



THE REPARATIONS PROGRAM

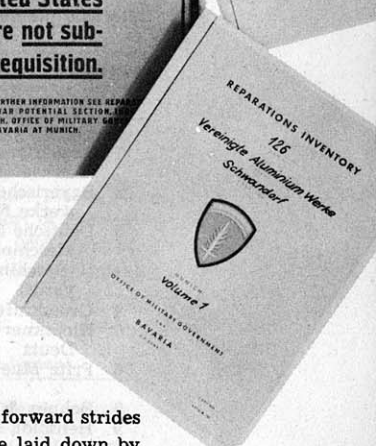
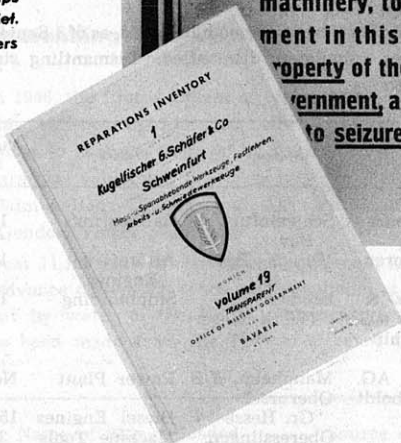
Machinery and general purpose equipment being loaded on Russian ships in Bremerhaven en route to the Soviet.

Photo by Byers

Reparations plant

This plant has been declared for reparations. All material, machinery, tools and equipment in this plant are the property of the United States Government, and are not subject to seizure or requisition.

FOR FURTHER INFORMATION SEE REPARATIONS AND WAR POTENTIAL SECTIONS, ECONOMIC DIRECTORATE, OFFICE OF MILITARY GOVERNMENT, BAVARIA AT MÜNCHEN.



The Reparations program in the U. S. Zone has made long forward strides since June, 1945, when the broad "reparations" principles were laid down by the governments of the United States, United Kingdom and the Union of Soviet Republics. In the twelve months that followed:

- War plants were destroyed;*
- Reparations plants were dismantled;*
- A quadripartite Plant Evaluation Formula was adopted and put to use;*
- Advance Reparations plants were allocated;*
- Deliveries of reparations equipment got under way.*

Approximately 17,000 persons in the U. S. Zone are working on one or another phase of reparations activity — destruction, dismantling, shipping, evaluation, administration, statistics.

As of Aug. 1, 1946, 156 plants in the U. S. Zone had been confirmed for reparations by the Economic Directorate. Industries represented include aircraft, armaments, chemicals, machinery, metals, oil and shipbuilding.

Of the 156 plants "confirmed", 24 were allocated as "advance reparations" in October, 1945. These allocations were made in conjunction with a swift appraisal* of the plants, known as "Operation RAP". This represented an attempt to make available in the shortest possible time a number of reparations plants to the Soviet Union and the Western Nations.

* The basic clauses of the evaluation formula agreed by the Coordinating Committee of the Allied Control Council on 7. January 1946: Plant and equipment shall be evaluated at 1938 replacement cost, in Reichsmarks, without taking into account delivery and installation expenses. War damage, if any, will be deducted and depreciation allowed at rates to be agreed upon. Subject to a multiplier of 1.35 for every year of war use. Maximum allowance deductible for war damage and depreciation will be 78 percent of the 1938 cost and will be applied to the unit of allocation as determined by the Economic Directorate of the Allied Control Authority.

Dismantling of these plants began immediately and, as of 1 September, seven of the 24 plants had been completely dismantled. Dismantling status of the 24 allocated plants follows:

