

American Directive on the Military Government of Austria (27 June 1945)

Caption: On 27 June 1945, the US Chairman of the Joint Chiefs of Staff sends a Directive to General Mark Clark, Commander-in-Chief of the US occupation forces in Austria, defining the tasks and the prerogatives of the Allied Council in Austria.

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American Directive on the Military Government of Austria (27 June 1945)

1. The Purpose and Scope of this Directive:

(a) This directive is issued to you as Commanding General of the United States forces of occupation in Austria. As such you will serve as United States member of the Allied Council of the Allied Commission for Austria and will also be responsible for the administration of military government in the zone or zones assigned to the United States for purposes of occupation and administration. It outlines the basic policies which will guide you in those two capacities after the termination of the combined command in Austria. Supplemental directives will be issued to you by the Joint Chiefs of Staff as may be required.

(b) As a member of the Allied Council you will urge the adoption by the other occupying powers of the principles and policies set forth in this directive and, pending Allied Council agreement, you will follow them in your zone. It is anticipated that substantially similar directives will be issued to the Commanders in Chief of the United Kingdom, the Union of Soviet Socialist Republics, and French forces of occupation.

(c) In the event that recognition is given by the four governments to a provisional national government of Austria, such government should be delegated authority in appropriate matters to conduct public affairs in accordance with the principles set forth in this directive or agreed upon by the occupying powers. Such delegation, however, shall be subject to the authority of the occupying powers and to their responsibility to see that their policies are in fact carried out.

(d) Any provisional national government of Austria which is not recognized by all of the four Governments of the occupying powers shall not be treated by you as possessing any authority. Only individuals who recognize your supreme authority in your zone will be utilized by you in administration.

Part I

General and Political

2. The Basis of Military Government:

(a) The rights, power and status of the military government in Austria prior to the unconditional surrender and total defeat of Germany, were based upon the military occupation of Austria and the decision of the occupying powers to reestablish an independent Austrian state. Thereafter the rights, powers and status are based, in addition, upon such surrender or defeat. The Text of the Instrument of Unconditional Surrender of Germany published as a separate document has been made available to you. You will assure that the policies set forth in that Instrument are carried out in your zone of occupation insofar as they are applicable in Austria even though the defeat of Germany is not followed by a formal signing of the Instrument.

(b) Subject to the provisions of paragraph 3 below, you are, by virtue of your position, clothed with supreme legislative, executive, and judicial authority in the areas occupied by forces under your command. This authority will be broadly construed and includes authority to take all measures deemed by you necessary, appropriate or desirable in relation to military exigencies and the objectives set forth in this and other directives.

(c) You will issue a proclamation continuing in force such proclamations, orders and instructions as may have heretofore been issued by Allied Commanders in your zone, subject to such changes as you may determine. Authorizations of action by the Supreme Allied Commander, Mediterranean, or by the Supreme Commander, Allied Expeditionary Force, may be considered as applicable to you unless inconsistent with this or other directives.

3. The Allied Council and Zones of Occupation:

(a) The four Commanders in Chief, acting jointly, will constitute the Allied Council which will exercise supreme authority in Austria. The United States proposal for an agreement on the organization of the

Control Machinery in Austria published as a separate document has been made available to you. When approved by the occupying powers, the text of the agreement on Control Machinery in Austria will be furnished you. For purposes of administration of military government, Austria will be divided into four zones of occupation. When the occupying powers have agreed upon the zones of occupation in Austria, the text of the protocol in that regard will be furnished you.

(b) The authority of the Allied Council to formulate policy and procedures and administrative relationships with respect to matters affecting Austria as a whole will be paramount throughout Austria. This authority shall be broadly construed to the end that, through maximum uniformity of policy and procedures throughout Austria, establishment of an independent Austrian Government may be accelerated. In your capacity as a member of the Allied Council, you will seek maximum agreement with respect to policy and maximum uniformity of action by the Commanders-in-Chief in their respective zones of occupation. You will carry out and support in your zone the policies agreed upon in the Allied Council. In the absence of such agreed policies you will act in accordance with this and other directives of the Joint Chiefs of Staff.

(c) The Allied Council should cooperate with the Control Council in Germany in effecting the severance of all political and administrative connections between Austria and Germany, and the elimination of German economic and financial influences in Austria. You will in every way possible assist the accomplishment of this purpose.

(d) The Allied Council should adopt procedures to effectuate, and you will facilitate in your zone, the equitable distribution of essential commodities between the zones. In the absence of a conflicting policy of the Allied Council, you may deal directly with one or more zone commanders on matters of special concern to such zones.

(e) Pending the formulation in the Allied Council of uniform policies and procedures with respect to travel and movement of persons to and from Austria, no persons shall be permitted to cross the Austrian frontier in your zone except for specific purposes approved by you.

(f) The military government personnel in your zone, including those dealing with regional and local branches of the departments of any central Austrian administrative machinery, shall be selected by your authority except that liaison officers may be furnished by the Commanders of the other three zones. The respective Commanders-in-Chief shall have exclusive jurisdiction throughout the whole of Austria over the members of the armed forces under their command and over the civilians who accompany them.

4. Basic Objectives of Military Government in Austria:

(a) You will be chiefly concerned in the initial stages of military government with the elimination of German domination and Nazi influences. Consistently with this purpose, you will be guided at every step by the necessity to ensure the reconstruction of Austria as a free, independent and democratic state. It will be essential therefore that every measure be undertaken from the early stages of occupation with this objective in mind.

