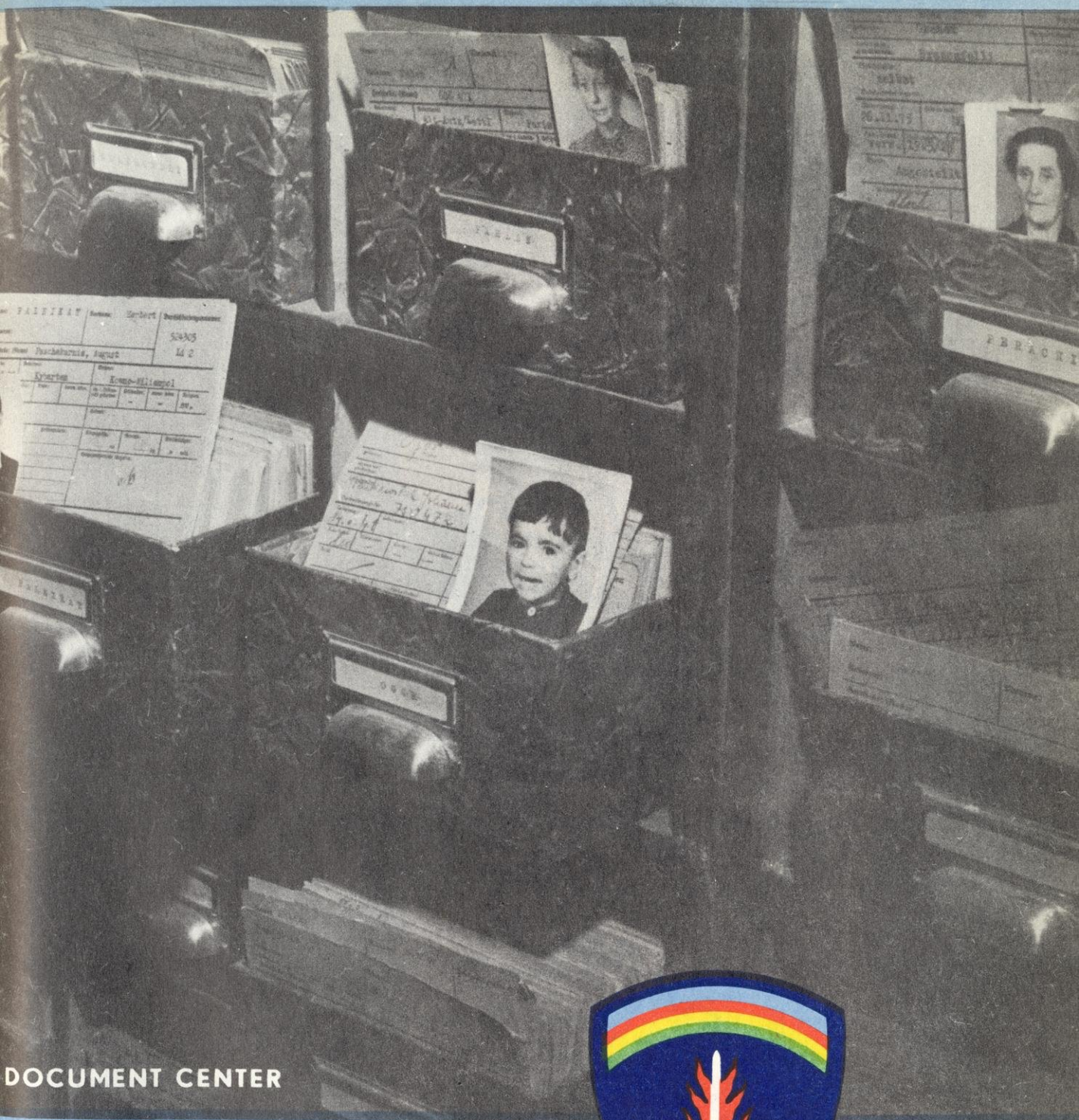
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DOCUMENT CENTER



WEEKLY INFORMATION BULLETIN



UNITED STATES ZONE, GERMANY

Greater Hesse, Wuerttemberg-Baden

- HOFGEISMAR
- WALDECK
- WOLF-HAGEN
- KASSEL
- WITZEN-HAUSEN
- ESCHWEGE
- FRANKENBERG
- FRIEZLAR HOMBERG
- ROTENBURG
- BIEDEN-KOPF
- MARBURG
- ZIEGENHAIN
- HERSFELD
- DILL KREIS
- ALSFELD
- HÖNFELD
- WETZLAR
- GIessen
- LAUTERBACH
- FULDA
- OBER LAHNKREIS
- FRIEDBERG
- BODINGEN
- SCHLÖCHTERN
- LIMBURG
- USINGEN
- UNTERTAUNUS
- OBERTAUNUS
- HANAU
- GELNHAUSEN
- RHEINGAU
- WIESBADEN
- FRANKFURT
- OFFENBACH
- GROSS-GERAU
- DIEBURG
- DARMSTADT
- BERGSTRASSE
- ERBACH
- BUCHEN
- TAUBERBISCH-OFSHEIM
- MANNHEIM
- HEIDELBERG
- MOSBACH
- MERGENTHEIM
- BRUCHSAL
- SINSHEIM
- KÜNZELSAU
- HEILBRONN
- ÖHRINGEN
- CRAILSHEIM
- KARLSRUHE
- VAIHINGEN
- LUDWIGSBURG
- BACKNANG
- HALL
- PFORZHEIM
- LEONBERG
- STUTTGART
- WAIBLINGEN
- GMÜND
- AALEN
- BÖBLINGEN
- ESSLINGEN
- GÖPPINGEN
- HEIDENHEIM
- NÖRTINGEN
- ULM

MILITARY GOVERNMENT



WEEKLY INFORMATION BULLETIN

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

OFFICIAL INSTRUCTIONS

Return of Military Personnel to the Zone of Interior and of Dependents of Such Personnel	AG 210.31 GAP-AGP 4 Feb 1947, USFET
Courses of Instruction at the European Theater Intelligence School	AG 352 GBI-AGO 4 Feb 1947, USFET
Disbandment Directive No. 9	AG 383.6 GAP-AGO 5 Feb 1947, USFET
Individual Transportation in the European Theater	Circular No. 9 10 Feb 1947, USFET
Promotion of Enlisted Personnel	AG 220.2 GAP-AGP 14 Feb 1947, USFET
Hunting and Fishing Policy	Circular No. 11 15 Feb 1947, USFET
Physical Reclassification of Officers	AG 201.5 AGP-B 15 Feb 1947, USFET
Security of US Mail	AG 311.1 AGM-AGO 20 Feb 1947, USFET
Qualifications for Enlistment of Former Officers	AG 340 GAP-AGP-B 20 Feb 1947, USFET
Rations Furnished to Indigenous Personnel	AG 091.714 (AG) 25 Feb 1947, OMGUS
Troop Information Program for Officers	AG 353 (PO) 25 Feb 1947, OMGUS
Revision of MGR Title 5, Section B, "German Legislation"	AG 010.6 (LD) 1 Mar 1947, OMGUS

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



Photo by Rosenberg

DOCUMENT CENTER — The picture on this week's cover shows a section of the files at one of Berlin's two large document centers. The files shown here deal with persons forced by the Nazis to adopt German citizenship, one of several classifications of persons on whom records are maintained.

OUR CONTRIBUTORS

Stock Exchanges was prepared by G. B. Erdmann of the Financial Institutions Branch, Finance Division, OMGUS. The article deals with the reactivation of the three US Zone exchanges at Munich, Frankfurt, and Stuttgart under MG supervision.

The material for **Barter Organizations** was submitted by the Price Control and Distribution Section, Trade and Commerce Branch, Economics Division of OMG Wuerttemberg-Baden. The story describes how the US Zone barter centers and ring exchanges function to the general benefit of the German people.

Germany's Workshop was written by Arthur Settel, Public Relations Officer of the Economics Division, OMGUS, after a trip through the US Zone with a group of correspondents to determine to what extent the projected export program for 1947 can be implemented.

GERMAN WORK

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GERMANY'S WORKSHOP



by Arthur Settel

Give us the raw materials and we will pay for the food which you are importing to feed us."

This statement summarizes the opinions of German industrial leaders throughout the US Zone as to how long it will take the German economy to get back on a paying basis.

A group of American correspondents, interested in determining the extent to which the hundred million dollar export program projected by Military Government for 1947 can be implemented, made a comprehensive tour last month of key export industries in Hesse, Wuerttemberg-Baden, and Bavaria. They interviewed OMG and German economics officials as well as factory managers

and technicians. They examined the three export expositions in Wiesbaden, Stuttgart, and Munich, and visited factories ranging in size from the great engineering plant at the Robert Bosch Works in Wuerttemberg to one-man wood handicraft establishments in Oberammergau. With its processing and finishing facilities the US Zone will become, it is hoped, the workshop of Germany.

The question repeatedly posed by the newspapermen was: "Do you think it can be done?" The response was consistently the same. "We have the know-how. We have the manpower. We have the equipment. Give us the raw materials, particularly the coal, and we can pay our own way."

OPTIMISTIC OUTLOOK

The OMGUS scheme to build up a self-supporting economy and a tolerable living standard was widely viewed as within the possibility of achievement. The economic fusion of the British and American Zones appeared as the first step toward eventual economic unification of all Germany.

The weather had practically paralyzed most industry in the Zone this winter so the party found conditions at their worst. All of Central Europe lay in the grip of the worst winter in 25 years. Germany's principal waterways, including the Rhine, upon which much of the country depends for coal transport, were at low ebb, and frozen solid. To Germany's economy this double check-mate meant practically no coal when it was most needed, no power from hydrogeneration, and no production.

Prevailing conditions did not augur well for the export program which had been announced only a few days before. Production in Wuerttemberg-Baden, center of fabrica-

tion of silver, heavy machinery and tools soda ash, and luxury goods, was greatly reduced. Hesse seemed headed for complete paralysis. Bavaria, breadbasket of the US Zone, could not move out large stockpiles of potatoes, while its industries were sending out frantic distress signals.

But in spite of the gloomy atmosphere in which the party made its tour, the stoppages were manifestly seasonal and could not last long enough to cripple permanently the export program.

A tradition of 175 years stands behind the craftsmanship and skill demonstrated at any one of the 800 odd leather goods establishments, most of them small, in and around Offenbach, a few miles outside of Frankfurt-am-Main. The proprietor of one of the largest plants stated the industry, which had 25,000 workers and an annual prewar output of RM 150,000,000, is now down to 50 percent of capacity, with between 12,000 and 15,000 persons at their work benches.

Shortages of coal and hides, coupled with a drop of some 60 percent in the productivity of the individual workman, have cut deeply into the quantity but not the quality of the Offenbach leather. The chief products which this industry can export, all of them on display at the Wiesbaden Export Exposition, are briefcases, billfolds, jewelry cases, wrist watch straps, bags of all kinds including women's handbags, marketing bags, fitted suitcases, leather trunks.