Repara- tions Number	Name of Plant	Location	Product	Diamantling Started	Diamantled Percent
1	Kugelfischer Georg Schaefer	Schweinfurt, Bav.	Ballbearings	1 Mar 46	97*
2	Bayerische Motoren- werke No. 1	Munich, Bav.	Aircraft- Engines	1 Mar 46	82
3	Deutsche Schiffs- & Maschinenbau AG. (Deschimag Ship- yards)	Bremen (Werk Weser)	Shipbuilding	1 Mar 46	27
4	Grosskraftwerk AG.	Mannheim, W/B	Power Plant	Not yet begun	
5	Kloeckner-Humboldt- Deutz	Oberursel, Gr. Hesse	Diesel Engines	15 Nov 45	61
6	Fritz Mueller	Oberesslingen, W/B	Machine Tools	3 Oct 45	5
7	Bohner & Koehle	Esslingen, W/B	Machine Tools	8 Oct 45	4
9	Hensoldt & Soehne	Herborn, Gr. Hesse	Fire Control	10 Oct 45	100
10	Gendorf	Gendorf, Bav.	Power Plant	16 Jan 46	40
11	Hastedt	Bremen	Power Plant	17 Oct 45	88
12	Toeing AG. Innwerk	Toeing, Bav.	Power Plant	11 Feb 46	8
13	Daimler-Benz (Gold- fisch) (Underground)	Mosbach, W/B	Aircraft Engines	1 Mar 46	80
14	Bayerische Motoren- werke No. 2	Munich, Bav.	Aircraft Engines	2 Oct 45	100
15	Fabrik Hess. Lichtenau	Hess. Lichtenau, Gr. Hesse	Explosives	6 Feb 46	24
16	Deutsche Schiffs- & Maschinenbau AG.	Bremen- Valentin	Shipbuilding	1 Jan 46	100
17	C. F. Borgeward	Bremen	Torpedoes	22 Jan 46	62
18	Norddeutsche Huette AG.	Bremen- Oslebshausen	Steel Mfg.	Not yet begun	0
19	Hahn & Tessky Indexwerke	Esslingen, W/B	Autom. Screw Machines	25 Oct 45	60
20	Fabrik Kaufbeuren	Kaufbeuren, Bav.	Explosives	19 Oct 45	100
21	Fabrik Aschau	Muehldorf, Bav.	Explosives	27 Oct 45	30
22	Fabrik Ebenhausen	Ebenhausen, Bav.	Explosives	15 Oct 45	100
23	Wehrmacht Ordnance Plant	Strass, Bav.	Shell Loading	1 Mar 46	100
24	Wehrmacht Ordnance Plant	Geretsried- Wolfrats- hausen, Bav.	Shell Loading	1 May 46	2
25	Wehrmacht Ordnance Plant	Deschnig, Bav.	Shells	1 Mar 46	100

*USSR Portion only.

Status of Dismantling and Demolition of German War Plants 1946

On 31 March 1946, the first shipment of reparations equipment — from the huge Kugelfischer ball-bearing Plant at Schweinfurt — was loaded on rail cars and forwarded to Bremen, there to be transhipped to the Soviet Union. Since then, reparations equipment has been forwarded to Bremen from three other plants: Daimler-Benz Underground Aircraft Engine Plant, Deschimag Shipyards and Gendorf Power Plant.

