



LIBRARIES

UNIVERSITY OF WISCONSIN-MADISON

Military government weekly information bulletin. Number 99 June 1947

[S.I.]: Office of the Assistant Chief of Staff, G-5 Division USFET, Information Branch, June 1947

<https://digital.library.wisc.edu/1711.dl/PWJMPYDFSDZDL8Y>

As a work of the United States government, this material is in the public domain.

For information on re-use see:

<http://digital.library.wisc.edu/1711.dl/Copyright>

The libraries provide public access to a wide range of material, including online exhibits, digitized collections, archival finding aids, our catalog, online articles, and a growing range of materials in many media.

When possible, we provide rights information in catalog records, finding aids, and other metadata that accompanies collections or items. However, it is always the user's obligation to evaluate copyright and rights issues in light of their own use.



WEEKLY INFORMATION BULLETIN



UNITED STATES ZONE, GERMANY

Greater Hesse, Wuerttemberg-Baden

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

COVER PICTURE

DRESDNER BANK—This view of a one-time office of the bank in Berlin is typical of such scenes throughout Germany—mute evidence of the aftermath of the war which it and the Deutsche Bank aided materially in fostering and financing. An article detailing these activities is printed on page 3.
(photo by BYERS)

OUR CONTRIBUTORS

Alice Hanson Cook, writer of the article **Workers' Education**, is special adviser to Military Government on labor education. Mrs. Cook spent two years in Germany before the war studying labor's educational efforts.

The story of the **Deutsche and Dresdner Banks** was written from material furnished by the Finance Division, OMGUS. An extensive documentation of this subject was issued as an annex to the Military Governor's Report No. 22.

Title 1 of the Military Government Regulations is the basis for the operation of Military Government in Germany. This Title, "General Provisions," was recently revised to include all developments and changes of the past year. The article, **MGR Title 1**, is the first of a series of four installments giving the pertinent details of the Title.

NEXT WEEK

Issue 100, dated 7 July, of the *Weekly Information Bulletin*, will include articles on the arrival of relief parcels into Germany, the anniversary of the US Information Centers, and the idea of the German-American Women's Club in Stuttgart. The second installment of MGR Title 1, dealing with "Objectives and Principles of Military Government," will be printed. The issue will carry the monthly "Station List" of MG installations in Germany.

MILITARY GOVERNMENT

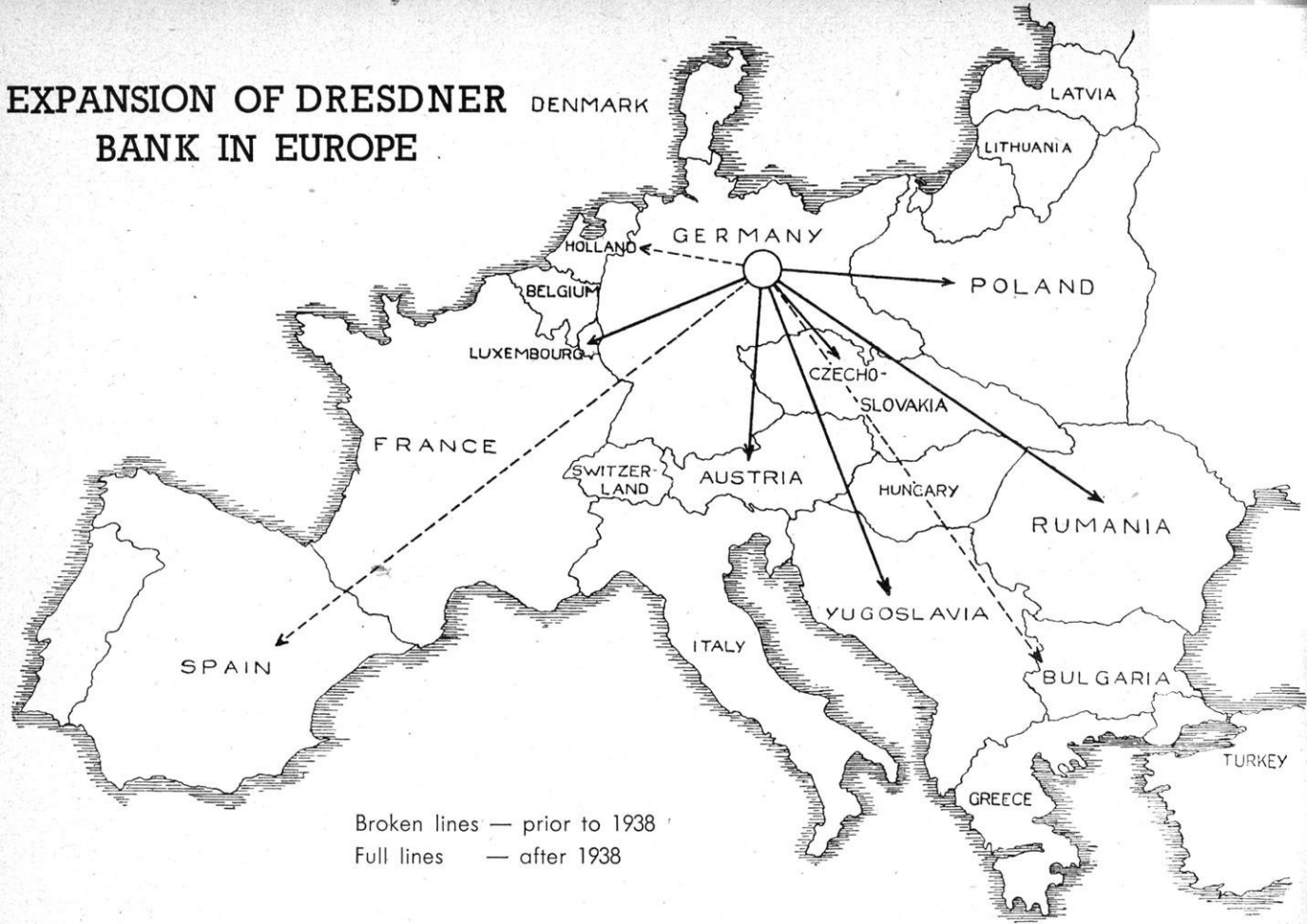
WEEKLY INFORMATION BULLETIN

TABLE OF CONTENTS

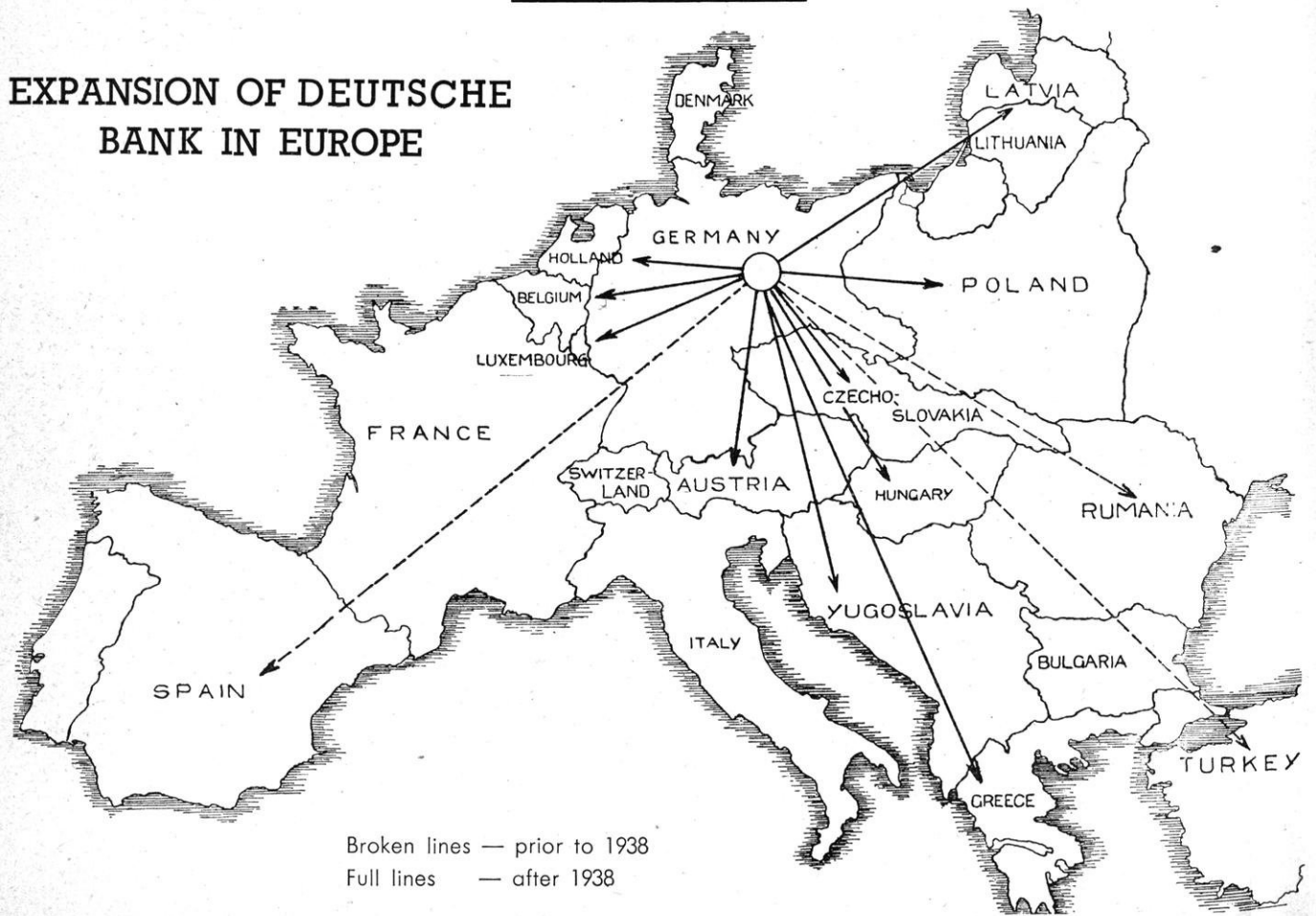
Issue No. 99 30 June 1947

Deutsche and Dresdner Banks	3
Workers' Education	5
Germans Must Initiate Own Planning	7
MGR Title 1 (First Installment)	8
High Court Open in Hesse	11
US Proposal for Europe to Help Self	12
Press and Radio Comments	13
Red Cross Help for Needy	18
German Reactions	19
Official Instructions	20

EXPANSION OF DRESDNER BANK IN EUROPE



EXPANSION OF DEUTSCHE BANK IN EUROPE



DEUTSCHE and DRESDNER BANKS

ON THE main street of practically every ruined German town a crumbled building can be seen, with a battered sign on which can still be spelled out "Deutsche Bank" or "Dresdner Bank." There were 490 branches of the Deutsche Bank in Germany alone, while the Dresdner Bank had 368 branches. From hundreds of broken windows these banks can look at the destruction which they played a vital part in bringing to Germany.

