

VIII-3/1

3103, Removal of Acks, FPD, Authorities Required
 5 RE 260 Box 444

SECRET

Paraphrase of a secret cable from the Department. Personal for Pauley from the Secretary. Dated August 18, 1945. (6974)

Sent to Berlin, repeated to London for Clayton as 6974 and to Paris as 3879.

I have consulted the President, the Secretary of the Treasury and others in regard to the recommendation contained in your telegram of August 5 (from Berlin via WAR) that the U. S. retain a lien on gold looted by Germany from occupied countries in Europe until past and prospective claims of the U. S. against such countries are settled. I have also noted that your telegram of August 13 (No. 2881 from Moscow) renews this recommendation on looted gold in somewhat different form and includes a recommendation for imposing similar conditions on the restitution of looted securities.

We have given the problem much thought and careful study in the light of the following factors:

(a) The U. S. has no moral or legal basis for laying claim to or attaching this or any other gold belonging to foreign countries in settlement of past or prospective debts;

(b) The U. S. is bound by its adherences, given without reservation, to the United Nations Declaration with respect to Axis acts of dispossession of January 5, 1943; the Gold Declaration of February 22, 1944; Bretton Woods Resolution VI; and resolution 6 of the Conference on Problems of War and Peace held at Mexico City. In these declarations, which were sponsored by the United States and to which the U. S. invited the signatures of other nations, the U. S. is solemnly pledged to support the restitution of looted property;

(c) An attempt by the U. S. to lay claim to gold belonging to countries with which it maintains friendly relations would seriously prejudice those relations. Particularly is this the case since the U. S. now owns the greater share of the world stock of monetary gold.

The position of the U. S., which you should express in your dealings with your colleagues on the Allied Commission on Reparations, is that gold captured by U. S. forces, as well as gold captured by other Allied forces, should in principle be restored to the countries from which it was looted without reservation, condition, or encumbrance. This government recognizes however, that German disposition of some looted gold, and the impossibility of identifying the origin of other gold required for the sake of equity a modification of the simple principle of identifiable looted objects to the jurisdiction from which they were removed by Germany. The necessity for such modification and the content of paragraph 10 of the Reparations Section of The Berlin Protocol have resulted in the advocacy by the U. S. of the policy of pooling all gold found in Germany and Austria by Allied Troops (British, American, French and Soviet) into a common pot. This gold would then be divided among countries which can establish a fact of German looting of gold from their jurisdiction, other than USSR, in proportion to their established losses.

This Government is similarly committed to a policy of restitution of securities looted by Germany from occupied countries of Europe, without reservation, condition or encumbrance. To the extent that the jurisdiction

This Government is anxious that steps should be taken at the earliest possible date to restore gold and securities, as well as other types of property, to the countries from which they were removed by Germany. I would appreciate learning from you whether you consider it likely that negotiations with your colleagues on the Allied Commission on Reparations are likely to lead to early agreement on principles and procedure. If so, you are authorized to propose to your colleagues a formulation of the gold-pot policy and of the principle of restitution of securities described above. The Department is considering certain aspects of the gold-pot policy in which agreement would have to be reached.

(1) The scope of the treasure to be included in the pot, e.g. whether SS accumulations of precious metals from concentration camps, monetary silver, et cetera should be lumped with monetary gold;

(2) The eligibility of Austria, Italy and the satellites as claimants on the gold pot, and whether their treatment should be identical with that of liberated countries;

(3) How looted gold which Germany illegally sold during the course of the war should be recovered and whether recoveries of such gold should be added to the pot. If you consider that the Reparations Commission can usefully attempt to deal with this problem, the Department will communicate its views on these points to you.

I am well aware of the difficulties confronting you, however, and if in view of the Soviet position reported in your No. 2881 you do not believe that the Reparations Commission will be able to dispose of the question of restitution of gold and securities, please let me know so that we may examine the possibility of settling these matters through other channels of negotiation with the occupying powers, or by unilateral settlement for the U.S. zone of occupation.

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