

Diary

Book 700

February 3-9, 1944

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February 3, 1944  
10:45 a.m.

# JEWISH EVACUATION

Present: Mr. Pehle  
Mr. Luxford  
Mrs. Klotz

MR. PEHLE: It says right here (referring to clipping entitled "Pehle Reported Slated to Head Refugee Board" from the New York Herald Tribune of February 3, 1944) - lessening the anxiety of the Emergency Committee to save the Jewish peoples of Europe - first paragraph. "Thus lessening the anxiety over the lack of a functioning staff and a concrete program to rescue thousands of Jews--" That just makes me mad. We have asked him for his suggestions.

H.M.JR: Wait a minute.

MR. LUXFORD: You are reading too much into it, John.

H.M.JR: Well, for good or bad, the fat is in the fire, whatever it is. I am seeing the President now.

MRS. KLOTZ: They are a political organization.

H.M.JR: I know his record, you know. I have even investigated, and everything.

Would you people all come back in a few minutes?  
(Meeting recessed temporarily)

I have got a tentative meeting for the Refugee Board set for ten-thirty tomorrow on the theory that it will be settled, and Mr. Stettinius is going to stop in and see me at nine. I have been doing that since I asked you people to step out.

MR. PEHLE: Ten-thirty tomorrow, here?

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H.M.JR: Hull's office. Stettinius is going to drop by at nine, so you better be around. All this on the theory it is going to get settled. I don't know.

Stettinius said that he would stay behind this morning and talk to the President and give this thing a poke. I said, "What do you mean, give it a poke?"

He said, "We will try to get the President to settle this thing."

So I said, "Well, it is settled." I said, "The President is going to let Pehle have a chance at it while I go away." I tried to emphasize to him that the thing was settled.

MR. PEHLE: When was it settled?

H.M.JR: I didn't want to tell any living soul, so I didn't tell anybody. Mrs. Morgenthau and Mrs. Klotz knew it. Outside of that, nobody knew it. It was settled yesterday afternoon.

MRS. KLOTZ: That is why this is so curious. That is what I have been so worried about.

MR. PEHLE: I think that was inadvertent. Maybe it isn't.

H.M.JR: Wait a minute. Don't you fellows go outside and talk about it outside - I mean, outside of the office.

MR. LUXFORD: We understand.

H.M.JR: I am just worried sick, you see. So don't go out of this room and say anything, please. But yesterday afternoon I got word that the President would take my suggestion and let Pehle be in charge while I was away.

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MR. PEHLE: On an Acting basis?

H.M.JR: On an Acting basis.

MR. LUXFORD: It is still wonderful.

H.M.JR: You had better give me some kind of a slip to take over with me to the President. Would he appoint you, or the Board?

MR. PEHLE: The Board should appoint, but if the White House could announce it, it would be helpful.

H.M.JR: Well, fix me up something.

MR. PEHLE: We will have something.

H.M.JR: Better use my office to type it in. Let Mrs. McHugh do it.

MR. PEHLE: Acting--

MRS. KLOTZ: McHugh has been handling it.

MR. PEHLE: Acting - has that been cleared enough with Hull and--

H.M.JR: Don't worry, just get me the publicity.

MR. PEHLE: It is just a question of how it is to read.

H.M.JR: Now, the reason I didn't tell you is there is so much pressure. Now, what Stettinius will do, I don't know, because I am convinced that Stettinius wanted a big name, and I am not sure he didn't want Myron Taylor. So I didn't want to say anything to you people, and you had better not say anything outside of this room.

MR. PEHLE: There is no need of it.



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H.M.JR: It wouldn't help any outside. That is why, when this thing came, you see - there were only two people knew this besides myself.

MR. LUXFORD: I am glad we didn't know it.

MR. PEHLE: I am glad, too.

MRS. KLOTZ: That is what Mr. Morgenthau said.

MR. PEHLE: I feel much better not knowing.

H.M.JR: There is no sense telling you people, and particularly with this thing. So you had better wait to open the bottle of champagne until later on.

MR. LUXFORD: This is one time I feel good about it.

MRS. KLOTZ: That they didn't know. I can understand.

MR. PEHLE: This is what I called you about. I mentioned to you just in passing that the State Department sent over - Mr. Howland Shaw, January 28, six days after the War Refugee Board was established - to Harold Smith, an estimate of five million dollars to be appropriated, and they are pressing us very hard. This is for the share of the United States of the expenses of the Inter-Governmental Committee on Refugees, and expense of operations carried on in connection with the work of the Committee.

The justification is here. Budget gave State a rather cold reception - Mr. Traver's justifying. Budget called me and came over and talked to me yesterday, and asked me to come back this afternoon.

Now, what they are really doing is asking for a million dollars to give to the Inter-Governmental Committee to broaden its work-out, and four million

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dollars in connection with the so-called Goldman plan of getting four million dollars here, four million dollars by Great Britain, and two million from private agencies to send food into some of these areas to help the Jewish population.

H.M.JR: Who, over at Budget?

MR. PEHLE: The only people I have dealt with is Louie Bean, who is very sympathetic--

MR. LUXFORD: He left our office, really, he was shaking.

MR. PEHLE: ...and Trott.

H.M.JR: Tell Louie Bean that I am going to take it up with Mr. Stettinius at nine o'clock tomorrow morning when he comes to my office, and please to hold everything until then.

MR. LUXFORD: We would like to see this held up for a couple of weeks.

H.M.JR: Just tell him I will take it up with Stettinius.

Now, Hull, it was my impression, wants this other Committee to shrink.

MR. PEHLE: I see. This isn't the way to shrink it. This is the way to put the War Refugee Board on the spot. This was the last dying attempt by Breckinridge Long to shoot something in.

H.M.JR: All right. Is Louie Bean with the Budget?

MR. PEHLE: Louie Bean and Trott.

MR. LUXFORD: With us a hundred percent.

MRS. KLOTZ: Wasn't he with Agriculture?

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MR. PEHLE: He may have been. He is with Budget now.

H.M.JR: You tell Louie Bean I, personally, am going to take it up with Stettinius at nine o'clock tomorrow morning.

MR. LUXFORD: You want a memo on it?

H.M.JR: No, unless you want to remind Pehle. He may forget.

MR. PEHLE: Not if I write it down.

H.M.JR: I will have Stettinius here at nine tomorrow.

MR. PEHLE: Fine.

H.M.JR: Just tell Louie Bean to keep his shirt on.



## **Pehle Reported Slated to Head Refugee Board**

**Staff to Aid Rescue of  
Jews Is Likely To Be  
Established Immediately**

By Ann Cottrell

WASHINGTON, Feb. 2.—Strong indications appeared today that a candidate favored by Henry M. Morgenthau jr., Secretary of the Treasury, for the post of executive director of the War Refugee Board will be appointed, possibly tomorrow, thus lessening the anxiety of the emergency committee to save the Jewish people of Europe over the lack of a functioning staff and a concrete program to rescue thousands of Jews from the occupied countries.

Although the State Department, which in the past opposed the creation of such a board, is known to have its own choice, the name of John W. Pehle, director of Foreign Funds Control of the Treasury, appeared most prominent today. Also mentioned as possible directors were Leon Henderson, former price administrator, and Oscar L. Chapman, Assistant Secretary of Interior.

The board was established on Jan. 22 by President Roosevelt and is composed of Mr. Morgenthau, Cordell Hull, Secretary of State, and Henry L. Stimson, Secretary of War. When he announced the formation of the board, long sought by the emergency committee to save the Jewish people, the President said it would be headed by a full-time executive director. In view of the time that has elapsed since the formation of the board and the lack of news of an executive director, it has been reported that board members could not reach an agreement.

So far the only step taken by the board toward effecting the rescue of the Jews of Europe has been to call on American diplomatic officers to aid in the program and report on information as to the permission granted war refugees to enter each country.

February 3, 1944

Dear Arthur:

Thank you for your nice letter of January 31st. I read with great interest the story on Page One of the New York Times last Saturday. I have also heard very favorable comment from a number of people.

I do not think it will be necessary to bother you with any future releases, but if it is I will not hesitate to accept your kind offer.

Tell Iphigene she has not seen me recently. Perhaps I do look like the pen sketch in the New Yorker - but I hope not.

With kindest regards to Iphigene and yourself,

Sincerely yours,

(Signed) Henry

Mr. Arthur Sulzberger,  
Publisher,  
The New York Times,  
New York, New York.

The New York Times  
Times Square

ARTHUR HAYS SULZBERGER  
PUBLISHER

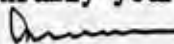
January 31st, 1944.

Dear Henry:

As you will have seen, we published the enclosed story on page one yesterday. On checking to find why release #1 was not used I received what I think is a very good answer, namely that there was nothing in the release which was not included in the original story. I am sure you realize that the paper is extremely crowded these days -- when there is more news than ever there is less newsprint on which to carry it. May I suggest, therefore, in a very friendly manner 1) that those who prepare your releases bear this in mind and 2) that if there is anything of particular importance which is not apparent you ask one of your associates to phone me about it.

My best to you as always.

Faithfully yours,



Hon. Henry Morgenthau, Jr.  
Secretary of the Treasury  
Washington, D.C.

Enclosure  
E

P.S. Iphigene doesn't like your picture in the current issue of the New Yorker, but I told her that I've seen you look like that when you tried to draw to an inside straight.



## BOARD NEGOTIATES TO SAVE REFUGEES

Continued From Page One

ing in each country with regard to whether refugees would be permitted to enter, and, where refugees were refused entry at frontiers, explanations why they were refused.

The board's announcement covered the following points:

"All missions were advised that instructions had been issued by the President to the Secretary of State, the Secretary of the Treasury and the Secretary of War to endeavor to effect immediately the rescue and relief of Jews in Europe and of other victims of Nazi terror.

"For the purpose of carrying out this policy, the President's Order sets up a War Refugee Board composed of the Secretary of State, the Secretary of the Treasury, and the Secretary of War. This board is responsible to the President, and to it is assigned the responsibility for carrying out the policy above announced. While the board is responsible directly for giving effect to the policy, it is directed to work with UNRRA, the Inter-

Governmental Committee, and other appropriate international organizations.

"The President made it clear that in dealing with this important and difficult problem he expected to have full cooperation from the governments of the United Nations and other foreign governments. The President emphasized the urgent necessity of frustrating the Nazi design to exterminate Jewish and other minority groups in Europe.

### Wide Cooperation Sought

"Cooperation was directed with all public agencies and established private organizations in the rescue areas from those officers who are dealing with this problem to the end that effective programs and measures for relief, rescue, maintenance, and transportation of persecuted victims may be developed and carried out. Immediate reports relating to the situation existing in the countries of the respective officers have been requested, which should include information as to the permission granted to war refugees to enter each country, the encouragement and cooperation given to such entry, and the extent to which each

country does not cooperate in permitting entry.

"Recommendations as to possible lines of action have been asked, with notation of special obstacles which may handicap rescue operations and methods of overcoming such obstacles.

"Foreign governments are being approached to ascertain the extent to which they are prepared to cooperate."

## Roosevelt Board Is Negotiating To Save Refugees From Nazis

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Special to The New York Times.

WASHINGTON, Jan. 29.—The new War Refugee Board, meeting four days after its establishment by President Roosevelt, said today that negotiations were under way with foreign Governments to determine the extent to which they were willing to cooperate in rescuing Jews and other victims of Nazi aggression.

The board made its announcement through the Treasury, pending the setting up of its own organization, following its first meeting held on Wednesday. Secretaries Hull, Morgenthau and Stimson, who comprise the board, were all present.

Beyond their statement that foreign Governments were being approached to ascertain the extent to which they were prepared to cooperate, the board said that all

United States diplomats and consular officers throughout the world had been instructed "to do everything possible to effectuate this Government's war-refugee policy as announced by the President, bearing in mind the urgency of the problem."

In its announcement of actions taken, the board said that diplomatic and consular officers had been directed to cooperate "with all public agencies and established private organizations in the rescue areas."

The board said the diplomatic and consular officers had been requested to make "immediate reports" concerning conditions exist-

February 3, 1944  
3:30 p.m.

GROUP

Present: Mr. White  
Mr. Pehle  
Mr. Luxford  
Mr. Bell  
Mr. Smith  
Mr. Gaston  
Mr. Paul  
Mrs. Klotz

H.M.JR: Have you told them, John?

MR. PEHLE: No, sir.

MR. LUXFORD: Just the newspapers - we have told no one else!

H.M.JR: Well, the President O.K.'d the release designating John Pehle as Acting Executive Director to the War Refugee Board. He is now accepting congratulations.

MR. BELL: Commiserations, too.'

MR. WHITE: The "Acting" will have a way of disappearing after a little while, John. It will be all right.

MR. PAUL: You are putting things around a little differently from the way they are usually put. You got your man, didn't you?

H.M.JR: How do you mean?

MR. PAUL: Usually that means you got your man in the sense of catching your man or indicting him, or something. This time you got him into the job.

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MRS. KLOTZ: May we congratulate you?

MR. LUXFORD: That is in order.

MRS. KLOTZ: It was a hard job.

MR. WHITE: It is a long alley that has no ash can.

H.M.JR: No, anyway - now I have been trying to get Mr. Hull and haven't got him. We have got a meeting at ten-thirty tomorrow of the Board, you see. The President said he would handle this himself, Herbert - this publicity tomorrow morning. Is the publicity in the morning or afternoon?

MR. GASTON: The conference on Friday is in the morning.

H.M.JR: Well, I am having the thing photostated with his O.K., F.D.R. (Refers to press release from the President appointing Mr. Pehle as Acting Executive Director to the War Refugee Board)

Would you mind taking it up right away with Steve?

MR. GASTON: Steve? Allright.

H.M.JR: You seem to hesitate.

MR. GASTON: No. The President has a copy of it?

H.M.JR: No.

MR. GASTON: You talked to him about it and he said he would handle it tomorrow morning. So then I better send a copy over to Steve.

H.M.JR: I have a release which the President has written on it, "O.K., F.D.R." I will give you the original, which I want you to get into the hands of



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Steve Early, as the President said he would like to announce it at his press conference tomorrow morning.

MR. GASTON: Right.

H.M.JR: It has to be mimeographed tonight.

MR. GASTON: Yes.

H.M.JR: And then I thought, as a matter of courtesy, we ought to send one over to Mr. Hull tonight and say, "This is what the President is going to give out."

What do you think?

MR. GASTON: He hasn't seen this release?

H.M.JR: No.

MR. GASTON: Yes, I think so.

MR. WHITE: Also true of the other members of the Board.

MR. PAUL: Also Mr. Stimson.

H.M.JR: You, as my alternate, might just write a little note, would you, Herbert?

MR. GASTON: Yes.

H.M.JR: I will sign it. I would just as soon sign it.

MR. GASTON: I will fix up a letter for you to sign.

H.M.JR: We can do it right away.

MR. LUXFORD: Do you have a good slow messenger?

H.M.JR: I don't see why we have to send it over.

MR. LUXFORD: I was only thinking of Argentina.

H.M.JR: I am notifying by phone that the President is going to announce Pehle tomorrow morning.

What more do I have to do?

MR. PEHLE: I wouldn't send them a release.

MR. GASTON: I don't know what is in this release. Is that all there is in it?

H.M.JR: You are so damned fussy. You want to know everything when I ask you to do something. Most peculiar.

MR. GASTON: (Reads press release) Oh.

MR. PEHLE: You can't rewrite it, Herbert, because the President has approved.

MR. GASTON: I approve now, since I have seen this, that the other members of the Board don't need anything except to be informed that the President has approved the appointment of Mr. Pehle.

H.M.JR: Where is Joe DuBois?

MR. PEHLE: His father is very ill. He is away.

MR. GASTON: All that they are concerned with is the President having agreed on Pehle's appointment. The rest is what the White House chooses to say about Mr. Pehle.

H.M.JR: Are we together, Mr. Gaston?

MR. GASTON: United.

Are you going to phone Hull and Stimson to tell them?

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H.M.JR: I have a call in for McCloy. He is at a press conference. I will tell McCloy to tell Hull. Stettinius is coming in tomorrow morning at nine o'clock, and I will tell him. I think I had better wait, though, and tell Mr. Hull first. Shall I tell him?

MR. LUXFORD: Does the Judge know?

H.M.JR: No. Shall I tell him?

MR. LUXFORD: He ought to be safe.

(The Secretary places a call to Judge Rosenman)

H.M.JR: I would like Gaston and Pehle here at nine o'clock tomorrow morning when Stettinius comes, because Gaston is going to be my alternate on this.

MR. PEHLE: We have to agree on an agenda at that meeting.

MR. WHITE: May I leave with my hearty congratulations, Mr. Secretary? I have another conference to attend.

H.M.JR: Yes, sir. Now, for everybody's notice, I am leaving sometime tomorrow afternoon, I don't know when, see? I can work a little right now. Bell comes first.

At least for ten days or two weeks I am not going to handle any communications of any kind.

MR. WHITE: How about tomorrow morning? Will there be some time?

H.M.JR: Well, nine o'clock is Mr. Stettinius. At ten-thirty I go over to this Board. I will have some time, yes.

Bell will be Acting. If anybody has any doubts, please bring the things to his attention.

MR. BELL: Any more discussion of the tax bill before you go?



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H.M.JR: Just this: I had one other very difficult matter to take up with the President, which I want to talk to you (Gaston) about. I just thought I would write a letter to the President, that is all, and simply say, "My dear Mr. President: I don't have the thing." Paul takes it away from me every five minutes to change something on it. I don't know where the last edition is.

MRS. KLOTZ: I have it.

MR. PAUL: I sent it in to Mrs. Klotz and Mr. Fitzgerald.

H.M.JR: Is this the last one?

MR. GASTON: It is the latest one.

MR. PAUL: Yes, the latest one.

*out page*  
H.M.JR: I got your message, and it made no impression on me, I mean, as to a veto.

MR. PAUL: Well, I just wanted you to know that Bell and I have been talking about it. He is swinging, and I am swung.

MR. BELL: That is a pretty tough memorandum that is written for him to give out to the press, and I think the question that will be raised immediately will be, "If he felt that way about it, why did he sign the bill?" It is pretty hard for him to sign after making those statements.

H.M.JR: Every time I have started to read it, they have changed it.

MR. PAUL: I said I would get you something and then keep on working on it.

MR. WHITE: Mr. Secretary, is this a possible alternative, to include whatever you decide in this letter to

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the President saying, "This is what I think of the bill." Whether the President would veto it or not is a decision which he best can make.

MR. PAUL: I think that is a good way to do it.

H.M.JR: I don't think he should veto the bill, see?

MR. WHITE: Then you should recommend what you feel.

H.M.JR: Why don't I wait until he asks us, Dan?

MR. BELL: Well, he certainly will ask us. There is no question about that.

H.M.JR: I am telling you now that I don't think he should veto. If he wants some suggestions as to what he should say, I will say, "Here are some suggestions."

<sup>Right</sup>  
MR. BELL: Those go to the President or the Bureau of the Budget. I will leave that to you.

MR. WHITE: The Budget--

H.M.JR: But I don't think that he should veto it. I have made up my mind on that.

MR. BELL: You said that yesterday, and I thought the same thing at the time. I think it is pretty hard for the President to veto a tax bill, but when he hits this-- if he issues a statement like Paul has drafted, I think it raises a serious question in the public mind, "If he felt that way about it, just why did he approve it?"

MR. PAUL: I wish you would read that.

H.M.JR: I will read it.

MR. BELL: Is there enough definiteness about the Budget so you can tell the Secretary what you heard?

MR. PAUL: Yes. It is not very definite, but as I understand it, Budget is going to recommend that in signing the bill--

(The Secretary held a telephone conversation with Mr. McCloy, as follows:)

February 3, 1944  
3:43 p.m.

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HMJr: Hello.

Operator: Go ahead.

HMJr: Jack?

Jack McCloy: Hello.

HMJr: Henry talking.

M: Yes.

HMJr: I understand Mr. Stimson is out of town.

M: That's -- he'll be out 'till Monday, I think.

HMJr: Yeah. Now, I left the President a little while ago....

M: Yes.

HMJr: ....and he has approved of Pehle as Acting Director....

M: Good.

HMJr: ....and he is personally going to give it out at his press conference tomorrow.

M: Yes.

HMJr: Now, I asked Mr. Hull whether he wouldn't convene the Board tomorrow -- you see? -- at 10:30....

M: Yes.

HMJr: ....which, I understand, he has agreed to.

M: Yes.

HMJr: Now, would you come for Mr. Stimson?

M: Yes, I will come subject to this: I've got to see the President about this French thing....

HMJr: Yes.

M: Pa Watson said it would be tomorrow morning....

HMJr: Yeah.



M: ....but I don't know what time. He's going to give me a ring in the morning.

HMJr: Well....

M: But subject only to that, of course, I'll be there.

HMJr: Well, the President's....

M: Now, well, you can have my proxy for Pehle.

HMJr: Well, no -- well, the President's already settled it.

M: Well, that's all right.

HMJr: And both Mr. Hull and Stimson let -- delegated me with authority to settle it with the President.

M: Yeah. Well, all right.

HMJr: What?

M: Okay.

HMJr: But I'm glad to have your proxy anyway.

M: But you were going to discuss something besides that at the meeting?

HMJr: Well, I thought we ought to have a little meeting just to set the thing up, seeing I'm going away tomorrow.

M: Yes, yes.

HMJr: And if you're....

M: Well, subject only to that, of course, and I'll only have ten minutes with him at the outside.

HMJr: I'll give you five-to-one odds that you will not see the President at 10:30 tomorrow.

M: Okay.

HMJr: Do you want to bet me?

M: Yes, I -- no, I don't want to take that.

HMJr: You don't want to take it?

M: I don't want to take that. What -- where abouts is it?

HMJr: Well, it's at Hull's office.

M: Hull's office at 10:30?

HMJr: Yeah.

M: Well, I'll be there.

HMJr: It won't last but a half an hour because he has an appointment at 11:00 and it's just -- really just to go through the formalities....

M: Okay.

HMJr: ....of approving what the President has done. I think we should do it.

M: Yeah. All right.

HMJr: Yeah.

M: I'll be there.

HMJr: Fine. Thank you.

M: Bye.

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H.M.JR: He is very pleased.

MR. LUXFORD: The President pushed you awfully hard on this, didn't he?

H.M.JR: The President?

MR. LUXFORD: You said you have to approve what the President has done, naming Pehle.

MR. WHITE: You have to get used to Luxford's brand of humor.

H.M.JR: You and Paul are too smart for me, as usual.

MRS. KLOTZ: No, it is just subtle.

H.M.JR: I don't follow you. I walked in to see the President; I had no trouble with him at all.

MRS. KLOTZ: What he is trying to say is that you did all the work, you see.

H.M.JR: Now, do we want a meeting--for God's sake, go, Harry. (Laughter)

Anyway, do you want me to meet with this Board of McConnell, O'Connell, and the rest?

MR. BELL: I should think you would want to before you leave, just to get a picture, and in case any of them want any instructions before you go.

H.M.JR: Are they around?

MR. BELL: They were. I don't know.

H.M.JR: Who meets on that Board, anyway? What do they call that Board?

MR. BELL: I don't know. McConnell, Sullivan, O'Connell, and Roy Blough.



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H.M.JR: Are you on that, Paul?

MR. PAUL: No.

MR. BELL: O'Connell is.

H.M.JR: You want to see me, don't you? You said--

MR. PAUL: Yes, I would like to.

H.M.JR: This won't take very long. I will see you after this four o'clock meeting.

MR. PEHLE: This is supposed to be confidential, isn't it? (Refers to press release.)

H.M.JR: Yes.

MR. PEHLE: I just wondered if everybody had that idea.

H.M.JR: Harry has left the room. Maybe we are too late.

MRS. KLOTZ: Here is some money. What do you do with this, that is, the betting?

MR. GASTON: That is not settled yet.

MR. PEHLE: May I see you between now and nine o'clock tomorrow morning on the agenda for the Board meeting, or do you just want us to get it up and handle it as we go?

H.M.JR: Get it up. Listen, don't forget the alternate (Gaston) who has to be wise to this. There is the man you want to see.

MR. GASTON: He doesn't forget me.

MR. PEHLE: I never forget Mr. Gaston.

February 3, 1944  
3:50 p.m.

Judge  
Rosenman: Hello.

Operator: Go ahead.

HMJr: Hello.

R: Yes.

HMJr: Sam.

R: Yes, sir.

HMJr: I've got good news.

R: Good.

HMJr: I saw the President.

R: At 2:00 o'clock. I know you were supposed to.

HMJr: And he greeted me by saying that he thought that we'd give Pehle a trial as Acting Director.

R: Uh huh.

HMJr: And he said he'd like to announce it himself tomorrow.

R: Good.

HMJr: So he's going to....

R: Well, that's fine. I'm glad the damn thing's settled. You know, finally he -- a couple of days ago, he said he'd -- he was thinking of naming a Jew.

HMJr: Yes.

R: Did he talk to you about it?

HMJr: He told me -- Eugene Meyer.

R: Yeah.

HMJr: Today.

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R: Yeah.

HMJr: But....

R: What made him change his mind? Hull?

HMJr: I don't know. No, he said he spoke to Hull about Eugene Meyer and I gathered Hull seemed to think it was all right, but I didn't say anything and it seemed to be -- him to be entirely agreeable on Pehle.

R: Did he talk to you -- yeah -- did he talk to you about Meyer at all?

HMJr: Yes, he mentioned Meyer.

R: Uh huh.

HMJr: But I made no comment.

R: Then he wound up by saying he'd give Pehle a chance?

HMJr: Yeah.

R: Well, I'm glad of that.

HMJr: And I had a draft of a press release and he okayed it and said, "Give it to Steve, but this I'd like to handle myself."

R: Uh huh.

HMJr: You know we've gotten wonderful publicity, you know.

R: On this?

HMJr: Oh, yes.

R: Oh, I know it.

HMJr: And the telegrams which Latta sent over to me from Jewish organizations are just superb.

R: Oh, gosh, I can feel it. I talked with Boscar a couple of times and it's very clear on it.

HMJr: You know, you told me, you know, Saturday night that this was what you thought should be done.



R: Which?

HMJr: To put in Pehle.

R: Well, I -- I -- after I saw the trouble we were having getting somebody.

HMJr: Yeah.

R: What happened to Graham?

HMJr: I didn't -- it's funny -- I went in there and the President greeted me -- I never -- if the President saw Graham, I never even asked him. I forgot to.

R: He saw Graham, you know.

HMJr: Yeah, and he never mentioned it. No.

R: Well, I asked him the next day....

HMJr: Yeah.

R: ....if Graham's okay and he said, "No". I don't understand what happened with Meyer though.

HMJr: I don't but all I can say is, Sam, as I walked in the room he said, "I think we'll put Pehle in and you go away and we'll try it this way."

R: Uh huh.

HMJr: And then he said, "There's a suggested Jew -- for Meyer and he might be good. He's anxious to do something." And he said, "I spoke to Hull and he said it will be all right." So there wasn't any question of my using any salesmanship because he was....

R: That's very funny.

HMJr: What?

R: Did he talk to Hull about Pehle?

HMJr: I don't know.

R: Well, you know the Jew -- he was the one who suggested that.

HMJr: Yeah.

R: I said I thought it would be very bad.

HMJr: You see, I have authority from Hull....

R: To go ahead.

HMJr: ....to settle it with the President.

R: Uh huh.

HMJr: And I saw -- I took Pehle over to have lunch with Stimson and he said, "Fine, you can tell the President if that's what he wants I'd be delighted."

R: Well, I think it's fine. We get it settled and he's got his million hasn't he?

HMJr: He's got his million and we -- we've started a lot of things.

R: Did you get any more money?

HMJr: Do you mean as contributions?

R: Yes.

HMJr: Not yet but we can get -- I think we can get all we need tempor....

R: Sure.

HMJr: Aren't you....

R: I'm delighted it's finally off.

HMJr: Well, Sam, you've been most helpful.

R: Well, I don't....

HMJr: And we're going to continue to count on you and while I'm gone, Gaston is going to be my alternate.

R: When are you going?

HMJr: Tomorrow night.

R: Uh huh.

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HMJr: And if he gets stuck on anything he'll be calling you.

R: Yeah. Well, you ought not to call him. You ought to cut the phone off.

HMJr: Oh, I'm not going to talk for two weeks.

R: That's good.

HMJr: But I mean if Gaston gets stuck, he may want to call you.

R: Oh, sure. Well, I'll be very glad to be helpful. I'm a little disappointed about Jeffers. (Laughs)

HMJr: Well, I'm disappointed about Louis Johnson.

R: (Laughs)

HMJr: Huh.

R: Oh, boy. Wait until you hear from Baruch.

HMJr: And -- don't you think it's a happy solution?

R: Well, I -- I -- I think it's fine.

HMJr: But you can't understand what happened to Meyer in the meantime?

R: I can't understand what happened to Meyer. I'll tell you that because he was all "het" for that and he said he was going to talk to Hull about it today.

HMJr: Yeah.

R: And to you about it this afternoon.

HMJr: Well, maybe he did talk to Hull. I don't know. Anyway, he wrote "F.D.R." across the release so it's settled.

R: Henry, I'd be delighted -- I'm delighted that it's Pehle, but I'd have been just as delighted it'd be "Joe Dokes" as long as it gets settled, because it's been an awful headache.

HMJr: Yeah, I agree.



R: Everybody suggesting names and coming in. I think Pehle will be fine.

HMJr: Right.

R: And I think he'll do a swell job and I'm delighted.

HMJr: Thank you.

R: Have a good time, my boy, and take a good rest.

HMJr: I'll have a wonderful time.

R: (Laughs)

HMJr: All right.

R: Take a good rest.

HMJr: Bye.

30  
February 3, 1944  
3:55 p.m.

HMJr: Hello.

Cordell  
Hull: Hello, Henry.

HMJr: How are you?

H: Well, I've been buried up over my head and eyes with several emergency things.

HMJr: Yeah.

H: That's my only trouble.

HMJr: I can imagine. Cordell, I saw the President at two o'clock.

H: Yeah.

HMJr: And he has approved of Pehle as Acting Executive Director of the War Refugee Board.

H: Yeah.

HMJr: And said that he would like to give it out at his press conference tomorrow.

H: All right. Whatever he wants to do is agreeable with me.

HMJr: And I told him that at the first Board meeting you and Stimson had delegated me to work with him and I felt that it would be agreeable to you.

H: Yeah.

HMJr: I don't think I overstated it, did I?

H: No, I told him -- I told you that anything you and he can....

HMJr: Yeah.

H: ....agreed on about the fellow.

HMJr: Now, I asked one of your secretaries this morning if they would put in a reservation for me for tomorrow with you....

H: Yes.

- 2 -

HMJr: ....and they said that 10:30 was open. Hello?

H: What's that on?

HMJr: On -- just to have this War Refugee Board -- just to have a short meeting.

H: Well, what is there to do?

HMJr: Well, it's really just to appoint Pehle. That's all.

H: Well, why can't we agree on that and not bother you so much?

HMJr: Well, it's all right with me.

H: Yeah. Just call Stimson and tell him we -- ask him if it isn't agreeable for us to agree to this without a formal meeting.

HMJr: Well....

H: Especially since the President, you know.

HMJr: Yeah.

H: And you tell him -- suppose you do that and that will save you -- that will save you....

HMJr: Well, it will save all of us.

H: That wouldn't save me so much because I'll be here.

HMJr: Well....

H: But it's better, I think. In other words, I don't see any necessity for it, if Stimson is agreeable.

HMJr: Well, he's -- I'm quite sure this is agreeable to him. I was talking....

H: So am I.

HMJr: I was talking to McCloy -- Stimson is out of town.

H: Oh, is he?

HMJr: Yes, and when I couldn't get you, I asked McCloy and McCloy said it's all right with him and it's all right with Stimson.



- 3 -

H: Oh, I'd just put it down that he's designated and if that's the President's decision that he's designated as Acting.

HMJr: But you mean you don't think we should go through the formality of having a Board meeting?

H: I don't see why there is an occasion for it, if we agree to it. Do you?

HMJr: Well, you'd know better than I.

H: Well, of course, I think if you make the record show that, that's all there is to do.

HMJr: Excuse me?

H: Just make the record show that and that -- that takes care of it.

HMJr: Well....

H: I'll sign up any record that shows it.

HMJr: All right.

H: Yeah.

HMJr: All right. Thank you.

H: Henry, if you'd rather come over, why it's perfectly -- of course, it's 100% agreeable with me anyway.

HMJr: Well, I'd feel a little bit happier.

H: All right. Come over at 10:30.

HMJr: And it will only take me five minutes.

H: All right.

HMJr: Yeah.

H: All right. 10:30. Will you notify McCloy?

HMJr: I'll notify McCloy.

H: All right.

HMJr: Thank you.

February 3, 1944  
4:00 p.m.

HMJr: Hello.

J. E.  
Brown: Hello.

HMJr: I just got through talking with Mr. Hull.

B: Oh, yes, Mr. Secretary.

HMJr: And he said he would have the 10:30 meeting tomorrow.

B: Yes.

HMJr: Now, the President's agreed to have Pehle as Acting Director.

B: I see.

HMJr: And what I would like to do is -- I'd like to bring Mr. Gaston with me, who will be my alternate while I'm away.

B: Yes.

HMJr: And also Mr. Pehle.

B: Yes. Mr. Gaston and Mr. Pehle.

HMJr: Gaston is Assistant Secretary.

B: Yes.

HMJr: And maybe Mr. Hull -- I don't know -- maybe he will want Mr. Stettinius there, who is his alternate.

B: Yes.

HMJr: My thought was that then these people....

B: Yes.

HMJr: ....would be the people who would be the work-horse, you know.

B: Yes.

HMJr: And Mr. Stimson is out of town but McCloy will come. I spoke to him.

B: Yes, I heard this morning when I called. (Crashing noise)

HMJr: Pardon me?

B: I heard this morning when I called the War Department that Secretary Stimson was out of town.

HMJr: Well, McCloy will come.

B: McCloy -- they mentioned that Mr. McCloy was taking over the....

HMJr: Yeah.

B: ....work for him on the War Refugee Board.

HMJr: Right. Yeah.

B: We're just having some -- moving some of these lamps....

HMJr: Pardon me?

B: Some of the lamps from the signing of the....

HMJr: Oh.

B: ....treaty with Mexico -- they're just moving out. I think you heard a collapse a minute ago.

HMJr: Well, I will bring Mr. Gaston and Mr. Pehle with me tomorrow.

B: Yes.

HMJr: And if you'll just let Mr. McCloy know, we'll all be there at 10:30.

B: Fine.

HMJr: That's agreeable to Mr.....

B: I'll do that Mr. Secretary.

HMJr: That's agreeable to Mr. Hull.

B: Yes, I see. All right, sir.

HMJr: I just got through talking to him.



B: I see.

HMJr: Yes.

B: Thank you very much. Then I'll let the others know about it.

HMJr: Thank you.

February 3, 1944<sup>36</sup>  
4:03 p.m.

HMJr: Hello.

Operator: Here you are, Mr. Stettinius.

Edward R.  
Stettinius: Hello.

HMJr: Ed?

S: Yes, sir.

HMJr: I saw the President. I walked into his office and he said, "Henry, I'm going to put in Pehle as Acting Director."

S: Perfect. Wonderful.

HMJr: So, and he said, "I want to handle the publicity myself."

S: Good.

HMJr: Now, if you would drop in at 9:00 tomorrow, we could have a little talk.

S: All right. I shall be there.

HMJr: And I had a little difficulty convincing Mr. Hull to have a meeting at 10:30 but I finally convinced him.

S: Well, now it's important that I be invited in.

HMJr: I just spoke to his secretary, Mr. Brown, and said I was bringing Mr. Gaston and McCloy was coming for Stimson and I hoped that you would be there.

S: Good. Fine.

HMJr: I said I hoped that you would be there because you were the gentleman that finally had to do the work.

S: Fine. Now, let me....

HMJr: So, why don't you -- if you want to you can use me and simply say I called you.

S: Yeah.

HMJr: And spoke to you about it.

S: Yeah.

HMJr: And said that I'd hoped that you'd be there.  
You could use me any way you want.

S: Henry, I'll have to get back at ten -- at nine-thirty  
here to preside at a meeting.

HMJr: Well, you can leave -- fifteen minutes here, if you're  
on time will be more....

S: I'll be there -- I'll be there a little before nine.

HMJr: ....will be more than plenty.

S: Okay, fellow. Now, Jonathan Daniels called and said  
that the President had told him to watch for an  
appointment to this job -- that Jonathan Daniels has  
somebody that he wants to recommend. I should not  
tell Jonathan anything until it's announced.

HMJr: I wouldn't.

S: Righto.

HMJr: The President had all kinds of things but he told me  
as I walked in it's to be Pehle and then he tells me,  
"What do you think about Eugene Meyer?" So I made no  
comment. See?

S: Yeah.

HMJr: I didn't say anything -- good, bad or indifferent.

S: Yeah.

HMJr: He -- and he said he was going to -- had talked to  
Mr. Hull and I couldn't -- so I just didn't -- I  
just listened and I said, "Now, here's a proposed  
press release. How do you like it?" And he wrote  
across it, "Okay. F.D.R. -- I want to do that myself."

S: Is Meyer out then?

HMJr: Meyer's out.

S: Yeah.



- 3 -

HMJr: At least, the President said, "Let's take Pehle."  
And he's very pleased at all the telegrams he'd got  
which nobody had shown him -- all the publicity....

S: Yeah.

HMJr: ...and he says, "This is fine."

S: Okay, old boy, I'm delighted.

HMJr: So, that's that.

S: Thank you, sir.

HMJr: Thank you.

S: Can I call Pehle and tell him I'm pleased?

HMJr: I think it would be wonderful.

S: He knows about?

HMJr: He certainly does.

S: I'll call him right away.

HMJr: Thank you.

THE WHITE HOUSE  
Washington

*Not used* 39  
2/3/44  
OK JWR

FOR IMMEDIATE RELEASE

The President today announced that the War Refugee Board has designated John W. Pehle as Acting Executive Director of the War Refugee Board.

Pehle is Assistant to the Secretary of the Treasury, and Director of Foreign Funds Control. The Secretary of the Treasury has given Pehle leave of absence to serve as Acting Executive Director of the War Refugee Board.

Pehle's work as Director of Foreign Funds Control has afforded him wide experience in negotiating with representatives of foreign governments as well as with the various departments and agencies of this government that will be called on to participate in the work of the War Refugee Board. His work in these fields also has brought him into close touch with the problems now before the Board, and he is well known to the private agencies interested in relief work and the rescue of refugees.

Pehle is a career man in the Government, having entered the Office of the General Counsel of the Treasury Department upon his graduation from the Yale Law School in 1934. He was

named Assistant to the Secretary of the Treasury and Director of Foreign Funds Control in 1940. He was selected by the Secretary of State as an Advisor and played a prominent part in the Inter-American Conference on Systems of Economic and Financial Control held in Washington in June, 1942.

The War Refugee Board was established on January 22, 1944, by Executive Order of the President, and directed to carry out the policy of this government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death, and otherwise to extend to such victims all possible relief and assistance consistent with the successful prosecution of the war. Members of the Board are the Secretary of State, the Secretary of the Treasury, and the Secretary of War.



February 3, 1944  
4:15 p.m.

CONTRACT TERMINATION

Present: Mr. Bell  
Mr. Thompson  
Mr. Blough  
Mr. McConnell  
Mr. Lynch  
Mr. O'Connell  
Mr. Sullivan

H.M.JR: Good afternoon.

Do you people have anything you want to talk to me about? I know Sullivan has Procurement Division.

You had better do it now because I am going away tomorrow afternoon and be out of touch for a couple of weeks.

MR. BELL: I thought maybe Bob might hit the high spots as to what has been done at this point, and at the same time, discuss personnel problems with you before you go away.

H.M.JR: All right.

MR. McCONNELL: As far as I know, the question of Disposal of Surplus is just as it was when we talked of it before. It may be out in the next day or two, and it may be several days. But there is no change in it.

I think it is safe enough, if you wish, to go ahead with personnel plans and save that time. It may be going on and developing in the Procurement Division.

- 2 -

MR. SULLIVAN: I feel very definitely we should start very soon, Mr. Secretary. The Procurement Division is almost completely lacking in records of any kind. For instance, to find out how many used automobiles we disposed of in 1943, which is information I wanted at a hearing, they had to get in touch with each of the eleven regional offices and each of those offices, in turn, had to go through its entire records for the year.

There not only is no centralized record of inventories or sales or prices, but there doesn't even appear to be a master record in the regional offices.

H.M.JR: You spoke to me about that, and I told you weeks ago it was all right with me.

MR. SULLIVAN: What I am leading up to is this: I would like to get four or five good men who have had experience in various types of merchandise, a fellow like Frank, for instance, who has run one big store - a man who has had experience in the chain of stores, a good wholesale man, a good jobber, and get them down here and acquaint them with the type of merchandising problems we are going to be up against, and see if we can map out with them a general plan for distribution and sale of this merchandise.

I think that we will have to have a fairly good idea of just what our job is before we can then set up an adequate accounting system that will furnish us with the information we will need under that plan.

I would like permission to talk to Nelson about borrowing Eddie Locke when that time comes, and I would like permission to get ahold of four or five top-notchers, and get them down here, starting next week.

H.M.JR: It is all right with me. You had better go right ahead and not sit around and wait for me.

- 3 -

MR. SULLIVAN: Right. Well, now, I haven't heard anything from Frank. I didn't know whether you had.

H.M.JR: Ask Ted Gamble, will you?

MR. SULLIVAN: I will, sir. Then, if we find the job is too big for four or five, and there are other phases of it, I assume that I have the authority to get whomever I need to do this job right.

H.M.JR: You have it.

MR. SULLIVAN: And I will start on it Monday morning.

MR. BELL: There is a possibility of our getting Claire.

MR. LYNCH: That is right.

MR. SULLIVAN: That will be very helpful.

H.M.JR: Don't anybody sit around and just wait for me to come back. The show has to go on.

MR. SULLIVAN: There is one other thing you might want to consider before you leave. Under the proposal, as we understand it to be, by Mr. Baruch, Mr. Clayton would be the head man, and under him would be a committee of three, one representative of RFC, one of the Treasury, and one of the Maritime Commission, and I think you want to pass on the Treasury representative on that Committee.

MR. BELL: You told the Secretary the information you got was that Clayton had resigned as Assistant Secretary?

MR. SULLIVAN: Yes, I got that from this gentleman (McConnell).

MR. McCONNELL: That is correct, sir.



- 4 -

H.M.JR: Well, that is the important Committee, isn't it?

MR. BELL: Disposal of Surplus Property - it is important only on that front, isn't it, John?

MR. SULLIVAN: That is right.

H.M.JR: Who should sit on that?

MR. BELL: I should think John should. It is his problem. Do you agree with that, Bob?

MR. McCONNELL: Absolutely, the man who is head of the Procurement Division should be on that Committee.

H.M.JR: Is anybody opposed to Sullivan?(No response!)

MR. SULLIVAN: Doesn't seem like New Hampshire.

MR. BELL: Well, you can vote no if you want to.

MR. SULLIVAN: I have got a very bad cold.

H.M.JR: The Sullivans have it, as usual!

MR. SULLIVAN: That clears up my major problems.

H.M.JR: You mean that begins your major problems!  
(Laughter)

MR. SULLIVAN: I meant before you left.

MR. BELL: Bob had the name of a gentleman who is connected with the Securities and Exchange, William W. Werntz, their chief auditor, head of their Auditing Division, and Pike, I believe, said he is a very good man. We thought we might get him on a loan down here for awhile.

H.M.JR: I thought you meant you were going to get Sumner Pike down.

- 5 -

MR. BELL: No, Werntz, who is the head auditor. He has just finished Trans-America. He is back, now, on the job. I think we ought to talk to Purcell about that. He might be able to help us out.

Are there any more questions?

MR. BLOUGH: The SEC has come to a poor state to loan its best accountant.

MR. McCONNELL: That is speaking well for the Chief Accountant if he is organized so he can get off.

There have been a lot of meetings - a lot of water under the bridge. There is nothing definite - nothing conclusive about all this.

I have myself thoroughly submerged as far as the past week is concerned, because this Committee is holding up - this Committee on Procedure - is holding up nearly every other determination on the line. Until we get that settled, it doesn't look as though they can make any final decision regarding termination financing, regarding review, even, or regarding dealing with subcontractors and the clauses under which you may deal with them.

We hope - I am hopeful this morning for the first time that the Army and the Navy will come together on some plan. A week ago they were so far apart that it was difficult to get them to talk the same language. But I believe that we are seeing the light on the problem this morning, after the meetings during the last three or four days. It is the log in the log-jam that would break it as far as final accomplishment is concerned. I think Mr. Bell told you of Mr. Hancock's request that I go on that Committee, not because of any peculiar ability, but because I was the only one that was not carrying a torch.

H.M.JR: As a loan, I take it.

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MR. McCONNELL: Yes.

MR. BELL: Temporarily, as Acting Chairman.

H.M.JR: Remember, the lend-lease goes both forward and backward.

MR. McCONNELL: Yes.

H.M.JR: I loaned Danny Bell to the President, just for three months, as Acting Director of the Budget--just for three months. Four and one-half years he stayed!

MR. BELL: That is right. It was four and a half hard years, too, believe me. At least I thought they were at the time.

H.M.JR: Since you have been here--

MR. BELL: It was just a bowl of cherries.

H.M.JR: You haven't broken any of your teeth biting into them yet.

MR. BELL: I have been very careful.

MR. LYNCH: I thought I might supplement what Mr. McConnell has said, just to review very briefly the work of the Joint Board. So far the Joint Board hasn't released anything in addition to their standard termination clause for prime contractors, but they have made considerable progress in other fields. The statement of policy as to financing, which provides a system of partial payment and V loans--Mr. Bell has been the Treasury representative on the Committee. That report has gone into Mr. Hancock's hands, and while ordinarily it might be in shape for release by the Board, Mr. McConnell's problem is, what type of settlements you are going to have. Are you going to deal directly with prime contractors only, or with sub-contractors? Also, they have arrived at a form of a clause, and that also--

H.M.JR: It makes me dizzy to listen.



- 7 -

MR. LYNCH: That also comes right into Mr. McConnell's problem.

MR. BELL: Everything cuts across.

H.M.JR: What is holding Baruch and Hancock up across the street?

MR. McCONNELL: On surplus?

H.M.JR: On the whole business. Why don't they move?

MR. McCONNELL: They are moving. It is a big problem, Mr. Secretary, and they are making much better progress than I thought they could.

MR. BELL: I think they are making progress.

MR. SULLIVAN: I think the Secretary's question is, now that they have solved what to do with surplus property, why don't they announce that rather than wait.

MR. McCONNELL: Oh, well, Mr. Byrnes wants Mr. Baruch to take the reports of Mr. Clayton, and Mr. Baruch has declined. Mr. Byrnes still thinks maybe he will get Mr. Baruch into that position. Mr. Baruch says he doesn't want any part of the administration.

H.M.JR: He is smart.

MR. SULLIVAN: He told me Saturday morning riding out to the Brooklyn Navy Yard.

H.M.JR: Who did?

MR. SULLIVAN: Baruch. He said that he, under no circumstances, would get into operations. He also said that he felt if he announced just surplus property that people would start shooting at that; whereas, if he announced a full picture it would be less vulnerable.

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MR. McCONNELL: I am sure that Hancock believes they will announce the surplus property before they try to wrap up the rest of this, or any part of it.

MR. BELL: This interim financing as far as it had gone--the Navy and the Treasury put a sentence in the letter that we were against announcing it. We thought it was putting the cart ahead of the horse until we got some of the other problems settled and cut across McConnell's problem here of the over-all settlement. They didn't want to announce it as showing progress. We thought it was wrong.

H.M.JR: Anyway, is there anything else that I can do so that I can go away feeling I am not a bottleneck? I can't think of anything.

MR. BELL: You have given us a clear signal on personnel.

H.M.JR: The only criticism I will have when I come back is if you don't have anything done.

MR. McCONNELL: You won't be bothered with a lot of strange faces around?

H.M.JR: Not a bit.

MR. SULLIVAN: I wonder if Tommy Tarleau wrote Willkie's speech last night?

MR. BELL: Who?

MR. SULLIVAN: Tommy Tarleau. Did you notice it?

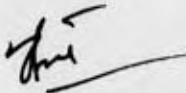
MR. McCONNELL: He wanted twenty billion instead of ten billion.

MR. BLOUGH: I noticed it. I am inclined to blame it on this fellow up at Harvard who has been doing some work for Willkie.

February 3, 1944

MEMORANDUM:

At the close of a staff meeting with Messrs. McConnell, Dan Bell, and others on contract termination discussion, I told the Secretary that in his absence, if agreeable to him, I would like permission to clear deferment cases with Mr. Bell. He gave his approval to this procedure.

A handwritten signature, possibly "J. H. Bell", written in dark ink with a horizontal line extending to the right.



cc-Fred Smith.

February 3, 1944 50  
5:00 p.m.

HMJr: Hello.

Colonel  
McCarthy: Hello, Mr. Secretary.

HMJr: Hello, Colonel.

M: Thank you for your very nice note, sir.

HMJr: (Laughs) Look, now that you've taken over Colonel  
Sexton's job....

M: Yes, sir.

HMJr: ....Mr. Frederik Smith, who is Assistant to me....

M: Yes, sir.

HMJr: ....we used to have a number of things we wanted  
the Army's cooperation on War Bonds....

M: Yes, sir.

HMJr: ....and would it be all right if occasionally Fred  
Smith called you up?

M: I'd be perfectly delighted, Mr. Secretary.

HMJr: I mean, say, for instance, like getting that jet  
plane on the opening night of our War Bond Drive.  
We did that through Colonel Sexton.

M: Yes, sir.

HMJr: And different times when we needed, oh, a little  
help over with General Surles.

M: Yes, sir.

HMJr: I mean, just little things but they're difficult  
things.

M: Mr. Secretary, I'd be very glad to handle any of  
them. It will be a pleasure to do so.

HMJr: Fine. They mostly have to do with War Bonds.  
That's the point.

M: Fine, sir. We'll be right on deck any time Mr.  
Smith calls.

- 2 -

HMJr: Well, nothing -- I'll tell him to bother you the minimum.

M: Well, don't -- don't do that at all, sir. Tell him whenever he feels there is anything we can do not to hesitate to let us know.

HMJr: Thank you so much.

M: Thank you, sir.

HMJr: Bye.

M: Bye.

February 3, 1944  
5:06 p.m.

HMJr: Yes.

Operator: Mr. Gaston.

HMJr: Herbert?

Herbert  
Gaston: Yes.

HMJr: In case the President shouldn't have a press  
conference, which he may not if he doesn't feel  
well....

G: Yes.

HMJr: ....then the thing is to get that thing out anyway.

G: Yes.

HMJr: I'm going to charge you with that responsibility.

G: Yes. I'll check with Steve in the morning on  
that.

HMJr: Right.

G: All right.

HMJr: Thanks.

G: Welcome.



Secretary Morgenthau

February 3, 1944

Fred Smith

Progress report:

- (1) Dudley and I have talked to Colonel Kirby, of Army Public Relations, and he is very anxious to cooperate with us on the show from Naples. I should like to clear it with McCarthy in Marshall's office, so that we can get in touch with General Devers, and possibly Mark Clark and have them on the program. The present plan is for the show to originate in New York; then go overseas after the stage is properly set from the New York studio. We can end it up by bringing in two men who are just about to take off to bomb Germany. We can probably pick these two up from General Doolittle's base.
- (2) Colonel Kirby seems very excited about working with us on our broadcasts. He was very much impressed by the opening War Loan broadcast, and thinks we can do a better job than the Army.
- (3) Gamble and Steele question the wisdom of having the Treasury sponsor the atrocities broadcast. Steele believes he can interest one of the networks in doing it themselves, with our cooperation.

If no network agrees to do it, we can still do it ourselves.

- (4) An appointment is set for Monday afternoon with General Byron to discuss the overseas operation. He is to have the Chief of Chaplains, the Fiscal Officer, and several others in the meeting, and this is the earliest time that he could get them all together.

- 2 -

- (5) Blough has the appropriation available to hire Mrs. Lowe to make the research into hospitalization, but he does not believe he could justify doing the job on strictly a taxation basis, if any question came up. I have talked to Thompson about it, and it is his belief that the best thing to do would be to make her a temporary Consultant in the Secretary's Office and explain to Civil Service that she is here to make a survey for you in connection with post-war plans, post-war industrial hospitalization, etc., as it may affect taxation and Social Security considerations. He has an opening at \$4600 that could be used if this is okay.
- (6) Bell has cleared Thursday, March 2, as a satisfactory date, from the standpoint of reporting, for the wind-up broadcast.
- (7) General Arnold's Office assures us that Dudley can stay with us for the duration.
- (8) Carley has secured two orientation kits if you want to see them.