(b) The Allied Council should as soon as it is established, proclaim the complete political and administrative separation of Austria from Germany, and the intention of the occupying powers to pave the way for the reestablishment of Austria as an independent democratic state. You will make it clear to the Austrian people that military occupation of Austria is intended principally (1) to aid Allied military operations and the strict enforcement of the applicable provisions of the German unconditional surrender instrument in Austria; (2) to eliminate Nazism, Pan-Germanism, militarism and other forces opposed to the democratic reconstitution of Austria; (3) to cooperate with the Control Council for Germany in the application and enforcement of measures designed to prevent the recurrence of German aggression; (4) to establish Allied Control over the use and disposition of German property in Austria; (5) to effect the complete political and administrative separation of Austria from Germany and free Austria from Nazi and German economic and financial influences; (6) to facilitate the development of a sound Austrian economy devoted to peaceful pursuits and not vitally dependent upon German supplies, markets and technical and financial assistance; and (7) to foster

the restoration of local self-government and the establishment of an Austrian central government freely elected by the Austrian people themselves. Other objectives of the occupation will be to apprehend war criminals, to care for and repatriate displaced persons and prisoners-of-war who are members of the armed forces of the United Nations, and to carry out approved programs of reparation and restitution insofar as these are applicable to Austria.

(c) You will assure that there is no fraternization by your troops with any German elements remaining in Austria. While in the initial period of occupation the relationship of the troops to the Austrian civil population will be distant and aloof but courteous, a progressively more friendly relationship may be permitted as experience justifies.

5. Denazification:

(a) A Proclamation dissolving the Nazi Party, its formations, affiliated associations and supervised organization, and all Nazi public institutions which were set up as instruments of Party domination, and prohibiting their revival in any form, should be promulgated by the Allied Council. You will assure the prompt effectuation of that policy in your zone and will make every effort to prevent the re-constitution of any such organization in underground, disguised or secret form. Responsibility for continuing desirable non-political social services of dissolved Party Organizations may be transferred by the Governing Body to appropriate central agencies and by you to appropriate local agencies.

(b) All laws which extended the political structure of National Socialism to Austria or otherwise brought about the destruction of the Austrian state or which established discriminations on grounds of race, nationality, creed or political opinion should be abrogated by the Allied Council. You will render them inoperative in your zone.

(c) All members of the Nazi Party who were German nationals prior to 13 March 1938, Germans who entered Austria after that date, and other Germans directly connected with the Nazi exploitation of Austria will immediately be removed from government positions and all other categories of employment listed below, and will be expelled from Austria in accordance with paragraph 21. All Austrian members of the Nazi Party who have been more than nominal participants in its activities, all active supporters of Nazism and other persons hostile to Allied purposes will be removed and excluded from public office and from positions of importance in quasi-public and private enterprises such as (1) civic, economic, and labor organizations, (2) corporations and other organizations in which the German Government or subdivisions have a major financial interest, (3) industry, commerce, agriculture, and finance, (4) education, and (5) the press, publishing houses and other agencies disseminating news and propaganda. Persons are to be treated as more than nominal participants in Party activities and as active supporters of Nazism when they (1) held office or otherwise were active at any level from local to national in the Party and its subordinate organizations, (2) authorized or participated affirmatively in any Nazi crimes, racial persecutions or discriminations, (3) been avowed believers in Nazi doctrines, or (4) voluntarily given substantial moral or material support or political assistance of any kind to the Nazi Party or Nazi officials and leaders. No such persons shall be retained in any of the categories of employment listed above because of administrative necessity, convenience or expediency.

(d) Property, real and personal, owned or controlled by the Nazi Party, its formations, affiliated associations and supervised organizations, and by all persons subject to arrest under the provisions of paragraph 7 below, and found within your zone will be taken under your control pending a decision by the Allied Council or higher authority as to its eventual disposition.

(e) All archives, monuments and museums of Nazi inception, or which are devoted to the perpetuation of militarism, will be taken under your control and their properties held pending decision as to their disposition by the Allied Council.

(f) You will make special efforts to preserve from destruction and take under your control records, plans, books, documents, papers, files, and scientific, industrial and other information and data belonging to or

controlled by the following:

- (1) The central German Government and its subdivisions, the offices of the *Reichsstatthalter*, the former Austrian state and its subdivisions, German and Austrian military organizations, organizations engaged in military research, and such other governmental agencies as may be deemed advisable;
- (2) The Nazi Party, its formations, affiliated associations and supervised organizations;
- (3) All police organizations, including security and political police;
- (4) Important economic organizations and industrial establishments including those controlled by the Nazi Party or its personnel;
- (5) Institutes and special bureaus devoting themselves to racial, militaristic or similar research or propaganda.

6. Elimination of pre-Nazi Influences:

- (a) You will remove and exclude from the positions enumerated in sub-paragraph 5 c above all persons who took an active and prominent part in the undemocratic measures of the pre-Nazi Fascist regime or in any of its para-military organizations such as the *Heimwehr* and the *Ostmärkische Sturmsharen*.
- (b) You will prevent the revival of any organization seeking to restore the pre-Nazi Fascist regime.