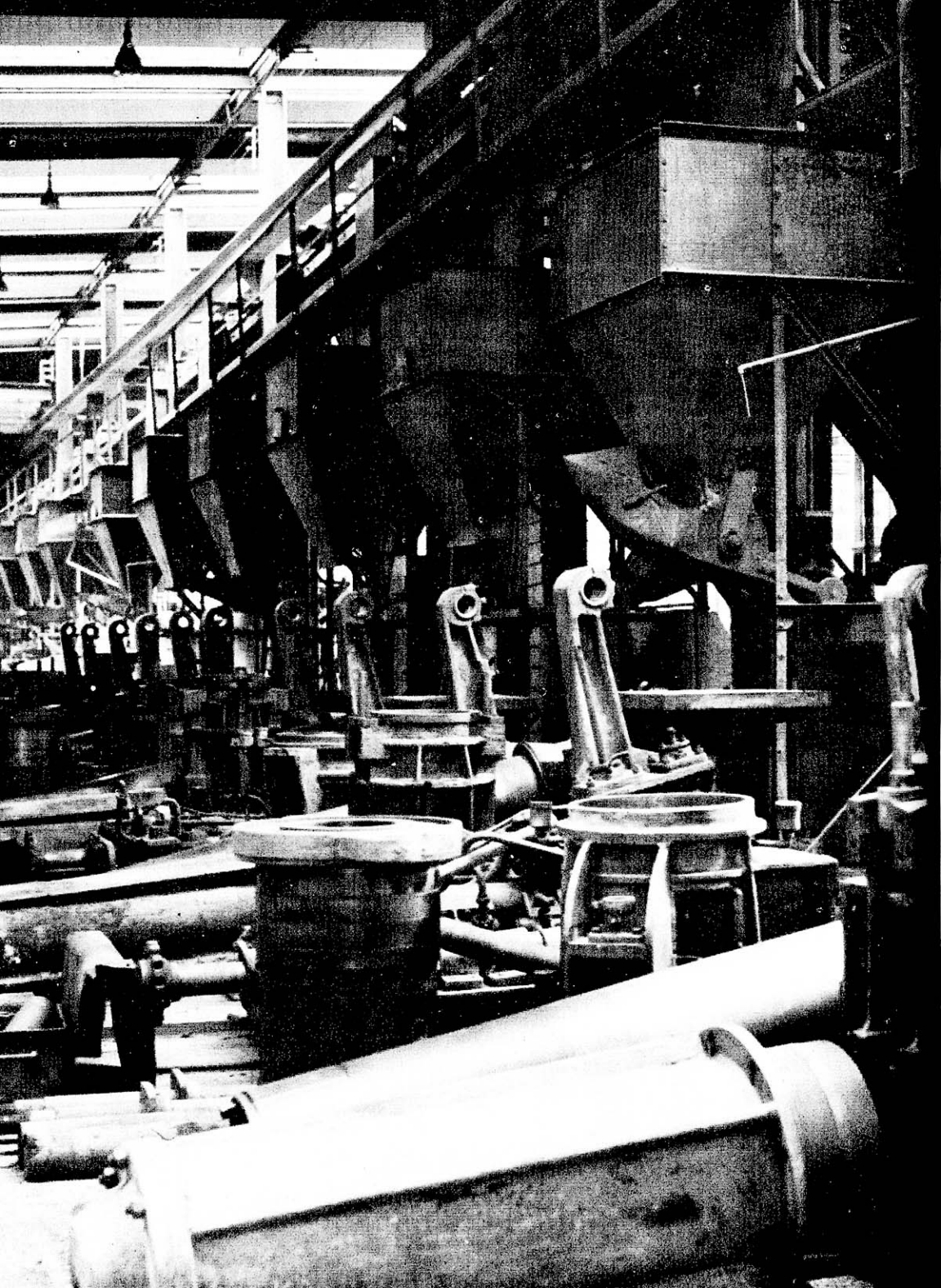
As of 1 August 11,100 tons of reparations equipment from these plants, all representing "Advance deliveries" were made available at the port of Bremen for transshipment by water to the USSR. Shipments totalling 9092 tons of equipment have been made from the Port of Bremen to the Soviet Union as follows:

Date of Shipment	Name of Ship	Tons loaded	Source of Equipment
19 Apr 46	Alexander Puschkin	1400	Deutsche Schiff- & Maschinenbau AG., Bremen-Weser
20 June 46	Verkknoyansk	1591	Deutsche Schiff- & Maschinenbau AG., Bremen-Weser
24 July 46	Otto Schmidt	2178	Deutsche Schiff- & Maschinenbau AG., Bremen-Weser
10 June 46	Kuznestrois	1299	Gendorf Power Plant, Gendorf, Kugel-Fischer Georg Schaefer & Co., Schweinfurt/Bav.
25 July 46	Velyranger	2624	Gendorf Power Plant, Gendorf, Daimler-Benz (Goldfisch) (Underground), Obrigheim/WB.