FS:gr

TREASURY DEPARTMENT

55

INTER OFFICE COMMUNICATION

DATE Feb. 3, 1944

TO Secretary Morgenthau  
FROM Mr. Gamble

Attached is the issue of "Labor-Management News" carrying the story on your Bridgeport program which you requested yesterday from Thomas Lane.

This publication goes throughout the country to 62,000 members of Labor-Management Committees.



# L-M TEAMWORK LAUDED ON RADIO CHAIN

## Record Production and Bond Sales Hailed at Bridgeport

Bridgeport, Conn.—In the true spirit of P. T. Barnum, great showman who hailed from this city, representatives of management and labor united last week with officials of the

production is high and bond sales take care of themselves. I have seen it happen in dozens of places." Edward O'Brien and Peter Bonard, top-ranking CIO and AFL leaders in Bridgeport, joined Mr. Steinkraus and Mayor Jasper McLevy to tell the radio listeners that "we're here to prove that management and labor can get along—our responsibility as Americans has united us to win the war and keep the peace."

Among the people of Bridgeport appearing on the air were a typical Yankee, Dr. Charles Sprague; Bessie Singer, born in Russia; John Hentzky from Hungary, who works on airplane engines at the Aluminum Company plant; Ann Melnikovsky from Czechoslovakia, who works at General Electric and has a girl in the WAVES and sons in the Army and Navy; Ernst Fritzen from Hamburg, Germany, a Jewish machinist, who fled a Nazi concentration camp; Elizabeth Hultin and Lois Madden, who work at Remington Arms; Tony Ito, young worker at Bridgeport Brass; Mrs. Maxine Richman, a teacher at Manning, Maxwell and Moore; and Ray Space, a production soldier himself and first Bridgeporter to lose a son in the war.

Officials of two NPM divisions, War Production Drive Headquar-



Secretary Morgenthau

ters and the Office of Labor Production, who assisted the Treasury in selecting Bridgeport for the broadcast, praised the "We the People" program and its sponsor, the Gulf Oil Company, for initiating the program.

THESE TWO DIVISIONS  
OF THE NPM  
WERE ASSISTED BY THE  
TREASURY IN SELECTING  
BRIDGEPORT FOR THE  
BROADCAST.

TELEVISION STATION  
WABC, NEW YORK CITY,  
BROADCASTED THE  
PROGRAM.

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WABC, NEW YORK CITY,  
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PROGRAM.

The CBS network program, broadcast from the stage of the Central High School featured Admiral Ernest J. King, Col. Thomas D. Campbell and Secretary Morgenthau in a tribute to the people of Bridgeport, who are quitting on the "greatest production show on earth."

"The City of Bridgeport is a war town with campaign ribbons—32 Army-Navy E flags—to prove it. When an E flag goes up it means that the plant over which it flies is meeting a tough production schedule, and that can only happen when labor and management know what they are fighting for—and how to fight for it together," declared the Secretary.

Herman Steinkraus, president of Bridgeport Brass Co., told the audience how Labor-Management Committees were stimulating production in many Bridgeport plants, including his own, General Electric, Remington Arms, Bullard and others.

"This labor and management plan is very interesting to me," Secretary Morgenthau said. "I have found that wherever labor and management get along

### "Seeing On To Victory"

Each Friday night during February month and especially members from "Seeing On To Victory," drive produced by employees of the Bridgeport Brass Co., will be broadcast over stations affiliated with the Blue Network on the Swingshift Radio program, from 11:30 to 12:30 a.m. EDT.

"Seeing On To Victory" is a full length show which was presented on Jan. 20 for the benefit of the Industrial Production Fund. Between the acts that evening, Secretary Morgenthau spoke briefly and said that he was "glad to be here and see what the people can do in their own own time."

The show developed out of the activities of the plant L-M Committee, representing the company and a CIO union.

## Martin L-M Recruits Blood Donors



These photos show various activities in connection with the campaign conducted by the L-M Committee at the Glenn L. Martin Co., Baltimore, Md., to obtain donors for the Red Cross Blood Bank. Motor Corps units transported workers to and from the plants, and nurses enrolled volunteers.

Baltimore, Md.—A canvass of all plants in the Glenn L. Martin Co. here was made by the top management and labor representatives on the central Labor-Management Committee to recruit blood donors in a recent drive.

Pointing out that donors "because blood brethren at war at the fighting fronts in fact as well as in spirit," the Committee members set up an integrated system for insuring a steady stream of donors for the blood bank.

The Committee arranged for Red Cross Motor Corps units to transport donors to and from the various plants and then enrolled volunteers.

In addition to securing publicity for the project in the plant newspaper, the Committee made addresses at the various plants and employed the services of the company's Personnel Committee to broadcast information on the drive still further.

The donors, under the Martin L-M program, may furnish blood either before or after their working hours. The campaign is under the direction of L-M Committee Co-ordinators Edgar L. Heaver and Philip C. Dypale.

## Blood Bank Scoreboard



Interest in the Blood Donor Drive at the Glenn L. Martin Co., Baltimore, Md., was heightened by this big scoreboard, on which was posted the number of donors enrolled by each department.

### Note to Committees

Don't forget to fill in and send to Drive Headquarters the Exhibit Folder, listing your chief activities and accomplishments, with as much as desired.



## 'Angels' Spur Blood Donations



## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

#3  
see #4 for  
actual final  
copy  
DATE FEB 8 1944

Secretary Morgenthau

DM Randolph Paul

The final copy. It contains the suggestions of Paul, Smith, Surrey and Blough. Others have made no specific suggestions. Dan Bell is swinging toward a veto. Paul thinks a veto advisable. White and Gaston were for a veto at the original meeting. Apparently Sullivan is not for a veto.

Vinson is strongly for a veto.

The renegotiation part has been canvassed with Patterson.

If the President should want to veto the bill, a sentence might be inserted in his statement saying that he would immediately sign a joint resolution embodying the excise tax increases.



X (2)  
2-3-44

Statement to accompany signature of the Revenue  
Bill of 1943

The Revenue Bill of 1943 is before me for signature. I cannot reconcile this feeble effort to meet the costs of the war with the gigantic military offensives that lie directly ahead. I find in it no real support for our program to stabilize the cost of living. I find in it no assurance to our fighting men and women that we are ready to bear our share of the war costs now instead of postponing the day of settlement until they come home.

This bill is a vote of no confidence in the American people. I am confident that they are able and willing to pay the taxes which this bill refuses to impose. I am sure they recognize that taxes are a potent instrument for speeding their fighting sons and daughters back from the battlefronts.

A realistic wartime tax measure would have provided more than \$10 billion in added revenue. This bill offers less than one-fifth of that amount. A realistic tax bill would have plugged up existing tax loopholes. This bill opens up new loopholes. A realistic bill would have simplified our tax laws. This bill retains their complications.



- 2 -

Incredible as it seems in time of war, this bill makes unpardonable tax concessions to self-seeking special-interest groups. It also cancels \$1.1 billion of social security tax increases already scheduled by law.

It was initially agreed in the Congress that the tax bill was to be limited to the raising of revenue and the simplification of taxes. But selfish pleas for tax concessions prevailed, and the agreement was ignored. As the revenue program was presented to the Congressional committees, it was dedicated squarely and solely to the welfare of the American citizen. As it comes to my desk in the form of H. R. 3687, it bristles with special privilege.

The mining interests are granted an enlargement of the objectionable percentage depletion allowances. The lumber interests are granted special low rates of taxation on wartime profits from timber cutting. Speculators in securities of many bankrupt corporations will be unjustly enriched by so-called technical provisions granting inflated tax deductions and credits to these corporations on reorganization. Operators of natural gas pipelines are granted wholly unwarranted relief from excess-profits

- 3 -

taxes. Commercial air lines are granted an unjustifiable extension of the tax subsidy on their air mail contracts.

I cannot but deplore this alarming trend toward special-interest legislation. Sponsored by clever lobbyists and disguised in technical language, such legislation has been growing in volume from year to year. As a result, certain irresponsible groups are escaping their fair share of wartime taxation. The cumulative effect of these indefensible tax subsidies is to corrode our tax system. They impair its efficacy as an instrument to raise revenue and fairly distribute our tax load. It is high time to put a stop to the creation of new loopholes and to close old ones.

Who will bear the tax burdens from which the favored corporations are being freed? Insofar as the loss is not made up by other war taxes, an unfair share of those burdens will be placed on the shoulders of our returning service men and women. Insofar as this bill does increase taxes, it places an unfair share on the lower income groups

- 4 -

because of its heavy reliance on excises.

The Revenue Bill of 1943 fails the American taxpayer in other respects. He has been promised that tax laws and returns will be drastically simplified. This bill does not make good that promise. It ignores the most obvious step toward simplifying taxes. That step would be to eliminate the clumsy Victory tax. But for fear of dropping from the tax rolls those taxpayers who are at the bottom of the income scale, the bill retains the Victory tax. I cannot reconcile this unwillingness to forego a modest sum from our poorest taxpayers with extensive concessions to special-interest groups.

Other opportunities for simplification were also ignored. For example, withholding at graduated rates, which would relieve millions of the task of filing declarations of estimated income, was not adopted. The American taxpayer has every right to expect action on these and other measures to simplify his taxes:

In view of our pressing revenue needs, it is unthinkable that tax increases already provided by law should be set aside. Yet, the bill before me does precisely this by



- 5 -

freezing social security payroll rates.

It also weakens the social security system. With employment and wages at record levels, claims against social security trust funds are building up at record rates. Unless payroll taxes are increased, employee claims will far outstrip payroll tax contributions.

The renegotiation provisions of this bill as finally adopted by the Congress represent a great improvement over earlier provisions of the bill. However, one serious defect remains. The purpose of renegotiation is to prevent excessive war profits. This bill fixes a date for the expiration of renegotiation. The provision for a termination date offers an incentive to delay vital war production and sanctions war profiteering after that date. Profiteering late in the war is no less offensive than profiteering earlier.

In view of the glaring defects of this bill, it is a close question whether its enactment is preferable to retention of the present law. I have signed the Revenue Act of 1943. But I strongly urge the Congress to face its responsibility. That responsibility is to provide the Government with

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adequate revenue for our wartime needs, to hold firm against the tide of special privileges, and to provide real simplicity for millions of small income taxpayers. In the interests of strengthening the home front and of speeding the day of Victory, I urge the earliest possible action.

February 3, 1944.

Dear Mr. Robertson:

Referring to our telephone conversation of yesterday regarding the use of Savings bonds in payment of taxes, I find that Public Law 510, 77th Congress, approved March 28, 1942, had this provision:

"(b) Any obligations authorized by this Act and redeemable upon demand of the owner or holder may, under such regulations and upon such terms and conditions as the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury may prescribe, be receivable by the United States in payment of any taxes imposed by the United States."

The obligations payable on demand are all Savings bonds after, of course, the initial period of sixty days in the case of Series E bonds and six months in the case of Series F and G. Tax notes of Series A and B, and Series C Savings notes after an initial period, are acceptable in payment of taxes. Series E, F, and G Savings bonds can be made receivable at any time by the Commissioner of Internal Revenue prescribing regulations with my approval.

I have not thought it advisable to authorize the use of the Savings bonds for this purpose at this time, but leave that question to be considered in the post-war period.

I appreciate your calling this to my attention.

Very truly yours,

(Signed) Henry Morgenthau, Jr.

Honorable A. W. Robertson,  
House of Representatives,  
Washington, D. C.

Secretary of the Treasury

DWB:NLE

Feb. 3, 1944



## [PUBLIC LAW 510—77TH CONGRESS]

## [CHAPTER 205—2D SESSION]

[H. R. 6691]

## AN ACT

To increase the debt limit of the United States, to further amend the Second Liberty Bond Act, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the Public Debt Act of 1942.

SEC. 2. Section 21 of the Second Liberty Bond Act, as amended, is further amended to read as follows:

"SEC. 21. The face amount of obligations issued under the authority of this Act shall not exceed in the aggregate \$125,000,000,000 outstanding at any one time."

SEC. 3. Section 20 of the Second Liberty Bond Act, as amended, is further amended to read as follows:

"SEC. 20. (a) Any obligations authorized by sections 1, 5, and 18 of this Act, may be issued on an interest-bearing basis, on a discount basis, or on a combination interest-bearing and discount basis, at such price or prices and with interest computed in such manner and payable at such time or times as the Secretary of the Treasury may prescribe; and any such obligations may be offered for sale on a competitive or other basis under such regulations and upon such terms and conditions as the Secretary of the Treasury may prescribe; and his decision with respect to any such issue shall be final.

"(b) Any obligations authorized by this Act and redeemable upon demand of the owner or holder may, under such regulations and upon such terms and conditions as the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury may prescribe, be receivable by the United States in payment of any taxes imposed by the United States.

"(c) Any obligations authorized by this Act may, under such regulations and upon such terms as the Secretary of the Treasury may prescribe, be issued in exchange for any obligations of any agency or instrumentality of the United States which are unconditionally guaranteed both as to principal and interest by the United States, at or before their maturity."

SEC. 4. Section 19 of the Second Liberty Bond Act, as amended, is further amended to read as follows:

"SEC. 19. Any obligations authorized by this Act may be issued for the purchase, redemption, or refunding, at or before maturity, of any outstanding bonds, notes, certificates of indebtedness, Treasury bills, or savings certificates of the United States, and any money received from the sale of such obligations or any other money in the general fund of the Treasury may, under such rules, regulations, terms, and conditions as the Secretary of the Treasury may prescribe, be used for such purchase, redemption, or refunding."

SEC. 5. The authority of the Postmaster General contained in section 6 of the Act of June 25, 1910, as amended (U. S. C., 1940 edition, title 39, sec. 756), and section 22 (c) of the Second Liberty Bond Act, as amended, to prepare and issue postal-savings cards and postal-savings stamps shall terminate on such date as stamps issued by the Secretary of the Treasury pursuant to the authority contained in section 22 (c) of the Second Liberty Bond Act, as amended, are made available for sale to the public; and, as soon as practicable thereafter, the Board of Trustees of the Postal Savings System shall pay to the Secretary of the Treasury a sum equal to the redemption value of all postal-savings stamps outstanding, and after such payment has been made the obligation to redeem such stamps shall cease to be a liability of the Board of Trustees of the Postal Savings System but shall constitute a public debt obligation of the United States.

SEC. 6. Section 4 of the Public Debt Act of 1941 (Public, Numbered 7, Seventy-seventh Congress, first session), is hereby amended to read as follows:

"SEC. 4. (a) Interest upon obligations, and dividends, earnings, or other income from shares, certificates, stock, or other evidences of ownership, and gain from the sale or other disposition of such obligations and evidences of ownership issued on or after the effective date of the Public Debt Act of 1942 by the United States or any agency or instrumentality thereof shall not have any exemption, as such, and loss from the sale or other disposition of such obligations or evidences of ownership shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted; except that any such obligations which the United States Maritime Commission or the Federal Housing Administration had, prior to March 1, 1941, contracted to issue at a future date, shall when issued bear such tax-exemption privileges as were, at the time of such contract, provided in the law authorizing their issuance. For the purposes of this subsection a Territory, a possession of the United States, and the District of Columbia, and any political subdivision thereof, and any agency or instrumentality of any one or more of the foregoing, shall not be considered as an agency or instrumentality of the United States.

"(b) The provisions of this section shall, with respect to such obligations and evidences of ownership, be considered as amendatory of and supplementary to the respective Acts or parts of Acts authorizing the issuance of such obligations and evidences of ownership, as amended and supplemented.

"(c) Nothing contained herein shall be construed to amend or repeal sections 114 and 115 of the Revenue Act of 1941."

Approved, March 28, 1942.

FEB 3 1944

Dear Mr. Wallace:

I am very much disturbed by the false impression created by Roger William Mils' article, "You Can't Pay the Workers that Much," in the February 1944, issue of The Reader's Digest. The theme of the article is set forth in a quotation above the title: "A man who works with his hands shouldn't be paid as much as \$5,000 a year." This statement is attributed to the U. S. Treasury agent in charge of the Lincoln Electric Company case.

I am disturbed because you have given such wide circulation to a statement which the U. S. Treasury agent in charge of the case did not make, and because the written record in the case proves that the Government has taken no such position. The idea is absolutely contrary to any policy of the Treasury Department or the Bureau of Internal Revenue. I am sure you will agree with me that your readers deserve to know the facts.

Mr. Mils' article deals with a controversy over the tax liability of The Lincoln Electric Company for the years 1940 and 1941, now pending before The Tax Court of the United States. The pleadings in this case are a matter of public record. If Mr. Mils had consulted them, he would have been obliged to write a different story. If he had discussed the subject with representatives of the Treasury Department or the Bureau of Internal Revenue, who would have been glad to talk with him, he could have obtained the facts. As you may know, several of your writers have sought information from us on other matters, and we have always tried to be helpful.

In the quoted statement at the head of the article I assume that Mr. Mils does not mean the agent in charge of the Cleveland office of the Bureau of Internal Revenue, Mr. Raymond C. Cahn, as the case left his office over a year ago



and has been handled since that time by Mr. Jesse F. Gregory, the Cleveland representative of the Technical Staff of the Bureau of Internal Revenue. An article on page 80 of Newsweek of October 4, 1943, refers to Mr. Gregory, and I assume that the legend at the top of your article also refers to him.

Mr. Randolph Paul, General Counsel of the Treasury Department, and Mr. J. F. Wenschel, Chief Counsel of the Bureau of Internal Revenue, have interviewed Mr. Gregory and others who have worked on the Lincoln Electric case. They tell us that Mr. Gregory had two conferences with Mr. Lincoln. The first was on October 27, 1942, in Mr. Gregory's office in Cleveland. Two other Bureau employees, Mr. S. N. Quigley, Technical Adviser in charge of the Cleveland Office, and Mr. Claude Sample, one of the conferees of the Cleveland Technical Staff, were also present. All agree that Mr. Gregory did not make the statement attributed to him by Mr. Lincoln or any statement justifying the quotation at the top of Mr. Ellis' article.

The only other conference between Mr. Gregory and Mr. Lincoln took place on September 1, 1943, when Mr. Gregory was invited to the Lincoln plant by Mr. Lincoln. At this conference Mr. DeWitt M. Evans, Division Counsel of the Cleveland office was also present. Mr. Evans, as well as Mr. Gregory, affirms that no such statement was made.

The record in the case is in harmony with Mr. Gregory's denial. The statutory notice of deficiency against The Lincoln Electric Company, dated January 15, 1943, shows very clearly that the position of the Government was not based upon any \$5,000 formula. In a large number of cases payments to employees in excess of that amount were allowed as deductions. Mr. Gregory recognized the deductibility of salaries in excess of \$5,000 in the case of 211 officers and employees of the company, 41 of whom were foremen and 129 factory workers.

Since salary stabilization was not in effect for the years 1940 and 1941 the Bureau did not undertake to determine the amount of compensation which an employee might receive and keep; it simply made a finding as to the amounts of compensation which a corporate taxpayer was entitled to take as a deduction in computing its income and profits tax. The Lincoln Electric Company claims compensation deductions under the broad classifications of (a) base pay, (b) cash bonus, (c) annuity premiums, and (d) profit sharing trust. There has been no disallowance of any base pay or cash bonus paid to any officer or employee of The Lincoln Electric Company.

For 1941 the disallowance made by the Bureau of Internal Revenue consisted of two items:

- (1) Funded annuity for employees in the amount of \$575,206.43; and
- (2) "Profit-sharing plan trust for employees" in the amount of \$1,000,000.

These amounts were not paid to the employees in cash, and the principal ground of objection to deductibility was that they were not ordinary and necessary business expenses, since no firm rights accrued to the employees in 1941 to form the basis of additional compensation to them. There was no disallowance of any cash payment to any employee, whether the amount paid was below or above \$5,000.

The misleading effect of Mr. Riis' article is apparent in the cases of particular individuals which he describes. He mentions Vice President A. F. Davis, Reese Dill, Charlie Wilson, Joe Galati, Jim Macey, Angus Campbell MacDonald, Gerald Gilletty and George Stevens.

Mr. Davis received in 1941 a base pay of \$6,634.08 and a cash bonus of \$50,000, making a total cash compensation for the year of \$56,634.08. All of this amount was allowed in full as a deduction.

Mr. Reese Dill, mentioned in the article as "another worker," is a lawyer. He is General Counsel for the company. His base pay is shown on the payroll as \$5,192.46. He received a cash bonus of \$15,000. The total of these items, \$20,192.46, was allowed in full as a deduction.

The Charlie Wilson mentioned in the article seems to refer to "J. Wilson" mentioned in Exhibit E of the deficiency notice. This Mr. Wilson was a welder. He received a base pay of \$3,525.54, and a cash bonus of \$2,900, a total of \$6,425.54. This total was allowed in full as a deduction.

Joe Galati, listed on the payroll as "Joseph Galati," was a coil vinder. His base pay was \$2,869.34; his cash bonus was \$3,100. His total cash pay of \$5,969.34 was allowed in full as a deduction.

The Jim Macey described in the article seems to refer to "J. E. Macey" listed on the payroll as a welder. His base pay



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was \$2,588.23; his cash bonus was \$2,500. His total cash pay for the year, \$5,088.23, was allowed in full as a deduction.

The Angus Campbell MacDonald referred to in the article is described in Exhibit E as "Angus MacDonald," a balance machine operator. His base pay was \$2,557.03; his cash bonus was \$2,600. His total cash compensation amounted to \$5,157.03 and was allowed in full.

I do not have specific information about Gerald Gilletly and George Stevens, but I can say that in their cases, as in the case of all other employees, all cash payments to them including bonus payments during the years 1940 and 1941 were allowed in full as deductions to The Lincoln Electric Company.

These facts should make it clear that Mr. Riis' article creates a wholly false impression. Nearly every worker named in the article received cash compensation in excess of \$5,000 in 1941, and the amount of the cash compensation was allowed in full. There has been no disallowance of the compensation payments made by The Lincoln Electric Company on the ground that such payments exceeded \$5,000 in the case of persons who worked with their hands. I might add that I would never countenance any disallowance of compensation payments as a deduction on the ground charged by Mr. Lincoln. The workers of this country have done a magnificent job on the production front. The battle of production has been won by people who work with their hands.

I hope you will understand that I am not writing this letter from the standpoint of The Lincoln Electric Company case. There is a statutory procedure enabling an aggrieved taxpayer to secure an adjudication of his tax liability in advance of payment. The Congress has, therefore, provided an ample remedy. The company has exercised its right to appeal to The Tax Court, where it will be given a full hearing and every opportunity to present its case before a disinterested tribunal. It has the further remedy of appealing to the appropriate Circuit Court of Appeals if it is not satisfied with the decision of The Tax Court.

In view of these circumstances, I should be content to leave the matter to the courts if I were not concerned about the effect of Mr. Riis' article on the administration of our tax laws at this critical time. Good relationship between the



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Bureau of Internal Revenue and the public is vital to the successful collection of more than \$40 billion of taxes from more than 50 million individuals and 260,000 corporations. We are very much concerned about that relationship. Any misrepresentation of our position is bound to create unnecessary friction and damage administration. In the interest of promoting better relationship, I hope you will do what you can to see that the Treasury side of this story is told to your public. I would appreciate an early reply to this letter.

Sincerely,

(Signed) H. Morganthau, Jr.

Mr. DeWitt Wallace, Editor  
The Reader's Digest  
Pleasantville, New York

KMP:mnd  
2-3-44

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**TREASURY DEPARTMENT**  
**INTER OFFICE COMMUNICATION**

**CONFIDENTIAL**

DATE FEB 3 1944

TO Secretary Morgenthau

FROM Mr. Hagg

Subject: The War Production Program and the Economic Outlook

SUMMARY

- (1) Budget Program: The new Budget presents estimates for war expenditures of \$92 billions in the fiscal year 1944, and \$90 billions in the fiscal year 1945. These figures imply that war expenditures will run to \$48-1/2 billions in the present 6-months period and \$46-1/2 billions in July-December 1944.
- (2) War Production: Within the munitions program there will be drastic shifts such as those you mentioned in your speech in Cincinnati. The charts you used then portray schedules which are still substantially unchanged.
- (3) Materials: A number of materials either are no longer tight, or are approaching a satisfactory balance of supply and demand. These include steel, aluminum, and copper. Others, however, are very tight, such as, lumber, cotton textiles, leather, and coal.
- (4) Manpower: The manpower problem is still serious despite the development of occasional pools of unemployment. The labor force will have to increase in the next few months to take care of about 800,000 persons which the armed forces are expected to absorb. Mr. Stacy May reported to us that he feels that the present unemployment pools are really not large enough, since the stimulus for migration to labor-short areas is not as effective as needed. The attached confidential chart was provided by the Labor Department to show wartime shifts in the labor force from July 1941 to the assumed peak of employment next July, and the subsequent shifts to peace employment (figures for the July 1944 peak have since been revised downward slightly).

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- (5) Civilian Goods: The output of civilian goods is not likely to show more than a creeping increase from now until about the time of the collapse of Germany. The principal difficulties are manpower and the problem of obtaining component parts. There is also a question about the psychological impact on war workers of permitting some people to go back to civilian output.
- (6) After the War in Europe: Confidential War Production Board estimates indicate that if the war in Europe terminates in the fall of 1944, war expenditures for the fiscal year 1945 will run to about \$85 billions, as against the \$90 billions estimate in the Budget. After the period of contract readjustments which will occur, war expenditures will drop further to an annual rate of between \$70 and \$75 billions. Contract termination claims following the defeat of Germany are now estimated by WPB at \$3 billions for immediate cash outlays.

#### Budget Program of War Expenditures

In looking ahead at this time to probable war production and related economic events for this year, the first step must be to examine the program set forth in the new Budget. It is estimated that war expenditures will amount to \$92 billions for the current fiscal year and \$90 billions in the fiscal year 1945. These figures are based on the assumption of the continuation of the war throughout the entire period. We have been told on a confidential basis that the specific assumption was that the war in Europe would cease sometime during the fiscal year 1945 -- perhaps about half way through the year -- and that the war in the Pacific would continue at least through June 1945. Should the war in Europe also continue throughout the entire fiscal year 1945, the estimate for war expenditures is expected to be somewhat low, while if the German collapse should come earlier the estimate is probably too high. For the purpose of this memorandum, however, the Budget program is assumed to be a basic statement of our plans.

The Budget figure of \$92 billions for war expenditures in the current fiscal year may be broken down into \$43-1/2 billions for actual expenditures in the first half, and a remaining \$48-1/2 billions for the present 6-months period. For the



Secretary Morgenthau - 3

fiscal year 1945 we have worked out estimates with the Bureau of the Budget dividing the \$90 billions total between about \$46-1/2 billions in the first half and about \$43-1/2 billions in the second half. This would indicate that war expenditures will reach their peak in the present 6-months period at \$48-1/2 billions and will be reduced slightly to \$46-1/2 billions in July-December of this year. Some of the people we have talked with think these estimates will turn out to have been a little high, but as noted above we are taking the Budget program as a basic assumption for this memorandum.

### War Production

A review of the war production outlook for the calendar year ties in pretty well with the Budget program outlined above. For the immediate months ahead it is expected that war output will hold fairly steady at approximately the present high level. Toward the end of the year a slackening off may be expected. There may be some increases in the next couple of months, but cut-backs already scheduled and the imminence of new cut-backs make it unlikely that substantially higher output will occur.

Within the munitions program there will be drastic shifts such as those you referred to in your Cincinnati talk. The War Production Board informs us that the figures in the charts you used represent schedules which are still substantially unchanged. Aircraft, landing-craft, communications, electronic equipment, and ship repair are scheduled to increase, while production of small-arms ammunition, anti-aircraft artillery, and tanks are scheduled to decline. New production schedules for radio and radar call for a huge increase in output and it is reported by the majority of manufacturers that manpower shortages are delaying production.

### Materials

The supply situation of a number of materials has shown significant improvement. There is still no general surplus, however, and in fact some materials are still very tight.

A confidential report of the Materials Branch of the War Production Board comments that since October the major controlled materials have been brought into or are approaching

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a "generally satisfactory balance". Carbon steel continues to be the most important element in the general picture. The latest estimates indicate that a moderate deficit in carbon steel supply expected for the first half of the year will be replaced by a virtual balancing of supply and demand in the third quarter, and a substantial surplus in the fourth quarter accompanying an expected falling-off in the Maritime Commission program. On the other hand there is a serious tightness in steel plate supply, which has been accentuated by the accelerated landing-craft program.

Aluminum shows an expected surplus for the entire calendar year, and a number of aluminum production lines have been closed. Mr. Philip D. Wilson, Director of the WPB Aluminum Division, was quoted recently in the press to the effect that a nation-wide drop in aluminum production of 14 percent had been accomplished by the shutdowns. He added, "There will still be a small surplus and we will have to do a little more cutting." To date all of the 15 shutdowns in aluminum production are reported to have been in the east and the south where power for production is generated with coal. The question of diverting larger quantities of aluminum to civilian use is tied up with the manpower problem and the use of other critical materials as discussed below.

Copper also is in good supply and small surpluses seem to be indicated for the rest of this year. The cut-back in the army ammunition program has resulted in a marked drop in copper requirements.

The WPB Materials Report also indicates that cotton textiles and lumber show serious prospective shortages. Cotton textile production has been dropping throughout the last year because of the shortage of labor, and while there has been some reduction in military consumption the situation continues tight. The production of print cloth yarn fabrics is falling short by more than a third of the amount of requirements.

The supply of logs for both sawmills and pulp wood continues to run seriously below requirements. The shortage of labor again is responsible for the difficulty. Present indications point to acute shortages of both lumber and wood pulp throughout the calendar year.

Leather is also seriously tight. Supply is running short of demand which is being enlarged by Army orders for a new type of combat boot.



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Among the extractive industries, coal is reported to be the subject of the greatest concern. Here again the manpower shortage is the cause of the trouble. The War Manpower Commission says in a confidential report that a continuing loss of several thousand miners a month to other employment and the impossibility of obtaining replacements makes it "difficult to be sure that the required tonnage will be mined."

### Manpower

The seriousness of the manpower problem is brought out by tentative and confidential estimates of the War Manpower Commission, which indicate that continued expansion in the labor force will be needed in the next six months. During this period the armed forces are expected to absorb 800,000 persons, while the usual seasonal increase in agricultural employment will take place. Aside from agricultural employment, it is estimated that the labor force will need to increase by 900,000 persons.

The manpower outlook for the period beyond July is somewhat hazy. We have been told that no significant amount of unemployment is likely to occur until after the collapse of Germany. It looks as though munitions employment will remain at approximately its present level throughout most of the calendar year, but may taper off toward the end of the year. Employment in agriculture will be back to about the present level a year from now, after the usual seasonal increase this summer. Non-munitions employment is expected to hold steady during the year but it is possible that there may be some squeeze as a consequence of the increase in the size of the armed forces.

Until the collapse of Germany, the manpower problem will consist mostly of working out shifts from plant to plant, and from area to area as cut-backs occur. The machinery for encouraging these shifts seems to be in pretty good shape, particularly when advance notice is given to the War Manpower Commission, but in too many cases no advance notice is given and the local employment offices have to start action after reading about the cut-backs in the newspapers. Arranging these shifts is a difficult problem that is complicated by the fact that many persons will not leave a particular area, especially housewives who have been working in war plants.



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Mr. Stacy May told us that the pools of unemployment are really not large enough to get the desired push in migration to short-labor areas. As it stands, unemployment today of 800,000 persons is probably at approximately its practical minimum. About 200,000 are ill and the remaining 600,000 are either frictionally unemployed or of so little use that they are almost unemployable.

The Labor Department has supplied us with the attached confidential chart showing wartime shifts in the labor force from July 1941 to the assumed peak of employment next July, and the subsequent shifts to peace employment. The first bar in the chart shows the total labor force of 58.3 millions in July 1941 classified by employment categories. The second bar shows an estimated labor force of 66.3 millions for the assumed peak in July 1944. This estimate has since been revised downward to 65.7 millions. The third bar shows the estimated situation one year after the defeat of Germany, while the last bar shows the estimates for two years after the defeat of Japan. The total labor force in the last bar is shown at just over 60 millions compared with the July 1944 peak of 66 millions. This assumes that about 6 millions will drop out of the labor force, mostly housewives leaving war plants. Unemployment in the last bar is estimated to amount to 4.5 millions compared with the estimate of 1 million for July 1944.\* This obviously assumes a high level of economic activity and it has been explained that the basic assumption has been that economic activity would approximate that of 1941.

#### Civilian Goods

The papers have been full of discussion about substantial increases in civilian output resulting from the easing of the materials situation, particularly in steel and aluminum. War Production Board officials themselves seem to have had some disagreement about policy. The materials men have been reported as saying that there is so much of this or that that it is "running out of their ears", while Mr. Nelson is reported to have told a group of leading industrialists recently that there can be no general resumption of civilian goods production at the present time. He admitted that some materials, which were extremely scarce a year or more ago, are now comparatively

\* The slight increase in unemployment from the present level is accounted for by unemployed school children.

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plentiful, but said that certain others that were then easily obtainable are now scarce. He concluded that "With our biggest battles coming up, this emphatically is not the time to divert any substantial quantities of material, labor or facilities to less essential civilian production. There certainly cannot be any return to volume production of less essential goods until the war picture is a great deal clearer."

Mr. Stacy May told us that the difficulties in enlarging civilian output at this time lay principally with the shortage of manpower and the difficulty of integrating component items of fabricated goods. Steel may be available for iceboxes, for example, but electric motors may be tight. Moreover, there is a grave psychological problem in permitting workers to return to civilian output. We were told by the War Manpower Commission that when a worker is released from ordnance production and permitted to build lawn mowers some of his neighbors may seek to leave war production also in order to get in on the ground floor on civilian output. Also, it is difficult to keep housewives working in war plants when they see other people returning to making civilian goods.

On the other hand, some progress is being made in gradually relaxing some of the materials controls. The War Production Board is experimenting in reconversion in the case of very small plants in certain areas. The plan is for selected plants to use surplus materials without the usual restrictions. No plant may employ as many as fifty persons, and this maximum is reduced to ten in areas classified as critical by the War Manpower Commission.

In general, it looks as though civilian output will show a creeping increase from now until about the time of the collapse of Germany. At least that is the best approximation that we have been able to develop to date.

#### After the War in Europe

As soon as the war in Europe is over, war production demands will decline almost immediately, even though the war in the Pacific continues. The decline will be concentrated primarily in ground army equipment. The Army Air Forces and the Navy are expected to show only small reductions, although this matter is quite conjectural at this time.



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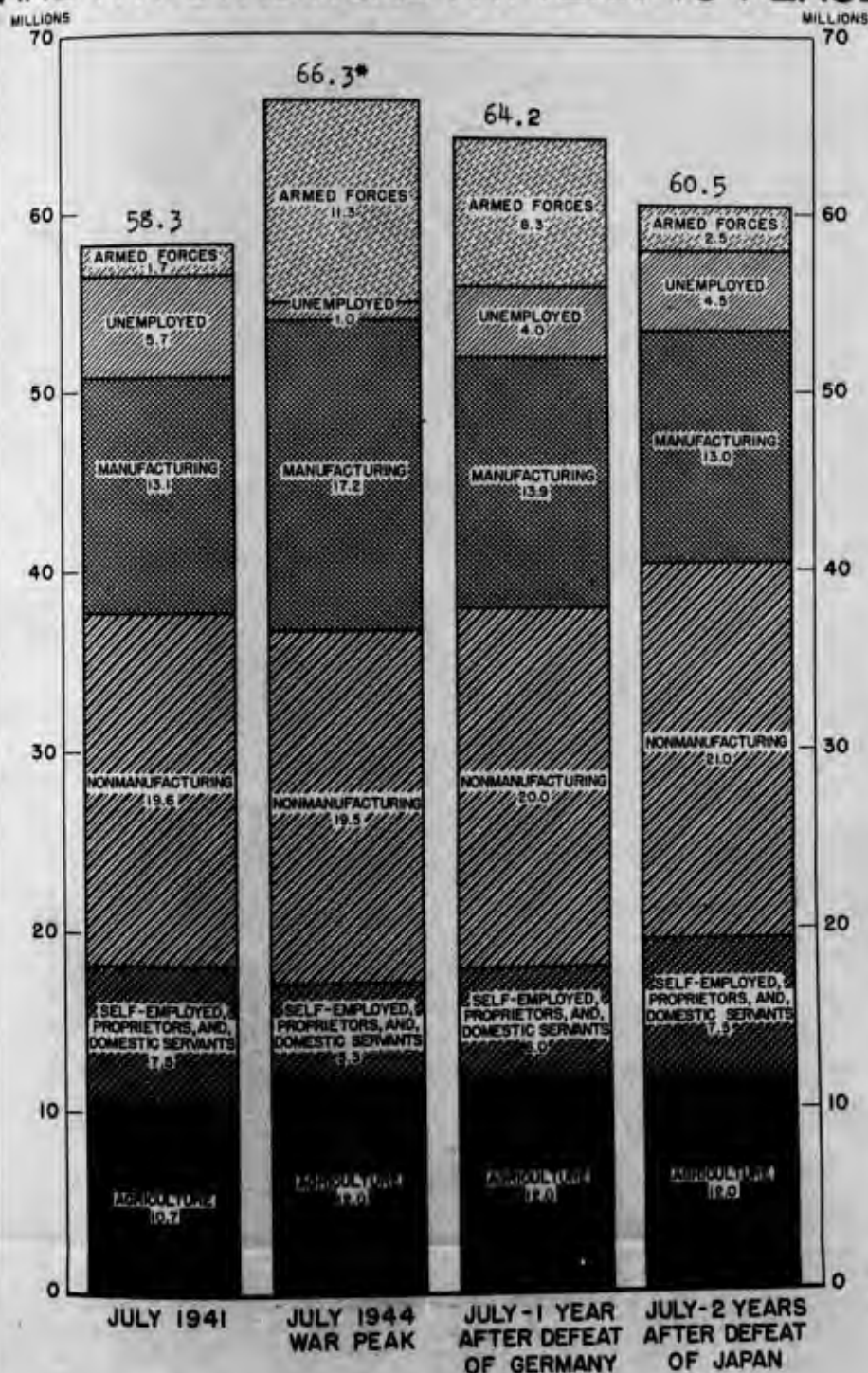
Mr. Stacy May has given us tentative and confidential estimates of the level of Treasury war expenditures for the fiscal year 1945 on the assumption that the war in Europe ends in September 1944. On this basis Mr. May estimates that war expenditures will run to about \$85 billions for the fiscal year 1945. This compares with the \$90 billions estimate in the Budget based on the assumption that the war in Europe will continue until about the turn of the year. Mr. May emphasized that the estimate was very tentative and might easily be raised or lowered somewhat after further consideration. After the period of termination of war contracts following the German phase of the war it is estimated that war expenditures will drop to an annual rate of between \$70 and \$75 billions.

Contract termination claims following the defeat of Germany are now estimated by the War Production Board at roughly \$4 billions, of which about \$3 billions would be involved in immediate cash payments.

Attachment



# WARTIME SHIFTS IN LABOR FORCE AND HYPOTHETICAL PATTERN TO PEACE



UNITED STATES DEPARTMENT OF LABOR  
BUREAU OF LABOR STATISTICS

NOT FOR PUBLICATION  
CONFIDENTIAL

\* Subsequently revised downward to 65.7 millions.

Regraded Unclassified

2/4/44

Original to Mr. Bell

Photostats to Mr. Gaston, Mr. Paul,  
Mr. Haas and Mr. White.



## OFFICE OF ECONOMIC STABILIZATION

WASHINGTON, D. C. 25

FRED M. VINSON  
DIRECTOR

February 3, 1944

TO THE MEMBERS OF THE  
BOARD OF ECONOMIC STABILIZATION

A meeting of the Board of Economic Stabilization is  
called for:

Thursday, February 10, 1944

It will be appreciated if you will advise whether  
or not you will be in attendance.

For your convenience, the form below may be used for  
this purpose, and also the self-addressed envelope enclosed,  
the use of which requires no postage.

Very truly yours,

*Edward F. Becker Jr.*Secretary  
Board of Economic Stabilization

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To the Secretary  
Board of Economic Stabilization  
1206 Federal Reserve Building  
Washington 25, D. C.

will not

I will attend the meeting of the Board of Economic  
Stabilization called for Thursday, February 10, 1944.

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## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE FEB 3 1944

TO Secretary Morgenthau  
FROM Randolph Paul

On January 12, 1944, the Attorney General announced the indictment by a Federal Grand Jury in New York of The Chase National Bank, Anton Smit and Co. Inc., Leonard J. A. Smit and others for violating and conspiring to violate the Trading with the enemy Act. The indictments follow an investigation of Smit and his companies conducted by Foreign Funds Control over a year ago. Our investigative report was transmitted to the Attorney General for his consideration on January 18, 1943, in accordance with a recommendation made to you in my memorandum of January 14, 1943, which was approved by Mr. Bell. On March 15, 1943, Assistant Attorney General Berge advised the Department that he had written the United States Attorney for the Southern District of New York in part as follows:

"In our opinion the Treasury Department report provides a basis for indicting L. J. A. Smit, certain of his employees and associates, and corporations controlled by him for numerous violations of and for conspiracy to violate Section 5 (b) of the Trading With the Enemy Act and for several violations of and conspiracy to violate the Export Control Act. The report presents evidence that the Chase National Bank of New York has violated Section 5 (b) of the Trading With the Enemy Act and has conspired with L. J. A. Smit and others to violate Section 5 (b) of the Trading With the Enemy Act.

"The Attorney General has authorized the action recommended in the enclosed memoranda. You are accordingly requested to present the evidence which is outlined in the Treasury Department report to a Federal Grand Jury at your earliest opportunity. Unless evidence is developed which exonerates the Chase National Bank and those of

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its officials responsible for the bank's participation in the offenses outlined in the report, you should proceed with a view to naming the Chase National Bank, together with its responsible officials, as defendants in an indictment charging violations of and conspiracy to violate Section 5 (b) of the Trading With the Enemy Act."

Our investigation disclosed that a few days after the freezing of Dutch and Belgian assets, The Chase National Bank unblocked the account of Anton Smit & Co. although all of that company's stock was owned by L. J. A. Smit, a Dutch national, indirectly through International Trading Co., a Guernsey corporation. The unblocking was effected at the written request of Anton Smit & Co. which stated that "95% of the stock of our company is owned by an English corporation, viz., International Trading Co. Ltd. We therefore are not subject to the Presidential Proclamation of May 10, 1940." The National City Bank declined to unblock Anton Smit & Co.'s account with it notwithstanding a similar request, for upon inquiry at the office of Anton Smit & Co. it was ascertained that L. J. A. Smit owned all of the stock of International Trading Co.

The investigation also indicated that on May 15, 1940, The Chase National Bank had reasonable cause to believe that Anton Smit & Co. was owned and controlled by either L. J. A. Smit or Anton Smit & Co. N.V., a Dutch corporation with headquarters in Antwerp, Belgium. In any event, it appeared that The Chase National Bank was advised not only of L. J. A. Smit's ownership of the stock of International Trading Co. and his status as a Dutch national, but also that he had opened an account with the Manufacturers Trust Co. in the name of one of his American employees "to safeguard against any further restrictions." Moreover, The Chase National Bank also knew that accounts of Anton Smit & Co. with other banks continued to be blocked.

During the eighteen months that Anton Smit & Co.'s account with The Chase National Bank was unlawfully operated as a free account, approximately \$285,000 flowed through it. In the same period Anton Smit & Co. drew on its account with the Guaranty Trust Co. under Treasury licenses which



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permitted the withdrawal of approximately \$65,000 per month for domestic purposes.

Smit's efforts to avoid freezing control were further aided by The Chase National Bank in allowing him to open an account with its Panama City branch in the name of a Panamanian corporation. There were received into this account, free of any restriction, remittances from Japanese, Swiss and Swedish customers. The manner in which The Chase National Bank handled the Smit accounts enabled Smit freely to finance several purchases of industrial diamonds in Brazil for shipment from that country to Swiss and Japanese customers despite the refusal of the State Department to license the export of industrial diamonds from this country to such customers by Anton Smit & Co.

Anton Smit & Co. is a New York corporation and is one of the larger dealers in industrial diamonds. It has succeeded, in part, to the business formerly done by a corporation of similar name with headquarters in Belgium, and also owned by L. J. A. Smit. Smit has been in this country on a temporary visa since October 1939. The investigation also uncovered violations by Anton Smit & Co., its officers and employees, not only of the Executive Order, but also of the Export Control Act of 1940.

In connection with the pending indictments, the results of a more recent investigation conducted by Foreign Funds Control are of interest. This investigation disclosed that on June 17, 1940, the day of the blocking of France, The Chase National Bank permitted the South American branches of the Banque Francaise et Italienne pour l'Amerique du sud to transfer more than \$1,000,000 to newly created special accounts in the names of Argentine and Uruguayan banks. The Banque Francaise et Italienne was a French national by reason of a 50% interest therein of the Banque de Paris et des Pays Bas. The remaining interest was owned by Banca Commerciale Italiana, an Italian bank, and Italians dominated the management of the South American branches. The Chase National Bank permitted free withdrawals after June 17, 1940, from the newly created special accounts, although it had every reason to know that such accounts were merely cloaks for funds of the Banque Francaise et Italienne. Thus, on



- 4 -

June 17, 1940, after the instructions to make the transfers came in, a call was made from The Chase to the managers of the Banque Francaise et Italienne at Buenos Aires. After this telephone call, Kreuser of The Chase wrote a memorandum addressed to Messrs. Rovensky and Stern, Chase vice-presidents, in part as follows:

"With reference to the cables which I mentioned at the meeting this morning Boyer came over and I discussed the matter with him, and he decided to telephone to Cavin and spoke to both Cavin and Malagodi. The reason for the request was that they were afraid of a presidential proclamation blocking the accounts here if in their name or any other French name, and they wanted them in the name of a Buenos Aires bank. I then suggested to Boyer that the special accounts be opened with us rather than with the Guaranty, inasmuch as he would then still be able to see what was happening to the money by seeing what goes over the account here, and accordingly he asked Cavin and Malagodi to do this. They agreed to this suggestion."



COMMONWEALTH TREASURY,  
CANBERRA, A.C.T.

AIRMAIL

3rd February, 1944.

H. Morgenthau, Jnr., Esq.,  
Secretary of the Treasury,  
WASHINGTON, U.S.A.

Dear Mr. Morgenthau,

Thank you for your letter of the 22nd November, 1943, enclosing a preliminary draft, prepared by the technical staffs of various Departments of your Government, of a tentative proposal for a United Nations Bank for Reconstruction and Development.

I have given a copy of the draft to the various technical experts assisting my Government and shall inform you in due course if there are any comments and suggestions which they may wish to offer.

In the meantime I am glad to accept your offer to send me further material amplifying and commenting on the provisions in your draft proposal.

Yours sincerely,

/s/ J. B. CHIFLEY

J. B. Chifley  
Treasurer.

copy:grs  
2/16/44

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN EMBASSY, CHUNGKING  
TO: SECRETARY OF STATE, WASHINGTON  
DATED: February 3, 1944  
NO.: 226

## SECRET

Reference is made herewith to the final paragraph of our telegram of January 15, no. 99.

It is privately stated by a Foreign Office official that the Foreign Office Committee has been working on a "preliminary" draft of a Sino-American commercial treaty for some time and that intensive study under direction of Economic Affairs Ministry is being undertaken with a view to the formulation of commercial policies with which treaty provisions must be aligned, according to his intimation.

GAUSS

ef:copy  
2-5-44



## PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Chungking  
TO: Secretary of State, Washington  
DATED: February 3, 1944  
NO.: 233

## SECRET

Chinese counterproposals have been presented by the Minister of Finance, which provide, in effect, that for each U.S. dollar that we shall receive 20 dollars CN at official rate and China will add 10 additional dollars CN which shall be credited as reverse Lend-Lease. I informed Kung that while his proposal would be reported to Washington, I was certain that it could not be considered satisfactory or reasonable and that while we are prepared to enter into reverse lend-lease agreement, it seems useless to do so unless some agreement is implemented by realistic and reasonable financial agreement along lines which our proposal contemplated.

The above message refers to our telegram of January 29, no. 189. There will follow a more detailed report.

GAUSS

ef:copy  
2-7-44

## TELEGRAM SENT

MEM

PLAIN

February 3, 1944

AMEMBASSY,

LONDON

858, Third

Reference your 327 of January 13 and Department's  
381 of January 15.

In view of the fact that the reception of children in Switzerland is to be discussed at the forthcoming economic negotiations, Department and FEA believe that our Mission in Bern should be instructed to associate itself at the first suitable opportunity with the British representations, which we assume from your reference telegram have already been made. We would appreciate your discussing the current British position in the matter with MEW and informing our Legation in Bern of the background of the problem and of the action which we desire should be taken.

HULL  
(HRL)

EH:JVL:MH

NCE

SWP

VD

OFFICE  
SECRETARY OF TREASURY  
NOT TO BE Re-TRANSMITTED 38

U.S. SECRET  
BRITISH MOST SECRET

1944 FEB 4 PM 12 38  
COPY NO

TREASURY DEPARTMENT 12

OPTEL No. 39

Information received up to 10 A.M. 3rd February, 1944

## 1. NAVAL

Northern Waters Convoy of 10 ships reached North RUSSIA without loss. During its passage our escorting destroyers made promising attacks on enemy U-boats.

Mediterranean 31st/1st. Coastal forces sank an enemy patrol craft off PEZIA and M.T.B.'s sank 2 schooners South of FIUME. 2nd. Unloading at ANZIO continued satisfactorily in excellent weather. Enemy attack on shipping. 1st. An Eastbound convoy was attacked by 40 enemy aircraft between ORAN and ALGIERS, 1 ship sunk, another slightly damaged, 4 aircraft shot down.

## 2. MILITARY

Italy To 12 noon. 2nd. On main 5th Army front, there was heavy local fighting with some slight advance North of CASSINO. In ANZIO bridgehead an attack towards CISTERNA made little progress.

Burma ARAKAN. Our troops supported by tanks have captured several hills features 3 miles East of MAUNGDAW. Four miles west of BUTHIDAUNG our troops have occupied some high ground overlooking MAUNGNAW-BUTHIDAUNG.

Hukawng Valley. Chinese have occupied two places on CHINDWIN RIVER 22 miles South of SHINGEWIYANG inflicting heavy casualties on Japanese.

## 3. AIR OPERATIONS

Western Front 2nd. Marauders dropped 48 tons on TRICQUEVILLE Airfield. 2nd/3rd. Aircraft despatched without loss: DUISBURG and ALBERFELD, 13 Mosquitoes, Sea-mining 50 Halifaxes

Italy 31st. Escorted U.S. Aircraft dropped 103 tons on airfield AVIAPO and 191 tons on airfield UDINE causing substantial damage and enemy casualties 16:0:1 in combat and 5:0:4 on the ground.

Austria 31st. Escorted Fortresses dropped 182 tons on KLAGENFURT Airfield.

Mediterranean 1st. During attacks by Mitchells and Beaufighters on shipping in AEGEAN, a 3,000 ton ship was set on fire and 10 small craft either sunk or damaged.



February 4, 1944

Mr. Gaston.

The Secretary.

Would you please write a letter to Mrs. Clapper telling her of my sympathy, both Mrs. Morgenthau and myself, because of her husband's death. Would you mind doing it this morning?

February 4, 1944  
10:01 a.m.

HMJr: Mr. Brown.

J. E. Brown: Good morning, Mr. Secretary.

HMJr: Good morning. I'll be over there at 10:30.

B: Oh, yes.

HMJr: And I want to remind you I'm bringing Mr. Gaston and Mr. Pehle.

B: Mr. Gaston and Mr. Pehle. Yes, we've already made a note of that and informed the Secretary, Mr. Secretary.

HMJr: And I hope that Mr. Stettinius won't be too busy to also be there.

B: Yes. I -- Let me see if there has been any -- what the possibility is on that.

HMJr: Because, as I understand, Mr. Hull expects him to carry the load.

B: Yes. Yes.

HMJr: And on account of my going away, this is going to -- I want to organize for while I'm going to be gone.

B: I see.

HMJr: So I think it would be helpful.

B: I've heard from Mr. McCloy, Mr. Secretary, that he will be here.

HMJr: Well, it will be helpful if Mr. Stettinius could be there.

B: Fine. I'll pass that message along, Mr. Secretary.

HMJr: Thank you.

B: Thank you, sir.

February 4, 1944  
11:29 a.m.

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Charles  
Shaeffer: ....make the announcement.

HMJr: Yeah, I know.

S: Oh.

HMJr: A girl from Steve Early -- contact Gaston.  
He'll tell you what happened.

S: I see.

HMJr: Will you?

S: Yes, sir.

HMJr: What did they ask him?

S: He was asked if a Director for the Refugee --  
War Refugee Board had been named and the  
Secretary -- the President said that he was  
talking with Secretary Hull on that matter  
now.

