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FREEDOM OF RELIGION



WEEKLY
INFORMATION BULLETIN



UNITED STATES ZONE, GERMANY

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WEEKLY INFORMATION BULLETIN

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MAY BE OBTAINED BY WRITING DIRECTLY TO THE ORIGINAL PUBLISHER.

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

OFFICIAL INSTRUCTIONS

Theater Courier Service	AG 311.4 AGM-AGO 22 July 1946, USFET
Classification of Trades and Crafts Positions	AG 230 GAP-AGE 9 August 1946, USFET
Flying Proficiency for Rated Air Corps Personnel Assigned to Non-Flying Organizations	AG 201.63 GAP-AGB 16 August 1946, USFET
Tours and Services of the American Express Company, Inc.	AG 531 SSP-AGO 19 August 1946, USFET
Overcrowding of Transient Billets in the Third US Army Area	AG 624 GAP-AGO 19 August 1946, USFET
Illegal Arrests, as defined by Allied Control Authority	AG 250.3 GEC-AGO 22 August 1946, USFET
Procurement of Coal and Wood for United Nations Displaced Persons and Civilian Internees	AG 463.3 GEC-AGO 28 August 1946, USFET
Report of Military Personnel Classification Procedures	AG 220.01 AGJ 28 August 1946, USFET
Revision of MGR, Title 6, Public Health, to Conform to Policy	AG 010.601 (IA) 28 August 1946, OMGUS
CWS Supplies for Occupation Forces	Circular Nr. 221 28 August 1946, USFET
Procedure for Supply of UNRRA from Army Supply Sources	AG 401 GDS-AGO 29 August 1946, USFET
Detailing of Officers to Judge Advocate General's Department	AG 210.6 GAP-AGO 31 August 1946, USFET
Qualifications, Investigations and Clearance of Persons Having Access to Classified Cryptographic Aids or Devices	AG 33.3 GBI-AGO 30 August 1946, USFET
Intelligence Reporting	AG 319.1 (DI) 5 Sept 1946, OMGUS
Decentralization of Responsibility to German Authorities Concerning Displaced Persons and Refugees	AG 383.7 (PW) 9 Sept 1946, OMGUS
Disposition of Records	AG 313.6 AG 9 Sept 1946, OMGUS
Civil Service Status of German Civilian Employees of US Military Government	AG 014.12 (CAD) 9 Sept 1946, OMGUS

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



Signal Corps Photo

FREEDOM OF RELIGION — One of the fundamentals of democracy was exemplified by the recent consecration of the first Jewish synagogue to be erected in Heidelberg. The picture on this week's cover shows a representative of the city of Heidelberg delivering a speech of welcome which was part of the consecration ceremonies.

OUR CONTRIBUTORS

The full text of Secretary of State Byrnes's address at Stuttgart 6 September is published in this issue. It is the text approved by the Office of the US Political Adviser, OMGUS. The Concordance permits quick reference to the numbered paragraphs.

The Station List, which previous had been published weekly in the **Weekly Information Bulletin**, will in the future appear only in the first issue of each month.

The need for a central department for Finance is outlined in **Central German Agencies: Part 6**. This is the sixth in a series of eight articles taken from the OMGUS report of the same title. The report is the first concrete blueprint for central German agencies as outlined in the Potsdam Agreement.

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WE WANT A

LASTING PEACE

Secretary of State Byrnes Makes a Clear Statement of Policy, Progress and Problems in Germany in his Address at Stuttgart

1 I have come to Germany to learn at first hand the problems involved in the reconstruction of Germany and to discuss with our representatives the views of the United States Government as to some of the problems confronting us.

2 We in the United States have given considerable time and attention to these problems because upon their proper solution will depend not only the future well-being of Germany, but also the future well-being of Europe.

3 We have learned whether we like it or not that we live in one world from which we

cannot isolate ourselves. We have learned that peace and well-being are indivisible and that our peace and well-being cannot be purchased at the price of the peace or well-being of any other country.

I hope that the German people will never again make the mistake of believing that because the American people are peace-loving, they will sit back hoping for peace if any nation uses force or the threat of force to acquire dominion over other people and other governments.

In 1917 the United States was forced into the first world war. After that war we

refused to join the League of Nations. We thought we could stay out of Europe's wars and we lost interest in the affairs of Europe. That did not keep us from being forced into the second world war.

We will not again make that mistake. We intend to continue our interest in the affairs of Europe and of the world. We have helped to organize the United Nations. We believe it will stop aggressor nations from starting wars. Because we believe it, we intend to support the United Nations organization with all the power and resources we possess.

The American people want peace. They have long since ceased to talk of a hard or a soft peace for Germany. This never has been the real issue. What we want is a lasting peace. We will oppose harsh and vengeful measures which obstruct an effective peace. We will oppose soft measures which invite

the breaking of the peace.

In agreeing at Potsdam that Germany should be disarmed and demilitarized and in proposing that the four major powers should by treaty jointly undertake to see that Germany is kept disarmed and demilitarized for a generation, the United States was not unmindful of the responsibility resting upon it and its major allies to maintain and enforce peace under law.

Freedom from militarism will give the German people the opportunity, if they will but seize it, to apply their great energies and abilities to the works of peace. It will give them the opportunity to show themselves worthy of the respect and friendship of peace-loving nations, and in time to take an honorable place among the members of the United Nations.

It is not in the interest of the German

8

9

(Left) Mr. Byrnes delivering his historic speech. Seated behind the Secretary of State are, left to right, Ambassador Robert Murphy, Senator Arthur Vandenberg and Senator Tom Connally. (Below) The Ministers-President of the three Laender of the US Zone greet Mr. Byrnes on his arrival in Stuttgart.

Photos by DANA



10 people or in the interest of world peace that
Germany should become a pawn or partner
in a military struggle for power between the
East and the West.

11 Twice in our generation German militarism
and Nazism have devastated the lands of
Germany's neighbors. It is a fair and just
that Germany should do her part to repair
that devastation. Most of the victims of Nazi
aggression before the war were less well off
than Germany. They should not be expected
by Germany to bear, unaided, the major costs
of Nazi aggression.

UNITED STATES POSITION

12 The United States, therefore, is prepared
to carry out fully the principles outlined in
the Potsdam Agreement on demilitarization
and reparations. However, there should be
changes in the levels of industry agreed by
the Allied Control Commission if Germany
is not to be administered as an economic unit
as the Potsdam Agreement contemplates and
requires.

13 The basis of the Potsdam Agreement was
that, as part of a combined program of de-
militarization and reparations, Germany's
war potential should be reduced by elim-
ination and removal of her war industries
and the reduction and removal of heavy
industrial plants. It was contemplated this
should be done to the point that Germany
would be left with levels of industry capable
of maintaining in Germany average Euro-
pean living standards without assistance
from other countries.

14 The plants so to be removed were to be
delivered as reparations to the Allies. The
plants to be removed from the Soviet Zone
would go to the Soviet Union and Poland
and the plants to be removed from the
western zones would go in part to the Soviet
Union but in the main to the western Allies.
Provision was also made for the distribution
of Germany's foreign assets among the Allies.

15 After considerable discussion the Allies
agreed upon levels to which the principal
German industries should be reduced to
carry out the Potsdam Agreement. These

levels were agreed upon on the assumption
that the indigenous resources of Germany
were to be available for distribution on an
equitable basis for all Germans in Germany
and that products not necessary for use in
Germany would be available for export in
order to pay for necessary imports.

In fixing the levels of industry no allow-
ance was made for reparations from current
production. Reparations from current pro-
duction would be wholly incompatible with
the levels of industry now established under
the Potsdam Agreement.

Obviously, higher levels of industry would
have had to be fixed if reparations from
current production were contemplated. The
levels of industry fixed are only sufficient
to enable the German people to become self-
supporting and to maintain living standards
approximating the average European living
conditions.

That principle involves serious hardships
for the German people, but it only requires
them to share the hardships which Nazi
aggression imposed on the average European.

PROGRESS NOT DENIED TO GERMANS

The German people were not denied, how-
ever, the possibility of improving their lot
by hard work over the years. Industrial
growth and progress were not denied them.
Being obliged to start again like the people
of other devastated countries with a peace-
time economy not able to provide them more
than the average European standard, the
German people were not to be denied the
right to use such savings, as they might be
able to accumulate by hard work and frugal
living to build up their industries for peace-
ful purposes.

That was the principle of reparations we
agreed to at Potsdam. And the United States
will not agree to the taking from Germany
of greater reparations than was provided by
the Potsdam Agreement.

The carrying out of the Potsdam Agree-
ment has, however, been obstructed by the
failure of the Allied Control Council to take
the necessary steps to enable the German

(Continued on page 26)

BIPARTITE BOARD APPROVES BASIC PRINCIPLES OF ECONOMIC UNITY

Basic principles of economic unity of the British and US Zones of Germany and bizonal committees for the implementation of these principles in the fields of food and agriculture, trade and industry, finance, communication, and transportation have been approved by the Bipartite Board on Economic Unity.

The unification plan in the field of trade and industry advanced toward realization last week with the presentation to German representatives of the two zones of an agreement based on British-US approval of German proposals for their joint economic administration. The agreement, approved by the British and US Military Governors, specifically provides for the inclusion at any time of the French and Soviet Zones.

BASIC PRINCIPLES LISTED

The basic principles for economic unification follow:

1. There will be established as nearly as practicable a common standard of living to include a common ration.

2. In order that this may be accomplished, the resources available in both zones will be utilized to the common advantage of both zones, to wit:

All indigenous resources essential to the agreed standard of living will be shared on the basis of need among the German population of both zones, except for those commodities which are subject to quadripartite agreement for allocation.

Surplus resources or agreed percentages of other resources will be made available for interzonal trade or for export.