The destruction of war plants — those engaged exclusively in the production of materials primarily used for war — is part and parcel of the reparations program. After removing general-purpose equipment, power plants, etc. for reparations, such facilities are destroyed. As of 1 September, 80* war plants in the U. S. Zone had been dismantled and/or destroyed, or in process of such treatment. The general-purpose equipment in six of these (Reparations Nos. 20—25) had already been allocated for reparations and are therefore listed in the table on page 36. Status of the remaining plants follows:

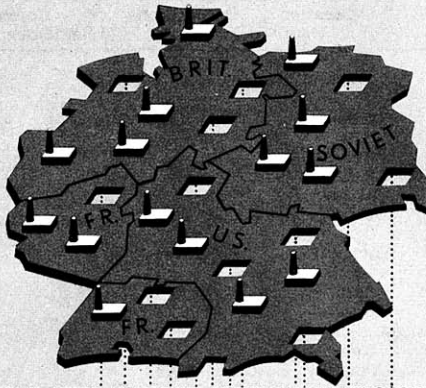
Rep. No.	Name	Location	Description	Percent Completed 1 September 1946
20	Fabrik Kaufbeuren (IGF)	Kaufbeuren, Bav.	Explosives	100
21	Fabrik Aschau (IGF)	Muehldorf, Bav.	„	30

*Ten of this number were reported too late for inclusion in following list.



METHOD OF SELECTING INDUSTRIAL CAPITAL EQUIPMENT TO BE ALLOCATED FOR REPARATIONS

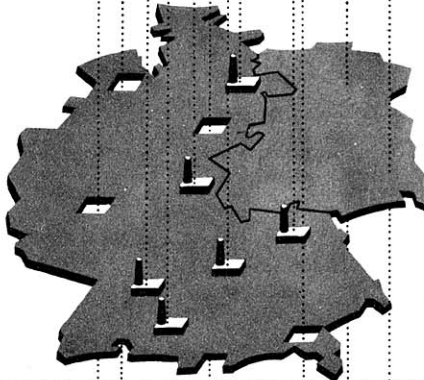
SCHEMATIC DIAGRAM



ZONAL NEEDS

ALL PLANTS IN OCCUPIED ZONES

DECLARED EXCESS OVER ZONAL NEEDS AS SPECIFIED FOR EACH ZONE BY OCCUPYING POWER



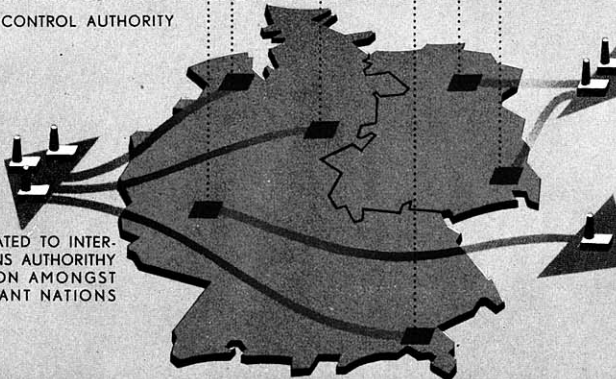
OVERALL NEEDS

PLANTS NOT REQUIRED FOR OWN ZONE BUT NECESSARY FOR OTHER ZONES

KNOWN EXCESS OVER NEEDS OF GERMANY AS AN ECONOMIC UNIT AS DETERMINED BY ALLIED CONTROL AUTHORITY

ALLOCATION OF NET EXCESS BETWEEN EASTERN AND WESTERN GROUPS

BY ALLIED CONTROL AUTHORITY



75% TO BE ALLOCATED TO INTER-ALLIED REPARATIONS AUTHORITY FOR DISTRIBUTION AMONGST WESTERN CLAIMANT NATIONS

SOVIET CLAIMS TO BE MET BY REMOVALS FROM SOVIET ZONE

. . . . IN ADDITION 25% OF TOTAL ULTIMATE VALUE TO BE ALLOCATED TO U.S.S.R. FOR DISTRIBUTION TO U.S.S.R. AND POLAND - 15% IN EXCHANGE FOR RAW MATERIALS; 10% OUTRIGHT (POTSDAM FORMULA)