HMJr: All right. Well, speak to Gaston. He has the  
story.

S: Okay. Right.



February 4, 1944  
12:37 p.m.

HMJr: Grace.

Grace  
Tully: Good morning, Mr. Secretary. How are you, sir?

HMJr: Good morning. Fine. First thing, I carried out your suggestion of yesterday.

T: Yes, sir.

HMJr: And told that man that I would see him before anything was settled.

T: Yes.

HMJr: Now, I'm back again needing your help as usual. This is what happened. Yesterday afternoon, as I told you, the President wrote "Okay F.D.R." over that release.

T: Yes.

HMJr: And we sent it -- and he said he'd handle it at his own press conference.

T: Yes.

HMJr: And we gave it to Early and at the press he was asked the question and he said, well, he had to clear it with Mr. Hull. And then some clerk in Early's office called Mr. Gaston twice and said that the President would have to hear from Mr. Hull and Mr. Hull would have to call him to tell him it--it was all right. Well, at 10:30 this morning we had a meeting of the War Refugee Board....

T: Yes.

HMJr: ....at which I told them that the President had cleared this yesterday and they passed a resolution approving Pehle as Acting Secretary....

T: Yes.

HMJr: ....or whatever they call the thing. And I've got a seat on the five o'clock train. I told the doctor I'd be at the hospital tonight at 9:30.

- 2 -

T: Yes.

HMJr: Now, until -- we've tried to get to Hull and he's in a meeting and it's sort of unusual to ask Hull to call -- for a clerk in Early's office to ask Gaston to ask Hull to call the President.

T: Yeah. Who was supposed to do the -- Mr. Gaston was supposed to ask the Secretary to call the President?

HMJr: Yes.

T: Uh huh.

HMJr: Well, he talked to Mr. Hull's secretary.

T: Yes.

HMJr: You don't suppose you could break this log-jam for me?

T: Yes, I think I can.

HMJr: Gee, it would be wonderful, and if somebody could just ask Hull -- you, for the President....

T: Yes.

HMJr: ....and at the meeting this morning the thing was ratified and is it all right to give it out?

T: Yes.

HMJr: And then if you would simply tell Early so.

T: Yes. All right. Fine. I'll do that.

HMJr: Would you?

T: As soon as I get a chance to get in. The President will be jammed up, I think, until....

HMJr: Yes.

T: ....probably near lunch time, but I'll get in a few minutes before lunch and see if I can clear it for you.

HMJr: It would be wonderful because I had this meeting. Is it clear in your mind?

- 3 -

T: Yes.

HMJr: We met at Mr. Hull's office. He called, "Is everybody in favor of Mr....."

T: Mr. Hull wasn't there himself? Huh?

HMJr: Mr. Hull was there.

T: Oh, he was there?

HMJr: Oh, he presided.

T: He presided at the meeting and you passed this resolution.

HMJr: Yeah, approving Pehle.

T: Approving Pehle?

HMJr: At 10:30 this morning.

T: Yes.

HMJr: And Mr. -- In Hull's office, at which he was present.

T: I see. Then, of course, he's well informed on it. There can't be any reason -- can't be any hitch there.

HMJr: Oh, no. He was there and approved it.

T: I see.

HMJr: Then we invited Pehle in and went ahead with the meeting as though Pehle were -- Pehle is the Director.

T: Yes.

HMJr: He was approved this morning.

T: Uh huh. All right. Fine. Let me just tell the President what happened about it and just to clarify it in your mind and to get it straightened out and to tell him that the Secretary did attend the meeting this morning at which the resolution was passed approving of Pehle.



HMJr: Yeah. And then the thing is you've got to tell Steve to give it out.

T: And then Steve to release the -- yeah.

HMJr: Yeah.

T: All right. Fine. I'll do it.

HMJr: And what I'll do -- I may come over a few minutes before Cabinet to see you to find out what happened.

T: Well, the only thing that happened was that Mike, because the President was at the house, came in to report to me that he was relieved of duty as he felt he should let the President know that he was relieved of duty and put on annual leave for thirty days.

HMJr: Yeah.

T: Therefore, he would not be around.

HMJr: Oh.

T: Now, that -- he couldn't get to the President so he came to me to ask me to convey the message.

HMJr: I'm glad that I told you, although I know I upset you, but we upset each other. Well, anyway, he will have his day in court as everybody has as long as I'm around.

T: I hope he will because I think that's the only fair way. I'd hate to -- and I can see a lot of things in life that people can build up a case if they want to against you. Heavens knows they could against me or anybody else if they really start out to build up a case against you.

HMJr: And me, too. I'm awfully....

T: And then I like to be knowing what I'm charged with and I'd like to be able to face the person that charges me with it and I'd like to be able to answer the charges and give two sides of the story and not a one-sided story is the way I feel about it.

HMJr: Well, I think I would have done it anyway, but -- because I've always done it that way, but your bringing it to my attention clinched it.

T: Well, I've always felt you were a fair person and I know that you have on other occasions wanted to know the whole story and I think you ought to know the whole story now.

HMJr: Well, I'll drop in to see you about five minutes of two, if I may.

T: All right. Fine, Mr. Secretary, that's grand. And in the meantime, I'll try and get this through for you.

HMJr: It's a tricky thing.

T: Look, are you going up -- you're not coming back to Washington after you leave tonight, you mean? You're going to....

HMJr: I've got a seat on the five o'clock to go up....

T: Yes.

HMJr: ....to New York to go to the hospital.

T: Yeah.

HMJr: And I can't go until this is cleaned up.

T: No, but then you're going to stay right there?

HMJr: I'm going to stay there for a couple of weeks.

T: Yeah. All right. Fine, Mr. Secretary. I'll see you then around two o'clock. In the meantime I'll take care of this matter.

HMJr: Do you want this release with "Okay F.D.R." on it?

T: You did....

HMJr: I got a photostat of it.

T: Yeah. I think you'd better send it over to show the President actually approved it yesterday if we don't have a record, because we ought to have a record of everything he okays.

HMJr: Well, the original is with Steve but let me send you a photostat.

T: Oh, the original is with Steve? Oh, well, then don't bother. As long as we have the original with his "Okay, F.D.R." on it, then you don't have to bother with the photostat.

HMJr: Well, let me send you one.

T: Well, all right. Fine. You can send it to me but as long as they have it, that's enough for them.

HMJr: Yeah. They have the original and I've got a photostat, which I'll send you.

T: All right. Grand, Mr. Secretary.

HMJr: Thank you.

T: All right, sir.

HMJr: Bye.

T: Bye.



February 4, 1944.

MEMORANDUM

TO: Secretary Morgenthau  
FROM: Mr. Gaston

At a staff conference yesterday afternoon, following your return from the White House, you asked Mr. Pehle to deliver to me the original of a proposed press release announcing the appointment of Mr. Pehle as Acting Executive Director of the War Refugee Board. You reported that the President had approved the release writing on it "O.K. - F.D.R." and had said that he wished to make the announcement himself at his press conference this morning. You asked me to see that the original copy was delivered to Steve Early at the White House and that I call Steve to tell him of the arrangement. Returning to my office I called Steve immediately and at the same time dispatched a Secret Service agent with the release to deliver to him. I told Steve what the President had said, as you reported it, and asked that he let me know in the morning whether or not the release had been issued.

After meeting with you, Mr. Stettinius and John Pehle in your office at 9:00 o'clock this morning, I went with you and Pehle to a meeting of the War Refugee Board in Secretary Hull's office at 10:30. I had been present in your office late yesterday afternoon when Secretary Hull, after first stating that he saw no need of a meeting, agreed to its being held. Those present as the meeting opened in Secretary Hull's office this morning were yourself, Secretary Hull, Assistant Secretary of War McCloy and myself. You handed Mr. Hull an agenda for the meeting, which had been prepared by Mr. Pehle. On noticing that the first order of business was the designation of an Executive Director Mr. Hull said that he was quite willing to do whatever the President wished and asked Mr. McCloy if he assented to the designation of Mr. Pehle. Mr. McCloy said that Secretary Stimson had met Mr. Pehle at luncheon, had been much impressed with him, and that on

- 2 -

behalf of Secretary Stimson he agreed to the designation of Mr. Pehle. At your suggestion Mr. Pehle was then called into Mr. Hull's office and other items of the agenda were considered.

When we returned from the State Department to your office you called Mr. Shaeffer to inquire whether any report had come out from the President's press conference. Mr. Shaeffer reported that Mr. Coffelt was attending the conference and had not yet returned. I came back to my office and almost immediately received a call from Steve Early's secretary. She said Mr. Early had asked her to tell me that the President had not announced Pehle's designation at the press conference but on the contrary, after having been asked whether an Executive Director had been named for the War Refugee Board, had said that there was nothing to announce and that he still wished to consult Secretary Hull. I told Mr. Early's secretary that the Board had met in Secretary Hull's office and that Pehle had been formally designated as Acting Director. I asked her to report this to Mr. Early and to tell him that in view of this action it seemed to me that he ought to issue the release immediately. Soon afterward she called me back and said that in view of what the President had said at the press conference Mr. Early did not feel free to issue the release and that unless Secretary Hull called the President it was not likely that anything would be done during the day. Mr. Early suggested that I call Secretary Hull and ask him to call the President.

I called Secretary Hull's office immediately and spoke to Mr. Brown, one of his secretaries. I told Mr. Brown the whole story and asked that he see Mr. Hull and ask if he would be good enough to call the President so as to clear the matter up and also that he report to me whether he had any success. This call was made at 11:45. At 12:30 you came to my office to see if there had been any developments and while you were here I put in a call for Mr. Brown at 12:35. Mr. Brown reported that he had not been able to see Secretary Hull since the Secretary had been in a meeting with the American Legion Post-War Planning



- 3 -

Committee and had gone from that immediately into another conference. He again promised to get to Mr. Hull as soon as possible but feared that it would be after lunch before he could get the word to him.

I then went with you to your office where you put in a call for Miss Tully. You told her of the predicament you were in and that you were anxious to get the matter cleared up before you left town at 5:00 o'clock. She said she would do her best to get action.

I heard nothing more on the matter until after you had gone to Cabinet. At 2:09 Mrs. Klotz called me and said she had word from you that we were to get the release out here in the Treasury Department, after editing it so as not to have it a White House release and also shortening it somewhat. Mrs. Klotz had also called Mr. Pehle and he came to my office immediately. Together we edited the release in the form attached and I sent it to Mr. Shaeffer and instructed him that it was to be released immediately.

Mr. Shaeffer and Mr. Pehle had planned for a small press conference with Mr. Pehle as soon as the release was out and I told Shaeffer it was all right to go ahead with that plan.

9/13/59



WAR REFUGEE BOARD  
Executive Office of the President  
Washington

FOR IMMEDIATE RELEASE,  
Friday, February 4, 1944.

RELEASE NO. 2

The War Refugee Board met today and designated John W. Pehle as Acting Executive Director.

Mr. Pehle is Assistant to the Secretary of the Treasury, and Director of Foreign Funds Control. The Secretary of the Treasury has given him leave of absence to serve as Acting Executive Director of the War Refugee Board.

Pehle's work as Director of Foreign Funds Control has afforded him wide experience in negotiating with representatives of foreign governments as well as with the various departments and agencies of this government that will be called on to participate in the work of the War Refugee Board. His work in these fields also has brought him into close touch with the problems now before the Board, and he is well known to the private agencies interested in relief work and the rescue of refugees.

Pehle is a career man in the Government, having entered the Office of the General Counsel of the Treasury Department upon his graduation from the Yale Law School in 1934. He was named Assistant to the Secretary of the Treasury and Director of Foreign Funds Control in 1940.

Members of the War Refugee Board are the Secretary of State, the Secretary of the Treasury, and the Secretary of War.

oOo

THE WHITE HOUSE  
Washington

OK  
JWR

FOR IMMEDIATE RELEASE

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The President today announced that the War Refugee Board has designated John W. Pehle as Acting Executive Director of the War Refugee Board.

Pehle is Assistant to the Secretary of the Treasury, and Director of Foreign Funds Control. The Secretary of the Treasury has given Pehle leave of absence to serve as Acting Executive Director of the War Refugee Board.

Pehle's work as Director of Foreign Funds Control has afforded him wide experience in negotiating with representatives of foreign governments as well as with the various departments and agencies of this government that will be called on to participate in the work of the War Refugee Board. His work in these fields also has brought him into close touch with the problems now before the Board, and he is well known to the private agencies interested in relief work and the rescue of refugees.

Pehle is a career man in the Government, having entered the Office of the General Counsel of the Treasury Department upon his graduation from the Yale Law School in 1934. He was

named Assistant to the Secretary of the Treasury and Director of Foreign Funds Control in 1940. He was selected by the Secretary of State as an Advisor and played a prominent part in the Inter-American Conference on Systems of Economic and Financial Control held in Washington in June, 1942.

The War Refugee Board was established on January 22, 1944, by Executive Order of the President, and directed to carry out the policy of this government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death, and otherwise to extend to such victims all possible relief and assistance consistent with the successful prosecution of the war. Members of the Board are the Secretary of State, the Secretary of the Treasury, and the Secretary of War.



February 4, 1944  
4:05 p.m.

GROUP:

Present: Mr. Bell  
Mr. Gaston  
Mr. Smith  
Mr. Pehle  
Mr. Thompson  
Mr. Gamble  
Mr. Blough  
Mrs. Klotz

H.M.JR: Gaston, why did they have a press conference to announce Pehle's appointment?

MR. GASTON: The appointment was announced by means of a release. Pehle wanted to talk to some of the newspapermen and tell them about something of what he was going to do.

H.M.JR: Did it go all right?

MR. PEHLE: It hasn't gone yet.

MRS. KLOTZ: It starts at four-thirty.

H.M.JR: Do you think that was wise?

MR. GASTON: I think it is all right, yes, sir.

H.M.JR: It is too late, anyway.

MR. GASTON: Well, it hasn't been held yet.

MR. PEHLE: It could be called off. I think, if this thing is going to go over and not be a sort of temporary thing, we have to really start moving.

- 2 -

MR. GASTON: John had a little prepared statement. Do you want to take a look at that?

MR. SMITH: I think it is a good idea to give the newspapermen a look at him, anyway, just on general principles.

H.M.JR: Going to make a lot of promises?

MR. PEHLE: No, sir.

H.M.JR: My own feeling, for whatever it is worth - a lot of agencies start in Washington, and a lot of them have a lot of build-up - I think what Smith called the mashie shot, they go right up in the air and then come right down. So I would go very easy, John, in any publicity. Let your deeds speak for themselves, without promises, see?

Personally, in view of the background on this thing, and the difficulty of getting your appointment, I never would have had a press conference.

MR. PEHLE: We won't have to issue any statement.

H.M.JR: You see, the President's instructions were to cut down the amount of your press release. I mean, that was his reaction. It was too long.

MR. PEHLE: Yes.

H.M.JR: Well, it would be a mistake to cut it off, but I would limit it just as much as possible. Will you do that?

MR. PEHLE: Yes, sir, I will.

MR. GASTON: Probably from the point of view there have been a good many questions about what this organization is. He can answer questions.

MRS. KLOTZ: They have all been calling up, you see.

- 3 -

H.M.JR: But I would cut it to the limit, you see.

MR. GASTON: And probably not give them any statement.

H.M.JR: I don't know what it is, but the two of you (Smith and Gaston) - my advice to Pehle, in view of everything I have been through today, and in view of the President's word to abbreviate the release, it was too much. I would just make it as brief as possible.

MR. PEHLE: All right.

H.M.JR: Who is going to be there with you?

MR. PEHLE: Anybody you want.

H.M.JR: What had you had in mind, Herbert? I take it one of you is in on this thing.

MR. GASTON: I think John had in mind that Shaeffer would be in on this press conference.

H.M.JR: Anyway, I think you know how to handle yourself. But keep it down.

MR. PEHLE: Yes, I don't know whether that tactic is right, Mr. Secretary. This thing is starting out - all the difficulties, as you say, that we have gone through - now it is starting out with the difficulty of making it Acting, and we still may run into difficulties if it is made to look like the fellow who was put in isn't big enough, and they are just looking around until they can put a name in. Therefore, you can make a very strong argument for the case that you have got to get enough publicity to show that the Treasury didn't put somebody in who isn't known and this thing doesn't amount to anything.

H.M.JR: Well, look, I am not going to argue with you, but am just giving you the benefit of eleven years' advice; I would say just as little as possible.



- 4 -

MR. PEHLE: I will reduce it to a minimum.

H.M.JR: I have seen too many. My very good friend Crowley is the most recent example. Listen, all my intuition says, "Keep it to a minimum" - for what it is worth.

MR. PEHLE: I will take the line at the press conference that it ought to be judged by what it does and not talked about.

H.M.JR: You know, the interpretation of intuition is the accumulation of experience.

All right?

MR. PEHLE: Yes, sir.

MR. THOMPSON: Our Treasury bill was reported today. They cut us all along the line, but we will continue to operate. We will probably have to go to the Senate and fight for some of the cuts. Otherwise, everything is moving along all right.

H.M.JR: You know, I had to sit in the President's office outside there for fifteen minutes with his secretary, to dynamite this thing finally loose - not even the secretary, just the assistant secretary - but that is all right, very insignificant.

But keep your feet on the ground and Gaston is here to advise you.

Dan?

MR. BELL: We hope to have the Annual Report for 1948 finally printed while you are away, so if I could get your signature on a couple of blank pieces of paper--

H.M.JR: Oh, my God!

- 5 -

MR. BELL: These (referring to the last pages of the Annual Report submitted to the House and the Senate) are the final pages which you would normally sign to go to Congress. The other pages preceding that haven't been finally printed, but they have been checked. (The Secretary signs above-mentioned pages)

Otherwise, it goes to March, or whenever you come back.

H.M.JR: For your (Gamble's) information, so that you will know, the only thing they said at Cabinet, the fighting in Italy is going to be very tough with this landing of ours. So I don't see anything - as far as you are concerned, as far as the war news goes, they are all tough. I was sorry that I was right day before yesterday. Yesterday Tickton came, and his little red line went below.

MR. GAMBLE: It went up over today.

(The Secretary sends for Mr. Tickton)

H.M.JR: Are you (Gamble) all right?

MR. GAMBLE: Yes, we have a hundred and thirty-five million dollars today on E Bonds. That includes forty-six million of Navy money - we had eighty-nine million and forty-six. But we also had it in the Third War Loan.

H.M.JR: How much legitimate?

MR. GAMBLE: It is all legitimate. We had one hundred and thirty-five million dollars today.

H.M.JR: You don't know what the figures are?

MR. GAMBLE: That gives us sixty million over the line - above our eighty million a day average we have to make.

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MR. GASTON: I think I haven't anything.

H.M.JR: How about that Texas matter?

MR. GASTON: Oh.

H.M.JR: I asked for it and I was ready. You and Mr. Bell can settle it.

MR. GASTON: Mr. Paul has approved this decision of this recommendation of Palmer that nothing more be done. I think Sullivan is ready to approve it.

H.M.JR: You had better get his initials on it. This contractor - it is a hot case.

MR. BELL: I will get it! (Laughter)

H.M.JR: Well, I relieved you. I wrote a letter to the President and sent him that memorandum from Paul. I changed the thing just at the beginning, and I have sent it.

MR. BELL: I had a couple of suggestions to make.

H.M.JR: I thought I had better do it when he is studying the tax bill, not when he is signing it, you see. (To Mrs. Klotz) Isn't that what I said?

MRS. KLOTZ: Yes.

H.M.JR: Something about that. You can add your suggestions.

MR. GASTON: If we three agree on this, as I think we do, on this recommendation of Palmer on the Brown and Roup case, and if Harold Graves agrees, shall we not proceed on those lines?

H.M.JR: Yes.



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MR. BELL: Do you want any figures sent to you?

H.M.JR: No, sir. Thank you.

MR. BELL: Just asking for information.

MR. GAMBLE: Not even a flash?

H.M.JR: No, sir. I will get it a day late in the Times, so it is all right, which is three weeks faster than I got any news when I was overseas. I have a radio with me.

MR. GAMBLE: Tune in every night at ten o'clock; we are going to report every night - ten to ten-thirty. A one-minute report every night starting Saturday night.

H.M.JR: So I see.

(To Smith) I haven't read your report. I am sure it is good.

MR. SMITH: Just lots of stuff. It is pretty good. One thing just developed today. The AP is going to do a Sunday story on our alcohol story. He came in this morning. He had missed the press conference and was excited about it. We gave him a personal tour through the exhibit, and everything else. So it comes out at last all right. John is scheduling the other thing, anyhow, so that will give us another boost.

Now, just as a matter of interest, I talked to McCarthy this morning over at Marshall's office on our broadcast from Naples, because we wanted to get from Roberts, the historian, some actual data on the fight up through Italy to base a program on. He was very enthusiastic about it, and will send a cable through the War Department.

H.M.JR: Good.

Herbert?

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MR. GASTON: I could tell you pretty briefly what the substance of the matter is. It was a real large number of asserted tax deficits, which are quite technical and obviously don't contain any element of fraud at all. It runs into large figures, and I doubt that there is any substantial amount of additional tax at all.

But then there are the relatively few cases amounting to twenty-five or thirty thousand dollars of bonuses and legal fees that apparently were diverted to campaign purposes; but there is very little chance, Palmer thinks and the General Counsel agrees, of making any cases on those.

On the other hand, we just simply have a very protracted investigation and stir up a lot of trouble and probably get nowhere. So the recommendation is simply that -

(The Secretary interrupts the meeting to hear Mrs. Morgenthau's radio address in behalf of the Fourth War Loan Drive)

H.M.JR: Herbert, suppose you ride down to the station with me, and I'll talk to you. I have to say goodbye to the girls.

February 4, 1944

My dear Mr. President:

Inasmuch as I will not be here when the Revenue Bill is before you for consideration, I am taking this opportunity to send you some suggestions from the Treasury.

Yours sincerely,

The President,

The White House.

*Draft # 4 enclosed*



*Suggestion for a*

*# it was at event  
to Pres 2/4/44*

Statement to accompany ~~signature of~~ the Revenue

115

Bill of 1943

The Revenue Bill of 1943 is before me ~~for signature~~.

I cannot reconcile this feeble effort to meet the costs of the war with the gigantic military offensives that lie directly ahead. I find in it no real support for our program to stabilize the cost of living. I find in it no assurance to our fighting men and women that we are ready to bear our share of the war costs now instead of postponing the day of settlement until they come home.

This bill is a vote of no confidence in the American people. I am confident that they are able and willing to pay the taxes which this bill refuses to impose. I am sure they recognize that taxes are a potent instrument for speeding their fighting sons and daughters back from the battlefronts.

A realistic wartime tax measure would have provided more than \$10 billion in added revenue. This bill offers less than one-fifth of that amount. A realistic tax bill would have plugged up at least some of the existing tax loopholes. This bill opens up new loopholes. A realistic bill would have simplified our tax laws. This bill retains their complications. It also cancels \$1.1 billion of social security tax increases already scheduled by law.

Suggestion for a statement to accompany the  
Revenue Bill of 1943

The Revenue Bill of 1943 is before me. I cannot reconcile this feeble effort to meet the costs of the war with the gigantic military offensives that lie directly ahead. I find in it no real support for our program to stabilize the cost of living. I find in it no assurance to our fighting men and women that we are ready to bear our share of the war costs now instead of postponing the day of settlement until they come home.

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Incredible as it seems in time of war, this bill makes unpardonable tax concessions to self-seeking special-interest groups. It was initially agreed in the Congress that the tax bill was to be limited to the raising of revenue and the simplification of taxes. But selfish pleas for tax concessions prevailed, and the agreement was ignored. As the revenue program was presented to the Congressional committees, it was dedicated squarely and solely to the welfare of the American citizen. As it comes to my desk in the form of H. R. 3637, it bristles with special privileges.

The mining interests are granted an enlargement of the objectionable percentage depletion allowances. The lumber interests are granted special low rates of taxation on wartime profits from timber cutting. Speculators in securities of many bankrupt corporations will be unjustly enriched by so-called technical provisions granting inflated tax deductions and credits to these corporations on reorganization. Operators of natural gas pipelines are granted wholly unwarranted relief from excess-profits



- 3 -

taxes. Commercial air lines are granted an unjustifiable extension of the tax subsidy on their air mail contracts.

I cannot but deplore this alarming trend toward special-interest legislation. Sponsored by clever lobbyists and disguised in technical language, such legislation has been growing in volume from year to year. As a result, certain irresponsible groups are escaping their fair share of wartime taxation. The cumulative effect of these indefensible tax subsidies is to corrode our tax system. They impair its efficacy as an instrument to raise revenue and fairly distribute our tax load. It is high time to put a stop to the creation of new loopholes and to close old ones.

Who will bear the tax burdens from which the favored corporations are being freed? Insofar as the loss is not made up by other war taxes, an unfair share of those burdens will be placed on the shoulders of our returning service men and women. Insofar as this bill does increase taxes, it places an unfair share on the lower income groups

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because of its heavy reliance on excises.

The Revenue Bill of 1943 fails the American taxpayer in other respects. He has been promised that tax laws and returns will be drastically simplified. This bill does not make good that promise. It ignores the most obvious step toward simplifying taxes. That step would be to eliminate the clumsy Victory tax. But for fear of dropping from the tax rolls those taxpayers who are at the bottom of the income scale, the bill retains the Victory tax. I cannot reconcile this unwillingness to forego a modest sum from our poorest taxpayers with the extensive concessions made to special-interest groups in this tax bill.

Other opportunities for simplification were also ignored. For example, withholding at graduated rates, which would relieve millions of the task of filing declarations of estimated income, was not adopted. The American taxpayer has every right to expect action on these and other measures to simplify his taxes.

In view of our pressing fiscal needs, it is unthinkable that tax increases already provided by law should be set aside. Yet, the bill before me does precisely this by

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freezing social security payroll rates.

It also weakens the social security system. With employment and wages at record levels, claims against social security trust funds are building up at record rates. Unless payroll taxes are increased, employee claims will far outstrip payroll tax contributions.

The renegotiation provisions of this bill as finally adopted by the Congress represent a great improvement over earlier provisions of the bill. However, one serious defect remains. The purpose of renegotiation is to prevent excessive war profits. This bill fixes a date for the expiration of renegotiation. The provision for a termination date offers an incentive to delay vital war production and sanctions war profiteering after that date. Profiteering late in the war is no less offensive than profiteering earlier.

In view of the glaring defects of this bill, it is a close question whether its enactment is preferable to retention of the present law. However, the need for wartime revenue is so pressing that I am unwilling to reject a measure which adds even the small amount contributed by this bill.



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Accordingly, I have signed the Revenue Act of 1943. But I strongly urge the Congress to face its responsibility. That responsibility is to supply the Government with adequate revenue for our wartime needs, to provide fiscal support for the stabilization program, to hold firm against the tide of special privileges, and to achieve real simplicity for millions of small income taxpayers. In the interests of strengthening the home front and of speeding the day of Victory, I urge the earliest possible action.

2-8-44 -3

SECRET

February 4, 1944

MEMORANDUM FOR THE PRESIDENT

In accordance with the suggestion in your memorandum of January 5, 1944, the Foreign Economic Administration has now discussed with the British representatives the larger part of the list of controversial items heretofore supplied to the British on lend-lease aid. The following comments and the attached list indicate the present status of the various items:

The British have signified acceptance of the elimination from lend-lease aid of the items shown in Group I, which would total approximately \$145 million in 1944.

Discussions with the British are under way or pending with respect to the items shown in Group II. These items would total approximately \$143 million in 1944. The Foreign Economic Administration wishes, subject to further checking, to eliminate these items from lend-lease aid.

The total of the items in Groups I and II which will or may be removed from lend-lease aid would be approximately \$288 million in 1944.

Convincing reasons against the elimination of the items shown in Group III were developed by further investigation. The Foreign Economic Administration, therefore, proposes to continue them on lend-lease aid for the present. The dollar volume of lend-lease aid for such items in 1944 will be approximately \$245 million.

The Foreign Economic Administration proposes to continue examining the items supplied under lend-lease aid, such as offshore purchases other than those listed, supplies for South Africa, and certain other controversial groups, with a view to making any further adjustments that may be required. The Foreign Economic Administration is also exploring the possibility of avoiding friction with respect to commercial exports through the transfer to a cash basis of the quantities of certain types of raw materials and products now supplied under lend-lease aid which are used by the United Kingdom in commercial exports.

It is believed that the actual and contemplated revisions will greatly strengthen the lend-lease program.

*W. A. Rorabacher*  
The Secretary of State

*W. H. H. H. H.*  
The Secretary of the Treasury

*W. H. H. H.*  
The Administrator of the Foreign  
Economic Administration

SECRET

ESTIMATED VALUE IN 1944 OF CERTAIN ITEMS HITHERTO  
SUPPLIED TO THE BRITISH EMPIRE ON LEND-LEASE AID

Group I. Items Whose Elimination from Lend-Lease Aid Has Been  
Accepted by the British

|                                                                                                   |                |
|---------------------------------------------------------------------------------------------------|----------------|
| <u>1. Offshore Purchases</u>                                                                      |                |
| Caribbean sugar and molasses                                                                      | \$ 55,000,000. |
| Iceland fish                                                                                      | 25,000,000.    |
| <u>2. Material Procured in the British Empire</u>                                                 |                |
| Alcohol for the U.K. so far as available in Canada                                                | 22,000,000.    |
| <u>3. Petroleum Products for Empire Air Training Program</u>                                      |                |
| Shipping and refining costs of U.S. petroleum in Canada                                           | 15,000,000.    |
| <u>4. Storage, Inland Transportation Charges and Ocean Freight on Non-<br/>Lend-Lease Cargoes</u> |                |
| Originating in the U.S.                                                                           | 23,000,000.    |
| Originating in Canada (except on food, strategic raw<br>materials and combat items)               | 2,000,000.     |
| Originating in South America (except on lead, graphite,<br>fertilizers and mica)                  | Negligible     |
| <u>5. Savory Food Products</u>                                                                    | 3,000,000.     |
| Total for Group I                                                                                 | \$145,000,000. |

Group II. Items on Which Discussion with the British is  
Under Way or Pending

|                                                                                                        |                |
|--------------------------------------------------------------------------------------------------------|----------------|
| <u>1. Costs in the U.S. of Petroleum for Empire Air Training Program in<br/>Canada</u>                 | 9,000,000.     |
| <u>2. Offshore Purchases of Petroleum</u>                                                              | 25,000,000.    |
| <u>3. Ocean Freights on Non-Lend-Lease Cargoes</u>                                                     |                |
| Caribbean sugar                                                                                        | 25,000,000.    |
| Canadian loadings                                                                                      | 35,000,000.    |
| Refrigerator ships from the Argentine                                                                  | 5,000,000.     |
| <u>4. Charter Hire on Dutch Vessels under Charter to the British</u>                                   | 3,500,000.     |
| <u>5. Civilian Goods for British Areas in the Middle East</u>                                          | 5,000,000.     |
| <u>6. Civilian Goods with Civilian End Uses (e.g., textiles, light<br/>bulbs, furniture, hardware)</u> | 25,000,000.    |
| <u>7. Business Machines and Office Equipment for Non-Military Purposes</u>                             | 8,000,000.     |
| <u>8. Building Materials and Construction Equipment for Non-Military<br/>Purposes</u>                  | Negligible     |
| <u>9. Savory Food Products (other than those in Group I)</u>                                           | 2,000,000.     |
| Total for Group II                                                                                     | \$142,500,000. |

Regarded Unclassified



Group III. Items Which the FEA Proposes to Keep Under  
Lend-Lease Aid for the Present

|                                                                                         |                    |
|-----------------------------------------------------------------------------------------|--------------------|
| 1. <u>Tobacco for the Armed Forces</u>                                                  | \$ 40,000,000      |
| 2. <u>Special Pulp and Paper Products</u> (procurable only in U.S.)                     | 15,000,000         |
| 3. <u>Agricultural Machinery</u>                                                        | 15,000,000         |
| 4. <u>War Shipping Administration Ships Made Available to Sea<br/>Transport Service</u> | 25,000,000         |
| 5. <u>War Shipping Administration Tankers for Petroleum and<br/>Petroleum Products</u>  | <u>150,000,000</u> |
| Total for Group III                                                                     | \$ 245,000,000     |

TREASURY DEPARTMENT  
OFFICE OF THE SECRETARY

February 4, 1944

CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended January 26, 1944, showing dollar disbursements out of the British Empire and French accounts at the New York Federal Reserve Bank and the means by which these expenditures were financed.

*E m B*

FEDERAL RESERVE BANK  
OF NEW YORK

February 3, 1944.

CONFIDENTIAL

Dear Mr. Secretary:

Attention: Mr. H. D. White

I am enclosing our compilation for the week ended January 26, 1944, showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Faithfully yours,

/s/ L. W. Knoke.

L. W. Knoke,  
Vice President.

The Honorable Henry Morgenthau, Jr.,  
Secretary of the Treasury,  
Washington 25, D.C.

C O P Y



ANALYSIS OF BRITISH AND FRENCH ACCOUNTS  
(in Billions of Dollars)

Week Ended January 26, 1944. Strictly Confidential

| PERIOD                               | BANK OF ENGLAND (BRITISH GOVERNMENT) |                                   |                                                 |                 |                  |                                 |                                 |                                                        |                         |                                                     | BANK OF FRANCE         |                         |                                                      |
|--------------------------------------|--------------------------------------|-----------------------------------|-------------------------------------------------|-----------------|------------------|---------------------------------|---------------------------------|--------------------------------------------------------|-------------------------|-----------------------------------------------------|------------------------|-------------------------|------------------------------------------------------|
|                                      | DEBITS                               |                                   |                                                 |                 | CREDITS          |                                 |                                 |                                                        |                         | Net Incr. (+)<br>or Decr. (-)<br>in \$ Funds<br>(d) | Total<br>Debits<br>(e) | Total<br>Credits<br>(e) | Net. Incr. (+)<br>or Decr. (-)<br>in \$ Funds<br>(d) |
|                                      | Total<br>Debits                      | Gov't<br>Expendi-<br>tures<br>(a) | Transfers to<br>Official<br>Canadian<br>Account | Other<br>Debits | Total<br>Credits | Proceeds of<br>Sales of<br>Gold | Securities<br>(Official)<br>(b) | Transfers<br>from<br>Official<br>Australian<br>Account | Other<br>Credits<br>(c) |                                                     |                        |                         |                                                      |
| First year of war (g)                | 1,793.2                              | 605.6                             | 20.9                                            | 1,166.7         | 1,828.2          | 1,356.1                         | 52.0                            | 3.9                                                    | 416.2                   | + 35.0                                              | 866.3(f)               | 1,095.3(f)              | + 299.0                                              |
| War period through<br>December, 1940 | 2,782.3                              | 1,425.6                           | 20.9                                            | 1,335.8         | 2,793.1          | 2,109.5                         | 108.0                           | 14.5                                                   | 561.1                   | + 10.8                                              | 878.3                  | 1,098.4                 | + 220.1                                              |
| Second year of war (h)               | 2,203.0                              | 1,792.2                           | 3.4                                             | 407.4           | 2,189.8          | 1,193.7                         | 274.0                           | 16.7                                                   | 705.4                   | - 13.2                                              | 38.9                   | 8.8                     | - 30.1                                               |
| Third year of war (i)                | 1,235.6                              | 904.8                             | 7.7                                             | 223.1           | 1,361.5          | 21.8                            | 5.5                             | 57.4                                                   | 1,276.8                 | + 125.9                                             | 18.5                   | 4.4                     | - 14.1                                               |
| Fourth year of war (j)               | 764.0                                | 312.7                             | 170.4                                           | 280.9           | 1,072.3          | -                               | 0.5                             | 155.1                                                  | 916.7                   | + 308.3                                             | 10.3                   | 1.0                     | - 9.3                                                |
| <u>1943</u>                          |                                      |                                   |                                                 |                 |                  |                                 |                                 |                                                        |                         |                                                     |                        |                         |                                                      |
| September                            | 49.4                                 | 16.8                              | 10.6                                            | 22.0            | 86.2             | -                               | -                               | 15.0                                                   | 71.2                    | + 36.8                                              | -                      | -                       | -                                                    |
| October                              | 38.2                                 | 16.0                              | -                                               | 22.2            | 115.4            | -                               | -                               | 40.5                                                   | 74.9                    | + 77.2                                              | -                      | -                       | -                                                    |
| November                             | 65.9                                 | 42.4                              | 5.9                                             | 17.6            | 89.0             | -                               | -                               | 3.5                                                    | 85.5                    | + 23.1                                              | -                      | -                       | -                                                    |
| December                             | 98.1                                 | 16.3                              | -                                               | 81.8            | 134.5            | -                               | -                               | 36.5                                                   | 98.0                    | + 36.4                                              | -                      | -                       | -                                                    |
| <u>1944</u>                          |                                      |                                   |                                                 |                 |                  |                                 |                                 |                                                        |                         |                                                     |                        |                         |                                                      |
| January                              |                                      |                                   |                                                 |                 |                  |                                 |                                 |                                                        |                         |                                                     |                        |                         |                                                      |
| February                             |                                      |                                   |                                                 |                 |                  |                                 |                                 |                                                        |                         |                                                     |                        |                         |                                                      |
| March                                |                                      |                                   |                                                 |                 |                  |                                 |                                 |                                                        |                         |                                                     |                        |                         |                                                      |
| April                                |                                      |                                   |                                                 |                 |                  |                                 |                                 |                                                        |                         |                                                     |                        |                         |                                                      |
| May                                  |                                      |                                   |                                                 |                 |                  |                                 |                                 |                                                        |                         |                                                     |                        |                         |                                                      |
| June                                 |                                      |                                   |                                                 |                 |                  |                                 |                                 |                                                        |                         |                                                     |                        |                         |                                                      |
| July                                 |                                      |                                   |                                                 |                 |                  |                                 |                                 |                                                        |                         |                                                     |                        |                         |                                                      |
| August                               |                                      |                                   |                                                 |                 |                  |                                 |                                 |                                                        |                         |                                                     |                        |                         |                                                      |
| <u>Week Ended</u>                    |                                      |                                   |                                                 |                 |                  |                                 |                                 |                                                        |                         |                                                     |                        |                         |                                                      |
| January 5, 1944                      | 66.7                                 | 6.1                               | 0.1                                             | 59.3            | 29.4             | -                               | -                               | 1.5                                                    | 27.9                    | - 37.3                                              | -                      | -                       | -                                                    |
| January 11, 1944                     | 1.1                                  | 4.1                               | -                                               | 3.0             | 30.0             | -                               | -                               | -                                                      | 30.0                    | + 22.9                                              | -                      | -                       | -                                                    |
| January 18, 1944                     | 1.1                                  | 4.1                               | 0.3                                             | 2.9             | 66.3             | -                               | -                               | -                                                      | 66.3                    | + 56.2                                              | -                      | -                       | -                                                    |
| January 25, 1944                     | 1.1                                  | 4.1                               | -                                               | 2.4             | 6.5(k)           | -                               | -                               | -                                                      | 6.5(k)                  | + 1.4                                               | -                      | -                       | -                                                    |

attached sheet for footnotes.

France (through June 19, 1940) \$19.6 million  
England (through June 19, 1940) \$27.6 million  
England (through June 20, 1940 to March 12, 1941) \$54.9 million  
England (since March 12, 1941) \$20.2 million

Regraded Unclassified

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those affected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (k) below.
- (d) Reflects net change in all dollar holdings payable on demand or maturing in one year.
- (e) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (f) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (g) For monthly breakdown see tabulations prior to April 23, 1941.
- (h) For monthly breakdown see tabulations prior to October 8, 1941.
- (i) For monthly breakdown see tabulations prior to October 14, 1942.
- (j) For monthly breakdown see tabulations prior to September 29, 1943.
- (k) Includes \$ 3.0 million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports.

CONFIDENTIAL  
Week Ended January 26, 1944  
D. B. L. S.  
CONFIDENTIAL BANK OF AUSTRALIA (and Australian Government)

| PERIOD                            | First year of war (a) |         |       |        | Second year of war (b) |         |       |         | Third year of war (c) |         |      |        | Fourth year of war (d) |         |        |        | 1944   |         |        |        |
|-----------------------------------|-----------------------|---------|-------|--------|------------------------|---------|-------|---------|-----------------------|---------|------|--------|------------------------|---------|--------|--------|--------|---------|--------|--------|
|                                   | Total                 | British | A/C   | Debits | Total                  | British | A/C   | Debits  | Total                 | British | A/C  | Debits | Total                  | British | A/C    | Debits | Total  | British | A/C    | Debits |
| War period through December, 1940 | 477.2                 | 16.6    | 460.6 | 707.4  | 534.8                  | 20.9    | 110.7 | 41.0    | + 230.2               | 57.9    | 14.5 | 43.4   | 50.1                   | 12.3    | + 4.5  | 20.0   | + 3.2  | 27.0    | - 12.7 | 18.2   |
| Second year of war (b)            | 460.4                 | -       | 460.4 | 246.2  | 3.4                    | 123.9   | 88.5  | + 1.6   | 72.2                  | 16.7    | 55.5 | 81.2   | 62.9                   | 18.3    | + 9.0  | 26.5   | - 16.3 | 18.2    | + 11.6 | 18.2   |
| Third year of war (c)             | 325.8                 | 0.3     | 325.5 | 566.3  | 198.6                  | 7.7     | 360.0 | + 40.5  | 107.2                 | 57.4    | 49.8 | 112.2  | 17.2                   | 95.0    | - 5.0  | 200.4  | + 3.4  | 200.4   | - 3.4  | 200.4  |
| Fourth year of war (d)            | 723.6                 | -       | 723.6 | 958.8  | 47.1                   | 170.4   | 741.3 | + 235.2 | 197.0                 | 155.1   | 41.9 | 200.4  | -                      | 200.4   | + 3.4  | 200.4  | + 3.4  | 200.4   | - 3.4  | 200.4  |
| September                         | 47.2                  | -       | 47.2  | 70.1   | -                      | 10.6    | 59.5  | + 22.9  | 16.8                  | 15.0    | 1.8  | 20.0   | -                      | 20.0    | + 3.2  | 27.0   | - 12.7 | 18.2    | + 11.6 | 18.2   |
| October                           | 32.1                  | 0.1     | 32.1  | 71.3   | -                      | 5.9     | 71.3  | + 79.2  | 42.8                  | 40.5    | 2.3  | 26.5   | -                      | 26.5    | + 3.2  | 27.0   | - 12.7 | 18.2    | + 11.6 | 18.2   |
| November                          | 15.4                  | -       | 15.4  | 95.1   | -                      | -       | 89.2  | + 79.7  | 6.6                   | 3.5     | 3.1  | 18.2   | -                      | 18.2    | + 3.2  | 27.0   | - 12.7 | 18.2    | + 11.6 | 18.2   |
| December                          | 146.8                 | 0.3     | 146.5 | 55.1   | -                      | -       | 55.1  | - 91.7  | 39.7                  | 36.5    | 3.2  | 27.0   | -                      | 27.0    | - 12.7 | 18.2   | + 11.6 | 18.2    | + 11.6 | 18.2   |
| January                           | 47.2                  | -       | 47.2  | 70.1   | -                      | 10.6    | 59.5  | + 22.9  | 16.8                  | 15.0    | 1.8  | 20.0   | -                      | 20.0    | + 3.2  | 27.0   | - 12.7 | 18.2    | + 11.6 | 18.2   |
| February                          | 47.2                  | -       | 47.2  | 70.1   | -                      | 10.6    | 59.5  | + 22.9  | 16.8                  | 15.0    | 1.8  | 20.0   | -                      | 20.0    | + 3.2  | 27.0   | - 12.7 | 18.2    | + 11.6 | 18.2   |
| March                             | 47.2                  | -       | 47.2  | 70.1   | -                      | 10.6    | 59.5  | + 22.9  | 16.8                  | 15.0    | 1.8  | 20.0   | -                      | 20.0    | + 3.2  | 27.0   | - 12.7 | 18.2    | + 11.6 | 18.2   |
| April                             | 47.2                  | -       | 47.2  | 70.1   | -                      | 10.6    | 59.5  | + 22.9  | 16.8                  | 15.0    | 1.8  | 20.0   | -                      | 20.0    | + 3.2  | 27.0   | - 12.7 | 18.2    | + 11.6 | 18.2   |
| May                               | 47.2                  | -       | 47.2  | 70.1   | -                      | 10.6    | 59.5  | + 22.9  | 16.8                  | 15.0    | 1.8  | 20.0   | -                      | 20.0    | + 3.2  | 27.0   | - 12.7 | 18.2    | + 11.6 | 18.2   |
| June                              | 47.2                  | -       | 47.2  | 70.1   | -                      | 10.6    | 59.5  | + 22.9  | 16.8                  | 15.0    | 1.8  | 20.0   | -                      | 20.0    | + 3.2  | 27.0   | - 12.7 | 18.2    | + 11.6 | 18.2   |
| July                              | 47.2                  | -       | 47.2  | 70.1   | -                      | 10.6    | 59.5  | + 22.9  | 16.8                  | 15.0    | 1.8  | 20.0   | -                      | 20.0    | + 3.2  | 27.0   | - 12.7 | 18.2    | + 11.6 | 18.2   |
| August                            | 47.2                  | -       | 47.2  | 70.1   | -                      | 10.6    | 59.5  | + 22.9  | 16.8                  | 15.0    | 1.8  | 20.0   | -                      | 20.0    | + 3.2  | 27.0   | - 12.7 | 18.2    | + 11.6 | 18.2   |
| Week ended January 26, 1944       | 107.1                 | -       | 107.1 | 16.6   | -                      | 0.7     | 15.9  | - 90.5  | 3.6                   | 2.5     | 2.1  | 0.8    | -                      | 0.8     | -      | 0.8    | - 2.8  | 0.3     | - 1.6  | 0.3    |
| January 12, 1944                  | 3.1                   | -       | 3.1   | 21.0   | -                      | -       | 21.0  | + 17.9  | 0.3                   | 0.3     | 0.3  | 0.3    | -                      | 0.3     | -      | 0.3    | - 1.6  | 0.3     | - 1.6  | 0.3    |
| January 19, 1944                  | 9.7                   | -       | 9.7   | 16.1   | -                      | -       | 15.8  | + 17.9  | 0.3                   | 0.3     | 0.3  | 0.3    | -                      | 0.3     | -      | 0.3    | - 1.6  | 0.3     | - 1.6  | 0.3    |
| January 26, 1944                  | 6.0                   | -       | 6.0   | 12.7   | -                      | -       | 12.7  | + 17.9  | 0.3                   | 0.3     | 0.3  | 0.3    | -                      | 0.3     | -      | 0.3    | - 1.6  | 0.3     | - 1.6  | 0.3    |

First year of war 6.2 million.  
Second year of war 8.9 million.  
Third year of war 10.1 million.  
Fourth year of war 13.9 million.  
Fifth year of war (through January 26, 1944) 12.4 million.

(a) For monthly breakdown see tabulations prior to April 23, 1941.  
(b) For monthly breakdown see tabulations prior to October 8, 1941.  
(c) For monthly breakdown see tabulations prior to September 14, 1942.  
(d) For monthly breakdown see tabulations prior to September 29, 1943.  
(e) Reflects changes in all dollar holdings payable on demand or maturing in one year.  
(f) Does not reflect transactions in short term U. S. securities.  
(g) Includes \$4.4 million deposited by War Supplies, Ltd.  
(h) and \$6.0 million received from New York account of Canadian Chartered Banks.



25

February 4, 1944.

My dear General Wesson:

For the Secretary I am acknowledging your memorandum of January 27, which transmitted a copy of the Soviet Aid Report as of December 21, 1943. Mr. Morgenthau is very glad to have this detailed report, and appreciates your courtesy in sending it to him.

Sincerely yours,

Signed) H. S. Klotz

H. S. Klotz,  
Private Secretary.

Major General G. M. Wesson,  
Director, Division for Soviet Supply,  
Foreign Economic Administration,  
Five-fifteen 22nd Street, N.W.,  
Washington, D. C.

GEF/dbs

SECRET

FOREIGN ECONOMIC ADMINISTRATION  
~~OFFICE OF LEND LEASE ADMINISTRATION~~  
FIVE-FIFTEEN 22d STREET NW.  
WASHINGTON, D. C.

131

January 27, 1944

MEMORANDUM

To: The Honorable Henry Morgenthau  
From: Maj. Gen. C. M. Wesson  
Director, Division for Soviet Supply  
Subject: Soviet Aid Report

Attached herewith is your copy of the Soviet Aid Report as of December 31, 1943, which summarizes the amount of aid furnished to the U.S.S.R. during the First and Second Protocols and the first six months of the Third Protocol.

*C. M. W.*

STATUS OF THE SOVIET AID PROGRAM  
AS OF DECEMBER 31, 1943



Foreign Economic Administration  
~~Office of Lend Lease Administration~~  
Washington, D. C.



SECRET

## PERFORMANCE DURING DECEMBER 1943

Cargo shipped to the Soviet Union in December totaled 653,100 long tons, the largest amount shipped in any month to date and 172% of the monthly requirement under the Third Protocol. Shipments during the first six months of the Third Protocol period have totaled 3,021,600 long tons-133% of Third Protocol requirements to December 31, or 67% of requirements for the full Protocol year. From October 1, 1941, to December 31, 1943, a total of 7,509,500 long tons has been shipped to the U.S.S.R. Losses have been 5.6% of shipments.

Cargo shipped during the Third Protocol period is summarized as follows:

|                         | December  |         | July - December |         |
|-------------------------|-----------|---------|-----------------|---------|
|                         | Long Tons | Percent | Long Tons       | Percent |
| U. S. SUPPLIES          |           |         |                 |         |
| Trucks & Other Vehicles | 70,500    | 11      | 319,300         | 11      |
| Metals                  | 94,200    | 14      | 513,500         | 17      |
| Chemicals & Explosives  | 37,300    | 6       | 260,900         | 9       |
| Petroleum Products      | 32,300    | 5       | 306,200         | 10      |
| Machinery & Equipment   | 36,000    | 5       | 282,900         | 9       |
| Food                    | 280,500   | 43      | 933,700         | 31      |
| Other                   | 62,500    | 10      | 288,500         | 9       |
| U. S. Total             | 613,300   | 94      | 2,905,000       | 96      |
| CANADIAN SUPPLIES       | 36,600    | 6       | 91,700          | 3       |
| BRITISH SUPPLIES        | 3,200     | -       | 24,900          | 1       |
| TOTAL                   | 653,100   | 100     | 3,021,600       | 100     |

Of the total shipped during the Third Protocol period 14,100 long tons (0.5%) have been lost.

December's shipping rate is expected to be continued in January.

During December 435 aircraft departed from North America for the U.S.S.R. - 315 for U. S. Protocol account and 120 for U. K. account. Of the total departed, 103 were shipped by water to Murmansk, 100 by water to the Persian Gulf, 1 by air via the South Atlantic and 231 from Fairbanks by the Alaskan-Siberian ferry route.