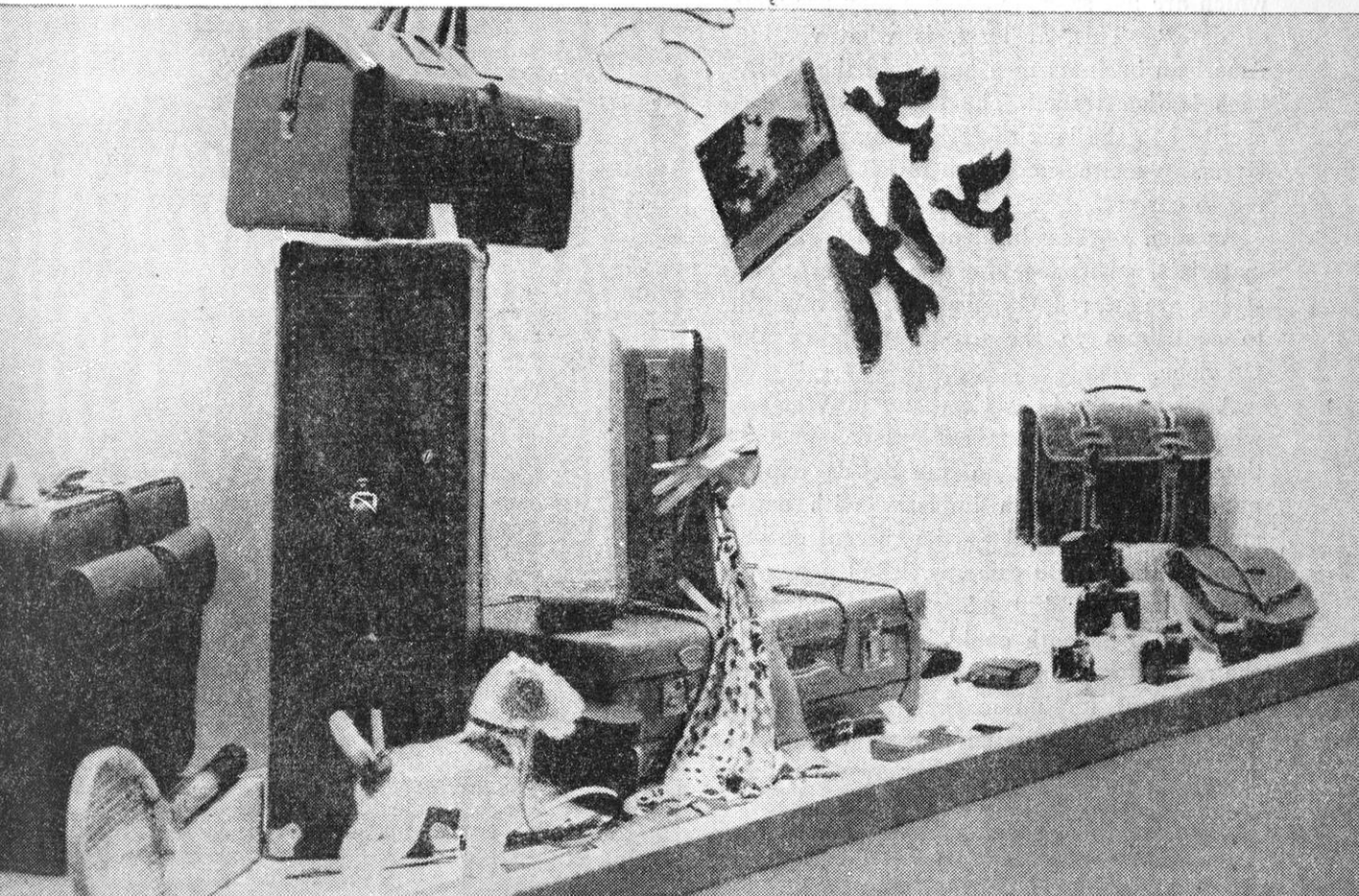
ATTITUDE OF WORKERS

Questioned as to the high degree of absenteeism in the larger leather plants, an official of the Union of Leather Goods Manufacturers of Offenbach, said: "When a man stands in line six hours to draw his potato ration, you can't expect him to put in a full day's work at his bench."

Being a luxury product, leather goods must conform to rapidly changing styles. Manufacturers wryly display women's pocket-books which look perfectly presentable but

Leather articles manufactured in Wuerttemberg-Baden on display at the Stuttgart export exposition illustrate some of the things Germany will have to offer for export in the near future.

Photo by Byers





declared that Leitz personnel, like other workers in Germany, have no incentive.

"What can a man do with the Reichsmarks he earns at the end of a month's work?" they asked. "The tradesman has nothing to sell him. There are no consumer goods in the shops."

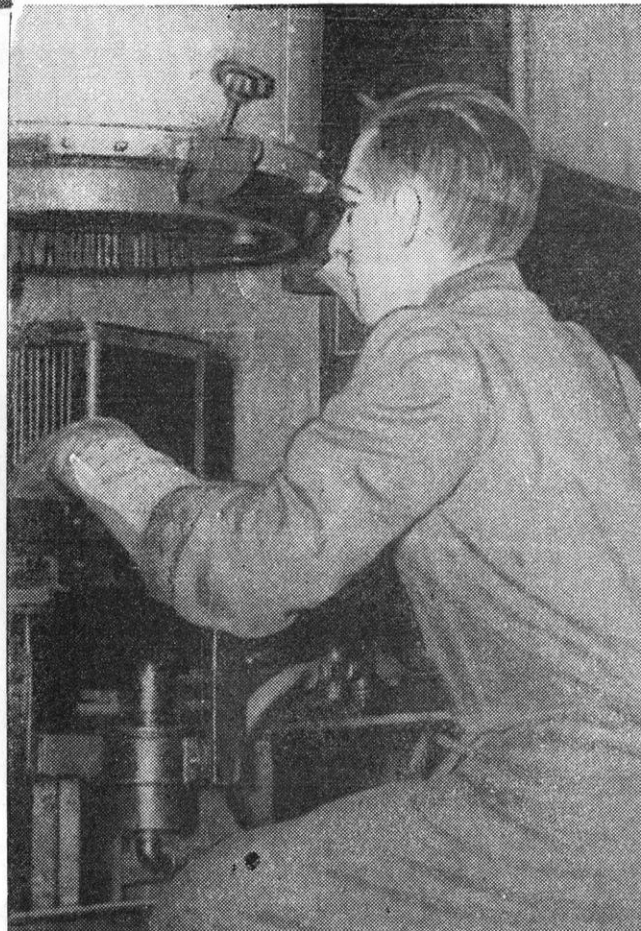
When OMGUS recently released 41.5 tons of silver as a revolving credit to the precious metals industries of Hanau, Pforzheim, and Schwaebisch Gmuend, a craft more than four centuries old took a new view of its future. A silver expert of Wuerttemberg-Baden's Economic Ministry remarked, "All we want now are the customers." The markets exist, he explained, but the customers have not

(Left) A craftsman at a wood-carving shop in Oberammergau puts the finishing touches on a wooden panel; wood carving is one of Bavaria's oldest and most highly developed crafts. (Below) A worker at the Robert Bosch plant in Stuttgart checks a finished automobile battery. The Bosch factory produces a large part of the automobile accessories turned out in the US Zone. Photos by Byers

which are not saleable because they are "out of date." This, at least, is what visiting American business men have told the Offenbach leather trade. The lag in styles was ascribed to the lack of fashion magazines in Germany, a situation which MG is now seeking to correct.

As soon as these bottlenecks, in coal, raw materials, sustenance for the workers, and styles, are cleared, Offenbach will have much to contribute to the export trade of the US Zone.

A visit to the Leitz Company in Wetzlar, where the Leica cameras are made, substantiated the hopes put in the Zone's export program. Here is an industry with enormous dollar potential — the current output of more than 1,200 cameras, 1,200 prismatic binoculars, and 450 microscopes and telescopes every month could be quadrupled if the raw materials were available — and with an excellent foreign market. The German authorities who run the firm noted a vital weakness in the German economy when they



arrived. One order for RM 100,000 worth of silver chains has been received from a New York firm but this was considered only a "drop in the bucket".

Like many other export industries, the precious metals enterprises are desperately short of materials. They have the added handicap of being a "luxury trade" and many of the dollar-poor nations of the world do not want to use up their dollar balances for products which are not strictly essential. Also the world silver shortage has driven up the price of this product from 71 cents per ounce in October to 92 cents today.

Germany's three centers of precious metals, Schwaebisch Gmuend with its tableware and service sets, Pforzheim with its costume jewelry, and Hanau with its exquisite art-craft, had a prewar export trade aggregating RM 55,000,000. Today the three towns have enough silver on hand to operate for four months. Since the export potential of silver is at a ratio of ten to one, that is, the return is ten dollars on every dollar invested, the industry is expected to contribute substantially to the over-all export program.

TEXTILE INDUSTRY

The textile industry, centered at Augsburg, is working at slightly more than 50 percent of capacity because of shortages of raw materials and fuel. The technical manager of the Kattun Finishing Fabrik said his plant could double its output if sufficient coal supplies were provided. The Kattun personnel are working on a one-shift, 45-hour week basis. Enough skilled workmen are available to go on a three-shift basis. On 7 January the plant had only a 14-day stockpile of coal. The normal backlog is a ten-week supply. In normal times the annual export of the Kattun factory exceeded RM 4,000,000. Ninety percent of Kattun was destroyed in the air attacks but much of the floor space has been restored and further reconstruction is under way.

The raw cotton now being processed in Augsburg comes out of US Cotton Commodities Corporation shipments from the United States. Lack of wood pulp and other

materials have obstructed recovery of the artificial silk industry. Illustrating the demand for Augsburg products was a letter received recently from a Swedish company, ordering 49,000 dollars worth of finished textiles.

Here are some of the problems of the textile export industry:

1. Direct contact between buyer and seller is essential to the successful consummation of any deal. (This is now possible under latest OMGUS directives.)

2. Material-starved manufacturers need a share of the proceeds in raw materials. (This will be possible under the revolving credit established by the RFC commodities advance program.)

3. Industries supporting the textile industry, such as sulphur and wood pulp plants, must receive aid as well as the factory producing the final product. (This is contemplated under current production programs.)

4. Material is needed for reconstruction of actual plant property which was destroyed in air attacks. (Building materials will be provided for essential industries.)

5. By "cannibalizing" salvagable parts of otherwise outworn machinery, the Germans have been able to keep their establishments going, but replacement machinery and machine tools are essential if the export program is to succeed.

6. The textile trade feels that production can only be maximized if it is relatively "free" to set its own export prices. The 1936 stop prices, now in force, put a ceiling on increases.

7. The textile trade has reserve stocks of two and a half million meters of goods compared to the prewar reserve of 6 to 7 million meters. (The backlog will be built up under the CCC commodities advance program.)

8. Augsburg has its own power sources but these are dependent upon coal, supplies of which are dangerously low. (The maximizing of coal production has highest priority.)