Rep. No.	Name	Location	Description	Percent Completed 1 September 1946
48	Heeres Munitionsanstalt Lichfeld	Augsburg, Bav.	Shell loading	100
49	Heeres Munitionsanstalt Wildflecken	Brueckenau, Bav.	" "	3*
51	Heeres Munitionsanstalt Feucht	Nuernberg, Bav.	Shell assembly	100
52	Heeres Munitionsanstalt Kleinkloetz	Kleinkloetz, Bav.	Shell loading	100
53	Luft Munitionsanstalt	Weichering, Bav.	" "	100
54	Deutsche Waffen- & Munitionsfabrik	Groetzingen, W/B	Ammunition	100
55	Heeres Munitionsanstalt	Grafenwoehr, Bav.	Shell loading	100
56	Luft Munitionsanstalt	Oberdachstetten, Bav.	" "	100
57	Norris Zuendlicht AG.	Nuernberg, Bav.	Egnition equipment	3*
58	Bachmann, v. Blumenthal & Co.	Aschaffenburg, Bav.	Tools & Dies	100
59	Press-, Stanz- & Ziehwerk (Rud. Chillingworth)	Aschaffenburg, Bav.	Pressed parts & stampings	2*
60	Kollis Metallwerke GmbH.	Noerdlingen, Bav.	Shell cases	3*
65	Keller & Lanz	Ansbach, Bav.	Airplane fuselage, wings & accessories	100
67	Snow Research Station	Inzell, Bav.	" "	100
69	Ludwig Roith, Mech. Workshops	Grossweil, Bav.	" "	100
72	Reichsautobahn Strassenmeisterei	Siegsdorf, Bav.	" "	100
73	Weilheimer Holzhaus- & Barackenbau	Weilheim, Bav.	" "	100

Machines dismantled and ready for shipment.

Signal Corps Photo



Rep. No.	Name	Location	Description	Percent Completed 1 July 1946
75	Wehrmachtgeraete- hallen	Freising, Bav.	" "	100
77	Spertholzfabrik August Monalt	Bad Toelz, Bav.	" "	100
78	Hoerndl Trailer Factory	Etterschlag, Bav.	" "	3*
79	RAD Lager, Fachschule	Unterthingau, Bav.	" "	100
80	Messerschmitt	Augsburg, Bav.	" "	100
81	Messerschmitt Plane Production Plant	Eschenlohe, Bav.	" "	100
82	Messerschmitt Plants (5)	Regensburg, Bav.	" "	2*
83	Messerschmitt Plant	Sinzing, Bav.	" "	100
84	Messerschmitt Plant	Obertraubling, Bav.	" "	100
85	Messerschmitt Plant	Hagelstadt, Bav.	" "	100
86	Messerschmitt Plant	Stauffen, Bav.	" "	100
87	Messerschmitt Plant	Badenweher, Bav.	" "	100
88	Messerschmitt Plant	Cham, Bav.	" "	100
89	Messerschmitt Plant	Pfreind, Bav.	" "	100
90	Messerschmitt Plant	Frontenhausen Bav.	" "	100
91	Messerschmitt Plant	Marienthal, Bav.	" "	100
92	Messerschmitt Plant	Vilseck, Bav.	" "	100
93	Messerschmitt Plant	Neuburg, Bav.	" "	100
94	Messerschmitt Plant	Neustadt, Bav.	" "	100
95	Messerschmitt Plant	Flossenburg, Bav.	" "	100
96	Messerschmitt Plant	Oberzell, Bav.	" "	100
97	Messerschmitt Plant	Franzensthal, Bav.	" "	100
98	Messerschmitt Plant	Mauthausen, Bav.	" "	100
99	Messerschmitt Plant	St. Georgen, Bav.	" "	100
104	Werk Lippoldsberg	Lippoldsberg, Gr. Hesse	Explosives	30
105	Continental Metall AG.	Langenaubach, Gr. Hesse	Propellors & Hubs	100
108	Henschel Flugmotoren- werke	Holzhausen, Gr. Hesse	Engines	100
111	Henschel Flugmotoren- werke	Melsungen, Gr. Hesse	" "	100
113	Henschel Flugmotoren- werke	Remsfeld, Gr. Hesse	" "	100
116	Junkers Aircraft Factory	Immenhausen, Gr. Hesse	Engine parts	100
117	Junkers Aircraft Factory	Grifte, Gr. Hesse	" "	100

116	Junkers Aircraft Factory	Bracht, Gr. Hesse	” ”	100
119	Heeresmunitionsanstalt	Ulm, W/B	Shell filling	100
120	Heeresmunitionsanstalt Siegelbach	Siegelsbach, W/B.	Ammunition	100

Three months after Potsdam, eighteen nations assembled in Paris to devise ways and means of distributing equitably among themselves, their portion of Germany's surplus assets, external as well as internal.