3. A common import policy will be followed for both zones, and imports into either zone will be limited to agreed items and quantities to supplement indigenous resources and provide the agreed common standard of living.

4. A common export policy will be fol-

lowed for both zones and exports will be limited to agreed items and quantities.

For the implementation of these principles of economic unity it was necessary to modify to a certain extent present German, British and US organization in the two zones. The Laenderrat and Land-governments of the US Zone and German agencies in the British Zone will continue to function but will operate in conformity with the directives of the bizonal executive agencies to be established. Each of these executive agencies will have executive powers in its own field. They will operate closely in conjunction with corresponding functional agencies in the two zones, but when their findings have been approved by Military Government they will be mandatory.

The relationship between the individuals of these agencies and the German Land governments is that worked out by the German themselves. These German bizonal executive agencies will be located in various cities in the two zones but will not be centralized, since there is to be no joint capital for the two zones.

BIPARTITE CONTROL GROUPS

In order to supervise each German bizonal agency a small bipartite control group composed of US and British officers will be established adjacent to the German agency. This control group will serve primarily to coordinate contacts of Military Government personnel with personnel of the German agency and to serve as a channel of communication between the agency and US and British Military Government.

Each bipartite control group will function as a unit although composed of both British and US officers. The chairmanship will alternate between US and British officers every two months. The staff will serve to check and advise on activities of the German agency but will not be responsible for plans

or policy.

Functional experts in US and British Military Government in Berlin corresponding to the respective German agencies will meet at bipartite committees for the purpose of considering recommendations of the German agency in their particular field. These are the same division directors and branch chiefs functioning in these fields in the Allied Control Authority.

When the Deputy Military Governors meet together with their advisors in the same manner that the Coordinating Committee meets it will be known as the Bipartite Board. For all normal cases it is considered that the Bipartite Board will be able to rule on all issues arising out of the new arrangement.

POLITICAL UNITY NOT INCLUDED

It has been agreed that political unity is not an aim of the present arrangement and that economic matters which are primarily political in their nature will not generally be executed for the US and British Zones in common. This is in conformity with the spirit of Potsdam as regards economic unity and also as regards political decentralization.

The present arrangement is a step which is being taken towards the economic unity in Germany envisaged by Potsdam as a result of the inability at this time to obtain quadripartite agreement for measures to meet this condition for all of Germany. It has been made clear to the Soviet and French authorities that either or both of them are welcome to join on identical terms at any time. The functioning of this new arrangement will in some measure serve as an experiment to indicate the feasibility of the economic agencies envisaged by the Potsdam Agreement, because if such agencies effectively promote economic unity of the US and British Zones with mutual advantage to both, as is expected, there is no reason why similar agencies could not be formed for all of Germany.

It is expected that these new arrangements will reduce some of the restraints which prevent the German economy in the US and British Zones from being self-supporting at the present time and will improve the eco-

nomical condition of the German people, at the same time allowing a reduction in Allied subsidy to imports.

The plans for the various bizonal executive committees were proposed by the German Ministers of Food and Agriculture, Finance, Communications, Transportation, and Economics in the three Laender of the US Zone and the German Chiefs of the Central Offices in the corresponding fields in the British Zone.

Most of the plans at this time are taken up with organizational structure. The following additional points are included, however:

Food and Agriculture — to be located at Bad Kissingen.

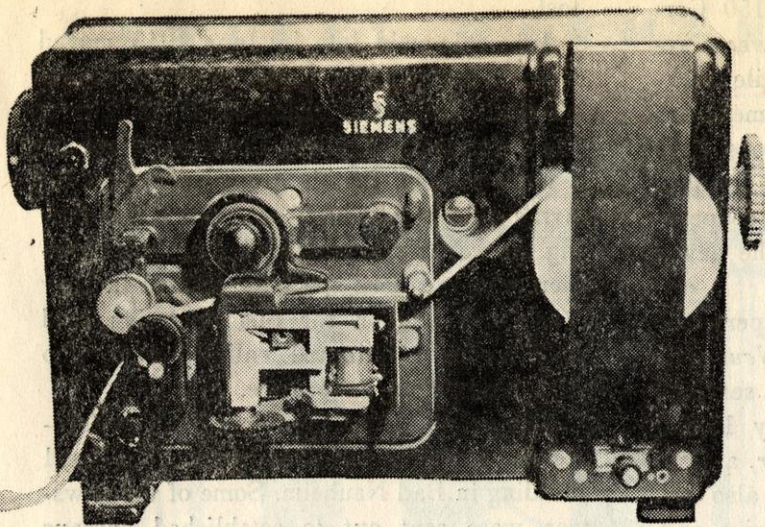
The Main Committee for Food and Agriculture shall make decisions on collection, delivery, processing and distribution of food; food rationing, accumulation of food reserves for special needs, equalization of food supplies among the participating Laender, distribution of food from abroad and from other zones of occupation, a production plan to be established yearly, allocation of fertilizer and agricultural machines, allocation of insecticides and pesticides, and requirements of seeds from abroad or of seeds locally.

Finance — to be located in the Frankfurt area.

The Committee will consider all financial problems affecting more than one zone, including taxes, customs duties and tax jurisdiction; basic questions of financial adjustment, budget legislation, treasury and accounting matters, public loans and financial statistics; war debts and occupation costs; legislation regarding public officials and salaries; dispositions regarding officials and public employees who have lost the authority which employed them; administration and utilization of Reich, Wehrmacht, Party and other blocked property; monetary and credit matters (in particular interzonal payments and credit transactions, banking, statistics, bank supervision, import and export financing, securities, currency); and insurance, except social insurance.

Economics (Trade and Industry) — to be

(Continued on page 25)



(Left) The Hellschreiber, a German type radio teleprinter, which DANA uses to service the licensed press with its daily 15,000 word news file. Photo by PRO, OMGUS

DANA

An important link between the German people of the US Zone and the outside world during the current occupation has been through DANA, the news service created, developed and controlled by US Military Government. All German-language newspapers, radio stations and other informational media in US occupied areas are provided by DANA with news of the world as well as news of developments within Germany.

The value of DANA was voiced by Brig. Gen. Robert A. McClure, Director of Information Control, OMGUS, on the first anniversary early this month of the origination of the name for the news service, when he said it "has played an effective part in the creation of German newspapers which would be responsible, democratic and truthful vehicles of public information."

"The press and news agencies of our country are perfect instruments of information," added the OIC Director. "They are subject to all the hazards which attend ac-

curate and objective news-gathering and news-distribution. Critics of the German press and news agency are prone to forget this, sometimes, and they overlook, too, the background of destruction and the difficulties which attended the rebirth of the German press.

"It is the hope and the belief of Military Government that DANA and the forty licensed German newspapers . . . will continue to serve as vehicles of truthful public information and courageous opinion in the months and years to come."

ORIGINALLY GNS

The name of DANA is nearly three months younger than the organization which was originally set up as the German News Service. Rather than translate the original name directly into German, DANA was devised by the GNS staff on 6 September 1945 from the initials of the *Deutsche Allgemeine Nachrichten Agentur*, meaning German General News Agency.

DANA, with its main offices in Bad Nauheim, near Frankfurt, and bureaus in all the important cities of the US areas, is staffed by a small group of Americans in key

supervisory positions and nearly 150 German writers and editors, most of whom received their journalistic training while working with the service. Its development has reached the point where negotiations have been initiated to organize it as a licensed enterprise owned and operated on a cooperative basis by the publishers of the newspapers in the US Zone.

The 40 licensed German newspapers, the US official zonal newspaper *Die Neue Zeitung* and the six radio stations are serviced by a news file of approximately 15,000 words a day over the *Hellschreiber*, a German-type radio teleprinter. They also receive a supplementary feature service and picture service.

UNBIASED NEWS PRESENTATION

From the beginning, DANA has sought to instill in the German press the idea of complete, factual reporting through unbiased presentation of the news, to replace the traditional German style of mixing fact and opinion and of writing news stories in a leisurely, discursive fashion which made objective accounts rare. US editors of DANA insisted on the use of American newswriting techniques such as the lead which tells the who, what, how, when and where of a story, and the building-up of detail so that a story can be trimmed from the bottom without losing essential information.

This policy did not find favor at first among the Germans, but gradually German editors and readers accepted these news techniques as conducive to greater objectivity. Pursuance of this policy was strengthened by the fact that public opinion surveys showed that the German people, wearied by years of tendentious writing, desired newspapers with news rather than opinion.

There was no news and informational service in Germany at the end of the war. That of the Hitler regime, the DNB (*Deutsche Nachrichten Buero*), had been completely nazified and integrated into the propaganda machinery. The personnel, because of its Nazi affiliations, could not be retained. Facilities had been destroyed, scattered and

lost.

Into this void late in June 1945 moved a small group under direction of the Psychological Warfare Division of SHAEF, later the Information Control Division, to set up a news service. In this group were two US Army officers who had been with PWD during the war, six experienced American newsmen who had been specially trained in New York and London for this operation, and half a dozen bilingual enlisted men who had newspaper experience.