The principal shortages in Nuremberg's famous toy industry, which is currently operating at ten percent of its prewar po-

(Continued on page 29)

TAUSCH
RING

BARTER ORGANIZATIONS

In present-day Germany, the need for consumer goods is greater than ever before. Thousands of families establishing new homes lack the most fundamental pieces of furniture or kitchen utensils. Housewives find that most of their children's shoes, coats, and underwear bought during the war are worn beyond repair. Only one solution — bartering — has seemed feasible in this land

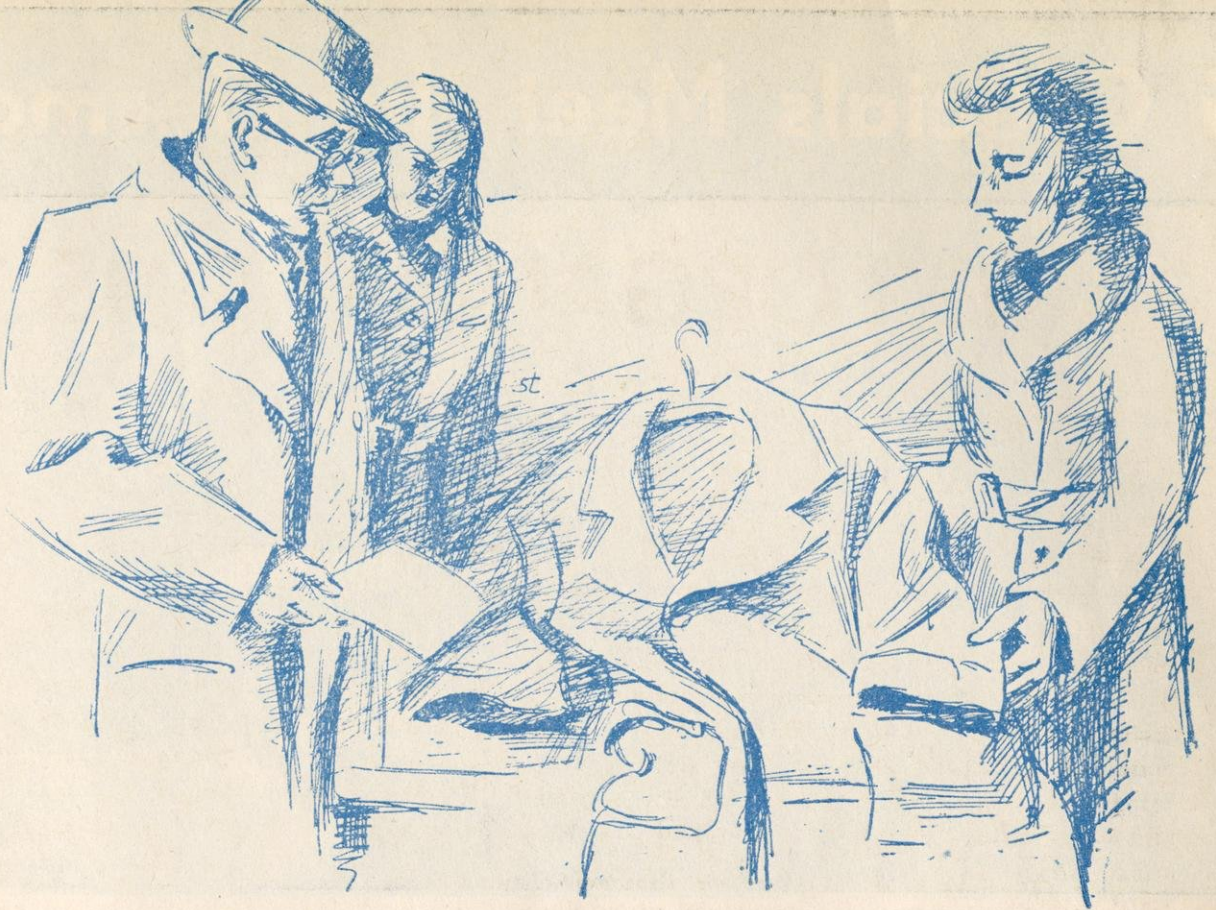
where shortages are expected to continue for many more months.

To help put bartering on a legal basis, US officials have set up two types of organizations, the Barter Center and the Ring Exchange. At Barter Centers, all types of articles — from shoes to coffee cups — are traded. The management does not buy the items offered; instead, it appraises, affixes

A German brings some of his sports equipment to the Barter Department of the Stuttgart Tauschring; in return for these items he will receive other articles of similar value.

Signal Corps Photo





the proper prices, and displays them on the shelves with a notice of the article desired in exchange. The transaction is completed only if and when another person is found who offers the desired commodity and wants the displayed merchandise for himself. In another form of the Barter Center, the establishment buys the articles offered, and the seller is then able to buy any of the items exhibited up to the value of that which he has sold.

LIMITATIONS CITED

In these kinds of bartering, however, there are certain drawbacks. In the first type, poor-quality products usually are admitted to the shelves, since the management does not incur risk. And in the second, an establishment handling a variety of articles from underwear to pianos is hardly able to employ expert appraisers for all types of merchandise.

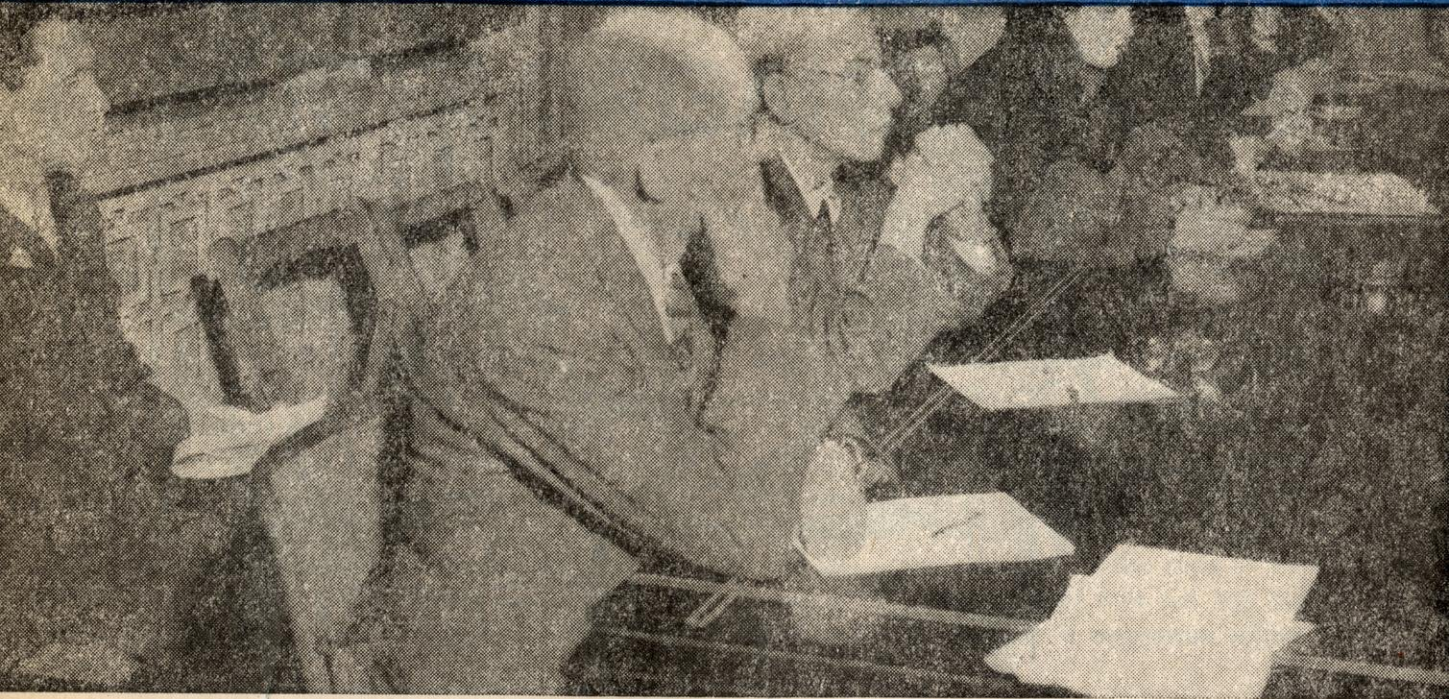
On the other hand, a more elaborate form of barter organization, the Ring Exchange,

(Tauschring), has proved highly successful in many parts of Germany since it first was formed in Stuttgart. This type of barter plan combines various wellknown merchandising firms such as those selling men's clothing, underwear, shoes, household-goods, toys, photographic articles, and electric equipment into one organization. Each of the firms handles only the type of article with which it usually deals. The Ring is used in this manner: A person who wants a pair of shoes in exchange for an electric heater first goes to the electrical appliance section. This department appraises the heater using prewar prices as a basis and making corresponding deductions for depreciation. The appraised value is entered on a barter certificate which is given to the barterer together with cash. With this barter certificate, the barterer goes to the shoe barter department and makes his shoe purchase.

This kind of trading, of course, requires the departments to invest capital and to incur a certain amount of risk. No such barter department, therefore, will accept third-rate

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MG Officials Meet the German



German newspaper reporters at the recent press conference held by General McNarney in Berlin. At the end of the conference the Germans were invited to ask questions.

Photo by PRO, OMGUS

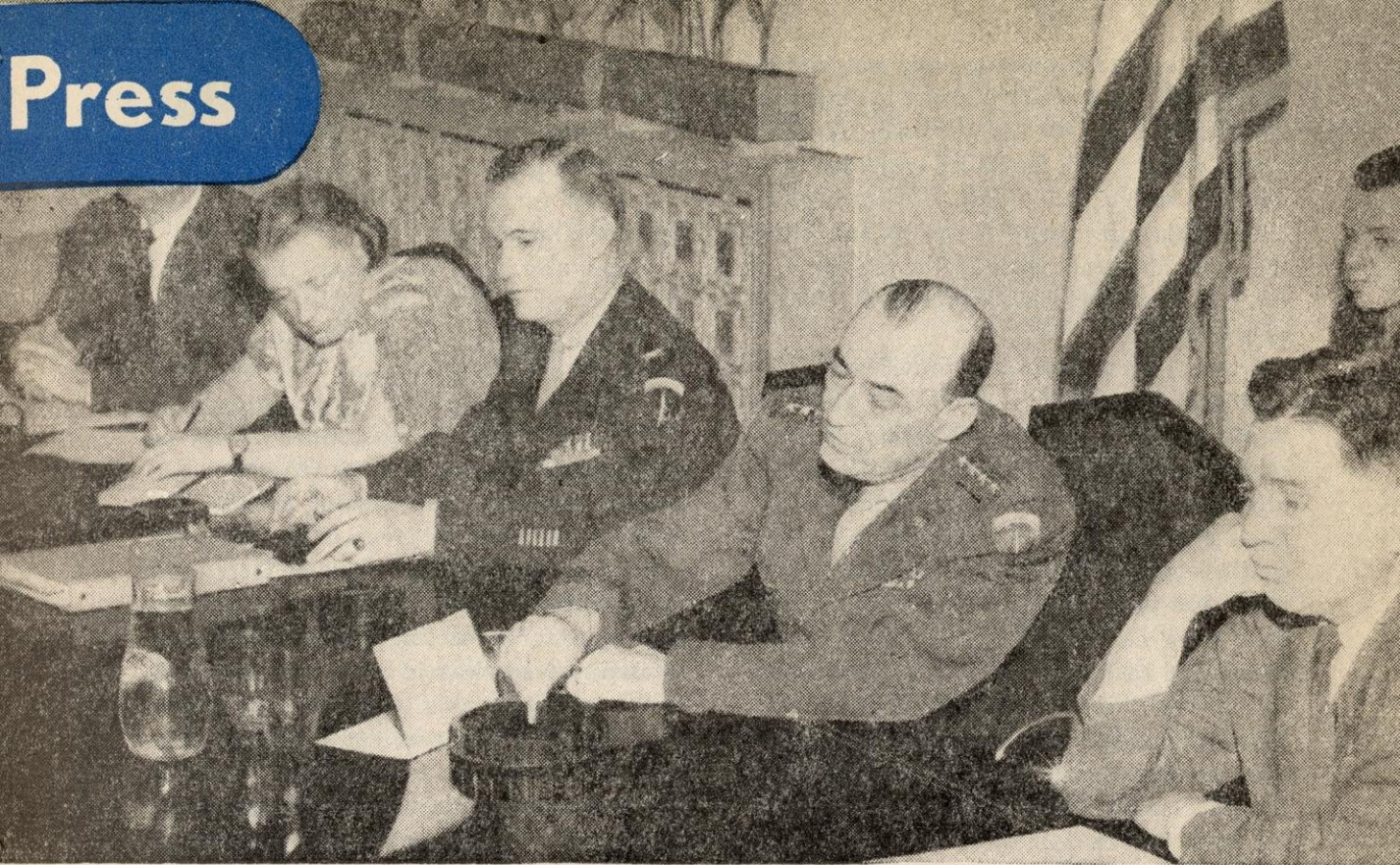
This must be a demonstration of democracy and free press in action," observed a German newspaper reporter after his first Military Governor press conference.