There were six Big Banks in Germany, and they were big in a way in which we have no counterpart in the United States. Their activities included commercial and investment banking, they were closely integrated with industry and dominated the established stock exchanges, and they cooperated fully in carrying out the political objectives of the Nazi Government.

Two of the Big Six, the Reichskreditgesellschaft and the Berliner Handelsgesellschaft, had no branches. Their influence was due to their clientele of important industrial clients. The Commerzbank was a powerful institution; the Bank der Deutschen Arbeit belonged to the Nazi party and every worker in Germany had an account with it.

But no other banks had the pervading influence of the Deutsche and Dresdner. These two banks were like tough, man-eating tropical vines which flourished luxuriantly in the cold climate of the Third Reich. The obscure slave-laborer, the Jew with a nice business, the inmate of the concentration camps — all felt the strength of their tendrous growth.

They participated actively in building the Nazi war-machine, and the exploitation of German-occupied Europe.

In the years before the war these two leading German banks expanded steadily, first through absorption of other banking institutions and second through close cooperation with the political and economic expansionist program of the German government.

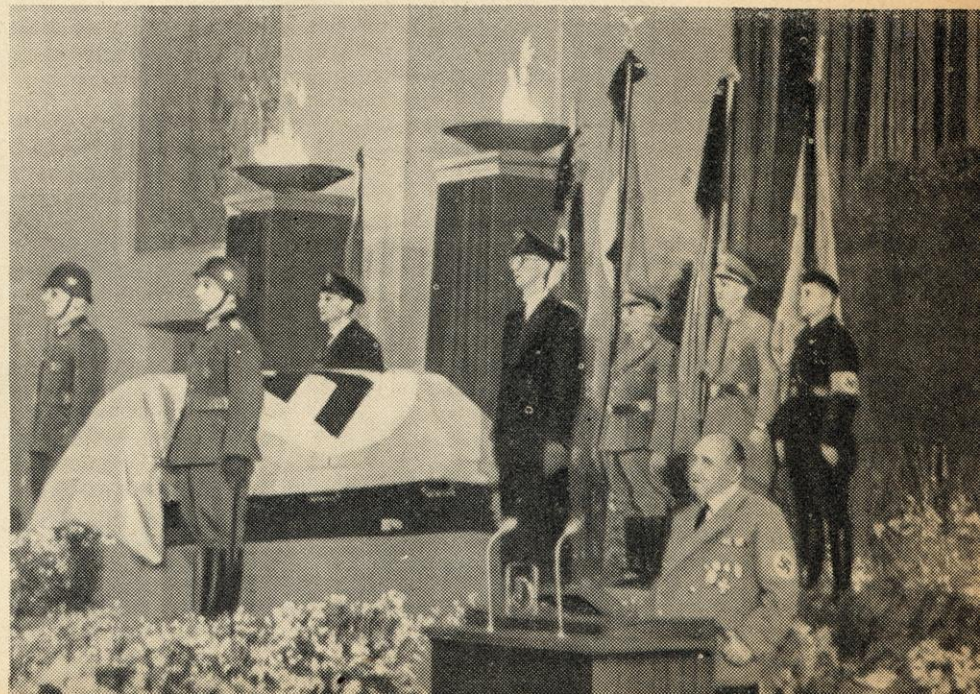
THE Deutsche Bank was founded in 1870, and the Dresdner Bank in 1872. This was a period in German industry which became known as the "founders decade," during which numerous large industrial and financial enter-

prises were born which set the pattern for subsequent big business in Germany. Both the Deutsche and Dresdner Bank soon began to take a leading part in financing German foreign trade and created special subsidiary banks for this purpose. In 1886 the Deutsche Bank set up the Banco Aleman Transatlantico which gradually added 21 branches in South America and Spain, while the Dresdner Bank established the Banco Aleman del America del Sur, which acquired 14 branches.

As a joint project for financing German business abroad Deutsche and Dresdner sponsored the creation of the

The close tie between the banks and the Nazi Party is illustrated by this view of the funeral of Emil Georg von Strauss in Berlin in 1942. Strauss, an official of the Deutsche Bank, was also chairman of the boards of directors of two automobile companies converted into manufacturing aircraft engines long before the outbreak of war. Shown delivering the funeral oration is Walter Funk, Reich economics minister, sentenced last year by the International Military Tribunal to life imprisonment on conviction of crimes against peace, war crimes, and crimes against humanity.

photo from ARCHIV, DEUTSCHER VERLAG



Deutsch-Asiatische Bank, which until 1942 was the only German bank in Eastern Asia. Branches were opened by the Deutsche Bank in Bulgaria and Turkey, and by the Dresdner Bank in Turkey and Egypt.

Many German banks found themselves in an extremely hazardous position as a result of World War I and the subsequent inflation in Germany. Following the stabilization of the currency in 1924 many small banks were "absorbed" by the large Berlin banks, and the Deutsche and Dresdner banks emerged after the Banking crisis of 1929-1931 as the two leading commercial banks of Germany.

THE rise of National Socialism in 1933 led to far more comprehensive expansion of both banks. After 1933 they participated in an ever-increasing degree in Germany's preparations for aggressive war by providing the German Government with funds and by financing war industry through loans and distribution of new securities. In the early years of the Nazi state they

financed the large scale public works program through the issue of "work-creation" bills; which were bills drawn by contractors on special financial institutions of the Reich. Although nominally short term, the bills were usually extended over and over again.

When the public works program tapered off in 1935 and was replaced by direct production for rearmament this was financed by bills called by the innocuous name "special bills," which later came to be known as "Mefo" bills. In addition to concealing the object of the financing from the outside public, the Mefo bills enabled the Reichsbank to exceed by many millions the RM 400 million which it was permitted by its charter to lend the government.

In accepting the Mefo bills for discount the Big Banks knowingly gave financial backing to Germany's rearmament, and helped keep its volume from the outside world. The volume of transactions in Mefo bills cannot now be determined, but the Deutsche Bank alone held bills in the amount of RM 618 million at the end of 1942.

After the Mefo certificates were discontinued the banks increased their holdings of the promissory notes of the Deutsche Golddiskontbank (DeGo), a subsidiary of the Reichsbank.

HOWEVER, the main contribution of the Big Banks in financing German preparations for war came with their purchase of direct government securities. In Germany most of the government war borrowing was done from the banks, and there was little direct investment of consumer savings as in America. Very few individuals invested directly in government war bonds.

The big banks played a key role in the early building up of Germany's war industries. The banks kept the industries firmly in hand by close personal supervision, achieved through a system of interlocking directorates. The same men would occupy positions of influence both in the bank and in the affiliated industrial concern.

For example, the 54 directors, agents, and officers of the Deutsche Bank held in 1943 a total of 707 positions as directors and officers of other corporations and of these, 281 were chairmen or vice-chairmen of

Certain banking operations have continued for the service of the civilian population. Below is shown workers counting money in the Deutsche Bank office in Frankfurt.
(ARMY SIGNAL CORPS photo)

(Continued on page 15)



WORKERS' EDUCATION

By Alice Hanson Cook

BEFORE 1933, German trade unions had the most highly developed labor education program in the world. They trained their own leaders in a school system which began with evening courses in the local union, progressed through short-term resident courses, to six-month terms in economic schools, and finally to a year's training at the University of Frankfurt's Academy of Labor.

Special courses were offered for training local union officers, work's councillors, lay judges in the labor courts, union deputies in insurance bodies, youth secretaries, and the directors of women's work.

Schools experimented widely in educational methods. Architects were called in to build school homes which would be best suited to the needs of adult worker-students. Libraries, film centers, visual aids were all put at the service of labor educators.

Twelve years of Nazi persecution aimed to eradicate every trace of a free trade union movement. Although the Nazis met more sustained resistance on the part of labor people than any other section of the popu-

lation, these years did deep and irreparable damage to the German labor movement.

It would have been relatively simple to go back to 1933, and to have taken that pattern as a blueprint for the post-war education program. But an education program which is not fitted to the needs of the times cannot justify itself and probably will not stand up very long.

WHAT are the demands which Germany today makes of its trade unions? How does trade union thinking differ today from 1933? What kind of education program do the unions have in mind for training their leaders and formulating a workable labor philosophy adequate to present-day needs?

The 1947 unions are no longer tied to a particular political party. Their base is broad and they are organized to meet the problems raised in industry without reference to the program of any party. Political and religious tolerance has become part of the credo of the new unions.

One labor leader put it this way: "The labor movement today dare not

isolate itself from other sections of German society. Our job is to be one of the important agencies for realizing the economic and social demands of the German people."

Some of the questions which arise out of this new point of view are: To what extent should unions try to realize these aims through legislation? To what extent can the state solve problems in industrial relations without interrupting the free play of human initiative in meeting industrial problems?

THE tendency today is to reject a dogmatic Marxism to which they formerly adhered because it was not an adequate explanation of the developments of the past 14 years. At the same time there is general agreement that a high degree of state planning is necessary to bring Germany through to economic health. The unions recognize that in such a state, free trade unions must carry a heavy load of responsibility in positive contributions to planning. But the experiences of a state-controlled labor front under the Nazis teach them that their contribution is also one of checking and balancing state control of their own activities. The contribution they make must be freely given but carries with it the responsibility for sharing in administration.

In general they see that at the moment two main educational programs must be set up. The first, to train leaders for union administration, and for labor representation on public bodies and in government offi-

Scenes at the Rheintaler-Hof near Garmisch, used as a trade union school by the Bavarian Federation of Labor. (left) View of the building returned to the unions a few months ago. (right) Gustav Schiefer, president of the Bavarian federation, surrounded by students picked from various unions for the two-week course.



ces. The second, to place emphasis on a general education program to give youth some idea of the function and scope of trade unionism in a democratic society and some preparation for understanding what the rights and duties of trade unionists are both in the shop and in society in general.

