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NAZI WAR CRIMES DISCLOSURE ACT

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862a.054/3-25

FOREIGN SERVICE DESPATCH

FROM : Embassy, London

3179

DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

May 13, 1958

DATE

REF : Embassy Despatch 3178 and Bonn's 3215 repeated London unnumbered

For Dept. Use Only	ACTION	DEPT.
	REC'D	OTHER
	1	2
	1	1

COM-2 REP-2 IRC-8 E-4 ICM-10 R-9 CM-1
COM-12 COM-16 TR-3 FRK-2 TAR-2 10-1

SUBJECT: Evon Deconcentration of Krupp Properties in Germany

The speech of Mr. Krupp at the end of April in which he protested the enforced sale under allied deconcentration measures of his coal and steel properties was given considerable publicity in the British press, and gave rise to a parliamentary question in the House of Lords, following up the question reported in the reference despatch.

The text of the questions and the Government's replies is set out in Attachment A. The Government reiterated its position that the matter would have to be decided among the three governments and a unilateral statement of the UK position at this stage might prejudice the intergovernmental discussions. In response to a further question, however, the Government spokesman gave assurance that the UK Government would "stand by the deconcentration agreement."

The Foreign Office official concerned with this question confessed to some discomfort over the statement which, it was thought, might have been more happily expressed. The UK Government's position, in fact, he said, is that the matter is completely open until the intergovernmental discussions take place. He said no progress had been made in that the German Government's reply, so far as it went, had been received April 25. He assured the matter would be pursued in due course among the three governments in Bonn, although he had heard nothing about what, if anything, was in progress. He said he thought Krupp's speech in Germany had not been helpful.

There is also attached an article which appeared in the Manchester Guardian on May 9 entitled, "Giants in the Ruhr" which described the trend toward reconstituting large industrial enterprises in the Ruhr, which was offset to some extent by the controls of the Coal and Steel Community and of the anti-cartel law of the Federal German Government, under Adenauer's leadership. The article suggests that these controls

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would prove ineffective if reconcentration were curtailed by a recession. The article was apparently prompted by the recent Krupp speech which had again drawn public attention to the status of the reconcentration program.

FOR THE AUSA: CALORs

Daniel F. Margolies
First Secretary of Embassy

Cleared by:

J. W. Adams - E/CWAT

Approved by:

J. W. Adams, Deputy to the
Economic Minister

Attachments: (1) Extract from Hansard House of Lords Debates
(2) Article from Manchester Guardian, May 9, "Giant
in the Ruhr" (7 copies) /77 "
fxl

cc: Ambassador Bonn (2), Paris, Luxembourg; for Ambassador Butterworth

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Attachment A
Extract from Hansard House of Lord's Debates
May 7, 1950, Vol. 209, No. 64, Cols. 29-31

Disposal of Herr Krupp's Assets

Viscount Alibank: My Lords, I beg to ask the question which stands in my name on the Order Paper.

The Question was as follows: To ask Her Majesty's Government --
(1) whether their attention has been drawn to a paragraph in the Times of April 29, 1951, which states that Herr Alfred Krupp von Bohlen und Halbach has come out openly against the allied order to deconcentrate his concern and has said that the Federal Republic is a sovereign state and should not carry out measures contrary to the basic rights of the Republic; (2) whether in May, 1951, full information was requested by Her Majesty's Government from the Federal Government of the extent to which it had fulfilled its obligations under the March, 1953, deconcentration agreement; (3) whether a reply was received to the foregoing request and, if so, on what date and what was its nature; and (4) whether the policy of Her Majesty's Government is directed to ensuring that Herr Krupp shall not be released from any of his undertakings under the agreement.

The JOINT PARLIAMENTARY UNDER-SECRETARY OF STATE FOR FOREIGN AFFAIRS (The Earl of Gosford): My Lords, I have seen the Press report referred to by the noble Viscount, Lord Alibank. Full information on the deconcentration programme was requested from the Federal German Government. A reply was received in London on April 29 last. This reply is now being studied. Your Lordships will understand that the reply must now be discussed with the French and United States Governments, who are jointly responsible with Her Majesty's Government for these problems and to which the reply was also given. As I told the noble Viscount on December 11, and as my noble friend Lord Lansdowne repeated on April 16, policy in these matters concerns the three Governments. It would be better not to prejudge discussions with them by expressing unilateral views at this stage.

Viscount Alibank: My Lords, I beg to thank the noble Earl for his reply. Will the noble Earl and the Government take note of the fact that Herr Krupp, the infamous employer of slave labour, both male and female, who was prematurely released from jail by the American High Commissioner, Mr. McCloy in 1951, would never have made those impudent remarks referred to in my Question unless he had been assured of support from important personages in West Germany?

Will the noble Earl bear in mind, further, that part of the group assets which are subject to deconcentration under the agreement of 1951 are now being employed in competition with British traders in markets in most parts of the world?

Lord Henderson: My Lords, the noble Earl said that this is a matter for consultation with the American and French Governments. We understand that,

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but the fourth part of the noble Viscount's Question asks whether Her Majesty's Government will see that the deconcentration agreement is not made a dead letter. Can we be assured that, in the negotiations or discussions with the American and French Governments, Her Majesty's Government will stand by the deconcentration agreement?

The Earl of Gosford: My Lords, I think I can assure the noble Lord on that point.

Viscount Stanage: My Lords, without consulting the French, or anybody else, is it possible for the noble Earl to tell us whether he agrees with Herr Krupp's statement that the Federal Republic is a Sovereign State and should not carry out measures contrary to the basic rights of the Republic?

The Earl of Gosford: My Lords, certainly the Federal Government is a Sovereign State; but she also has treaty obligations to other countries.

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