7. Suspected War Criminals and Security Arrests:

- (a) You will search out, arrest, and hold, pending receipt by you of further instructions as to their disposition, Adolf Hitler, his chief Nazi associates, other war criminals, and all persons who have participated in planning or carrying out Nazi enterprises involving or resulting in atrocities or war crimes.
- (b) All persons who if permitted to remain at large would endanger the accomplishment of your objectives will also be arrested and held in custody until their disposition is otherwise determined by an appropriate semi-judicial body to be established by you.

If in the light of conditions which you encounter in Austria you believe it is not immediately feasible to subject certain persons within these categories to this treatment, you should report your reasons and recommendations to your Government through the Joint Chiefs of Staff. If you believe it desirable, you may postpone the arrest of those whose cases you have reported, pending a decision communicated to you by the Joint Chiefs of Staff. In no event shall any differentiation be made between or special consideration be accorded to persons arrested, either as to manner of arrest, or conditions of detention, upon the basis of wealth or political, industrial, or other rank or position. In your discretion you may make such exception as you deem advisable for intelligence or other military reasons.

8. Demilitarization:

- (a) In your zone you will assure that all units of the German armed forces including para-military organizations are dissolved as such and that their personnel are promptly disarmed and controlled in accordance with the policies and procedures set forth in the Instrument of Unconditional Surrender of Germany or in other directives which may be issued to you. Prior to their final disposition you will arrest and hold all military personnel who are included under the provisions of paragraph 7. Subject to military considerations and priority to be accorded repatriation of United Nations nationals, the Allied Council

should cooperate with the Control Council for Germany in arranging the early repatriation or other disposition of German members of the German armed forces, including para-military organizations, found within Austria. The two Allied agencies should likewise concert the prompt return to Austria of Austrian members of the German armed forces found within Germany, except those held as active Nazis, suspected war criminals, or for other reasons.

(b) The Allied Council should proclaim, and in your zone you will effectuate, the total dissolution of all military and para-military organizations together with all associations which might serve to keep alive militarism in Austria.

(c) All persons who have actively supported organizations promoting militarism or who have been active proponents of militaristic doctrines will be removed and excluded from any of the categories of employment listed in sub-paragraph 5 c.

(d) You will seize or destroy all arms, ammunition and implements of war, including all aircraft, military and civil, and stop the production thereof.

9. Police:

With the exception of the *Kriminalpolizei* (Criminal Police), all elements of the *Sicherheitspolizei* (Security Police) e.g., *Geheime Staatspolizei* (Gestapo), and the *Sicherheitsdienst der S.S.* will be abolished. Criminal and ordinary police will be purged of Nazi personnel and utilized under the control and supervision of the military government.

10. Administration of Justice:

(a) All extraordinary courts, including the *Volksgerichtshof* (People's Court) and the *Sondergerichte* (Special Courts), and all courts and tribunals of the Nazi Party and of its formations, affiliated associations and supervised organizations will be abolished immediately.

(b) All ordinary criminal, civil and administrative courts, except those previously re-established by Allied authority, will be closed. After the elimination of all Nazi or other objectionable features and personnel you will permit those which are to exercise jurisdiction within the boundaries of your zone to resume operations under such regulations, supervision and control as you may consider appropriate. Courts which are to exercise jurisdiction over territory extending beyond the boundaries of your zone will be reopened only with the express authorization of the Allied Council and under its regulation, supervision and control. The power to review and veto decisions of German and Austrian courts shall be included within the power of supervision and control.

11. Political Prisoners:

Subject to military security and to the interests of the individuals concerned, you will release all persons found within your zone who have been detained or placed in custody on grounds of race, nationality, creed or political opinion and treat them as displaced persons. You should make provision for the review of convictions of alleged criminal offenses about which there may be substantial suspicion of racial, religious or political persecution, and in which sentences of imprisonment have not been fully served by persons imprisoned within your zone.

12. Reconstitution of an Administrative System:

(a) As soon as Nazi and Fascist influences have been eliminated from public offices in Austria, the reconstitution of Austrian administrative agencies shall be carried out in such a way as not to prejudice the political and constitutional future of Austria. The Allied Council should be responsible for the early establishment of such nation-wide administrative and judicial machinery as may be required to facilitate the uniform execution of its policy throughout Austria, to ensure freedom of transit and communication to and

between the separate zones of occupation, and to lay the foundation for the restoration of an Austrian national administrative system. Administrative officials with powers extending throughout Austria should be appointed only by or under the authority of the Allied Council.

(b) The formal abrogation of the *Anschluss* (Act of 13 March 1938) will not be considered as reestablishing the legal and constitutional system of Austria as it existed prior to that event. Such portions of earlier Austrian legislation or of Reich legislation relating to Austria may be retained or restored to force as is deemed appropriate for the purposes of military government and the reconstitution of Austria on a democratic basis. Insofar as it may prove desirable to utilize constitutional laws for Austrian administration, suitable provisions of the Austrian Constitution of 1920, as amended in 1925 and 1929, should be applied.

(c) You will assure the severance of all connections between regional (*Gau*) and local agencies on the one hand and Reich administrative agencies on the other, and will reconstitute Austrian Provincial (*Land*) and local administration at the earliest possible moment. You may utilize such agencies of the present regional and local administrations as may be deemed useful.