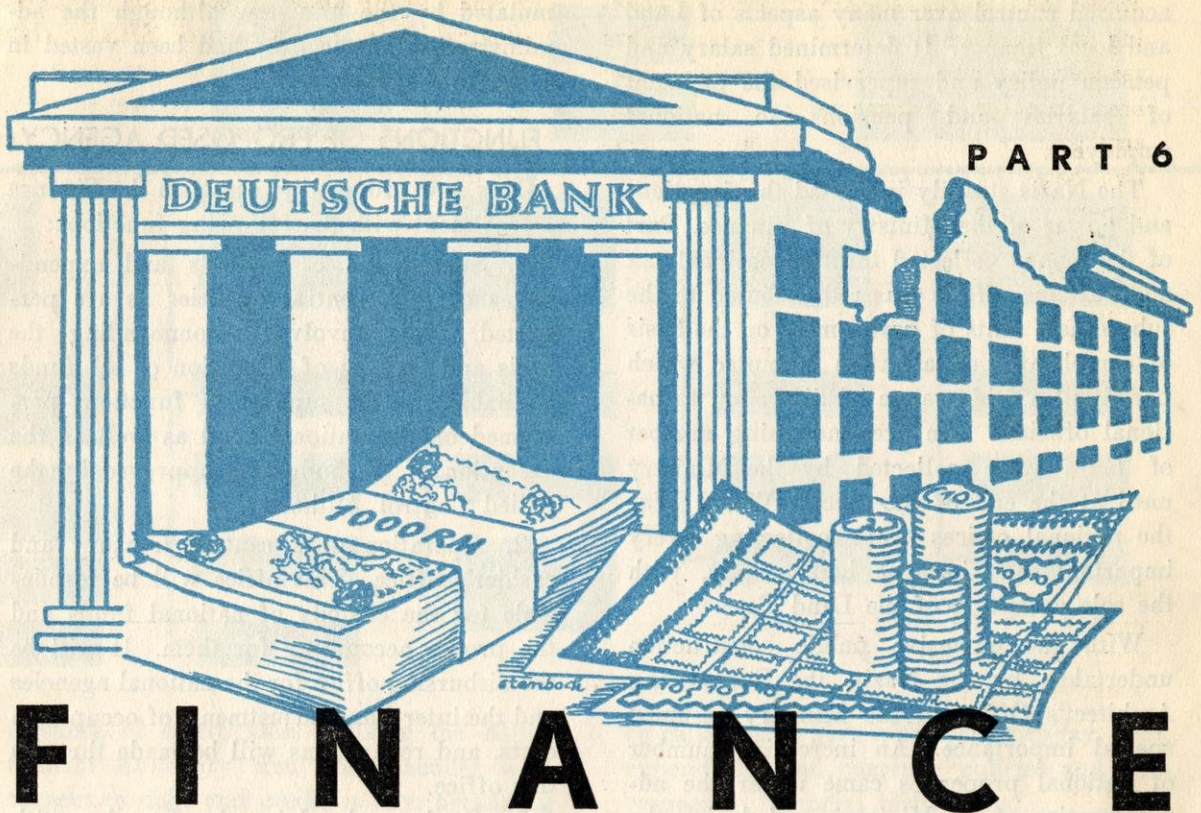
The group set up the German News Service in a single top-floor room in a hotel building in Bad Nauheim. Some of the newsmen were sent out to established bureaus in Munich, Frankfurt and Wiesbaden. One moved to Berlin with the first American entry into that city. Equipment was scarce, communications were almost nil and additional experienced personnel was slow in arriving. The most important news operations for the Germans at the time was the Publishing Operations Section of PWD which was supervising the US Army-established and operated German-language newspapers in various cities and towns of the US occupied areas. The activities of these newspapers ceased as soon as German newspapers were licensed in the same cities.

SOURCES OF NEWS

POS and GNS cooperated in exchanging news and coordinating operations. Local German news was brought generally to Bad Nauheim from the GNS bureaus by Army courier. World news was obtained from the Allied Press Service, a joint British-American news operation in London, and later from the United States Press Service in Luxembourg and in New York. Arrangements also were made to obtain German news from other occupied zones.

To keep American and Allied MG personnel informed on the news being furnished the German press, GNS established the "News of Germany," a four-page paper issued three times a week. This was published at first on a mobile printing plant which had moved with Psychological Warfare

(Continued on page 32)



PART 6

FINANCE

The Department of Finance will advise the Allied Control Authority and the Laender on matters of general financial policy applicable to all of Germany, prepare proposals for laws and ordinances in the field of finance, render financial service to other central German agencies — for example, budgets, custody of funds and property management — supervise the central banks of the Laender and the issuance of currency, and perform such other financial functions as the Allied Control Authority may assign to it. In general, it will be both an advisory and a service agency but will have no other operating or control functions unless specifically authorized to assume them by the Allied Control Authority. Its supervisory duties are limited to the fields of banking and of the other national agencies and it will have no field offices.

A German National Treasury was established in 1879 with a secretary of state as the head. It had custody of national funds,

supervised the budgets of national agencies, administered national property and the national debt, and proposed legislation for the level customs and consumption taxes. The National Treasury was also the financial advisor to the Chancellor. Taxes and customs were collected by the states, which also enacted all direct tax laws until 1914. The national government first enacted laws levying direct taxes in 1914.

MINISTRY OF FINANCE

The National Treasury became the Ministry of Finance in 1920 and its functions were progressively increased under the Weimar Republic. The Ministry drafted new tax laws, prepared and issued administrative ordinances for their enforcement, and took over the tasks of the National Treasury. Field offices were established under the Ministry and an increasing number of taxes were collected by these national customs houses and tax offices. A series of adminis-

trative supervising offices insured national control of the field offices. The Ministry acquired control over many aspects of Land and local finance. It determined salary and pension policy and supervised the payment of salaries and pensions to national employees.

The Nazis steadily increased the functions and power of the Ministry of Finance. Part of the money collected through national tax and customs offices was redistributed to the subordinate units of government on the basis of complicated equalization formulae which permitted a wide range of discretion to national officials. An ever-increasing number of taxes were collected by the Ministry until at the end of the second World War the national offices were collecting every important tax Germans had to pay, with the sole exception of the Land Tax.

With the extensive public construction undertaken by the Nazis, the Supervising Architect's Office in the Ministry assumed special importance. An increasing number of national properties came under the administration of the Ministry, and during the second World War the consolidation of the Prussian Ministry of Finance with the National Ministry greatly increased this aspect of its work.

INDIRECT OPERATIONS

In addition to these direct functions, the National Ministry acquired influence over a number of independent agencies of financial concern. In some cases there were interlocking personnel, in other cases general supervision was exercised, and occasionally appointments were approved by the Ministry. Among these agencies were the Alcohol Monopoly, which served as an instrument of excise tax administration; the Court of Audit, which audited Land and local accounts as well as those of the national agencies; the National Finance Court, which heard appeals from the finance courts which formed part of the tax administrative system; the Printing Establishment, in which currency, stamps, and bonds were printed, as

well as papers, reports, and government documents. Debt policy continued to be formulated by the Ministry, although the administration of the debt had been vested in a separate agency.

FUNCTIONS OF PROPOSED AGENCY

It is now proposed to establish the Finance Department with the following functions:

1. Supervision of budgets and expenditures of such central agencies as are permitted. This involves recommending the basis and amount of allocation of all funds available for the support of functions performed on the national level as well as the execution of the budget as approved by the Allied Control Authority.

2. Operation of a central treasury and cashier's office. This office will be responsible for the custody of national funds and the proper accounting for them. It will be the disbursing office for the national agencies and the inter-Land adjustments of occupation costs, and reparations will be made through this office.

3. Study and advise the Laender with respect to the coordination of their fiscal policies. It will recommend to the Allied Control Authority and the Laender the amount each Land will contribute for the support of central agencies, for occupation costs and reparations, and for other inter-Land financial settlements.

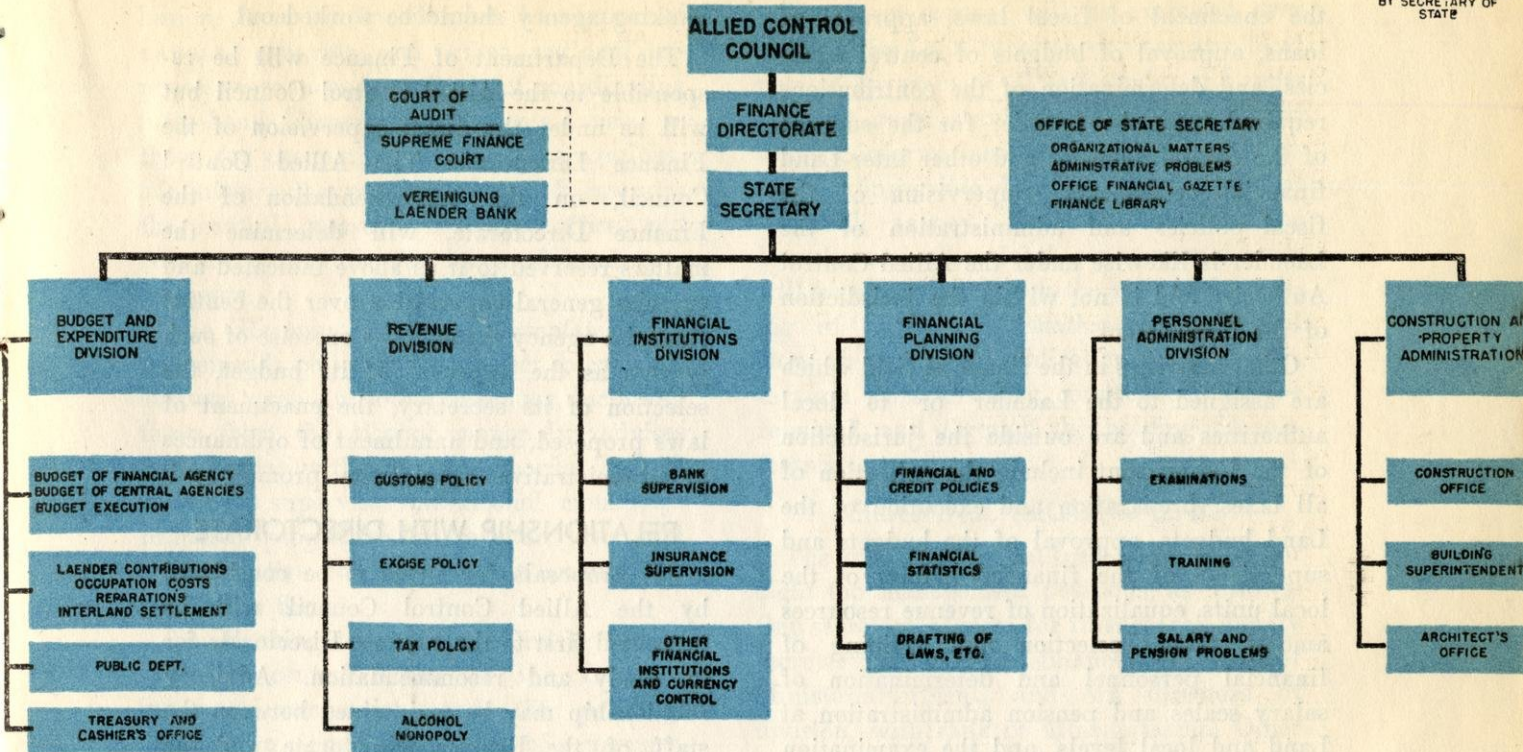
4. Advise the Allied Control Authority with respect to financial policy for Germany as a whole. This will involve the making of studies of the existing situation and probable future needs, with respect to budgetary policy, taxation, customs and other revenue policies, currency policies, and policies concerning banks and other financial institutions. It will include the drafting of proposals for laws and the drafting and promulgation, subject to the approval of Military Government, of the supplementary ordinances and regulations which may be necessary to carry the laws into effect.