THE problem of leadership training is acute. Most of the old trade union leaders who reemerged at the end of the war and were ready to take over their duties once more, were men in their late 50's, many of them in their 60's. In five years their ranks will begin to thin; in 10 years they will have to be replaced almost to a man. Young men are one of the many scarce commodities in Germany today.

It is not surprising, therefore, that the unions put a good deal of emphasis on the speedy and intensive training of the Works' Councillors, elected by their fellow workers in the shops and charged with the responsibility of handling shop problems in cooperation with the union representatives. These Councillors have been chosen as shop leaders by their fellow workers and are the best sort of leadership material for bigger jobs later on.

In Bavaria, the unions have set up a Works' Councillors' school at Berneck near Bayreuth where short courses are held studying the duties of the Councillor and also general trade union backgrounds and problems.

The Hessian unions are planning to open a school this summer at Oberursel in the Taunus which will offer short courses not only for Councillors but also for all the other union officers in turn: financial secretaries; lay judges in the labor courts; labor representatives in the social insurance offices; volunteer and professional welfare workers; and youth leaders.

In Darmstadt, Works' Councillors planned eight evening classes. They organized themselves into a Works' Council and went through the duties of the Councillor beginning with the conduct of a plant election. They handled grievances, negotiated with

employer representatives, took up cases before a labor court, presented workmen's compensation problems, considered special insurance cases, and heard pleas of unjust dismissals.

THE Academy of Labor in Frankfurt was reopened in April 1947 with 65 young men and women students representing all four zones. They are studying university courses in labor law, economics, social psychology, government, history, and labor theory. The Academy in 1947 aims to turn out trained union officers and representatives with a background broad enough and deep enough to give them a grasp of trade union function in terms of the general welfare.

For the time being, the unions are doing most of their general educational work with youth. Since 90 percent of German children leave school at 14 to become apprentices and unskilled workers, their formal schooling from that time on is limited to one day a week when they go to vocational school. Youth organizations are the channels for most other educational and recreational opportunities for the next few important, formative years.

TRADE union youth is no different from other young people in wanting sports, handcraft, music, or hiking. But trade union youth secretaries remember, too, that the young people in their groups can easily be the educationally underprivileged unless the youth group provides forums, classes, or training courses. Most of these young workers today were cut off from normal growth into the labor movement through family, neighborhood, and children's club influences. These young people although they come from worker's families and most likely will themselves be workers all their lives, for the most part have no knowledge of the history of the labor movement in Germany and of the role it is destined to play now.

At the same time, the unions recognize that this generation within a few years will supply leadership in the shop and local unions. Schools at Raintaler Hof near Garmisch, at Suedelfeld in the Kaiser Mountains, at a youth home near Kassel, and at

two youth centers in the Taunus are giving short courses to trade union members between 18 and 25 who can become local youth group leaders.

THE easy solution to social problems is to pass a law. The difficult one is to find and develop leadership in organizations with important social functions who are able to see their tasks and programs in terms of the general good and to carry them out in this spirit.

German labor unions are trying to meet the responsibilities placed on them by bringing their whole membership to a consciousness of their responsibilities for Germany's future and to train leadership which can carry out a program adequate to these needs. The schools and classes operating today are only beginning, and their success will depend upon the degree to which they measure up to the importance of their function.

Bremen Water Control

In order to implement MG directives and policies in the Land Bremen area, the Weser River Field Organization was created as a parallel organization to the existing American Danube and Rhine Field Organizations.

The Weser River Field Organization is charged with the responsibility for direction of American water transport personnel at Bremen under the control of US Military Government, and for liaison between the Office of Military Government for Bremen, the Bizonal Transport Organization, and the Transport Division of US Military Government.

In bizonal matters, the Weser River Field Organization has the dual function of being the inspectorate for both inland water transport and costal shipping in the Bremen area.

Title Change Delayed

An OMGUS cable V-19489 of 14 June, dealing with the licensing of non-German organizations, directs that MG Regulation Title 3, Change 1, Part 6, "will not be put into effect until receipt of implementing directive" from OMGUS.

GERMANS MUST INITIATE OWN PLANNING

Realistic Programs for Recovery must be Devised and Top Experts must Guide Operations, Bavarian MG Deputy Director Tells Show Audience

GERMAN business groups, trade unions, farmer associations, and other economic organizations must take the initiative in practical planning for the solution of Bavaria's economic ills, Kenneth Dayton, Deputy Director of the Office of Military Government for Bavaria, said at a ceremony in Munich marking the first anniversary of the Bavarian export show.

Saying "the great lack in the past months has been the German failure to present plans". Mr. Dayton asserted: "They have sat back and waited to be told what they may do, what they ought to do. There is some reason to believe that business at least has done this consciously and deliberately. If so, there had better be a change. This is no time to play a waiting game. Much more delay and Germany, and business with it, will be beyond recovery."

Although more and more authority had been vested in German agencies, he said, their failure to present "realistic plans for Allied approval has... been the greatest barrier to more rapid advance." He told the audience of MG and Bavarian economic officials and German business and labor representatives: "If it were my people who were hungry and cold and without shelter, I would make plans and proposals anyway." However, such plans must be made within the framework of Allied policy, and "attempts to evade this policy are not only useless but will further delay German recovery."

GOVERNMENT agencies, industrial, labor and farmer organizations must plan and act together to increase production for export and home consumption. Exports provide dollar credits for more food and raw materials, which in turn contribute to production, while domestic output provides increased material wealth within the country, reducing inflation and providing more food, consumer goods and housing, thus increasing



Lt. Gen. Clarence R. Huebner, Deputy Commander-in-Chief, EUCOM, attending the opening of the Bavarian Export Exhibit, is shown some of the porcelain pieces on display.

(photo from DENA-Bild)

the farmers and workers' willingness and ability to produce.

Business associations, in cooperation with the other cooperative groups should draft their own plans for obtaining replacements for factories and raw materials, for reducing taxes and increasing profits, stabilizing the currency, obtaining foreign markets and freeing business from red tape and bureaucracy. Military Government is ready and willing to consider their proposals as long as they are "made in good faith and not with deceitful intent to escape from essential controls."

The workers require food, clothing, household goods, and adequate shelter, the Deputy Military Governor stated, but these can be obtained only through a successful export program which will keep the wheels of industry turning.

"In the meantime, I do not believe it impossible to devise ways which will immediately produce more consumer goods almost wholly from indigenous resources with German labor," Mr. Dayton said. "Let the trade unions and the manufacturers combine to prepare a plan." The

unions should prepare practical plans for simplification of economic distribution and controls, and insist that the government take action.

FARMERS' representatives, also, should devote themselves to devising plans for increased production of consumers goods, farm machinery, and fertilizers vitally needed for increased food production.

Concerning the government's role in economic planning, he cited the new bizonal Economic Council as giving Germans even greater control over their economic problems. But he stated that representatives of the Laender in this Council must be chosen for administrative ability and competence, and "party politics and strife for position must play no part."

"The question must not be the relative place and influence of the CDU or SPD, or of any of their leaders, but the vital need of the 40 million people of the two zones... You have chambers of commerce and trade associations, trade and farmers unions and other organizations. You have newspapers and you have the radio. Use them to be certain that the Council, the Executive Committee and the directors are chosen and work for Germany and not party ends."

The Bavarian OMG official called on the Land governments to avoid "regionalism" and to draft the best men possible to aid them in the solution of economic problems. He cited the example of the US Government during the war, in going outside of the civil service to obtain industrial and business leaders to aid it in a period of emergency.

THE problems confronting you today are abnormal and you cannot hope to succeed unless you take abnormal remedies," he added. "One of these is the inclusion in the government... of the best men to be found in each of the fields which confront you."

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

Military Government Regulations

Title 1

General Provisions

SIGNIFICANT and important changes, introduced in the past year in the basic principles and concepts of US Military Government administration in Germany and the manner in which US objectives are to be achieved, are consolidated in the recent revision of Title 1, "General Provisions," of the Military Government Regulations.

The MGR's "prescribe the policies, functional relationships, and procedures for the Military Government of Germany (US) and set forth home-field office relationships; relationships between US Military Government and German administration; between US Military Government and the Control

Commission for Germany (British Element) so far as the US Bipartite Agreement is concerned; and all other multipartite agreements affecting the US Zone of Germany or the relation of the US Mission to it."

Military Government in Germany is based on the unconditional surrender and total defeat of Germany. The Allied Control Council possesses paramount authority throughout Germany on matters affecting Germany as a whole. Subject to the exercise by the Control Council of authority on matters within its jurisdiction, and to the decisions of the Bipartite Board, the Commander-in-Chief, European Command, by virtue of his position,

First Installment

is clothed with supreme legislative, executive, and judicial authority within the US Zone.

CHANGE 1 to MGR Title 1 constitutes a major revision of this Title and supersedes the old text in its entirety. Change 1 became effective 25 April 1947 and was promulgated as an advanced notice under OMGUS letter AG 010.6 (CO) of 28 April 1947.

The new Title 1 is composed of six parts: Part 1, Introduction; Part 2, Military Government Authority; Part 3, Objectives and Principles of Military Government; Part 4, Functional Organization of OMGUS and Relation to US Federal Structures; Part 5, Relationship of Military Government and German Government; Part 6, Channels for Military Government.

To give a complete account for this revised basis for MG activities in Germany, four installments will be presented by the *Weekly Information Bulletin*. This article presents a resume of the provisions of Parts 1, 2, 6, and Section C of Part 5 dealing with Military Posts and Districts. Succeeding articles will deal individually in more detail with Parts 3, 4, and the balance of Part 5.

PART 1 points out that the MGR's, in covering all phases of Military Government and setting forth the official policies, functional responsibilities and organizational relationships at every level of operation, are issued for compliance by all US military and civilian personnel concerned. No changes are to be made in these policies, functional responsibilities, or organizational relationships without corresponding amendments of the Regulations.

The MGR's do not cover matters which pertain to the command and administration of US Forces, European Command excepting MG personnel, and do not cover matters primarily of military, air, or naval interest, such as prisoners of war, military intelligence, demobilization, and disposition of Germany's armament, aviation, fleet, and ocean shipping. These regulations, likewise, do not have the force of law with respect

to the general population of Germany.