13. Restoration of Regional and Local Self-Government:

As a member of the Allied Council, you will urge the restoration of regional and local self-government throughout Austria at the earliest possible moment. In the absence of agreement, you will facilitate the holding of elections to local and regional public offices within your zone. If prior to or during occupation, local and regional popular councils or similar organs appear, they may be granted temporary recognition pending approval by the Allied Council and be utilized in administration in the event that they possess popular support and are free from Nazi or Fascist sympathizers and affiliations.

14. Establishment of Independent Austrian Government:

The Allied Council should, and in your zone you will, make it clear to the Austrian people that the Allied Powers do not intend through military government to appoint or establish a national government for Austria but will aid the Austrian people themselves to prepare for the election of a national assembly by democratic means. The Austrian people will be free to determine their own form of government provided the new regime be democratic in character and assume appropriate internal and international responsibilities and obligations.

15. Political Activity and Civil Rights:

(a) At the earliest possible moment you will permit such political activity and organization by democratic groups as neither threatens military security nor presents substantial danger of public disorder nor engender suspicion and disunity among the United Nations.

(b) You will prohibit the propagation in any form of Nazi, Fascist, militaristic, and pan-German doctrines.

(c) To the extent that military interests are not prejudiced and subject to the provisions of the two preceding subparagraphs and paragraph 16, you will permit freedom of speech, assembly, press, association, and religious worship.

(d) For purposes of military government you may consider as Austrian citizens all persons who held Austrian citizenship on or before 13 March 1938, or who would have automatically acquired citizenship by operation of the law of Austria in force on 13 March 1938. The acts of 30 July 1925 and 16 August 1933 should not be considered as depriving of citizenship Austrians who have entered the service of foreign states or who have taken up arms against the Reich since 1938. German laws purporting to affect Austrian citizenship should be ignored.

16. Public Relations and Control of Public Information:

As a member of the Allied Council you will endeavor to obtain agreement for uniform or coordinated policies with respect to (a) control of public information media in Austria, (b) accrediting of foreign correspondents, (c) press censorship, and (d) issuance of official news communiques dealing with matters within the jurisdiction of the Allied Council. United States policies in these matters will be sent to you separately and you will be guided by these in your negotiations in the Allied Council.

17. Education:

(a) You will initially close all schools and universities except those previously re-established by Allied authority. The closure of Nazi educational institutions, such as *Adolf Hitler Schulen*, *Napolas* and *Ordensburgen*, and of Nazi organizations within other educational institutions, will be permanent.

(b) A coordinated system of control over Austrian education and an affirmative program of reorientation will be established designed completely to eliminate Nazi, Fascist and militaristic doctrines and to encourage the development of democratic ideas.

(c) You will permit the reopening of elementary (*Volksschulen*), middle (*Hauptschulen*), and vocational (*Berufsschulen*) schools at the earliest possible date after Nazi and other objectionable personnel has been eliminated. Textbooks and curricula which are not free of Nazi, Fascist and militaristic doctrines shall not be used. The Allied Council should assure that programs are devised for the early reopening of secondary schools, universities and other institutions of higher learning. After Nazi and other objectionable personnel and features have been eliminated and pending the formulation of such programs by the Allied Council, you may formulate and put into effect an interim program within your zone and, in any case, you will encourage the reopening of such institutions and departments which offer training which you consider immediately essential or useful in the administration of military government and the purposes of the occupation.

(d) It is not intended that the military government will intervene in questions concerning denominational control of Austrian schools, or in religious instruction in Austrian schools, except in so far as may be necessary to ensure that religious instruction and administration of such schools conform to such Allied regulations as are or may be established pertaining to purging of personnel and curricula.

18. Religious Affairs:

(a) The Allied Council should leave to the Austrian churchmen of the respective faiths the revision of the constitutions, rituals or internal relationships of purely ecclesiastical bodies.

(b) You will protect freedom of religious belief and worship.

(c) You will refrain from intervening in matters concerning religious instruction in schools, the establishment or continuation of denominational schools and the re-establishment of ecclesiastical control of any publicly supported schools.

(d) You will take necessary measures to protect churches, shrines, church schools, and other ecclesiastical property from damage and from any treatment which lacks respect for their religious character.

(e) You may permit religious bodies to conduct appropriate youth, sport, and welfare activities and to receive contributions for such purposes.

(f) Subject to the provisions of paragraph 15, you will permit the establishment or revival of religious periodicals and the publication of other religious literature.

19. Treatment of Displaced Persons and Refugees in Austria:

(a) Subject to any international agreements and to the agreed policies of the Allied Council, you will undertake the repatriation, return to former residence or resettlement of displaced persons who are (1)

nationals of the United Nations and of neutral states, (2) stateless persons, (3) nationals of enemy or former enemy countries who have been persecuted by the enemy for reasons of race, nationality, creed or political opinion, (4) nationals of Italy, as rapidly as military considerations and arrangements with their respective governments permit. Due consideration will be given to the wishes of individuals involved, and preference will be accorded to nationals of the United Nations and persons freed from concentration camps or other places of detention.

(b) You will establish or maintain centers for the assembly and repatriation, resettlement or return of the foregoing displaced persons. Subject to the general control and responsibility of military government, existing Austrian agencies will be required to maintain essential supply and other services for them, including adequate food, shelter, clothing and medical care.