Foreign Economic Administration  
January 24, 1944

The chart displays the cumulative flow of Lend-Lease supplies over time. The y-axis represents millions of gross long tons, ranging from 0 to 10. The x-axis shows months from October 1941 to June 1944. The 'ARRIVED' category forms the base of the chart, followed by 'EXPORTED', and 'LOST EN ROUTE' at the top. The total cumulative supply grows steadily, with a sharp increase in the 'LOST EN ROUTE' category starting in late 1943.

| Month    | ARRIVED (Millions of Gross Long Tons) | EXPORTED (Millions of Gross Long Tons) | LOST EN ROUTE (Millions of Gross Long Tons) | Total (Millions of Gross Long Tons) |
|----------|---------------------------------------|----------------------------------------|---------------------------------------------|-------------------------------------|
| Oct 1941 | 0.0                                   | 0.0                                    | 0.0                                         | 0.0                                 |
| Nov 1941 | 0.1                                   | 0.0                                    | 0.0                                         | 0.1                                 |
| Dec 1941 | 0.2                                   | 0.0                                    | 0.0                                         | 0.2                                 |
| Jan 1942 | 0.3                                   | 0.0                                    | 0.0                                         | 0.3                                 |
| Feb 1942 | 0.4                                   | 0.0                                    | 0.0                                         | 0.4                                 |
| Mar 1942 | 0.5                                   | 0.0                                    | 0.0                                         | 0.5                                 |
| Apr 1942 | 0.6                                   | 0.0                                    | 0.0                                         | 0.6                                 |
| May 1942 | 0.7                                   | 0.1                                    | 0.0                                         | 0.8                                 |
| Jun 1942 | 0.8                                   | 0.2                                    | 0.0                                         | 1.0                                 |
| Jul 1942 | 0.9                                   | 0.3                                    | 0.0                                         | 1.2                                 |
| Aug 1942 | 1.0                                   | 0.4                                    | 0.0                                         | 1.4                                 |
| Sep 1942 | 1.1                                   | 0.5                                    | 0.0                                         | 1.6                                 |
| Oct 1942 | 1.2                                   | 0.6                                    | 0.0                                         | 1.8                                 |
| Nov 1942 | 1.3                                   | 0.7                                    | 0.0                                         | 2.0                                 |
| Dec 1942 | 1.4                                   | 0.8                                    | 0.0                                         | 2.2                                 |
| Jan 1943 | 1.5                                   | 0.9                                    | 0.0                                         | 2.4                                 |
| Feb 1943 | 1.6                                   | 1.0                                    | 0.0                                         | 2.6                                 |
| Mar 1943 | 1.7                                   | 1.1                                    | 0.0                                         | 2.8                                 |
| Apr 1943 | 1.8                                   | 1.2                                    | 0.0                                         | 3.0                                 |
| May 1943 | 1.9                                   | 1.3                                    | 0.0                                         | 3.2                                 |
| Jun 1943 | 2.0                                   | 1.4                                    | 0.0                                         | 3.4                                 |
| Jul 1943 | 2.1                                   | 1.5                                    | 0.0                                         | 3.6                                 |
| Aug 1943 | 2.2                                   | 1.6                                    | 0.0                                         | 3.8                                 |
| Sep 1943 | 2.3                                   | 1.7                                    | 0.0                                         | 4.0                                 |
| Oct 1943 | 2.4                                   | 1.8                                    | 0.0                                         | 4.2                                 |
| Nov 1943 | 2.5                                   | 1.9                                    | 0.0                                         | 4.4                                 |
| Dec 1943 | 2.6                                   | 2.0                                    | 0.0                                         | 4.6                                 |
| Jan 1944 | 2.7                                   | 2.1                                    | 0.0                                         | 4.8                                 |
| Feb 1944 | 2.8                                   | 2.2                                    | 0.0                                         | 5.0                                 |
| Mar 1944 | 2.9                                   | 2.3                                    | 0.0                                         | 5.2                                 |
| Apr 1944 | 3.0                                   | 2.4                                    | 0.0                                         | 5.4                                 |
| May 1944 | 3.1                                   | 2.5                                    | 0.0                                         | 5.6                                 |
| Jun 1944 | 3.2                                   | 2.6                                    | 0.0                                         | 5.8                                 |

The bar chart displays monthly expenditures in millions of dollars from 1941 to 1944. The Y-axis represents millions of dollars, ranging from 0 to 100 in increments of 20. The X-axis shows the months from October 1941 to June 1944. The chart shows a significant increase in spending starting in 1941, peaking in late 1943 and early 1944, and then declining in 1944.

| Month    | Expenditure (Millions of Dollars) |
|----------|-----------------------------------|
| Oct 1941 | 22                                |
| Nov 1941 | 20                                |
| Dec 1941 | 32                                |
| Jan 1942 | 30                                |
| Feb 1942 | 25                                |
| Mar 1942 | 50                                |
| Apr 1942 | 85                                |
| May 1942 | 38                                |
| Jun 1942 | 42                                |
| Jul 1942 | 43                                |
| Aug 1942 | 35                                |
| Sep 1942 | 40                                |
| Oct 1942 | 38                                |
| Nov 1942 | 42                                |
| Dec 1942 | 45                                |
| Jan 1943 | 52                                |
| Feb 1943 | 63                                |
| Mar 1943 | 52                                |
| Apr 1943 | 60                                |
| May 1943 | 70                                |
| Jun 1943 | 60                                |
| Jul 1943 | 63                                |
| Aug 1943 | 75                                |
| Sep 1943 | 82                                |
| Oct 1943 | 68                                |
| Nov 1943 | 78                                |
| Dec 1943 | 95                                |
| Jan 1944 | 82                                |
| Feb 1944 | 80                                |
| Mar 1944 | 10                                |
| Apr 1944 | 10                                |
| May 1944 | 10                                |
| Jun 1944 | 10                                |

The graph illustrates the cumulative production of gross long tons of scrap iron. The vertical axis represents the cumulative total in millions of gross long tons, ranging from 0 to 5. The horizontal axis shows the timeline from July 1943 to June 1944. A dashed line represents the 'PROTOCOL RATE', and a solid line represents the 'ACTUAL' production. The area between the actual and protocol lines from September 1943 to December 1943 is shaded, indicating a period where actual production exceeded the protocol rate.

| Month    | Actual (Millions of Gross Long Tons) | Protocol Rate (Millions of Gross Long Tons) |
|----------|--------------------------------------|---------------------------------------------|
| Jul 1943 | 0.0                                  | 0.0                                         |
| Aug 1943 | 0.4                                  | 0.3                                         |
| Sep 1943 | 0.8                                  | 0.6                                         |
| Oct 1943 | 1.2                                  | 0.9                                         |
| Nov 1943 | 1.6                                  | 1.2                                         |
| Dec 1943 | 2.0                                  | 1.5                                         |
| Jan 1944 | -                                    | 1.8                                         |
| Feb 1944 | -                                    | 2.1                                         |
| Mar 1944 | -                                    | 2.4                                         |
| Apr 1944 | -                                    | 2.7                                         |
| May 1944 | -                                    | 3.0                                         |
| Jun 1944 | -                                    | 3.3                                         |

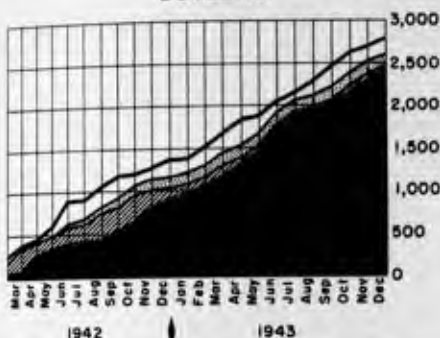
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# EXPORTS AND AVAILABILITY OF SELECTED ITEMS CUMULATIVE SINCE OCTOBER 1, 1941

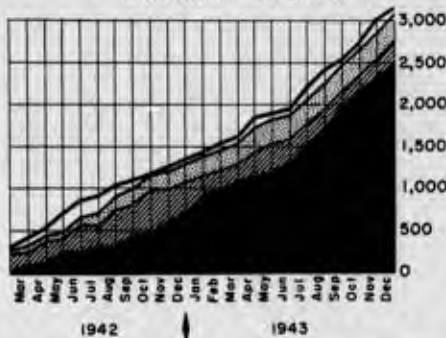
Exported  
Lost  
En Route  
Arrived

Quantity made available at  
U.S. centers of production

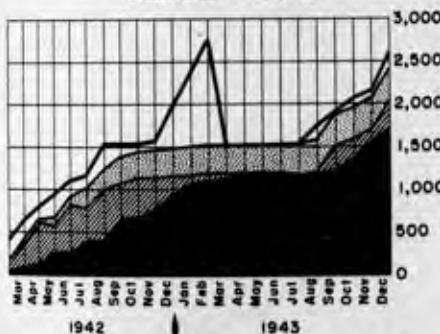
BOMBERS



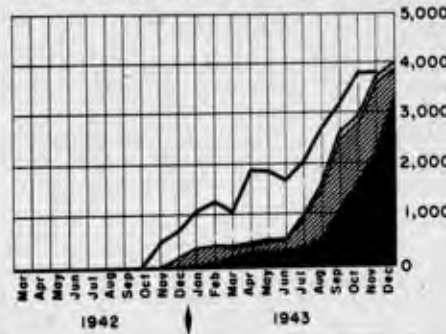
PURSUIT PLANES



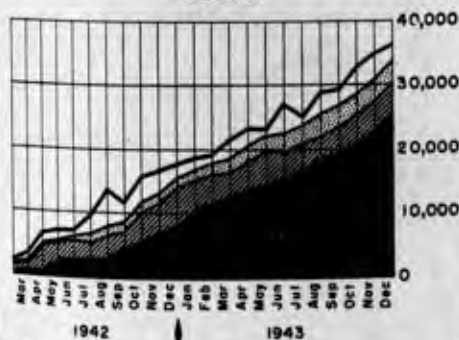
MEDIUM TANKS



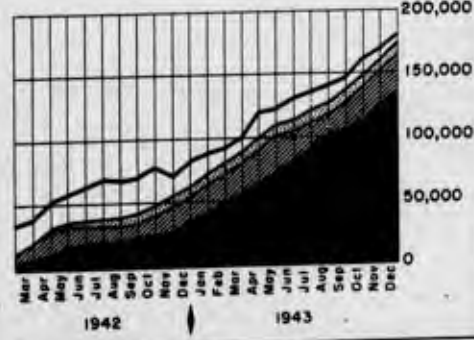
ANTIAIRCRAFT GUNS 37 & 40 mm



JEEPS



TRUCKS





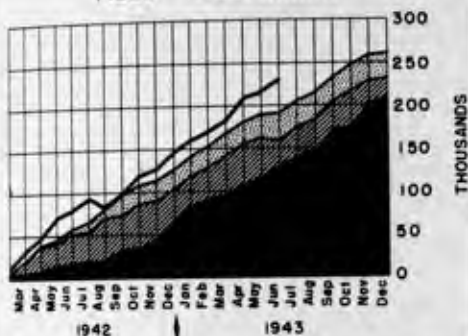
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# EXPORTS AND AVAILABILITY OF SELECTED ITEMS CUMULATIVE SINCE OCTOBER 1, 1941

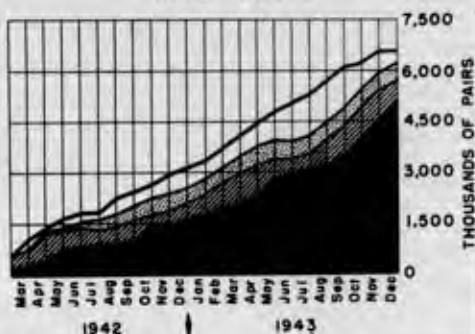
Exported  
Lost  
En Route  
Arrived

Quantity made available at  
U.S. centers of production

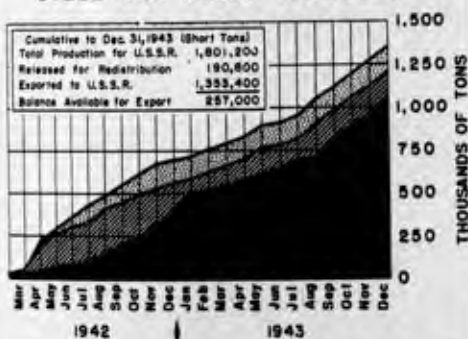
FIELD TELEPHONES



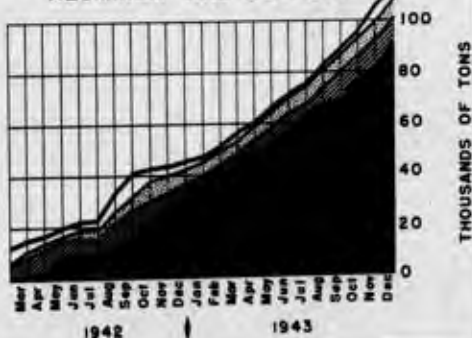
ARMY BOOTS



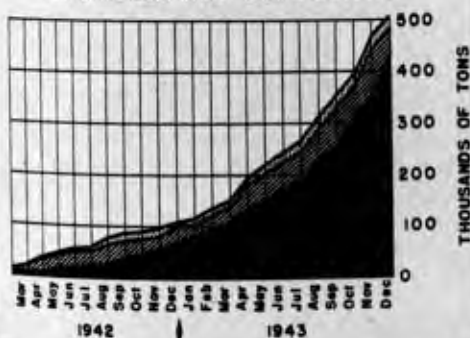
STEEL AND STEEL PRODUCTS



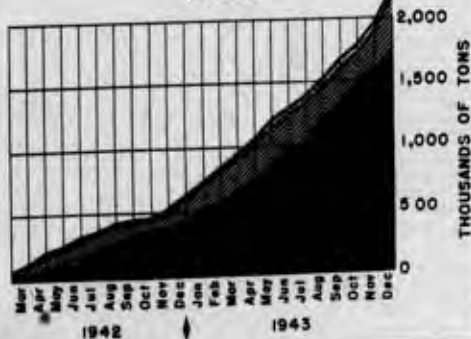
ALUMINUM AND DURALUMINUM



CHEMICALS AND EXPLOSIVES



FOODS



SECRET

## PROGRESS OF INDUSTRIAL PROJECTS FOR THE U.S.S.R. As of December 31, 1943

### Petroleum Refinery Program

This project was developed under the Second Protocol to replace Soviet facilities destroyed by the German Army. It was designed to produce aviation gas, motor gas and lubricating oils. The cost is expected to be approximately \$39,900,000. Additions expected to cost \$25,150,000 have been approved under the Third Protocol. Engineering on the additions is progressing.

The Second Protocol program is nearly complete. Out of an estimated 149,461 short tons comprising the program, 148,867 short tons had been made available at plant by December 31, and 145,699 short tons had been exported. Most of the remaining tonnage consists of valves, instruments, spare parts and tank cars which are expected to be made available early in 1944. Fourteen U. S. engineers have arrived in the U.S.S.R. to aid in construction. More will follow.

### Tire Production Program

This \$6,900,000 project is to permit the Soviet Government to produce a minimum of 1,000,000 military tires per year from their own supplies of synthetic rubber and natural rubber obtained from shrubs. To utilize idle American equipment, the tire plant of the Ford Motor Company has been purchased; together with new equipment necessary to convert this plant from U. S. to U.S.S.R. standards. Approximately 99% of the entire project has been made available and 45% has been exported.

### Automatic Block Signal System

This \$12,000,000 project is to permit automatic signal operation of a portion of the U.S.S.R. railroad system. The equipment when installed will permit greater carrying capacity on existing rail facilities without increase of rolling stock. The system will consist of signal and signal operating equipment for 3000 km of track; 455 km single track alternating current supply, 1162 km single track storage battery supply, 800 km single track primary battery supply and 583 km double track storage battery supply. Fifteen percent of the equipment has been made available for shipment from manufacturer but none has been exported.

### Power Program

Under the Second Protocol program 320,000 KW of stationary steam generating equipment has been made available. This includes nine units with a total capacity of 40,500 KW furnished with the petroleum refinery project and two units totaling 11,000 KW furnished with the tire plant. The remaining units of the Second Protocol program totaling 258,500 KW are rated from 250 KW to 35,000 KW and are for installation as power utility plants. Over 70% of this equipment has been exported.

Diesel generating equipment totaling 162,000 KW and 59 industrial steam boilers have been made available for export.

Power equipment approved under the Third Protocol has now been placed under contract. Designing and manufacturing are progressing on schedule. The program consists of generating equipment as follows:

|                                        |            |
|----------------------------------------|------------|
| Stationary Steam Generating Equipment  | 166,500 KW |
| Mobile Steam Generating Equipment      | 217,000 KW |
| Stationary Diesel Generating Equipment | 106,925 KW |
| Mobile Diesel Generating Equipment     | 32,000 KW  |
| Hydro-electric Equipment               | 54,500 KW  |
| Total                                  | 576,925 KW |

Thirty-two industrial steam boilers and transmission equipment valued at \$5,000,000 are also being supplied.

### Equipment for Iron and Steel Industry

In order to increase the output of steel ingots and finished products in the U.S.S.R. for use in the war effort, equipment is being supplied to complete blast and open hearth furnaces, coke ovens and miscellaneous equipment amounting to approximately \$12,000,000. Fabrication is progressing. One complete 18" merchant mill to roll odd shapes will be delivered by spring. Contracts are being negotiated to supply equipment to roll rails and structural beams. This equipment will consist of one blooming mill, soaking pits and a rail and structural mill. The entire project is valued at approximately \$22,000,000.

### Aluminum Rolling Mill

This \$6,000,000 project for the production of aluminum sheet for the U.S.S.R. aircraft industry has been entirely exported with the exception of miscellaneous auxiliary equipment valued at \$400,000 which is now awaiting export.



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## STATEMENT OF VESSELS SAILED TO U.S.S.R.

As of December 31, 1943

| Date of Sailing                     | Number of Ships Sailing |                        |                         |                           |       | Arrived | En Route<br>as of<br>Dec. 31 | Cargo<br>Disch.<br>in U.K. | Lost | Losses<br>by<br>Month |
|-------------------------------------|-------------------------|------------------------|-------------------------|---------------------------|-------|---------|------------------------------|----------------------------|------|-----------------------|
|                                     | For<br>North<br>Russia  | For<br>Persian<br>Gulf | For<br>Soviet<br>Arctic | For<br>Soviet<br>Far East | Total |         |                              |                            |      |                       |
| 1941 Oct                            | 10                      | -                      | -                       | 5                         | 15    | 14      | -                            | -                          | 1    | -                     |
| Nov                                 | 9                       | 1                      | -                       | 3                         | 13    | 12      | -                            | -                          | 1    | -                     |
| Dec                                 | 14                      | 7                      | -                       | 4                         | 25    | 22      | -                            | -                          | 3    | 1                     |
| 1942 Jan                            | 20                      | -                      | -                       | 4                         | 24    | 19      | -                            | 1                          | 4    | 3                     |
| Feb                                 | 13                      | 2                      | -                       | 4                         | 19    | 16      | -                            | -                          | 3    | 1                     |
| Mar                                 | 31                      | 6                      | -                       | 6                         | 43    | 32      | -                            | 4                          | 7    | 9                     |
| Apr                                 | 62                      | 6                      | -                       | 10                        | 78    | 46      | -                            | 13                         | 19   | -                     |
| May                                 | 14                      | 10                     | -                       | 7                         | 31    | 21      | -                            | 4                          | 6    | 6                     |
| Jun                                 | 8                       | 11                     | 6                       | 9                         | 34    | 27      | -                            | -                          | 7    | 6                     |
| Jul                                 | 2                       | 5                      | 16                      | 12                        | 35    | 34      | -                            | -                          | 1    | 16                    |
| Aug                                 | 11                      | 5                      | 1                       | 19                        | 36    | 33      | -                            | -                          | 3    | 1                     |
| Sep                                 | 4                       | 8                      | -                       | 17                        | 29    | 29      | -                            | -                          | -    | 10                    |
| Oct                                 | -                       | 13                     | -                       | 19                        | 32    | 32      | -                            | -                          | -    | -                     |
| Nov                                 | -                       | 8                      | -                       | 26                        | 34    | 32      | -                            | -                          | 2    | 3                     |
| Dec                                 | 4                       | 11                     | -                       | 24                        | 39    | 38      | -                            | 1                          | -    | -                     |
| 1943 Jan                            | 12                      | 12                     | -                       | 22                        | 46    | 38      | -                            | 8                          | -    | -                     |
| Feb                                 | 22                      | 7                      | -                       | 28                        | 57    | 35      | -                            | 20                         | 2    | 1                     |
| Mar                                 | 2*                      | 19                     | -                       | 26                        | 47    | 45      | -                            | 1                          | 1    | 2                     |
| Apr                                 | -                       | 18                     | -                       | 37                        | 55    | 54      | -                            | -                          | 1    | 1                     |
| May                                 | -                       | 15                     | 4                       | 44                        | 63    | 62      | -                            | -                          | 1    | -                     |
| Jun                                 | -                       | 4                      | 5                       | 45                        | 54    | 54      | -                            | -                          | -    | 2                     |
| Jul                                 | -                       | 17                     | 16                      | 24                        | 57    | 57      | -                            | -                          | -    | 2                     |
| Aug                                 | -                       | 24                     | 7                       | 38                        | 69    | 67      | -                            | -                          | 2    | -                     |
| Sep                                 | -                       | 27                     | -                       | 50                        | 77    | 76      | 1                            | -                          | -    | -                     |
| Oct                                 | 10                      | 25                     | -                       | 32                        | 67    | 61      | 1                            | -                          | -    | -                     |
| Nov                                 | 20*                     | 25                     | -                       | 32                        | 77    | 59      | 18                           | -                          | -    | -                     |
| Dec                                 | 29*                     | 21                     | -                       | 39                        | 89    | 7       | 82                           | -                          | -    | -                     |
| Total Oct. 1941<br>to Dec. 31, 1943 | 297                     | 307                    | 55                      | 581                       | 1,240 | 1,022   | 102                          | 52                         | 64   | 64                    |

\*Includes one tanker from U.K. for U.S. Protocol Account, cargo being replaced to U.K. from the U.S.

Of the 1,240 sailings from October 1, 1941 to December 31, 1943, 563 were made by American vessels, 438 by Soviet vessels, 216 by American vessels transferred to Soviet registry, 22 by British vessels and 1 by a Swedish vessel. In addition to the 1,240 sailings, there were 104 ships that loaded partial cargoes in the U.S. for the U.S.S.R. In addition to the 64 ships shown above as lost, several ships have been sunk on their return voyages.

## ACTUAL SHIPMENTS COMPARED WITH PROTOCOL SHIPPING OBJECTIVES

July-December 1943

FIGURES IN LONG TONS

|                             | Atlantic<br>Route | Pacific<br>Route | Total     |
|-----------------------------|-------------------|------------------|-----------|
| Protocol Objective          | 1,071,400         | 1,205,400        | 2,276,800 |
| Shipments                   | 1,537,000*        | 1,485,000        | 3,022,000 |
| Shipments in % of Objective | 143%              | 123%             | 133%      |

\*Includes 55,000 tons of petroleum products from Abadan for U.S. Protocol account, the material being replaced to U.K. from the U.S.

8-0782-p 2-note

Regraded Unclassified



SECRET

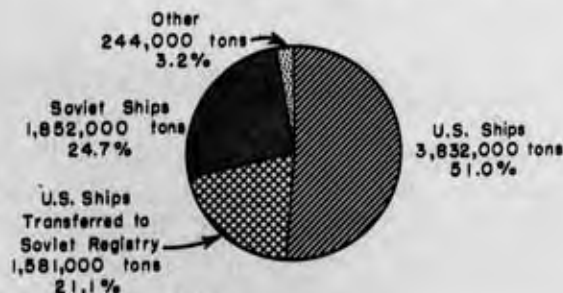
## STATEMENT OF CARGO SHIPPED TO U.S.S.R.

As of December 31, 1943

(Thousands of Gross Long Tons)

| Month                            | For North Russia | For Persian Gulf |                 |             | For Soviet Arctic | For Soviet Far East |                 | Total | Arrived | En Route as of Dec. 31 | Cargo on Hand or Diverted In U. K. | Lost | Losses by Month |
|----------------------------------|------------------|------------------|-----------------|-------------|-------------------|---------------------|-----------------|-------|---------|------------------------|------------------------------------|------|-----------------|
|                                  |                  | Full Cargoes     | Partial Cargoes | From Abadan |                   | Full Cargoes        | Partial Cargoes |       |         |                        |                                    |      |                 |
| 1941 Oct                         | 48               | -                | -               | -           | -                 | 17                  | -               | 65    | 62      | -                      | -                                  | 3    | -               |
| Nov                              | 41               | 3                | -               | -           | -                 | 14                  | -               | 58    | 55      | -                      | -                                  | 3    | -               |
| Dec                              | 50               | 10               | -               | -           | -                 | 11                  | -               | 71    | 63      | -                      | -                                  | 8    | 3               |
| 1942 Jan                         | 63               | -                | -               | -           | -                 | 26                  | -               | 89    | 72      | -                      | 1                                  | 16   | 9               |
| Feb                              | 66               | 4                | 1               | -           | -                 | 20                  | -               | 91    | 76      | -                      | -                                  | 15   | 5               |
| Mar                              | 171              | 17               | 1               | -           | -                 | 25                  | -               | 214   | 163     | -                      | 5                                  | 46   | 42              |
| Apr                              | 376              | 21               | -               | -           | -                 | 38                  | -               | 435   | 267     | -                      | 40                                 | 128  | -               |
| May                              | 92               | 79               | 8               | -           | -                 | 33                  | -               | 212   | 141     | -                      | 19                                 | 52   | 38              |
| Jun                              | 55               | 84               | 7               | -           | 18                | 31                  | -               | 195   | 139     | -                      | -                                  | 56   | 55              |
| Jul                              | 14               | 38               | 25              | -           | 47                | 58                  | 1               | 183   | 174     | -                      | -                                  | 9    | 114             |
| Aug                              | 69               | 40               | 25              | -           | 2                 | 83                  | -               | 219   | 197     | -                      | -                                  | 22   | 7               |
| Sep                              | 28               | 63               | 9               | -           | -                 | 79                  | -               | 179   | 179     | -                      | -                                  | -    | 65              |
| Oct                              | -                | 109              | 12              | -           | -                 | 108                 | -               | 229   | 229     | -                      | -                                  | -    | 2               |
| Nov                              | -                | 66               | 5               | -           | -                 | 106                 | 1               | 178   | 165     | -                      | -                                  | 13   | 17              |
| Dec                              | 29               | 83               | 9               | -           | -                 | 122                 | -               | 243   | 236     | -                      | 7                                  | -    | 2               |
| 1943 Jan                         | 73               | 83               | 4               | -           | -                 | 98                  | -               | 258   | 210     | -                      | 48                                 | -    | 2               |
| Feb                              | 164              | 40               | -               | -           | -                 | 129                 | -               | 333   | 169     | -                      | 150                                | 14   | 8               |
| Mar                              | 17               | 131              | -               | -           | -                 | 123                 | -               | 271   | 254     | -                      | 9                                  | 8    | 16              |
| Apr                              | -                | 139              | 5               | -           | -                 | 194                 | -               | 338   | 331     | -                      | -                                  | 7    | 7               |
| May                              | -                | 112              | 9               | -           | 13                | 217                 | -               | 351   | 344     | -                      | -                                  | 7    | -               |
| Jun                              | -                | 25               | 4               | -           | 16                | 229                 | 1               | 275   | 275     | -                      | -                                  | -    | 15              |
| Jul                              | -                | 117              | 9               | 10          | 57                | 153                 | -               | 346   | 346     | -                      | -                                  | -    | -               |
| Aug                              | -                | 173              | 4               | 7           | 31                | 262                 | -               | 477   | 463     | -                      | -                                  | 14   | 14              |
| Sep                              | -                | 194              | 4               | 8           | -                 | 313                 | -               | 519   | 512     | 7                      | -                                  | -    | -               |
| Oct                              | 66               | 187              | 6               | 10          | -                 | 181                 | -               | 450   | 441     | 9                      | -                                  | -    | -               |
| Nov                              | 145              | 193              | 2               | 10          | -                 | 226                 | -               | 576   | 434     | 142                    | -                                  | -    | -               |
| Dec                              | 215              | 167              | -               | 10          | -                 | 262                 | -               | 654   | 58      | 596                    | -                                  | -    | -               |
| Total Jan. 1941 to Dec. 31, 1943 | 1,782            | 2,178            | 149             | 55*         | 184               | 3,158               | 3               | 7,509 | 6,055   | 754                    | 279                                | 421  | 421             |

\*Petroleum shipments by rail ex Abadan for U. S. account replacement from U. S.

DISTRIBUTION OF TONNAGE SHIPPED TO DEC. 31, 1943  
BY REGISTRY OF SHIPS

DATA ARE GROSS LONG TONS

16-57920-27-1000

Regraded Unclassified

## AIRCRAFT DELIVERIES TO U.S.S.R.

October 1, 1941 to December 31, 1943

Protocol requirements are considered filled upon delivery of aircraft from factories.

Departure points from North America are: U.S. ports for water shipments, Fairbanks for flight-deliveries via the Alaskan-Siberian Ferry Route, and Miami, Florida or adjacent fields for flight deliveries via the South Atlantic. Planes shipped by water to North Russia are considered delivered upon arrival at Murmansk or Archangel. Planes shipped by water to the Persian Gulf are assembled at Abadan and with planes arriving there over the South Atlantic Ferry Route are delivered at Abadan to U.S.S.R. pilots. Alaskan-Siberian Ferry route planes are delivered to Soviet pilots at Fairbanks.

With the exception of 59 P-40 fighters shipped from U.S. ports in September 1941 and arrived in North Russia in November and December 1941, this schedule includes all aircraft departed from the U.S. for direct delivery to the U.S.S.R. Aircraft shipped from the U.S. intended for use in the United Kingdom but retransferred from the United Kingdom to the U.S.S.R. are not included.

|                                          | Delivered<br>at<br>Factories | In North America<br>Dec. 31, 1943 | Lost in<br>North America   | Departed<br>North<br>America | Lost<br>After<br>Departure | Diverted<br>to<br>Others | En Route<br>N.A. to<br>Destination<br>12/31/43 | Arrived<br>at<br>Destination | Delivered<br>to USSR at<br>Destination |
|------------------------------------------|------------------------------|-----------------------------------|----------------------------|------------------------------|----------------------------|--------------------------|------------------------------------------------|------------------------------|----------------------------------------|
|                                          |                              | In U.S.                           | In Canada<br>and<br>Alaska | In U.S.                      | In Canada<br>and<br>Alaska |                          |                                                |                              |                                        |
| <b>BY ROUTES</b>                         |                              |                                   |                            |                              |                            |                          |                                                |                              |                                        |
| Alaskan-Siberian Ferry Route             | 3,063                        | 147                               | 211(155)*                  | 45                           | 33                         | 2,627                    | 0                                              | 0                            | 2,627                                  |
| South Atlantic Ferry Route to Abadan     | 815                          | 42                                | 0                          | 13                           | 0                          | 760                      | 36                                             | 1                            | 720                                    |
| Water to North Russia                    | 1,478                        | 58                                | 0                          | 0                            | 0                          | 1,420                    | 304                                            | 1                            | 1,009                                  |
| Water to Persian Gulf Assembly at Abadan | 3,073                        | 56                                | 0                          | 0                            | 0                          | 3,017                    | 175                                            | 0                            | 2,672                                  |
| <b>Total</b>                             | <b>8,429</b>                 | <b>303</b>                        | <b>211(155)*</b>           | <b>58</b>                    | <b>33</b>                  | <b>7,824</b>             | <b>515</b>                                     | <b>2</b>                     | <b>7,028</b>                           |
| <b>U.S. PROTOCOL ACCOUNTS</b>            |                              |                                   |                            |                              |                            |                          |                                                |                              |                                        |
| <b>Pursuit Planes</b>                    |                              |                                   |                            |                              |                            |                          |                                                |                              |                                        |
| P-40 Alsib                               | 50                           | 0                                 | 0(0)*                      | 0                            | 2                          | 48                       | 0                                              | 0                            | 48                                     |
| P-40 North Russia, water                 | 1,150                        | 58                                | 0                          | 0                            | 0                          | 1,092                    | 242                                            | 1                            | 766                                    |
| P-40 Persian Gulf, water                 | 621                          | 0                                 | 0                          | 0                            | 0                          | 621                      | 25                                             | 0                            | 596                                    |
| P-39 Alsib                               | 485                          | 0                                 | 4 (4)*                     | 5                            | 8                          | 468                      | 0                                              | 0                            | 468                                    |
| P-39 North Russia, water                 | 57                           | 0                                 | 0                          | 0                            | 0                          | 57                       | 7                                              | 0                            | 50                                     |
| P-39 Persian Gulf, water                 | 777                          | 1                                 | 0                          | 0                            | 0                          | 776                      | 28                                             | 0                            | 578                                    |
| P-47 Alsib                               | 3                            | 0                                 | 0 (0)*                     | 0                            | 0                          | 3                        | 0                                              | 0                            | 3                                      |
| <b>Total Pursuit Planes</b>              | <b>3,143</b>                 | <b>59</b>                         | <b>4 (4)*</b>              | <b>5</b>                     | <b>10</b>                  | <b>3,065</b>             | <b>302</b>                                     | <b>1</b>                     | <b>2,489</b>                           |
| <b>Light Bombers</b>                     |                              |                                   |                            |                              |                            |                          |                                                |                              |                                        |
| A-20 Alsib                               | 937                          | 75(a)                             | 6 (6)*                     | 15                           | 6                          | 835                      | 0                                              | 0                            | 835                                    |
| A-20 South Atlantic                      | 687                          | 42                                | 0                          | 13                           | 0                          | 632                      | 32                                             | 1                            | 596                                    |
| A-20 North Russia, water                 | 165                          | 0                                 | 0                          | 0                            | 0                          | 165                      | 39                                             | 0                            | 126                                    |
| A-20 Persian Gulf, water                 | 637                          | 0                                 | 0                          | 0                            | 0                          | 637                      | 79                                             | 0                            | 558                                    |
| <b>Total Light Bombers</b>               | <b>2,426</b>                 | <b>117</b>                        | <b>6 (6)*</b>              | <b>28</b>                    | <b>6</b>                   | <b>2,269</b>             | <b>150</b>                                     | <b>1</b>                     | <b>2,115</b>                           |
| <b>Medium Bombers</b>                    |                              |                                   |                            |                              |                            |                          |                                                |                              |                                        |
| B-25 Alsib                               | 237                          | 3(b)                              | 32 (28)*                   | 0                            | 1                          | 201                      | 0                                              | 0                            | 201                                    |
| B-25 South Atlantic                      | 128                          | 0                                 | 0                          | 0                            | 0                          | 128                      | 4                                              | 0                            | 124                                    |
| B-25 North Russia, water                 | 5                            | 0                                 | 0                          | 0                            | 0                          | 5                        | 0                                              | 0                            | 5                                      |
| <b>Total Medium Bombers</b>              | <b>370</b>                   | <b>3</b>                          | <b>32 (28)*</b>            | <b>0</b>                     | <b>1</b>                   | <b>334</b>               | <b>4</b>                                       | <b>0</b>                     | <b>330</b>                             |
| <b>Heavy Bombers</b>                     |                              |                                   |                            |                              |                            |                          |                                                |                              |                                        |
| B-24 Alsib                               | 1(c)                         | 0                                 | 0 (0)*                     | 0                            | 0                          | 1                        | 0                                              | 0                            | 1                                      |
| <b>Cargo Planes</b>                      |                              |                                   |                            |                              |                            |                          |                                                |                              |                                        |
| C-47 Alsib                               | 200                          | 15                                | 22 (14)*                   | 1                            | 0                          | 162                      | 0                                              | 0                            | 162                                    |
| <b>Observation Planes</b>                |                              |                                   |                            |                              |                            |                          |                                                |                              |                                        |
| O-52 North Russia, water                 | 30                           | 0                                 | 0                          | 0                            | 0                          | 30                       | 11                                             | 0                            | 19                                     |
| <b>Advanced Trainers</b>                 |                              |                                   |                            |                              |                            |                          |                                                |                              |                                        |
| A-T-6-C North Russia, water              | 8                            | 0                                 | 0                          | 0                            | 0                          | 8                        | 0                                              | 0                            | 5                                      |
| A-T-6-C Persian Gulf, water              | 22                           | 0                                 | 0                          | 0                            | 0                          | 22                       | 0                                              | 0                            | 19                                     |
| <b>Total Advanced Trainers</b>           | <b>30</b>                    | <b>0</b>                          | <b>0</b>                   | <b>0</b>                     | <b>0</b>                   | <b>30</b>                | <b>0</b>                                       | <b>0</b>                     | <b>24</b>                              |
| <b>U.S. PROTOCOL ACCOUNTS</b>            |                              |                                   |                            |                              |                            |                          |                                                |                              |                                        |
| <b>(Under Reciprocal Agreements)</b>     |                              |                                   |                            |                              |                            |                          |                                                |                              |                                        |
| P-40 Persian Gulf, water                 | 300                          | 0                                 | 0                          | 0                            | 0                          | 300                      | 0                                              | 0                            | 300                                    |
| P-39 Alsib                               | 1,120                        | 54                                | 147 (103)*                 | 24                           | 13                         | 882                      | 0                                              | 0                            | 882                                    |
| P-39 North Russia, water                 | 35                           | 0                                 | 0                          | 0                            | 0                          | 35                       | 5                                              | 0                            | 30                                     |
| P-39 Persian Gulf, water                 | 595                          | 55                                | 0                          | 0                            | 0                          | 540                      | 43                                             | 0                            | 497                                    |
| <b>Total (Pursuits)</b>                  | <b>2,050</b>                 | <b>109</b>                        | <b>147 (103)*</b>          | <b>24</b>                    | <b>13</b>                  | <b>1,757</b>             | <b>48</b>                                      | <b>0</b>                     | <b>1,709</b>                           |
| <b>REIMBURSEMENT ACCOUNT</b>             |                              |                                   |                            |                              |                            |                          |                                                |                              |                                        |
| P-39 Alsib                               | 30                           | 0                                 | 0 (0)*                     | 0                            | 3                          | 27                       | 0                                              | 0                            | 27                                     |
| P-39 North Russia, water                 | 28                           | 0                                 | 0                          | 0                            | 0                          | 28                       | 0                                              | 0                            | 28                                     |
| P-39 Persian Gulf, water                 | 121                          | 0                                 | 0                          | 0                            | 0                          | 121                      | 0                                              | 0                            | 121                                    |
| <b>Total (Pursuits)</b>                  | <b>179</b>                   | <b>0</b>                          | <b>0 (0)*</b>              | <b>0</b>                     | <b>3</b>                   | <b>176</b>               | <b>0</b>                                       | <b>0</b>                     | <b>176</b>                             |

\* At Fairbanks

(a) Includes 5 A-20's refused by U.S.S.R. at Fairbanks returned to Great Falls

(b) Includes 3 B-25's refused by U.S.S.R. at Fairbanks returned to Great Falls

(c) One heavy bomber carrying a U.S. Mission became stranded in Siberia and was transferred to the Soviet Government

(d) As of January 1, 1944, 770 P-40 fighters and 1156 P-39's were reported as delivered to Soviet pilots at Abadan



## EXPORTS AND AVAILABILITY

As of December 31, 1943

SECRET  
Sheet 1

| U. S. Department of Defense, Washington, D. C.                                                                                                                                                      |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   | Sheet 1 |     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------------------------------------|-----------------------------------------|----------------------------|----------------------------------------------------------------|---------------------------------------------------------------------------------------------|----------|----------------|---------|--------------------------------------------|--------------------------------------------|-------------------------------------------|---|---------|-----|
| Ref.                                                                                                                                                                                                | Item                                   | Third Protocol Performance<br>July 1, 1943 to<br>December 31, 1943 |                                         | Exported                   |                                                                | Cumulative Performance - 1st, 2nd and 3rd Protocols<br>October 1, 1941 to December 31, 1943 |          |                |         |                                            |                                            |                                           |   |         |     |
|                                                                                                                                                                                                     |                                        | Made<br>Available<br>a                                             | Offered<br>to be Made<br>Available<br>b | During<br>December<br>1943 | During<br>Third<br>Protocol<br>Period<br>7/1/43 to<br>12/31/43 | Made<br>Available<br>c                                                                      | Exported | Arrived<br>d = | Lost    | Diverted<br>To Others<br>After<br>Export e | In U. S. K.<br>Awaiting<br>Forwarding<br>f | Balance<br>En Route<br>Dec. 31,<br>1943 g |   |         |     |
|                                                                                                                                                                                                     |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| <b>MILITARY ITEMS</b>                                                                                                                                                                               |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| <b>Aircraft f</b>                                                                                                                                                                                   |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| For U. S. Protocol Account                                                                                                                                                                          |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| I 1A                                                                                                                                                                                                | Pursuit Planes                         | 1,196                                                              | 1,200                                   | 214                        | 1,184                                                          | 3,143                                                                                       | 3,065    |                |         |                                            |                                            |                                           |   |         |     |
| I 1B                                                                                                                                                                                                | Light Bombers                          | 605                                                                | 600                                     | 53                         | 547                                                            | 2,426                                                                                       | 2,269    |                |         |                                            |                                            |                                           |   |         |     |
| I 1C                                                                                                                                                                                                | Medium Bombers                         | 150                                                                | 150                                     | 27                         | 128                                                            | 370                                                                                         | 334      |                |         |                                            |                                            |                                           |   |         |     |
| I 1D                                                                                                                                                                                                | Heavy Bombers                          | 0                                                                  | 0                                       | 0                          | 0                                                              | 1                                                                                           | 1        |                |         |                                            |                                            |                                           |   |         |     |
| I 1E                                                                                                                                                                                                | Cargo Planes                           | 120                                                                | 120                                     | 21                         | 76                                                             | 200                                                                                         | 162      |                |         |                                            |                                            |                                           |   |         |     |
| I 1F                                                                                                                                                                                                | Advanced Trainers                      | 0                                                                  | 0                                       | 0                          | 0                                                              | 30                                                                                          | 30       |                |         |                                            |                                            |                                           |   |         |     |
| I 1G                                                                                                                                                                                                | Observation Planes                     | 0                                                                  | 0                                       | 0                          | 0                                                              | 30                                                                                          | 30       |                |         |                                            |                                            |                                           |   |         |     |
| For U. S. Protocol Account                                                                                                                                                                          |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| Under Reciprocal Agreements                                                                                                                                                                         |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| I 1A                                                                                                                                                                                                | Pursuit Planes                         | 900                                                                | 900                                     | 120                        | 762                                                            | 2,050                                                                                       | 1,757    |                |         |                                            |                                            |                                           |   |         |     |
| For Reimbursement Account                                                                                                                                                                           |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| I 1A                                                                                                                                                                                                | Pursuit Planes                         | 0                                                                  | 0                                       | 0                          | 0                                                              | 179                                                                                         | 176      |                |         |                                            |                                            |                                           |   |         |     |
| I 1AA                                                                                                                                                                                               | Link Trainers                          | 3                                                                  | 0                                       | 0                          | 0                                                              | 3                                                                                           | 0        |                |         |                                            |                                            |                                           |   |         |     |
| <b>Tanks f</b>                                                                                                                                                                                      |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| I 2A                                                                                                                                                                                                | Light Tanks                            | 0                                                                  | 0                                       | 0                          | 0                                                              | 1,680                                                                                       | 1,680    | 1,237          | 443     | 0                                          | 0                                          | 0                                         | 0 | 0       | 0   |
| I 2B                                                                                                                                                                                                | Medium Tanks                           | 1,055                                                              | 1,000                                   | 354                        | 881                                                            | 2,591                                                                                       | 2,417    | 1,701          | 362     | 0                                          | 0                                          | 0                                         | 0 | 0       | 354 |
| <b>Guns, Etc.</b>                                                                                                                                                                                   |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| I 3A                                                                                                                                                                                                | AA Guns 90 mm.                         | 96                                                                 | 0                                       | 4                          | 112                                                            | 200                                                                                         | 200      | 144            | 8       | 0                                          | 20                                         | 28                                        |   |         |     |
| I 4A                                                                                                                                                                                                | AA Guns 40 mm.                         | **                                                                 | 0                                       | 264                        | 3,510                                                          | **                                                                                          | 3,585    | 2,981          | 132     | 0                                          | 0                                          | 472                                       |   |         |     |
| I 4B                                                                                                                                                                                                | AA Guns 37 mm.                         | **                                                                 | 0                                       | 0                          | 0                                                              | **                                                                                          | 424      | 340            | 16      | 0                                          | 68                                         | 0                                         |   |         |     |
| I 4C                                                                                                                                                                                                | AA 50 cal. mg.                         | **                                                                 | 0                                       | 300                        | 1,025                                                          | **                                                                                          | 1,825    | 625            | 0       | 0                                          | 400                                        | 800                                       |   |         |     |
| I 4D                                                                                                                                                                                                | AA Guns 37 mm. S. P.                   | 25                                                                 | 0                                       | 25                         | 25                                                             | 25                                                                                          | 25       | 0              | 0       | 0                                          | 0                                          | 25                                        |   |         |     |
| I 5B                                                                                                                                                                                                | AT Guns 37 mm.                         | 0                                                                  | 0                                       | 0                          | 0                                                              | 63                                                                                          | 63       | 35             | 28      | 0                                          | 0                                          | 0                                         |   |         |     |
| I 5E                                                                                                                                                                                                | AT 76 mm. S. P. (Tank Destroyers)      | 5                                                                  | 0                                       | 5                          | 5                                                              | 5                                                                                           | 5        | 0              | 0       | 0                                          | 0                                          | 5                                         |   |         |     |
| I 5K                                                                                                                                                                                                | AT 57 mm. S. P. (Tank Destroyers)      | 661                                                                | 0                                       | 50                         | 661                                                            | 661                                                                                         | 661      | 587            | 0       | 0                                          | 0                                          | 74                                        |   |         |     |
| I 5D                                                                                                                                                                                                | AT 3" S. P. (Tank Destroyers)          | 52                                                                 | 0                                       | 0                          | 50                                                             | 52                                                                                          | 52       | 42             | 0       | 0                                          | 0                                          | 10                                        |   |         |     |
| I 8A                                                                                                                                                                                                | Submachine Guns .45 cal.               | **                                                                 | 0                                       | 0                          | 0                                                              | **                                                                                          | 132,783  | 109,593        | 23,190  | 0                                          | 0                                          | 0                                         |   |         |     |
| I 8B                                                                                                                                                                                                | Rocket Launchers                       | 0                                                                  | 0                                       | 0                          | 0                                                              | 3,000                                                                                       | 3,000    | 3,000          | 0       | 0                                          | 0                                          | 0                                         |   |         |     |
| I 8C                                                                                                                                                                                                | Mortars, 81 mm.                        | 0                                                                  | 0                                       | 0                          | 0                                                              | 30                                                                                          | 30       | 30             | 0       | 0                                          | 0                                          | 0                                         |   |         |     |
| I 8D                                                                                                                                                                                                | Pistols and Revolvers                  | 7,950                                                              | 0                                       | 0                          | 7,950                                                          | 7,950                                                                                       | 7,950    | 6,500          | 0       | 0                                          | 0                                          | 1,450                                     |   |         |     |
| Ammunition is being supplied for all weapons furnished by the U. S. in accordance with standards prescribed for U. S. Forces. Additional ammunition is furnished for weapons of Soviet manufacture. |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| <b>Trucks (With equipment and spare parts including tires)</b>                                                                                                                                      |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| I 10A                                                                                                                                                                                               | Cargo & Weapon Carriers (3/4 ton)      | 4,200                                                              | /                                       | 1,782                      | 2,656                                                          | 9,004                                                                                       | 7,304    | 4,924          | 0       | 598                                        | 0                                          | 1,782                                     |   |         |     |
| I 10B                                                                                                                                                                                               | Trucks (1 1/2 ton)                     | 27,820                                                             | /                                       | 4,922                      | 31,698                                                         | 87,263                                                                                      | 85,929   | 66,261         | 5,794   | 1,826                                      | 1,446                                      | 10,502                                    |   |         |     |
| I 10C                                                                                                                                                                                               | Trucks (2 1/2 ton)                     | 24,318                                                             | /                                       | 5,524                      | 24,330                                                         | 83,694                                                                                      | 79,794   | 65,310         | 3,976   | 794                                        | 3,418                                      | 6,186                                     |   |         |     |
| I 10D                                                                                                                                                                                               | Trucks (5 ton and over)                | 0                                                                  | /                                       | 0                          | 0                                                              | 54                                                                                          | 54       | 54             | 0       | 0                                          | 0                                          | 0                                         |   |         |     |
| I 10E                                                                                                                                                                                               | Tank Transporters (20 ton & 40 ton)    | 214                                                                | /                                       | 10                         | 182                                                            | 290                                                                                         | 258      | 212            | 16      | 0                                          | 0                                          | 30                                        |   |         |     |
| Total Trucks                                                                                                                                                                                        |                                        | 56,552                                                             | 60,000                                  | 12,238                     | 58,866                                                         | 180,305                                                                                     | 173,339  | 136,961        | 9,786   | 3,128                                      | 4,864                                      | 18,600                                    |   |         |     |
| <b>Other Vehicles</b>                                                                                                                                                                               |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| I 9A                                                                                                                                                                                                | Armored Scout Cars                     | 1,130                                                              | (4,500g)                                | 239                        | 819                                                            | 2,044                                                                                       | 1,733    | 1,234          | 168     | 0                                          | 0                                          | 331                                       |   |         |     |
| I 9B                                                                                                                                                                                                | Jeeps (1/2 ton & 3/4)                  | 10,572                                                             |                                         | 2,785                      | 10,986                                                         | 35,704                                                                                      | 33,434   | 25,353         | 3,434   | 1,378                                      | 0                                          | 3,269                                     |   |         |     |
| I 9F                                                                                                                                                                                                | Amphibian Jeeps (1/2 ton)              | 441                                                                | 12,000                                  | 441                        | 441                                                            | 443                                                                                         | 443      | 2              | 0       | 0                                          | 0                                          | 441                                       |   |         |     |
| I 9C                                                                                                                                                                                                | Personnel Carriers (1/2 truck)         | 252                                                                | 300                                     | 97                         | 206                                                            | 581                                                                                         | 535      | 369            | 49      | 0                                          | 0                                          | 117                                       |   |         |     |
| I 9E                                                                                                                                                                                                | Cargo Carriers (1 1/2 ton, 1/2 truck)  | 2                                                                  | 0                                       | 0                          | 2                                                              | 2                                                                                           | 2        | 2              | 0       | 0                                          | 0                                          | 0                                         |   |         |     |
| I 17                                                                                                                                                                                                | Motorcycles                            | 5,992                                                              | 6,000                                   | 906                        | 6,580                                                          | 18,092                                                                                      | 17,980   | 13,952         | 1,464   | 1,100                                      | 0                                          | 1,464                                     |   |         |     |
| I 18                                                                                                                                                                                                | Military Tractors                      | 1,255                                                              | 1,200                                   | 434                        | 1,374                                                          | 4,303                                                                                       | 3,265    | 2,370          | 205     | 0                                          | 155                                        | 535                                       |   |         |     |
| I 10F                                                                                                                                                                                               | Tank Recovery Units                    | 145                                                                | 0                                       | 40                         | 102                                                            | 145                                                                                         | 102      | 62             | 0       | 0                                          | 0                                          | 40                                        |   |         |     |
| I 34                                                                                                                                                                                                | Field Repair Trucks                    | 491                                                                | 0                                       | 91                         | 596                                                            | 1,650                                                                                       | 900      | 806            | 3       | 0                                          | 0                                          | 91                                        |   |         |     |
| <b>Signal Equipment</b>                                                                                                                                                                             |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| I 20A                                                                                                                                                                                               | Radio Stations (Over 1 KW)             | 11                                                                 | 10                                      | 2                          | 3                                                              | **                                                                                          | **       |                |         |                                            |                                            |                                           |   |         |     |
| I 20B                                                                                                                                                                                               | Radio Stations (1 KW & Under)          | 3,555                                                              | 8,100                                   | 828                        | 5,720                                                          | **                                                                                          | **       |                |         |                                            |                                            |                                           |   |         |     |
| I 20C                                                                                                                                                                                               | Radio Receivers                        | 1,047                                                              | 530                                     | 67                         | 445                                                            | **                                                                                          | **       |                |         |                                            |                                            |                                           |   |         |     |
| I 26                                                                                                                                                                                                | Radio Beacons                          | 101                                                                | 0                                       | 0                          | 45                                                             | **                                                                                          | **       |                |         |                                            |                                            |                                           |   |         |     |
| I 27                                                                                                                                                                                                | Radio Direction Finders                | 60                                                                 | 50                                      | 0                          | 28                                                             | **                                                                                          | **       |                |         |                                            |                                            |                                           |   |         |     |
| I 32                                                                                                                                                                                                | Radio Parts & Access. (\$1,000)        | 696                                                                | 1,500                                   | **                         | **                                                             | **                                                                                          | **       |                |         |                                            |                                            |                                           |   |         |     |
| I 28                                                                                                                                                                                                | Radio Mags. & Testing Equip. (\$1,000) | 935                                                                | 1,175                                   | **                         | **                                                             | **                                                                                          | **       |                |         |                                            |                                            |                                           |   |         |     |
| I 23                                                                                                                                                                                                | Radio Tubes (1,000 units)              | 72,664                                                             | 50,000                                  | 2,530                      | 72,452                                                         | **                                                                                          | 260,743  | 208,965        | 30,648  | 600                                        | 11,600                                     | 8,930                                     |   |         |     |
| I 11                                                                                                                                                                                                | Field Telephones                       | 101,638                                                            | 150,000                                 | 10,596                     | 153,311                                                        | **                                                                                          | 831,665  | 673,080        | 126,258 | 0                                          | 12,604                                     | 19,723                                    |   |         |     |
| I 12                                                                                                                                                                                                | Field Telephone Wire (miles)           | **                                                                 | 3,000                                   | 280                        | 3,314                                                          | **                                                                                          | 14,377   | 14,224         | 103     | 0                                          | 0                                          | 50                                        |   |         |     |
| I 24                                                                                                                                                                                                | Gas Driven Generators                  | **                                                                 | 0                                       | 14,050                     | 81,270                                                         | **                                                                                          | 120,238  | 120,238        | 0       | 0                                          | 0                                          | 0                                         |   |         |     |
| I 31A                                                                                                                                                                                               | Dry Cells for Radios                   | 45,000                                                             | 0                                       | 0                          | 60,000                                                         | 100,000                                                                                     | 85,000   | 85,000         | 0       | 0                                          | 0                                          | 0                                         |   |         |     |
| I 31B                                                                                                                                                                                               | Flashlights with Dry Cells             |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| <b>Explosives (tons)</b>                                                                                                                                                                            |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| I 14A                                                                                                                                                                                               | Smokeless Powder                       | 48,573                                                             | 36,100                                  | 7,645                      | 54,592                                                         | 95,996                                                                                      | 93,190   | 73,354         | 4,439   | 0                                          | 5,369                                      | 10,028                                    |   |         |     |
| I 14B                                                                                                                                                                                               | Nitroglycerine Powder                  | 244                                                                |                                         | 104                        | 119                                                            | 244                                                                                         | 119      | 15             | 0       | 0                                          | 0                                          | 104                                       |   |         |     |
| I 13B                                                                                                                                                                                               | T. N. T.                               | 34,617                                                             | 13,440                                  | 7,412                      | 34,986                                                         | 91,978                                                                                      | 68,854   | 53,539         | 3,649   | 250                                        | 2,452                                      | 8,964                                     |   |         |     |
| II 61A2                                                                                                                                                                                             | Dynamite (Ammonite)                    | 11,976                                                             | 0h                                      | 49                         | 8,347                                                          | 21,803                                                                                      | 14,658   | 14,610         | 0       | 0                                          | 0                                          | 48                                        |   |         |     |
| Total Explosives (tons)                                                                                                                                                                             |                                        | 95,410                                                             | 49,540                                  | 15,210                     | 98,044                                                         | 210,021                                                                                     | 176,821  | 141,518        | 8,088   | 250                                        | 7,821                                      | 19,144                                    |   |         |     |
| <b>Other Military Items</b>                                                                                                                                                                         |                                        |                                                                    |                                         |                            |                                                                |                                                                                             |          |                |         |                                            |                                            |                                           |   |         |     |
| I 35A                                                                                                                                                                                               | Pneumatic Floats                       | 0                                                                  | 0                                       | 0                          | 0                                                              | 3,000                                                                                       | 3,000    | 2,398          | 552     | 0                                          | 50                                         | 0                                         |   |         |     |
| I 35C                                                                                                                                                                                               | Barbed Wire Cutters (\$1,000)          | **                                                                 | 0                                       | 95                         | 234                                                            | **                                                                                          | 534      | 438            | 0       | 0                                          | 0                                          | 96                                        |   |         |     |
| I 35E                                                                                                                                                                                               | Smoke Pots                             | **                                                                 | 0                                       | 22,000                     | 233,632                                                        | **                                                                                          | 238,632  | 150,632        | 0       | 0                                          | 0                                          | 88,000                                    |   |         |     |