5. Administration of the public debt. This will include keeping of debt records,

CENTRAL GERMAN ADMINISTRATIVE DEPARTMENT

FINANCE

LEGEND
 - SUPERVISED BY SECRETARY OF STATE
 - ADMINISTRATIVE SERVICES PROVIDED BY SECRETARY OF STATE



issuance of certificates, advising the Allied Control Authority and the Laender with respect to debt and credit policy, arranging for national loans when authorized by the Allied Control Authority, and providing the customary facilities for public loans.

ISSUANCE OF CURRENCY

6. Supervision of currency issuance. This will involve a supervision of the printing and distribution of currency and the maintenance of records of currency issuance and retirement, in order to carry out the currencies of the Allied Control Authority.

7. Supervision of Land central banks. This will insure that these banks are operated in conformity with the policies of the Allied Control Authority, and that they in turn carry out the necessary examinations and supervision of the private financial institutions in the various Laender.

8. Advise the Laender with respect to organization and procedures for the collection of taxes and customs, and with respect to the measures used for border control.

9. Maintain a bureau of financial statistics — to furnish the basis for advice it may

be called on to give with respect to tax, debt, expenditure and currency policies and with respect to financial institutions.

10. Publish an Official Financial Gazette as a service to other central agencies and to the fiscal authorities in the Laender.

11. Personnel Administration. This will involve the examination and training of necessary personnel for the central financial agency and the recommendation of measures to coordinate the training of financial personnel in the Laender.

ADVISORY GROUP FOR ACA

12. Advise the Allied Control Authority with respect to civil service salary and pension policies and to recommend measures to coordinate those policies in the Laender.

13. Supervise the construction and administration of national buildings at the seat of government and the maintenance of a central architect's office.

Certain activities in the financial field are excluded from the jurisdiction of the Department. The Allied Control Authority alone can give final decision on financial policy,

the enactment of fiscal laws, approval of loans, approval of budgets of central agencies, and determination of the contributions required from the Laender for the support of the central agencies and other inter-Land financial settlements. Supervision of the fiscal policies and administration of the Laender is likewise under the Allied Control Authority and is not within the jurisdiction of the Department.

Other activities in the financial field which are assigned to the Laender or to local authorities and are outside the jurisdiction of the Department include the collection of all taxes, preparation and execution of the Land budgets, approval of the budgets and supervision of the financial affairs of the local units, equalization of revenue resources among them, selection and training of financial personnel and determination of salary scales and pension administration at Land and local levels, and the examination and supervision of banking, apart from the Central Banks of the Laender.

OTHER FINANCIAL ACTIVITIES

Certain financial activities are to be undertaken by agencies independent of the Department so far as policies and operations are concerned but closely related to it and attached to it for administrative services, such as personnel and supplies. These include the auditing of public accounts to be undertaken through a Court of Audit to be established by and directly responsible to the Allied Control Authority; the interpretation of financial legislation and ordinances in the last resort to be undertaken by a Finance Court to be established by and responsible to the Allied Control Authority; and the coordination of the operations of central banks of each of the Laender. In this latter field banking coordination will be secured and the financial requirements of the German economy, reparations, exports and imports, and reconstruction will be balanced through an agency to be established under the direct supervision of the Allied Control Authority. After the Department is established, close liaison with any central

banking agency should be worked out.

The Department of Finance will be responsible to the Allied Control Council but will be under the direct supervision of the Finance Directorate. The Allied Control Council, on the recommendation of the Finance Directorate, will determine the matters reserved to it as above indicated and exercise general supervision over the central financial agency through the exercise of such powers as the approval of its budget, the selection of its secretary, the enactment of laws proposed, and annulment of ordinances or administrative regulations promulgated.

RELATIONSHIP WITH DIRECTORATE

All proposals for items to be considered by the Allied Control Council will be presented first to the Finance Directorate for its study and recommendation. Advisory relationship may be maintained between the staff of the Finance Directorate and the Divisions of the Central Financial Agency, but all orders to it will come from the Allied Control Council or the Directorate and all communications from the agency will be addressed to it or to the Allied Control Council.

The responsible head of the central financial agency is to be the Secretary for Finance. He is to be responsible to the Allied Control Authority for the work and functioning of all divisions in the Agency.

OFFICE OF SECRETARY OF STATE

The Finance Department will be organized into the Office of the Secretary of State and six divisions. The Office of the State Secretary will pass on organizational and administrative matters, will publish the official financial gazette, and will maintain the finance library.

The Budget and Expenditure Division formulates and recommends the budget of the financial agency and supervises the budgets of other national agencies; supervises the execution of these budgets when approved; performs pre-audit functions, and executes the budget of central agencies; recommends the amount and basis of contri-

butions from the Laender for the support of national agencies and other national expenses; recommends methods of coordinating inter-Land financial settlements such as those for occupation costs and reparations; administers the public debt; and operates the central treasury cashier's office and customary facilities for loans of local governments.

The Revenue Division formulates and recommends policies with respect to customs, excises, taxes, and other revenues, including those from the alcohol monopoly; advises the Laender with respect to border control measures; supervises the alcohol monopoly; prepares proposals for revenue laws and administrative ordinances and regulations relating to them.

The Banking and Currency Division supervises the central banks of the Laender, insurance companies, and the printing, distribution and retirement of currency, and maintains records necessary to carry out the banking and currency policies of the Allied Control Authority.

FINANCIAL PLANNING DIVISION

The Financial Planning Division formulates and recommends policies and plans for coordinating financial policies with any centrally established banking agency, other central agencies, and the Laender; operates a bureau of financial statistics; drafts and recommends regulations, orders, and proposals for laws on financial matters.

The Personnel Administration Division examines and trains personnel for the central financial agency; advises on coordinating the training of financial personnel in the Laender; and advises the Allied Control Council with respect to salary, pension, and accident compensation matters affecting national employees.

The Construction and Property Administration Division administers nationally-owned buildings, except those used by the Transport and Postal Agencies; maintains the central architects office; and proposes plans and supervises the construction of any new structure or improvements.

No direct control will be exercised over any similar Land function or over any local unit of government. The Laender and units of local government will be required to furnish informational and statistical reports to the appropriate divisions of the central financial agency. Coordination with the Laender and other local governmental units will be effected through the mutual furnishing of advice, information and statistical data, through the publication of a gazette, through such advisory councils as may be required, and through the holding of conferences.

PERSONNEL REQUIREMENTS

The organization outlined above calls for eight top management positions, as follows: One secretary of state for finance, one deputy secretary of state for finance with rank of Ministerialdirigent, and six directors of division, with rank of Ministerialrat. Other personnel are to be selected by the official in the top management position who is to be in charge of the employee's work. Permanent selection will be made after competitive examination. The organization outlined above will require about 157 employees, including about 108 officials of all grades.

SITE OF HEADQUARTERS

The headquarters of the central financial agency should be located in the same city, and if possible, in close proximity to the headquarters of the other central agencies. Since one of the chief functions of Finance is to service the other agencies, it is highly desirable that it be near them. For the performance of its advisory functions, close proximity is not necessary, and hence the agency need not necessarily be located in the same city as the Allied Control Council.

The organization would require about 87 office rooms. Special office space is required for the cashier's office and it should contain suitable vault and cage equipment. In all, not less than 14,000 square feet of floor space would be needed.

Technical equipment which would be re-

(Continued on page 25)



CONSTRUCTION

The scenes on these two pages form a composite picture of reconstruction activity which might have been taken in any of a dozen or more cities of the US Zone. Despite

the critical shortage of manpower and essential building materials, progress is being made toward repairing the extensive damage caused by the war. Under the supervision of Military Government German civilian workers are clearing and repairing war-torn streets, rebuilding blasted houses and restoring transportation and communication facilities.

(Above left) German civilians repair a cobblestone street in Stuttgart; (below left) workers rebuilding a house in Mannheim; (center) workmen breaking up a huge sandstone boulder in what was once Frankfurt's main street; (below right) repairmen put back into service a damaged trolley line.

Signal Corps Photos





Looted Art Recovered

The recovery of three paintings from the looted collection of Nazi Reichsleiter Alfred Rosenberg was announced by the Monuments and Fine Arts and Archives Section, Economics Division, OMGUS.