(c) Subject to your general control, you will hold existing Austrian agencies responsible for the care and disposition of refugees and those displaced persons who are nationals of Germany or former enemy countries not otherwise provided herein. You will facilitate their repatriation or return, subject to whatever control you may deem necessary, as rapidly as military considerations and appropriate arrangements with authorities in their respective home countries permit.

(d) Subject to agreed policies of the Allied Council, you will determine the extent to which UNRRA, the inter-Governmental Committee on Refugees, or other civilian agencies will participate in handling displaced persons and refugees.

(e) You will accord liaison on matters connected with displaced persons to representatives of each of the other Occupying Powers accredited therefor by their respective Commander-in-Chief and to representatives of any of the United Nations and neutral states and of Italy accredited therefor by the Allied Council or other competent authority. You will arrange for such representatives to have access to displaced persons who are nationals of their countries and are authorized to permit them to use the facilities of their governments for purposes of repatriation.

(f) The term "displaced persons" includes (1) non-Austrian civilian nationals who have been obliged to leave their own countries or to remain in Austria by reason of the war, (2) stateless persons, and (3) persons who have been persecuted by the enemy for reasons of race, nationality, creed or political opinion. The term "refugees" includes Austrian civilian nationals within Austria who are temporarily homeless because of military operations, or are residing at some distance from their homes for reasons related to the war.

20. Return of Austrian Civilians to Austria:

In accordance with military considerations and appropriate arrangements with authorities in sending countries, you will cooperate in rapid repatriation of Austrian civilian nationals outside Austria, exclusive of active Nazis and persons suspected of having committed war crimes or held for other reasons.

21. The Removal of German Officials and Civilians from Austria:

(a) All German officials, members of the Nazi Party who were German nationals prior to 13 March 1938, Germans who entered Austria after that date and other Germans directly connected with the Nazi exploitation of Austria, except those whom it may be desirable to hold for security or other reasons, should be expelled from Austria. The Allied Council should consult with the Control Council in Germany regarding the removal to Germany of such persons. Removal will be effected at the earliest time consistent with the availability of transport facilities and with the prospect of orderly absorption into Germany.

(b) Subject to instructions issued by the Allied Council in accordance with the provisions of the subparagraph (a) above, you will in your zone take all practicable measures to facilitate and expedite the removal to Germany of all German officials and of German citizens to be repatriated.

22. Diplomatic and Consular Officials and Properties:

All diplomatic and consular officials of countries with which any one of the United Nations has been at war since 31 December 1937 will be taken into protective custody and held for further disposition. The diplomatic and consular property and records belonging to such countries or governments and to their official personnel will be seized and secured if not found in the custody of a protecting power.

23. Arts and Archives:

Subject to the provisions of paragraph 5 above, you will make all reasonable efforts to preserve historical archives, museums, libraries and works of art.

Part II Economic

General Economic Provisions

23. The Allied Council should ensure the direction of the Austrian economy in such a way as to carry out the objectives set forth in paragraph 4 b of this directive and should establish centralized control and administration of the Austrian economy to the extent necessary to achieve the maximum utilization of Austrian resources and equitable distribution of essential goods and services and to obtain uniformity of policies and operations throughout Austria.

You will urge the establishment of such centralized control and administration and, pending agreement in the Allied Council, you will take such measures in your own zone as are necessary to carry out the provisions of this directive.

25. To the maximum extent possible without jeopardizing the successful execution of measures required to implement the objectives outlined in paragraph 4 b of this directive, Austrian authorities and agencies should be used, subject to such supervision as is necessary to ensure that they carry out their task. For this purpose appropriate authority should be given to Austrian agencies and administrative services, subject to strict observance of the provisions of this directive regarding denazification and dissolution or prohibition of Nazi and Fascist organizations, institutions, principles, features and practices.

26. You will preserve all significant records pertaining to important economic, financial and research organizations and activities. You will institute or assure the maintenance of such statistical records and reports as may be necessary to carry out the objectives of this directive.

27. You will initiate appropriate surveys which may assist you in achieving the objectives of the occupation. In particular, you will promptly undertake surveys, equipment and resources in your zone. You will endeavor to obtain prompt agreement in the Allied Council to similar surveys in the other zones of occupation and urge appropriate steps to coordinate the methods and results of these and other future surveys undertaken in the various zones. You will keep the Allied Council and your government currently apprised of the information obtained by means of intermediate reports or otherwise.

Responsibility for Supplies from U.S. Military Sources

28. Imports of supplies from U.S. Military supply sources, for which you will assume responsibility, will be limited to the basic essential necessary in your zone (a) to avoid disease and unrest which might endanger the occupying forces and (b) for the care of displaced persons. Imports will be undertaken only after maximum utilization of indigenous supplies.

Agriculture, Industry and Internal Commerce

29. You will make maximum use of supplies and resources available within Austria, and you will require the Austrians to use all means at their disposal to maximize the production of foodstuffs and other essential

goods and to establish as rapidly as possible effective rationing and other machinery for the distribution thereof. You will urge upon the Allied Council that uniform ration scales be applied throughout Austria.

30. The Allied Council should assure to the maximum possible extent the free movement and equitable distribution of goods and services throughout Austria.

31. The Allied Council should facilitate emergency repair and construction for the minimum housing needs of the civil population and restoration of transportation and communications services and public utilities essential to the objectives outlined in paragraph 4 b.