See footnotes on Sheet 6

0-477



| SECRET Sheet 2                   |                                                                     |                                                                    |                                   |                      |                                                 |                                                                                             |          |              |        |                                      |       |                              |                                |
|----------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------|----------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------|----------|--------------|--------|--------------------------------------|-------|------------------------------|--------------------------------|
| Ref.                             | Item                                                                | Third Protocol Performance<br>July 1, 1943 to<br>December 31, 1943 |                                   | Exported             |                                                 | Cumulative Performance - 1st, 2nd and 3rd Protocols<br>October 1, 1941 to December 31, 1943 |          |              |        |                                      |       | In U. S. Awaiting Forwarding | Balance En Route Dec. 31, 1943 |
|                                  |                                                                     | Made Available<br>a                                                | Offered to be made Available<br>b | During December 1943 | During Third Protocol Period 7/1/43 to 12/31/43 | Made Available<br>c                                                                         | Exported | Arrived<br>d | Lost   | Diverted to Others After Export<br>e |       |                              |                                |
|                                  |                                                                     |                                                                    |                                   |                      |                                                 |                                                                                             |          |              |        |                                      |       |                              |                                |
| MILITARY ITEMS (cont.)           |                                                                     |                                                                    |                                   |                      |                                                 |                                                                                             |          |              |        |                                      |       |                              |                                |
| Quartermaster Items              |                                                                     |                                                                    |                                   |                      |                                                 |                                                                                             |          |              |        |                                      |       |                              |                                |
| II 71A                           | Leather (tons)                                                      | 7,671                                                              | 9,000                             | 1,318                | 8,945                                           | 36,928                                                                                      | 32,640   | 24,755       | 4,615  | 774                                  | 0     | 2,496                        |                                |
| II 72A                           | Army Boots (1,000 pr.)                                              | 1,566                                                              | 1,800                             | 244                  | 2,219                                           | 6,634                                                                                       | 6,201    | 5,032        | 555    | 0                                    | 256   | 358                          |                                |
| II 72B                           | Ski Boots (1,000 pr.)                                               | 67                                                                 | 0                                 | 12                   | 61                                              | 192                                                                                         | 118      | 102          | 0      | 0                                    | 4     | 12                           |                                |
| II 72C                           | Leather Belts (1,000 units)                                         | 600                                                                | 0                                 | 0                    | 0                                               | 1,980                                                                                       | 0        | 0            | 0      | 0                                    | 0     | 0                            |                                |
| II 71D                           | Leather Jackets (1,000 units)                                       | 35                                                                 | 0                                 | 0                    | 0                                               | 175                                                                                         | 0        | 0            | 0      | 0                                    | 0     | 0                            |                                |
| II 73A                           | Woolen Cloth (1,000 yds.)                                           | 7,473                                                              | 9,000                             | 2,117                | 12,455                                          | 26,938                                                                                      | 21,067   | 16,600       | 943    | 0                                    | 1,089 | 2,435                        |                                |
| II 73B                           | Cotton Cloth (1,000 yds.)                                           | 22,203                                                             | 12,500                            | 6,341                | 23,321                                          | 111,916                                                                                     | 43,678   | 32,115       | 1,222  | 0                                    | 1,478 | 8,863                        |                                |
| II 75                            | Webbing (1,000 yds.)                                                | 15,250                                                             | (6,000) 1,000                     | 2,788                | 6,598                                           | 58,900                                                                                      | 28,285   | 19,785       | 2,207  | 0                                    | 2,027 | 4,266                        |                                |
| II 76                            | Tarpaulin & Duck (1,000 yds.)                                       | 1,387                                                              | 1,500                             | 0                    | 0                                               | 9,367                                                                                       | 0        | 0            | 0      | 0                                    | 0     | 0                            |                                |
| II 79C                           | Other G. M. Textiles (\$1,000)                                      | 2,509                                                              | 0                                 | 533                  | 2,107                                           | 5,914                                                                                       | 3,159    | 2,171        | 169    | 0                                    | 3     | 816                          |                                |
| II 79D                           | G. M. Apparel (\$1,000)                                             | 0                                                                  | 0                                 | 410                  | 2,559                                           | 0                                                                                           | 5,308    | 3,606        | 47     | 0                                    | 896   | 799                          |                                |
| MEDICAL SUPPLIES                 |                                                                     |                                                                    |                                   |                      |                                                 |                                                                                             |          |              |        |                                      |       |                              |                                |
| V                                | Drugs, Instruments, Etc., etc. (\$1,000) (Protocol Quantities Only) | 2,547                                                              | 6,000                             | 0                    | 0                                               | 22,369                                                                                      | 0        | 0            | 0      | 0                                    | 0     | 0                            |                                |
| MATERIALS                        |                                                                     |                                                                    |                                   |                      |                                                 |                                                                                             |          |              |        |                                      |       |                              |                                |
| Non-Ferrous Metals (tons)        |                                                                     |                                                                    |                                   |                      |                                                 |                                                                                             |          |              |        |                                      |       |                              |                                |
| II 3                             | Aluminum Ingot                                                      | 28,312                                                             | 17,880                            | 4,413                | 25,988                                          | 66,393                                                                                      | 64,068   | 56,065       | 4,533  | 0                                    | 0     | 3,470                        |                                |
| II 3A                            | Aluminum, fabricated                                                | 13,657                                                             | 0                                 | 3,685                | 11,602                                          | 46,782                                                                                      | 44,022   | 35,688       | 2,393  | 0                                    | 14    | 1,927                        |                                |
| II 4A                            | Pig Nickel                                                          | 1,650                                                              | 1,800                             | 451                  | 1,850                                           | 6,372                                                                                       | 6,355    | 5,130        | 828    | 0                                    | 0     | 397                          |                                |
| II 4B                            | Monel Metal Scrap                                                   | 77                                                                 | 475                               | 0                    | 75                                              | 77                                                                                          | 75       | 75           | 0      | 0                                    | 0     | 0                            |                                |
| II 4C                            | Basic Products of Nickel                                            | 39                                                                 | 3, k                              | 2                    | 12                                              | 147                                                                                         | 116      | 103          | 13     | 0                                    | 0     | 0                            |                                |
| II 5                             | Molybdenum Concentrates                                             | 2,219                                                              | 2,002                             | 0                    | 2,069                                           | 10,590                                                                                      | 10,440   | 8,466        | 1,430  | 0                                    | 0     | 544                          |                                |
| II 6                             | Copper, Electrolytic                                                | 0                                                                  | 0                                 | 0                    | 142                                             | 1,146                                                                                       | 1,144    | 1,144        | 0      | 0                                    | 0     | 0                            |                                |
| II 7                             | Brass, Bronze, etc.                                                 | 46,259                                                             | 53,760                            | 10,052               | 47,363                                          | 199,182                                                                                     | 180,494  | 146,802      | 13,997 | 0                                    | 5,209 | 14,486                       |                                |
| II 11                            | Copper Tubes, etc.                                                  | 6,365                                                              | 7,500                             | 1,213                | 7,004                                           | 24,495                                                                                      | 21,376   | 18,335       | 1,193  | 36                                   | 284   | 1,528                        |                                |
| II 8                             | Magnesium                                                           | 2,016                                                              | 2,016                             | 263                  | 2,196                                           | 4,033                                                                                       | 3,764    | 3,331        | 0      | 0                                    | 0     | 433                          |                                |
| II 9                             | Zinc Slabs                                                          | 8,061                                                              | 6,720                             | 1,200                | 8,060                                           | 47,392                                                                                      | 47,320   | 42,887       | 2,323  | 0                                    | 0     | 2,110                        |                                |
| II 29                            | Special Non-Ferrous Wires                                           | 49                                                                 | 135                               | 31                   | 110                                             | 439                                                                                         | 424      | 415          | 4      | 0                                    | 3     | 2                            |                                |
| II 30A                           | Nichrome Wire & Strip                                               | 279                                                                | 270                               | 71                   | 230                                             | 1,007                                                                                       | 937      | 823          | 92     | 0                                    | 0     | 22                           |                                |
| II 30B                           | Basic Nichrome Products                                             | 13                                                                 | 3, k                              | 0                    | 75                                              | 508                                                                                         | 502      | 477          | 25     | 0                                    | 0     | 0                            |                                |
| II 49                            | Mercury                                                             | 0                                                                  | 0                                 | 0                    | 30                                              | 895                                                                                         | 895      | 895          | 0      | 0                                    | 0     | 0                            |                                |
| II 58                            | Cerium, Metallic                                                    | 0                                                                  | 0                                 | 0                    | 3                                               | 18                                                                                          | 17       | 17           | 0      | 0                                    | 0     | 0                            |                                |
| II 61A                           | - 13 Sodium, Metallic                                               | 0                                                                  | 0                                 | 105                  | 105                                             | 1,208                                                                                       | 845      | 258          | 0      | 0                                    | 0     | 105                          |                                |
| II 88                            | Manganese                                                           | 0                                                                  | 0                                 | 0                    | 11                                              | 11                                                                                          | 11       | 11           | 0      | 0                                    | 0     | 0                            |                                |
| II 89                            | Lead                                                                | 0                                                                  | 0                                 | 0                    | 34                                              | 43                                                                                          | 43       | 43           | 0      | 0                                    | 0     | 0                            |                                |
| II 90                            | Tin                                                                 | 0                                                                  | 0                                 | 0                    | 8                                               | 10                                                                                          | 10       | 10           | 0      | 0                                    | 0     | 0                            |                                |
| II 91                            | Alum., Tin & Nickel Foil                                            | 65                                                                 | 0                                 | 0                    | 64                                              | 215                                                                                         | 214      | 146          | 4      | 0                                    | 0     | 64                           |                                |
| II 92                            | Rabbit Metal                                                        | 0                                                                  | 0                                 | 0                    | 5                                               | 106                                                                                         | 106      | 86           | 20     | 0                                    | 0     | 0                            |                                |
| II 93                            | Cadmium                                                             | 0                                                                  | 0                                 | 0                    | 0                                               | 201                                                                                         | 201      | 201          | 0      | 0                                    | 0     | 0                            |                                |
| II 94                            | Cobalt                                                              | 81                                                                 | 81                                | 13                   | 70                                              | 249                                                                                         | 216      | 216          | 0      | 0                                    | 0     | 0                            |                                |
| Total Non-Ferrous Metals (tons)  |                                                                     | 108,142                                                            | -                                 | 21,499               | 107,116                                         | 410,311                                                                                     | 383,958  | 322,211      | 27,113 | 36                                   | 5,510 | 29,088                       |                                |
| II 35B                           | Misc. Non-Ferrous Metals and Products (\$1,000)                     | 4                                                                  | 3                                 | 0                    | 3                                               | 13                                                                                          | 13       | 13           | 0      | 0                                    | 0     | 0                            |                                |
| Copper Cable & Wire              |                                                                     |                                                                    |                                   |                      |                                                 |                                                                                             |          |              |        |                                      |       |                              |                                |
| II 1                             | Marine Cable (miles)                                                | 69                                                                 | 373                               | 8                    | 221                                             | 1,350                                                                                       | 1,125    | 900          | 127    | 0                                    | 92    | 6                            |                                |
| II 2                             | Submarine Cable (miles)                                             | 74                                                                 | 187                               | 0                    | 255                                             | 839                                                                                         | 833      | 783          | 50     | 0                                    | 0     | 0                            |                                |
| II 74                            | Insulated Cable (\$1,000)                                           | 12,957                                                             | 6000000                           | 2,456                | 9,285                                           | 36,622                                                                                      | 19,217   | 14,392       | 218    | 0                                    | 866   | 3,741                        |                                |
| II 74A                           | Bare Copper Cable & Wire (\$1,000)                                  | 264                                                                | 1000000                           | 8                    | 209                                             | 1,564                                                                                       | 1,182    | 1,093        | 0      | 0                                    | 80    | 9                            |                                |
| Ferro-Alloys (tons)              |                                                                     |                                                                    |                                   |                      |                                                 |                                                                                             |          |              |        |                                      |       |                              |                                |
| II 12                            | Ferro-Silicon                                                       | 94                                                                 | 4,704                             | 760                  | 3,249                                           | 8,341                                                                                       | 7,206    | 6,007        | 1,049  | 0                                    | 28    | 122                          |                                |
| II 13                            | Ferro-Chromium                                                      | 0                                                                  | 2,688                             | 260                  | 2,020                                           | 4,113                                                                                       | 4,005    | 3,052        | 494    | 0                                    | 0     | 499                          |                                |
| II 85                            | Ferro-Phosphorus                                                    | 0                                                                  | 0                                 | 0                    | 0                                               | 4                                                                                           | 4        | 4            | 0      | 0                                    | 0     | 0                            |                                |
| II 86                            | Ferro-Vanadium                                                      | 128                                                                | 0                                 | 0                    | 0                                               | 130                                                                                         | 2        | 2            | 0      | 0                                    | 0     | 0                            |                                |
| II 87                            | Ferro-Tungsten                                                      | 30                                                                 | 0                                 | 0                    | 0                                               | 32                                                                                          | 2        | 2            | 0      | 0                                    | 0     | 0                            |                                |
| II 87A                           | Ferro-Molybdenum                                                    | 562                                                                | 0                                 | 0                    | 0                                               | 562                                                                                         | 0        | 0            | 0      | 0                                    | 0     | 0                            |                                |
| Total Ferro-Alloys (tons)        |                                                                     | 814                                                                | 7,392                             | 1,020                | 5,269                                           | 13,182                                                                                      | 11,219   | 9,067        | 1,543  | 0                                    | 28    | 581                          |                                |
| Ferrous Metals & Products (tons) |                                                                     |                                                                    |                                   |                      |                                                 |                                                                                             |          |              |        |                                      |       |                              |                                |
| II 10                            | Bimetal                                                             | 526                                                                | 5,560                             | 3,157                | 12,652                                          | 19,817                                                                                      | 18,193   | 12,508       | 60     | 0                                    | 288   | 5,337                        |                                |
| II 14                            | Armor Plate                                                         | 0                                                                  | 0                                 | 0                    | 0                                               | 8,951                                                                                       | 8,951    | 5,787        | 2,897  | 267                                  | 0     | 0                            |                                |
| II 16                            | Polished Drill Rods                                                 | 128                                                                | 0                                 | 39                   | 122                                             | 384                                                                                         | 322      | 270          | 2      | 0                                    | 10    | 40                           |                                |
| II 17                            | High Speed Tool Steel                                               | 3,460                                                              | 0                                 | 221                  | 1,832                                           | 8,431                                                                                       | 6,428    | 5,378        | 386    | 0                                    | 83    | 381                          |                                |
| II 18                            | Tool Steel                                                          | 7,534                                                              | 0                                 | 528                  | 6,850                                           | 22,424                                                                                      | 19,850   | 16,368       | 883    | 25                                   | 446   | 2,128                        |                                |
| II 19                            | Cold Finished Bars                                                  | 18,562                                                             | 0                                 | 3,304                | 31,633                                          | 124,357                                                                                     | 102,384  | 81,798       | 6,433  | 280                                  | 3,024 | 10,849                       |                                |
| II 20                            | S. R. Aircraft Steel                                                | 29,042                                                             | 0                                 | 13,089               | 48,575                                          | 142,578                                                                                     | 110,411  | 95,085       | 1,517  | 0                                    | 657   | 13,152                       |                                |
| II 21                            | Cr.-S.M. Billet                                                     | (-) 4,093                                                          | 0                                 | 0                    | 3                                               | 83,518                                                                                      | 79,288   | 65,908       | 9,081  | 431                                  | 3,214 | 654                          |                                |
| II 22                            | Cold Rolled Sheets                                                  | (-) 345                                                            | 0                                 | 31                   | 409                                             | 85,397                                                                                      | 81,252   | 49,107       | 29,653 | 1,709                                | 699   | 84                           |                                |
| II 22A                           | Cold Rolled Strip                                                   | (-) 26,918                                                         | 0                                 | 1,763                | 3,401                                           | 75,796                                                                                      | 67,936   | 52,733       | 11,266 | 797                                  | 1,089 | 2,051                        |                                |
| II 23                            | Stainless Steel                                                     | 2,041                                                              | 0                                 | 101                  | 1,988                                           | 7,555                                                                                       | 5,725    | 5,479        | 70     | 0                                    | 1     | 175                          |                                |
| II 24                            | Template                                                            | 20,235                                                             | 30,000                            | 2,944                | 9,346                                           | 99,178                                                                                      | 85,061   | 67,346       | 10,611 | 970                                  | 1,902 | 4,232                        |                                |
| II 25                            | Steel Wire                                                          | (-) 26,709                                                         | 0                                 | 4,172                | 17,169                                          | 86,225                                                                                      | 72,850   | 60,868       | 5,052  | 672                                  | 968   | 5,290                        |                                |
| II 26                            | Wire Rope                                                           | 3,834                                                              | 0                                 | 1,715                | 7,899                                           | 29,405                                                                                      | 22,799   | 19,492       | 789    | 0                                    | 344   | 2,174                        |                                |
| II 27                            | Steel Alloy Tubes                                                   | 13,148                                                             | 0                                 | 3,947                | 12,267                                          | 34,802                                                                                      | 20,158   | 15,763       | 52     | 0                                    | 105   | 4,238                        |                                |
| II 28                            | Stainless Steel Wire                                                | 254                                                                | 0                                 | 34                   | 201                                             | 2,672                                                                                       | 2,503    | 2,352        | 94     | 13                                   | 44    | 0                            |                                |
| II 31                            | Barbed Wire & Staples                                               | (-) 6,583                                                          | 0                                 | 0                    | 1,712                                           | 48,021                                                                                      | 47,477   | 36,417       | 10,538 | 203                                  | 99    | 220                          |                                |
| II 32                            | Pipe and Tubing                                                     | 17,233                                                             | 0                                 | 5,493                | 28,729                                          | 141,618                                                                                     | 89,353   | 68,546       | 15,918 | 1,571                                | 288   | 3,030                        |                                |
| II 33                            | S. R. Sheets & Plates                                               | 15,547                                                             | 0                                 | 6,287                | 55,501                                          | 193,320                                                                                     | 167,084  | 129,642      | 18,642 | 1,533                                | 4,383 | 12,684                       |                                |

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| Sheet 3                                                                                                                                      |                                         |                                                                    |                                   |                      |                                                 |                                                                                             |           |                       |                        |                                      |        |         |                             |                                |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------|-----------------------------------|----------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------|-----------|-----------------------|------------------------|--------------------------------------|--------|---------|-----------------------------|--------------------------------|
| Ref.                                                                                                                                         | Item                                    | Third Protocol Performance<br>July 1, 1943 to<br>December 31, 1943 |                                   | Exported             |                                                 | Cumulative Performance - 1st, 2nd and 3rd Protocols<br>October 1, 1941 to December 31, 1943 |           |                       |                        |                                      |        |         | In U. S. Waiting Forwarding | Balance On Route Dec. 31, 1943 |
|                                                                                                                                              |                                         | Made Available<br>a                                                | Offered to be Made Available<br>b | During December 1943 | During Third Protocol Period 7/1/43 to 12/31/43 | Made Available<br>c                                                                         | Exported  | Arrived<br>d          | Lost                   | Diverted To Others After Export<br>e |        |         |                             |                                |
|                                                                                                                                              |                                         |                                                                    |                                   |                      |                                                 |                                                                                             |           |                       |                        |                                      |        |         |                             |                                |
| MATERIALS (cont.)                                                                                                                            |                                         |                                                                    |                                   |                      |                                                 |                                                                                             |           |                       |                        |                                      |        |         |                             |                                |
| Ferrous Metals & Prods. (cont.) (tons)                                                                                                       |                                         |                                                                    |                                   |                      |                                                 |                                                                                             |           |                       |                        |                                      |        |         |                             |                                |
| II 34                                                                                                                                        | Bolts, Nuts, Rivets, etc.               | 1,637                                                              | /                                 | 39                   | 2,984                                           | 11,762                                                                                      | 6,915     | 6,878                 | 0                      | 0                                    | 0      | 37      |                             |                                |
| II 35D                                                                                                                                       | Aircraft Landing Mats                   | 8,533                                                              | /                                 | 0                    | 8,533                                           | 8,533                                                                                       | 8,533     | 8,533                 | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 101                                                                                                                                       | R.R. Rails and Accessories              | 128,211                                                            | /                                 | 19,672               | 143,840                                         | 292,432                                                                                     | 254,917   | 204,352               | 20,474                 | 1,421                                | 618    | 28,052  |                             |                                |
| II 102                                                                                                                                       | Mounted Gears, Wheels & Axles           | 0                                                                  | /                                 | 351                  | 19,908                                          | 24,075                                                                                      | 22,030    | 20,780                | 90                     | 0                                    | 911    | 249     |                             |                                |
| II 103                                                                                                                                       | Car Axles                               | 0                                                                  | /                                 | 7,645                | 13,708                                          | 35,910                                                                                      | 33,394    | 19,510                | 927                    | 0                                    | 4,050  | 8,907   |                             |                                |
| II 104                                                                                                                                       | Locomotive & Car Wheel Tires            | 1,060                                                              | /                                 | 1,801                | 7,454                                           | 14,038                                                                                      | 13,038    | 10,692                | 53                     | 0                                    | 484    | 1,809   |                             |                                |
| II 105                                                                                                                                       | Roller Steel Car Wheels                 | 86                                                                 | /                                 | 0                    | 4,271                                           | 8,658                                                                                       | 6,105     | 5,593                 | 0                      | 0                                    | 512    | 0       |                             |                                |
| II 107                                                                                                                                       | Locomotive Axles                        | 0                                                                  | /                                 | 0                    | 141                                             | 255                                                                                         | 183       | 183                   | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 108                                                                                                                                       | Electric Locomotive Axles               | 0                                                                  | /                                 | 0                    | 0                                               | 300                                                                                         | 222       | 222                   | 0                      | 0                                    | 0      | 0       |                             |                                |
| Total Steel (tons)                                                                                                                           |                                         | 206,403                                                            | 355,000                           | 78,333               | 435,126                                         | 1,610,412                                                                                   | 1,353,362 | 1,067,990             | 145,488                | 9,892                                | 24,219 | 105,773 |                             |                                |
| Note: The following tonnage released from U.S.S.R. export stocks for redistribution to others has been deducted from amounts made available. |                                         |                                                                    |                                   |                      |                                                 |                                                                                             |           |                       |                        |                                      |        |         |                             |                                |
| Jul.- Dec. 1943      Oct. 1941- Dec. 1943      Jul.- Dec. 1943      Oct. 1941- Dec. 1943      Jul.- Dec. 1943      Oct. 1941- Dec. 1943      |                                         |                                                                    |                                   |                      |                                                 |                                                                                             |           |                       |                        |                                      |        |         |                             |                                |
| II-19                                                                                                                                        | Cold Finished Bars                      | 945                                                                | 956                               | II-22A               | Cold Rolled Strip                               | 28,464                                                                                      | 28,464    | II-32                 | Pipe and Tubing        | (-)15,669                            | 60,197 |         |                             |                                |
| II-20                                                                                                                                        | H.R. Aircraft Steel                     | 0                                                                  | 73                                | II-25                | Steel Wire                                      | 31,955                                                                                      | 31,955    | II-33                 | H.R. Sheets and Plates | 1,152                                | 17,396 |         |                             |                                |
| II-21                                                                                                                                        | Cr.St.W. Billets                        | 4,141                                                              | 30,866                            | II-26                | Wire Rope                                       | 350                                                                                         | 430       | Total Released (tons) |                        |                                      | 58,269 | 190,769 |                             |                                |
| II-22                                                                                                                                        | Cold Rolled Sheets                      | 345                                                                | 3,305                             | II-31                | Barbed Wire & Staples                           | 6,586                                                                                       | 17,127    |                       |                        |                                      |        |         |                             |                                |
| II 35A1                                                                                                                                      | Chains and Anchors (tons)               | 1,477                                                              | J                                 | 32                   | 1,091                                           | 2,440                                                                                       | 1,668     | 1,663                 | 0                      | 0                                    | 0      | 5       |                             |                                |
| II 35A                                                                                                                                       | Misc. Ferrous Metals & Prods. (\$1,000) | 1,755                                                              | J                                 | 117                  | 830                                             | 2,790                                                                                       | 1,652     | 1,470                 | 30                     | 0                                    | 0      | 152     |                             |                                |
| II 37 Petroleum Products (tons)                                                                                                              |                                         |                                                                    |                                   |                      |                                                 |                                                                                             |           |                       |                        |                                      |        |         |                             |                                |
| From U. S.                                                                                                                                   |                                         | 263,514t                                                           | 180,000                           | 15,765               | 263,514                                         | 663,190t                                                                                    | 663,190   | 542,316               | 10,786                 | 87,957t                              | 0      | 22,131  |                             |                                |
| From U.K. for U.S. account (Replacement to U.K. from U.S.)                                                                                   |                                         | 9,116t                                                             |                                   | 9,116                | 9,116                                           | 19,312t                                                                                     | 19,312    | 19,312                | -                      | -                                    | -      | -       | -                           |                                |
| From Abadan for U.S. account (Replacement to British from U.S.)                                                                              |                                         | 61,568t                                                            | 60,000                            | 11,209               | 61,568t                                         | 61,568t                                                                                     | 61,568    | 61,568                | -                      | -                                    | -      | -       |                             |                                |
| Shipments from U.K. to U.S.S.R. as Replacements                                                                                              |                                         | -                                                                  | -                                 | -                    | -                                               | (31,867)t                                                                                   | (31,867)  | -                     | -                      | -                                    | -      | -       |                             |                                |
| Additional U.S. Allocations to U.S.S.R. at U.K. Expense as Replacement for Diversion to U.K.                                                 |                                         | -                                                                  | -                                 | -                    | -                                               | (29,971)t                                                                                   | -         | -                     | -                      | -                                    | -      | -       |                             |                                |
| Chemicals (tons)                                                                                                                             |                                         |                                                                    |                                   |                      |                                                 |                                                                                             |           |                       |                        |                                      |        |         |                             |                                |
| II 61A5                                                                                                                                      | Acetone                                 | 685                                                                | 3,360                             | 23                   | 683                                             | 1,686                                                                                       | 1,590     | 1,567                 | 0                      | 0                                    | 0      | 23      |                             |                                |
| II 38A                                                                                                                                       | Alcohol, Ethyl from U.S.                | 80,313                                                             | 53,760                            | 12,028               | 78,182                                          | 100,706                                                                                     | 98,328    | 85,170                | 159                    | 0                                    | 0      | 12,999  |                             |                                |
| Alcohol, Ethyl from U.K. for U.S. Account (Replacement to U.K. from U.S.)                                                                    |                                         | 10,165                                                             |                                   | 0                    | 10,165                                          | 10,165                                                                                      | 10,165    | 10,165                | 0                      | -                                    | -      | -       | 0                           |                                |
| II 61A3                                                                                                                                      | Caustic Soda                            | 20,598                                                             | 20,160                            | 4,264                | 22,814                                          | 48,120                                                                                      | 46,660    | 43,469                | 707                    | 0                                    | 0      | 2,484   |                             |                                |
| II 38                                                                                                                                        | Ethylene Glycol                         | 1,792                                                              | 1,680                             | 686                  | 4,156                                           | 8,744                                                                                       | 8,687     | 7,430                 | 189                    | 0                                    | 358    | 710     |                             |                                |
| II 61A11                                                                                                                                     | Glycerine From U.S.                     | 2,151                                                              | 3,360                             | 0                    | 3,081                                           | 11,816                                                                                      | 10,248    | 9,947                 | 0                      | 301                                  | 0      | 0       |                             |                                |
| Glycerine Retransferred from U.K. for U.S. Account                                                                                           |                                         | 5,600                                                              |                                   | 1,676                | 1,676                                           | 5,600                                                                                       | 5,600     | **                    | **                     | 0                                    | 0      | **      | **                          |                                |
| II 45                                                                                                                                        | Methanol                                | 847                                                                | 3,360                             | 1,010                | 3,231                                           | 18,047t                                                                                     | 16,250    | 10,345                | 2,963                  | 371                                  | 683    | 1,888   |                             |                                |
| II 36                                                                                                                                        | Phenol                                  | 5,591                                                              | 6,000                             | 740                  | 5,778                                           | 23,190                                                                                      | 20,240    | 16,713                | 1,576                  | 170                                  | 448    | 1,333   |                             |                                |
| II 61A5                                                                                                                                      | Potassium Tetraoxide                    | 152                                                                | (21)                              | 89                   | 103                                             | 397                                                                                         | 271       | 182                   | 0                      | 0                                    | 0      | 89      |                             |                                |
| II 13A                                                                                                                                       | Toluol                                  | 23,183                                                             | 10,454                            | 198                  | 20,600                                          | 65,587                                                                                      | 56,377    | 50,819                | 2,991                  | 359                                  | 1,810  | 398     |                             |                                |
| II 46                                                                                                                                        | Urotropine                              | 6,968                                                              | 3,360                             | 124                  | 3,860                                           | 12,477                                                                                      | 9,369     | 8,361                 | 358                    | 25                                   | 201    | 424     |                             |                                |
| Other Chemicals (tons)                                                                                                                       |                                         |                                                                    |                                   |                      |                                                 |                                                                                             |           |                       |                        |                                      |        |         |                             |                                |
| II 48                                                                                                                                        | Ammonia Chloride                        | (-)211t                                                            | /                                 | 0                    | 75                                              | 4,594t                                                                                      | 726       | 726                   | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 61A23                                                                                                                                     | Ammonia Nitrate                         | (-)2,400t                                                          | /                                 | 0                    | 0                                               | 3,394                                                                                       | 3,394     | 2,602                 | 113                    | 0                                    | 679    | 0       |                             |                                |
| II 51                                                                                                                                        | Ammonia Sulpho Cyanide                  | 0                                                                  | /                                 | 0                    | 0                                               | 3                                                                                           | 3         | 3                     | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 61A9                                                                                                                                      | Aniline Oil                             | (-)1,872t                                                          | /                                 | 0                    | 0                                               | 3,846t                                                                                      | 3,591     | 2,466                 | 927                    | 16                                   | 112    | 0       |                             |                                |
| II 61                                                                                                                                        | Anthracene                              | 0                                                                  | /                                 | 0                    | 0                                               | 9                                                                                           | 9         | 9                     | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 54                                                                                                                                        | Barium Peroxide                         | 1                                                                  | /                                 | 0                    | 0                                               | 332                                                                                         | 106       | 106                   | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 61A21                                                                                                                                     | Black Dyes                              | 0                                                                  | /                                 | 0                    | 510                                             | 752                                                                                         | 669       | 669                   | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 61A27                                                                                                                                     | Boric Acid                              | 0                                                                  | /                                 | 0                    | 0                                               | 560                                                                                         | 459       | 292                   | 167                    | 0                                    | 0      | 0       |                             |                                |
| II 61A8                                                                                                                                      | Calcium Carbide                         | 112                                                                | /                                 | 0                    | 186                                             | 368                                                                                         | 354       | 354                   | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 61A24                                                                                                                                     | Carbon & Lamp Blacks                    | 0                                                                  | /                                 | 0                    | 13                                              | 2,251                                                                                       | 2,251     | 2,251                 | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 52                                                                                                                                        | Centralite, Ethyl                       | 920                                                                | /                                 | 225                  | 710                                             | 1,591                                                                                       | 1,519     | 1,069                 | 0                      | 0                                    | 0      | 150     |                             |                                |
| II 61A26                                                                                                                                     | Citric Acid                             | 446                                                                | /                                 | 207                  | 446                                             | 959                                                                                         | 959       | 696                   | 56                     | 0                                    | 0      | 207     |                             |                                |
| II 44                                                                                                                                        | Colloxylin (wet)                        | 0                                                                  | /                                 | 130                  | 130                                             | 8,136                                                                                       | 4,896     | 3,231                 | 1,339                  | 86                                   | 110    | 130     |                             |                                |
| II 59                                                                                                                                        | Cresol                                  | 0                                                                  | /                                 | 0                    | 0                                               | 441                                                                                         | 292       | 231                   | 61                     | 0                                    | 0      | 0       |                             |                                |
| II 41                                                                                                                                        | Dibutyl Phthalate                       | 198                                                                | /                                 | 181                  | 1,043                                           | 5,438                                                                                       | 4,370     | 3,107                 | 859                    | 70                                   | 0      | 334     |                             |                                |
| II 61A27                                                                                                                                     | Diethylene Glycol                       | 85                                                                 | /                                 | 50                   | 217                                             | 453                                                                                         | 392       | 342                   | 0                      | 0                                    | 0      | 50      |                             |                                |
| II 42                                                                                                                                        | Dimethyl Aniline                        | 0                                                                  | /                                 | 0                    | 52                                              | 2,510                                                                                       | 2,302     | 1,797                 | 420                    | 0                                    | 85     | 0       |                             |                                |
| II 43                                                                                                                                        | Diphenylamine                           | 0                                                                  | /                                 | 0                    | 3                                               | 2,080                                                                                       | 1,489     | 1,233                 | 256                    | 0                                    | 0      | 0       |                             |                                |
| II 61A6                                                                                                                                      | Ethylene Chlorohydrine                  | 120                                                                | /                                 | 0                    | 101                                             | 151                                                                                         | 112       | 112                   | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 61A0                                                                                                                                      | Ethylene Dibromide                      | 0                                                                  | /                                 | 274                  | 593                                             | 4,615                                                                                       | 1,768     | 1,768                 | 0                      | 0                                    | 0      | 274     |                             |                                |
| II 61A27                                                                                                                                     | Formaldehyde                            | 0                                                                  | /                                 | 0                    | 0                                               | 560                                                                                         | 494       | 432                   | 62                     | 0                                    | 0      | 0       |                             |                                |
| II 61A22                                                                                                                                     | Naphthalic Acid                         | 0                                                                  | /                                 | 127                  | 127                                             | 600                                                                                         | 127       | 0                     | 0                      | 0                                    | 0      | 127     |                             |                                |
| II 61A4                                                                                                                                      | Neosone                                 | 0                                                                  | /                                 | 34                   | 34                                              | 504                                                                                         | 504       | 504                   | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 61A1                                                                                                                                      | Phenol Formaldehyde                     | 15                                                                 | /                                 | 0                    | 0                                               | 448                                                                                         | 447       | 369                   | 78                     | 0                                    | 0      | 0       |                             |                                |
| II 40                                                                                                                                        | Phosphorus                              | (-)740t                                                            | /                                 | 241                  | 441                                             | 2,823t                                                                                      | 2,406     | 1,656                 | 485                    | 0                                    | 0      | 265     |                             |                                |
| II 61A4                                                                                                                                      | Plastic Acid                            | 13t                                                                | /                                 | 182                  | 480                                             | 937                                                                                         | 837       | 322                   | 0                      | 0                                    | 147    | 368     |                             |                                |
| II 61A18                                                                                                                                     | Potassium Chlorate                      | 211                                                                | /                                 | 0                    | 340                                             | 1,344                                                                                       | 744       | 744                   | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 50                                                                                                                                        | Potassium Nitrate                       | (-)410t                                                            | /                                 | 211                  | 920                                             | 3,201t                                                                                      | 2,085     | 1,534                 | 0                      | 0                                    | 138    | 413     |                             |                                |
| II 60                                                                                                                                        | Potassium Sulphate                      | (-)949t                                                            | /                                 | 0                    | 175                                             | 879t                                                                                        | 580       | 535                   | 0                      | 0                                    | 45     | 0       |                             |                                |
| II 53                                                                                                                                        | Rosorcin                                | 0                                                                  | /                                 | 0                    | 1                                               | 120                                                                                         | 61        | 51                    | 0                      | 0                                    | 10     | 0       |                             |                                |
| II 56                                                                                                                                        | Rhodamine                               | 0                                                                  | /                                 | 0                    | 1                                               | 6                                                                                           | 6         | 6                     | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 61A29                                                                                                                                     | Saccharine                              | 126                                                                | /                                 | 21                   | 113                                             | 323                                                                                         | 298       | 267                   | 12                     | 0                                    | -      | 19      |                             |                                |
| II 61A6                                                                                                                                      | Soda Ash                                | 112                                                                | /                                 | 0                    | 754                                             | 1,501                                                                                       | 1,388     | 1,388                 | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 61A20                                                                                                                                     | Sodium Dichromate                       | 0                                                                  | /                                 | 102                  | 200                                             | 600                                                                                         | 526       | 424                   | 0                      | 0                                    | 0      | 102     |                             |                                |
| II 39                                                                                                                                        | Sodium Bromide                          | (-)287t                                                            | /                                 | 65                   | 118                                             | 2,172t                                                                                      | 1,787     | 1,330                 | 334                    | 0                                    | 58     | 65      |                             |                                |
| II 55                                                                                                                                        | Strontium Oxalate                       | 0                                                                  | /                                 | 0                    | 48                                              | 96                                                                                          | 76        | 76                    | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 37                                                                                                                                        | Turkish Nitrate                         | 0                                                                  | /                                 | 0                    | 0                                               | 12                                                                                          | 6         | 6                     | 0                      | 0                                    | 0      | 0       |                             |                                |
| II 61A5                                                                                                                                      | Twitell or Petrov Reagent               | 173                                                                | /                                 | 135                  | 387                                             | 680                                                                                         | 604       | 573                   | 0                      | 0                                    | 0      | 31      |                             |                                |
| II 77                                                                                                                                        | Vislanex                                | 230                                                                | /                                 | 76                   | 226                                             | 562                                                                                         | 433       | 315                   | 5                      | 0                                    | 25     | 88      |                             |                                |
| II 61A99                                                                                                                                     | Misc. Chemicals                         | 1,574                                                              | /                                 | 381                  | 2,651                                           | 9,319                                                                                       | 7,640     | 7,011                 | 129                    | 0                                    | 23     | 477     |                             |                                |
| Total Other Chemicals (tons)                                                                                                                 |                                         | -2,413                                                             | 4,600                             | 2,642                | 11,095                                          | 69,159                                                                                      | 50,660    | 40,607                | 5,309                  | 172                                  | 1,472  | 3,100   |                             |                                |
| Total Chemicals (tons)                                                                                                                       |                                         | 155,632                                                            | 110,115                           | 23,480               | 165,424                                         | 373,694                                                                                     | 330,521   | 286,451               | 14,252                 | 1,308                                | 4,972  | 23,448  |                             |                                |

See footnotes on Sheet 6



| Sheet 4                                    |                                          |                                                                    |                                         |                            |                                                                |                                                                                             |          |              |       |                                            |                                        |                                          |
|--------------------------------------------|------------------------------------------|--------------------------------------------------------------------|-----------------------------------------|----------------------------|----------------------------------------------------------------|---------------------------------------------------------------------------------------------|----------|--------------|-------|--------------------------------------------|----------------------------------------|------------------------------------------|
| Ref.                                       | Item                                     | Third Protocol Performance<br>July 1, 1943 to<br>December 31, 1943 |                                         | Exported                   |                                                                | Cumulative Performance - 1st, 2nd and 3rd Protocols<br>October 1, 1941 to December 31, 1943 |          |              |       |                                            |                                        |                                          |
|                                            |                                          | Made<br>Available<br>a                                             | Offered<br>to be Made<br>Available<br>b | During<br>December<br>1943 | During<br>Third<br>Protocol<br>Period<br>7/1/43 to<br>12/31/43 | Made<br>Available<br>c                                                                      | Exported | Arrived<br>d | Lost  | Diverted<br>to Others<br>After<br>Export e | In U.S.<br>Awaiting<br>Forwarding<br>f | Balance<br>En Route<br>Dec. 31<br>1943 g |
|                                            |                                          |                                                                    |                                         |                            |                                                                |                                                                                             |          |              |       |                                            |                                        |                                          |
| <b>MATERIALS (cont.)</b>                   |                                          |                                                                    |                                         |                            |                                                                |                                                                                             |          |              |       |                                            |                                        |                                          |
| <b>Other Materials &amp; Products</b>      |                                          |                                                                    |                                         |                            |                                                                |                                                                                             |          |              |       |                                            |                                        |                                          |
| II 67A                                     | Abhesive Grain (tons)                    | 3,979                                                              | 2,000                                   | 111                        | 3,304                                                          | 6,620                                                                                       | 4,681    | 4,260        | 91    | 0                                          | 200                                    | 130                                      |
| II 67B                                     | Abhesive Products (\$1,000)              | 2,519                                                              | 2,000                                   | 600                        | 2,968                                                          | 9,293                                                                                       | 9,075    | 7,244        | 956   | 33                                         | 344                                    | 498                                      |
| II 68A                                     | Graphite Electrodes (tons)               | 3,191                                                              | 2,879                                   | 472                        | 3,690                                                          | 12,632                                                                                      | 11,842   | 9,938        | 1,319 | 25                                         | 403                                    | 157                                      |
| II 68C                                     | Graphite Powder (tons)                   | 1,148                                                              | 560                                     | 173                        | 1,056                                                          | 2,183                                                                                       | 1,787    | 1,539        | 126   | 0                                          | 0                                      | 122                                      |
| II 68B                                     | Other Graphite Goods (\$1,000)           | 347                                                                | 846 s.t.m.                              | 13                         | 233                                                            | 1,214                                                                                       | 1,120    | 971          | 100   | 0                                          | 4                                      | 4                                        |
| II 78                                      | Tires (1,000 units)                      | 762                                                                | v                                       | 116                        | 828                                                            | 2,120                                                                                       | 1,995    | 1,718        | 89    | 51                                         | 0                                      | 137                                      |
| II 78                                      | Tubes (1,000 units)                      | 768                                                                | v                                       | 116                        | 826                                                            | 2,212                                                                                       | 1,946    | 1,662        | 86    | 52                                         | 0                                      | 146                                      |
| II 79                                      | Rubber Hose (\$1,000)                    | 3,051                                                              | v                                       | 441                        | 2,417                                                          | 4,946                                                                                       | 3,155    | 2,668        | 18    | 0                                          | 0                                      | 469                                      |
| II 78A                                     | Other Rubber Products (\$1,000)          | 7,239                                                              | v                                       | 1,039                      | 5,505                                                          | 12,445                                                                                      | 7,483    | 6,537        | 71    | 0                                          | 22                                     | 853                                      |
| II 80                                      | Sheet Filter (tons)                      | 2,320                                                              | 500                                     | 229                        | 1,915                                                          | 5,271                                                                                       | 3,454    | 2,488        | 496   | 3                                          | 147                                    | 320                                      |
| II 81                                      | Shock Absorber Cord (yds.)               | 50,000                                                             | j                                       | 0                          | 0                                                              | 247,369                                                                                     | 166,111  | 166,111      | 0     | 0                                          | 0                                      | 0                                        |
| II 82                                      | Metallic Cloth & Screen (\$1,000)        | 178                                                                | 500                                     | 76                         | 344                                                            | 1,184                                                                                       | 1,181    | 996          | 7     | 0                                          | 0                                      | 178                                      |
| II 83                                      | Condenser Paper (tons)                   | 0                                                                  | 73                                      | 19                         | 19                                                             | 156                                                                                         | 138      | 138          | 0     | 0                                          | 0                                      | 0                                        |
| II 83A                                     | Cigarette Paper (tons)                   | 0                                                                  | 168                                     | 0                          | 142                                                            | 1,042                                                                                       | 534      | 457          | 68    | 0                                          | 0                                      | 9                                        |
| II 83B                                     | Parchment & Other Paper (tons)           | 310                                                                | 840                                     | 91                         | 980                                                            | 2,956                                                                                       | 1,767    | 1,675        | 0     | 0                                          | 0                                      | 92                                       |
| II 95B                                     | Rubber Footwear (\$1,000)                | 53                                                                 | v                                       | **                         | **                                                             | 981                                                                                         | **       | **           | **    | **                                         | **                                     | **                                       |
| II 95C                                     | Other Footwear except G.M. (\$1,000)     | 300                                                                | j                                       | **                         | **                                                             | 794                                                                                         | **       | **           | **    | **                                         | **                                     | **                                       |
| II 95A                                     | Other Apparel except G.M. (\$1,000)      | 78                                                                 | j                                       | 0                          | 79                                                             | 444                                                                                         | 245      | 222          | 23    | 0                                          | 0                                      | 0                                        |
| II 96A                                     | Textiles except G.M. (\$1,000)           | 11                                                                 | j                                       | 0                          | 19                                                             | 210                                                                                         | 156      | 129          | 8     | 0                                          | 0                                      | 19                                       |
| II 96B                                     | Fish Nets (tons)                         | 388                                                                | j                                       | 8                          | 120                                                            | 520                                                                                         | 176      | 176          | 0     | 0                                          | 0                                      | 0                                        |
| II 96C                                     | Rope (tons)                              | 1,387                                                              | j                                       | 0                          | 622                                                            | 2,418                                                                                       | 1,624    | 1,608        | 0     | 0                                          | 16                                     | 0                                        |
| II 97                                      | Raw Cork (tons)                          | 0                                                                  | j                                       | 0                          | 0                                                              | 62                                                                                          | 62       | 62           | 0     | 0                                          | 0                                      | 0                                        |
| II 35C                                     | Non-Metallic Minerals & Prods. (\$1,000) | 61                                                                 | j                                       | 22                         | 133                                                            | 400                                                                                         | 385      | 297          | 61    | 0                                          | 0                                      | 27                                       |
| II 71D                                     | End Products of Leather (\$1,000)        | 21                                                                 | j                                       | 0                          | 16                                                             | 34                                                                                          | 27       | 27           | 0     | 0                                          | 0                                      | 0                                        |
| II 35                                      | Misc. Materials & Prods. (\$1,000)       | 418                                                                | j                                       | 184                        | 697                                                            | 1,025                                                                                       | 1,001    | 746          | 3     | 20                                         | 0                                      | 232                                      |
| <b>MACHINERY AND EQUIPMENT</b>             |                                          |                                                                    |                                         |                            |                                                                |                                                                                             |          |              |       |                                            |                                        |                                          |
| <b>(Except Military &amp; Naval)</b>       |                                          |                                                                    |                                         |                            |                                                                |                                                                                             |          |              |       |                                            |                                        |                                          |
| <b>(Unit \$1,000)</b>                      |                                          |                                                                    |                                         |                            |                                                                |                                                                                             |          |              |       |                                            |                                        |                                          |
| II 69B70                                   | Bearings                                 | 4,936                                                              | 7,500                                   | 1,375                      | 4,045                                                          | 9,727                                                                                       | 7,768    | 6,430        | 150   | 0                                          | -                                      | 1,188                                    |
| II 15A                                     | Cemented Carbide Tips & Blanks           | 992                                                                | 1,500                                   | 43                         | 954                                                            | 2,280                                                                                       | 1,860    | 1,609        | 10    | 0                                          | 0                                      | 241                                      |
| II 15B1                                    | Metal Cutters, Dies, Drills, etc.        | 4,913                                                              | 7,500                                   | 906                        | 3,941                                                          | 20,294                                                                                      | 17,977   | 17,568       | 42    | 0                                          | 3                                      | 364                                      |
| II 15B2                                    | Portable Metal Cutting Machines          | 41                                                                 | 7,500                                   | 6                          | 45                                                             | 148                                                                                         | 138      | 118          | 4     | 0                                          | 0                                      | 16                                       |
| II 15B3                                    | Other Cutting & Boring Tools             | 555                                                                | 7,500                                   | 112                        | 893                                                            | 3,827                                                                                       | 3,667    | 3,493        | 58    | 0                                          | 0                                      | 116                                      |
| II 15 C                                    | Precision Measuring Tools                | 583                                                                | 1,500                                   | 82                         | 583                                                            | 988                                                                                         | 834      | 800          | 1     | 0                                          | 0                                      | 33                                       |
| II 62                                      | Machine Tools                            | 80,023                                                             | 60,000                                  | 17,539                     | 78,222                                                         | 241,226                                                                                     | 162,983  | 133,715      | 6,825 | 0                                          | 3,935                                  | 18,488                                   |
| II 63                                      | (Units)                                  | (8,735)                                                            | 6,000                                   | (1,796)                    | (9,381)                                                        | (27,114)                                                                                    | (21,446) | (17,868)     | (969) | (0)                                        | (515)                                  | (2,114)                                  |
| II 63                                      | Electric Furnaces                        | 4,246                                                              | 6,000                                   | 314                        | 3,348                                                          | 11,311                                                                                      | 8,430    | 7,501        | 599   | 0                                          | 97                                     | 233                                      |
| II 64                                      | (Units)                                  | (207)                                                              | 6,000                                   | (39)                       | (169)                                                          | (668)                                                                                       | (467)    | (386)        | (37)  | (0)                                        | (5)                                    | (39)                                     |
| II 64A                                     | Steel Rolling Mills & Equip.             | 1,706                                                              | 8,000                                   | 19                         | 76                                                             | 2,052                                                                                       | 402      | 379          | 0     | 0                                          | 0                                      | 23                                       |
| II 64B                                     | Forges, Presses Etc.                     | 20,478                                                             | 15,000                                  | 2,535                      | 11,451                                                         | 51,376                                                                                      | 28,126   | 21,698       | 828   | 26                                         | 1,121                                  | 2,453                                    |
| II 64C                                     | Drawing Machines                         | 550                                                                | 1,000                                   | 0                          | 0                                                              | 550                                                                                         | 0        | 0            | 0     | 0                                          | 0                                      | 0                                        |
| II 65A                                     | Excavating Equip.                        | 2,931                                                              | 6,250                                   | 560                        | 4,345                                                          | 13,860                                                                                      | 11,751   | 8,430        | 334   | 0                                          | 2,478                                  | 509                                      |
| II 65B                                     | Truck and Tractor Cranes                 | 217                                                                | 1,000                                   | 158                        | 752                                                            | 2,436                                                                                       | 2,135    | 1,723        | 28    | 0                                          | 334                                    | 50                                       |
| II 65C                                     | Other Cranes                             | 7,308                                                              | 10,000                                  | 875                        | 2,944                                                          | 10,083                                                                                      | 4,742    | 3,719        | 51    | 0                                          | 112                                    | 860                                      |
| II 65D1                                    | Compressors                              | 2,899                                                              | 5,000                                   | 501                        | 3,077                                                          | 7,034                                                                                       | 5,868    | 4,949        | 286   | 0                                          | 182                                    | 451                                      |
| II 65D2                                    | Fans and Blowers                         | 309                                                                | 4,500                                   | 0                          | 61                                                             | 346                                                                                         | 65       | 65           | 0     | 0                                          | 0                                      | 0                                        |
| II 65E                                     | Pumps                                    | 3,318                                                              | 4,000                                   | 251                        | 1,321                                                          | 5,750                                                                                       | 3,102    | 2,575        | 169   | 0                                          | 159                                    | 199                                      |
| II 65F                                     | Mining, Crushing & Conveying Equip.      | 4,350                                                              | 5,000                                   | 697                        | 2,501                                                          | 7,711                                                                                       | 3,850    | 3,073        | 59    | 0                                          | 118                                    | 600                                      |
| II 65G                                     | Blast Furnace Equip.                     | 839                                                                | 5,000                                   | 7                          | 212                                                            | 919                                                                                         | 220      | 220          | 0     | 0                                          | 0                                      | 0                                        |
| II 65H                                     | Welding Equip.                           | 2,371                                                              | 2,000                                   | 595                        | 1,798                                                          | 3,953                                                                                       | 2,453    | 1,744        | 50    | 0                                          | 0                                      | 659                                      |
| II 65I                                     | Valves & Fittings                        | 2,118                                                              | 1,500                                   | 325                        | 1,899                                                          | 3,927                                                                                       | 3,047    | 2,706        | 54    | 0                                          | 0                                      | 287                                      |
| II 65J                                     | Pneumatic Tools                          | 1,531                                                              | 2,500                                   | 137                        | 1,359                                                          | 3,565                                                                                       | 2,565    | 2,474        | 0     | 0                                          | 0                                      | 91                                       |
| II 66                                      | Control Instru. & Test Equip.            | 587                                                                | 850                                     | 62                         | 376                                                            | 898                                                                                         | 645      | 566          | 25    | 0                                          | 7                                      | 47                                       |
| II 140                                     | Special Power Program                    | 24,437                                                             | 37,500                                  | 3,426                      | 25,494                                                         | 43,321                                                                                      | 31,169   | 28,896       | 0     | 0                                          | 15                                     | 2,258                                    |
| II 140A                                    | Industrial Boilers                       | 5,556                                                              | 37,500                                  | 320                        | 1,130                                                          | 6,566                                                                                       | 1,130    | 811          | 0     | 0                                          | 0                                      | 319                                      |
| II 65K3B                                   | R. R. Block Signal System                | 1,542                                                              | 6,000                                   | 0                          | 0                                                              | 1,542                                                                                       | 0        | 0            | 0     | 0                                          | 0                                      | 0                                        |
| <b>Auxiliary Machinery &amp; Equipment</b> |                                          |                                                                    |                                         |                            |                                                                |                                                                                             |          |              |       |                                            |                                        |                                          |
| <b>(Unit - \$1,000)</b>                    |                                          |                                                                    |                                         |                            |                                                                |                                                                                             |          |              |       |                                            |                                        |                                          |
| II 65K1                                    | Engines and Turbines                     | 35                                                                 | /                                       | 2                          | 105                                                            | 1,899                                                                                       | 1,738    | 1,586        | 133   | 0                                          | 18                                     | 1                                        |
| II 65K2                                    | Industrial Trucks and Tractors           | 269                                                                | /                                       | 159                        | 719                                                            | 3,149                                                                                       | 2,799    | 2,335        | 78    | -                                          | 225                                    | 161                                      |
| II 65K3                                    | Mechanical Power Trans. Equip.           | 7                                                                  | /                                       | 7                          | 7                                                              | 22                                                                                          | 22       | 22           | 0     | 0                                          | 0                                      | 0                                        |
| II 65K4                                    | Other General Purpose Equip.             | 163                                                                | /                                       | 0                          | 27                                                             | 286                                                                                         | 149      | 149          | 0     | 0                                          | 0                                      | 0                                        |
| II 65K5                                    | Electric Motors, Generators, etc.        | 4,470                                                              | /                                       | 1,526                      | 4,022                                                          | 11,248                                                                                      | 7,483    | 6,144        | 121   | 3                                          | 57                                     | 1,158                                    |
| II 65K6                                    | Transformers, etc.                       | 1,837                                                              | /                                       | 291                        | 1,058                                                          | 2,621                                                                                       | 1,378    | 1,087        | 0     | 0                                          | 0                                      | 291                                      |
| II 65K7                                    | Elect. Dist. & Control Equip.            | 544                                                                | /                                       | 162                        | 647                                                            | 2,239                                                                                       | 1,786    | 1,520        | 43    | 23                                         | 20                                     | 180                                      |
| II 65K8                                    | Electric Ovens                           | 0                                                                  | /                                       | 0                          | 3                                                              | 4                                                                                           | 4        | 4            | 0     | 0                                          | 0                                      | 0                                        |
| II 65K9                                    | Electric Lamps                           | 14                                                                 | /                                       | 0                          | 62                                                             | 101                                                                                         | 78       | 78           | 0     | 0                                          | 0                                      | 0                                        |
| II 65K10                                   | Electric Appliances                      | 0                                                                  | /                                       | 0                          | 0                                                              | 12                                                                                          | 5        | 5            | 0     | 0                                          | 0                                      | 0                                        |
| II 65K11                                   | Misc. Electrical Products                | 205                                                                | /                                       | 241                        | 429                                                            | 760                                                                                         | 643      | 387          | 0     | 0                                          | 19                                     | 237                                      |
| II 65K12                                   | Food Products Machinery                  | 349                                                                | /                                       | 46                         | 120                                                            | 603                                                                                         | 216      | 162          | 9     | 0                                          | 0                                      | 45                                       |
| II 65K13                                   | Textile Machinery                        | 12                                                                 | /                                       | 10                         | 12                                                             | 534                                                                                         | 534      | 449          | 85    | 0                                          | 0                                      | 0                                        |
| II 65K14                                   | Paper Industry Machinery                 | 160                                                                | /                                       | 0                          | 194                                                            | 481                                                                                         | 432      | 426          | 0     | 0                                          | 5                                      | 1                                        |
| II 65K15                                   | Printing Machinery                       | 0                                                                  | /                                       | 0                          | 0                                                              | 44                                                                                          | 44       | 44           | 0     | 0                                          | 0                                      | 0                                        |
| II 65K16                                   | Tire & Rubber Machinery                  | 3,244                                                              | /                                       | 179                        | 2,544                                                          | 10,071                                                                                      | 5,729    | 5,467        | 0     | 0                                          | 0                                      | 762                                      |
| II 65K17                                   | Woodworking Machinery                    | 341                                                                | /                                       | 26                         | 222                                                            | 596                                                                                         | 388      | 347          | 12    | 0                                          | 0                                      | 29                                       |
| II 65K18                                   | Petrol. Refinery Equipment               | 30,070                                                             | /                                       | 742                        | 36,097                                                         | 41,252                                                                                      | 39,776   | 35,856       | 262   | 0                                          | 45                                     | 3,613                                    |
| II 65K19                                   | Glass Ind. Machinery                     | 136                                                                | /                                       | 28                         | 89                                                             | 601                                                                                         | 89       | 61           | 0     | 0                                          | 0                                      | 28                                       |
| II 65K20                                   | Chemical Ind. Machinery                  | 662                                                                | /                                       | 154                        | 156                                                            | 501                                                                                         | 173      | 24           | 0     | 0                                          | 0                                      | 169                                      |
| II 65K21                                   | Gas Producing Machinery                  | 1,224                                                              | /                                       | 287                        | 814                                                            | 2,650                                                                                       | 1,280    | 993          | 0     | 0                                          | 0                                      | 287                                      |
| II 65K22                                   | Other Special Machines                   | 2,220                                                              | /                                       | 176                        | 980                                                            | 3,478                                                                                       | 1,910    | 1,746        | 5     | 0                                          | 0                                      | 159                                      |
| II 65K23                                   | Cartridge Mfg. Lines                     | 607                                                                | /                                       | 232                        | 1,982                                                          | 12,317                                                                                      | 11,648   | 11,285       | 17    | 8                                          | 134                                    | 246                                      |
| II 65K24                                   | Swelling & Casting Equip.                | 234                                                                | /                                       | 15                         | 144                                                            | 850                                                                                         | 278      | 263          | 0     | 0                                          | 0                                      | 15                                       |
| II 65K25                                   | Non-Ferrous Rolling Mills                | 1,290                                                              | /                                       | 84                         | 980                                                            | 6,754                                                                                       | 5,223    | 5,198        | 0     | 0                                          | 1                                      | 24                                       |
| II 65K26                                   | Misc. Metal Working Equip.               | 3,196                                                              | /                                       | 398                        | 3,831                                                          | 4,047                                                                                       | 3,934    | 3,528        | 8     | 0                                          | 0                                      | 398                                      |
| II 65K27                                   | Attachments for Machine Tools            | 363                                                                | /                                       | 39                         | 220                                                            | 1,234                                                                                       | 752      | 671          | 17    | 0                                          | 14                                     | 50                                       |
| II 65K28                                   | Agricultural Machinery                   | 214                                                                | /                                       | 14                         | 113                                                            | 242                                                                                         | 121      | 107          | 0     | 0                                          | 0                                      | 14                                       |

