

SUMMARY OF REPORT BY THE INSPECTOR GENERAL OF THE WAR DEPARTMENT, DATED 21 NOVEMBER 1946, ON ALLEGATIONS BY COLONEL FRANCIS P. MILLER CONCERNING CERTAIN PHASES OF THE ARMY'S ADMINISTRATION OF THE UNITED STATES ZONE OF OCCUPIED GERMANY.

1. On 14 August 1946 Colonel Francis P. Miller, then on terminal leave, appeared before the Special Committee Investigating the National Defense Program. In addition to making allegations of a general and serious nature, Colonel Miller propounded three questions to the Senate Committee, in which he suggested as a basis for an investigation by that Committee the following:

a. "First, to what extent is the Deputy Military Government (that is, General Clay) receiving from United States intelligence sources the political and economic information required for sound administration? The facts are that he is not receiving that intelligence. The headquarters is, on the whole, living in what I would call a pre-Pearl Harbor World."

b. "The second question I would ask is: To what extent is moral disintegration (I tried to get a better phrase; I do not know quite how to put it, it is a very delicate matter) that is, crookedness, dishonesty, black market activities and I would add, lecherous living -- the point is: If there is enough of it in an occupied force, the prestige and reputation and authority of the country concerned becomes involved."

c. "The third question is: To what extent are private industrial interests, American and German, influencing the execution of American policy in Germany?"

In addition to propounding the foregoing questions, Colonel Miller presented to the Committee certain papers which he had caused to be copied from confidential and secret documents in the files of Director of Intelligence, Headquarters of the Military Government at Berlin. He also submitted a list of names of U.S. Army officers who, he alleged, would either substantiate or enlarge upon statements made by him before the Senate Committee.

2. Upon receipt of a directive from the Under Secretary of War, the Inspector General immediately initiated the inquiry required by that directive. Colonel Francis P. Miller was called as a witness, and his first statement under oath was to the effect that he wished some changes made in the testimony he had given before the Mead Committee. Counsel for the Committee, however, when contacted, refused to accept those changes. Every effort was made during the interrogation of Colonel Miller to secure more definite and concrete information in connection with the broad allegations made by him before the Mead Committee. However, insofar as the testimony shows, he did not possess such data. Fifteen other witnesses named by Colonel Miller and found to be in the Zone of Interior were called and interrogated. While several corroborated in principle the allegations made by Colonel Miller, none would agree with the superlative language used by him. Neither did they have any concrete facts to



offer; their information being based upon hearsay, common gossip or their own belief, unsupported by known facts, dates, or figures.

3. With reference to the first question presented by Colonel Miller, the Inspector General developed the fact that several junior officers engaged in G-2 activities in the Military Government were of the same opinion as Colonel Miller with regard to the inadequacy of political and economic information. It was likewise ascertained, however, that, upon the inception of Military Government, General McNarney, the Military Governor, and Lieutenant General Clay, Deputy Military Governor, had decided there would be no undercover intelligence service connected with the Military Government, as envisioned by Colonel Miller and some of his G-2 associates. The high command intended that political and economic information for the administration of the Military Government would be obtained from two sources directly under General Clay. One of these was the Information Control Division, which edits all German newspapers, radio broadcasts, theatrical performances and literary outputs. The other source was the Liaison and Security Officers, who are stationed in each town and city in the occupied zone. In addition, G-2 of USFET was to supply the Military Government with a weekly summary of all information obtained from undercover agents and ~~selected~~ G-2 ~~units~~ of tactical units throughout the entire occupied zone. As a result of detailed inquiry, the Inspector General ascertained that the G-2 officers in Military Government based their contention of inadequate information upon the system which higher authorities had established, rather than upon any evaluation or compilation of information obtained. None of the officers in question could point factually to any failure in administration which could be attributed to the lack of political or economic intelligence. The Military Governor, his Deputy and the Directors of the Functional Divisions of the Military Government were all agreed that, while they frequently could use more information than was available, they, nevertheless, received sufficient political and economic intelligence to properly carry out their mission. The Inspector General could find no instances where lack of information had resulted in any failure of proper administration of the Military Government and, furthermore, it was his belief that the heads of the various branches of Military Government, being the using agencies of intelligence, were in a better position to estimate the value of intelligence received from all sources than were those subordinate officers in the G-2 division of the various headquarters, who merely constituted one of the procuring agencies. Consequently, it was the belief of the Inspector General that the allegations made by Colonel Miller regarding the lack of intelligence were not substantiated by the facts.