The three paintings include a group scene by the Flemish master, Dirk Hals, a portrait by the Flemish master, Harman Hals, and a portrait by a member of the Watteau school, probably Lancret. The values of the first two paintings are respectively estimated at \$2,500; the one presumed to be by Lancret at between \$15,000 and \$20,000.

These paintings were originally stolen by the Nazis from Dutch or French owners and were hung in Rosenberg's Berlin villa where they remained until the Russians entered the city when they were again looted, this time by German civilians. A German policeman recognized the paintings, recovered them, and turned them over to the temporary assistant mayor of Schmargendorf, Berlin, for safe-keeping. The paintings remained on the wall in his office when he was dismissed.

The paintings were located and identified recently by an OMGUS art intelligence officer. They were taken into custody by British authorities until it can be established from which country they were looted. They will then be returned to their rightful owners.

Identity Card Program

Postponement of completion of the identity card program for German civilians of the US Zone has been disapproved by OMGUS. The request made because of difficulties in procuring the necessary type of paper and photographic materials, would if approved have extended the deadline from 30 September to next February.

Calling attention to previous action taken to expedite release of cameras, film and other

photographic materials, OMGUS officials, stated:

"Reports received by Office of Military Government for Germany from German Laender officials, through the Land offices, and from Military Government field representatives indicate that sufficient quantities of necessary raw materials and photographic supplies are already available or can be made available to the Land Governments to permit completion of the registration card program by 30 September 1946, the present target date, providing instructions are followed for requesting, through the Laenderrat, exact amounts of materials desired to be released from requisitioned stocks."

British Zone Activities

Fifteen Hamburg restaurants have been closed by the British authorities for suspected black market dealings. It is reported that wines, believed to have been smuggled into the town from other zones, were being sold at current black market prices in these restaurants.

To ensure that dishonest and undesirable Germans are not engaged as domestics by British married families, a "black list" is being compiled of German mess, club, billet and other domestic employees who have been discharged after conviction for theft or other malpractices.

Fifteen lecturers from training colleges, universities and schools in Britain are visiting the British Zone in connection with adult education. After an initial briefing, members of the group will go to Berlin, Hamburg, Hannover, Oldenburg, Westphalia, Hildesheim and North Rhine, remaining in those areas for about a month.

During the second week of this month Great Britain imported 5,141 tons of food-stuffs into Hamburg, exclusively destined for the German population in the British Zone. Among the imports were: 1090 tons

of barley, 529 tons of tinned meat and vegetables, 2 tons of cocoa powder, and large consignments of fish.

Besides giving a certain number of lectures, the visitors will hold regular tuition classes with small groups of people drawn from teacher training units, youth clubs, and trade unions.

Personnel Changes

M. S. Szymczak, member of the Board of Governors, Federal Reserve System, has become Chief of the Trade and Commerce Branch, Economics Division, OMGUS. He succeeded Frederick Winant who is returning to the United States after 14 months as head of the branch.

Richard F. Howard, former director of the Dallas Museum of Fine Arts, has been named Chief of the Monuments, Fine Arts and Archives Section, OMGUS. He succeeded Major L. Bancel La Farge who had served as section chief since 15 July 1945.

Col Stephan A. Park, has been appointed Deputy Director for Administration, Economics Division, OMGUS. He has been Executive Officer of the division.

Frederick G. Hulse has been named Deputy Chief of the Restitution Branch, OMGUS.

Recent assignments in USFET personnel include: Maj. Gen. Clarence R. Huebner as Chief of Staff; Maj. Gen. Withers A. Burgess as Assistant Chief of Staff, G-2; Maj. Gen. Edwin P. Parker, Jr., as Inspector General; Col. James P. Murphy as Chief of the Dependents School Service.

New Function for AES

The Army Exchange Service will assume responsibility for the operation of laundry, dry cleaning, pressing, tailoring and shoe repair facilities for officers and authorized civilians before 1 November. The operation of these services by the Office of the Theater Chief Quartermaster will be discontinued, and the Chief of Special Services will determine which installations are to be taken over.

Nazi Flags Put to Good Use

Hundreds of Nazi flags and signal pennants are now being made into childrens dresses by Displaced Persons at an UNRRA school in Lubeck. More than fifty different articles are being produced at the school, and the products have already aroused great interest in fashion circles outside Germany.

Seventy Latvian and Estonian girls from surrounding DP Centers are working at the school where they strip flags down to make lengths of cotton and cut up Luftwaffe parachutes to provide silks for embroidery work. One of the articles, slippers, are made from woollen sashes lined with German bunting and decorated with lace and creamed silk. Another job is weaving of intricate national designs into linen table cloths, scarves and dresses.

Publishing Survey

The Office of the Director of Information Control is conducting a survey to prevent unauthorized small scale publishing in the US Zone. The survey, which will be completed by 20 September, will include information on all newspapers and periodicals being published, the number of copies of each, source of newsprint or other paper used, names of responsible publishers or editors and areas of distribution if known.

Transport Continues Free

Transportation on all German local public transport systems in the US Zone is to continue free to US military personnel, US civilian employees, Allied military and civilian personnel in uniform and all other persons possessing proper AGO cards, according to an OMGUS directive. All other persons will pay standard fares except those persons who may be authorized free transportation by German public transport enterprises. A USFET directive provides that, except in the performance of official duties, the entry or travel in Reichspost railroad mail cars is prohibited to all US, Allied or other personnel and agencies, both military and civilian.

US ZONE NEWS BRIEFS

The war potential of 66 plants for aircraft and munitions manufacturing has been completely eliminated in the US Zone by dismantling and destruction.

A hide and leather controller has been appointed by the Laenderrat in an attempt to eliminate the bottle-neck in hides and to distribute leather equitably. Shoe repairs as well as shoes are now rationed because of a scarcity of leather.

For identification of barge crews crossing the German-Austrian border, the Combined Travel Security Board has agreed to issue the "Exit Military Permits" approved by the Joint Board for Control-Operations of Craft Movement on the Danube River.

Between 15 and 30 percent of all motor vehicles being used now in German operations in the Zone are expected to become unserviceable by the end of 1947.

Nine additional trawlers have been released from minesweeping operations for conversion to fishing vessels for the Wesermuende fleet.

TRANSIT RAIL CHARGES

At the direction of the Quadripartite Transport Directorate, a study will be made every six months, or as frequently as necessary, to determine the coefficient to be applied to the Reichsbahn regular passenger fare schedules existing as of 1 January 1939 in order to maintain transit rail charges in Germany on a parity with corresponding charges in neighboring countries.

An estimated 30,000 pairs of children's shoes can be made from scrap leather which will become available from cutting down 50,000 pairs of US Army cavalry boots for use of the US Army Constabulary.

More than 1,000 ikons are being returned to the Soviet Union under the program of returning German loot.

The first Land trade union federation in the US Zone has been formally formed in Wuerttemberg-Baden. Preparatory steps are being taken to organize similar federations in Greater Hesse and Bavaria.

The newly approved franking machine impression for use in the British, Soviet and US Zones must be installed by 31 December, according to quadripartite decision.

The Hessische Nachrichten, newspaper published in Kassel, was granted permission to publish four times weekly instead of three.

MUNICH YOUTH GROUP

The Munich Youth Committee has obtained a bomb-damaged building, formerly belonging to the Nazi Party, for use as its new headquarters.

The Laenderrat has passed a statute implementing the functions of its Berlin office so that the Berlin representatives may deal directly with German officials in Berlin from the other zones.

Twenty-two thousand tons of food arrived from the United States in August for German use. In July 165,000 tons were imported from the United States, but this amount included some backlog from preceding months.

Nearly nine million cans for meat and three million cans for vegetables, potatoes and mixed products are planned to be manufactured in the US Zone during the remainder of the year.

PUBLIC HEALTH COMMITTEE

The formation of a public health committee has been recommended to the Laenderrat by MG. The committee's functions would include recommendations on public health problems common to the three Laender, comment on Laenderrat action affecting the medical profession, and study of establishment of a zonal public health statistical office.

25,000 bales of cotton imported from the United States are being distributed to mills in the Zone. It is estimated that the zonal spinning and weaving capacity can process 65,000 tons of raw cotton per year.



RESULTS OF SOVIET ZONE ELECTIONS REVIEWED BY BERLIN NEWSPAPERS

Results from the local elections in Saxony, the first of three held in areas of the Soviet Zone on consecutive Sundays, were prominently reported and interpreted in the Berlin press. The report by **SNB**, the Soviet news service in the zone, said 93.6 percent of the eligible voters participated. Out of 3,322,342 votes cast, 2,996,364 were valid. The breakdown among parties was given as SED 1,608,851, LDP 671,271, CDU 655,147, Farmers Aid 29,493, Womens Committees 24,663, others 6,939.

The **SNB** quoted a Berlin dispatch of **DANA**, US-controlled news service in the US Zone, as reporting that ten American correspondents who observed the elections at first hand unanimously agreed that the elections were free and had been conducted properly. "They reported the elections were entirely quiet and they had not been obstructed in checking the elections," the dispatch said. "In various places they watched the counting of the ballots. This was carried through openly so that everyone had a chance to observe this. The voting was secret in the truest sense of the word."

Arno Scholz in the British-licensed **Telegraf** interpreted the elections as a "defeat of the labor movement," pointing out that the expectations of the SED were not fulfilled. "The cities clearly decided against the SED," the writer contended, pointing out that the Social Democrats were barred from running candidates and the large cities witnessed bourgeois majorities. He recalled that Saxony has always been a socialist stronghold.