In stating the supreme authority of the Commander-in-Chief, European Command, who also is Military Governor, Part 2 specifies:

"The Military Governor's authority and power is delegated to the Directors of the Offices of Military Government for their respective Laender, except as otherwise specified in these Regulations. This authority will be broadly construed to enable them to discharge their MG responsibility.

"Responsibility for Military Government may be redelegated to other officers or organizational units by the Directors of OMG's when required by these Regulations or upon express approval of the Military Governor.

"The authority of 'Military Government' to approve or disapprove, authorize, take, or direct action is not in itself authority for any MG officer so to act on behalf of Military Government. The latter authority depends upon the express terms of these Regulations, or specific instructions or orders issued pursuant thereto."

IN GIVING the "Channels for Military Government," Part 6 provides that on all MG matters the chain of command passes from the Military Governor through the Deputy Military Governor to the Directors of Land OMG's. The Deputy Military Governor is the Commanding General of OMGUS. OMGUS serves as the channel of communications with Military Government in the US Zone and in the US Sector, Berlin.

MG activities within each Land are controlled by the OMG Director who commands the operation of the Liaison and Security offices at Stadkreis and Landkreis levels. The Director of OMG Berlin Sector is responsible for MG activities in the US Sector and reports directly to the Commanding General, OMGUS.

Part 6 also provides that a technical or staff channel of communication on MG matters is authorized as a means to expedite communication between corresponding elements of the successive echelons of Military Government. Similarly, functional specialists

Citing MGR's

The number preceding the dash indicates the Title; that following indicates the part and paragraph within the part. Where a paragraph is further broken down into sub-paragraphs, the number of the sub-paragraph is indicated by the digit following the decimal point.

Thus, the first paragraph of Part 3, Title 5, bears the number 5-300. The next paragraph bears the number 5'301, which in turn might be broken down into sub-paragraphs 5-301.1 to 5-301.9. References can, therefore, be made to any paragraph of the Regulations by the paragraph number only, thus: "MGR 5-301.1."

at each echelon of Military Government are authorized to employ functional staff channels, for information purposes and technical supervision pertaining to their functions.

NOTWITHSTANDING this authorization of the free use of technical and functional channels, the command channel is always controlling, and technical and functional instructions may be contravened by those having command responsibility for Military Government. Technical channels are authorized for staff sections other than OMG's as outlined in appropriate Titles of the MGR's and applicable directives.

Detailed instructions issued and to be issued through such functional channels, in letter form, determine the methods of use of these channels for each function, including specification of such matters on which the functional channels with OMGUS continues to be used.

All orders and instructions to the German Land governments within the field of authority expressly reserved to Military Government in MG Proclamation No. 4 are to be given in writing by the Land OMG Directors to the respective ministers-president. These pass, as required, to the appropriate elements of German

Government through the German administrative machinery.

Where necessary, copies of these orders and instructions are furnished to MG field officers below the Land OMG's for information so that they may observe compliance by the Germans. Violations of such instructions, however, are not corrected through lesser German officials, except in cases of actual emergency, but are reported by the field officers to the Land OMG's so that remedial measures may be required, at that level, of the ministers-president.

POLICY decisions, issued by the Allied Control Authority and requiring action by German agencies in the US Zone, are passed on in this method: The responsible divisions and offices of OMGUS prepare the letters to the field implementing such policy decisions for issuance by OMGUS. These letters, to which are attached copies of the ACA decisions, contain all the information and instruction necessary to the effective execution of the orders by the German agencies involved, including, where necessary and advisable, the German text of the decisions and direction for advising responsible German authorities.

Subject to the approval of the Military Governor, Land OMG Directors are authorized to negotiate with the corresponding directors of contiguous MG districts in the British, Soviet, and French Zones in Germany and Austria, and to conclude tentative agreements with them on matters purely of mutual local interest. They are to provide for lateral liaison with directors having equivalent responsibility for Military Government in adjoining areas with a view to obtaining consistency in local regulations where permitted by applicable MG policies.

THE method of promulgating new directives and instructions is detailed in Part 1. Correspondence by the responsible divisions and offices of OMGUS on MGR Titles is directed initially to the Control Office, OMGUS, for appropriate action. All instructions on MG matters covered in any Title, except instructions with respect to specific situations or questions, are issued as amendments or additions to the Regulations, unless in-

cluded in directives or orders approved by the Control Office, or the Office of the Chief of Staff, OMGUS, or any higher authority.

In unusual emergencies only, competent divisions and offices may issue temporary instructions to the field directly by signal or telephone. The Control Office is notified of such actions. Instructions as issued, if of continuing effect, are to be incorporated in the MGR's.

The divisions and offices of OMGUS responsible for a specific Title prepare the new text or make necessary changes by amending the current text, and are to obtain all necessary concurrences. When the preparing division considers it necessary, amendments to MGR's which have been processed by the Control Office, may be given advanced distribution in temporary form through technical channels.

CURRENT MGR's supersede all outstanding directives and instructions of a general character relating to Military Government as issued by any headquarters. Insofar as instructions issued with respect to specific cases may be inconsistent, such instructions are to that extent modified. However, informational material and technical data contained in these documents, not embodying instructions are not necessarily superseded and may be used unless specifically superseded or rescinded. Such informational material and technical data may be amended and supplemented by technical bulletins or other appropriate publications, provided, however, that such publications do not include orders and instructions.

The paragraph on definitions and abbreviations gives those adopted for the purpose of the MGR's. The US Zone is defined as being composed of the four Laender: Bavaria, Bremen, Heese, and Wuerttemberg-Baden. The US Area of Control is the total area in Germany under US occupational forces, including the four Laender and the US Sector of Berlin. Legislation and other formal documents are to show clearly whether Land Bremen is intended to be included or not.

Military Districts are the major area command into which the US Zone, exclusive of Land Bremen, is divided for

logistic support and control of administrative services. Military Posts are the several command into which the Military Districts and other areas of US Area of Control are divided, and which constitute their basic supply areas. The Military Districts Commander is the Commanding General of a Military District.

PART 5, Section C, dealing with Military Districts and Posts, direct that "Except with respect to administration of US and Allied personnel for which authority shall continue to be vested in OMGUS, District Commanders are responsible for complete administrative and logistical support of MG activities. District Commanders have been directed to establish and maintain liaison with, and to support, Land OMG Directors and coordinate with them any matters affecting Land Military Government or the German economy."

Specific duties related to MG functions and assigned to District Commanders, include:

1. United Nations displaced persons and civil internee relationships.
2. Responsibilities with respect to enemy and ex-enemy persons.
3. Supervision of demilitarization of, and responsibility for security of captured enemy material in installations turned over to Military Government and the certifying statement that demilitarization has been completed.
4. Complete administrative and logistical support of MG activities including full responsibility for providing all living and working essentials.
5. Transactions which involve the acquisition and utilization of real estate, with coordination as necessary with Military Government to insure that no unnecessary real estate is acquired or held.
6. Coordination with Military Government on requests for procurement by posts, organizations, and individuals assigned to district headquarters.
7. Exercise of general courts-martial jurisdiction over all personnel within the commands.
8. Coordination with Military Gov-

ernment of all facilities occupied or used by MG personnel and activities.

9. Maintenance of direct liaison with Land post, telephone, and telegraph officers of Military Government and the Deutsche Post on use of indigenous communications facilities.

10. Close cooperation between District Commanders and Counter Intelligence Corps.

SECTION C also provides that the Military Post supports as lodgers, organizations such as Military Government or other US Army-supported agencies attached to the post including official accredited Allied military missions, troop and liaison detachments, and their dependents supported on US Military posts.

The second installment of this series detailing the provisions of MGR Title 1 will concern Title's Part 3, "Objectives and Principles of Military Government." It will be published in next week's issue of the *Weekly Information Bulletin*.

Bans Letters for DP's

American personnel in Germany has been advised by Hq EUCOM to refrain from writing letters in behalf of displaced persons seeking emigration to Great Britain. A EUCOM cable of 19 June advised:

It is reported that some displaced persons have arrived in the British Zone from the US Zone with hopes of being selected by British Ministry of Labor Teams for resettlement. Although these persons are not authorized entry into the British Zone for the purpose of resettlement, they often carry letters from local US authorities asking that they be given every assistance in their emigration to Great Britain.

Issuance of such letters is not in accordance with established policy. All personnel are being instructed to refrain from preparing letters of this type. They will also be directed to refer all questions dealing with emigration, to local representatives of the Intergovernmental Committee on Refugees, or its successor agency.

Personnel Changes

Judge James T. Brand has been appointed Presiding Judge of Military Tribunal III hearing the case, at Nuremberg against 15 former high officials of the Reich Ministry of Justice. He succeeds Judge Carrington T. Marshall who has been forced to retire because of ill health.

Judge Justin William Harding, who has been the alternate judge of the Tribunal, has been named to the panel to fill the vacancy caused by Judge Marshall's retirement. Judge Mallory B. Blair is the third member of the panel.

Judge Louis E. Levinthal of Philadelphia, co-chairman of the United Jewish Appeal and the United Palestine Appeal, has been appointed advisor on Jewish affairs to the Military Governor. He will succeed Rabbi Phillip S. Bernstein who has been the advisor for the past 14 months.

Mr. Frederick L. Devereux, who served with Military Government in Germany in the early months of the occupation and later on a special assignment in Japan and Korea, has been named Special Assistant to the Military Governor.

Acting heads of OMGUS offices named to serve during the current temporary absences of the permanent officials include Col. H. R. Maddux as Acting Chief of Staff, Col. Perry L. Baldwin as Acting Inspector General; and Mr. James E. King, Jr., as Acting Secretary General.

Position Added to ICD List

Film exhibitors have been added to the positions which require Information Control political clearance before the person may be employed in any information service, as listed in OMGUS letter, AG 000.1 (IC), "Standards Applied to Personnel in German Information Services," dated 22 March 1947. The addition is given in an amendment dated 12 June.

Rural Police Patrols Reduced

With the recent concentration of US Constabulary units in Wuerttemberg-Baden, most rural police assigned to patrol duties with Constabulary units have been released.

