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EUROPE**SPECIAL ARTICLE****THE EASTERN ZONE OF GERMANY—II****The Organisation of Industry**

The ultimate aim of the Occupying Power is the establishment of socialism on the Russian model, but in setting about it the Russians and the Socialist Unity Party (SED) display considerable tactical elasticity. In the early days of the occupation a wave of unplanned socialisation took place—apparently without Russian intervention. Its disorderliness hampered production at a time when the Russians were deeply concerned to get the maximum amount of goods out of their zone. Communist speakers were therefore encouraged to proclaim the virtues of private enterprise. The next phase aimed to produce orderly socialisation. It was initiated in June 1946 in Saxony State when a referendum was held on the question of expropriating enterprises owned by war criminals, Nazis and war profiteers. It was emphasised that the proposed measure did not aim at socialisation, but at the

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punishment of war criminals, and official propaganda implied that those who voted against the measure were hidden Nazis. A large majority voted "Yes." Subsequently similar laws were passed without referenda in the other States of the zone.

Liberal and Christian Democrat speakers later declared that many owners who were not Nazis had their plants listed for expropriation. Other reports indicated that several well-known Nazis succeeded in evading the law. Most of the confiscated plants were transferred to the State Governments or to local authorities, but some were sold and a number of the smaller firms were returned to their original owners. Thus in Saxony State the Government took over 1,119 out of the 1,866 firms which were finally expropriated and sold the rest to "victims of Fascism," resettlers, cooperatives, etc. Firms taken over by the State Governments are organised under one special administration or group