The US-licensed **Tagesspiegel** declared the voting in the eastern zone was not influenced from the outside, the voting propaganda had

nothing in common with the expression of the will of the voters and the German people have shown they will not accept everything without objection. "The most important thing was that the voters really voted and did not merely say 'yes,'" the newspaper asserted. "The results present a rather surprising clarification of the ideological conflict between the Marxist, socialist and bourgeois lines, and also prove that the democratic development proceeds in spite of all pessimistic speculations."

Likewise, the French-licensed **Kurier** declared the sweeping majority expected by many persons for the SED was not realized, citing the fact that in many of the larger cities the bourgeoisie parties received large votes. "Thus it is shown," the paper adds, "that the political experiment of this voting — namely, the joint action of the Social Democrats and Communists in a uniform political organization — has not had the results expected by the supporters of unity." More important than all party problems is the fact that the elections were carried out on a democratic basis, it noted.

The **Tagliche Rundschau**, overt Soviet newspaper in Berlin, pointed out that the Saxonian voters "gave most of their votes to the Socialist Unity Party" but added that the LDP gained more votes than the CDU. It observed that all parties supported reconstruction but the SED had set the pace. The **Neue Zeit**, CDU organ, declared the elections were a milestone on the democratic road. British-licensed **Socialdemocrat** noted that in the smaller communities where only the SED and Farmers Aid lists were drawn

up the figure of invalid votes was particularly high.

The **Neues Deutschland**, SED central organ, said, "Never have such elections as these taken place in Germany, and above all, never have German men and women gone to the balloting places so completely free as in these first community elections in the Red Army-occupied zone of Germany . . . The population showed it is honestly ready and determined to make the greatest efforts to set up a free and democratic state, a uniform and peaceful country which honestly strives for friendship with the other nations."

Radio Berlin Status

In a short report of a recent Kommandatura meeting in Berlin, the British-licensed **Telegraf** declared the American commander proposed that Radio Berlin be brought under four-power control.

"The broadcasting studio and administrative buildings are in the British Sector and the transmitting station in the French Sector, noted the **Telegraf**, adding that the entire station is under Russian control.

"The station was taken over after Berlin's occupation and was left to the Russians when the other three Allies came to Berlin because at that time no other radio station was working in the Russian zone.

"In the meantime, however, the Russians started work and set up broadcasting stations at Weimar, Leipzig and Schwerin and other small places." The Kommandatura session decided to tackle the whole matter again, concluded the report.

Papers Confiscated

A DANA dispatch which appeared in the **Telegraf** and the **Tagesspiegel** in Berlin reported that the American member formally protested at a recent Kommandatura session against the confiscation of **Die Neue Zeitung** and **Tagesspiegel** in the Soviet Sector of Berlin.

"The papers probably were forcibly taken from newsstands by Soviet military and Ger-

man police for reports on the SPD meeting and for critical articles on political leaders of the SED," continued the dispatch, noting a similar protest was lodged by the British commandant for confiscation of the **Telegraf** and **Sozialdemokrat**.

"The Soviet commander, Alexander Kotikov, declared . . . he will not permit any attacks against the occupation forces," noted the report.

"When the American and British representatives called attention to the fact that the **Taegliche Rundschau**, official organ of the Red Army in Berlin, raised charges saying that the American and British press supports or permits anti-Soviet propaganda in preparation for a new war, the Soviet commander did not answer," declared the report.

"At the same time," concluded the dispatch, "the matter is being treated by the Allied Control Council."

Zonal Unity, Civil Service Discussed by US Zone Press

The weekly analysis by the Office of Information Control, OMGUS, of the newspapers of the US Zone showed that the bulk of the space was devoted during the week of 25—31 August to German news. Plans for an administrative office of economics for the US and British zones and the establishment of the central food committee maintained interest in zonal unity. Reorganization of the German civil service was top news in some issues. Editorial comment was gloomy in reference to the Paris Peace Conference. Special features marked Goethe's birthday.

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The **Weser Kurier** (Bremen) directed a challenge to the populace of Bremen to put an end to rumors that various former Nazis have been overlooked in the denazification program. The **Kurier** published an announcement by the Director of MG for the Bremen Enclave, calling on the people to point out Nazis who still have important positions.

* * *

In an article discussing the disparity be-

(Continued on page 31)



ARTICLE VIEWED AS UNDERLINING NEED FOR WORLD ATOM CONTROL

The *New Yorker* magazine's departure from its normal content to devote an entire issue to an account of what atomic bombing horror and destruction can mean in terms of individual human beings was widely commended by newspaper editorial and radio commentators. The popular weekly humor magazine carried a lengthy account of the aftermath of the bombing of Hiroshima, Japan, last August, written by author and playwright John Hersey.

This account, observers agree, graphically underlines the crying need for world-wide awareness of the terrible implications of the atom bomb and the urgent necessity for adopting a sound international plan for control of atomic bomb.

The *New York Times* said in part: "The *New Yorker* normally carries pungent comment, good reporting, able criticism and much other material that is not intended to provoke laughter. Still, in text and pictures, the laughter is usually there. This week it is not, for the entire magazine has been given over to John Hersey's account of what happened to six principal characters and about 245,000 others in the Japanese city of Hiroshima on 6 August, 1945 and thereafter.

"What happened to about 100,000 is clear. They died. What happened to the lucky six is an example of what human beings can endure and not die. Every American who has come to regard them as just one sensational phenomenon that can now be accepted as part of civilization, like an airplane or gasoline engine, or has allowed himself to speculate as to what we might do with them if we were forced into another war, ought to read Mr. Hersey

"Disaster at Hiroshima and Nagasaki were our handiwork. They were defended then, and are defended now, by the argument that they saved more lives than they took — more lives of Japanese as well as more lives of Americans The argument may be sound or may be unsound. One may think it sound when he recalls Tarawa, Iwo Jima and Okinawa. One may think it unsound when he reads Mr. Hersey. History is history. It cannot be undone. We have had pictures of what an atom bomb, or many atom bombs, could do to an American city. Naturally they have appalled us.

"We might also ask ourselves if we could endure the burden of conscience if it ever again seemed necessary to us to drop atomic bombs, and we did drop atomic bombs, on a foreign city."

The *New York Herald Tribune* commented: "Mr. Hersey's story of Hiroshima should be read—widely read—and read with grim knowledge that the dilemma of the atomic bomb has not yet been resolved. It should provide a counterpoint for every study of the day's news. When a mob parades gesticulating through Trieste, it is worth while remembering the thousands who fled Hiroshima, torn and burned, walking with their heads bowed and showing' no expression whatever'. When diplomats exchange noisy invective, their words should be measured against the terrible silence that reigned in a grove by the river in Hiroshima, where hundreds suffered and died without weeping or moaning. No international situation should be weighted without putting Hiroshima in the scales"

Radio commentator **Quincy Howe**: "States-

men who cannot outgrow the balance of power politics, or think beyond a sphere of influence, will do well to consider the example which the *New Yorker* magazine has just set all of us."

Radio commentator **Martin Agronsky**: "Nothing in the world is so important as to see that no human beings anywhere else in world should ever be permitted to suffer so terrible a result of man's inhumanity to man as the people of Hiroshima suffered."

Elections Seen as Revealing Purposes of Allied Powers

Under the title of "Elections in Germany," a recent editorial in the *New York Herald Tribune* said: "The confusion and political cynicism in Germany are still so predominant as to make elections there relatively unimportant as indications of the trend of public opinion. Without present responsibility for the conduct of the most important aspects of a German government, without any clear notion of what constitutes Germany today or what will constitute it tomorrow, German politicians must operate very largely in a vacuum — like a high-school class in civics or government which transforms itself into a Senate of the United States and debates the issues of the day. The principal present significance of elections in Germany, therefore, is the light they shed on the methods and purposes of the occupying powers.

"The elections which have taken place within the American Zone in Germany were criticized as premature, as not permitting a sufficiently thorough denazification of the voting lists. The Americans were anxious to begin Germany's re-education in the democratic processes, perhaps over-anxious. But, if their haste allowed some weighing of the results on the conservative side this distortion was probably not excessive. The Russians, for their part, seem to be stacking the cards assiduously in favor of the Communist-Socialist union which they sponsored in their zone. They may argue that in this they are simply doing what the Americans

failed to do in the way of denazifying German politics, but it seems probable that the result will be a smashing "victory" for the Socialist Unity Party and the virtual establishment of that group as the sole party in the Russian Zone.

"To be sure, the Russians have not insisted on that single slate of candidates which is so popular in other portions of the Russian orbit. Indeed, it is reported that the threat of the head of the Christian Democratic party to dissolve his group in the Russian Zone and to boycott the elections induced the Soviet Zone to allow greater representation to the Christian Democrats on the ballot; the Russians do not, therefore wish to affront Western sentiment openly. But the whole direction of their policy in regard to the formation of the Socialist Unity Party and the conduct of the elections makes it plain that they are seeking the dominance of a single party under Russian aegis. It is in the light of this intention that the returns from . . . elections in the Russian Zone must be studied."

World Education Group

US newspapers, emphasizing the importance of education as the key to world peace, expressed hope for success of a new world organization of the teaching profession set up by delegates from 30 nations. Regarding a proposal made at the recent conference for a world-wide plan to exchange thousands of students and teachers, it was pointed out that the US State Department has already adopted a far-reaching program implementing such exchange.

The *Washington Post* said, "It was a sense of their own high responsibility which brought teachers together; and their awareness of this responsibility may be taken as one of the most hopeful auguries in a troubled world. Cure by education is a long and slow cure; but it is the only thorough and permanent one. We hope that the newly founded world organization of the teaching profession will grow and thrive in pursuit of its splendid purposes."

BIZONAL UNITY *(Continued from page 8)*

located at Minden, Westphalia.