4. During interrogation of Colonel Miller, the inspector general ascertained that the latter, in stating that the Military Headquarters was, on the whole, living in what he would call a "pre-Pearl Harbor World," had not meant to imply a catastrophe in the military field, but that "the lack of intelligence was a risk sufficiently great to warrant the expectation that, sooner or later, the Deputy Military Governor, in the absence of sufficient reliable information, might be confronted with an experience in the governmental field comparable to the military experience at Pearl Harbor." Colonel Miller was unable to elaborate or to indicate the field wherein any such potential danger might arise. The inspector general could not find any other intelligence officer or official in the Military Government who shared this opinion or fear of Colonel Miller's. Neither could the inspector general find any indication in the attitude of the Germans in the occupied area pointing to a political or economic reaction of any serious nature. It was further established that all American agencies concerned were constantly searching for any indication of a rebellious or subversive attitude on the part of the Germans and also that plans for economic administration were projected well into the future.

5. With regard to the second question propounded to the Senate Committee by Colonel Miller, the inspector general ascertained that Colonel Miller had not intended to imply any acts of theft, fraud or misappropriation of funds on the part of military personnel, but intended to convey an improper administration in certain phases of military government and participation in black market activities by personnel assigned to the headquarters. Neither Colonel Miller nor any of the officers suggested by him as witnesses could supply any first-hand information on these subjects. The inspector general definitely established that all statements regarding these matters made by Colonel Miller and other witnesses suggested by him were based upon hearsay, rumor and scandal mongering. It was further established that the theater commander, as early as August 1946 had caused a special inquiry to be made into these matters, as a result of which a second and more detailed investigation by an inspector general had been initiated, and was in progress at the time the War Department inspector general arrived in Berlin. Since the theater commander had taken the initiative in this matter as a command prerogative, the War Department inspector general did not deem it appropriate to take over the investigation of these matters, nor to inject himself into that investigation beyond assuring himself that it was being conducted properly and without prejudice. He concerned himself with that investigation only to the extent of ascertaining the general trend and results, with a view to accepting the theater investigation, which was being conducted by Colonel Perry L. Baldwin, IGD, as part of his own inquiry.

6. The inspector general established beyond a reasonable doubt that an appreciable number of Americans had engaged at one time or another in what might be regarded by some as black market activities. He attempted to ascertain the degree or extent of such activities but could not definitely clarify the matter, in view of past and existing conditions. In the early occupation of Berlin when Reichmarks were legal tender and could be converted into dollars without restriction, there was irrefutable evidence pointing to considerable



activities of this nature. However, it was likewise established that, step by step, the military authorities have, one by one, obviated the majority of means by which illicit transactions could be accomplished. Also, the records clearly indicate that several flagrant violators have been apprehended and have either been appropriately punished or are undergoing investigation with that end in view.

7. With regard to Colonel Miller's allegations of lecherous living on the part of high military officials, the inspector general was again confronted with second-hand information, gossip and common scandal. Neither Colonel Miller nor any of the witnesses suggested by him would admit to any direct knowledge regarding the subject. The inspector general established beyond reasonable doubt that there have been individual cases of promiscuous cohabitation, although he likewise ascertained that proper authorities have taken and are taking all reasonable steps to curb such actions on the part of Military Government personnel. He checked the controls and directives and found them proper and adequate. However, he points out that the Americans in Berlin are completely isolated and that the city is surrounded by Russian Occupational Forces who do not permit other Nationals to enter or leave the city at will. He establishes that this, of necessity, has brought about more intimate relationship between the sexes and has raised the tempo of recreational seeking within a small area. He ascertained that the military authorities exercise reasonable measures towards the upholding of American standard of life but, nevertheless, assume the attitude that they are, for the most part, dealing with adults whose personal morals are their own affairs, provided no acts are committed which reflect unfavorably upon the U. S. Government or the particular service in which they are engaged. The inspector general emphasizes that this policy is based upon the fact that as many American civilians are involved as are military personnel. Consequently, the inspector general concurred in the broader aspects of that policy. His observations and inquiries refute the allegation that Americans in Berlin publicly deport themselves as a group either scandalously or in a manner to bring discredit upon the military government.

8. Inquiring into additional aspects of the allegations made by Colonel Miller, the inspector general conducted a full and complete inquiry into the transfer from Military Government Headquarters of Major Michael J. L. Greene, whom Colonel Miller asserted was "railroaded" out of the Headquarters because he knew too much of a derogatory nature regarding high military officials. It developed that Major Greene, with ten other officers, was declared surplus at the Headquarters when a reduction in personnel was required by higher authorities. It was established that personalities were involved, and that Major Greene's immediate superior officer considered Major Green to be lazy, disloyal and uncooperative to a degree bordering on the insubordinate. Major Greene was interrogated at length by the inspector general, and not only given the opportunity to divulge the derogatory information he had regarding his superiors, but was urged to do so fully and frankly. It was definitely established that Major Greene possessed no such knowledge. He further testified under oath that it was his belief that Colonel Miller and another intelligence officer, Colonel Sheen, had used him as a means by which they hoped to force an investigation of military headquarters and certain



individuals assigned thereat. Major Greene's chief complaint to the Inspector General was that he had been transferred against his wishes, and that he had received only an "Excellent" efficiency rating at the time of his separation from the headquarters. Since officers are habitually transferred from place to place in the military service without personally being consulted in the matter, and also, since an efficiency rating of excellent is next to the highest that an officer can receive, the Inspector General could find no irregularity or injustice in the transfer of Major Greene out of the Military Government.