See footnotes on Sheet 5



|                                      |                                        | Third Protocol Performance<br>July 1, 1943 to<br>December 31, 1943 |                                   | Exported             |                                                 | Cumulative Performance - 1st, 2nd and 3rd Protocols<br>October 1, 1941 to December 31, 1943 |           |              |        |                                      |                                   |                                    | Sheet 5 |  |
|--------------------------------------|----------------------------------------|--------------------------------------------------------------------|-----------------------------------|----------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------|-----------|--------------|--------|--------------------------------------|-----------------------------------|------------------------------------|---------|--|
| Ref.                                 | Item                                   | Made Available<br>a                                                | Offered to be Made Available<br>b | During December 1943 | During Third Protocol Period 7/1/43 to 12/31/43 | Made Available<br>c                                                                         | Exported  | Arrived<br>d | Lost   | Diverted to Others After Export<br>e | In U. S. Awaiting Forwarding<br>f | Balance On Hand Dec. 31, 1943<br>g |         |  |
|                                      |                                        |                                                                    |                                   |                      |                                                 |                                                                                             |           |              |        |                                      |                                   |                                    |         |  |
| MACHINERY AND EQUIPMENT (cont.)      |                                        |                                                                    |                                   |                      |                                                 |                                                                                             |           |              |        |                                      |                                   |                                    |         |  |
| Auxiliary Machinery (cont.)          |                                        |                                                                    |                                   |                      |                                                 |                                                                                             |           |              |        |                                      |                                   |                                    |         |  |
| II 65K28                             | Oil Well Drilling Equipment            | 1,458                                                              | /                                 | 45                   | 2,801                                           | 4,792                                                                                       | 4,073     | 4,016        | 0      | 0                                    | 14                                | 43                                 |         |  |
| II 65K29                             | Rock Drilling Equip.                   | 387                                                                | /                                 | 0                    | 0                                               | 401                                                                                         | 14        | 13           | 0      | 0                                    | 1                                 | 0                                  |         |  |
| II 65K30                             | Construction Machinery                 | 28                                                                 | /                                 | 0                    | 135                                             | 338                                                                                         | 321       | 321          | 0      | 0                                    | 0                                 | 0                                  |         |  |
| II 65K31                             | Office Machines                        | 0                                                                  | /                                 | 0                    | 0                                               | 49                                                                                          | 48        | 48           | 0      | 0                                    | 0                                 | 0                                  |         |  |
| II 65K32                             | Misc. Machines                         | 686                                                                | /                                 | 84                   | 397                                             | 1,296                                                                                       | 543       | 457          | 0      | 0                                    | 2                                 | 84                                 |         |  |
| II 65K33                             | Communication Equip.                   | 4,734                                                              | /                                 | 145                  | 1,913                                           | 5,674                                                                                       | 2,523     | 2,464        | 9      | 0                                    | 10                                | 40                                 |         |  |
| II 65K33A                            | Teletype Apparatus                     | 241                                                                | /                                 | 75                   | 758                                             | 818                                                                                         | 775       | 708          | 0      | 0                                    | 0                                 | 67                                 |         |  |
| II 65K34                             | Industrial & R.R. Trans. Equip.        | 596                                                                | /                                 | 337                  | 1,094                                           | 2,143                                                                                       | 1,561     | 1,316        | 0      | 0                                    | 0                                 | 245                                |         |  |
| II 65K35                             | Motor Vehicles & Parts                 | 12                                                                 | /                                 | 7                    | 16                                              | 170                                                                                         | 170       | 160          | 3      | 0                                    | 0                                 | 7                                  |         |  |
| II 65K 36                            | Refrigeration Equip.                   | 15                                                                 | /                                 | 5                    | 18                                              | 28                                                                                          | 18        | 17           | 0      | 0                                    | 0                                 | 1                                  |         |  |
| II 65K37                             | Lighting Fixtures                      | 16                                                                 | /                                 | -                    | 68                                              | 256                                                                                         | 256       | 223          | 33     | 0                                    | 0                                 | -                                  |         |  |
| II 65K38                             | Photographic Equipment                 | 188                                                                | /                                 | 9                    | 337                                             | 1,589                                                                                       | 1,291     | 815          | 75     | 0                                    | 392                               | 9                                  |         |  |
| II 65K39                             | Indicating & Other Instruments         | 903                                                                | /                                 | 275                  | 915                                             | 2,533                                                                                       | 2,201     | 1,966        | 35     | 0                                    | 0                                 | 200                                |         |  |
| II 65K40                             | Professional Instruments               | 521                                                                | /                                 | 9                    | 312                                             | 1,251                                                                                       | 808       | 762          | 37     | 0                                    | 0                                 | 9                                  |         |  |
| II 65K41                             | Misc. Equipment                        | 76                                                                 | /                                 | 7                    | 83                                              | 415                                                                                         | 360       | 319          | 34     | 0                                    | 0                                 | 7                                  |         |  |
| II 65K42                             | Hand Tools                             | 10                                                                 | /                                 | 3                    | 16                                              | 157                                                                                         | 145       | 137          | 8      | 0                                    | 0                                 | -                                  |         |  |
| Total Auxiliary Equipment (\$1,000)  |                                        | 61,707                                                             | 18,250                            | 5,819                | 64,440                                          | 130,313                                                                                     | 103,719   | 93,686       | 1,024  | 26                                   | 957                               | 8,026                              |         |  |
| Emergency Equipment                  |                                        |                                                                    | 12,500                            |                      |                                                 |                                                                                             |           |              |        |                                      |                                   |                                    |         |  |
| Total Machinery and Equip. (\$1,000) |                                        | 241,043                                                            | 224,850                           | 36,664               | 215,267                                         | 485,903                                                                                     | 406,646   | 348,948      | 10,597 | 52                                   | 9,538                             | 37,511                             |         |  |
| II 110                               | Locomotives (units)                    | 226                                                                | 0                                 | 70                   | 114                                             | 226                                                                                         | 114       | 50           | 0      | 0                                    | 0                                 | 64                                 |         |  |
| II 111                               | Flat Cars (units)                      | 3,192                                                              | 2,400                             | 371                  | 470                                             | 3,192                                                                                       | 470       | 99           | 0      | 0                                    | 0                                 | 371                                |         |  |
| FOODSTUFFS                           |                                        |                                                                    |                                   |                      |                                                 |                                                                                             |           |              |        |                                      |                                   |                                    |         |  |
| (Units - tons)                       |                                        |                                                                    |                                   |                      |                                                 |                                                                                             |           |              |        |                                      |                                   |                                    |         |  |
| IV 1A                                | Wheat                                  | 6,222                                                              | /                                 | 6,222                | 6,222                                           | 35,471                                                                                      | 35,471    | 29,248       | 0      | 0                                    | 0                                 | 6,223                              |         |  |
| SP 101A                              | Other Grains                           | 2,208                                                              | /                                 | 0                    | 2,208                                           | 5,362                                                                                       | 5,362     | 5,362        | 0      | 0                                    | 0                                 | 0                                  |         |  |
| IV 1B                                | Wheat Flour                            | 115,677                                                            | /                                 | 39,420               | 115,677                                         | 353,469                                                                                     | 353,469   | 299,234      | 2,894  | 5,062                                | 0                                 | 46,279                             |         |  |
| IV 1C                                | Flour other than Wheat                 | 31,112                                                             | /                                 | 8,637                | 31,112                                          | 44,847                                                                                      | 44,847    | 32,230       | 0      | 0                                    | 0                                 | 12,617                             |         |  |
| IV 1D                                | Other Basic Grain Mill Products        | 4,286                                                              | /                                 | 1,851                | 4,286                                           | 18,905                                                                                      | 18,905    | 17,053       | 0      | 0                                    | 0                                 | 1,852                              |         |  |
| SP 112A                              | Other Finished Cereals and Prods.      | 29,709                                                             | /                                 | 8,592                | 29,709                                          | 83,674                                                                                      | 83,674    | 72,939       | 1,065  | 528                                  | 0                                 | 9,142                              |         |  |
| SP 101B                              | Dried Peas and Beans                   | 61,885                                                             | /                                 | 27,234               | 61,885                                          | 174,006                                                                                     | 174,006   | 107,348      | 6,993  | 23,138                               | 0                                 | 36,527                             |         |  |
| Total Wheat, Cereals, etc.           |                                        | 251,100                                                            | 200,000                           | 91,956               | 251,100                                         | 725,734                                                                                     | 725,734   | 563,414      | 10,952 | 28,728                               | 0                                 | 112,640                            |         |  |
| IV 2A                                | Sugar from U.S. Mainland               | 127,441                                                            | 56,000                            | 35,884               | 127,441                                         | 298,390                                                                                     | 298,390   | 225,346      | 15,541 | 12,364                               | 0                                 | 45,139                             |         |  |
| IV 2B                                | Sugar from Other Sources               | 0                                                                  | 162,400                           | 0                    | 0                                               | 26,517                                                                                      | 26,517    | 26,517       | 0      | 0                                    | 0                                 | 0                                  |         |  |
| IV 3A                                | Canned Meat                            | 63,114                                                             | /                                 | 23,840               | 63,114                                          | 293,742                                                                                     | 293,742   | 234,960      | 16,200 | 14,842                               | 581                               | 27,159                             |         |  |
| IV 3B                                | Tushons                                | 86,126                                                             | /                                 | 14,321               | 86,126                                          | 91,186                                                                                      | 91,186    | 69,442       | 622    | 0                                    | 0                                 | 21,122                             |         |  |
| Total Canned Meats                   |                                        | 149,240                                                            | 112,000                           | 38,161               | 149,240                                         | 384,928                                                                                     | 384,928   | 304,402      | 16,822 | 14,842                               | 581                               | 48,281                             |         |  |
| IV 4A                                | Cured Meat                             | 3,761                                                              | /                                 | 64                   | 3,761                                           | 15,822                                                                                      | 15,822    | 14,957       | 499    | 302                                  | 0                                 | 64                                 |         |  |
| IV 4C                                | Sausage & Meat Preparations-not canned | 72                                                                 | /                                 | 0                    | 72                                              | 236                                                                                         | 236       | 236          | 0      | 0                                    | 0                                 | 0                                  |         |  |
| SP 119                               | Dehydrated Meats                       | 3,604                                                              | /                                 | 2,277                | 3,604                                           | 4,315                                                                                       | 4,315     | 1,762        | 0      | 0                                    | 0                                 | 2,553                              |         |  |
| Total Cured & Dehy. Meats            |                                        | 7,437                                                              | 10,000                            | 2,341                | 7,437                                           | 20,373                                                                                      | 20,373    | 16,955       | 499    | 302                                  | 0                                 | 2,617                              |         |  |
| SP 107A                              | Butter                                 | 39,091                                                             | 19,600                            | 8,270                | 39,091                                          | 50,794                                                                                      | 50,794    | 43,274       | 365    | 735                                  | 0                                 | 4,420                              |         |  |
| SP 107B                              | Carter Spread                          | 0                                                                  | 0                                 | 0                    | 0                                               | 0                                                                                           | 0         | 0            | 0      | 0                                    | 0                                 | 0                                  |         |  |
| IV 5A                                | Lard                                   | 53,040                                                             | /                                 | 21,517               | 53,040                                          | 122,820                                                                                     | 122,820   | 76,995       | 6,202  | 16,846                               | 0                                 | 22,777                             |         |  |
| IV 4B                                | Fat Cuts                               | 83,076                                                             | /                                 | 21,658               | 83,076                                          | 173,792                                                                                     | 173,792   | 142,455      | 2,418  | 4,142                                | 0                                 | 24,777                             |         |  |
| IV 5B                                | Other Animal Fats & Oils               | 6,403                                                              | /                                 | 1,692                | 6,403                                           | 21,981                                                                                      | 21,981    | 19,209       | 506    | 539                                  | 0                                 | 1,727                              |         |  |
| Total Animal Fats & Fat Cuts         |                                        | 142,719                                                            | 144,000                           | 44,867               | 142,719                                         | 318,593                                                                                     | 318,593   | 238,659      | 9,126  | 21,527                               | 0                                 | 49,281                             |         |  |
| IV 6A                                | Vegetable Oils                         | 90,670                                                             | /                                 | 28,132               | 90,670                                          | 210,355                                                                                     | 210,355   | 180,699      | 12     | 0                                    | 0                                 | 29,644                             |         |  |
| IV 6B                                | Shortening                             | 11,113                                                             | /                                 | 4,876                | 11,113                                          | 23,333                                                                                      | 23,333    | 15,904       | 286    | 2,140                                | 0                                 | 5,003                              |         |  |
| SP 123                               | Oleomargarine                          | 24,715                                                             | /                                 | 4,491                | 24,715                                          | 29,477                                                                                      | 29,477    | 21,910       | 345    | 0                                    | 0                                 | 7,222                              |         |  |
| Total Vegetable Oils, etc.           |                                        | 126,498                                                            | 112,500                           | 37,499               | 126,498                                         | 263,165                                                                                     | 263,165   | 218,513      | 643    | 2,140                                | 0                                 | 41,869                             |         |  |
| SP 114                               | Dried Milk                             | 25,500                                                             | /                                 | 12,188               | 25,500                                          | 42,479                                                                                      | 42,479    | 24,689       | 449    | 4,394                                | 0                                 | 12,947                             |         |  |
| SP 109                               | Canned Milk (Condensed & Evap.)        | 5,825                                                              | /                                 | 288                  | 5,825                                           | 11,123                                                                                      | 11,123    | 9,863        | 188    | 0                                    | 0                                 | 1,072                              |         |  |
| SP 111                               | Dried Eggs                             | 22,000                                                             | /                                 | 8,253                | 22,000                                          | 53,003                                                                                      | 53,003    | 32,567       | 4,137  | 5,296                                | 0                                 | 11,003                             |         |  |
| SP 104A                              | Dried Fruits                           | 301                                                                | /                                 | 0                    | 301                                             | 983                                                                                         | 983       | 983          | 0      | 0                                    | 0                                 | 0                                  |         |  |
| SP 104B                              | Dried Vegetables (except peas, beans)  | 1,929                                                              | /                                 | 547                  | 1,929                                           | 2,486                                                                                       | 2,486     | 1,912        | 0      | 0                                    | 0                                 | 574                                |         |  |
| SP 112B                              | Concentrated Cereals                   | 4,664                                                              | /                                 | 1,153                | 4,664                                           | 5,803                                                                                       | 5,803     | 4,560        | 0      | 0                                    | 0                                 | 1,243                              |         |  |
| SP 116B                              | Dried Soups                            | 5,698                                                              | /                                 | 674                  | 5,698                                           | 5,968                                                                                       | 5,968     | 4,495        | 105    | 0                                    | 0                                 | 1,368                              |         |  |
| SP 106                               | Chowee                                 | 8,109                                                              | /                                 | 2,871                | 8,109                                           | 11,830                                                                                      | 11,830    | 7,637        | 295    | 0                                    | 0                                 | 3,898                              |         |  |
| SP 116A                              | Fruit & Veg. Pastes & Purées           | 1,672                                                              | /                                 | 369                  | 1,672                                           | 2,082                                                                                       | 2,082     | 1,713        | 0      | 0                                    | 0                                 | 369                                |         |  |
| SP 115                               | Flavoring Extracts                     | 196                                                                | /                                 | 0                    | 196                                             | 743                                                                                         | 743       | 741          | 2      | 0                                    | 0                                 | 0                                  |         |  |
| Total Concentrates, etc.             |                                        | 75,894                                                             | 88,500                            | 26,343               | 75,894                                          | 136,500                                                                                     | 136,500   | 89,160       | 5,176  | 9,690                                | 0                                 | 32,474                             |         |  |
| IV 7A                                | Soap                                   | 1,204                                                              | /                                 | 245                  | 1,204                                           | 6,008                                                                                       | 6,008     | 5,652        | 111    | 0                                    | 0                                 | 245                                |         |  |
| IV 7B                                | Soap Stock                             | 0                                                                  | /                                 | 0                    | 0                                               | 322                                                                                         | 322       | 0            | 0      | 322                                  | 0                                 | 0                                  |         |  |
| Total Soap & Soap Stock              |                                        | 1,204                                                              | 5,600                             | 245                  | 1,204                                           | 6,330                                                                                       | 6,330     | 5,652        | 111    | 322                                  | 0                                 | 245                                |         |  |
| SP 103A                              | Canned Fruits                          | 1,178                                                              | 0                                 | 0                    | 1,178                                           | 1,509                                                                                       | 1,509     | 1,509        | 0      | 0                                    | 0                                 | 0                                  |         |  |
| SP 103B                              | Canned Vegetables                      | 582                                                                | 0                                 | 40                   | 582                                             | 1,323                                                                                       | 1,323     | 1,284        | 0      | 0                                    | 0                                 | 39                                 |         |  |
| SP 105A                              | Fresh Fruits                           | 49                                                                 | 0                                 | 0                    | 49                                              | 53                                                                                          | 53        | 53           | 0      | 0                                    | 0                                 | 0                                  |         |  |
| SP 105B                              | Fresh Vegetables                       | 1,031                                                              | 0                                 | 0                    | 1,031                                           | 1,100                                                                                       | 1,100     | 1,100        | 0      | 0                                    | 0                                 | 0                                  |         |  |
| SP 110                               | Table Salt                             | 321                                                                | 0                                 | 0                    | 321                                             | 1,856                                                                                       | 1,856     | 1,856        | 0      | 0                                    | 0                                 | 0                                  |         |  |
| SP 117                               | Tea                                    | 249                                                                | 0                                 | 64                   | 249                                             | 871                                                                                         | 871       | 807          | 0      | 0                                    | 0                                 | 64                                 |         |  |
| SP 118                               | Coffee                                 | 1,127                                                              | 0                                 | 0                    | 1,127                                           | 3,891                                                                                       | 3,891     | 3,331        | 0      | 560                                  | 0                                 | 0                                  |         |  |
| SP 108                               | Spices                                 | 1,143                                                              | 0                                 | 0                    | 1,143                                           | 1,214                                                                                       | 1,214     | 1,214        | 0      | 0                                    | 0                                 | 0                                  |         |  |
| SP 121A                              | Meat Wtts from Turkey                  | 3,638                                                              | 0                                 | 0                    | 3,638                                           | 3,638                                                                                       | 3,638     | 3,638        | 0      | 0                                    | 0                                 | 0                                  |         |  |
| SP 121B                              | Other Wtts                             | 0                                                                  | 0                                 | 0                    | 0                                               | 58                                                                                          | 58        | 58           | 0      | 0                                    | 0                                 | 0                                  |         |  |
| SP 122                               | Teast                                  | 381                                                                | 0                                 | 78                   | 381                                             | 689                                                                                         | 689       | 498          | 0      | 112                                  | 0                                 | 79                                 |         |  |
| SP 113                               | Vitamins                               | 69                                                                 | 0                                 | 42                   | 69                                              | 336                                                                                         | 336       | 257          | 0      | 36                                   | 0                                 | 43                                 |         |  |
| SP 120A                              | Seeds, Land-Lease                      | 649                                                                | 0                                 | 147                  | 649                                             | 9,172                                                                                       | 9,172     | 8,957        | 18     | 0                                    | 0                                 | 197                                |         |  |
| SP 120B                              | Seeds, R. W. R.                        | 104                                                                | 0                                 | 3                    | 104                                             | 1,593                                                                                       | 1,593     | 1,590        | 0      | 0                                    | 0                                 | 3                                  |         |  |
| SP 100                               | Other Foodstuffs                       | 1,547                                                              | 0                                 | 132                  | 1,547                                           | 2,347                                                                                       | 2,347     | 2,213        | 1      | 0                                    | 0                                 | 133                                |         |  |
| SP 102                               | Feed                                   | 3,282                                                              | 0                                 | 0                    | 3,282                                           | 5,258                                                                                       | 5,258     | 5,258        | 0      | 0                                    | 0                                 | 0                                  |         |  |
| Total Non-Protocol Foods             |                                        | 15,350                                                             | 0                                 | 506                  | 15,350                                          | 34,908                                                                                      | 34,908    | 33,643       | 19     | 708                                  | 0                                 | 598                                |         |  |
| Total Foodstuffs                     |                                        | 935,973                                                            | 910,600                           | 886,072              | 935,973                                         | 2,256,232                                                                                   | 2,256,232 | 1,765,515    | 59,254 | 91,358                               | 581                               | 339,524                            |         |  |

See footnotes on Sheet 6



Sheet 6

| Ref.                                | Item                                      | Third Protocol Performance<br>July 1, 1943 to<br>December 31, 1943 |                                         | Exported                   |                                                                | Cumulative Performance - 1st, 2nd and 3rd Protocols<br>October 1, 1941 to December 31, 1943 |          |              |      |                                            |                                           |                                           |
|-------------------------------------|-------------------------------------------|--------------------------------------------------------------------|-----------------------------------------|----------------------------|----------------------------------------------------------------|---------------------------------------------------------------------------------------------|----------|--------------|------|--------------------------------------------|-------------------------------------------|-------------------------------------------|
|                                     |                                           | Made<br>Available<br>a                                             | Offered<br>to be Made<br>Available<br>b | During<br>December<br>1943 | During<br>Third<br>Protocol<br>Period<br>7/1/43 to<br>12/31/43 | Made<br>Available<br>c                                                                      | Exported | Arrived<br>d | Lost | Diverted<br>To Others<br>After<br>Export e | In U. S.<br>Awaiting<br>Forward-<br>ing f | Balance<br>En Route<br>Dec. 31,<br>1943 g |
|                                     |                                           |                                                                    |                                         |                            |                                                                |                                                                                             |          |              |      |                                            |                                           |                                           |
| <b>NAVAL &amp; MARINE EQUIPMENT</b> |                                           |                                                                    |                                         |                            |                                                                |                                                                                             |          |              |      |                                            |                                           |                                           |
| VI 1                                | Marine Diesel Engines                     | 336                                                                | (517g) 3                                | 12                         | 373                                                            | 814                                                                                         | 730      | 706          | 9    | 0                                          | 0                                         | 15                                        |
| VI 2                                | Marine Gasoline Engines                   | 1,354                                                              | (156g)                                  | 162                        | 1,223                                                          | 3,207                                                                                       | 2,461    | 2,188        | 46   | 0                                          | 65                                        | 162                                       |
| VI 4                                | Outboard Motors                           | 400                                                                | 0                                       | 15                         | 400                                                            | 600                                                                                         | 600      | 600          | 0    | 0                                          | 0                                         | 0                                         |
| VI 5                                | Dry Cargo Vessels Transferred             | 4                                                                  | 0                                       | 0                          | 4                                                              | 57                                                                                          | 57       |              |      |                                            |                                           |                                           |
| VI 6                                | Tankers Transferred                       | 6                                                                  | 0                                       | 1                          | 6                                                              | 13                                                                                          | 13       |              |      |                                            |                                           |                                           |
| VI 7                                | Minesweepers                              | 10                                                                 | (10g)                                   | 0                          | 10                                                             | 10                                                                                          | 10       |              |      |                                            |                                           |                                           |
| VI 9                                | Submarine Chasers                         | 12                                                                 | 0                                       | 0                          | 12                                                             | 12                                                                                          | 12       |              |      |                                            |                                           |                                           |
| VI 10                               | Landing Boats                             | 30                                                                 | 0                                       | 0                          | 30                                                             | 30                                                                                          | 30       | 30           | 0    | 0                                          | 0                                         | 0                                         |
| VI 11                               | Motor Torpedo Boats                       | 18                                                                 | 0                                       | 5                          | 18                                                             | 30                                                                                          | 30       | 15           | 3    | 7                                          | 0                                         | 3                                         |
| VI 11A                              | Crash Boats                               | 59                                                                 | 0                                       | 17                         | 17                                                             | 59                                                                                          | 17       | 0            | 0    | 0                                          | 0                                         | 17                                        |
| VI 12                               | 3"/50 Cal. D. D. Deck Guns                | 135                                                                | 0                                       | 33                         | 237                                                            | -                                                                                           | 313      | 184          | 6    | 0                                          | 36                                        | 87                                        |
| VI 13                               | 5"/38 Cal. D. D. Guns                     | 32                                                                 | 0                                       | 30                         | 90                                                             | -                                                                                           | 90       | 52           | 0    | 0                                          | 0                                         | 38                                        |
| VI 16                               | .50 Cal. Twin M. G.                       | 224                                                                | 300                                     | 0                          | 280                                                            | -                                                                                           | 280      | 255          | 0    | 0                                          | 0                                         | 25                                        |
| VI 17                               | Oerlikon Guns                             | 300                                                                | 0                                       | 40                         | 818                                                            | -                                                                                           | 1,598    | 1,197        | 111  | 150                                        | 0                                         | 140                                       |
| VI 18                               | Ammunition for Naval Armament             |                                                                    | Furnished With Armament                 |                            |                                                                |                                                                                             |          |              |      |                                            |                                           |                                           |
| VI 19                               | Storage Batteries for Subs.               | 6                                                                  | (15g)                                   | 1                          | 6                                                              | 22                                                                                          | 21       | 18           | 0    | 0                                          | 2                                         | 1                                         |
| VI 20                               | Diesel Generators & Gen. Comps.           | 80                                                                 | (800g) 26                               | 10                         | 101                                                            | 326                                                                                         | 262      | 245          | 0    | 0                                          | 0                                         | 17                                        |
| VI 21                               | Gas Engine Generators                     | 0                                                                  | 150                                     | 0                          | 0                                                              | 0                                                                                           | 0        | 0            | 0    | 0                                          | 0                                         | 0                                         |
| VI 22                               | Marine Turbo Generators                   | 0                                                                  | (10g)                                   | 0                          | 10                                                             | 14                                                                                          | 14       | 14           | 0    | 0                                          | 0                                         | 0                                         |
| VI 23                               | Electric Motors, Motor Gens., & Gens.     | 638                                                                | (210g) 522                              | 45                         | 404                                                            | 638                                                                                         | 404      | 359          | 0    | 0                                          | 0                                         | 45                                        |
| VI 24                               | Portable Water Pumps                      | 35                                                                 | 0                                       | 15                         | 21                                                             | 41                                                                                          | 21       | 6            | 0    | 0                                          | 0                                         | 15                                        |
| VI 25                               | Marine Pumps Non-Portable                 | 168                                                                | (257g)                                  | 43                         | 47                                                             | 169                                                                                         | 47       | 4            | 0    | 0                                          | 0                                         | 43                                        |
| VI 25A                              | Marine Turbo Pumps                        | 32                                                                 | 0                                       | 0                          | 53                                                             | 63                                                                                          | 53       | 45           | 0    | 0                                          | 0                                         | 8                                         |
| VI 30                               | Elec. & Pneumatic Underwater Tools (sets) | 0                                                                  | 0                                       | 0                          | 0                                                              | 200                                                                                         | 200      | 200          | 0    | 0                                          | 0                                         | 0                                         |
| VI 31                               | Portable Electric Stations                | 68                                                                 | 0                                       | 0                          | 68                                                             | 80                                                                                          | 68       | 68           | 0    | 0                                          | 0                                         | 0                                         |
| VI 32                               | Jettying Equip. for Salvage (sets)        | 0                                                                  | (20g)                                   | 0                          | 0                                                              | 0                                                                                           | 0        | 0            | 0    | 0                                          | 0                                         | 0                                         |
| VI 33                               | Vertical Steam Boilers                    | 0                                                                  | (10g)                                   | 0                          | 0                                                              | 3                                                                                           | 3        | 2            | 0    | 0                                          | 0                                         | 1                                         |
| VI 34                               | Submarine Rescue Chambers                 | 1                                                                  | (1g)                                    | 0                          | 1                                                              | 1                                                                                           | 1        | 1            | 0    | 0                                          | 0                                         | 0                                         |
| VI 35                               | Windlasses with Motors                    | 4                                                                  | (5g)                                    | 4                          | 4                                                              | 4                                                                                           | 4        | 0            | 0    | 0                                          | 0                                         | 4                                         |
| VI 36                               | Electric Ventilating Sets                 | 649                                                                | (649g)                                  | 0                          | 104                                                            | 649                                                                                         | 225      | 225          | 0    | 0                                          | 0                                         | 0                                         |
| VI 37                               | Marine Turbo-Ventilators                  | 6                                                                  | (8g)                                    | 0                          | 32                                                             | 32                                                                                          | 32       | 32           | 0    | 0                                          | 0                                         | 0                                         |
| VI 38                               | Air Tanks                                 | 30                                                                 | (15g)                                   | 0                          | 0                                                              | 30                                                                                          | 0        | 0            | 0    | 0                                          | 0                                         | 0                                         |
| VI 39                               | Towing Winches                            | 0                                                                  | (10g)                                   | 0                          | 0                                                              | 0                                                                                           | 0        | 0            | 0    | 0                                          | 0                                         | 0                                         |
| VI 40                               | Rotary & Changeover Switches              | 0                                                                  | (3,000g)                                | 0                          | 850                                                            | 4,365                                                                                       | 850      | 850          | 0    | 0                                          | 0                                         | 0                                         |
| VI 41                               | Watertight Junction Boxes                 | 240                                                                | (240g)                                  | 0                          | 162                                                            | 240                                                                                         | 162      | 162          | 0    | 0                                          | 0                                         | 0                                         |
| VI 42                               | Auxiliary Equip. for Ships (sets)         | 0                                                                  | (10g) 0                                 | 0                          | -                                                              | -                                                                                           | -        | -            | 0    | 0                                          | 0                                         | 0                                         |
| VI 43                               | Elec. Instruments & Fixtures (\$1,000)    | 0                                                                  | 52                                      | 0                          | 143                                                            | 172                                                                                         | 145      | 145          | 0    | 0                                          | 0                                         | 0                                         |
| VI 45                               | Winter Diving Suits                       | 100                                                                | 0                                       | 0                          | 0                                                              | 100                                                                                         | 0        | 0            | 0    | 0                                          | 0                                         | 0                                         |
| VI 990                              | Optical & Navig. Instr., (\$1,000)        | *                                                                  | 0                                       | 4                          | 38                                                             | *                                                                                           | 56       | 52           | 0    | 0                                          | 0                                         | 4                                         |
| VI 990                              | Torpedo Equip., (\$1,000)                 | *                                                                  | 0                                       | 0                          | 0                                                              | *                                                                                           | 137      | 16           | 0    | 0                                          | 121                                       | 0                                         |
| VI 99B                              | Other Marine Mach. & Equip., (\$1,000)    | *                                                                  | 0                                       | 96                         | 280                                                            | *                                                                                           | 491      | 374          | -    | 0                                          | 13                                        | 104                                       |
| VI 99C                              | Other Elect. Mach. & Equip., (\$1,000)    | *                                                                  | 0                                       | 34                         | 323                                                            | *                                                                                           | 364      | 330          | 0    | 0                                          | 0                                         | 34                                        |
| VI 99E                              | Other Radio Equip., (\$1,000)             | *                                                                  | 0                                       | 2                          | 377                                                            | *                                                                                           | 869      | 866          | 1    | 0                                          | 0                                         | 2                                         |
| VI 99A                              | Misc. Stores & Equip., (\$1,000)          | *                                                                  | 0                                       | 256                        | 1,610                                                          | *                                                                                           | 2,741    | 2,522        | 0    | 0                                          | 0                                         | 219                                       |

In addition to the above Soviet Vessels have been repaired and armed in U. S. ports and supplied with stores for their return voyages.

Notes: All tons are 2000 lbs. net weight.

\*\* Data not available

\* Estimated

a From production or assignments in addition to quantities made available but not exported at end of Second Protocol period and after deductions of quantities repossessed or diverted before export.

b Offerings selected by U.S.S.R. are in excess of the aggregate of shipping commitments and reasonable stocks. Production control provisions of the Protocol have been exercised and will reduce production below offerings in some instances. Offerings for which no monthly schedules are quoted in the Protocol have been computed on the basis of proportional time elapsed.

c From production or assignments after deductions of quantities repossessed or diverted before export.

d Includes shipments for clearance through Persian Corridor reported arrived in Persian Gulf.

e 1943 shipments discharged in U.K. considered as awaiting for arding when other date is not yet available.

f Armament, spare parts and other equipment supplied in accordance with U.S. standards.

g Additional offering of Second Protocol items not made available by June 30, 1943.

h Offering under negotiation.

i Commitment has been reduced by U.S.S.R. in exchange for leather products.

j Value of orders accepted for Third Protocol chargeable to blanket offering for "Other Materials."

k Contained nickel chargeable to offering to 12/31/43 of 1,200 s.t. of nickel contained in steel and nickel products.

l Offering included in blanket offering to 12/31/43 of 67,200 s.t. of copper in various forms.

m Data not available in units of offering.

n Production control has been exercised. Other ferro-alloys are being substituted for portions of ferro-silicon and ferro-chrome originally offered.

o Partially offset by replacements below.

p Offset to diversions of shipments from U.S. above. Balance not replaced is from 1942 discharge operation.

q Petroleum products and foodstuffs made available as exported.

r Contained rubber charged to offering to 12/31/43 to supply 20,160 s.t. of crude, synthetic and reclaimed rubber in various forms except as contained in military items.

s The following, all of which have been released during the Third Protocol period from U.S.S.R. export stocks for redistribution to others have been deducted from amounts made available.

|          |                  |       |       |                    |                          |
|----------|------------------|-------|-------|--------------------|--------------------------|
| II 45    | Methanol         | 728   | II 50 | Potassium Nitrate  | 410                      |
| II 48    | Ammonia Chloride | 211   | II 60 | Potassium Sulphate | 946                      |
| II 61A23 | Ammonium Nitrate | 2,406 | II 39 | Sodium Bromide     | 729                      |
| II 61A9  | Aniline Oil      | 1,872 |       |                    |                          |
| II 40    | Phosphorus       | 1,027 |       |                    |                          |
|          |                  |       |       |                    | Total Chemicals Released |
|          |                  |       |       |                    | 8,329                    |

x Emergency equipment valued at \$21,200,000 has been placed in procurement to December 31, 1944. Amounts of emergency equipment made available are included in pertinent categories above. Also substitutions have been made from category to category. Performance is measured by total amounts made available rather than by individual items.

## MEMORANDUM FOR THE SECRETARY.

February 4, 1944.

Mail Report

The tension of last week's mail was somewhat eased this week, but controversy was still strong. Four or five correspondents derided the statement, "A man who works with his hands shouldn't be paid as much as \$5,000 a year", attributed to a Treasury agent by the author of "You Can't Pay Workers That Much", in the Reader's Digest for February. Russia's attitude toward the Polish question, and also Japanese atrocities in the Philippines drew angry protests, often coupled with refusals to buy more bonds until the United States takes sterner measures. Opinion swayed far to the side of the Treasury in regard to the threat of Emil Placek, Nebraska banker, to report to local ration and draft boards those failing to buy bonds during the Fourth Drive.

Now and then there was comment, for the most part favorable, about the radio program of January 30 in Bridgeport, Connecticut.

Again several persons reported that rumors are sweeping through industrial groups to the effect that bonds will be worthless or greatly devaluated when the war is ended. Relatively few bonds were submitted directly to this office for redemption, and complaints about delays ran much as they have in the last month.

Half a dozen further communications about the tax strike in Connecticut sided unanimously with Miss Kellems. Only two persons responded to publicity regarding the Secretary's statement that he is suffering from tax malnutrition. One of these spoke favorably of the Treasury's tax program, the other unfavorably; and there were in addition several who opposed further



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Memorandum for the Secretary.

February 4, 1944.

increase in taxes. Many of this week's letters demanding simplification of tax forms enclosed the now popular news reports of the failure of any two income tax experts to reach the same figure for tax liabilities on identical incomes.

Although little mail about the new War Refugee Board reached this office directly, numbers of letters and telegrams in praise of its creation were referred here by the White House.

January was a low month in the receipt of mail forwarded from the White House. Only 354 pieces came over, of which 155 were handled in the Correspondence Division.

Kay Pearson

General Comments

Frank J. Coleman, Legal Representative, International Plate Printers, Die Stammers and Engravers Union of North America, Washington, D. C. On last Sunday evening, January 30, 1944, I listened very intently to your address over the radio from Bridgeport, Conn. I was very much impressed with your remarks on that occasion. I would like to know if it would be possible to secure a copy of your address for publication in the "Plate Printer".

Post card signed "A Listener". Mailed in Detroit, Mich. It was surely a pleasure to hear you talk from Bridgeport, Conn., last night. One of the bright spots was the good, sensible, friendly feeling between those two Union workers, declaring that they had no trouble getting along. What a comparison to the way Union things are out here in Detroit, the nest of strike organizers and agitators. Our pests use any little excuse to strike -- high cost of living, etc. If one offensive man feels tired and quits, out goes thousands, and next comes the paid pickets; result, strikes all the time and more strikes.

Owen Cecil Hunt, Charleston, W. Va. I listened in on your radio program tonight. Enjoyed it very much, and the persons from Bridgeport giving their experiences. Mr. Morgenthau, I started back in 1938 buying the Baby Bonds which I considered at that time an investment, but after the Pearl Harbor attack, I considered it a necessity to buy bonds. I am just a Railroad Company Assistant Foreman. I have a \$25.00 permanent deduction each month from my pay for bonds. Will tomorrow have same increased to \$37.50 per month. Am glad to tell you I bought a total of \$1,530.25 last year, and purchased a \$500 Bond this month, and pledge myself to continue as long as I am able to work, and hope all my money goes to get a Jap.

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D. K. Stone, St. Petersburg, Fla. I was at a radio the other night listening to your broadcast with the synthetic G.I. Jimmy Jones. As an A.E.F. #1 man, I just listened. The net opinion of 12 Air Corps men was that the program was "Corny" and filled with politics. The present day G.I. resents politics, especially your attempt to slip in the old New Deal under a new name.

N. F. Chandley, Southbridge, Mass. In the current issue of the Reader's Digest an article stated that a Treasury Department employee has said, in effect, that "No man working with his hands has a right to be paid \$5,000", while testifying on the case of the Lincoln Company, manufacturers of welding equipment. I am not a letter writer by avocation, this being the first letter of indignation I ever wrote. Nor have I any axe to grind, as I am Vice-President and Treasurer of a small firm, not working with my hands, so to speak. It does seem that the philosophy of the present Administration is the direct antithesis of such a remark or belief. It is also becoming more apparent that specious liars directing the acts and policies of the Government are the most inconsistent collection of Sophists ever assembled anywhere. While ranting against class-distinction and "Economic Royalists" with the right hand, the left is busy standing up the straw-men the right hand has knocked over. In this country, where the prevailing belief is that any man is entitled to whatever he earns honestly, regardless of the method involved, such a statement from a supposedly representative employee of an influential department is unequivocal blasphemy. Or could it be that a man earning \$4,000 per year with his head, spoke in pique?

Letter addressed to the President by Jesse Price Berry, Route 2, Yamhill, Oregon, and referred to the Treasury for handling. I am a little boy 12 years old. I want



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to tell you about just what my troubles are. I have wanted a triumphit for a long time and worked all last summer to get one picking cherries and picking up Prunes Walnuts Filberts while dady had been away from home working. When he got back he had me get a war bond insted of my triumphit. He said you needed my money to win the war. I think I could get a second hand triumphit if I had my war bond cashed. I gest wonder if my one bond would ceep you from winning the war if it would not help very much maby dady might let me cash it and get me a triumphit if I can fined one for that price please let me know what you think. Your friend, Jesse Price Berry

Dorothy Snyder, Secretary, Eighth Grade, Lincoln School, Grove City, Pa. As a class project our room has raised \$18.75 to be presented to the Government for the Fourth War Loan Drive. We are proud to say that this money is over and above the amount we bring each week for Stamps.

John L. Samson, Amboy, Minn. Enclosed you will find War Bond that I am sending you. I don't want any interest or back pay on this bond from our Government. It is donated to our War Bond Department, the same as the 8 bonds I sent you in April, 1943. I would consider it a kindness if you will let me know if you get the bond.

A. A. Hilliard, President, The First National Bank, Attica, Kans. In making the Third War Loan Drive the committee assigned to Liberty Township, Harper County, Kansas, called on Mr. F. N. Turner who is a resident of their township. They asked for his support

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in helping meet the quota which had been assigned their Township. Mr. Turner refused to buy bonds, stating that it was against his religious belief; that he would not have bonds issued in his name, but he would donate to the U. S. Government if they needed it, and accordingly gave his check for \$200.00 which I am enclosing herewith. If amounts are accepted in this manner, you will please apply it to the proper fund.

C. G. Hoag, Haverford, Pa. I write to urge you to have some of your monetary experts work out a plan by which this country can help China to stop further inflation. It is of the utmost importance to us to have free China's economy and the Chiang Kai Chek regime strong and stable. And we have the means to make it so. We could well use some of our gold to help China; and of course, our buried gold is not doing anything for us.

Peggy, John and Jerry Sullivan, N.Y.C. Please don't be mad at us for not sending any money for so long. Our dad went back in the Army so we saved to buy him a preasant. We hope you are well. Also we hope presedant Roosevelt is well. Our little baby Danny boy is in the bond contest. He have sold quite a number of bonds. He will sell more before the 15 of feb. He is the best looking baby in the contest and every one loves him. Good bye for now from Peggy, John and Jerry. God bless you. (\$1.00 bill enclosed)

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Comments on Bond Sales Methods  
Employed by Emil E. Placek, Banker,  
Wahoo, Nebraska.

Pro-Treasury

W. S. Whirlow, Kingfisher, Oklahoma. The first of the two newspaper clippings is taken from the Oklahoma City Times of the 29th instant, and the second is from the Daily Oklahoman. As these two newspapers are usually reliable, I presume that you are correctly quoted in the second clipping and that your action in rebuking Mr. Emil Placek in regard to the sale of War Bonds is correctly stated. I am writing this letter to you to tell you most emphatically that I am in favor of your present method of disposing of these bonds, and I sincerely hope you will not change your plan in the future. I shall be very pleased to hear of your rebuking all crooked bankers who may suggest to you any other method. I think you may be sure that any method suggested by the bankers will be more in favor of the bankers than our Government. \* \* \*

Mrs. Charles A. Neubauer, Long Island City, New York. I recently read in the newspapers that you had reprimanded a banker who had used unorthodox methods to force people in his district to buy War Bonds. \* \* \* My husband was employed by the Pilot Radio Corporation of 37-06 36th Street, Long Island City, for a period of eleven months. His average earnings were \$30 per week. After tax and Union deductions, it more nearly averaged \$26.00 weekly. We have a 2½ year old son who was stricken in November with a very serious blood disease and we incurred quite a debt before his recovery. At the start of the Fourth War Loan Drive my husband's employer asked every one in his corporation to subscribe to an extra bond. When my husband tried to explain that it was a financial impossibility, he was called "un-American and un-patriotic". When he protested he was told that the company and the



Government were not interested in his private affairs but in the success of the Fourth War Loan Drive. When he reported for work the next morning, he was told that he was discharged. \* \* \* He has since obtained another position in the same line at a substantial increase in salary which I believe answers the charge of his incompetence. Two of his former co-workers paid me a visit just recently and told me that every one in the company had been "forced" to sign for an extra bond on threat of dismissal and, for the male workers, notification of their draft boards. These facts are true and the only reason I am sending them to you is because I know that the Government realizes that we have bought War Bonds to the limit of our ability and that we will continue to do so without force or coercion.

#### Pro-Banker

E. T. Collins, Meadow Grove, Nebraska. I was sorry to hear that you called Mr. Placek down for his way of selling War Bonds. \* \* \* I have two neighbors, all three of us have about the same financial standing. I have a boy in the service, but the other two do not, although one of them should have, but he has gotten around it some way. During the three Bond Drives I have bought \$2,300 worth of bonds, while one of the other two has bought \$450, the other \$75. Do you think this is the way it should be done? There are very many people in the United States who don't seem to realize, or don't care, that buying bonds will help win the war. As the war goes on, something will have to be done. I believe, as many other people do, that Mr. Placek has the answer. I would appreciate a reply.