The Main Economics Committee will enact directives valid for all participating Laender and administrative units on matters of basic principles of the general German economic law and economic penal law; foreign trade production of goods, including mining; distribution of goods including control of sales and consumption; trade between the German Laender; price formation and price control; industrial standardization; economics statistics; basic problems of energy (gas, water, electricity).

Transportation — to be located at Bielefeld, except for the Maritime Agency which will be at Hamburg.

Full details of plans in the field of transportation have not been ironed out, but agreement has been reached on establishment of a uniform tariff and rates policy, allocation of supplies available for the entire transport system, principles of transport policy and exclusive legislation on principle legal maxims for general German transport law; railways used for general transport; inter-Land, interzonal and international highway transport; waterways used for general transport, and inland navigation; maritime shipping, sea waterways, navigation marks and piloting with the exception of harbor piloting.

There will be also a communication agency, but its organization and location have not

been decided.

Following the presentation of the agreement for implementing the unification plan on trade and industry in Frankfurt last week, the German representatives began work on planning the details of the administration through which they will carry out the functions delegated to them. The German committee handling this work is composed of the ministers of economics of the three Laender of the US Zone and three Germans nominated by the British Military Government.

While principal responsibility in the economic field was assigned to this bizonal organization, it was stated definitely that the central office of economics in the British Zone and the economic council of the Laenderrat in the US Zone will continue to function. However, the Laender will be obliged to carry out the decisions of the committee.

The economic executive committee, in addition to enacting directives valid for all participating Land and administrative units on economic matters dealing with trade and industry, will cooperate with the joint committee for finance on questions of bank and credit policy insofar as they affect trade and industry. It will establish its own bylaws and organize its own administrative agency.

Pending general decisions on financing, the cost of the administration will be borne equally by the British and US Zones.

CENTRAL GERMAN AGENCIES *(Continued from page 15)*

quired would include the following: vaults, business machines, calculators, statistical machines, adding machines, typewriters and drafting equipment. This is in addition to the usual office furniture of desks, tables, files, chairs and shelving. A finance library containing essential records, laws, and documents of the National Ministry of Finance and treatises on public finance problems will also be needed.

No information is available concerning the quantity or types of equipment available for the initial use of the organization outlined above. It seems reasonable to assume,

however, that the organization will be forced to use existing equipment, since new equipment is largely unobtainable. If this used equipment is requisitioned, it will be acquired at the legal prices.

On the basis of the German government pay tables as of 1944, with authorized additions for longevity and dependents, the personnel cost is estimated at RM 1,400,000 per year. Cost of other than personal service is estimated at RM 600,000 per year, based on the ratio between personnel and other than personal service in the 1943 budget for the Ministry of Finance.

economy to function as an economic unit. Essential central German administrative departments have not been established, although they are expressly required by the Potsdam Agreement.

The equitable distribution of essential commodities between the several zones so as to produce a balanced economy throughout Germany and reduce the need for imports has not been arranged, although that too is expressly required by the Potsdam Agreement.

The working out of a balanced economy throughout Germany to provide the necessary means to pay for approved imports has not been accomplished, although that too is expressly required by the Potsdam Agreement.

The United States is firmly of the belief that Germany should be administered as an economic unit and that zonal barriers should be completely obliterated so far as economic life and activity in Germany are concerned.

The conditions which now exist in Germany make it impossible for industrial production to reach the levels which the occupying powers agreed were essential for a minimum German peacetime economy. Obviously, if the agreed levels of industry are to be reached, we cannot continue to restrict the free exchange of commodities, persons and ideas throughout Germany. The barriers between the four zones of Germany are far more difficult to surmount than those between normal independent states.

The time has come when the zonal boundaries should be regarded as defining only the areas to be occupied for security purposes by the armed forces of the occupying powers, and not as self-contained economic or political units.

That was the course of development envisaged by the Potsdam Agreement and that is the course of development which the American Government intends to follow to the full limit of its authority. It has formally announced that it is its intention to unify the economy of its own zone with any or

all of the other zones willing to participate in the unification.

So far only the British Government has agreed to let its zone participate. We deeply appreciate their cooperation. Of course, this policy of unification is not intended to exclude the governments not now willing to join. The unification will be open to them at any time they wish to join.

FAVOR COMPLETE UNIFICATION

We favor the economic unification of Germany. If complete unification cannot be secured, we shall do everything in our power to secure the maximum possible unification.

Important as economic unification is for the recovery of Germany and of Europe, the German people must recognize that the basic cause of their suffering and distress is the war which the Nazi Dictatorship brought upon the world.

But just because suffering and distress in Germany is inevitable, the American Government is unwilling to accept responsibility for the needless aggravation of economic distress that is caused by the failure of the Allied Control Council to agree to give the German people a chance to solve some of their most urgent economic problems.

So far as many vital questions are concerned, the Control Council is neither governing Germany nor allowing Germany to govern itself.

A common financial policy is essential for the successful rehabilitation of Germany. Runaway inflation accompanied by economic paralysis is almost certain to develop unless there is a common financial policy directed to the control of inflation. A program of drastic fiscal reform to reduce currency and monetary claims, to revise the debt structure and to place Germany on a sound financial basis is urgently required.

The United States has worked hard to develop such a program but fully coordinated measures must be accepted and applied uniformly to all Zones if ruinous inflation is to be prevented. A central agency of finance

is obviously necessary to carry out any such program effectively.

It is also essential that transportation, communications and postal services should be organized throughout Germany without regard to zonal barriers. The nation-wide organization of these public services was contemplated by the Potsdam Agreement. Twelve months have passed and nothing has been done.

GERMANY'S NEED FOR FOOD

Germany needs all the food she can produce. Before the war she could not produce enough food for her population. The area of Germany has been reduced. The population of Silesia, for instance, has been forced back into a restricted Germany. Armies of occupation and displaced persons increase demands while lack of farm machinery and fertilizer reduce supplies. To secure the greatest possible production of food and the most effective use and distribution of the food that can be produced, a central administrative department for agriculture should be set up and allowed to function without delay.

Similarly, there is urgent need for the setting up of a central German administrative agency for industry and foreign trade. While Germany must be prepared to share her coal and steel with the liberated countries of Europe dependent upon these supplies, Germany must be enabled to use her skills and her energies to increase her industrial production and to organize the most effective use of her raw materials.

Germany must be given a chance to export goods in order to import enough to make her economy self-sustaining. Germany is a part of Europe; and recovery in Europe and particularly in the adjoining states will be slow indeed if Germany with her great resources of iron and coal is turned into a poor house.

When the ruthless Nazi Dictatorship was forced to surrender unconditionally, there was no German Government with which the Allies could deal. The Allies had tempor-

arily to take over the responsibilities of the shattered German State, which the Nazi Dictatorship had cut off from any genuine accountability to the German people. The Allies could not leave the leaders or minions of Nazism in key positions ready to reassert their evil influence at the first opportunity. They had to go.

But it never was the intention of the American Government to deny to the German people the right to manage their own internal affairs as soon as they were able to do so in a democratic way with genuine respect for human rights and fundamental freedoms.

The Potsdam Agreement concluded only a few months after the surrender bound the occupying powers to restore local self-government and to introduce elective and representative principles into the regional, provincial and state administration as rapidly as was consistent with military security and the purposes of military occupation.

The principal purposes of the military occupation were and are to demilitarize and denazify Germany but not to raise artificial barriers to the efforts of the German people to resume their peace-time economic life.

ALIEN DICTATORSHIP BARRED

The Nazi war criminals were to be punished for the suffering they brought to the world. The policy of reparations and industrial disarmament prescribed in the Potsdam Agreement was to be carried out. But the purposes of the occupation did not contemplate a prolonged alien dictatorship of Germany's peacetime economy or a prolonged alien dictatorship of Germany's internal political life. The Potsdam Agreement expressly bound the occupying powers to start building a political democracy from the ground up.

The Potsdam Agreement did not provide that there should never be a central German government. It merely provided that for the time being there should be no central German government. Certainly this only meant that no central German government should be

established until some sort of democracy was rooted in the soil of Germany and some sense of local responsibility developed.

45 The Potsdam Agreement wisely provided that the administration of affairs of Germany should be directed towards the decentralization of the political structure and the development of local responsibility. This was not intended to prevent progress towards a central government with the powers necessary to deal with matters which should be dealt with on a nation-wide basis. But it was intended to prevent the establishment of a strong central government dominating the German people instead of being responsible to their democratic will.

46 It is the view of the American government that the German people throughout Germany under proper safeguards, should now be given the primary responsibility for the running of their own affairs.

47 More than a year has passed since hostilities ceased. The millions of German people should not be forced to live in doubt as to their fate. It is the view of the American government that the Allies should without delay make clear to the German people the essential terms of the peace settlement which they expect the German people to accept and observe. It is our view that the German people should now be permitted and helped to make the necessary preparations for the setting up of a democratic German government which can accept and observe those terms.

POSSIBILITY OF VIOLATION CITED

48 From now on the thoughtful people of the world will judge Allied action in Germany not by Allied promises but by Allied performances. The American government has supported and will continue to support necessary measures to denazify and demilitarize Germany, but it does not believe that large armies of alien soldiers or alien bureaucrats, however well motivated and disciplined, are in the long run the most reliable guardians of another country's democracy.

49 All that the Allied governments can and should do is to lay down the rules under which German democracy can govern itself. Allied occupation forces should be limited to a number sufficient to see those rules are obeyed.

50 But the question for us will be, what force is needed to make certain that Germany does not rearm as it did after the first world war? Our proposal for a treaty with the major powers to enforce for twenty-five or even forty years the demilitarization plan finally agreed upon in the peace settlement would have made possible a smaller army of occupation. For enforcement, we could rely more upon a force of trained inspectors and less upon the infantry.