32. In order to supplement the measures taken by the Control Council in Germany for the industrial disarmament of Germany and pending final decision as to the steps necessary in Austria to eliminate Germany's war potential, you should, in cooperation with the other zone commanders take steps to

(a) prevent the production, acquisition and development of all arms, ammunition and implements of war, including all types of aircraft, and all parts, components and ingredients specially designed or produced for incorporation therein;

(b) seize and safeguard, pending instructions as to disposal, all facilities which are specially designed or adapted to the production of the items mentioned in (a) and cannot be converted to non-military production, using in such conversion only materials and equipment readily available and not emanating from Germany;

(c) take an inventory of all German-owned plant and equipment in Austria, and all plant and equipment regardless of ownership erected or expanded in Austria subsequent to Anschluss, in the following industries: iron mining; steel and ferro-alloys; armaments (including aircraft); machinery (including automotive vehicles, agricultural machinery, locomotives and rolling stock, bearings and other special components, electrical machinery, and general industrial equipment); electronic equipment; electric power; non-ferrous metals, including light metals; rubber and oil, including synthetic rubber and oil; wood pulp; synthetic fibers; instruments; optical glass; chemicals (including pharmaceutical and plastics) and photographic equipment; in order that the Allied Council may determine what portion of it is redundant to the development of a sound peacetime Austrian economy and make recommendations to the governments of the occupying powers regarding the treatment of these industries;

(d) prevent large-scale exportation of light metals pending subsequent instructions on the policy to be followed regarding the Austrian light metal industry;

(e) prevent the construction of plant capacity for the production of synthetic oil and rubber; and establish procedures, in consultation with the Control Council for Germany, for reviewing any projected construction of new or expanded capacity for materials the production of which is prohibited or limited in Germany as a measure of industrial disarmament, in order to ensure that such expansion is not for the purpose of evading controls in Germany;

(f) close initially all laboratories, research institutions and similar technical organizations except those considered necessary for the protection of public health and safety, and provide for the maintenance and security of physical facilities where deemed necessary and for the detention of such personnel as are of interest to technological and counter-intelligence investigations. After the provisions of paragraphs 5, 6, 7 and 8 (c) have been applied, the reopening of laboratories, research institutions and similar organizations should be permitted under license and periodic supervision, in accordance with policies which will be communicated to you.

33. Without prejudice to the possible eventual transfer of equipment or production on reparation account in accordance with any Allied agreements which may be reached, the Allied Council should facilitate the conversion of industrial facilities to non-military production. In such conversion it will be your policy to give priority to the production of essential goods and equipment in short supply.

34. The Allied Council should assure that all semi-official or quasi-public business and trade organizations of an authoritarian character are abolished and that any organizations of commerce, industry, agriculture and handicrafts which the Austrians may wish to establish are based on democratic principles.

35. The Allied Council should adopt a policy prohibiting cartels or other private business arrangements and cartel-like organizations including those of public or quasi-public character, such as the Wirtschaftsgruppen, which provide for the regulation of marketing conditions, including production, prices, exclusive exchange of technical information and processes, and allocation of sales territories. Such necessary public functions as have discharged by these organizations should be absorbed as rapidly as possible by approved public agencies. Pending agreement in the Allied Council, you should take no action in your own zone with regard to this paragraph.

36. The Allied Council should adopt policies designed to prevent or restrain inflation of a character or dimension which would endanger accomplishment of the objectives of the occupation. The Allied Council in particular, should direct and empower Austrian authorities to maintain or establish controls over prices and wages and to take the fiscal and financial measures necessary to this end.

Labor, Health and Social Insurance

37. The Allied Council should permit the self-organization of employees along democratic lines, subject to such safeguards as may be necessary to prevent the perpetuation or revival of Nazi, Fascist or militarist influence under any guise or the continuation of any group hostile to the objectives and operations of the occupying forces. The Allied Council should permit free collective bargaining between employees and employers regarding wages, hours, and working conditions and the establishment of machinery for the settlement of industrial disputes. Collective bargaining shall be within the framework of such wage, hour and other controls as may be instituted or revived.

38. The Allied Council should permit the retention or reestablishment of health services and facilities and non-discriminatory systems of social insurance and poor relief.

Reparation and Restitution

39. As a member of the Allied Council and as zone commander you will ensure that the programs of reparation and restitution embodied in Allied agreements are carried out in so far as they are applicable in Austria. The Allied Council should cooperate with the Control Council in Germany for this purpose. You should urge the Allied Council to an agreement that, until appropriate Allied authorities formulate reparation and restitution program for application in Austria,

(a) no removals should be permitted on reparation account; and

(b) restitution to other countries should be confined to identifiable looted works of art, books, archives and other cultural property.

Foreign Trade

40. The Allied Council should take prompt steps to re-establish Austrian customs autonomy subject to the provisions of paragraph 51 of establish centralized control over all trade in goods and services with foreign countries.

41. In the control of foreign trade the objectives of the Allied Council should be (a) to obtain as much as possible of Austria's essential imports through regular trade; (b) encourage the development by Austrians as rapidly as possible of foreign markets and sources of supply; and (c) to promote the orientation of Austrian trade away from Germany.