In praising the new MG policy of allowing German newsmen to gather information from OMGUS sources, he and his colleagues agreed that this freedom for the German press will do much to increase faith in democratic methods and strengthen German support for MG objectives.

Allowing the German press greater access to news sources is an important development in the over-all plan of encouraging free, independent information for Germany. A USFET letter of 14 November 1946 announced that bona fide German correspondents of DENA and correspondents, editors, and radio representatives of news media licensed by the Office of Information Control, OMGUS, upon presentation of proper identification, would be accorded

entry to press centers for the purpose of collecting news and press releases and would be given impartial treatment. In areas where no press centers were located, subordinate commanders would make every effort to provide correct and adequate information to DENA and US-licensed German news media representatives.

Special press conferences for Germans were encouraged, but not until the new year were they officially allowed to attend jointly with representatives of the American and Allied press. The Deputy Military Governor had met the German press as well as American and Allied correspondents during his visits to the monthly Laenderrat meetings in Stuttgart. MG officials in the Berlin Sector inaugurated press conferences for German writers in the fall of 1946. Finally in January 1947 the German press was admitted to the Deputy Military Governor's regular conferences in Berlin. At the



General McNarney at his last Berlin press conference as Military Governor. At his left is William Haggard, Director of OMGUS PRO; at his right is Col. G. S. Eyster, USFET Public Relations Officer.

Photo by PRO, OMGUS

second of these conferences, held in February, 19 German newsmen asked their first questions.

General Clay, at the beginning of the meeting, informed them that US correspondents would first ask their questions; then the Germans would be free to ask their own through an interpreter. The questions posed by the reporters were freely asked and freely answered. They ranged from queries about food and coal transport to the progress of denazification.

MCNARNEY'S PRESS CONFERENCE

Later in the same week, German newsmen were present at General McNarney's last press conference in Berlin. This time, even more questions were asked by German representatives. They wanted to know if any preparations had been made towards the creation of a German central government and German central administrations; if General McNarney in his 15-month stay in Germany

had gained the impression that there are enough political, moral, and spiritual forces in Germany to bring about a regeneration of the country; and other queries concerning decartelization and the German peace treaty.

Discussing the conferences later with MG officials, the German reporters expressed amazement at the calm, informal atmosphere of the meeting, and the policy of answering controversial questions on the spot without notes. One of them recalled that even in pre-Nazi days, press conferences in Germany were not so direct and informal. At that time, questions usually were submitted in writing in advance and if the queries were not answered, the correspondent never dared to ask why.

Through queries to individual OMGUS officials, still another way to obtain MG information has been opened to German editors. If a reporter wishes to learn details of some economic phase of the occupation, for

example, he may contact an economics branch chief or the head of the division to obtain an answer, a privilege the German reporter shares equally with the Allied correspondent. Through such a policy, MG officials hope to increase the prestige of the press and bring the truth about activities in the US Zone to the German people as soon and as clearly as possible.

Official press cards are provided for recognized representatives of DENA and US-licensed news media. Notification and arrangements are provided by OMGUS offices directly concerned with preparations for the press conferences. Principally to insure equitable use of the limited space, representation has been restricted to one correspondent from each news agency, each newspaper, and each radio station. Besides those covered in USFET letter of 14 November 1946, bona fide representatives of the German news media of the British, Soviet, and French Sectors of Berlin are admitted under the same provisions.

The Military Governor's conferences are held every three to four weeks; in the Berlin Sector, Colonel Howley's press meetings occur approximately every three weeks.

Sometimes, however, special conferences are called on short notice. On one occasion, when an inaccuracy appeared in a Saturday morning newspaper, a special press conference was called for that very afternoon to clarify the inaccurate report.

There also is a possibility that several German newsmen will have the opportunity of taking a trip in the opposite direction — to the United States. Several US newspapers and large radio networks have expressed interest in bringing to the United States as their guests German editors, reporters, and radio technicians. By visiting modern US studios and editorial rooms, studying US newspaper and radio production from start to finish, the Germans would gain invaluable experience for promoting democratic, modern information services in their own country. ODIC, very favorable to the idea, will leave it to the US newspapers and radio networks to select the German professionals for whom they will arrange itineraries. As part of the plan to give Germany's information services a window on the democratic world, ODIC officials believe the US visit could be very valuable in shaping Germany's future press and radio program.

Licenses Granted to US, Foreign News Media

Five US and Foreign news agencies and four American publishers of newspapers and magazines have received licenses from OMGUS to operate in the US Zone of Germany, according to the Office of Information Control, OMGUS. These licenses were formulated by the Finance Division, OMGUS, to which all future applicants must apply for similar rights to contact informational operations in the US Zone.

The following American information enterprises, which had been operating under US Treasury Department licenses, now have direct authority from OMGUS: The Associated Press; United Press Association; Hearst Corporation (International News Service); Overseas News Agency; The New York Times (Overseas Weekly Edition); New York Herald Tribune, Inc. (European

Edition, Paris); Time Incorporated (Time Overseas Edition); Life (International Edition) Weekly Publications, Inc., (Newsweek, Continental Edition).

Reuters English News Service, to which the Treasury Department regulations did not apply, also has direct authority from OMGUS for similar operations.

Licenses issued to these enterprises provide that they shall be sold for German marks which must be deposited in blocked accounts to be used only for expenses within Germany.

News and publications disseminated by these companies will not be censored by Military Government, it was pointed out. Distribution, to be accomplished through German channels, is the responsibility of the licensed information media.

Occupation Problems Appraised

Military Governor Sees 10-15 Year Military Occupation, Views Position of Allied Control Council at Berlin Press Conference

Gen. Joseph T. McNarney held on 21 February his last press conference in Berlin as US Military Governor of Germany. Excerpts from his comments and answers to questions by correspondents included the following.

After having been here about fifteen months my estimate is that between ten and fifteen years of some sort of military occupation (is necessary in Germany). That does not necessarily mean all of Germany will be occupied by military forces but certainly we should control certain of the vital territories for at least that period.

Personally I would prefer that the military occupation would remain about as it is in that we have the military personnel available to visit all of Germany in the nature of the constabulary controls. Now there are many individual communities in Germany where there is no garrison of American troops whatsoever but they are visited frequently by the constabulary control . . .

Some sort of military occupation should be continued for an extended period of years in those portions of Germany where the basic elements which would permit a revival of the war-making power are present. You might say that is, in effect, the Ruhr. Now, I also believe that it would be well to have all of Germany see from time to time occupational forces until we have become convinced that whatever German government is set up under the treaty is able to prevent the reappearance or the revival of any such thing as National Socialism. Now my estimate is that within ten or fifteen years we will be able to make that decision . . .

Naturally, the occupation forces cost money but in the last essence I would hate to see it used as a money-saving method because my own opinion is that, until the world settles down into a status where security of the world is more or less as-

sured, the US forces should not be reduced below the present strength unless universal military training is put into effect . . .

Under the United Nations Charter, the United States is required to maintain in being a certain number of forces on call. As a matter of fact that is what I am going back to try to organize . . . The military advisors to the Government, I believe, stated that under no circumstances should the Regular Army, even with universal military training, be reduced under a figure of about 800,000 and I heartily agree with that . . .

My position is that we ought to take out insurance. I carry fire insurance on my house and furniture, and think the US Government should carry insurance also . . .

Any peace treaty which is imposed upon the Germans . . . should be ratified in some manner by the German people. Under (the US) system of government, peace treaties are ratified by two-thirds vote of the Senate. The Senate is elected by the vote of the people. Following our own precepts I would say some sort of German government should be in existence and they should be required to ratify the treaty, and I would be perfectly willing to have it submitted to a referendum of the people. My only point on the whole thing is it should be accepted by the German people . . .

The effect (if the plebiscite decided to reject the treaty) would probably be a continuation of government by the occupational forces.

(Question: After fifteen months in the Allied Control Council, do you think that is the efficient organization for governing Germany? Do you think it is the organization that is capable of running Germany under its present policies?)

Not as we now operate, no. Because under the Berlin Protocol we were supposed to set

(Continued on page 32)

STOCK EXCHANGES

German stock exchanges once again are being used by press and public to gauge the economic health of the country. No MG occupation laws were passed prohibiting stock exchange operations in US Zone cities—but the general confusion after the war made such transactions virtually impossible for some time.

When the four exchanges of Hamburg, in the British Zone, and Munich, Frankfurt, and Stuttgart in the US Zone finally opened their doors, stockholders no longer found it necessary to exchange their securities for

cash through outside channels. As legal business was resumed, controls for the newly-opened exchanges developed. In the British Zone the exchanges were placed under rather strict MG control. On the other hand, both the Frankfurt and Munich exchanges were permitted considerable freedom of operation and self-supervision, in line with US policy. This policy permitted approved organizations and institutions to operate with little interference, though under close surveillance, providing all MG laws and regulations and all non-discriminatory Ger-

An action scene at the Frankfurt stock exchange; transactions in the three US Zone exchanges have been generally speculative.

Stars and Stripes Photo





man laws were observed.

With such differences in control, the exchanges naturally have developed their own methods in operating procedures as well as in technical policy decisions. Disparities in policy are apparent, for example, in the recognition of "Giro" certificates (negotiable receipts for stored securities). Huge amounts of securities had been collected in "Sammel" deposits (storage depots) located in several cities throughout Germany (the largest located in Berlin) where they were stored for "safekeeping" by a decree of June 1942. Rightful owners hold only simple receipts for their interest, since almost all issues are bearer shares, and each receipt is considered evidence of interest in the "pool." Neither the bank which collected the security nor the individual owner has knowledge as to what proportion of securities are held in the "pool" in his area; nor, in fact, as to the identity of ownership of the securities which were removed by the Soviet Military

Government when they emptied the vaults of the Berlin "Sammel" depots. In Berlin all old banks were closed during the Soviet occupation of the city. The quadripartite Berlin Kommandatura has as yet been unable to agree to permit these banks to resume activities. The reopening of the Berlin Exchange therefore seems hardly likely at this time.

EXPERIENCE WITH CERTIFICATES

Because of the uncertainty of the location of such "Giro" certificates, and lack of information as to the contents of the storage vaults, the exchange in Hamburg was prohibited from dealing in these "Giro" receipts. The same practice was adopted by the Munich and Stuttgart exchanges. The Frankfurt exchange, however, experienced such a demand for a time that it accepted and dealt in these receipts at a discount of 25 to 30 percent until early in 1946, when such transactions were discontinued. About the

same time, steps were taken by the governing bodies of the exchanges to ascertain that stocks traded were not those which had been looted or illegally removed from depots and placed on the market, thereby creating dual claims to the security.

All three exchanges in the American Zone established certain operating limits, among them one prohibiting trade in Reich securities. The same limitation had been imposed by the British Control Commission for Germany on the Hamburg exchange.

Throughout this period, ceiling prices were based on those in effect on the last day of operation of the individual exchange before capitulation. For a time, the Frankfurt exchange in some instances exceeded the ceiling prices by 10 percent of the share value, on the grounds that a controlled increase would represent the actual character of the market, whereas continuance of artificial measures (ceiling prices) would favor people with more cash reserves at the expense of those with less. After MG disapproval, the Frankfurt exchange dispensed with the excessive ceiling prices, thus curtailing any existing arbitrage between the exchanges (which now numbered six throughout Germany) and creating a certain harmony among them.