High Court Open in Hesse

THE Hessian citizen who feels that his constitutional prerogatives have been encroached upon by any act of the Land government short of parliamentary-enacted legislation now has the right of full judicial recourse, with the inauguration in Kassel of the Land's Supreme Administrative Court.

The opening completed the restoration of administrative justice to the Land through a system which includes lower chambers located in Wiesbaden, Darmstadt, and Kassel. Never before in Germany's history have administrative courts been in such a strong position as they are today, it was pointed out by Richard Simonson, civil administration official of OMG for Hesse.

"The erection of the Hessian administrative court structure," he said, "has opened a new era in the recognition of the dignity of the individual in this Land, because these tribunals have been established especially to safeguard the individual citizen against arbitrary acts and orders by government officials. Ordinances, decrees, executive orders, and all other types of government directives short of laws passed by the Landtag can now be challenged in a fairly rapid and inexpensive manner by any citizen who believes that his rights have been unlawfully restricted."

"Until now," Simonson said, "autocratic bureaucrats were able to hide behind a blanket statement of emergency conditions and asserted emergency powers so long as their acts did not conflict with Military Government policies."

THE Hessian Secretary of State, Dr. Hermann Brill, warned Hessian administrators to contain their official actions within the Framework of established laws. Administrative orders which refer to an "emergency" outside the law are prohibited and must not be observe, he emphasized.

"I believe," he went on, "that there is enough to make clear to each rural mayor and to each head of even the smallest state authority,

be it a mining office, a land communal authority, the administrator of an institution or any other type of authority, that he will, henceforth, be answerable before an administrative court, should he be guilty of violating the rights of man. Neither a complaint nor any other means of protest may free him from this responsibility."

The Hessian Supreme Administrative Court President, Dr. Gerhard Mueller, declared, "The people of Hesse still are not sufficiently acquainted with the whole concept of administrative justice and law," as he called for the assistance of the German press in educating Hessians to the importance of the administrative court system.

HESSE MG officials anticipate that the majority of cases which administrative courts will hear will involve housing requisitioning by the Land government, one of the chief sources of irritation to Hessians. Requisitions made on behalf of the occupying forces cannot be challenged before German tribunals, it was pointed out, but such requisitions no longer constitute a significant percentage of dwelling space and furniture.

Supplies Only for Youth

Army excess supplies for use by youth groups in camping programs "must be used solely and exclusively for youth activities," said OMGUS cable V-19540 of 17 June. Declaring "no diversion is permissible," the cable continued:

"Authority for this is action of Bipartite Economic Panel which approved release of the Army surplus material in question and so instructed the Joint Export-Import Agency. Payment for these supplies to the corporation is in marks, either by organization concerned or by budgetary allowances in Land ministry. Prices to be determined by adjudication between corporation, German prices authorities, and youth officials. Release and distribution of this material is considered an essential military mission of the occupation to be executed without delay."

US PROPOSAL FOR EUROPE TO HELP SELF

Text of the speech by Secretary of State Marshall at Harvard University, proposing that the nations of Europe agree among themselves on their requirements and on the maximum utilization of the aid which the United States can extend, follows.

I NEED not tell you gentlemen that the world situation is very serious. That must be apparent to all intelligent people. I think one difficulty is that the problem is one of such enormous complexity that the very mass of facts presented to the public by press and radio makes it exceedingly difficult for the man in the street to reach a clear appraisal of the situation. Furthermore, the people of this country are distant from the troubled areas of the earth and it is hard for them to comprehend the plight and consequent reactions of the long-suffering peoples, and the effect of those reactions on their governments in connection with our efforts to promote peace in the world.

In considering the requirements for the rehabilitation of Europe the physical loss of life, the visible destruction of cities, factories, mines and railroads was correctly estimated, but it has become obvious during recent months that this visible destruction was probably less serious than the dislocation of the entire fabric of European economy. For the past ten years conditions have been highly abnormal. The feverish preparation for war and the more feverish maintenance of the war effort engulfed all aspects of national economies. Machinery has fallen into disrepair or is entirely obsolete. Under the arbitrary and destructive Nazi rule, virtually every possible enterprise was geared into the German war machine. Long-standing commercial ties, private institutions, banks, insurance companies, and shipping companies disappeared, through loss of capital, absorption through nationalization, or by simple destruction. In many countries, confidence in the local currency has been severely shaken. The breakdown of the business structure of Europe during the war was complete.

RECOVERY has been seriously retarded by fact that two years after the close of hostilities a peace settlement with Germany and Austria has not been agreed upon. But even given a more prompt solution of these difficult problems, the rehabilitation of the economic structure of Europe quite evidently will require a much longer time and greater effort than had been foreseen.

There is a phase of this matter which is both interesting and serious. The farmer has always produced the foodstuffs to exchange with the city dweller for the other necessities of life. This division of labor is the basis of modern civilization. At the present

We intend to support those who are determined to govern themselves in their own way and who honor the right of others to do likewise. We intend to aid those who seek to live at peace with their neighbors, without coercing or being coerced, without intimidating or being intimidated.

President Truman
at Ottawa, 11 June

time it is threatened with breakdown. The town and city industries are not producing adequate goods to exchange with the food-producing farmers. Raw materials and fuel are in short supply. Machinery is lacking or worn out.

The farmer or the peasant cannot find the goods for sale which he desires to purchase. So the sale of his farm produce for money which he cannot use seems to him an unprofitable transaction. He, therefore, has withdrawn many fields from crop cultivation and is using them for grazing. He feeds more grain to stock and finds for himself and his family an ample supply of food, however short he may be on clothing and the other ordinary gadgets of civilization.

MEANWHILE people in the cities are short of food and fuel. So the governments are forced to use their foreign money and credits to procure

these necessities abroad. This process exhausts funds which are urgently needed for reconstruction. Thus a very serious situation is rapidly developing which bodes no good for the world. The modern system of the division of labor upon which the exchange of products is based is in danger of breaking down.

The truth of the matter is that Europe's requirements for the next three or four years of foreign food and other essential products—principally from America—are so much greater than her present ability to pay that she must have substantial additional help, or face economic, social, and political deterioration of a very grave character.

The remedy lies in breaking the vicious circle and restoring the confidence of the European people in the economic future of their own countries and of Europe as a whole. The manufacturer and the farmer throughout wide areas must be able and willing to change their products for currencies the continuing value of which is not open to question.

Aside from the demoralizing effect on the world at large and the possibilities of disturbances arising as a result of the desperation of the people concerned, the consequences to the economy of the United States should be apparent to all. It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace.

Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist. Such assistance, I am convinced, must not be on a piece-meal basis as various crises develop. Any assistance that this government may render in the future should provide a cure rather than a mere palliative.

(Continued on page 14)



Marshall Suggestion Backed

SECRETARY of State Marshall's address at Harvard University early this month, in which he suggested a joint program for European recovery—with the "initiative" stemming from Europe—has been widely appraised by United States newspapers and radio commentators. Agreeing fully with Secretary Marshall's analysis of the continent's economic dislocation, and needs, the editorials generally approved the approach he suggested to promote recovery.

The **Washington Star** editorial stated: "As Secretary Marshall made clear... the United States has decided to try a new approach to the enormously complex problem of European recovery.

"Heretofore, to the tune of many billions of dollars, we have extended aid in fits and starts to individual countries without reference to the over-all needs of the continent. — Now we propose to integrate the program as much as possible. To this end, Secretary Marshall has suggested that the initiative should come from the European governments themselves. In his judgment a number of them, if not all, should get together and agree on a common plan calculated to promote their mutual recovery. The United States would participate in the planning, and then—once agreement were reached—our aid would be forthcoming to the greatest practicable extent.

"There can be no question that our aid is needed, and will be needed, in large measure for some time to come...

"As Secretary Marshall has observed, the Russian-imposed delay in working out peace settlements for Austria and Germany makes the problem much more difficult than it would otherwise be. Even so, if the Soviet Government and its satellites remain obstructionist, the other countries—Britain, France, the Lowlands,

Italy, etc.—can do much to improve the outlook for western Europe. The idea would seem to require a special conference by these nations to devise a program aimed at gearing their economies together in a way that would make the efficient and most fruitful use of our aid. At such a conference, for example, the French might agree to merge their zone with the Anglo-American Zones in Germany, and other measures might be taken to tie in the German productive capacity with the needs of all the conferring powers.

SECRETARY Marshall has not explained his proposal in detail. He has left no room for doubt, however, that the United States does not intend to help, but will oppose instead, any government maneuvering to block the recovery of other countries. At the same time, he has assured all nations willing to cooperate that they will have as much economic support as we can give them on condition that they agree on a joint, integrated program to put Europe back on its feet.

"This constitutes an important departure from past American policy. Whether it will lead to concrete results depends largely on how nations like Britain and France react to it. In any event, Secretary Marshall is obviously on sound ground. The problem cannot be solved on a willy-nilly basis by the United States alone. It calls for over-all planning and a new show of European initiative."

Hartford (Conn.) Courant said: "European initiative toward a joint economic reconstruction should be the first objective of United States policy... If all nations cannot act together, like-minded ones can. If political action against war is out of reach, economic action is not." The **Courant** concluded that "The Secretary was wise in recognizing that we cannot impose our ideas

upon Europe. But we can encourage them."

Richmond (Va.) News-Leader: "America must do all it can to aid Europe, but her best effort will fail unless Europe helps itself. That is the burden of the Marshall Declaration."

St. Louis Post-Dispatch, calling for a "bold, forthright and resourceful" program, pointed specifically to this portion of Marshall's speech, quoting his words: "It would be neither fitting nor efficacious for this government to undertake to draw up unilaterally a program to place Europe on its feet economically. This is the business of Europeans. The initiative, I think, must come from Europe."

The editorial then said: "To the extent that the United States must proceed with tact, this is entirely true. Yet the degree of economic union which Secretary Marshall himself considers necessary to rehabilitate western Europe is not likely to come unless the United States exercises the legitimate pressures at its command.

"We have the right to say to the countries of western Europe: 'We cannot see our way clear to advancing you four or five billion dollars a year over a period of several years unless you move to form an economic union which will enable you at the end of the period to be self-sustaining democratic states. And we would expect enough political union at least to permit the measures of economic union to work.' We have not only the right to say this. It is our duty, both to Europe and to America...."