The Allied Council should seek to obtain from sources other than military supply sources any imports

essential to the achievement of the objectives set forth in this directive. Arrangements may be made with appropriate authorities in Germany for the importation of essential supplies from Germany, whenever in your judgment such supplies cannot be readily obtained from other sources.

The Allied Council should favor the conclusion of such arrangements for the exchange of Austrian goods and services with those of foreign countries including the development of entrepot trade, as will aid in the revival of the Austrian economy on a sound basis and will not prejudice the eventual development of trade on a multilateral basis.

The Allied Council in cooperation with the Austrian authorities, should make a survey of Austrian foreign exchange resources and of the possibilities for foreign markets and sources of supply for Austrian industry and trade to serve as the basis of a program for the development of a sound economy. You will communicate to your government through the Joint Chiefs of Staff the results of such a survey, together with such recommendations as you may deem appropriate.

42. The Allied Council should adopt a policy which would forbid participation of Austrian firms in international cartels or other restrictive contracts and arrangements, and should order the prompt termination of all existing Austrian participation in such cartels, contracts and arrangements. Pending agreement in the Allied Council, you should take no action in your own zone with regard to this paragraph.

Part III Financial

General Provisions

43. The Allied Council should adopt, for application throughout Austria, uniform financial measures which are necessary to the accomplishment of the objectives stated in paragraph 4 (b) of this directive and which are in conformity with the principles and policies set forth below. You will urge the establishment of centralized administration of such measures to the extent necessary to achieve these objectives and, pending agreement in the Allied Council, you will adopt such necessary measures in your own zones as are in conformity with the provisions of this directive.

44. In the administration of financial matters you will follow the principles set forth in paragraph 25 of this directive.

45. You will maintain such accounts and records as may be necessary to reflect the financial operations of the military government in your zone, and you will provide the Allied Council with such information as it may require, including information in connection with the use of currency by your forces, any governmental settlements, occupation costs, and other expenditures arising out of operations or activities involving participation of your forces.

46. You will take measures to safeguard books and records of all public and private banks and other financial institutions.

47. Subject to any agreed policies of the Allied Council, you are authorized to take the following steps:

(a) to prohibit, or to prescribe regulations regarding transfers or other dealings in private or public securities or real estate or other property;

(b) to close banks, insurance companies and other financial institutions for a period long enough for you to introduce satisfactory control, to ascertain their cash position, to apply the provisions of paragraphs 5, 6, 7, and 8 (c) of this directive, and to issue instructions for the determination of accounts and assets to be blocked under paragraph 55 below.

(c) to close stock and commodity exchanges and similar institutions for such periods as you deem

appropriate and apply the provisions of paragraphs 5, 6, 7, and 8 (c) of this directive;

(d) to establish a general or limited moratorium, or moratoria, to the extent necessary to carry out the objectives stated in this directive. In particular, it may prove desirable to prevent foreclosures of mortgages and the exercise of similar remedies by creditors against individuals and small business enterprises;

(e) to issue regulations prescribing the purposes for which credit may be extended and the terms and conditions governing the extension of credit;

(f) to put into effect such further financial measures as you deem necessary to accomplish the purposes stated in this directive.

48. The Allied Council should designate a suitable bank, preferably the former Vienna Branch of the Reichsbank, to perform under its direction central banking functions. Simultaneously, all connections between such designated bank and institutions or persons in Germany should be severed in accordance with paragraph 57 of this directive. When satisfied that this bank is under adequate control, the Allied Council may, by ensuring that credits are made available only in schillings through the zone commanders or authorized issuing banks or agencies, place such bank in a position to finance other banks or other financial institutions for the conduct of approved business.

Pending the designation of such a bank by the Allied Council, you may designate a bank in your zone to perform similar functions under your direct control and supervision and subject to the conditions specified above.

In an emergency you are also authorized to make direct advances, in schillings only, to other financial institutions.

Currency

49. The Allied Council should regulate and control the issue and volume of currency in Austria in accordance with the following provisions :

a) United States forces and other Allied forces within Austria will use only Allied military schillings for pay of troops and other military requirements. Allied military schillings will be declared legal tender in Austria. As long as *Reichsmarks* are legal tender in Austria, Allied military schillings will circulate interchangeably with *Reichsmarks* at a rate of one Allied military schilling for one *Reichsmark*. *Reichskreditkassenscheine* and other military currency issued by the Germans will not be legal tender in Austria;

(b) without authorization by the Allied Council, no Austrian governmental or private banks or agencies will be permitted to issue banknotes or currency;

(c) appropriate Austrian authorities should, to the maximum extent possible, be required by the Allied Council to make funds available free of cost in amounts sufficient to meet all expenses of the forces of occupation, including the cost of Allied military government, the Allied military personnel, and to the extent that compensation is made therefor the cost of such private property as may be requisitioned, seized, or otherwise acquired by Allied authorities for reparation or restitution purposes;

(d) as soon as administratively practicable, a general conversion into Allied Military schillings of the *Reichsmark* and *Rentenmark* currency circulated in Austria should be undertaken by the Allied Council or by you in coordination with the other zone commanders.

You will receive separate instructions relative to the currency which you will use in the event that for any reason adequate supplies of Allied Military schillings are not available.

You will not announce or establish, until receipt of further instructions, any general rate of exchange

between the Allied Military schillings on the one hand and the U.S. dollar and other currencies on the other. However, the rate of exchange to be used exclusively for pay of troops and military accounting purposes will be ten Allied Military schillings for one U.S. dollar.