HIGHLY SPECULATIVE TENDENCY

In spite of this unity, transactions on all the exchanges indicate a highly speculative tendency which to a certain extent can be attributed to a lack of faith in currency, rumors of debt revalorization, and the hope that Military Government will find it necessary to permit a greater regrowth of industry than was at first anticipated. Such feeling was evidenced by wild speculation in I. G. Farbenindustrie, whose securities soared in both price and volume of turnover until they far surpassed that of any other single security. When, finally, it reached more than half of the entire turnover on some exchanges for certain periods, US MG authorities decided to curb this speculation. Law 55, promulgated on 29 January 1946, prohibited any further transactions in Farben

securities.

In any analysis of stock exchanges today, it should be remembered that the exchanges have undergone great changes since prewar years. With the advent of the national socialist government in Germany, stock exchanges were transformed in ways which ultimately were to alter fundamentally their relationship to the general economy. The first task consisted of reducing the number of German exchanges from 21 to nine, and transferring the supervisory power over the exchanges from the German states to the Reichsfinanzminister. As the Nazi economy became more totalitarian, suspicion of stock markets became greater because of their association with "finance capitalism," and even security trading in general was frowned upon because it created competition for Reich security issues and because rising prices in equity issues indicated a growing lack of confidence in the future of the currency.

INCREASING STATE INFLUENCE

Reich influence on stock exchanges during succeeding stages of the war became increasingly greater, beginning early with considerable pressure to reduce activities on the exchange and to direct the flow of investments to government securities. This was brought about at first by allocating labor and raw materials in accordance with a government-approved program of production which left little margin for private building and set narrow limits to replacements and repairs. Later it was continued by claims on the Reichsbank, credit banks, savings banks, insurance companies, and other financial institutions as required by the financial needs of the state. To further eliminate possible loopholes, more positive measures of financial controls were used. All private issues required official approval which prevented an appeal to the capital market for funds, unless the investment was deemed to have public interest. However, as long as the investor was free to purchase securities issued before the war, and there was no assurance that the public would take up issues of the Reich, private loans could have

risen considerably. This would have compelled the government to improve the terms of its own loans (at the taxpayers' expense) or permit its issues to be quoted below prices of private bonds and effect a further decline in its prestige. Although the government was dealing with an inflation-minded public, it realized that, apart from the fact that high share quotations might create an impression that profiteering had not been suppressed, a stock exchange boom would also tend to revive the unpleasantness of the 1919—1923 inflation. Nevertheless, a moderate boom was allowed to develop, but when prices continued to rise speculators were warned that drastic action would be taken unless the exchanges adopted measures of self control. These appeals had little effect, and consequently legislation was passed which succeeded in keeping prices under strict control but which at the same time had the effect of paralyzing the market.

PROHIBITIVE TAX APPLIED

The first measure not only prevented companies from increasing their dividend payments, but subjected dividends exceeding six percent (in some cases eight percent) to an almost prohibitive tax, even though the companies concerned had regularly paid such dividends in peace time. On the other hand, companies were encouraged to avoid the dividend tax by giving their shareholders stock dividends.

By this system, a company with a nominal share capital of RM 1 million, for example, which had been paying a 10 percent dividend, could maintain its annual distribution of RM 100,000 without incurring additional tax liabilities by offering a gratis share of RM 1,000 to each holder of RM 1,000 in old shares, and subsequently pay a nominal dividend of five percent on the new share capital of RM 2 million. Consequently, shares standing at 250 percent of their old nominal value would be reduced to 125 percent of their new nominal value. This was intended to induce shareholders to sell part of their holdings, thereby increasing the supply on the market. Almost all com-

panies with dividends exceeding six percent were forced to follow suit by using this method of reducing dividend payments. The hope that an equilibrium between supply and demand would thus be restored failed to materialize. On the contrary, the tendency of investors to seek other than government securities grew rapidly and with it a natural reluctance to part with their holdings.

With the increasing demand and practically no supply, even fixed-interest-bearing securities (other than Reich) rose far above parity. After several earlier threats and unenforced regulations, the government in June 1942 decreed that every individual or firm whose total purchases of shares since the outbreak of war exceeded 100,000 RM would have to surrender the excess to the Reichsbank, on demand, at a price quoted sometime before the enactment of the decree. The purchase price would not be paid in cash but instead by blocked Reich loans. This of course resulted in many holders being forced to sell at a loss. Even the supply of securities, which was thus artificially created and used to supply the demand of new purchases, proved inadequate to regularize the market for any time. Thus, in February 1943, the free limit was reduced to RM 50,000 and a ceiling price for shares and almost equally rigid regulations for bonds were introduced. Simultaneously stock exchanges were permitted to open only on certain days and for certain specified hours. This, together with other discriminatory laws, brought operations on the market almost to a standstill, at which level it remained until the Allied armies overran the German cities.

The earliest quotations on the stock exchanges after Allied occupation varied greatly, and could be ascribed to cautious attempts on the part of the public to gauge the market. Securities for the most part were quoted at prices considerably lower than prior to the capitulation, and in some cases the supervisory authorities found it necessary to take steps to avoid severe drops because of the limited trade. However, the

over-all activities of the exchanges even on the day of reopening indicated confidence, and most prices rose rapidly.

Although during the first few months quotations fluctuated, the volume rose quite steadily. The low level of economic activity, as well as announcements made of plants marked for reparations, was, in a large measure, responsible for the price fluctuations; on the other hand, the desire for any investment, in preference to retaining considerable currency, was responsible for the rise in volume of stocks traded. Demand for shares of firms manufacturing construction materials, food, shoes, clothing, and medical supplies has been strong. Most of the consumer goods securities reached their ceiling price soon after the exchanges opened. As a result there has been little turnover as few holders wish to part with this type of security. Although such stocks are very strongly favored in the market, in recent months fixed-interest-bearing securities also have been favored by investors. It seems evident, therefore, that the purely speculative tendency indicated earlier has given way somewhat to a more steadying influence. This rally in bonds has been observed not unfavorably by German finance officials.

SOVIET ZONE SECURITIES

During the early period, securities of firms located in the Soviet Zone received little favor. However, quotations in recent months have risen, due to the relatively few offers; this might indicate that the Soviets are not dismantling industry as rapidly as the Germans feared. Certainly lack of turnover coupled with the recent price increase suggest a considerable confidence in the activity of industry in the eastern zone.

The sharp decline in turnover during February was due to the ban on I. G. Farben securities late in January, and the effects have continued to be felt. The Frankfurt stock exchange showed a greater decline between January and April 1946 than the other exchanges because of the discontinuance of dealings in Giro receipts, and also

because of the reinstatement of the accepted stop price. The restoration of stop prices also resulted in the return of a considerable amount of business to the other exchanges, as they all now offer the same advantages.

At recent meetings which were held by the executives of the exchanges both in the United States and the British Zones, it was decided to adopt a uniform method of transferring the interest coupons on the fixed-interest-bearing securities. To date, there have been several methods of handling these coupons. Some exchanges have detached the coupon, others have added the unpaid interest stipulated to the cost of the security. The latter method was deemed undesirable, since many bonds had reached their ceiling price. This was especially true in mortgage bonds and it was felt that adding interest rate was simply a method of circumventing ceiling prices. As a result of these meetings, a uniform plan has been developed and submitted to both the Laenderrat in the US Zone and the German Joint Committee for Finance for consideration.

UNIFIED CEILING PRICES

Certain other differences have been resolved at these meetings, and probably one of the most important is the unification of ceiling prices throughout the British and US Zones. As has been pointed out earlier, ceiling prices on the exchanges for the most part were those prices in effect on the date of their closing. It is now to be hoped as a result of these recent agreements that uniform stop rates will shortly be in effect throughout Germany.

A study is being made of necessary printing facilities and sources of material to print new issues of certificates known to be damaged or destroyed. Certain proposals are also under consideration by Military Government for the partial release of securities which are located in "storage depots" in the western zones. Final disposition of such stored securities will probably be made on a quadripartite basis, and it is not expected that this problem will be solved before Germany becomes one economic unit.

Bizonal Policy Explained

Statement by Deputy Military Governor Replies to Attack on Anglo-American Effort to Fulfill Potsdam Agreement Pledge

The following statement was issued 28 February by the US Deputy Military Governor for Germany:

At the meeting of the Allied Control Council on the 25th of February, the Soviet representative read a statement charging United States and British Military Governments with failure to abide by the Potsdam Protocol and with the establishment of a political and economic fusion of the United States and British Zones. As the rules of the Allied Control Council prevent publication of such a statement, I asked permission from the Soviet representative to make his statement public immediately. Since he could not grant this permission, the American Delegation was unable to make the statement public. Therefore, the American Delegation was surprised to find the statement being given wide publicity throughout Germany through the medium of the Soviet press and Soviet controlled radio, which would certainly not seem to be within the spirit of the rules adopted by the Allied Control Council governing the publication of articles under discussion.

However, the American Delegation welcomes full publicity being given to any discussion in the Allied Control Council, even when it involves a statement which is merely a repetition of the many charges made against American and British Military Governments in the Soviet press and radio over recent weeks.

The Soviet statement particularly charges United States and British Military Governments with a political and economic fusion contrary to the Potsdam Protocol, which threatens the partition of Germany. Obviously, the Potsdam Protocol contemplated an economic unification of Germany, and the action of the United States and British Military Governments in combining their zones of occupation into an integrated economic

unit, is in accord with the spirit of Potsdam. It is equally obvious that it was desirable to give 40,000,000 Germans a better opportunity to revive their economy to become self-supporting. Prior to undertaking this economic unification, however, both the United States and Great Britain invited Soviet Military Government to join its area into this economic integration under the same terms and conditions. It is difficult to understand even now why Soviet Military Government did not accept this offer if it is so desirous of obtaining an economic unity which will permit the improvement of conditions in Germany, particularly as the offer of American and British Military Governments to amalgamate still stands.

The fears expressed by the Soviet Military Government that the economic unification of the American and British Zones is to become a political unification, are not founded in fact. Both the United States and British Military Governments have deliberately refrained from even planning the political unification of the two zones, as such political unification could be possible of misinterpretation. In fact, the American Military Delegation has consistently introduced and supported papers before the Allied Control Council to provide for a political unification which have failed through the opposition of others. It is regretted that other delegations have not been willing to carry out the Potsdam Agreement with reference to the establishment of economic unity under central German administrations.

The Soviet Military Government speaks feelingly with respect to the coal resources and steel capacity of the Ruhr and their value to Germany as a whole. It fails to point out that the resources of eastern Germany have in no way been made available for Germany as a whole and in fact much of the current production in eastern Ger-

many is being taken out of Germany without return.

The Soviet Military Government also refers feelingly to "credits of servitude" in connection with the funds being spent by American and British Military Governments to prevent starvation and disease. It does not point out that the utilization of current production being removed as reparations from eastern Germany might well be used to provide funds with which to pay for essential imports. It is well known that neither American nor British Military Government is removing any products from German production except to secure funds to pay for essential imports, and in addition thereto is spending large sums of its own for food and other agricultural products. It doubts very much if these expenditures will be regarded by the German people or by the people of the world as "credits of servitude." It is doubtful if any humanitarian effort has ever been characterized by such a term.

It is also difficult to understand the concern of the Soviet Military Government with respect to the creation of foreign owned monopolies and other foreign investment in Germany. The investment of the United States in Germany has not been increased by one penny during the occupation and, in fact, United States Military Government has presented to the Allied Control Authority a proposal for a moratorium on all foreign

investments for which it has been unable to obtain approval. However, British Military Government has accepted this proposal. This particular observation of the Soviet Military Government is extremely interesting in view of the information which has come to us that it has taken over the ownership of one-third of the industry now remaining in the Soviet Zone to include the largest and most efficient plants. The only foreign monopoly in Germany known to American Military Government consists of the Soviet AG's.