Favorable Comments on Bonds

Emery Nemethy, Scranton, Pa. During the 4th War Loan Drive, I've become damn sick and tired of watching people act magnanimous because they're lending money to the Government to further the war effort. They'll get it all back -- and more -- in twenty years or so. In the meantime, others are giving up their lives, time and energy. If these homefront people were giving their money, then they'd really be doing something. I feel that there's been entirely too much coaxing, and promising of future rewards. Hell's bells, this is war! It's us or them! Therefore, enclosed find two bonds, which I'd like to contribute. My other contribution (active service) I expect to be making very shortly. P.S. Crackerjack profile of you in the New Yorker. \* \* \*

Egon Lasus, Lasus Brothers Chemical Company, Toledo, Ohio. On February 2, 1939, my brother Norbert Lasus and I came to America. We landed in New York as Jewish Refugees from Vienna, Austria, penniless, and today with pride we present to you the two German Passports, issued to us in Zuerich, Switzerland, and as you can see, we used those Nazi Passports as a War Savings Stamp Album, to purchase an extra \$100 Bond in the Fourth War Loan Drive. Will you kindly exchange those Passports against two bonds? One for Norbert Lasus, 2047 Vermont Avenue, Toledo, Ohio; one for Egon Lasus, 2047 Vermont Avenue, Toledo, Ohio. To our fifth anniversary, being lucky enough to live in this wonderful country, and to have a chance to apply for final citizen papers, our aim would be that you can make some publicity with those two passports, and our suggestion would be that every refugee having a passport should use it the same way as we did, so the Government could raise many, many extra bonds from those 500,000 refugees, and if you would keep all those

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German Passports filled with stamps, in your office, it would show after the war that the Jewish Refugees did a sarcastic job, using Hitler's Passports for saving stamps, fighting back the Axis. To the end of my letter I beg you to excuse my poor English and with V for Victory, I am very respectfully, Egon Lasus.

M. Zimel, Zimel Fruit Company, Rock Island, Illinois. Enclosed please find check for \$10,000.00. Ten years ago I ran my checking account very short. I never was able to maintain a balance. If I was able to operate my business that way then, I felt that I wanted to try and do so again, only this time voluntarily for Uncle Sam. So I am mailing this check; in return, besides the bonds, I might desire a letter which I could show should my credit suffer. I believe a good slogan would be "give your check balance to the Government", or "make your check balance work for Uncle Sam". Kindly issue two series G \$5,000 bonds.



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Unfavorable Comments on Bonds

Anonymous - postmarked Tacoma, Washington. Listen to Fulton Lewis, Jr., as millions do, and when you hear of the wastage of millions of dollars, you will know why the little investor will not buy bonds. Not until he knows it will be used only to win the war, and men like Somervell won't waste or give it away.

Charles D. Parker, President of Local 717, United Electrical, Radio & Machine Workers of America, Warren, Ohio. This is to inform you that the War Bonds purchased on payroll deduction plan at Packard Electric Division of G.M.C. are delivered from 4 to 6 weeks after being paid for. Often they are dated the month after they are paid for. Also bonds purchased for cash take up to two weeks for delivery. \* \* \* This delay discourages employees from purchasing bonds at the plant and some sales are lost for this reason.

Arthur W. McMillan, Connecticut General Life Insurance Company, Minneapolis, Minn. I realize that a broadcaster can be an unmitigated nuisance and state only half truths and make them appear more serious than the whole truth. At the moment I am working on the 4th War Loan Drive, and it will take my committee our entire time to raise the money that, according to Fulton Lewis, has been entirely wasted on the Canol Project. If Mr. Lewis is incorrect, cannot that fact be explained publicly. The excuse sometimes given of the facts being a military secret is probably a very lame method of avoiding the facts, which are not secrets at all. \* \* \* Mr. Lewis is a citizen and a taxpayer just like I am. Only he has the facilities and makes it his business to investigate as I cannot do. Hence, I would like to know why the waste and who is to blame. This letter is not in any sense to blame you. What I want to know is how authoritative is this information. \* \* \*

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John Singleton Smith, Minister, First Christian Church, Exeter, Neb. It is only after serious consideration and long forbearance that I report to you what I feel compelled to regard as a serious dereliction of duty on the part of the local Postmaster with regard to the sale of Series E War Bonds. My deliberation on this matter could be long because the Postmaster's arrogant attitude toward prospective War Bond and War Stamp purchasers is by no means a recent development. On the contrary, I have encountered it on every single occasion when I have sought to purchase these all-important items from the Postmaster himself. I have always been able to secure War Stamps, even though I was made to feel that I was perpetrating an unpardonable intrusion upon the Postmaster's time and energy. However, it was a far different and more deplorable matter when, not so long ago, I found it absolutely impossible to purchase a War Bond at the local Post Office. On three separate occasions, spaced at intervals embracing a period of more than three weeks, I sought to make this purchase. Each time, the Postmaster, Mr. Frank Ainsworth, refused to take the small amount of time required to make out the Bond. On the last occasion he gave eloquent testimony as to just what he thinks of those boys who are fighting and dying for the sake of his safety and smug complacency; he said, "Ah, I haven't got time to bother with that thing!" I went elsewhere, ultimately, and bought my bond, but I don't mind telling you, Mr. Secretary, that it was with a horrible feeling that an agency of my Government on which I felt entitled to rely had miserably let me down, and had flagrantly betrayed the millions of boys who are counting on us to back the attack. And with that feeling of sickness and revulsion still haunting me, I just thought you should know the treatment being accorded prospective investors in the American Way of Life which is beyond all price in our minds and hearts.



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A. F. Homboe, Jr., Portland, Oregon. (Telegram)  
Many workers are apprehensive about buying additional War Bonds. Most are concerned about future redemption value before maturity. If possible, conclusive answer in press imperative.

J. W. Nowell, Chapel Hill, N.C. I think Banker Placek in Nebraska who gave out the War Bond blacklist story should be immediately removed from his post as Drive Chairman in his County in Nebraska. The whole idea is completely revolting. The Treasury Department should "nip in the bud" such un-American pronouncements.

Ralph M. Johnson, Minister, First Baptist Church, Yakima, Wash. Recently I was listening to our local radio station, KIT, and heard Treasury Star Parade #321. As someone who is interested not only in the War, but also winning the peace, I should like to protest the nature of the program. The spirit and ideals involved in the closing song were directly contrary to our Christian ideals. Talent on the program was unusually good; my hope is that in coming programs, idealism will be of the same high quality as the talent used.

Albert H. Gilpin, Los Angeles, Calif. \* \* \* I think I can safely say I am an average American born citizen. I have bought War Bonds to the face value of \$925.00. Today, being in need of cash to cover a sick spell, I took one \$100 Bond to the Post Office to have it validated for cash. They refused to accept as identification a draft card, a Social Security card, a U. S. Employment card, an honorable discharge paper, and numerous letters. I was told I would have to have my bank certify the bond. The bank charged me 10¢ for this. I have held the bond over 7 months. I paid \$75.00 hard-earned cash -- the Government guaranteed I would never lose a cent, yet now I get \$74.90 after this bank charge. It is small but it is the opening wedge to take from us our hard-earned cash. \* \* \*



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Wm. Locke Paddon, Watsonville, Calif. Please tell me if it is by accident or design that the wording on the back of Series E Bonds is printed in an ink of a color that is almost illegible now -- and at the end of 10 years will probably be quite illegible.

Stephen H. Skon, Realtor, Seaford, Long Island, N.Y. I am writing this letter to inform you about conditions of our local bank, the First National Bank of Bellmore, Bellmore, Long Island, New York, of which Mr. Lottman is Cashier and Mr. Lascalza, Assistant Cashier. Being a depositor of said bank, last Saturday I was in the line when other depositors were there, and when my turn was near, the man before me, who also lives in Bellmore, said to Mr. Lascalza, "Mr. Cashier, I deposited this morning in cash, and in going home, my wife decided that I should have bought bonds instead of depositing to help our country", and Mr. Lascalza replied, "Oh, no. If you withdraw that money now to buy bonds, you must pay a \$1.00 fee", and advised him not to buy this War Loan Bond, but some other previous bonds so he will be in a position to use them as collateral in the future. I personally believe that this practice smells, and a bank such as this should be investigated as I am also sending a letter to our Chief, President Roosevelt, explaining this condition of some bankers' practice on Long Island. This statement will be verified by sworn statement at any time you wish.

Morris Hawkins, Keokuk, Iowa. A war labor committee composed of a few chosen employees in the plant in which I work has posted the names of every employee in the plant, also stating who was buying bonds, the percent, and those who are not buying. Since, those who are buying bonds and are able, look upon those who are not buying as scabs. \* \* \* A larger amount of the employees within the plant consider buying War Bonds a personal affair. \* \* \*

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I. L. Wilson, President, Jacob Reed's Sons, Outfitters for Men and Boys, Philadelphia, Pa. \* \* \* We are informed by the Federal Reserve Bank in this district that in order to be considered as subscribers for the Fourth War Loan Drive, cash in full must be paid within the period of the Drive. The effect of this is going to be that employees who normally would subscribe and extend their payments will be unable to do so, and thus such subscriptions will be lost to the Government. This seems to me personally a serious mistake on the part of the Government, as it will deprive the Government of very considerable sums of money that might otherwise be subscribed. It would be a very simple matter to accept these subscriptions, and then in making up the returns specify that of the amount subscribed so much was paid in cash and so much still due. If something of this kind is not done, the Government is going to lose a great many subscriptions that would otherwise be made.

C. W. Robinson, Cashier, The First National Bank, Sayreville, N.J. Since the Government called upon banks to act as issuing agents for U. S. Savings Bonds, this institution has given full support to the program. We have issued approximately \$650,000 in these bonds not taking into consideration the War Loan Drives. The Sayreville and South River area sells about \$175,000 in Savings Bonds monthly. \* \* \* Acting as Co-Chairman of the Fourth War Loan Drive, I contacted Colonel Elser at the Raritan Arsenal by messenger and requested that some equipment be placed on display in our bank lobby so that the people might see what is being purchased with their bond funds. The bank is serving as headquarters for the Drive. The Colonel advised through one of his Lieutenants that we must contact Colonel Owings at 90 Church Street, New York City, but that he must be contacted through John E. Manning, who serves as the Treasury representative for the State of New Jersey. Both the Chairman and myself



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wrote letters to Mr. Manning that were not answered. It was necessary to make several telephone calls to Newark and New York City. \* \* \* On Friday, January 28, Lieutenant Collins of the Raritan Arsenal called and advised a display could be arranged. About fifteen minutes later this permission was cancelled. We are not aware of why as no explanation was given except that all their equipment was bound for overseas. We then spent another day trying to contact the proper official at 90 Church Street, New York City, but without success and Mr. Crum, Manager of the Hercules Power Company, who is our Chairman, finally received word that nothing could be done. This was a first-class runaround, and the only one benefitting was the telephone company. \* \* \* You are aware that issuing bonds is an expense to any issuing agent; however, it is considered a patriotic duty. For the term of the Drive, two of my clerks are assigned to this type of work which prevents them from doing any other type of banking business. I spend my evenings along with the other members of the committee in trying to promote sales, and we find that the state representative merely ignores our communications, and the Army feels we do not have to be dealt with. \* \* \* Is it not time that the Treasury Department cooperates in some other way than merely sending mimeographed letters of recognition? I trust that this communication properly presents the lack of cooperation between the Department and those individuals who must do the work.



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Favorable Comments on Taxation

Rev. Richard Morford, Executive Secretary, United Christian Council for Democracy, N.Y.C. We commend you heartily for the persistent endeavor of your Department to get Congress to enact a decent tax program. We know you will not desist even when both Houses have agreed on a most unsatisfactory measure. We must force reconsideration. \* \* \*

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Unfavorable Comments on Taxation

Letter addressed to the President by Glen Cunningham, Manager, Cunningham's, Incorporated, (Men's Clothing, Furnishings and Hats), San Jose, California, and referred to the Treasury for handling. We are in a men's haberdasher store and are at a loss to know how to figure the ensuing year's income tax, with any accuracy, when we are not able to know if we will have any stock to sell the coming year. Now if you will kindly send us a solution whereby this can be solved, owing to the uncertainty of the present outlook of affairs, with no assurance of us being able to get a stock of goods, after ordering same from the wholesale house, we would appreciate it, and trust you will find time to give this your undivided attention. Now we are not backwoods people, by any means, but would like this solution in plain everyday language, so the average layman can clearly understand same without having to call on an interpreter to explain said solution.

E. P. Tucker, Vice President, Merchants National Bank, Port Arthur, Texas. I have heard a great deal of complaint because of the fact that the income tax forms are so complex that even the ordinary bookkeeper or accountant cannot fill them out. Port Arthur is predominately a working man's town. Practically all these wage-earners have to employ a tax consultant in order to properly make out their returns. The so-called "tax-experts" are working day and night and are really getting rich. I think it is a shame for the average citizen with no income except wages to have to pay \$5, \$10 to \$15 to some "expert" to tell him how much tax he owes. I seriously doubt if I can fill out my own income tax, and I have been an officer of banks for about 27 years.

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L. A. Weary, Detroit, Mich. Over a number of years I have been concerned at the increasingly tough attitude displayed by the Federal Revenue Department toward American citizens. As you must well know, year by year your Department is throwing into the discard rulings which governed its acceptance of business expenses and a great many other items as legitimately deductible from incomes of the citizens. In view of the fact that basic laws to govern such deductions have not been changed a particle in many years, only two deductions are possible. They are: (1) Over many years the Federal Revenue Department was mulcting the citizens of the United States and their Government of large sums rightfully due through lax enforcement of existing regulations, or (2) The Federal Revenue Department is now engaged in feloniously taking away from citizens sums of money which they are legally entitled to hold. There is another grave fault to be found with the Federal Revenue Department which the Reader's Digest for January summed perfectly. It is almost unthinkable that a Cabinet officer cannot find men who can use language comprehensible to one man out of a hundred. Probably the overwhelming majority find it utterly impossible to interpret or understand the present day income tax return blanks. \* \* \* I was told in words of one syllable by a most responsible person on the Detroit Federal Revenue staff that present orders from headquarters are so to interpret every paragraph of the income tax laws so that the citizen would be obliged to pay the highest possible tax, regardless of past interpretations. I submit to you that this is all wrong and completely nefarious. \* \* \*

Warren C. Karner, Athol, Mass. Some time ago the writer came into possession of a little folder bearing the imprimatur of the Treasury Department, and entitled, "Your New Income Tax". It may be further identified by the cryptic numerals 16-31621-1. This



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document purported to enlighten the prospective taxpayer as to the amount that would be due the Treasury on incomes of various sizes, come the Ides of March. It also sets forth the approximate sums needed to be saved each week in order to accumulate the required amount. For instance, on an income of \$3,000.00, single and without dependents, it allowed that the Treasury would be pleased to settle for \$472.00. (\$9.00 a week out of the budget.) Imagine then our chagrin upon receipt of Form 16-36028-1 issued for the purpose of enabling us to make an estimated return as of September 15 to find that the Treasury had undergone a change of heart, the experts had really gone to work on this problem of taxation, and had pulled out of the hat a figure of \$526.00 as the tax on an income of \$3,000.00, single, no dependents. After living in the Slough of Despondency for four months following the receipt of this unwelcome news, what a grand and glorious feeling it was to turn over Form 1040-A and discover that the Treasury had relented, or possibly repented, and were willing to let by-gones be by-gones and settle for \$431.00, income \$3,000.00, single, no dependents. It is all very confusing, even bewildering, to the poor taxpayer who is unfortunate enough to have received and compared these three figures. It is, however, to be hoped that the Department's mind is finally and irrevocably made up and that it is ready to "stand pat" against all comers on Form 1040-A Optional U-S Individual Income and Victory Tax Return.

Guy M. Hanner, Barr Building, Washington, D.C. When the Treasury Department asked all taxpayers to make an "estimated income", I wonder just why the deadline of December 15 was fixed. I am a legal resident and pay taxes in the State of Colorado, City of Colorado Springs, and being compelled to make an estimate on December 15 will cost me a penalty which I think is unjustified and perhaps by calling it to your attention some poor soul

may avoid a penalty on the 1944 tax. I have some stock in a company which usually does not declare dividends until the January meeting following the year in which the dividends were earned. I anticipated the same procedure. However, on December 20, I had a notice that the 1943 dividend had been declared, enclosing check for same. It was too late to amend my "estimated income", consequently through no fault of my own, I must pay a penalty tax for failure to inform you of my correct estimate of income, and I think this is absolutely wrong. I don't mind paying my taxes and am glad to do it, but I do object to paying a penalty on something like the above. \* \* \*

Robert J. Grossman, Mt. Vernon, Ohio. When John Brown marched on Harper's Ferry he was wrong as he could be. In less than two years after John Brown was taken into custody and hanged, the nation resounded to the tramp of marching feet and voices singing "John Brown's body lies moldering in the grave, but his soul goes marching on". Sam Adams in Boston was considered a traitor when he spoke against the British Government and incited the Boston Tea Party, but it was the beginning of a revolution which established the U. S. of America. Miss Kellems in her defiance of Governmental authority in connection with the payment of income tax may be just as wrong as John Brown or Samuel Adams, but she is only voicing the thought of millions in this country. \* \* \*

Jacob I. Horowitz, Counselor at Law, N.Y.C. One consolation in this year's income tax blanks is that the smart Congressmen who made this law will also have to fill them out. That is poetic justice. Revenge is sweet.

- 20 -

Letter addressed to the President by Eva E. Lambert, Los Angeles, California, and referred to the Treasury for handling. I do not have any illusions that this letter will ever reach you. I do hope that it will perhaps reach some of your staff who may influence your decisions. I believe that the story in the papers about the woman in Connecticut refusing to pay her taxes, and criticizing the most cock-eyed tax form ever forced on any people is indicative of the feeling the average American has on the subject. The Government is supposed to represent the will of the people. This tax was not our will. I too have no money with which to make a payment in March. I have 3 or 4 small Defense Bonds which represent my total savings against an emergency. Shall I, Mr. President, be forced to take my total savings to pay taxes when I am already being drained 20% each week? The American people are getting mad about this tax situation. Most of the working people have no money for a March payment. Why not arrange for time payments over a period of two years?

\* \* \*



February 4, 1944

Dear Charlie:

I have received your letter of February 2, 1944, concerning the President's new War Refugee Board and the interest of your organization in the problem of rescuing and bringing relief to the victims of enemy persecution.

Your organization is to be congratulated for the splendid work it has done in this field and your offer of service to the new Board is greatly appreciated.

Sincerely yours,

(Signed) Henry

Charles A. Riegelman, President  
National Refugee Service, Inc.,  
139 Centre Street,  
New York, New York.

**NRS**

**NATIONAL REFUGEE SERVICE, INC.**  
139 CENTRE STREET  
NEW YORK CITY

February 2, 1944

**OFFICERS AND  
EXECUTIVE COMMITTEE**

Joseph P. Chamberlain  
Chairman of the Board  
William Rosenwald  
President

Charles A. Riegelman  
Vice-President and  
Chairman of the  
Executive Committee

Gustave H. Kohn  
David E. Kishland  
David H. Sulzberger  
Paul Felix Warburg  
David M. Weidenbach  
Harry Winstein  
Morris Wolf  
Vice-Presidents

Richard F. Lindberg  
Treasurer

Alexander E. Aronson  
Assistant Treasurer

Richard S. Goldman  
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I. Edwin Goldwasser  
Rosa Goldwater  
Harry Greenblatt  
Joni Gross  
William Huber  
Mrs. Walter A. Hirsch  
Joseph C. Hyman  
Dorothy H. Isaac  
Mrs. Henry Joffe  
Alexander S. Kahn  
Milton W. King  
Peter I. A. Levine  
Mrs. David M. Levine  
Dorothy E. Pines  
Edwin Rosenbaum  
Wallington S. Rosenbaum  
Ivan C. Sorensen  
Jacob A. Wise  
Samuel Wolfson

Joseph E. Bick  
Executive Director

The Honorable Henry Morgenthau, Jr.  
Secretary of the Treasury  
Member of the War Refugee Board  
Washington, D. C.

My dear Mr. Morgenthau:

The National Refugee Service expresses its deep gratitude for the formation by the President of the War Refugee Board and for his liberal directive outlining its area of operation. We are proud that the United States has assumed leadership in the great task of rescuing the persecuted.

We understand from the President's directive that the War Refugee Board is authorized to invite the help and services of private agencies which have had experience in aiding and planning for refugees. The National Refugee Service is the largest private philanthropic agency in the United States working with refugees who reside in this country. Having mobilized the professional and volunteer social resources of more than a thousand communities in every state of the Union, we have been able to assist and guide a large majority of the 270,000 refugees who have been given either temporary or permanent haven here. The primary objective in all of our work has been to help refugees to become integrated in the American scene and to become useful and constructive participants as residents here and in the war effort. To this end, we have worked in close collaboration with many governmental agencies and departments, including the Department of State, the Department of Justice, the Immigration and Naturalization Service, the Office of Procurement and Assignment of the War Manpower Commission, and the Office of Strategic Services of the War Department.

It is a privilege to pledge to the War Refugee Board the aid and services of National Refugee Service. Here, within the United States, our organization has developed a comprehensive body of experience in working with and resettling thousands of refugees during the past ten years. We stand ready to make this experience and our facilities available to your Board for all refugees who are admitted to the United States either temporarily or permanently, and to provide such aid as may be required to the extent of the funds from all sources which may now, or in the future, be at our disposal for these purposes. We similarly pledge the support of more than a thousand cooperating committees in communities throughout the country.

Respectfully,

  
Charles A. Riegelman, President  
National Refugee Service, Inc.

Similar communications have been forwarded to the Honorable Cordell Hall and the Honorable Henry L. Stimson.

February 4, 1944

My dear Judge Lehman:

Your letter of February 3rd reached the office just after Mr. Morgenthau had left Washington, and I am therefore acknowledging it on his behalf.

The Secretary expects to be away for several weeks, and I shall be glad to bring the letter to his attention upon his return.

Sincerely yours,  
(Signed) H. S. Klotz

H. S. Klotz,  
Private Secretary.

Judge Irving Lehman,  
86 West 44th Street,  
New York, New York.



IRVING LEHMAN

36 WEST 44TH ST.

NEW YORK 18

February 3, 1944

Dear Henry,

Paul Baerwald and Mr. Leavitt of the Joint Distribution Committee came to see me yesterday in regard to a suggestion which they had received from Mr. Pehle concerning the possible merger of all Jewish groups in approaching, on Jewish affairs, the Treasury Department and the new Commission. I told them that I would write to you expressing my own view that neither the Joint Distribution Committee nor the American Jewish Committee could properly be a party to such a merger, but should co-operate wherever possible with other groups in order to avoid troubling representatives of the Government engaged in important work, by unnecessary duplication of interviews. Above all, Jews at the present time must make every effort to stop public dissension, and charges and counter-charges which create confusion in the minds of our friends and give comfort to our enemies. Of course Baerwald and Leavitt have the same attitude.

As I understand from Mr. Leavitt, Mr. Pehle's suggestion was made in a recent talk, and I think was called forth by the fact that at that very time Dr. Nahum Goldman was in the Treasury Department. Dr. Goldman, as you know, is president of the World Jewish Congress. I do not know whether or not he is an American citizen. He probably understands the psychology of the Jews of Continental Europe and of Jews in America who have not yet entirely adjusted themselves to American life and American traditions. I doubt whether he understands those Jews in America, native or immigrant, whose thoughts and aspirations are in full accord with American traditions. In any event, however, Dr. Goldman speaks as the president of a world organization, and when American Jews present their views to their Government they must do so as Americans and not as members of any world organization. That consideration alone should, I think, demonstrate that organizations like the Joint Distribution Committee and the American Jewish Committee cannot be parties to any plan of merger, for that purpose, with the World Jewish Congress or with the World Zionist Organization, and the same considerations, though, of course, in lesser degree stand in the way of any attempt to merge with the American Jewish Congress or with the Zionist Organization of America which are

The Honorable Henry Morgenthau, Jr.

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constituent societies of world organizations of Jews.

I have said that I think we must avoid charges and counter-charges, and I therefore hesitate to give my reasons for distrusting some of the men who undertake to represent organizations which are particularly active in Washington. I want to give you, however, one example of the kind of matters which I think should make the responsible leaders of American Jewish Organizations cautious in allying themselves with some of the so-called Jewish "leaders" who are most active in Washington. You probably know the booklet "Thus Spoke Germany" recently issued with a foreword by Hamilton Fish Armstrong. Among the expressions quoted in that book of German writers and publicists who voiced even in happier days what we now regard as the German spirit, is the following gem said to have been written by Dr. Goldman in 1915: "Since Germany incarnates the progressive principle, she is sure of victory. Germany will conquer and the world will be ruled by the militaristic spirit. Anyone who likes to regret the fact and give voice to lamentations, may do so; to desire to hinder it is a folly and crime against the genius of history. England and France will still come to repent bitterly that they have opposed it." I take it for granted, of course, that Dr. Goldman no longer holds such views. Nevertheless, I for one would not be willing to give any weight to the present views of a man who held such views in the past. In all frankness, however, I should say that what I have written above has no application to Dr. Stephen Wise, Rabbi James Heller, and other men who hold views which I cannot accept but who I am sure are just as good Americans and quite as patriotic as I claim to be.

In spite of my conviction that in approaching their Government individual American Jews and American Jewish organizations cannot unite completely with international Jewish organizations nor accept the leadership of some men who now assume to speak for Jews, I yet feel strongly that wherever possible there should be cooperation, and I am assured by Baerwald and Leavitt that the Joint Distribution Committee will give such cooperation. That organization, as you know, derives its support from Zionists and non-Zionists; from religious Jews and Jews who reject all religious ties; from members of the American Jewish Committee and from members of the American Jewish Congress. They can recognize no cleavages among those who contribute to their work or among those whom they seek to assist.



The Honorable Henry Morgenthau, Jr.

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They must do nothing which would alienate any group, nor may they do anything to advance the controversial views of any group.

I believe, too, that while cooperation among all Jewish groups for American ends is of urgent importance, at the present time any attempt at complete unity would be very undesirable. Calm expression, even of divergent views, may at the present time be desirable. I have in mind particularly differences of opinion in regard to Palestine. I am convinced that there is much more chance of obtaining from Great Britain a reasonable settlement of the problems of immigration to, and form of government in Palestine, and a much better prospect of eventually achieving Jewish aspirations for a homeland in Palestine, if it is made clear that not all American Jews who share those aspirations demand a nationalist Jewish state.

Much of what I have said in this letter as to my views you know already. I want to add only that I am not advising that the Treasury Department or any other Department of our Government should refuse to give weight to the views of Dr. Goldman or to the extreme nationalist views of representatives of the World Jewish Organization. These men, as I have said, do represent the views of a large number of Jews of America. Nor do I intend to suggest that you have given too much weight to them. My purpose was only to put in writing my reasons for supporting the attitude of the Joint Distribution Committee and of the American Jewish Committee that they cannot let others speak for them.

I am very hopeful that the new Commission will be able to accomplish much. Even the fact that such a Commission was formed has brought comfort to many of us. If in any way I can be helpful to you, even in calling off unnecessary representations by too many groups, please call upon me.

Sissie joins me in affectionate greetings to Elinor and yourself.

Yours,





A strictly confidential telegram no. 236 of February 4, 1944, from the American Embassy at Chungking reads substantially as follows:

A. The Ambassador held a conversation of almost two hours with the Chinese Finance Minister, Dr. Kung, yesterday. General Hearn, Political Vice Foreign Minister, Political Vice Finance Minister, Dr. Edward Acheson, and Counselor Acheson were also present. This conversation followed General Hearn's receipt of a message for the President from the Generalissimo in which the Generalissimo mentioned that decisions had been taken on our proposals.

Explaining the Chinese position at length Dr. Kung repeated long since familiar considerations and argumentation and developed the central thesis that (1) joint United States - Chinese contribution under any financial arrangement for financing U.S. armed forces in China involved an equation which to the Chinese public would constitute changing the official exchange rate and the Chinese Government could not, without "breaking China's economic backbone" alter that official rate, (2) compared to the aid furnished China, notwithstanding that Japan is United States' principal enemy, aid furnished by the United States to Russia and Great Britain is astronomical, (3) inflation in China is increased by growing expenditures by the United States Army in that country and the Chinese Government was unable to cover such expenditures because it was necessary to increase currency reserves progressively along with increases in note issue. In an extraordinary statement Dr. Kung said that China had utilized in the war effort the half billion dollar credit which the United States had extended and that that credit had been repaid through Chinese Government expenditures of \$10,000,000,000 for the United States Military forces. (Reference Chungking's 166, January 26) Dr. Kung also endeavored to correlate this problem with "promise of President Roosevelt" which Kung did not specify and with Burma campaign's postponement.

B. An addendum to Dr. Kung's memorandum contained the statement that the United States Government will pay from U.S. Lend-Lease funds conformably with an understanding previously reached "other expenses" and the cost of construction of airfields now being built in Chengtu but that in demonstration of its desire to assist, China will bear the cost of the land required.

C. Kung's remarks, it seems clear to us, reflect Chiang's (1) resentment and disappointment at failure to obtain further loans from the United States and at postponement of military campaign in Burma and possible resentment and disappointment in other matters and (2) reluctance to give cooperation arising out of such resentment and disappointment as he feels intermixed with a characteristic stubbornness and ignorance in regard to matters of economics. The whole question is being given careful study in consultation with Adler, Acheson and Hearn with a view to formulating recommendations to Washington for our next step.

D. Hearn pointed out in the conversation under reference that China desires the United States to increase its air force in China and that in order to increase those forces, airfields which cost money must be constructed. He added that to pursue Kung's remarks to their logical conclusion it would be possible to avoid increasing inflation only by not spending more money and by not building additional airfields and by decreasing United States air force operations in China. Hearn also stated that there was urgent immediate need for 200,000,000 Chinese dollars to furnish barracks at airfields now being constructed in Chengtu. (As an example he mentioned that a wooden chair was costing the Army 95 U.S. dollars.) Kung replied that the sum needed could be advanced but that bank notes would have to be brought from India—Hearn agreed to do this. There is being sent by air mail copy of Kung's memorandum and a detailed report.

E. Although we do not consider it a matter of concern, it should be reported that, in speaking more lightly around the tea table of China's possible economic collapse in the future, Dr. Kung said that Japan had been making "some very good offers" and posed the question what would happen if peace should be made by China with Japan.

F. It was stated in the Generalissimo's message to the President that Chiang and his wife were going to the "Hunan Front". No "Hunan Front" exists at present and Chinese sources state that ostensibly to give Madame a rest the Chiangs are going to some mountain retreat. The question is raised by their departure just at this time whether it is designed to avoid discussing our problem or any immediate change in Chinese position as Kung, without prior approval from the Generalissimo, cannot of course act. (The message to the President from the Generalissimo, it is understood, was sent forward by Hearn yesterday.)

G. It is requested by Hearn that General Somervell be given immediately a copy of this telegram.

eh:copy  
2-7-44



159

EMBASSY OF THE  
UNITED STATES OF AMERICA

No. 3321

Bogota, Colombia, February 4, 1944

Subject: Assistance to War Refugees

The Honorable  
The Secretary of State,  
Washington.

Sir:

I have the honor to refer to the Department's circular airgram of January 26, 7 p.m. regarding the executive order of January 22, creating a War Refugee Board consisting of the Secretaries of State, Treasury and War, charged with taking action for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. In accordance with the Department's instruction, the policy expressed in the President's executive order has been explained to the Ministry of Foreign Affairs, and the airgram has been repeated to all Consular Offices in Colombia.

In discussing this broad program with Dr. CABALLERO Escovar, Acting Secretary General of the Foreign Office, to cooperate fully with the War Refugee Board, the Intergovernmental Committee, the United Nations Relief and Rehabilitation Administration and other interested international organizations, in extending humanitarian assistance to European war refugees. He said that no obstacles existed at present in Colombia to the entry of such refugees, other than the natural and necessary wartime controls governing the movement of all aliens. He pointed out that there were already in Colombia a number of European refugees, including Jews. He added that the problem was not at present a very acute one in Colombia, due to the difficulties of transportation which prevented any large number of refugees from arriving at Colombian ports.

With reference to the future, Dr. Caballero Escovar stated that the Colombian Government was now studying the immigration policy which it should adopt for the post-war period. He said that while there was a certain need for immigration in Colombia as well as other American Republics, it was the desire of his Government for such immigration to be on a selective basis, so that only those immigrants who could adjust themselves to living in Colombia and contributing to the welfare and advancement of the country would be permitted entry. It

was



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was apparent from the discussion that while the Colombian Government is prepared to cooperate in a general way in extending humanitarian assistance to European war refugees, at the same time it will adjust its policy and action in this regard to its national immigration policy, now under study, with a view to protecting Colombia against any uncontrolled influx of undesirable refugees.

The Embassy will, of course, keep actively in mind the President's policy as set forth in the airgram under acknowledgment, and will make its facilities freely available in all appropriate cases in order to assist the War Refugee Board in its important task.

Respectfully yours,

For the Ambassador:

(Signed)

Paul C. Daniels  
Counselor of Embassy

Original to Department  
800 - Gen./840.1  
PCD/iam

cc: Miss Channcey (for the Sec'y) Abrahamson, Akzin, Bernstein, Cohn, DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Luxford, Mann, Marks, McCormack, Murphy, Paul, Pollak, Rains, Sargoy, Smith, Standish, Stewart, H. D. White, Pehle, Files

Carcas, February 4, 1944

No. 5464

Subject: Rescue and Relief of Jews and Other Victims of  
Enemy Persecution.

CONFIDENTIAL

The Honorable  
The Secretary of State,  
Washington, D.C.

Sir:

I have the honor to acknowledge the receipt of the Department's circular airgram of January 26, 1944 concerning the President's instructions to take action for the immediate rescue and relief of Jews of Europe and other victims of enemy persecution, and requesting (1) that an immediate report be submitted concerning the actual situation as it exists today in Venezuela and (2) that the Venezuelan Government be approached with a view to ascertaining the extent to which it is prepared to cooperate in carrying out the policy expressed in the President's Executive Order of January 22, 1944.

With respect to (1) above, there is quoted herewith a confidential statement hastily prepared by the Secretary of the Israelite Association of Venezuela, well-known to and who enjoys the confidence of a member of the Embassy staff:

"Up to 1936 Jews who applied for visas at Venezuelan Consulates abroad obtained them without difficulty, under the same conditions applicable to citizens of any country or any religion, provided always that the usual deposit (sufficient to pay for repatriation if this should become necessary) would be made upon entry.

The situation changed in 1937. Then the Minister of Interior Relations, Alfonso Mejia, instructed all Venezuelan Consuls by circular that thereafter all applications for visas executed by Jews should be referred to the Ministry for decision. This act in itself constituted a restriction. The measure made it difficult for Jews to obtain visas, and the number of Jews who have entered the country since that time has been exceedingly small, those allowed to enter being limited to relatives of Jews already living here or friends of persons of influence who were prepared to sponsor applications and to furnish bond.

When the war broke out the HICEM organization, a subsidiary of the American Jewish Joint

Distribution.



- 2 -

Distribution Committee, exerted every effort to obtain from the Venezuelan Government permission for groups of Jewish refugees to enter the country, but various visits made by Dr. Lazaro Zelwer (who has his head office at Bogota) and by Dr. Sobel (of New York) to Venezuelan authorities were fruitless.

The most that could be obtained thereafter were transit visas, provided always that the refugees had end visas from Colombia, Ecuador or Peru. This concession enabled groups of from 35 to 100 refugees to proceed here aboard the Spanish steamers CABO DE HORROS and CABO DE BUENA ESPERANZA. However, some of these refugees after arrival here were unable to continue on to their destinations because of errors in the visas or because new laws had been passed by the countries named while the refugees were en route.

These transit passengers perforce had to remain in Venezuela, and in view thereof the Venezuelan Government issued instructions to its Consuls to refuse even transit visas to persons of the Jewish race. Subsequent efforts of the Jewish Colony at Caracas to obtain authorization for the issuance of transit visas in special cases were fruitless in almost every instance, although authorization was obtained in a limited number of cases.

The German steamer CARIBIA departed from Hamburg for Trinidad with 81 refugees aboard. The authorities at Port-of-Spain refused to permit the passengers to land, and the vessel then proceeded to La Guaira, arriving at the latter port in January, 1939. Members of the Jewish Colony at Caracas immediately interested themselves in the matter and were successful in obtaining permission for the 81 to land.

In March, 1939 another German steamer, the KONNIGSWIN, left Hamburg for Georgetown, British Guiana, with 165 refugees aboard. The authorities at Georgetown refused to permit the refugees to land, the vessel then came on to La Guaira, and again, after various days of negotiations on the part of the Venezuelan authorities and members of the Jewish Colony here, permission was obtained for the refugees to enter Venezuela.

Since 1939 there have been no other cases of the nature of those just mentioned.

It is now extremely difficult for refugees

to



to obtain visas to enter Venezuela. Upon applying for a visa the applicant is asked as to his race, religion and nationality, and if the person is Jewish, or of Jewish origin even though professing another religion, a visa is refused.

It must be added in all fairness, however, that despite Venezuela's refusal to adopt a policy permitting Jews or other European refugees to enter freely, once they were admitted in the past, they found a tolerant and generous atmosphere."

The foregoing picture is known to the Embassy to be accurate, and further elaboration is deemed unnecessary.

With reference to (2) i.e., the instruction to approach the Venezuelan Government to ascertain the extent to which it is prepared to cooperate, the Department is informed that an appropriate note was delivered to the Foreign Office. The official to whom it was delivered was urged orally to obtain and communicate to the Embassy the Government's decision at the earliest possible date. Unfortunately, some delay will be experienced since President Medina personally decides all matters of important nature and he will not be back from his trip to the United States until February 5, 1944, and probably will not take over the Presidency from the Acting President, Foreign Minister Parra-Perez, until Monday, the seventh. However, Dr. Parra-Perez will be informed at once, to the end that he may give the matter consideration and in turn take it up with the President at the earliest opportunity.

The high Foreign Office official referred to confidentially expressed his personal opinion that, while Venezuela naturally would want to help and might take some refugees, it probably would take them only after examination of individual cases and would not take any large number en bloc.

The Department's airgram has been reported to consular offices in Venezuela, as instructed.

Respectfully yours,

Joseph Flack  
Charge d'Affaires ad interim

TJM/fkr

(To Department in original and hectograph)

NOT TO BE RE-TRANSMITTED

U.S. SECRET  
BRITISH MOST SECRET

COPY NO. 12

OPTEL No. 40

Information received up to 10 A.M. 4th February 1944.

## 1. MILITARY

Italy To noon 3rd. 8th Army. TORICELLA 7½ miles south south west of CASOLI has been occupied.

5th Army. U.S. Troops have advanced to 1½ miles east of MOUNT CAIRO. On 2nd. they repulsed 2 counter attacks in this area. French troops have also repulsed counter-attacks from the direction of BELMONTE.

6th Corps. Our troops now hold CAMPOLEONE Railway station but the advance south west of CISTERNA is still held up.

Russia Russian attacks from both sides of the BOGUSLAV-SMELA salient have met in the area South West of SMELA and have surrounded German forces including 9 Infantry and one Armoured Division. Germans report having abandoned ROVNO and LUCK.

## 2. AIR OPERATIONS

Western Front 3rd. 523 Fortresses escorted both ways by fighters made a blind bombing attack on WILHEMSHAVEN dropping 1,127 tons. Four Fortresses and 9 fighters missing from 1,406 aircraft despatched. Enemy fighter casualties 9:0:3. Total of 168 medium and fighter bombers attacked military constructions in Northern FRANCE dropping 125 tons. Two airfields Northern FRANCE were also attacked.

3rd/4th. Aircraft despatched: Sea-mining 35, Mosquitoes to KREFELD 7, DORTMUND 5, COLOGNE 4, Leaflets 4, Intruders 17. One enemy aircraft destroyed.

Enemy raiders operated in two phases - (a) 25 flew over KENT, SUSSEX and SURREY; 5 reached GREATER LONDON. (b) 45 operated over EAST ANGLIA and the Home Counties, 12 reached GREATER LONDON. Night fighters shot down 4 enemy bombers and anti-aircraft 3. A medium fire caused at HACKNEY, another medium at TILBURY; 4 20 casualties reported WIMBLEDON; elsewhere little damage reported.

Italy On 31st/1st Wellingtons dropped 56 tons at TRIESTE.

On 1st/2nd 16 heavy bombers attacked SODA BAY and laid sea mines.

OFFICE  
SECRETARY OF TREASURY

1944 FEB 7 PM 1

TREASURY DEPARTMENT



Excerpt from Leon Henderson's broadcast, February 5, 1944

Further revelation of Jap atrocities continued this week. We are apt to forget that Nazi brutality toward millions of Jews, Poles, Czechs, and Russians has been just as ferocious and long-continued.

The President has established a War Refugee Board and appointed an outstanding public official, John W. Pehle, as acting executive director. In directing the Board to use all of the powers of this Government to rescue the victims of enemy oppression who are in imminent danger of death, the President reflected the will of a nation profoundly shocked with Axis bestiality. His action was that of a nation deeply conscious that its free citizens today are descendants of yesterday's victims of persecution.

The appointment of Pehle is another indication that the President and the Board members are looking for action, not just words. Pehle is a young - thirty-five years old - hardhitting lawyer from the corn belt who has directed Secretary Morgenthau's Foreign Funds Control Division for nearly four years. Foreign Funds Control has done a swell, but little publicized, job in this Government's program of economic warfare against the Axis. It was this Division which has prevented the Axis from using the financial facilities of this country to finance espionage and other subversive activities. The presence of Hull, Morgenthau, and Stimson on the Board, plus the appointment of Pehle, ought to mean that we have stopped being cowards about the persecuted people of Europe.

In this country, we emphasize concepts of human freedom and the dignity of the individual.



COPY

166

OFFICE OF  
THE UNDER SECRETARY OF STATE  
WASHINGTON

February 5, 1944

Dear Mr. Pehle:

Mr. John Russell, Second Secretary of the British Embassy, has just called at the Department and left with us the attached copy of a telegram dated January 25 sent to the British Embassy here by the British Foreign Office. You will note that a reply is requested and we should greatly appreciate the advice of the War Refugee Board as to the reply.

With best wishes,

Sincerely yours,

/s/ Hayden Raynor

Hayden Raynor,  
Special Assistant to  
the Under Secretary

Enc.

Mr. John W. Pehle,  
Acting Executive Director,  
War Refugee Board,  
Treasury Department,  
Washington, D. C.

Executive officers of World Jewish Congress in London have for some time been pressing us to give favourable consideration to a proposal that United Nations should issue a new declaration concerning continuing execution of German policy of exterminating Jews in Europe. They have recently reverted to this proposal and in favour of it have maintained that deportation of Jews from Greece, Bulgaria, France and other parts of Europe and their mass execution in Poland are being systematically continued and that situation of Jews remaining in occupied territories and satellite countries is becoming increasingly perilous. They maintain that omission of any specific reference to crimes against Jews from Moscow declaration on German atrocities has caused deepest anxiety and disappointment among Jews throughout world.

2. H.M.G. are not in favour of issue of any new declaration specifically concerned with atrocities against Jews, their attitude in matter was made clear in their declaration of 17th Dec. 1942. There is nothing that could now be added to that declaration and it seems unlikely that any repetition of it would be any more successful than was original declaration in restraining Germans. There is little evidence that 1942 declaration perceptibly lessened persecution of Jews. On contrary it seemed to indicate to Germans a means whereby they could distress and embarrass Allies while along Jews it raised hopes and expectations of far-reaching action whose fulfillment has in circumstances of war proved impossible as U.S.G. will be aware from their experience at Bermuda conference and after world Jewish Congress may be moved in part by a desire to secure from Allies some statement which they could represent as constituting a measure of recognition of separate national status for Jews.

3. Since however world Jewish Congress is mainly American in inspiration and in view of pressure which they will doubtless seek to bring to bear on U.S.G. in election year, we should prefer, before turning down present proposal, to have an indication of U.S.A.'s views and if possible some assurance that we may count upon their support, should a similar request be made to them.



COPY

OFFICE OF  
THE UNDER SECRETARY OF STATE  
WASHINGTON

February 5, 1944

Dear Mr. Pehle:

Confirming our conversation, I enclose herewith paraphrases of the cable received from Bern and of our proposed reply and a draft of a letter which we had intended to send to Admiral Leahy on this matter. You said in our conversation that you would like to look over this file. If the War Refugee Board would prefer to communicate on this directly with the Chiefs of Staff, such procedure will be entirely agreeable to us, or, with your approval, we shall be glad to send the letter as planned. Will you be good enough to let me know your decision in the matter.

With best wishes,

Sincerely yours,

/s/ HAYDEN RAYNOR

Hayden Raynor,  
Special Assistant to  
the Under Secretary

Encs.

Mr. John W. Pehle,  
Acting Executive Director,  
War Refugee Board,  
Treasury Department,  
Washington, D. C.



COPYPARAPHRASE

FROM: Bern, #444  
DATE: January 20, 1944

My British colleague and I have received from the Vatican Secretariat of State a note dated January 5 requesting Allied authorities to permit Italian women, children, aged and infirm who are residing at present in German-occupied Italy to return to their homes in Southern Italy and Islands. The request is made, the note explains, on humanitarian grounds as a result of appeals reaching Holy See from many parts Italy and adds that the Holy See is prepared to collaborate in facilitating transfer if permission is granted.

London has already sent a negative reply and my British colleague has informed the Cardinal Secretary of State of this reply. Grounds for the refusal were that the proposal would (a) establish precedent for other German-occupied countries; (b) present insurmountable difficulties; (c) add to food problem difficulties occupied areas; afford opportunity for mischiefmaking to enemy agents.

I also shall reply in negative to Secretariat of State's note mentioning reasons (a) and (b) above unless instructed otherwise.

COPY

## PARAPHRASE

TO: Bern

Department is unable to reply until receiving the advice of military authorities relative to the return of Italians in German-occupied Italy to their homes in southern Italy referred to in your #444. If and when it seems desirable to grant permission requested, you will be informed.



COPY

DRAFT

My dear Admiral Leahy:

The Department is in receipt of a telegram dated January 20, 1944 from the American Legation in Bern concerning a note received from the Secretariat of State of the Vatican on January 5, 1944. The Secretariat of State requests that Allied authorities permit Italian women, children, and aged and infirm persons, who are residing at present in German-occupied Italy, to return to their homes in "southern Italy and Islands". The note explains that the Holy See is prepared to collaborate in facilitating the transfer and that the request is made on humanitarian grounds as a result of appeals reaching the Holy See from many parts of Italy.

The telegram also points out that the Secretariat of State of the Vatican sent a similar note to the British and that the British have replied in the negative, although it is not clear whether the negative response emanated from the Ministry of Economic Warfare, the British Chief of Staff or the Combined Chiefs of Staff in London.

The Department is desirous that these persons receive all possible assistance consistent with the war effort and will appreciate a statement from appropriate military authorities on the feasibility and desirability of this proposal.

Sincerely yours,

Admiral William D. Leahy,  
Chief of Staff to the  
Commander in Chief of the Army and Navy,  
The White House.



# TREASURY DEPARTMENT

172 ✓

## INTER OFFICE COMMUNICATION

DATE FEB 5 1944

TO Secretary Morgenthau  
FROM Randolph Paul

### FOR YOUR INFORMATION

Attached is a copy of a cable from Armour to the Secretary of State asking that he be given authority to commit this Government to unblock the Banco de la Nacion and the Banco de la Provincia "at a time which I think appropriate." The tone of his cable indicates that if given such authority he would use it if the Argentine Government "seems disposed to take effective steps," in order to obtain the good will of the Argentine Government, rather than "using these banks as a bargaining weapon."

I thought you would be interested to know that the Department of State, without consulting the Treasury, made the following reply to Armour:

"Although the reasons for your recommendations in cable No. 222, January 26, are fully appreciated in the Department, it is not believed desirable, pending further developments in Argentina, to make any changes in the present Argentina policy."



## PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy - Buenos Aires  
TO: Secretary of State - Washington  
DATED: January 26, 1944  
NUMBER: 222

## CONFIDENTIAL

Within the next day or two discussions with respect to paragraph six of your telegram dated January 25, 1944, no. 149, will be undertaken with the Minister of Finance and other appropriate officials.

It is not felt by me to be wise to begin these discussions on a bargaining or haggling basis and because of this it would be appreciated if I could be authorized to advise the Minister, at a time which I think appropriate, that the Banco de la Nacion and Banco de la Provincia were being removed from the special blocked nationals list. If the Government seems disposed to take effective steps to implement the Rio de Janeiro and Washington resolutions, this may well be desirable during the first conversations.

We will make an all out effort to secure implementation of those resolutions in such a way as to damage effectively the German commercial and industrial organization which has been and continues to be one of the principal sources for financing South American subversive activities. We may or may not obtain this objective. It is felt by me, however, that the good will resulting from unfreezing the

- 2 -

two banks would definitely be of more value in our negotiations than using these banks as a bargaining weapon. We are now playing for stakes which are too great to adopt the latter alternative given.

ARMOUR



NOT TO BE RE-TRANSMITTED

U.S. SECRET  
BRITISH MOST SECRET

COPY NO. 12OPTEL NO. 41

Information received up to 10 a.m. 5th February 1944.

1. MILITARY

Italy. To noon 4th, 5th Army. In French sector Germans holding stubbornly, 2 enemy counter-attacks repulsed on U.S. front, heavy fighting continued in the outskirts of Cassino and more enemy counter-attacks North of the town have been repulsed.

6th Corps. The Germans attacked British positions in the Bridgehead on 3rd/4th and heavy fighting took place.

Greece. Agreement reached 1st for cessation hostilities between Zervas and Elias forces as from midnight 4th/5th, negotiations to start immediately for formation of a single Andarte army.

Burma. Our troops have made small advances in Arakan, the Kaladan Valley and the Kabaw Valley in the Chindwin South of Tamu.

2. AIR OPERATIONS.

Western Front. 3rd/4th. Total fatal casualties 31 of which 16 in London area.

4th. 495 escorted U.S. heavy bombers made a blind bombing attack on Frankfurt dropping 1,075 tons. Enemy casualties reported 8:0:4, ours 20 bombers, 1 fighter missing. 91 light and fighter bombers attacked the constructions in Northern France.

4th/5th. 28 aircraft sent sea-mining and total 19 Mosquitos to Frankfurt, Elberfeld and Aachen.

Yugoslavia. 1st/2nd. Wellingtons dropped 41 tons on Maribor Aircraft Factory with results believed good, 1 Wellington missing.

Albania. 2nd. 41 escorted Liberators bombed an RDF station at Durazzo.

Aegean. 2nd/3rd. Wellingtons and Beaufighters severely damaged a 2,500 ton merchant ship and 1 of its escort vessels off Patmos, 2 Wellingtons missing.

February 7, 1944

My Dear Mr. Secretary:

I wish to express my appreciations of your kind letters and also the note you wrote to General Marshall.

If I could have been of any assistance to you in your colossal and vitally important task, I am most grateful for the opportunity.

After a short refresher course at Ft. Sill I am going overseas which as you might imagine is extremely pleasing to me. If I should run into your boy I will keep my eye on him.

I am confident that my successor Col. Frank McCarthy will be delighted to assist you in any way possible.

Again my appreciation

Sincerely

W. F. Sexton  
Col. F.A.



UNITED STATES OF AMERICA  
OFFICE OF WAR INFORMATION  
224 WEST 57TH STREET  
NEW YORK 19, N. Y.

177  
*Henry saw 2/14/44*

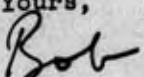
February 6, 1944

The Honorable Henry Morgenthau, Jr.  
Secretary of the Treasury  
Washington, D. C.

Dear Henry:

Thank you very much indeed for sending me the script of your Bridgeport broadcast. I have not yet found out just how this was used on the short-wave but I have seen to it that the script was delivered to the right people.

I thought your linking of the Japanese atrocities with the innumerable and immeasurable crimes of the Nazis was extremely well done.

Yours, 

Robert E. Sherwood

OFFICE  
SECRETARY OF TREASURY

FEB 10 PM 3 36



February 2, 1944

Dear Bob:

You made a suggestion to me on Saturday night that during my War Bond talks I point out that there have been other atrocities besides the most recently announced one concerning the Japanese in the Philippines. I think you will be interested in knowing that 24 hours later I used your suggestion in my broadcast from Bridgeport. I am enclosing a copy of the script with this particular place marked. We are hoping to do another broadcast sometime during the month enlarging on this idea.

I am curious to know whether either of my two recent broadcasts were rebroadcast overseas. Would you let me know?

Sincerely yours,

(Signed) Henry

Mr. Robert Sherwood,  
Office of War Information,  
Washington, D.C.

*P.D. See Page 12 and 13*

*By mess. Roberts 4:10 p.m.  
2/2/44*

Treasury Department 17  
Division of Monetary Research

Date 2/8/44 19

To: Mrs. McHugh

This can await the Secretary's  
return.

H.D.W.

MR. WHITE  
Branch 2058 - Room 214½

Treasury Department  
Division of Monetary Research

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Date February 7, 1944 19

To: Secretary Morgenthau

Appended is a brief description of the  
economy of the Marshall Islands. You may be  
interested in glancing at it.