The **New York Times:** "We have no right to dictate what forms of economic organization shall emerge out of the European chaos. We do have a right, as a condition to further aid and as an occupying power in Germany and Austria, to ask that the organizing effort be made. We cannot avoid the right and duties of partnership.

"The next step in the development of the Truman Doctrine is to make it multilateral and positive. What this requires, in Europe, is an economic

conference, in which Britain and the United States will sit as interested parties, will be invited to send representatives. We may have little faith in Russia's desire to cooperate. Nevertheless, the overt act of dividing Europe into two economic spheres should come from her, not from the free nations. If she will not cooperate, the free nations must do what they can with what they have.

"Out of such a conference should come an agreement as to currencies, trade policies, production policies, credit policies and relief necessities. The aim should be to make of all Europe—or, if only this can be attained, of western Europe—a productive area, able to support its people and pay its bills. To such an area we could lend, as we would to promising industries in our own country, with the expectation of ultimate repayment. The alternative is not merely continued chaos in Europe, which could only be succeeded by low-production totalitarian systems, but a collapse and permanent limitation of our own economy. We are not safe from universal ruin any more than from universal war."

Baltimore Sun observed that Marshall's speech "definitely does not rule Russia out, in so far as an European organization is concerned; and it does not rule Russia out in so far as aid from the United States is concerned. Thus we do not abandon our hope that ultimately the Russians, the western Europeans, and ourselves may find some way in which we can all live together to our mutual advantage."

Radio commentator **Eric Sevareid** said, "It's now realized that American help to Europe without a master plan is simply not going to get Europe over the hump."

Commentator **Elmer Davis**: "Nothing in Secretary Marshall's language can reasonably be constructed as implying that we would force on any European country the system (private capitalism) which its people might find either politically objectionable or economically unworkable. We want to restore Europe, not to dominate it."

Commentator **David Willis**: "Obviously Congress will be still more insistent than the administration

that no vast peacetime lend-lease funds shall be appropriated until the European countries do produce reconstruction plans which have reasonable promise of being successful."

SEVERAL papers, while listing the various difficulties and obstacles, were hopeful that such a program—if carried through would solve Europe's basic economic problems.

New York Herald Tribune stated: "The United States must be prepared to assume heavier burdens for longer than it had hoped or expected, as an investment in restoring the world to sanity and good economic health. To carry through this complicated operation will require the best efforts of the best brains, here and abroad, as well as a broad public acceptance within the United States of the necessity of the program and confidence in the efficiency with which it is to be carried out. Marshall has evidently embarked upon the organization of such a program which will fulfill these requirements and he has made a most encouraging beginning."

(Continued from page 12)

US Proposal for Europe

ANY government that is willing to assist in the task of recovery will find full cooperation, I am sure, on the part of the United States Government. Any government which maneuvers to block the recovery of other countries cannot expect help from us. Furthermore, governments, political parties or groups which seek to perpetuate human misery in order to profit therefrom politically or otherwise will encounter the opposition of the United States.

It is already evident, that, before the United States Government can proceed much further in its efforts to alleviate the situation and help start the European world on its way to recovery, there must be some agreement among the countries of Europe as to the requirements of the situation and the part these countries themselves will take in order to give proper effect to whatever action might be undertaken by this government. It would be neither fitting nor efficacious for this government to un-

dertake to draw up unilaterally a program designed to place Europe on its feet economically. This is the business of the Europeans. The initiative, I think, must come from Europe. The role of this country should consist of friendly aid in drafting of a European program and of later support of such a program so far as it may be practical for us to do so. The program should be a joint one, agreed to by a number, if not all European nations.

An essential part of any successful action on the part of the United States is an understanding on the part of the people of America of the character of the problem and the remedies to be applied. Political passion and prejudice should have no part. With foresight, and a willingness on the part of our people to face up to the vast responsibility which history has clearly placed upon our country, the difficulties I have outlined can and will be overcome.

Local Mail Exchange

Since 1 May the Reichspost has been in position to make local exchange of mail with the Army post offices rather than through the previous procedure of forwarding all such mail to exchange offices at Munich, Stuttgart, Frankfurt, and Berlin. This should expedite the exchange of official and personal mail of the civil population to agencies and members of the occupational forces.

Arrangements were also completed for all German civil international mail originating in the US Zone and destined for the Western Hemisphere to be routed via Bremen, thereby expediting the delivery of this mail and also eliminating transit fees through France.

"Persecutee" Ring Uncovered

An Illegal organization of "professional" criminals pretending to be political and racial persecutees for the purpose of obtaining additional ration cards was uncovered by Frankfurt police investigators. It is believed that organization is at least zone-wide and may extend into all parts of Germany.

(Continued from page 4)

Deutsche - Dresdner Banks

boards of directors. The companies concerned included such leaders in heavy industry as IG Farben, Mannesmann, Rheinisch-Westfaelisches Elektrizitaetswerk, Hoechst, and Rheinische Braunkohle. The directors of the bank had to give their unanimous consent before one of their men could accept a position in another corporation, and once appointed the director was held personally responsible for influencing the company's policies in the direction desired by the bank.

In addition to these invaluable personal contacts the Deutsche and Dresdner Banks exercised a dominant voting control in many industrial companies. With the larger companies such control was usually secured by proxy voting; ownership of majority stock was practiced among medium-sized and smaller corporations.

THROUGH their role as investment bankers the Big Banks also controlled to a considerable extent the intercorporate ties among their industrial clients. Securities originated or sold for one client were often placed with other selected concerns rather than offered to the general public. These practices enabled the Big Banks to influence the policies of almost every important industrial concern in Germany to an extent far beyond the limits of their legal ownership.

As an example of the intertwined relationship of one of the Big Banks and a large industrial affiliate it is interesting to trace the history of Mannesmann, the big steel tube and sheet metal corporation.

Mannesmann started as a small company established by two brothers, Max and Reinhard Mannesmann, to exploit and develop a seamless tube process which they had perfected. The influence of the bank over this company goes back to 1890 when representatives of the bank reorganized the enterprise. A banking syndicate, headed by the Deutsche Bank furnished RM 12 million of the RM 35 million initial capital of the reorganized business. Max Steinthal, officer of the Deutsche Bank, became a director of the company, and in 1896 was made chairman of the board.

In a few years the Mannesmann brothers were forced out of the business. Steinthal remained at the helm of the company until 1936 when he gave up the chairmanship as a result of political conditions. He was replaced by Otto Schlitter, then chairman of the board, and a former officer of the Deutsche Bank. Upon Schlitter's death, Oswald Roesler, "speaker" of the Deutsche Bank officers, succeeded to the Mannesmann chairmanship.

WITHOUT interruption, from 1896 until the present, the chairmanship of the Mannesmann board of directors has been in the hands of top executives of the Deutsche Bank. The Bank officials not only dominated the board; officials of the bank held key positions in Mannesmann companies in Germany and abroad. An incomplete list furnished by the company shows 30 of these Deutsche Bank officials who filled such jobs over a period of years.

Personal control was supplemented by financial control. From 50 to 80 percent of the capital stock represented at various annual meetings was voted by the Deutsche Bank, and the bank headed all syndicates for new stock issues, bond issues, and loans. The close tie between the bank and the company was reflected in a statement in the German banking periodical "Die Bank" for 3 May 1940:

"Whoever knows even a little history of Mannesmann knows it is a child of the Deutsche Bank."

Because of this intimate connection, competent authorities on international finance believe that the Deutsche Bank should be held co-responsible for Mannesmann activities—which include large war production, extensive and inhuman use of slave labor, and aryazation of Jewish property.

The commanding position of the Deutsche and Dresdner Banks in the Third Reich was mainly due to the fact that officials of the banks played politics very shrewdly. They appointed prominent Nazis to leading positions in the banks, to keep their fences mended, and they contributed lavishly to party funds.

THE cleverness with which the German banking and political leaders worked to exploit every possible

Tracing Service

The US Consulate General in Berlin advised all Germans seeking the addresses of relatives and friends in the United States to make their requests directly to "Suchstelle" (Search Bureau), Staats-Herold-Corporation, P.O. Box 1207, Church Street Annex, New York 7, N.Y., U.S.A.

Existing overseas postal service should be used for the transmission of such mail. Persons applying to the Search Bureau in the United States should give the full name and the last known address, or last known place of residence of the person or persons to be traced, together with other information to help identify the person or persons concerned.

No requests should be sent to the Search Bureau for food packages or addresses of commercial firms, since the bureau is entirely occupied with the procurement of addresses. Personal communications to persons to be traced will not be forwarded by the bureau.

weakness of vanity or snobbishness on the part of influentially placed foreigners is illustrated by the way in which they subsidized Duke Adolf Friederich of Mecklenburg. In 1933 the Duke "placed himself at the disposal of the Third Reich," and Herman Abs, Max Ilgner of IG Farben, and Hermann Goering secured funds from the Deutsche and Dresdner Banks to see that he was financially maintained in a style which would have snob-appeal, the better to spy in influential circles. South America was his particular hunting ground.

The Dresdner Bank became known as the "SS Bank" largely as a result of the appointment of two political figures as officers of the bank. They were Karl Rasche and Emil Meyer, who had been virtually unknown in banking circles up to that time. At the Deutsche Bank the most prominent officer in 1933 was Emil von Stauss, a staunch and prominent exponent of National Socialism and Vice-President of the Nazi-Reichstag.

More than a third of the board members of the Deutsche Bank held the title "War Economic Leader" which was bestowed on leading industrialists for special achievements in forwarding the Nazi preparations for war. Many of the leading figures in the two banks were close personal friends of outstanding political leaders in the Third Reich. Hermann Abs, who guided the foreign department of the Deutsche Bank during its great expansion in Europe, was closely identified with Hjalmar Schacht and Walter Funk. Carl Goetz, most important personality of the Dresdner Bank during the Nazi regime was the intimate friend of Fritz Sauckel, director of the German slave labor program, who was executed in 1946, at Nuremberg as a war criminal.

GERMANY'S clandestine development of her air force, her frantic efforts to secure oil for the war effort, the construction of facilities to produce synthetic gasoline, were diversified fields in which the Big Banks aided the government by financial, technical, legal, and diplomatic assistance.