The 18 nations included Albania, Australia, Belgium, Canada, Czechoslovakia, Denmark, Egypt, France, Greece, India, Luxembourg, Norway, the Netherlands, New Zealand, Union of South Africa, United Kingdom, United States of America and Yugoslavia.

One major accomplishment of the Paris conference which was held between November 9th and December 21st, 1945, was the creation of an Inter-Allied Reparation Agency (IARA) whose mission was to allocate reparations among the 18 participating governments and to assign of shares in German reparations within two categories.

One of these consisted of industrial equipment to be removed from Germany, together with merchant ships and inland water transport (category "B"). The second covered all other assets, gold, real estate, securities, including those in neutral and Allied as well as enemy territories (category "A").

Meanwhile the Economic Directorate and its many committees and Sub-committees have been laboring and arguing for months perfecting the Reparations Plan, which set the level of Germany's standard of living and economy, and indicated to what extent reparations were available to Allied nations.

On 26 March 1946, the U. K., U. S., and U. S. S. R. — together with France — approved the Plan for Reparations and the Level of Post-War German Economy. This plan supplied the framework to put the Potsdam Agreement into action.

The twin tasks of disarming Germany industrially and developing a reparations program were begun in the U. S. Zone even before Potsdam. Ten weeks after Yalta, on 26 April 1945, the U. S. Joint Chiefs of Staff issued Directive No. 1067 to the Commander-in-Chief of the U. S. Forces of Occupation in Germany, directing him to establish whatever controls might be necessary to bring about the disarmament of Germany and to enforce whatever program of reparations might be decided on by the Allied Powers.

The work that is now going on in the U. S. Zone was actually begun at Yalta early in February 1945. There, the Chiefs of State of the United States, United Kingdom, and the Union of Soviet Socialist Republics declared their inflexible purpose to destroy German militarism and to eliminate or control all German industry that could be used for military production. They also agreed on the principle that Germany should make compensation in kind, to the greatest extent possible, for the damage and destruction inflicted on the Allied countries during the war.

At Potsdam, between 17 July and 2 August 1945, the same Three Powers spelled out the Declaration of Yalta in terms of a definite program, which included: (1) Elimination of the facilities for, and prohibition of the production of, arms, ammunition and implements of war as well as all types of aircraft and seagoing ships. (2) Destruction of the German war potential by removal of industrial capital equipment from the heavy industries, principally metals, machinery and chemicals.

The Potsdam Declaration also provided that, during the period of occupation, Germany should be treated as a single economic unit, with common policies in regard to economic life and reparation removals. To implement this provision, central German administrative departments were to be established for finance, transport, communications, foreign trade and industry. Such departments were to be headed by State Secretaries and act under the direction of the Control Council.

Between JCS 1067 and the Reparations Agreement of March 1946, the U. S. military government launched one of the greatest industrial hide-and-seek operations on record. There was no complete, easy-to-be-had list of Nazi war facilities. They were scattered throughout the length and breadth of Hitler's Germany — inside mountains, in forests, below the ground, on isolated beaches and in hosts of small shops and plants that were never designed explicitly for war production. An economic hunt was called for.

Since the summer of 1945, Military Government has been sifting, screening and reviewing a list of hundreds of reputed German war plants in the U. S. Zone. Work on this list, which represents a pool of Army-Navy-Air Force data, is now almost complete. In addition, the various sections of the Economics Division Industry Branch — metals, chemicals, machinery and optics — are constantly considering and investigating other plants for destruction or reparations, or for retention in the German economy in keeping with the Level-of-Industry Agreement. In all, the number of plants so considered — and which will either be available for reparations or retained for the German economy — runs into the thousands.