United States Military Government agrees whole-heartedly with the statement of the Soviet Military Government that the German people should be permitted to determine their government "freely and without compulsion." It believes that its record in this connection requires no explanation.

The United States wants a unified and peaceful Germany which will be able to develop a democratic government and a self supporting economy. This has been its consistent position in the Allied Control Council. This position is well known to Soviet Military Government. The economic merger of the United States and British Zones can be made an economic merger of all four zones of Germany by the acceptance of the invitation which has been extended to all zones of Germany. It would seem that this was a very simple way to peace.

New Decartelization Law Promulgated

A decartelization law prohibiting German participation in international and domestic cartel arrangements and outlawing combinations in restraint of trade has been promulgated in the US Zone by Military Government. This legislation is intended to serve only as an interim measure pending a quadripartite law on decartelization.

The four-fold purpose of the new legislation is stated as follows: to prevent Germany from endangering the safety of her neighbors and again constituting a threat to international peace; to destroy Germany's

economic potential to wage war; to insure that measures taken for Germany's reconstruction are consistent with peaceful and democratic purposes; to lay the groundwork for building a healthy and democratic German economy.

The announcement emphasized that exemptions under the Decartelization Law may be granted to specified industrial and other economic establishments which are "required to further the declared objectives of Military Government," as well as to enterprises which are taken under control by MG.



The postmaster at Berlin-Dahlem sells copies of the first permanent postage stamps adopted for use in postwar Germany. Photo by PRO OMGUS

NEW POSTAGE STAMPS

Twelve Denominations Go on Sale
In Berlin and Three Zone Area

Twelve denominations of new permanent postage stamps for Germany went on sale 1 March at all German post offices in the British, Soviet, and US Zones, and in Berlin. Stamps in the initial sale were the 2, 6, 8, 12, 16, 20, 24, 25, 40, 60, and 80 Pfennig denominations.

The new stamps are printed in the designs chosen by a quadripartite committee from specimens submitted by German artists from all four zones of Germany. The Stamps Committee considered 6,175 designs, and final approval of five winning designs was reached last September.

Civilian Travel Permits

New types of Military Entry and Exit Permits designed to expedite travel by foreign and German civilians moving into and out of the western zones of Germany have been set up by the Combined Travel Board.

The Entry Permit is in the form of a rubber stamp impression imprinted directly on the holder's national passport. Generally, a fee of two dollars in the equivalent of the currency of the country in which travel originates is charged for entry into the western zones of Germany, and a similar one dollar equivalent is charged for transit through the area.

Exit procedure provides that Germans will now be issued a travel document in lieu of a passport, and the Military Exit Permit will be in the form of a rubber stamp impression on his passport.

A fee of 30 Reichsmarks is charged for the travel document and two Reichsmarks for the Exit Permit. Application for these travel documents will be made directly to the local Landrat or Buergermeister. The travel document is not an identity paper, and will be issued only in cases of approved travel abroad.

"Think-and-Win" Program

An OMGUS Central "THINK-and-WIN" Board of Judges has recently been appointed by the Commanding General, OMGUS, as part of a new plan to increase the interest and contributions of OMGUS personnel and MG personnel in the Laender with regard to the Theater-wide "THINK-and-WIN" program. This central board consists of seven military and WD civilian members, including three from OMGUS Hq., one from OMG Berlin Sector, and three from Berlin Command. The military members are field officers and the civilians are individuals with comparable responsibilities. In addition, a full time executive secretary from the Office of the Personnel Officer will work with the board in a non-voting capacity.

OMGUS Directive AG 353.8 (PO), which

provides for the establishment of the Central Board of Judges, also directs that the Director of OMG in each Land will appoint a Land "THINK-and-WIN" Board of Judges, which will handle suggestions submitted by MG personnel in the Laender and forward them to the Central Board.

As set forth in the directive, the functions of the Central Board of Judges are as follows:

To act in an advisory capacity to the Personnel Officer on all matters related to the "THINK-and-WIN" project.

To formulate and recommend policies, plans, and procedures for the continuous functioning of the program and to otherwise implement approved policies.

To carry on, through its full-time staff, a publicity program to stimulate the interest of personnel at all levels in participation in the program and utilization of suggestions.

To develop a dynamic plan for utilization of suggestions deemed to have merit.

To investigate and evaluate all suggestions submitted by eligible persons in the US Sector of Berlin and to forward them to the Theater "THINK-and-WIN" Board of Judges with recommendations for appropriate awards in worthy cases.

To review all suggestions submitted by Land Boards and to forward them to the Theater Board with appropriate recommendations.

The functions of the Land Boards of Judges are similar; they will consider suggestions submitted in their respective Laender and forward them with evaluation to the Central Board.

Certain types of suggestions are noted as being ineligible. These include: suggestions pertaining to projects assigned to the suggestor in the course of his official duties; other suggestions which an employee might be expected to offer in line of duty and/or which could be executed without higher supervisory approval; and trivial or frivolous suggestions.

A suggestion is not eligible for award until it has been placed into operation, or

until the appropriate operating official has completed plans for its implementation and has set specific dates.

The "THINK-and-WIN" program has received a total of 814 suggestions from MG personnel since its inception last year. Cash prizes have been awarded to 48 entrants, as of 1 February.

Personnel Changes

M. S. Szymczak, Chief of the Trade and Commerce Branch, has been appointed Director of the Economics Division, to succeed Maj. Gen. William H. Draper, Jr., recently named Economic Advisor to the Theater Commander. Mr. Szymczak, who arrived in Berlin in August, is on loan from the Federal Reserve Board.

Robert Trier, deputy to Mr. Szymczak, has been designated Chief of the Trade and Commerce Branch.

William P. Abbey, of the Legal Division, has resumed his duties as Denazification Legal Officer of the Office of Personal Advisor to the Deputy Military Governor on Denazification. During his recent leave in the United States, the position was filled by Richard D. Kearney.

Youth Orientation Problems

More than 650,000, or 28 percent, of the German youth in the US Zone between the ages of ten and 18 years are now active members of organized German youth groups. Of this number about 41 percent are members of religious groups, 37 percent members of sports groups, and the balance members of cultural, craft, and trade union organizations.

"The majority of social scientists will concede that, after twelve years of Nazi indoctrination, it is impossible to reorient the German youth to an appreciation of the democratic way of life in any period shorter than that," remarked Dr. Norman Himes, Chief of the Office of Special Education, IA&C Division, OMGUS. "It will probably take longer because a system of social relationships

based upon the technique of compromise and upon respect for minority viewpoints, in other words upon the integrity of the individual, is a more highly developed social system than one based on authoritarianism and the suppression of the individual.

"Therefore we have an infinitely greater disadvantage than the Nazis ever had, because we are trying to help the German people build something much more difficult to achieve . . . But seeds are definitely being planted in the US Zone for a way of life that not only the people of the United States, but the people in all peaceloving nations of the world, will approve."

Bizonal Coordination

In an effort to improve coordination between the Land governments of the US and British Zones and the five established agencies of the bizonal economic fusion, the eight Ministers-President of the two occupation areas have authorized the appointment of a committee to make recommendations to MG designed to achieve this end. The action was taken at a meeting 17 February in Wiesbaden.

The Ministers-President, chosen by popularly elected Land legislatures, are not satisfied with the present situation, under which they appoint representatives to agencies set up on a bizonal plane and then find themselves subject to orders from these same agencies.

Concerning the same meeting, the Landerat at Stuttgart, in a sharply worded statement, labeled as "sensationally false information" a German newspaper report to the effect that German officials of the two zones are prepared to establish a bizonal parliament.

The German newspaper report stated in part that the British and US Zone officials were "prepared" to establish a parliament in case no agreement on establishment of a German government is reached at the conference of foreign ministers in Moscow this month. The newspaper attributed the report to German sources.

US ZONE MG ACTIVITIES

Below-freezing temperatures continue to hamper industry in the US Zone. As of 24 February, three-quarters of all electrical equipment plants were closed down and most textile mills remained shut. Production of paper and pulp was almost eliminated. Shortages of fuel and power sharply curtailed production of glass, ceramics, and chemicals. Decreases in tax collections throughout the Zone also reflected the low level of economic activity due to the coal shortage.

CONTROL COUNCIL ACTION

The Control Council meeting on 20 February signed the "Law on Repeal of Legislation on Hereditary Farms and Enactment of Other Provisions Regulating Agricultural and Forest Lands."

The US Bureau of Census has provided OMGUS with an expert in sampling, a special method used to determine statistics in a short time by counting not the whole number of units but only a part selected on special logical and mathematical lines. MG wishes to apply this technique to the German census of 29 October 1945 in order to obtain certain important data.

Of the 33,734 persons found by Denazification officials with the Special Branches to be not employable in the period June-January, 12,752 were in military installations. Of the latter, all except five had been removed.

PROCUREMENT OF SEED POTATOES

Arrangements have been made to procure 228,000 metric tons of seed potatoes from the United States for the combined US-British Zones. These potatoes will be distributed to farmers for planting in exchange for the delivery of equal amounts of eating potatoes for off-the-farm consumption. Seed potatoes will receive first priority on shipping space, since shipments should arrive before the middle of April to be available for spring planting. However, it has been ascertained that of the 228,000 tons arrang-

ed for, only some 150,000 tons can be transported by 15 April. Approximately 22,000 metric tons of foundation seed potatoes (used for producing seed potatoes) from Czechoslovakia under contract for delivery to the British Zone will be diverted to Bavaria for expansion of seed production. This area is the most suitable in the US and British Zones for seed multiplication. Bavaria will in turn deliver trade (certified) seed for production in the Ruhr of eating potatoes.

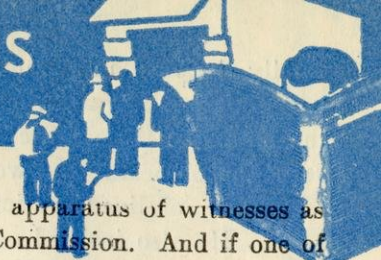
Approximately 90 percent of the fuelwood required for large US Zone cities this winter has now been cut, and the requirements for smaller communities have been entirely met. Although transportation difficulties have interfered to some extent with deliveries of fuelwood to city consumers, deliveries have been speeded up during the past month by diverting to fuelwood-hauling German trucks ordinarily used for transporting other forest products.

FOOD IMPORTS FROM US

Arrivals of food imports from the United States for US and British occupied areas of Germany totaled approximately 124,600 metric tons during the first two weeks of February.

Importation of fish from Scandinavian countries under contracts signed last spring has now been completed. Approximately 49,550 metric tons of fish were received from these countries between 1 June 1946 and 8 February 1947 for German civilians in US occupied areas.

The average daily output of hard coal rose to 253,000 metric tons in January, a new postwar high. This was almost five percent higher than in the preceding month and 18 percent ahead of January 1945. Although brown coal output in January was down about six percent from the December figure, averaging 510,400 metric tons a day, the output was more than three percent higher than the average daily production in January 1945.



Witnesses' Accommodations at Dachau Termed Unsatisfactory

The *Muenchner Mittag* (Munich) carries an appeal by the Bavarian State Commissar Phillip Auerbach to former concentration camp inmates to go to Dachau to testify against the concentration camp guards of Dachau, Mouthausen, and Buchenwald. An accompanying article by Josef Ackermann, former concentration camp inmate, described proceedings: The War Crimes Commission presents one after the other of the SS-guards on a stage. There is an auditorium with about one hundred seats where the former prisoners listen, contradict denials by the SS-men, and enter on a blank charges they are willing to support under oath.