The so-called "Aryanization program" of the Nazi regime was very profitable to the Big Banks. They first fell in step with the policy by purging Jews from their rolls of employees, then reaped the harvest by acting as purchasers, bankers, and brokers for the "Aryanized" properties. The Dresdner and Deutsche Banks acquired properties for their own account in this way, financed acquisitions of "Aryanized" property for customers, selected and appraised properties for future "Aryanization," and even searched for prospective customers interested in this type of transaction.

The Deutsche Bank acquired several private banks, among other interests. The firm of Simon Hirschland, Essen, was "Aryanized" in 1938 and its property transferred to a newly established banking house called Burkhardt & Co. The new firm was endowed with a capital of RM 6.5 million, the Deutsche Bank participating overtly with RM 2.5 million and assuring itself of full control by financing the capital investment of

Calls Impede Action

The Combined Travel Board has requested that telephone calls to the Board be restricted to those of an official nature only. The volume of calls from the US Zone, especially in regard to the status of fiancée applications, has attained such proportions as to be a serious obstruction to operations. It is pointed out that all applications will be treated with the greatest possible dispatch, but that inquiries as to their status tend to slow the process.

RM 500,000 for each of the two personally-liable partners who entered the new firm. One of these partners was a branch manager of the Deutsche Bank.

In the same year "Aryanization" was initiated in Mendelssohn & Co., Berlin, the leading private bank in Germany. The Jewish partners were forced to resign, the firm entered liquidation, and the Deutsche Bank took over all customers' accounts. No compensation was ever paid the former partners.

MEANWHILE the Dresdner Bank also took over a handful of Jewish owned private banking houses. As an example of the type of pressure which was brought to bear to give the acquisitions a pseudo-legal quality, the "Aryanization" of the banking houses Gebr. Arnhold, Berlin, and S. Bleichroeder, Berlin, took place in February 1938, after Dr. Kurt Arnhold had been arrested by the Gestapo. He was only released when he consented to sign a contract covering the sale of the two firms to the Dresdner Bank, and Hardy & Co., which was owned by the Dresdner Bank. Although the net assets of Gebr. Arnhold and S. Bleichroeder were about RM 25 million, (exclusive of the good will which the Dresdner Bank itself had formerly evaluated at RM 15 million) the contract of sale stipulated a price of RM 8 million, which was never paid the Arnhold brothers.

While the negotiations were going on, Hans Arnhold, who lived outside Germany, was approached by an intermediary who suggested that it might be "appropriate" to negotiate the sale through a lawyer, Mr. Hueber, brother-in-law of Hermann Goering. Hueber asked a fee of 500,000 Swiss francs, payable in Switzerland, for his "services."

THE Dresdner Bank was unique in the aggressiveness of its methods and in the exercise of duress with the aid of the Gestapo, the SS, and other Nazi agencies. Three of the directors of the Dresdner Bank occupied the political position of Gauwirtschaftsberater (district economic advisor); one of the main functions of this office was to encourage and supervise the confiscation of Jewish businesses. In collaboration with these political associates the bank made full use of blackmail, intimidation, and brutality to force acquiescence to its demands. For example, it arranged in May, 1934, to have the Gestapo arrest the owner of the profitable Engelhardt Brauerei A. G. of Berlin, the second largest brewery concern in Germany, and subsequently obtained a majority interest in the firm.

In the case of I. and C. A. Schneider A. G., Frankfurt/Main, a very large leather and shoe manufacturer with annual sales exceeding RM 20 million in 1938, and with net profits amounting to RM 2.5 million, the Dresdner Bank conducted the transaction so that a contract of sale was signed providing for a sales price of less than three percent of the net value of the firm. An affidavit by the former owner clarifies the reason for such a low sales price:

"...I received official word... that I could not count on ever being released from Buchenwald unless my brother and I accepted the proposition embodied in the enclosed contract. This I accepted and after I had done so I was released on Nov. 23, 1938, and the contract... was finally executed on Dec. 17, 1938."

FOR its services in this transaction the Dresdner Bank received a fee of RM 40,000.

Other cases of a similar nature covered all sorts of transactions in both small and large businesses. The



BELLS RETURN — Two bells, which escaped the Nazi furnace, were returned to Landshut, Bavaria, amid colorful and joyous welcome by the people of the city.

These bells were the two-meter high Dechant-Bell and the 75-cm. high Christen-Lehre-Bell, both originally in the St. Martin Church of Landshut. They were removed by the Nazis during the

war for melting down to make guns. The war ended before the bells got to the furnace. They were among several thousand church and town bells found by the British near Hamburg. Recently the British MG released them. Those belonging to the US Zone were being turned back to their rightful owners under the American MG restoration program.

The two bells arrived in Landshut on 13 June, and with great solemnity were taken from the railroad station through the streets of the city to the St. Martin's Church.

The picture above shows the ceremony in front of the main door of the St. Martin's Church as the mayor turned the bells over to the vicar of the church. (photo from DENA-Bild)

Dresdner Bank gained such a reputation for itself that firms coveting certain Jewish properties often solicited it for assistance. To such requests the bank had a dignified "form letter," stating:

"The Dresdner Bank is very actively engaged in Aryanization problems, and is, thanks to its connections, in a position to help you."

The directors of the Big Banks took big bites of this rich fruit for themselves also. For example, in 1939 Heinrich Koppenberg, member of the board of the Dresdner Bank since 1935, acquired the Argus Motor Company from Mr. Stauss, a Jew then in a concentration camp, and the Dresdner Bank extended a RM 2 million loan to complete the transaction.

This experience gained in "Aryanization" activity in Germany served the banks in good stead when they helped the government in its program for the economic spoilation of occupied Germany. Plans for economic

penetration were always worked out in detail before the military attack and occupation of a given country. A good deal of competition arose between the Deutsche Bank and the Dresdner Bank as to which would take over the biggest local banking institutions in each occupied area. Sometimes one, sometimes the other acquired the richest plums, but as one country after another fell under the shadow of Nazi Germany, their banks and big industries were sucked in by the Deutsche or Dresdner Bank.

IN Czechoslovakia, for example, Mannesmann made five important acquisitions between 1939 and 1941. The Hermann Goering Works, second largest steel producing company in Germany, acquired seven Czech companies through the mediation of the Dresdner Bank and its subsidiaries. These included mighty Skoda, largest European munitions factory. This pattern was repeated in almost every

country conquered by the Germans. Another black mark against the Big Banks in the way in which they aided with huge loans in the so-called "re-settlement programs" wherein whole areas were seized and their populations evicted to make room for the settlement of "ethnic" Germans. Most of the original populations were taken to Germany for forced labor,

US Military Government realized from the beginning of our occupation of Germany that the military defeat of Germany could only be effective, and long term, if it was linked with measures to break up the network of evil control exercised by the banks. This policy was implemented in the Potsdam Declaration, and American MG officials planned a new decentralized banking system, which they undertook to leave in the hands of German authorities for organization and execution.

However, the Germans displayed

Red Cross Help for Needy

a reluctance to get anything done. Repeated efforts failed to stimulate them to undertake an effective program, so it became apparent that MG would have to intervene directly. The Land governments had failed to come forward with adequate legislation, and there were indications that the Big Banks might succeed in preserving their unity.

MG Law 57, a strong directive designed to break up the dominating influence of the Big Banks, was enacted in May 1947. It provides that independent and disinterested custodians be provided for these banks, who will manage and administer the property of the banks in the US Zone; it requires that the names of the banks be changed so that they will be different in each Land; and breaks up giro systems of the banks. Successfully implemented, this law can decentralize the branch bank systems, in a democratically-organized German economy.

Certain top officials of the Dresdner Bank are facing indictment and trial at Nuremberg for War Crimes. Their indictment will, in effect, be a token indictment of the entire system by which the Big Banks worked hand in hand with the Nazi government to aggrandize a small and selected element of chosen "Aryan" Germans in Europe at the cost of the vast majority of conquered peoples.

FIAT Discontinued

Effective 1 July, the 7748 Field Information Agency, Technical, is discontinued, in accordance with EUCOM letter, AG 322 GCT-AGO of 4 June 1947. The reassignment of personnel and the disposal of equipment are provided in OMGUS General Orders No. 54 of 23 June 1947.

Rail Traffic Increases

The number of railroad tickets sold to American personnel for US Military Payment Certificates by German travel bureau offices shows increase each week. These offices are operating in most US Zone cities.

AGREEMENT between OMGUS and the League of Red Cross Societies will permit importation of Red Cross relief supplies into the US Zone for needy Germans, it was announced by William E. Grainger, League representative in the US Zone, and the Public Welfare Branch, IA&C Division.

The agreement, which has been approved by the Military Governor in Berlin and League officials in Geneva, became operational 14 June. League officials estimate that supplies will start coming into Germany within a month.

"A conservative estimate indicates that 50 tons of relief supplies of all kinds will come into Germany in the first three months," said Grainger. "This rate will accelerate to more than 100 tons by the last quarter of the first year."

Already, eight of the 61 national Red Cross societies in the League have indicated they have supplies ready to send to Germany through the League. The eight are: American Red Cross, Australia, Lichtenstein, South Africa, Argentina, Brazil, Chile, and Canada.

Every type of relief is expected to be included in the shipments, with the emphasis on food, clothing and medical supplies.

THE OMGUS-League agreement provides that all supplies will be channeled through the German Central Committee under the Laenderrat and the Laender Red Cross organizations in Bavaria, Hesse, Wuerttemberg-Baden, and Bremen.

By distributing supplies through Laender Red Cross agencies, Grainger said, the League hopes to strengthen the Red Cross in Germany, as well as help the German people. He explained that at present there is no National German Red Cross. The national organization was broken up by the occupying powers because of its complete domination by Nazis.

Grainger said the new agreement provides the basis for the first American Red Cross contributions to the German people. Previously, all ARC

assistance in Germany has been for displaced persons.

This is the third agreement negotiated by OMGUS with non-German agencies for the importation of relief supplies in bulk for distribution by approved German welfare agencies to the most needy. Previous agreements with CRALOG and the International Committee of the Red Cross provide for the receipt and distribution of supplies from many relief agencies in the United States, Switzerland, and other European countries.

New Wire Service

Local and long distance telephone and telegraph service to all points in Germany is available to all members of the US occupational forces and individuals serving with the occupational forces, Communications Branch, IA & C Division, OMGUS announced.