On 4 May the U. S. Deputy Military Governor gave instructions to stop further dismantling of reparations plants in the U. S. Zone except for those 24 plants allocated as "advance reparations" and war explosives plants on which work was already under way. This policy was adopted pending definite assurance that the provisions for treating Germany as an economic unit as specified in the Potsdam Declaration and the Reparations Plan will actually be put into effect.

The established level of industry for Germany is based on the existing plant capacity of all four zones. Plants considered for reparations and removal are war potential plants and plants not required to maintain the established level of industry. Until such time as Germany is treated as a single economic unit it is necessary that some plants now scheduled for reparations or removal be retained in each of the industrial fields to supplement the capacity originally anticipated from the other zones.

The Potsdam agreement provides that during the period of occupation Germany shall be treated as an economic unit; that allied controls shall be imposed on the German economy only to the extent necessary to ensure equitable distribution of German commodities as between the several zones in order to produce a balanced economy throughout Germany and reduce the need of imports, that certain specified German central departments be created to assure the administration of these controls. As none of these provisions have so far been executed within nearly a year of occupation it was found necessary to stop further dismantling at reparations plants except at those plants referred to above until a decision was reached as to whether the resources of all of Germany were to be available for the support of Germany as a whole.

Special train carrying parts of power plant at Gendorf to Bremen for shipment to Soviet Russia.

Signal Corps Photo

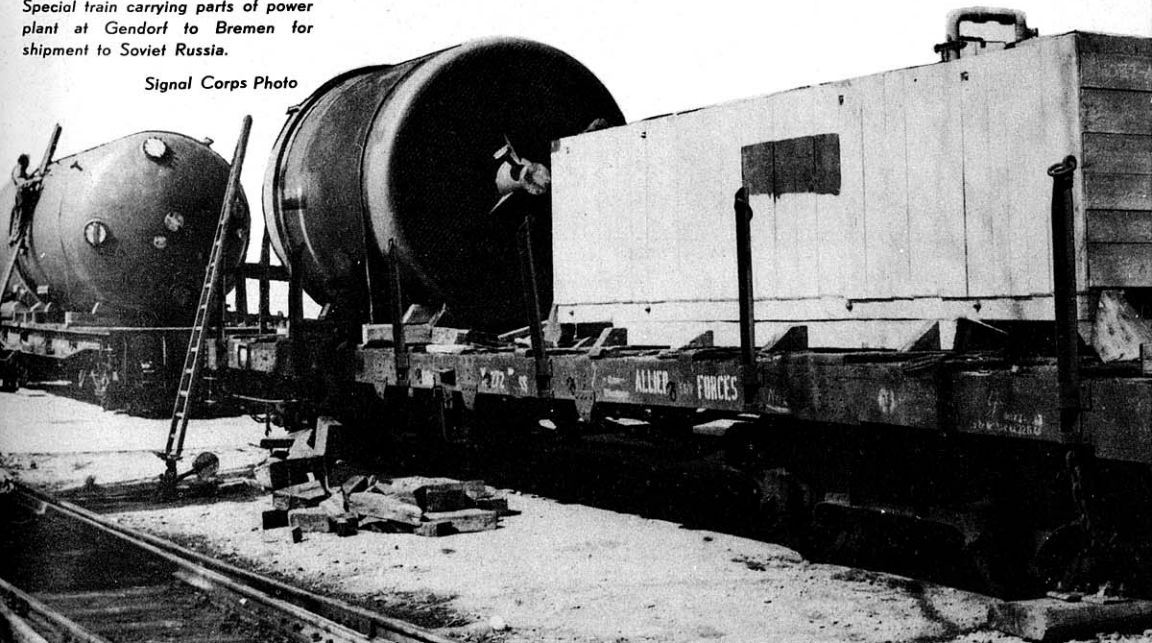


Photo by Ries

This policy was modified on 28 June, when all plants in the U. S. Zone officially classified as "war plants" (those engaged exclusively in production of materials primarily used for war) were released for destruction and/or dismantling. The total so classified in the U. S. Zone at that time was 98 plants, of which 69 had been either completely dismantled and/or destroyed or such work was under way. The remaining 48 plants are now to be dismantled or destroyed, thus again throwing into high gear the industrial demilitarization program in the U. S. Zone.