Public Finance

50. Subject to any agreed policies of the Allied Council, you will take such action as may be necessary to insure that all laws and practices relating to taxation or other fields of finance, which discriminate for or against any persons because of race, nationality, creed or political opinion, will be amended, suspended or abrogated to the extent necessary to eliminate such discrimination. Consistent with the foregoing purpose, the Austrian authorities should be required to take such action in the field of taxation as is necessary to assure an adequate inflow of revenues. Any public revenue in Austria previously collected by the German government may be used for approved public expenditures.

51. Pending the determination of the long-range Austrian customs and trade policy, the Austrian authorities may impose duties on imports for revenue purposes. Duties for other purposes should only be imposed on imports for military account or for the account of such relief agencies as may be designated.

52. Subject to any agreed policies of the Allied Council, you will prohibit:

(a) the payment to ex-soldiers of all military pensions, or other emoluments or benefits, except compensation for physical disability limiting the recipient's ability to work at rates which are no higher than the lowest of those for comparable physical disability arising from non-military causes;

(b) the payment of all public or private pensions or other emoluments or benefits granted or conferred.

(1) by reason of membership in or services to the former Nazi party, its formations, affiliated associations or supervised organizations or any pre-Nazi Fascist organizations, such as the *Heimwehr* and the *Ostmärkische Sturmsharen*;

(2) to any person who has been removed from an office or position in accordance with paragraphs 5, 6, and 8 (c); and

(3) to any person arrested and detained in accordance with paragraph 7 during the term of his arrest, or permanently, in case of his subsequent conviction.

53. The Allied Council should exercise general control and supervision over the expenditures of public funds to the extent necessary to achieve the purposes of the occupation.

54. The Allied Council should promptly initiate a survey for the purpose of ascertaining (a) the amount of the German government debt held in Austria, (b) the amount of all outstanding internal public debts in Austria, and (c) the fiscal position of Austria. You will promptly submit recommendations concerning the treatment of these debts, taking into consideration the effect on Austrian public credit of policies on this matter.

Property Control

55. Subject to any agreed policies of the Allied Council, you will impound or block all gold, silver, currencies, securities accounts in financial institutions, credits, valuable papers, and all other assets falling within the following categories:

(a) Property owned or controlled, directly or indirectly, in whole or in part, by any of the following:

- (1) the governments, nationals or residents of the German Reich, Italy, Bulgaria, Rumania, Hungary, Finland and Japan, including those of territories occupied by them;
 - (2) The Austrian State, the municipal and provincial government and all governmental authorities within Austria, including their agencies and instrumentalities;
 - (3) the Nazi Party, its formations, affiliated associations and supervised organizations, its officials, leading members and supporters;
 - (4) all organizations, clubs or other associations prohibited or dissolved by military government;
 - (5) absentee owners, including United Nations and neutral governments;
 - (6) any institution dedicated to public worship, charity, education or the arts and sciences, which has been used by the Nazi party to further its interests or to cloak its activities;
 - (7) persons subject to arrest under the provisions of paragraph 7, and all other persons specified by military government by inclusion in lists or otherwise;
- (b) Property which has been the subject of transfer under duress, or wrongful acts of confiscation, disposition, or spoliation, whether pursuant to legislation or by procedures purporting to follow forms of law or otherwise;
- (c) Works of art or cultural material of value or importance, regardless of the ownership thereof.

You will take such action as will ensure that any impounded or blocked assets will be dealt with only as permitted under licenses or other instructions which you may issue. In the case particularly of property blocked under (a) (2) above, you will proceed to adopt licensing measures which, while maintaining such property under surveillance, would permit its use in consonance with this directive. Property taken from Austrians under the conditions stated in (b) above should be restored as promptly as possible, subject to appropriate safeguards to prevent the cloaking of Nazi, German or militaristic influence.

The Allied Council should seek out and reduce to the possession and control of a special agency all property interests of any type and description owned either directly or indirectly by Germany or a national or a resident thereof.

External Financial and Property Relations

56. All foreign exchange transactions, including those arising out of exports and imports, shall be controlled for the purpose of achieving the objectives set forth in this directive. To effectuate such objectives the Allied Council should

- (a) seek out and reduce to the possession and control of a special agency all Austrian (public and private) foreign exchange and external assets of every kind and description located within or outside Austria;
- (b) prohibit, except as authorized by regulation or license, all dealings in gold, silver, foreign exchange, and all foreign exchange transactions of any kind;
- (c) make available any foreign exchange proceeds of exports for payment of imports necessary to the

accomplishment of the objectives set forth in this directive and authorize no other outlay of foreign exchange assets for purposes approved by the Allied Council or other appropriate authority;

(d) establish effective controls with respect to all foreign exchange transactions, including:

(1) transactions as to property between persons inside Austria and persons outside Austria;

(2) transactions involving obligations owed by or to become due from any person in Austria to any person outside Austria; and

(3) transactions involving the importation or exportation from Austria of any currency, foreign exchange asset or other form of property.

57. The Allied Council should in cooperation with the Control Council in Germany, take steps necessary to sever all managerial and other organizational connections of banks, including postal banking offices, and all other business enterprises located in Austria with banks and business enterprises or persons located in Germany.