The appeal by Auerbach promised every witness who goes to Dachau accommodations, food, and 10 marks per diem — all provided by MG. Ackermann also emphasized the importance of the witnesses, but said:

"The accommodations unfortunately do not correspond to it. A big barracks is divided into two halves. The witnesses for the defense, whose number is small, are relatively well off . . . The prosecution witnesses sleep in a single big room crowded with field beds. Anybody who didn't get rheumatism in the concentration camp surely will get it here at night. The unfriendly day room without curtains is completely unheated . . . It is an imposition that former concentration camp inmates must permit themselves to be interned as witnesses for several weeks under conditions that are not much different from their former camps."

Ackermann in conclusion declared: "The examination of witnesses concerns itself exclusively with crimes committed against Allied nationals . . . It is a grotesque fact that a defendant may be acquitted and dismissed if he has not murdered a Pole or a Frenchman, but only German prisoners. The denazification chamber has no chance to

mobilize a similar apparatus of witnesses as the War Crimes Commission. And if one of these murderers lies there even half as convincingly as they did yesterday (20 February) on the Dachau stage, he'll probably be classified as a 'follower' . . .

"We former inmates are not all vindictive. We are willing to testify with passionate fervor for every SS-man who behaved decently . . . But we demand that common criminals who have murdered our German comrades systematically should receive just punishment by German courts. That much we owe to our dead."

Views on Zorn Position

The *Sueddeutsche Zeitung* (Munich) commented on a crisis in the Ehard Government, precipitated through a proposed vote of no-confidence for Rudolf Zorn, Bavarian Minister of Economics, because "of his position at the election of the chief of the administrative council of the bizonal economic office in Minden."

A vote of 82 to 34 decided against admitting a vote of no-confidence against a single minister. The paper concluded: "In this way the existence of the government was saved and its newly started work assured. Incidents among the coalition, like these of the last days, could have been avoided and must be avoided in the future. Attempts to break up the Coalition must be seen as such from the beginning and at once decisively rejected. Unfortunately the inner solidarity of the greater parties of the coalition is still imperfect."

Zorn also published a program that showed a desire for action and responsibility. The article was printed in the *Muenchner Mittag* (Munich), *Neue Presse* (Coburg), and *Der Neue Tag* (Weiden).

Zorn first painted a dark picture — "The lack of most important consumer goods has

finally become intolerable. The working population of Bavaria can no longer receive the minimum that is necessary for the preservation of health and working ability" — and then outlined various measures for relief. He also insisted on a planned economy, citing the Papal Encyclical "Quadragesimo Anno" in support.

"Nobody denies the historical necessity of the capitalist system. But it is now out of date. The constructive idea of democratic socialism is pointing the way into the future," declared Zorn, who advocated a basic reorganization of Bavarian economy:

"It is intended to do now what the time after the first World War failed to accomplish to the great damage of Germany, namely to democratize the economic administration. We want to call in workers and entrepreneurs for collaboration on all levels on a basis of equal representation . . . Bavaria, the most consolidated Land in the western zone, must have the courage to lead the way toward a reform of an economic system that is antiquated also in the other Laender . . ."

The *Fraenkische Presse* (Bayreuth) examined the opposition against the action of Zorn in Minden and found that it is primarily inspired by Bavarian particularism. The paper declared:

"The obstacles that are put into the way of Dr. Zorn's program cannot but hurt the whole Bavarian population. Beyond that, these attacks are very questionable from the democratic point of view. In a democracy, people like Dr. Zorn who have a program and are willing to carry it out ought at least to be given a chance; Dr. Zorn and his program deserve that chance."

Der Allgauer (Kempten) reported an interview with Zorn, who spoke of the so-called "Penny Program," that is, the production of penny articles such as pins, needles, nails, matches, and stationary; of the socialization of mines, of the reorganization of his ministry, and of the necessity of a planned economy.

Zorn declared: "In view of the extreme poverty of our country, a planned and guid-

ed economy is a social necessity, but individual initiative must be preserved as far as possible . . . I am thinking of giving far-reaching influence to labor unions and economic organizations. The chambers of commerce and industry chambers, craft, and similar organizations will be consulted constantly."

"Men of Yesterday"

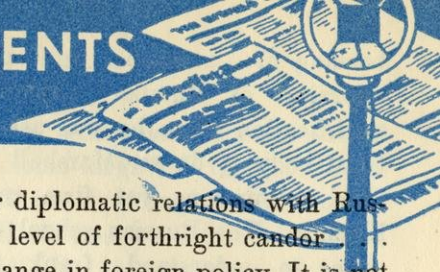
The *Wiesbadener Kurier* (Wiesbaden) said the Republic of Weimar was taken over quickly by the "men of yesterday." Those who were then 'men of yesterday,' the Papens and Hugenbergs, will not come back again. But the men of the Weimar Republic who let the Hindenburgs and Hugenbergs take over and who are now men of yesterday are the real danger.

"Isn't political power gliding back into the hands of those who would have been the right men two decades ago, but who did not understand their mission? Aren't once more the men of today 'enabling' the men of yesterday . . . Monarchy was then out of date. Today it is Weimarism. The new state must be developed not out of the contrasts of Monarchy vs. Republic, but out of the more important one: Capitalistic Republic vs. Socialistic Republic."

Use of PW's Opposed

The *Mittelbayerische Zeitung* (Regensburg) criticized the proposal of the International Committee that German PW's be used as "free laborers." It said in part:

"This proposition is not just . . . We do not want to gloss over anything or try to reduce our own guilt, but this proposition of the committee will never find our approval. There is no doubt about it, we have to compensate . . . All of us will do our best, everybody in his place and everybody according to his ability. The PW's alone shall not suffer for what the Hitler clique did. Let them go free and take the Nazis in exchange, who are the really responsible ones for our misery."



Marshall's Reply to Soviet Note Viewed as Marking New Policy

Secretary of State Marshall's reply to the Soviet protest concerning Under-Secretary Acheson's statement that Soviet foreign policy is an "expanding and aggressive one" was taken by several US newspapers and radio commentators as marking a move toward a more candid, straight-forward approach to problems facing the two countries. They state the opinion that Acheson's comment is borne out by the facts, and express surprise at the Soviet's "supersensitivity" in view of continuous attacks on the US Government and economy as carried out by the Soviet Government-controlled press and radio, both at home and abroad.

Cleveland Plain Dealer said in part: "Marshall's swift defense of Under-Secretary Acheson against the charge by Foreign Secretary Molotov that he slandered and showed hostility to the Soviet Union by stating that its foreign policy was 'expanding and aggressive' introduces a new note in American relations with Russia. It marks the end of the era of pussyfooting when a hush-hush course was always pursued in regard to Russian matters for fear of offending the sensibilities of Moscow. It opens a period when a spade will be called just that and aggression, military or diplomatic, whatever national label modifies it, will be given its proper name. This should improve our relations with the Kremlin, for the Russians have always shown the utmost contempt for any variety of appeasement . . .

"Knowing where the new Secretary of State stands on these matters, the Russians may become, it is to be hoped, more honest in their dealings with the western powers. With a frank understanding of the position of both sides, more substantial progress can be made in reaching accords on outstanding issues."

Radio Commentator **Joseph Harsch**: "Mar-

shall put our diplomatic relations with Russia on a new level of forthright candor . . . This is no change in foreign policy. It is not getting tougher or less tough. It is Marshall saying to Molotov, let's stop playing games with words and talk like grown men with each other . . . If Molotov takes the note as candidly as it was written and faces the facts as calmly as Marshall has faced them, then a lot of time and breath can be saved in the coming conferences, and a lot of posturing over imagined hurt feelings can be avoided."

The New York Times: "Marshall points out that under our constitutional system it was Mr. Acheson's duty to answer frankly relevant questions addressed to him by a member of Congress at an official hearing. The question asked was relevant to the discussion then in progress. When Mr. Acheson used the phrase "aggressive and expanding," he was speaking of a Russian foreign policy which has added more than 20 million non-Russians to the possessions of Russia since the outbreak of the war in Europe. The phrase he used was not slander, unless a statement of fact is slander. It was a description of something that has happened."

St. Louis Post-Dispatch: "Acheson may well compare his mild remark with the drivel about America that is constantly being printed in the Soviet press and broadcast over radio Moscow, which goes without protest. And the Soviet Union might well recall that the same Mr. Acheson it now pounces upon is an American official who, in times past, has bent over backward to be fair to Russia."

"This incident is petty enough, and is worth mentioning only because it is characteristic of a trait of the official Russian mentality that has caused a good deal of trouble and misunderstanding between the Soviet Union and ourselves. Russia ought to hire a good public relations man to plow under molehills like this."

Newport News (Va.) Daily Press: "In

backing Mr. Acheson's right to express his appraisal of Russian objectives without qualification when he was asked by an official body to do so, Marshall has administered a courteous yet firm rebuke to the Kremlin. The Russian school of diplomacy seems to understand frank, unvarnished language better than any other.

"Our own opinion is that Russian aggressiveness is over estimated and that Russia is simply (a) relying on the pagan doctrine of force to maintain her security and (b) blowing hard while she forces her own economy up to a tolerable level."

British Withdrawal from India

The British decision to withdraw completely from India by June 1948 has been lauded generally in the US press as an epoch-making pronouncement placing the responsibility for solution of India's internal problems unequivocally in the hands of the Indian leaders. Widespread comment emphasized the necessity for agreement between the two major factions in India and expressed hope that the British decision would prod the Indian leaders into agreement among themselves.

New York Herald Tribune said: "Attlee's announcement that the British were determined to withdraw from India whether or not a new constitution could be agreed upon by the Indians, is a truly momentous event. It marks a breach with the older world that is more striking than anything that has occurred since World War I revolutionized Europe. A new nation, whose potentialities can only be guessed at, is rising in Asia — in a plastic Asia that may yet, in sure hands, be shaped into a mould for the future of the world.

"The British might easily have lingered on in India, playing off Hindu against Moslem, prince against peasant, presiding over a tense and costly stalemate in the interest of imperial prestige. By refusing this role — despite the temptations which it must have offered to a government under

great pressure from within and without the country — Attlee and his colleagues have been statesmanlike. And the British people, discarding the trappings of imperialism . . . have taken on a new dignity and a new moral strength."

Cincinnati Enquirer: The Attlee commitment does not promise a united India, as originally contemplated. It clearly leaves the way open to three Indian States, a predominantly Hindu India, a separate State embracing the heavily Moslem areas, and a scattered agglomeration of native States ruled by princes. And that is what a self-governing India will be, in June of next year, unless meantime the several factions can reach agreement on the constitution of a single Indian confederation with a central government in common . . .

"Attlee and his colleagues can very properly take the position that union or division in India is not their affair. They have tried hard to get the Indian factions to join in drafting a single constitution. Agreement has proved impossible. It is logically the responsibility of the Indians to find the basis for unity within their own number."

The New York Times: "Every passing day should now crowd the opposing Indian leaders closer to some compromise. It may be that the Moslems themselves can modify (Moslem leader) Jinnah's recalcitrant attitude. There are signs that some of them are trying to do so. A position which is still politically expedient now may become untenable a year from now. Nehru may be shrewd enough to increase his inducements for Moslem collaboration. It is certain India cannot build her independence on a deadlock. Independence with no ability to control it and no power to maintain it promises only catastrophe."

Pittsburgh Post-Gazette: "Whatever India's leaders decide to do, the fate of 400 million is in their hands. People everywhere who believe in the right of self-determination will hope that within the next 15 months the leaders will demonstrate a capacity for the independence so long sought."

tential, are steel and goose feathers. The other products consumed, tin, brass, copper, lead, cardboard, lacquer, nails and glue, bakelite, celluloid, are available in Germany and therefore will not be charged against the RFC program.