9. Inquiry into Colonel Miller's allegation that commanding generals were absolutely terrified, or at least reluctant, to accept responsibility regarding the administration of colored troops developed the fact that Colonel Miller had never discussed the problem of colored troops with any general, colonel or even a major. As a matter of fact, his sole informant on the subject was a first lieutenant whom he had met on a boat returning to the United States, and he had even forgotten the name of that lieutenant. From sampling statistical material and interrogating responsible officers, the Inspector General established that, while venereal diseases, incidents and motor accidents were higher among colored than among white troops, the court-martial and disciplinary actions were likewise much higher in proportion. The Inspector General found indications of reluctance among some of the junior officers commanding colored troops to deal vigorously with derelictions, but it developed that this apparent laxity lay in the fact that these particular officers were also colored. The Inspector General found no other indications of reluctance in administering discipline in colored organizations, and he definitely established that no commanding generals were either terrified or even reluctant to take appropriate action in the premises.

10. The basis of Colonel Miller's statement that Brigadier General James B. Edmunds allegedly committed an absolute flagrant breach of security revolved around the possibility that General Edmunds may have read the text of a secret message to one of the OMGUS intelligence officers over a telephone in their own headquarters. Whether or not this had actually been done could not be established, since none of the persons concerned



could remember the incident. However, it did develop that Colonel Miller had copied secret and confidential documents for purposes other than in the performance of his official duties; that he had disposed of those copies in a manner contrary to Army Regulations which govern the safeguarding of military information; and that his actions with regard to these matters were reprehensible to a degree warranting serious charges being brought against him under military law.

11. The inspector general made earnest effort to establish facts regarding Colonel Miller's third question dealing with the extent to which private industrial interest, American and German, influenced the execution of American policy in Germany. It was established that transactions of an economic nature in the occupied zone of Germany are controlled or influenced by three groups, i.e., the Economic Control Council, the Economic Division of OMGUS and a similar division in one or the other of the three Land Headquarters. It developed that the Military Government is experiencing considerable difficulty in inducing American industrialists to engage in any commercial projects in Germany. Although it was found further that under the system of Military Government it might be possible for American officials to assert influence in procuring priority for one German concern over another, it also was established that this could not be accomplished without the knowledge, if not the connivance, of other American officials. The inspector general found no indications of any such derelictions, with one exception, i.e., that one officer in a subordinate post was alleged to have made a proposal along such lines to a reputable concern in the United States, but he had immediately been detected and was awaiting trial at the time of this inquiry. The inspector general ascertained that proper and adequate controls and safeguards have been established to prevent private interests from influencing governmental policies. Furthermore, the inspector general made spot checks and conducted every test coming within the purview of the Inspector General's Department without finding any irregularities along these lines, or any malfeasance in office.

12. During his interrogation by the inspector general, Colonel Miller was again and again importuned to give names and incidents in support of his allegation that "Men, some men, who, if the Germans had ever invaded this country and conquered us, would have been the first to collaborate with the conquerors, have been influential in decisions being made over there." This he could not do, insisting instead that if a true investigation was made certain individuals would be found to fit the description given by him. The inspector general found no such individuals, nor any indication that such persons were members of or were associated with the Military Government. While these latter findings were on the negative side, the inspector general presents them as being conclusive, in view of Colonel Miller's complete inability to specify the person or persons against whom his allegations were made.



13. With regard to the foregoing matters, the Inspector General concludes:

a. That the Governor and Deputy Military Governor of occupied Germany are receiving sufficient intelligence of a political and economic nature to properly and adequately administer Military Government despite contentions to the contrary by certain subordinate officers in the G-2 Division.

b. That there have not been sufficient derelictions of conduct on the part of American personnel in occupied Germany to jeopardize the prestige, reputation and authority of the United States.

c. That the individuals alleged by Colonel Miller to have committed derelictions of conduct to an extent casting reflection upon the military service are being properly and thoroughly investigated.

d. The allegations that Major Michael J. L. Greene was transferred out of Military Government Headquarters because he knew too much of a derogatory nature about certain senior officers is not substantiated by the facts.

e. That no commanding generals in Europe are terrified over the problem of colored troops, nor even reluctant to take prompt and energetic disciplinary action where such action is indicated.

f. Except for one case where disciplinary action had been initiated, the Inspector General found no evidence of either American or German industrial interests influencing the execution of American policies in Germany.

g. That many of the statements made by Colonel Miller before the Mead Committee were such as to raise questions regarding his integrity as an officer.