ACTION JUDGED BY PERFORMANCE

51 For instance, if an automobile factory, in violation of the treaty, converted its machinery to the production of weapons of war, inspectors would report it to the Allied Control Council. They would call upon the German Government to stop the production and to punish the offender. If the German Government failed to comply, then the Allied Nations would take steps to enforce compliance by the German Government. Our proposal for a treaty was not agreed to.

52 Security forces will probably have to remain in Germany for a long period. I want no misunderstanding. We will not shirk our duty. We are not withdrawing. As long as an occupation force is required in Germany, the Army of the United States will be a part of that occupation force.

53 The United States favors the early establishment of a provisional German Government for Germany. Progress has been made in the American Zone in developing local and state self-government in Germany, and the American Government believes that similar progress is possible in all zones.

54 It is the view of the American Government that the provisional government should not be hand-picked by other governments but should be a German National Council composed of the democratically responsible

Ministers President or other chief officials of the several states or provinces which have been established in each of the four zones.

Subject to the reserved authority of the Allied Control Council, the German National Council should be responsible for the proper functioning of the central administrative agencies which should have adequate power to ensure the administration of Germany as an economic unit as was contemplated by the Potsdam Agreement.

The German National Council should also be charged with the preparation of a draft of a federal constitution for Germany which among other things should ensure the democratic character of the new Germany and the human rights and fundamental freedoms of all its inhabitants.

After approval in principle by the Allied Control Council, the proposed constitution should be submitted to an elected convention for final drafting and then submitted to the German people for ratification.

While we shall insist that Germany shall observe the principles of peace, good neighborliness and humanity, we don't want Germany to become the satellite of any power or powers or to live under a dictatorship, foreign or domestic. The American people hope to see a peaceful and democratic Germany become and remain free and independent.

REVISION OF GERMAN BOUNDARIES

The time has also come to define the boundaries of the new Germany.

Austria has already been recognized as a free and independent country. Her temporary and forced union with Germany was not a happy event for either country and the United States is convinced that it is in the interest of both countries and the peace of Europe that they should pursue their separate ways.

At Potsdam specific areas which were a part of Germany were provisionally assigned to the Soviet Union and to Poland, subject to the final decisions of the peace conferences. At that time these areas were being

held by the Soviet and Polish armies. We were told that Germans in large numbers were fleeing from these areas and that it would in fact, because of the feelings aroused by the war, be difficult to reorganize the economic life of these areas if they were not administered as integral parts, in the one case, of the Soviet Union and, in the other, of Poland.

The Heads of Government agreed to support at the peace settlement the proposal of the ultimate transfer to the Soviet Union of the City of Koenigsberg and the area adjacent to it. Unless the Soviet Government changes its views on the subject, we will certainly stand by our agreement.

EASTERN FRONTIERS NOT FINAL

With regard to Silesia and other eastern German areas, the assignment to Poland by Russia for administrative purposes had taken place before the Potsdam meeting. The Heads of Government agreed that pending the final determination of Poland's western frontier, Silesia and other eastern German areas should be under the administration of the Polish State and for such purposes should not be considered as part of the Soviet Zone of occupation in Germany. However, as the Protocol of the Potsdam Conference makes clear, the Heads of Government did not agree to support at the peace settlement the cession of any particular area.

The Soviets and the Poles suffered greatly at the hands of Hitler's invading armies. As a result of an agreement at Yalta, Poland ceded to the Soviet Union territory east of the Curzon Line. Because of this, Poland asked for a revision of her northern and western frontiers. The United States will support a revision of these frontiers in Poland's favor. However, the extent of the area to be ceded to Poland must be determined when the final settlement is agreed upon.

The United States does not feel that it can deny to France, which has been invaded three times by Germany in seventy years,

its claim to the Saar territory whose economy has long been closely linked with France. Of course, if the Saar territory is integrated with France, she should readjust her reparation claims against Germany.

Except as here indicated, the United States will not support any encroachment on territory which is indisputable German or any division of Germany which is not genuinely desired by the people concerned. So far as the United States is aware the people of the Ruhr and the Rhineland desire to remain united with the rest of Germany. And the United States will not oppose their desire.

While the people of the Ruhr were the last to succumb to Nazism, without the resources of the Ruhr, Nazism could never have threatened the world. Never again must those resources be used for destructive purposes. They must be used to rebuild a free and peaceful Germany and a free and peaceful Europe.

CONTROL FOR SECURITY PURPOSES

The United States will favor such control over the whole of Germany, including the Ruhr and Rhineland, as may be necessary for security purposes. It will help to enforce those controls. But it will not favor any controls that would subject the Ruhr and Rhineland to political domination or manipulation of outside powers.

The German people are now feeling the devastating effects of the war which Hitler and his minions brought upon the world. Other people felt those devastating effects long before they were brought home to the

German people.

The German people must realize that it was Hitler and his minions who tortured and exterminated innocent men, women and children and sought with German arms to dominate and degrade the world. It was the massed, angered forces of humanity which had to fight their way into Germany to give the world the hope of freedom and peace.

NO DESIRE TO ENSLAVE GERMANS

The American people who fought for freedom have no desire to enslave the German people. The freedom Americans believe in and fought for is a freedom which must be shared with all willing to respect the freedom of others.

The United States has returned to Germany practically all prisoners of war that were in the United States. We are taking prompt steps to return German prisoners of war in our custody in other parts of the world.

The United States cannot relieve Germany from the hardships inflicted upon her by the war her leaders started. But the United States has no desire to increase those hardships or to deny the German people an opportunity to work their way out of those hardships so long as they respect human freedom and cling to the paths of peace.

The American people want to return the government of Germany to the German people. The American people want to help the German people to win their way back to an honorable place among the free and peace-loving nations of the world.

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tween prices and wages, *Der Neue Tag* (Weiden) said: "On the one hand, wages (are) too little to live on and to die on, and on the other, there is a surplus of buying power of 70 billions with which fantastic prices are paid for bacon, bread, butter, etc. It is time to eliminate this disparity and put money on a sound basis."

* * *

Painting a gloomy picture of Germany, an editorial in the *Mittelbayerische Zeitung* (Regensburg) said: "The specter of unemployment wields its whip . . . The rigidly applied tax screw has a paralyzing effect on initiative and enterprise. The security of person and property is thrown into a terrifying light by the robbery of farms . . . As into a small stable, masses of expellees are

crowding the small country, Jews whom intolerant nationalism is driving from their native homes are seeking refuge . . . a situation in which Hitler's teachings could poison the minds of large sections of the population and distract the Germans from the path of sound development. To deny the existence of the same danger for the people of Bavaria at this time would be a great mistake."

* * *

Commenting on the order of the Allied Control Council for a census on 20 October, the *Donau Kurier* (Ingolstadt) said, "Under the ruins of the Hitler Reich lies also our statistics. Let one not say, that compared to other evils this is a minor one. A people without statistics is like a man who has lost his memory and with it, his Ego."

units from North Africa, through Sicily, Italy and France and finally into Germany. Later publication was shifted to a German printing plant in Bad Nauheim.

When the *Frankfurter Rundschau* began publishing late in July 1945 as the first licensed newspaper in the US Zone, it was serviced with news copy by motor courier. However, shortly afterwards the *Hellschreiber* was set up with a reclaimed German transmitter. Each newly licensed newspaper was equipped with a *Hellschreiber* receiver and the flow of news copy was speeded. More bureaus were established in Nuremberg, Stuttgart and Heidelberg, and they initiated their own systems for collecting news reports in their territories. Late in the fall of 1945 a teletype circuit was constructed connecting the bureaus with the main office, whose operation expanded until it occupied the entire hotel building in Bad Nauheim and adjoining buildings. Most of the stories were written at first in English and translated into German, but now the bulk of the daily file is written originally in German.

WORLD NEWS FILE INCREASED

To increase the world news file, arrangements were made with the Associated Press, United Press and International News Service, leading American news wire services, to furnish DANA with the news reports in exchange for German news from DANA. Recently these agencies were given permission to negotiate directly with the German licensed newspapers. AP and now UP are serving a number of the papers. INS and Reuters are serving DANA.

One of the major difficulties experienced by the American editor of DANA was the finding of politically acceptable German personnel who could be depended upon to carry out the standards and techniques of DANA. The German press had been thoroughly nazified under Hitler and Goebbels. Almost every person who had been connected with newspaper work during the 12 years before the advent of occupation

had Nazi affiliations which automatically barred him from continuing in any capacity with informational services.

A few experienced German newspapermen who had opposed Nazism had not been following their profession during most of the Hitler regime. Others had been living in foreign countries and out of contact with internal German conditions for a long time. Some had suffered in concentration camps and were in poor health. The individual newspapers were in need of trained personnel as much as the wire service.

EX-PW'S AMONG PERSONNEL

DANA found some of its most promising Germans among returned prisoners of war. Some of these had not been Nazis, as they had been in the army during much of the Nazi rule. Also they had had opportunity to study democratic ways and become oriented in the policies and practices instituted by Military Government. However, the majority of applicants for work with DANA had no experience in reporting or editing. They had to be taught the fundamentals of writing as well as American techniques while they were working on the central office desks or in the various bureaus.

The American editors and bureau chiefs, all of whom had many years of experience in reporting and editing on American newspapers, became teachers in addition to their administrative and news-gathering duties. They also had to overcome the differences in languages to make themselves sufficiently explicit to see that copy was handled in the manner in which MG policies and American newspaper practices dictated it should be handled.

Even with the approach of the licensing of DANA to the German publishers, the work of the American personnel is continuing. About 15 of them, with some 15 months of experience in building up and training the German personnel of DANA, will become press control supervisors to see that their German successors carry out the policies and practices that have been instituted.