The secret of Germany's traditional eminence in the toy industry lies in the fact that artisans turn out a continuous stream of new ideas, and that toys have been produced to accommodate every price level. For example, if an American importer ordered a two dollar mechanical automobile, the German manufacturer could fill the bill. The same would hold true of a buyer ordering a 50 cent mechanical car.

A leading manufacturer said a shipment of 35 tons of Swedish steel for the toy industry, which has been ordered by OMGUS

and is en route, will ensure six months of production. Some large US retail concerns are interested in obtaining 30,000 dozens of artificial Christmas trees for delivery in December, 1947, but to meet this order, ten tons of goose feathers are required. These are difficult to obtain because geese are scarce and their feathers are used in fabricating brushes.

Germany's toy export trade before the war approximated RM 30 million per year. Manufacturers are optimistic that this figure can be approached again.

These few export industries, which have in common a shortage of raw materials, particularly coal, will play important roles in the three-year program which is aimed at making the combined economies of the British and US Zones pay their own way.

Facts on Colliery Consumption Explained

When coal is so vital, it is essential that the maximum possible amount of the total coal production should in fact be available for disposal. Therefore, questions are raised about internal consumption of the colliers themselves, usually known as "colliery consumption." The *British Zone Review* has presented the following facts.

The term "colliery consumption" means all coal consumed directly in colliery plants, such as steam boilers, locomotives, heating of workshops and cleaning plants; and also in auxiliary works such as brickworks, forges, and engineering workshops situated at or attached to the colliers. "Colliery consumption" is given in statistical reports as actual tonnage, but is usually expressed as a percentage of the total coal output.

The greater part of colliery consumption is in boiler plants, and many of the reasons for this comparatively high consumption are associated with such plants. The reasons are as follows:

1. Certain consumption of energy at the mine remains constant whatever the output (for example, ventilation): thus with the pres-

ent low output, these overheads tend to constitute an abnormally high percentage.

2. Power units, such as air compressors, are not in all cases running to full capacity and therefore they are less efficient.

3. Owing to their vulnerability, cooling towers have suffered seriously by blast, and this has had serious effects upon the efficiency of power generation.

4. Many boiler plants have been severely damaged and a certain amount of improvisation has been necessary. Steam pipes are loosened, resulting in loss of heat and lower efficiency of the boiler plants which are in operation; superheaters and economizers are only in use to the extent of 60 percent, which means a serious loss in efficiency.

5. Only a minimum of maintenance work was done during the war, so that even with the rising output, colliery consumption increased from eight percent prewar to 10.5 percent in 1943 and 12 percent in 1944. Thus lack of normal maintenance has had an appreciable effect on colliery consumption, and on top of this, there are the consequences of severe war damage.

BARTER ORGANIZATIONS (Continued from page 9)

articles that have little chance of sale, and standards are thus kept higher than in the regular Barter Center.

To prohibit stolen goods from entering the trade, the barter firms are authorized to check the identity cards of all barterers. A ledger is kept at each barter department where names and addresses of the buyers and sellers are registered. The number of the transaction is entered on the ledger as well as on a tag accompanying the article. If a barter article later turns out to be a stolen item, the police merely need to check the ledgers.

WUERTTENBERG-BADEN EXCHANGES

Stuttgart's famous Ring Exchange was organized in July 1945 by a group of enterprising business men under MG supervision. These men, with the aid of the Economic Office, selected 20 of the best-known firms which handle goods ranging all the way from corsets to bicycles. Only 11 months later, the example of Stuttgart had proved so practical that eight Ring Exchanges were operating in Wuerttemberg-Baden. This number has since increased to 21, with still more Tauschrings being formed. Already more than 400 member firms make up these organizations. In cities which have suffered little or no bomb damage, the Tauschrings are operating even more successfully than in Stuttgart. In Esslingen, with a population of only 50,000, there were 50,000 Tauschring transactions in a year's time. In the shoe department alone, there were 17,000 transactions, which means that every third Esslingen inhabitant has bartered a pair of shoes.

Although until recently the idea of cooperative retail barter organizations was generally confined to Wuerttemberg-Baden, the plan now is taking root in other parts of Germany. In the French Zone, there are Tauschrings in Reutlingen and Tuttingen. Hamburg and Kiel now have large Rings patterned after the one in Stuttgart. This past February, the German Price Office in Minden invited US price control officials in Stuttgart to visit them to discuss technical

details of the Rings with a view to establishing more of these barter organizations. One of the Stuttgart Tauschring experts has been placed at the disposal of outside organizations, supplying information and advice upon request.

Wuerttemberg-Baden has Tauschrings in nearly every large town and many of them are expanding their business each month. Up until now, more than 750,000 barter transactions have been completed in the Land's Tauschring organizations, with a total turnover of more than RM 3,000,000. Because of recent increases, however, a turnover of more than six million Marks may be expected for 1947.

The goods in which the Tauschring deals are those of extreme practical importance. More than 80 percent of the articles are textiles, footwear, and household articles and tools — commodities which are rationed. The importance of individual products varies in the different Tauschring organizations. In two local Rings the business in footwear amounted to 70 percent of the total turnover during the first few months of their existence. In another town, the department for household articles and tools handled 50 percent of the total turnover. Experience has shown that the volume of business of the individual branch departments depends largely upon the efficiency and ability of the storekeeper.

IMPORTANCE OF ADVERTISING

As with every business, advertising is very important in developing the Tauschring idea. All Tauschring members have therefore agreed to centralize the publicity department in Stuttgart. In this city, all posters, Tauschring labels, and handbills are designed and — when the paper supply is sufficient — printed. Not long ago a publicity campaign was launched under the heading, "The Tauschring Helps." Special handbills were designed to appeal to the farmer, the craftsman, the gardner, and the housewife.

Newspaper advertising is comparatively scarce because of the shortage of newspaper

space. Radio advertisements are currently prepared by the Stuttgart Tauschring publicity department and broadcast on a daily MG program over Radio Stuttgart. Seasonal influences like the rush on toys before Christmas were anticipated long before the season arrived with announcements soliciting the public to offer their unused toys to the Tauschring.

When a survey was made of public opinion on the Stuttgart Exchange, it was found that 99 percent of the people questioned had learned of the Ring — 29 percent from newspapers, 25 percent from posters, 22 percent from radio, and 23 percent from friends.

PROJECTED PUBLICITY METHODS

Still newer publicity methods are in the making. Tauschring information centers are to be established in the main business districts of the cities where prospective barterers can be advised and informed of available supplies. In addition, a campaign is being launched to increase good-will among retail businessmen for the Tauschring organizations. It will be pointed out that the Rings are a means of strengthening the position and reputation of retail trade by fighting the black market and improving trading morals. Retailers, if convinced of this fact, will recommend the Tauschring in cases where they cannot serve their customers. Trade unions also will be approached for their support since the growth of these barter organizations can ease the present tension caused by the disproportion between wages and cost of living.

So that small barter exchanges all over Germany may profit by the Tauschring experience gained in Stuttgart, publicity is being extended to a Land level. Arrangements have been made by the Public Relations Section, Regional Military Government for Wuerttemberg-Baden, to give Land-wide newspaper publicity to the barter-exchange idea. A monthly Tauschring-bulletin was started in September 1946. This bulletin contains all relevant Tauschring information on progress of the organization, changes of policy, proposals for better sales

management and customer service, and specific experience gathered in the field.

On 26 November, the first official meeting of all Tauschring directors was held in Esslingen under the auspices of the Land Economic Office. Representatives at the meeting decided to keep the central Tauschring management in Stuttgart as an informal head organization of all local Tauschrings. The head office has a nine-member elected board who are mostly directors of local Tauschrings. Two advertising experts also are included in the group. All local Tauschrings will pay a fee of one percent of their turnover to the head office to be used in the central advertising department.

Tauschring experts predict increasing growth, both in the number of rings and the business of each organization. The need to barter will be gone only when the present shortage of consumer goods on the free market is eliminated — a condition not expected in the near future. Clothes and shoes are worn out, household goods, tools, motors, and machinery will have to be replaced. The rural population is still a reservoir for surplus goods which could be exchanged for food and farm products. The further the Tauschring spreads to the medium-sized towns the better will be the chances to use these reserves for the good of all concerned.

Allied Military Mark Notes

MG was advised by the Legal Division, OMGUS, to refuse redemption of Allied Military Mark notes on which the serial numbers are omitted unless proof has been established that they were legally issued without serial numbers. The opinion stated that if the Finance Division is able to ascertain that a note was duly issued and the defect is the result of a mistake of the issuing authority, MG may redeem the note under provision of MGR 16-330.

If, however, it was not issued in conformity with the law, it is not subject to redemption, since the absence of an essential feature of validity puts all who receive it on notice that it is defective and not negotiable.

OCCUPATION PROBLEMS APPRAISED (Continued from page 13)

up certain central German agencies, which have never been set up, and that has severely handicapped government of Germany in my opinion . . . The directives and policies are all right. What we need is the execution of the policy . . . Therefore, the Allied Control Council has not fulfilled its duty. The only remedy for that condition is for the governments of the individual countries to direct its representatives on the Allied Control Council to carry out the Berlin Protocol . . .

(There is) no plan for the political merger (of the British and US Zones). If you remember my statement that I made when I invited the other countries to join us in the economic fusion, I made it perfectly plain that we were not prejudging the political status of Germany and that the political government would not be affected by the economic merger of the two zones. We still are abiding by that particular statement of policy . . .

A quadripartite law may be passed but in view of the fact that there is really no central administration for Germany, the only effective way to carry out a law now is to have the zone commanders do it. If you have a central (agency) — say, central transport organization — and you passed a law with respect to transport, then it should be carried out by the central administration and not by the zone commanders but there is no physical administration which can carry out those things now. It has to be done by the zone commanders.

The longer we remain, as you might say, as four separate entities within Germany under four different powers, naturally the development in those particular zones will more and more follow the policies of the country which happens to be occupying them. If our differences are major, we will draw apart. And the longer we continue that system the more difficult it will be . . .

It certainly has slowed down and delayed the recovery of Germany in an economic sense. It has also delayed the formation in Germany of a democratic government. It has

brought forth certain differences, ideological differences, on the part of the four occupying countries, which naturally have had their results in the political development within the four zones. You can take a look at the constitutions in the states in the US Zone, and you will see that they are in effect somewhat similar to our own Constitution. The constitutions within the Soviet Zone, on the other hand, tend to follow the political thought of the Soviet Union . . .

I don't think a new sharpening of the differences in Germany is going to lead to another war. Not at all . . .

The German state still exists. What is actually the territory which will be a part of the German state in the peace treaty has not yet been defined. However, the German state as the German state was defined by the Berlin Protocol is still in existence. It has no central government . . . There have been proposals submitted to the Allied Control Council for the formation of German central administrations, but they have not yet been agreed upon . . .

I firmly believe that if the leaders of the political parties in Germany and the leaders of the trade unions desire to bring about a political and moral regeneration within Germany, that they have the power to so inculcate the mass of German people with these principles that they can arrive at that happy state.

Frankly, I have sometimes felt with respect to the political parties that the leaders have been more concerned with establishing their own position than they have with attempting to inform the mass of the German people as to the principles of true democracy which are necessary before Germany can take its place as one of the peace-loving nations of the world and join the United Nations. On the whole, I believe the trade unions are doing a much better job along these lines than the political parties . . . Naturally I base my remarks primarily upon the actions of the trade unions in the US Zone . . .