Both telephone and telegraph service is available from class "B" telephone and from attended pay stations in all major cities in the US Zone, at rest centers, and at leave hotels. Local calls at attended pay stations are five cents; and from class "B" telephones are 1½ cents, which is in addition to the basic rental fee of from 45 to 90 cents per month depending on the size of the city. Long distance telephone service for a three minute call up to a distance of 10 kilometers costs three cents; up to 15 kilometers 4½ cents; up to 25 kilometers six cents; up to 50 kilometers nine cents; up to 75 kilometers 13½ cents; up to 100 kilometers 18 cents.

For ordinary local telegraph service the fee is 1½ cents per word with a minimum of 10 words, and for ordinary telegrams within Germany, the fee is two cents per word, minimum 10 words.

Bearing Output Declines

Production of antifriction bearings in US Zone is declining, principally because of absenteeism and acute shortage of certain operating supplies.



Munich Results Reviewed

The *Stuttgarter Zeitung* headlined the Munich Conference of the Ministers-President: "The End of an Illusion." It quoted a French Zone paper which claimed that the fate of Germany was finally sealed as a result of the action of the Eastern ministers-president, continuing:

"For the time being the longed-for unity of Germany has not materialized... Munich was only a kind of epilogue to Moscow for politically deaf people, a translation of Moscow into German. Stubborn optimists will now perhaps hope for the London Conference in November. But it cannot be assumed that the American-Russian contrast will, in the meantime, have turned into pure harmony."

"All speeches on German unity, the ones given at Munich included, will be more declarations as long as each of the two great powers whose chessboard is the world today, uses parts of Germany as chessmen in their game. (Not in a major role, we like to forget again and again that we are not the center of the world.) Even the Potsdam Decisions, referred to once in a while, cannot change anything in that. They are antiquated."

The writer disputed the theory that western and southern Germany could not exist as an independent economic unit: "It is better to vegetate capitalistically than to starve socialistically."

The *Sueddeutsche Zeitung* (Munich) pointed out the limited effectiveness of the conference because of inadequate powers, but termed the result as good. It also praised the effective organization and ability of Minister-President Ehard:

"These resolutions are nothing more than eleven mournful songs, impressive and touching, to attract the attention of the world. And if people say the Germans wail too much and assume too great an air of importance, the conference proved that they can hardly do anything else in the present situation."

"As Minister-President Dr. Ehard indicated, it is a little too simple to shout to a drowning man from the shore: 'Don't lament and increase your importance.' The German weakness has been the result of criminal ambition for German omnipotence. Hitler's successors, burdened with troubles, are sitting on worn-out chairs and can only go begging. May everyone remember that criticism of the German government, triumphantly interwoven with malicious comparison, has come fourteen years too late."

The *Fuldaer Volkszeitung* felt the Munich Conference was the last chance to overcome the contrast between western and eastern Germany—the "canyon without a bridge." It commented:

"Three of the five 'Russian' ministers-president were leading members of the SPD until 1933, one (Paul) was a Democrat, and the fifth (Dr. Huebner) is today one of the leaders of LDP in the Eastern Zone. All of them are seen as 'Russians' and representatives of a foreign power when they appear in a different zone."

"The fact that leading politicians of the Western Zones are in turn defamed as darkest reactionaries in the Eastern Zone, is the other side of the coin. This example shows most strikingly how much we Germans have separated from each other, and how little willingness there is for understanding the varying development of countrymen of the other zones."

Der Mannheimer Morgen commented: "The 'resolutions' worked out in Munich are the combined cry of distress of a people that is desperately struggling for its right to live... Even if the ministers of the five Soviet Zone Laender thought it necessary to refuse their cooperation, under badly disguised foreign pressure, the Munich decisions concern their Laender as well as the remnant of the German people. The circumstances under which the Soviet Zone ministers

appeared at the Munich Conference and disappeared again, look desperately like a bad comedy, a comedy in which they, or at least some of them, played their part only half-heartedly."

The *Neue Presse* (Coburg) expressing a minority view, blames both western and eastern ministers-president for their intransigence, leaning more in the direction of defending the eastern ministers-president: "What gave Germans the right to get excited when Marshall, Molotov, Bevin, and Bidault could not come to an agreement on German problems, if they themselves were not able to declare their united German will, but demonstrated their discord? . . ."

The paper continued: "The proposal of the Soviet Zone representatives to begin the discussion on relief for German distress with a discussion on German unity can by no means be denied a logical basis . . . Because Moscow despaired against the contrast between East and West, it was the task of the German ministers-president to give clear and distinct declaration of what they the present representatives of the German people, think of German unity . . . There was too much tactics, too much diplomacy, too much shifting. That concerns all, the representatives of the West as well as those of the East, who seemed to hear the 'voice of their master' while they were meant to raise their German voice quite freely."

The *Schwaebische Donau Zeitung* (Ulm) considered the Munich Conference a success in spite of the "regrettable" absence of the Soviet Zone ministers, and in spite of the fact that it does not have executive power. It said:

"The restrictions of sovereignty impair the German government. Recognizing the situation, expectations should not be too high, and the Conference could result only in resolutions. To grant the German representatives more freedom of action two years after the war finished, is certainly not an unreasonable request to the occupation forces."

Unity Plan Endorsed

Telegraf, British-licensed newspaper in Berlin, printed an editorial favorable to Secretary Marshall's endorsement of a European Federation.

The **Telegraf** pointed out that the reserved attitude shown by the United States in various post-war conferences has not done much to bring about agreement among the big powers. Since this has become plain, the President and Secretary of State have now begun a new stage which will be characterized by increased initiative on the part of the United States in order to make up for lost time, the paper stated, noting as part of the new impetus the suggestion made by the United States to call together a conference to discuss a European federation.

The fact that this move is not directed against the Soviet Union is shown by the desire of the United States to have the USSR participate in the conference, said the paper, observing that the Marshall program does not intend to exclude Russia, though it is desired that Russia give up her one-sided economic policy in eastern Europe.

Noting that various circles will accuse the United States of imperialism, the paper declared:

"These circles would rather have one continue the extreme nationalism of the European splinter states in order to be able to continue their political business. One would rather have America's economic assistance lost in European chaos so that all those conditions could continue which render any future help ineffective."

Corporal Punishment

The **Sueddeutsche Zeitung** (Munich) expressed the belief that the quarrel about corporal punishment in the Bavarian schools should not have been made a subject of a poll. It said:

"While the young democracy is still in a developing stage and everything should be done in order to use its freedom reasonably, the Bavarian Educational Minister demonstrates what this freedom is good for, viz: to have people vote whether children at least may be subject to physical punishment when adults are no longer allowed to be subject to it."

OFFICIAL INSTRUCTIONS

Change 2 to Title 11, Industry, AG 014.12, OMGUS, 11 April 1947. Supersedes previous Title 11 and Change 1. Text of new title issued same date.

Press Conferences, Staff Memorandum No. 43, Hq EUCOM, 22 May 1947. Replaces USFET Staff Memorandum No. 36, 22 April 1946 as to scope and authority.

Assignment of Military Posts and Installations for Quartermaster Supply, AG 600 CQM-AGO, Hq EUCOM, 3 June 1947. Lists key supply points.

Personnel and Supply Movement Estimate for July 1947, AG 370.5 RYT-AGO, Hq EUCOM, 5 June 1947.

European Command Technical Service Organization, AG 322 GSP-AGO, Hq EUCOM, 5 June 1947. Amends EUCOM letter of 5 April 1947.

Report on Unemployment Insurance, Manpower Memorandum No. 83, OMGUS, 10 June 1947.

Circular No. 42, Hq EUCOM, 11 June 1947. Section I—**Leaves, Passes and Travel**, amends EUCOM Cir 9 of 1947. Section II—**Gas Masks**, Replaces Sec II, USFET Cir 153 of 1946. Section III—**Currency Conversion**, amends USFET Cir 19 of 1947.

Press Contact Officers, Staff Memorandum No. 46, Hq EUCOM, 11 June 1947. Supersedes USFET Memoranda, AG 000.7 SGS-AGO "Improving Methods of Facilitating Efforts of Accredited Correspondents to Obtain News Promptly and Accurately," of 12 November 1945 and 29 January 1946.

Circular No. 43, Hq EUCOM, 12 June 1947. Section I—**Foreign Military and Civilian Liaison Personnel**, amends previous USFET circulars on same subject. Section II—**Rotation of Military Personnel to the US**, replaces previous Hq USFET and EUCOM circulars on same subject.

Troops and Schools, Training Memorandum No. 1, Changes No. 1,

Hq EUCOM, 13 June 1947. Revises certain paragraphs of Training Memo 1 of 6 May 1947.

OMGUS Directives Concerning Manpower, Manpower Memorandum No. 82, OMGUS, 14 June 1947. Lists of directives affecting Manpower, issued since 19 December 1946.

Disposition of Records, AG 313.6 (AG), OMGUS, 16 June 1947. Give procedure for submitting report as required by EUCOM letter, AG 313.6 AGO-R of 15 April 1947.

Implementation of Control Council Directive No. 52 Relative to Combating Venereal Disease, AG 010.6 (IA), OMGUS, 16 June 1947.

Conference for Discussion of Documents Relating to Organization, AG 322 (CO), OMGUS, 17 June 1947. Concerns documents previously circulated for comment and revision.

Implementation of Control Council Law No. 53, Amendment to the Insurance Tax Law of 9 July 1937, AG 010.6 (FD), OMGUS, 18 June 1947.

Office Hours, Staff Memorandum No. 29, OMGUS, 18 June 1947. Amends Staff Memorandum No. 20, OMGUS, 16 April 1947 as to Duty Officer.

Collection of Classified Waste, Staff Memorandum No. 30, OMGUS, 19 June 1947.

Internees Documents

In cases involving persons released for trial in their home communities, an OMGUS cable of 12 June gave instructions for the Minister for Political Liberation that the public prosecutor of the internment enclosure must notify the public prosecutor of the home community and forward the internees Meldebogen and investigation file to him for appropriate action before the local trial tribunal.

Such documents should not be turned over to the internee for delivery to the public prosecutor of the home community, the cable said. If any internees have already been released without notification to the public prosecutors of the home communities, "see to it that the files are forwarded immediately."

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

UNITED STATES ZONE, GERMANY

Bavaria



Printed by
the