H.D.W.

MR. WHITE  
Branch 2058 - Room 214½



  
Marshall Islands

In connection with the invasion of the Marshall Islands the following brief survey may be of interest:

A. Historical Background

In 1914 the Japanese took military possession of the Marshall Islands, which had been a German protectorate since 1885. When the Versailles peace conference came to deliberate the disposition of the former German possessions in the Pacific it was faced with the secret agreement made in 1917 between Great Britain and Japan, assigning to the Japanese all former German possessions north of the equator, including the Marshall Islands, and to the British those German possessions south of the equator. The disposition of the German North Pacific possessions was finally settled by bringing them under the mandate system as class C mandates. Japan was confirmed in 1920 in her possession of the Marshall, Caroline, and Marianas Islands as a mandatory under the League of Nations, and in 1922 the United States accepted the arrangement. The Japanese have followed a deliberate policy of not allowing foreigners to gain information about these islands.

B. Area and Population

The archipelago known as the Marshall Islands consists of 34 coral atolls and single islands arranged roughly in two parallel rows. The easternmost row is called the Ratak chain. The westernmost row is called the Ralik chain. Each row is composed of approximately the same number of atolls and islands.

The total land surface of the Marshalls constitutes an area of only 74 square miles, but the total sea area occupied by the islands is roughly 375,000 square miles or about 1 1/2 times the size of Texas.

Prepared by I. S. Friedman and A. Lipsman.

- 2 -

From 1874 to the present the total population of the Marshall Islands has remained in the neighborhood of 10,000 people. In 1939 Japan reported a total of 10,684 people, divided as follows: 10,131 natives, 549 Japanese and 4 others.

C. General Economy: agriculture, fishing, industry and trade

The natives have always subsisted primarily upon the products of agriculture although the water supply is meager and the soil is generally poor for agriculture. The staple crops under aboriginal conditions were arrow root, bread fruit, coconuts, pandanus (a tree growth) and taro (a plant root). Despite the introduction of many new food plants by Europeans and Japanese and the tremendous expansion of the cultivation of coconuts for the exportation of copra, these plants remain the staples today. Meat has always played a very insignificant role in the native diet.

Domestic animals have been introduced, but even today they have little importance in the native economy.

Next to vegetal foods, fish constitutes the principal means of subsistence for the natives. Fishing also provides important exports of which dried bonito is the most valuable.

The principal native handicrafts in the past were canoe building, house building, mat and basket weaving and the manufacture of tools, weapons, fishing gear and ornaments. Most of the native crafts have now disappeared and their products have been replaced by those of modern manufacture. The natives now spend their time producing copra and other goods which can be exchanged for imported articles, such as clothing and rice, which are mainly supplied from Japan.

The largest industry in the Marshall Islands is the production of copra, which is by far the most important export item. Approximately 30,000 acres are devoted to copra production. Between 1930 and 1937 an estimated yearly average of 4,890 tons of copra with an average value of yen 593,300 (U.S. equivalent of about \$139 thousand) per annum was exported to Japan. In 1938 the production is reported to have increased to 6,389 tons. Nearly 90 percent of the copra crop is produced on small native plantations scattered throughout the archipelago. There were about 12,000 such plantations in 1938 with an average area of  $2\frac{1}{2}$  acres each. Thus, while elsewhere in the Japanese mandated areas the poll tax is used, in the Marshalls this tax has been replaced by a copra levy.



- 3 -

Fishing ranks next to copra production among the industries of the Marshall Islands, although fish is caught mainly for domestic consumption. Tunny, green turtle, horse mackerel, bonito, shark's fins, trepang and other fishery products have been exported from the islands. Of these the most important commercial fishery product is dried bonito.

#### D. Money, Banking and Investments

Before the coming of the Europeans, the Marshall Islands carried on trade almost exclusively by barter. However, spondylus shells, prepared for use as ornaments, entered extensively into trade and functioned to some extent as a common denominator of value. No native currency is in use today and, instead, Japanese currency, including military yen, is used.

Since 99 percent of the external trade of the Marshall Islands in recent years has been carried on with other parts of the Japanese Empire, there has been no real problem of foreign exchange. For Japan, it has served as an area from which to obtain copra without the expenditure of foreign exchange.

There are no banks in the Marshall Islands except for the Post Office Savings Bank. The natives own little property other than land and they are not accustomed to save money. When they do secure money which they wish to save, they usually bury it in the ground. The Post Office Savings Bank, however, offers facilities for savings and some natives undoubtedly have postal savings accounts.

Of the large business organizations operating in the Marshall Islands the Japanese firm, the South Seas Trading Company, has made the heaviest investments. Its holdings consist of a few trading vessels, docks and loading facilities, warehouses for storing copra and a few plantations. Exclusive of real estate, the only other private investments worthy of note are those of small business enterprises such as trading stores.

The famous Japanese shipping firm Nippon Yusen Kaisha (N.Y.K.) has operated vessels between the Marshalls and Japan, receiving a subsidy from the Japanese Government for this purpose.



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**BRITISH AIR COMMISSION**

1785 MASSACHUSETTS AVENUE  
WASHINGTON, D. C.

TELEPHONE HOBART 9000

PLEASE QUOTE

REFERENCE NO.....

With the compliments of British Air Commission  
who enclose Statement No. 123 — Aircraft  
Despatched — for the week ended February 1st,  
1944.

The Honourable Henry Morgenthau, Jr.  
Secretary of the Treasury  
WASHINGTON, D. C.

February 7, 1944.

MOST SECRET

STATEMENT NO. 123

MOST SECRET

Aircraft Despatched from the United States  
 Week Ended February 1st, 1944

| <u>TYPE</u>                                                                                                                                                        | <u>DESTINATION</u>                                                  | <u>ASSEMBLY<br/>POINT</u>                                          | <u>BY<br/>SEA</u> | <u>BY<br/>AIR</u>                | <u>FLIGHT DELIVERED<br/>FOR USE IN CANADA</u> |   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------|-------------------|----------------------------------|-----------------------------------------------|---|
| <u>MOOREHEAD</u><br>Harvard                                                                                                                                        | U.K.                                                                | U.K.                                                               | 38                |                                  |                                               |   |
| <u>GRUMMAN</u><br>Avenger<br>Avenger                                                                                                                               | U.K.<br>E. Africa                                                   | U.K.<br>Mombasa                                                    | 2<br>2            |                                  |                                               |   |
| <u>VULTURE</u><br>Vengeance                                                                                                                                        | U.K.                                                                | U.K.                                                               | 3                 |                                  |                                               |   |
| <u>NORTH AMERICAN</u><br>Mustang<br>Mitchell II                                                                                                                    | U.K.<br>U.K.                                                        | U.K.<br>U.K.                                                       | 2                 | 12                               |                                               |   |
| <u>FAIRCHILD</u><br>Cernell PT-26B<br>Cernell I                                                                                                                    | India<br>Canada                                                     | Karachi<br>Canada                                                  | 10                |                                  | 2                                             |   |
| <u>CONSOLIDATED</u><br>Liberator III<br>Liberator B VI<br>Liberator B VI<br>Liberator GR VI<br>Liberator GR VI<br>Liberator GR VI<br>Catalina IV A<br>Cernade GR I | M.E.<br>M.E.<br>India<br>U.K.<br>India<br>Bahamas<br>U.K.<br>Canada | M.E.<br>M.E.<br>India<br>U.K.<br>India<br>Nassau<br>U.K.<br>Canada |                   | 1<br>8<br>6<br>11<br>2<br>3<br>1 |                                               | 1 |
| <u>BOEING</u><br>Fortress III<br>Catalina IV B                                                                                                                     | U.K.<br>U.K.                                                        | U.K.<br>U.K.                                                       |                   | 2<br>2                           |                                               |   |
| <u>GLENN MARTIN</u><br>Marauder II<br>Baltimore V                                                                                                                  | M.E.<br>M.E.                                                        | M.E.<br>M.E.                                                       |                   | 14<br>13                         |                                               |   |
| <u>VEGA</u><br>Ventura GR V (a)<br>Ventura GR V                                                                                                                    | M.E.<br>S. Africa                                                   | M.E.<br>S. Africa                                                  |                   | 14<br>2                          |                                               |   |
| <u>DOUGLAS</u><br>Dakota III<br>Dakota III<br>Dakota III<br>Dakota III                                                                                             | U.K.<br>India<br>S. Africa<br>Canada                                | U.K.<br>India<br>S. Africa<br>Canada                               |                   | 38<br>3<br>2                     | 1                                             |   |
| <u>BECH</u><br>Beck W45B                                                                                                                                           | Canada                                                              | Canada                                                             |                   |                                  | 2                                             |   |
| <b>TOTAL:</b>                                                                                                                                                      |                                                                     |                                                                    | <b>57</b>         | <b>134</b>                       | <b>8</b>                                      |   |

(a) Including one exported to M.E. Jan. 22 reported too late to be included in Statement No. 122.  
 Note: In Statement No. 117, December 28th, Douglas Dakota III to U.K. should read 10 not 9 and  
 Douglas Dakota III to M.E. should read 11 not 12.  
 Note: One Seawolf reported exported March 29 (Statement No. 79) by air to Canada and one Seawolf  
 reported exported May 15 (Statement No. 86) by air to Canada have recently been found not to  
 have been exported by air but were in U.S. until exported by sea January 22nd, 1944.

Movements Division, British Air Commission  
 February 7th, 1944  
 mmh

Regraded Unclassified

186



**BRITISH AIR COMMISSION**

1785 MASSACHUSETTS AVENUE  
WASHINGTON, D. C.

TELEPHONE HOBART 9000

PLEASE QUOTE

REFERENCE NO. ....

With the compliments of British Air Commission  
who enclose Monthly Report No. 5 covering  
Aircraft Flight Delivery as at January 31, 1944.

The Honourable Henry Morgenthau, Jr.  
Secretary of the Treasury  
WASHINGTON, D. C.

February 7, 1944.

WINCHESTER BOND



SECRET

REF. NO. D-55  
MONTHLY REPORT NO. 5LOCATIONS OF OCEANIC FLIGHT DELIVERY AIRCRAFT  
(Covering Movements through January 31, 1944)

February 4, 1944

MOST SECRET

BRITISH

|                                      | (1)<br>PORT.<br>(BAC-I/L) | (2)<br>LIB.<br>(BAC) | (3)<br>HUD.<br>(BAC-I/L) | (4)<br>VENT.<br>(BAC) | (5)<br>FL. BOAT<br>(BAC-I/L) | (6)<br>VENT.<br>(L/L) | (7)<br>BOST.<br>(L/L) | (8)<br>BAIT.<br>(L/L) | (9)<br>B24<br>(L/L) | (10)<br>B25<br>(L/L) | (11)<br>B26<br>(L/L) | (12)<br>TRANSP.<br>(L/L) | TOTAL |
|--------------------------------------|---------------------------|----------------------|--------------------------|-----------------------|------------------------------|-----------------------|-----------------------|-----------------------|---------------------|----------------------|----------------------|--------------------------|-------|
| UNITED KINGDOM                       | 84                        | 96                   | 807                      | 141                   | 389                          | 36                    | 181                   | 1                     | 250                 | 279                  | 6                    | 105                      | 2,375 |
| MIDDLE EAST                          |                           | 5                    | 95                       |                       |                              |                       |                       |                       | 25                  |                      | 48                   | 32                       | 205   |
| WEST AFRICA                          |                           |                      |                          |                       |                              |                       |                       |                       | 21                  |                      |                      | 2                        | 23    |
| AUSTRALIA                            |                           |                      |                          |                       | 27                           |                       |                       |                       |                     |                      |                      |                          | 27    |
| SINGAPORE                            |                           |                      |                          |                       | 9                            |                       |                       |                       |                     |                      |                      |                          | 9     |
| INDIA                                |                           |                      |                          |                       |                              |                       |                       |                       | 103                 |                      |                      | 2                        | 105   |
| OTU'S IN CANADA                      |                           |                      | 210                      | 68                    |                              | 64                    |                       |                       |                     |                      |                      | 17                       | 359   |
| RCAF                                 |                           |                      |                          |                       | 28                           | 1                     | 1                     |                       | 15**                |                      |                      |                          | 45    |
| NASSAU                               |                           |                      |                          |                       |                              |                       |                       |                       | 32                  | 64                   |                      |                          | 96    |
| 45 GROUP RAFTC                       |                           | 11                   | 42                       | 10                    | 5                            |                       |                       |                       | 8                   |                      |                      |                          | 76    |
| Accra, Takoradi, Rabat, or Freetown  |                           |                      | 91                       | 134                   |                              | 221                   |                       | 862                   |                     |                      | 76                   | 252                      | 1,636 |
| En route Overseas                    |                           |                      |                          |                       | 2                            | 19                    |                       | 22                    | 13                  | 10                   | 2                    | 13                       | 81    |
| Gander, Goose, etc.                  |                           |                      |                          | 1                     |                              |                       |                       |                       | 4                   | 12                   |                      | 21                       | 38    |
| Nassau or Bermuda (en route)         |                           |                      |                          | 1                     | 16                           | 12                    |                       | 17                    | 6                   |                      | 16                   | 12                       | 80    |
| Special duty in Canada               |                           |                      | 1                        | 1                     |                              |                       |                       | 5                     |                     |                      |                      |                          | 7     |
| Montreal                             |                           |                      |                          | 2                     | 1                            | 2                     | 1                     |                       | 34                  | 47                   | 1                    | 37                       | 125   |
| In Canada en route Montreal          |                           |                      |                          |                       |                              |                       |                       |                       | 1                   |                      |                      |                          | 1     |
| CRASHED AFTER EXPORT                 |                           |                      | 52                       | 19                    | 10                           | 6                     | 16                    | 30                    | 2                   | 7                    | 11                   | 2                        | 155   |
| En route export                      | 15                        |                      |                          |                       |                              | 6                     |                       |                       | 5                   | 3                    | 3                    | 22                       | 54    |
| At modification center               |                           |                      |                          |                       | 76                           | 25                    | 15                    |                       | 87                  | 32                   |                      | 56                       | 291   |
| En route modification center         |                           |                      |                          |                       |                              | 20                    |                       |                       | 4                   |                      |                      |                          | 24    |
| Special duty in U. S.                |                           | 2                    |                          |                       | 1                            |                       |                       | 5                     | 1                   |                      | 1                    |                          | 10    |
| At starting point (Long Beach, etc.) |                           |                      |                          |                       |                              |                       |                       | 5                     |                     |                      |                      |                          | 5     |
| CRASHED IN U. S.                     |                           | 1                    | 28                       | 5                     |                              | 1                     | 1                     | 14                    | 4                   | 2                    | 7                    | 1                        | 64    |
| DIVERTED TO U. S.                    |                           | 50                   | 22                       | 281*                  |                              |                       |                       |                       |                     |                      |                      |                          | 353   |
| TOTAL                                | 99                        | 165                  | 1348                     | 663                   | 563(a)                       | 413                   | 215                   | 961                   | 615                 | 456                  | 171                  | 574                      | 6,244 |

\* Including 15 returned under Req. BSC 41018 after use by U.S.A.A.F. for training, with 45 off DA-152 also under 41018 after A.A.F. training use. All 60 are included in Column 6.

\*\* Later re-allocated to Canada by M.A.C. (AIR), under Req. CA-00076  
(a) Reduced by 21 PEM's and 16 PEM's returned to U. S. Navy.

PLANNING AND AIRFRAME SUPPLY  
BRITISH AIR COMMISSION  
WASHINGTON, D. C.

Regraded Unclassified

C  
O  
P  
Y

7th February, 1944

Czechoslovak Republic  
Ministry of Finance

Excellency:

I am very grateful for your sending me the preliminary abbreviated draft for a United Nations Bank for Reconstruction and Development, which has been prepared by the technical experts of the United States Treasury. It reached me only last month and I have devoted careful study to it and I found myself very much in agreement with the spirit of the proposal. I have turned the draft over to the experts of the Czechoslovak Ministry of Finance, and I think it would be a right course for them to communicate verbally or in writing with Mr. White, with whom they were in touch when discussing the proposal for a Stabilisation Fund.

I will be looking forward to your sending me the amplifications of the text.

Yours sincerely,

(signed) L. Feierabend

Minister of Finance

His Excellency  
Mr. Henry Morgenthau, Jr.,  
Secretary of the Treasury,  
Washington, 25.

copied:jm:3/6/44

## THE UNDER SECRETARY OF STATE

WASHINGTON

February 7, 1944

Dear Mr. Fehle:

As the proposed appropriation request of the Department in the amount of \$5,000,000 to cover this Government's share of the estimated administrative and operational expenses of the Intergovernmental Committee has been held in abeyance, which means it cannot be made a part of the deficiency appropriation of the Department which will go to Congress this week, I feel you will want to have for the consideration of the Board the complete details on this matter which are contained in the attached writup. In addition, I enclose a copy of a despatch indicating that \$5,000 pounds of the portion for administrative expenses is desired by the Intergovernmental Committee in February.

It is our feeling, to avoid any possible misunderstanding and possible consequent weakening of the status of the Intergovernmental Committee, that this payment should be made in February without fail. I presume, therefore, that the Board will wish to consider promptly appropriating funds for this purpose out of funds available to the Board. We should appreciate hearing from you on this as soon as possible as there is some urgency to the matter in view of the February payment.

With best wishes,

Sincerely yours,

Encs.

s/ H. H. Stettinius, Jr.

Mr. John W. Fehle,  
Acting Executive Director,  
War Refugee Board,  
Treasury Department,  
Washington, D. C.

Certified true copy.



February 26, 1944

My dear Mr. Stettinius:

This is in response to your letter of February 7 concerning funds for the Intergovernmental Committee.

I understand that this Government is committed to supplying the Intergovernmental Committee with £51,998 (including £ 1,998 for administrative expenses for the period September 1, 1943, to December 31, 1944, and £ 50,000 for operational expenses for the first quarter of 1944); and that in order "to avoid any possible misunderstanding and possible consequent weakening of the status of the Intergovernmental Committee" it is very desirable that this payment be forthcoming before the end of February.

On the basis of this understanding I am in agreement that the payment of £ 51,998 should be made from the War Refugee Board's allotment from the President's Emergency Fund and a transfer of funds in this amount is being arranged at once.

I assume that all projects financed from the operational expenses of the Intergovernmental Committee, which are submitted to this Government for approval, will be undertaken only after clearance with the War Refugee Board. In addition it is my suggestion that the Intergovernmental Committee be advised that the current payment is being made from War Refugee Board funds.

It should be clearly understood that this payment implies no commitment that War Refugee Board funds will be available for this purpose after the present quarter. Any subsequent requests will be reviewed in the light of the use of the funds presently being transferred and the prospects for effective use in the future.

Yours very truly,

(signed)

J. W. Fehle  
Acting Executive Director

Honorable Edward R. Stettinius  
Under Secretary of State  
Department of State  
Washington, D.C.

COPYTHE UNDER SECRETARY OF STATE  
WASHINGTON

February 7, 1944

Dear Mr. Pehle:

I have just reviewed a memorandum prepared in the Department, dated January 31, stressing the desirability of the formulation of definite lines of responsibility between the War Refugee Board and the United Nations Relief and Rehabilitation Administration, with which I am generally in accord. I understand the statement in the last sentence of the third paragraph was based on an informal conversation and that it probably does not represent the considered opinion of the Board. I believe Mr. Miller has handed you a copy of the memorandum.

I feel certain you will agree that the Board should consider this question at an early date and also that of relations with the Intergovernmental Committee. It is our feeling that many advantages should accrue by utilizing the Intergovernmental Committee in appropriate ways and thus presumably through it maintaining the interest and cooperation of the European neutrals which may be vital in certain projects. Another factor to keep in mind is that projects carried out by either IGC or UNRRA would presumably be financed partially by other governments thus relieving our Government of the total expense.

With best wishes,

Sincerely yours,

/s/ E. R. Stettinius, Jr.

Mr. John W. Pehle,  
Acting Executive Director,  
War Refugee Board,  
Treasury Department,  
Washington, D. C.

WAR DEPARTMENT

WASHINGTON, D. C.

FEB 6 1944

The Honorable,  
The Secretary of the Treasury.

Dear Mr. Secretary:

The proposal contained in your letter of January 28, 1944, regarding War Department cooperation with the War Refugee Board has been referred to the Joint Chiefs of Staff at my request for consideration and necessary recommendations to the Combined Chiefs of Staff. Instructions to the theater commanders primarily concerned can be given only by the latter body. I will inform you as to the decision of the Combined Chiefs of Staff on this matter.

However, in order to insure the continuing cooperation of the War Department with the War Refugee Board, I would suggest that the War Department be informed in the event any specific cases become known in which the theater commander might be in a position to provide relief. The matter will then be presented, through proper channels, to the appropriate theater commander for such action as may be necessary and in the light of the existing military situation and available resources at his disposal.

  
Assistant Secretary of War.





COPY

EUGENE HAVAS  
3205 R Street, N.W.  
Washington, D.C.

Phone HObart 3558

February 6, 1944

Confidential

Hon. John W. Pehle  
U.S. Treasury Department  
Washington, D.C.

My dear Mr. Pehle:

May I congratulate you on your appointment as executive director of the War Refugees Board, and wish you success and satisfaction in your extremely difficult task.

It might be of interest to you, or your associates, that when Minister de Ghika returned with the other diplomats to Europe in May, 1942, I sent word through him to the National Bank of Hungary that if and when the time comes to assist people in Hungary, including Polish and Jewish refugees, I hope that whatever will be asked from them, they will do their best to meet the wishes of the American authorities.

At the same time I informed the President of the National Bank of Hungary that the American authorities have given the former Hungarian Legation and later to the Swedish Legation every possible assistance to safeguard Hungarian interests. In return I requested that they should do the same for American property, and eventually allow the use of some American pengo-balances within Hungary for charitable purposes when such request would come from American sources.

Although since the termination of my position last year as financial adviser to the Swedish Legation, I have no contact with the National Bank of Hungary, I have no doubt that the Anglo-Saxon influence, which prevailed at this institute in the past, did not cease to exist, and that its officials can be counted upon to meet every possible humanitarian request, if presented to them discreetly through appropriate channels.

I believe that Mr. Allen Dulles would be the most suitable person for this delicate task, and I think that he has the appropriate channels for his disposal.

I have informally discussed the problem with Col. Morris Troper, who was for several years the representative

Hon. John W. Pehle

- 2 -

February 6, 1944

of the Joint Jewish Welfare Organizations in Europe, and knows the complexities of the issue involved. I told him that in view of the steadily increasing German pressure in Hungary, a symbolic gesture or some token of aid in the form of pengo credits for Jewish welfare purposes might strengthen the liberal and humane elements in Hungary, and it may be accomplished without any actual transfer of dollar balances.

I took the liberty to mention you these names and facts because there are tens of thousands of Polish and Jewish refugees in Hungary, who, according to American, Polish and Jewish official sources, received so far more humane treatment than anywhere else in the Axis-dominated countries in Europe. There are also more than three-quarter million Jews in Hungary proper, who thus far have been spared the horrors witnessed in the neighboring countries. Though their immediate future is an unhappy one, any symbolic gesture, showing an interest on their behalf by the American authorities, is bound to improve their chances of survival.

I hardly need to tell you that I am always at your disposal with whatever information or assistance I could serve you.

Sincerely yours,

/s/ Eugene Havas

Eugene Havas

EH:fk

## EMBASSY OF THE

## UNITED STATES OF AMERICA

Quito, Ecuador, February 7, 1944

No. 1041

STRICTLY CONFIDENTIAL

Subject: Assistance by Ecuador in Relief of Refugees from  
Axis-Controlled Countries.

The Honorable  
The Secretary of State,  
Washington.

Sir:

I have the honor to refer to the Department's circular airgram of January 26, 7:00 p.m., regarding assistance to refugees from Axis-controlled countries.

No official efforts are now being made in this country to rescue the Jews and other prosecuted minorities from Axis-controlled countries, although efforts have been made for some time by leaders in the Czechoslovakian colony here and Jewish societies. A plan is now on foot by the Jewish association, the HICEM, to bring in 400 Central European Jewish families to Ecuador from Spain and Portugal. Officials and other persons interviewed have pointed out that it is necessary to pay high ransoms to obtain permission for the departure of refugees from the Axis-controlled countries. Only about three or four applications per month are being made at present for entry into Ecuador.

1/ There are no special restrictions in Ecuador against the entry of Jews into the country on racial or religious grounds, although like all other immigrants, they are required by law and regulations to come here for certain specified purposes, more particularly to engage in agricultural activities or activities related to essential industries or to be technicians or to engage in professions. I enclose a copy of a booklet published in 1941 by the Ecuadoran Ministry of Government containing the latest immigration laws and regulations.

cc: Messrs. Chauncey, Abrahamson, Akzin, Bernstein, Cohn, DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Luxford, Mann, McCormack, Paul, Pollak, Rains, Standish, Stewart, H. D. White, Pehle, Sargoy, Files.



In a preliminary conversation on this subject today at the Foreign Office, the latter stated that the policy of the Ecuadoran Government was one of liberalism with respect to the entry of Jewish and other refugees from Axis-controlled territory and that the Government here could be counted upon to cooperate in the problem insofar as social and economic conditions in the country permitted. The Foreign Office stated, however, that Ecuador had already opened its doors to a relatively large number of such refugees during the last few years, that virtually all of these had congregated in the towns and cities, and that as they had caused certain maladjustments in business and industry, it feared that the acceptance of additional non-agricultural refugees would produce an extensive anti-Semitic feeling in the country. As to agriculture, it was stated that it appeared very unlikely whether any of the Jewish refugees in question would be suited to agricultural work in Ecuador, but that the country might be able to absorb suitable non-Jewish agricultural laborers. The Foreign Office mentioned the difficulties concerning documentation and stated that, while the Ecuadoran Government had adopted a liberal policy in this regard, a real problem was presented in cases in which refugees did not have the proper papers and could not satisfactorily establish their identity and antecedents. In conclusion, the Foreign Office stated that this matter would be presented to the President for his consideration but that it believed that it would be helpful if the United States Government could present a concrete plan to the Ecuadoran Government on the subject.

In recent months a certain amount of anti-Semitic feeling has come to the attention of the Embassy, and only several days ago the Consulate General in Guayaquil reported that there had been a sudden increase in such feeling in that city. It would, therefore, appear, as the Foreign Office commented today, that it would probably be unwise to ask Ecuador to cooperate in any plan which would entail the large-scale absorption of additional Jewish refugees in the principal cities of this country.

With respect to non-Jewish individuals, tracts of potentially agricultural land, particularly in the Oriente and in the province of Manabi, are slowly being opened up by new roads and there is every reason to believe that able-bodied European peasants who are capable of performing agricultural work would be well-received for colonization on these lands. In January 1941, approximately 50 Spanish Republican refugees came to this country under the auspices of the New World Resettlement Fund, and although the colony project failed, this was due to the fact that unsuitable land was made available and the fact that the administration of the colony did not function satisfactorily. However, the head of the Ecuadoran immigration office today expressed the opinion that this country was not yet ready for any extensive colonization in thus far undeveloped sections not easily accessible by roads. Among the difficulties involved are the human and plant diseases which exist in the tropical and sub-tropical climates of the sections of Ecuador in which available lands would be located, and the absence of sufficient agricultural experimentation in those sections to enable colonists to know what products could be profitably raised.

Concerning the request in the airgram under reference for my recommendations as to what the United States Government might do to effectuate with all possible speed the rescue and relief of victims of enemy oppression, I believe that it would be advisable to consider the problem from two points of view. Regarding physically-fit refugees who are of the peasant class, there would seem to be opportunities in Ecuador as well as in other undeveloped countries of the Americas to find at least a certain amount of land suitable for agricultural exploitation. In regard to the non-agricultural refugees, however, the problem is admittedly more difficult. Insofar as Ecuador is concerned, I agree with the Foreign Office that the entry of further Jewish refugees who would settle in Quito and Guayaquil would lead to a strong and extensive anti-Semitic feeling. It would seem, therefore, that with respect to this non-agricultural category of refugees, it might be preferable to establish temporary camps for the duration of the war, maintained for ~~them~~ by governmental or philanthropic funds, in which these people might receive the requisites of food, shelter, and medical care, without adding to the social and economic problems of the receiving countries. Such camps might be economically established and maintained in this country, although the pressure against available supplies of certain foodstuffs in this country is a subject of daily comment in the local newspapers as well as of corresponding embarrassment to the Government.

As to the position of the Ecuadoran Government, I believe that, as the Ministry for Foreign Affairs intimated today, the Government would at least give sympathetic consideration to any concrete plan that the United States Government might be disposed to offer, provided that it would not serve to create increased social and economic problems in the country.

Respectfully yours,

Original to the Department of State  
Copy to the Consulate General, Guayaquil

Enclosures  
As indicated

JWG:JIG/ksg:rab  
File No. 840.1

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern  
TO: Secretary of State, Washington  
DATED: February 7, 1944  
NUMBER: 775

## CONFIDENTIAL

We refer to Department's cables of January 20 and February 2, 1944, Nos. 190 and 342 respectively.

February 5 is the date of the note. The British Legation's entire concurrence was transmitted to the Foreign Office separately by the British Legation.

HARRISON



Y  
DH - 132

PLAIN

London

Dated February 7, 1944

Rec'd 3:45 p.m.

Secretary of State,  
Washington.

10/4, Seventh.

Reference Department's 858, February 3.

Bern informed, February 4.

WINANT

EJH

Re reception of children in Switzerland

TELEGRAM SENT

200

This telegram must be paraphrased before being communicated to anyone other than a Government agency. (BR)

February 7, 1944

7 p.m.

AMERICAN LEGATION,

CAIRO.

251

FOR MIKESSELL FROM TREASURY.

Reference your 217, February 1, 1944 concerning trip to Palestine and Syria. Please bear in mind the problems mentioned in my cable relating to War Refugee Board while on this trip and send report to me upon your return to Cairo. Repeat to Mikesell if he has already left Cairo.

HULL

(JSH)

JMA:JSH:EEC  
2/7/44

ef:copy  
2-14-44

U.S. SECRET  
BRITISH MOST SECRET

COPY NO. 12

O.T.L. No. 42

Information received up to 10 a.m. 6th February 1944.

1. NAVAL

On 4th/5th. four of R.M. Destroyers intercepted an Elbing Class destroyer and two minesweepers off Northern BRITANNY. The Destroyer was damaged, one minesweeper probably sunk and the other damaged. Two other Elbing destroyers which tried to cut off our forces were driven off. A R.M. escort carrier was mined off ONDOWNESS yesterday and is returning to port in tow. Another in the ANZIO area deteriorated yesterday. In ADALFIC on 3rd/4th, 4 schooners were sunk by coastal craft, 91 prisoners were captured. On 4th/5th destroyers bombarded enemy positions on HVAR and KORCULA Islands.

2. MILITARY

Italy To noon 5th. 8th Army. Patrol activity only, bad weather hampered road movement in mountains. 5th. Army. Two small hill features in French Sector lost to strong German counter attacks. Heavy fighting on U.S. front near CASINO. 6th Corps. The enemy broke into the salient South of CAMPOLEONE and our forces withdrew to a stronger position.

Yugoslavia On January 31st. Germans occupied ULJAN and DUBI-OTOK Islands opposite ZARA. In mid-January Partisans carried out successful operations against an enemy offensive in the VARDAR VALLEY capturing valuable war material.

Burma ARAKAN. On 4th Japanese forces estimated 1 Battalion occupied TAUNG BAZAAR 10 miles North of BUTHIDAUNG. Our troops with artillery support engaged a column of 60 miles of which very few reached TAUNG BAZAAR.

North Burma Our troops have occupied NABW 3 miles South of BUNPONGH.

3. AIR OPERATIONS

Western Front 5th. 451 escorted Fortresses and Liberators bombed 6 airfields in CENTRAL FRANCE dropping 1167 tons. 39 escorted Mitchells and Bostons attacked an airfield in NORTHERN FRANCE. 287 Marauders, Mosquitoes and Typhoons attacked military constructions in NORTHERN FRANCE. Day's casualties -- enemy 10:57; Ours - 7 bombers, 4 fighters missing.

5th/6th. Aircraft Despatched: BERLIN 18, DUISBURG 7, HANNOVER 1, Sea-mining 19, Lenfleets 20, Intruders 5, Anti-shipping 6 (1 missing) About 6 a.m. today 16 enemy aircraft flew over South East ENGLAND, 1 entering LONDON Area.

France 4th. 72 Fortresses bombed LONDON Harbour and 32 others. bombed ANTWERP VIADUCT. 6 enemy aircraft shot down, 5 Fortresses missing.

Italy 3rd. 145 medium, light and fighter bombers attacked communications and other objectives near ANZI and in GALLI FROS. enemy casualties 4:3:4. Ours 3 bombers missing.



NOT TO BE RE-TRANSMITTEDCOPY NO. 12BRITISH MOST SECRET  
U.S. SECRETOPTEL No. 43

Information received up to 10 a.m., 7th February, 1944.

1. NAVAL

Weather ANZIO area has moderated but unloading not possible. 6th. Small quantities of supplies were landed through the port by tank landing ships.

2. MILITARY

ITALY. 5th. U.S. troops continued the attack against CASSINO and the hills to the west against fierce resistance; heavy fighting in progress in northeast outskirts of the town.

Sixth Corps. 2 enemy counter-attacks in the bridgehead were broken up and our patrols last reported again pushing forward in CISTERNA Sector.

6th. New Zealand Division came into line again on left of U.S. Sector.

3. AIR OPERATIONS

WESTERN FRONT. 6th. 580 tons were dropped on 8 airfields in FRANCE by total of 197 Fortresses and 76 Marauders. Military constructions attacked by 98 bombers and fighter bombers. From these operations, involving about 2,000 aircraft, 8 aircraft are missing. Enemy casualties on the ground and in the air 17, 3, 9.

TREASURY DEPARTMENT

1944 FEB 9 PM 5 06

SECRETARY OF TREASURY

Regraded Unclassified

203 ✓  
*Wjr saw 2/19/44*

FOREIGN ECONOMIC ADMINISTRATION  
WASHINGTON 25, D. C.

February 8, 1944

My dear Secretary Morgenthau:

You will remember that you asked me to check comparative mileages from Basra to the U.K. and from the Western Hemisphere to the U.K. in connection with the supplying of oil from the Western Hemisphere as compared to oil coming from the Middle East.

I am attaching hereto a copy of a memorandum which gives the relevant facts.

Sincerely yours,

*Oscar Loft*

The Honorable

The Secretary of the Treasury

Attachment

RECEIVED FEB 11 AM 8 42  
SECRETARY OF THE TREASURY  
OFFICE

FOREIGN ECONOMIC ADMINISTRATION  
OFFICE MEMORANDUM

February 5, 1944

TO: Mr. Oscar Cox  
FROM: L. J. Martin  
SUBJECT: Comparative Mileage - Basra to U.K.; Western Hemisphere to U.K.;  
(Gulf of Mexico Ports and Aruba).

You may consider as effectively accurate 4450 nautical miles Aruba to U.K. (Bishop Rock - English Channel); 6450 nautical miles, via Mediterranean, Basra to U.K. (Bishop Rock - English Channel); 4650 reasonable average Gulf of Mexico ports to U.K. (Bishop Rock - English Channel).

L. J. M. (Initialed)





OFFICE OF THE DIRECTOR

# TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON 25



205

February 8, 1944

## MEMORANDUM TO THE SECRETARY:

There is submitted herewith the weekly report of Lend-Lease purchases.

Requisition for 30,000 pairs of rubber boots has been received for use by the U.S.S.R. for fishermen.

*Clifton E. Mack*  
Clifton E. Mack  
Director of Procurement

Attachment

LEND-LEASE  
TREASURY DEPARTMENT, PROCUREMENT DIVISION  
STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND  
DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS  
AS OF FEBRUARY 2, 1944  
(In Millions of Dollars)

SECRET

|                                                         | <u>Total</u>         | <u>U. K.</u>         | <u>Russia</u>        | <u>China</u>       | <u>Administrative<br/>Expenses</u> | <u>Miscellaneous &amp;<br/>Undistributed</u> |
|---------------------------------------------------------|----------------------|----------------------|----------------------|--------------------|------------------------------------|----------------------------------------------|
| Allocations                                             | \$4667.4<br>(4637.3) | \$2287.9<br>(2287.9) | \$1862.4<br>(1862.4) | \$113.8<br>(113.8) | \$11.0<br>(11.0)                   | \$392.3<br>(362.2)                           |
| Purchase Authoriza-<br>tions (Requisitions)             | \$3477.4<br>(3478.8) | \$1817.0<br>(1819.9) | \$1371.8<br>(1369.7) | \$44.4<br>(44.4)   | -                                  | \$244.2<br>(244.8)                           |
| Requisitions Cleared<br>for Purchase                    | \$3388.8<br>(3361.2) | \$1764.7<br>(1756.2) | \$1346.4<br>(1337.1) | \$44.1<br>(44.1)   | -                                  | \$233.6<br>(223.8)                           |
| Obligations<br>(Purchases)                              | \$3257.4<br>(3236.3) | \$1724.5<br>(1716.4) | \$1318.5<br>(1307.9) | \$43.8<br>(43.7)   | \$9.9<br>(9.6)                     | \$160.7<br>(158.7)                           |
| Deliveries to Foreign<br>Governments at U. S.<br>Ports* | \$1675.6<br>(1663.5) | \$1136.0<br>(1127.0) | \$491.3<br>(488.2)   | \$21.1<br>(21.1)   | -                                  | \$27.2<br>(27.2)                             |

\*Deliveries to foreign governments at U. S. Ports do not include the tonnage that is either in storage, "in-transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.

Note: Figures in parentheses are those shown on report of January 26, 1944.

**SECRET**

## EXPLANATION OF DIFFERENCE

The decreases in Purchase Authorizations for United Kingdom and Miscellaneous are a result of adjustment of requisitions to actual contracts.



FEB 8 1944

**SECRET**

My dear Mr. President:

There is attached a report of Lend-Lease purchases made by the Treasury Procurement Division for the Soviet government indicating the availability of cargo for February.

The inventory of materials in storage as of February 1, 1944 was 335,035 tons or 2,639 tons less than the January 1st inventory. Production scheduled for February shows an increase of 14,534 tons as compared with January.

Yours sincerely,

/s/ D W Bell

Acting Secretary of the Treasury

The President

The White House

W.C.C.

## TREASURY DEPARTMENT - U. S. S. R.

MATERIALS AVAILABLE FROM STORAGE AND PRODUCTION DURING FEBRUARY, 1944

| <u>COMMODITY</u>                         | <u>STORAGE</u><br><u>FEBRUARY 1, 1944</u> | <u>PRODUCTION</u><br><u>DURING FEBRUARY</u> | <u>TOTAL AVAILABLE</u> | <u>PRIORITY CARGOS</u><br><u>TO PORT AREAS</u><br><u>SPECIFIED TO DATE</u><br><u>FOR FEBRUARY</u> |
|------------------------------------------|-------------------------------------------|---------------------------------------------|------------------------|---------------------------------------------------------------------------------------------------|
| AGRICULTURAL MACHINERY<br>AND IMPLEMENTS |                                           | 67                                          | 67                     |                                                                                                   |
| ALUMINUM                                 | 1,332                                     | 4,001                                       | 5,333                  | 4,424                                                                                             |
| BEARINGS                                 | 182                                       | 301                                         | 483                    | 280                                                                                               |
| BRASS AND BRONZE                         | 11,536                                    | 10,438                                      | 21,974                 | 7,280                                                                                             |
| CHEMICALS                                | 11,436                                    | 287                                         | 11,713                 | 1,736                                                                                             |
| CONSTRUCTION MACHINERY                   |                                           | 3,142                                       | 3,142                  |                                                                                                   |
| COPPER IN VARIOUS FORMS                  | 44,942                                    | 7,764                                       | 52,706                 | 5,768                                                                                             |
| FERRO-ALLOYS                             | 601                                       | 1,346                                       | 1,947                  |                                                                                                   |
| GRAPHITE PRODUCTS                        | 522                                       | 1,853                                       | 2,375                  |                                                                                                   |
| HAND AND CUTTING TOOLS                   |                                           | 1,107                                       | 1,107                  |                                                                                                   |
| INDUSTRIAL MACHINERY                     | 96,351                                    | 9,884                                       | 106,235                | 26,153*                                                                                           |
| NICKEL AND NICKEL<br>PRODUCTS            | 349                                       | 5                                           | 354                    | 354                                                                                               |
| NON-FERROUS METALS                       |                                           | 119                                         | 119                    | 119                                                                                               |
| PAPER AND PAPER<br>PRODUCTS              | 2,215                                     | 1,610                                       | 3,825                  | 336                                                                                               |
| PLASTICS                                 | 3,971                                     | 4                                           | 3,975                  |                                                                                                   |
| RUBBER                                   | 1,941                                     | 1,298                                       | 3,239                  | 3,239                                                                                             |
| STEEL, ALLOY AND SPECIAL                 | 39,602                                    | 1,594                                       | 41,196                 | 8,289                                                                                             |
| STEEL, CARBON                            | 53,901                                    | 18,854                                      | 72,755                 | 580                                                                                               |
| STEEL, PIPE AND TUBING                   | 46,175                                    | 2,671                                       | 48,846                 | 1,456                                                                                             |
| STEEL RAILS                              | 6,856                                     |                                             | 6,856                  | 6,856                                                                                             |
| TIN PLATE                                | 14,133                                    | 4,641                                       | 18,774                 |                                                                                                   |
| ZINC                                     |                                           | 22                                          | 22                     | 22                                                                                                |
| TOTAL                                    | 336,036                                   | 70,609                                      | 406,644                | 66,672                                                                                            |

\*In addition, all available tonnage applicable to the Oil Refinery Program is classed as priority cargo for prompt shipment to ports.

February 8, 1944

Gentlemen:

The War Refugee Board, consisting of the Secretaries of State, Treasury and War, was created by President Roosevelt on January 22, 1944. The President's purpose in creating the Board, as well as the Board's duties and authority are set out in Executive Order No. 9417, a copy of which is enclosed for your information.

The Board is not unmindful of the fact that private agencies, including yourselves, have for some time been active in seeking means to effect the relief and rescue of Jews and other minority groups threatened with extermination by the enemy. Nor is the Board unmindful of the fact that such agencies have actually brought relief to and effected the rescue of a number of such victims of enemy persecution.

The Board is presently preparing programs for action and earnestly solicits the advice and cooperation of every agency concerned with the problem. Consequently, the Board would appreciate it if you would submit to it, at your earliest possible convenience, a detailed statement in writing of such specific action as you believe the Board should take to effectuate the policy announced in the Executive Order, and of the measures that you are equipped to take to lend assistance to such program. While your statement may be informal, it should contain all available information necessary or incidental to the effectuation of any project you suggest. In this connection, you should bear in mind that the Board must, of necessity, confine itself to projects involving the relief or rescue of groups of persons and cannot deal with proposals limited to any specific individual.

The Board is fully cognizant of the difficulties involved in the preparation of any such statement, but nevertheless believes that the effort thus expended will have its compensation in achievement.



- 2 -

I think that you can understand our desire for having the suggestions of all agencies submitted to the Board in writing and at the earliest possible moment. On the other hand, I want you to know that the staff of the Board is always available for discussions with your representatives and the consideration of such further proposals or suggestions as you may be prepared to make.

Very truly yours,

(Signed) J. W. Pehle

J. W. Pehle  
Acting Executive Director.

Advisory Council on European Jewish Affairs  
of the World Jewish Congress  
330 West 42nd Street, Room 819,  
New York, New York.

LSL:JWP:ccm 2/8/44

LFR-783

Y  
T his telegram must be  
paraphrased before being  
communicated to anyone  
other than a Governmental  
agency. (BR)

Cairo

Dated February 8, 1944

Rec'd 3:45 p.m.

Secretary of State,

Washington.

280, February 8, 6 p.m.

FOR J. W. PEHLE, DIRECTOR WAR REFUGEE BOARD,  
TREASURY DEPARTMENT, FROM IRA HIRSCHMAN.

Have encountered difficulty and delay in making  
travel arrangements due to lack documents showing  
official status. Urgent that you expedite instructions  
regarding issuance official status. Already fertile  
field for terrific concrete results now. Will cable  
specific action needed pronto.

KIRK

MRM

WAR DEPARTMENT  
WASHINGTON 25, D. C.

*Orig. to Mr. Cato 213*  
*Then to E. H. -*  
FEB 8 1944

The Honorable,

The Secretary of the Treasury.

Dear Mr. Secretary:

Reference is made to your memorandum of February 1, 1944 relating to the disbursement of funds to refugees presently on the Island of Rab in the Adriatic.

The previous proposal to rescue this group, initiated by the Intergovernmental Committee on Refugees, was considered by the Joint Chiefs of Staff. In the interim, however, the areas bordering on the Mediterranean were placed under the Allied Commander-in-Chief, Mediterranean, a British Commander responsible to the British Chiefs of Staff as the executive agency for the Combined Chiefs of Staff.

This proposal, therefore, now appears to be a matter for consideration by both the Joint and Combined Chiefs of Staff, and accordingly the War Department is referring your memorandum to them.

Sincerely yours,

*Henry L. Stimson*  
Secretary of War.





BRITISH EMBASSY,  
Washington, D. C.  
February 8, 1944

CONFIDENTIAL

Ref. 105/25/44

Dear Mr. Pehle,

With reference to our conversation of February 17th, I enclose for your confidential information a copy of a letter from Sir R. Campbell to Mr. Hull, dated September 9th, 1943, about the position of refugees who escape from Nazi Europe into Turkey and other neutral countries.

The Foreign Office are anxious that in the interest of the refugees themselves this decision should be kept secret, and we were only authorised to disclose it in strictest confidence to Mr. Hull and Mr. Myron Taylor. The United States Ambassador at Ankara has also been informed of the position.

In view of London's emphasis on secrecy I am sure you will realise the importance of treating this information as strictly confidential.

Yours sincerely,

(signed) W. G. Hayter

W. G. Hayter

Mr. John Pehle,  
United States Treasury,  
Washington, D. C.

COPY

215

Ref. 608/14/43.

September 9th, 1943.

CONFIDENTIAL

My dear Hull,

I write to let you know that His Majesty's Government recently decided that in future all Jews, whether adults or children, who may succeed in escaping to Turkey from enemy-controlled territory since the closing of the Bulgarian-Turkish frontier in May last, will be eligible (after a preliminary security check in Turkey) for onward transport to Palestine, where they will be placed in camps, go through a further security check and if found satisfactory will be gradually released as legal immigrants into Palestine against the current half-yearly immigration quotas. By "onward transport" is meant such transport by sea or rail as may be arranged by His Majesty's Government in co-operation with the appropriate diplomatic mission.

This policy will also apply to Jews who manage to escape to other neutral countries, but where they have escaped to countries in which they are safe they will normally remain there. Thus the Jews at present in Mauritius, Cyprus and Spain would remain there (unless, as is hoped, arrangements can be made in the case of Spain to remove them for the duration of hostilities to Allied territory in North Africa) and only in very special cases and for very special reasons would authority be given for any onward transport to Palestine.

The numbers/

The Honourable  
Cordell Hull,  
Secretary of State of the United States,  
Washington, D. C.

- 2 -

The numbers to be admitted under these new proposals will not entail any increase in the total number of immigrants permissible for the period ending the 31st March, 1944.

I have been asked to emphasize the confidential nature of this letter, as secrecy is essential in the interests of the refugees themselves and His Majesty's Government intend to make no public announcement of the policy described above. They are, however, informing the Jewish Agency for Palestine in confidence of what is proposed.

I am writing a similar letter to Mr. Myron Taylor.

Yours sincerely,

(Sgd.) R. I. Campbell.



AMERICAN EMBASSY,

ANKARA

For the Ambassador and Hirschmann

Department's 68, January 25, concerning War Refugee Board and 120 of February 12, 8 p.m., concerning appointment Special Attache Hirschmann.

Special attention should be given to the following matter.

The War Refugee Board has resolved that one of the projects which should be pushed with greatest speed is an effort to facilitate the evacuation of as many refugees as possible from occupied areas to Turkey.

The Board feels that the most feasible way of accomplishing this extremely urgent task is to obtain from the Turkish Government effective measures to encourage the entry of more refugees. Concretely that government should be requested (a) To relax border and other controls and take such other action as will facilitate the entry of the largest possible number of refugees from Bulgaria, Rumania, and other areas adjacent to the Black Sea, and (b) To make an announcement in as nearly an official manner as possible indicating what is being done, and above all, that entry of refugees into the country is permitted.

The Department desires to support the above program of the Board and you are requested at the earliest possible

moment

-2-

moment to approach the Turkish Government with a view to obtaining their agreement to the plan and immediate action on their part. In addition to making clear this Government's determination to do everything within its power to rescue refugees and its expectation of full cooperation from the Turkish Government you may, if you deem it advisable, indicate that (a) The War Refugee Board is prepared to take all possible measures, financial and otherwise, to aid the evacuation of refugees to Turkey; (b) The Board is prepared to render full assistance in the maintenance of refugees in Turkey; and (c) If the Turkish Government takes necessary steps to facilitate the entry of a substantial number of refugees the Board will make all efforts to move refugees from Turkey to other places if such action becomes desirable. You may wish to discuss specifically the possibility of setting up camps in Turkey in which refugees entering the country could live. The Board would, if necessary, make arrangements for financing the establishment and maintenance of these camps and the support of the refugees in them. This plan may facilitate the removal, on a compulsory basis if necessary, of refugees from Turkey to other places if such action becomes desirable in order to permit the entry of more refugees into Turkey from occupied areas.

In connection

-3-

In connection with the foregoing, you are, of course, aware of the fact that the refugees remaining in Transnistria are in imminent danger of extermination by the retreating German armies, and that the evacuation of these refugees is a problem of the greatest urgency. Accordingly, you should do everything possible to aid in the development and execution of measures to effect the evacuation of these people to Turkey. Various private organizations are deeply interested in this problem and are anxious to assist in financing and otherwise carrying out the project. Representatives of at least some of such organizations in Turkey have been requested to get in touch at once with Mr. Hirschmann for the purpose of formulating a plan of action. You have previously indicated that the basic difficulty of evacuation is one of transportation. The private organizations interested in this project are making all efforts to secure ships and you should give them every assistance. In addition, you should advise us promptly of any measures which can be taken by the United States Government to see that necessary shipping, neutral or otherwise, is available. Above all, you should attempt to secure the full cooperation of the Turkish Government in this matter.

Efforts



-4-

Efforts should, of course, also be made as soon as possible to increase the flow of refugees from Rumania to Turkey.

The Department appreciates that your own activities regarding this matter may be somewhat restricted by the terms of the Department's 103, February 7, 7 p.m., and that it may be necessary for you to arrange for Hirschmann to take the principal initiatives. You should use your best judgment in this regard. You will realize, however, that these negotiations are on an entirely different level than those relative to Turkey's role in the war; and that this Government is simply addressing a humanitarian appeal to the Turkish Government, as to other governments, rather than a request that they take certain action favorable to us at some sacrifice to them.

Please report to the Department the progress that is being made in this matter, indicating the practical measures that will be necessary to put the plan in operation, obstacles encountered, and such action as you think the Government of the United States should take to facilitate the operation.

C O P Y

IG-505

PLAIN

London

Dated February 8, 1944

rec'd 4:50 p.m.

Secretary of State,  
Washington.  
1082, Eighth.

CONFIDENTIAL FOR LIMITED DISTRIBUTION.

In absence of Department's reply to Embassy's 1006 fifth Foreign Office this afternoon says Foreign Secretary in answer to question in Parliament tomorrow will refer to announced policy of American Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war and will probably reaffirm the purpose and practical intention of British Government to cooperate with us therefor. He is expected to mention foreign home and colonial offices as being concerned with refugee questions and to state that a Cabinet committee of heads of concerned offices already exists.

Foreign

-2- 1082, Eighth, from London

Foreign Office tells us fuller parliamentary discussion is expected in supplementary estimates debate perhaps two weeks hence. Meantime Foreign Office expects to inform its representatives particularly in countries where refugee question is active of American instructions regarding War Refugee Board and instruct representatives to cooperate with American colleagues in matter.

WINANT

CSB



COPY

February 8, 1944

TO: Mr. Bundy  
FROM: J. W. Pehle

I am transmitting herewith a copy of Cable No. 1006 of February 5, 1944, from London, and a copy of the proposed reply which I cleared with you and which I am sending to the State Department today.

/s/ J. W. Pehle

JWP:ngt 2/8/44

COPY

February 8, 1944

TO: Mr. Stettinius  
FROM: J. W. Pehle

With regard to Mr. Raynor's letter of February 7, 1944, transmitting a copy of Cable No. 1006, received from London, there is transmitted herewith a suggested reply.

The suggested reply has been cleared with the War Department.

/s/ J. W. Pehle

JWP:ngt 2/8/44

COPYREPLY TO CABLE 1006 FROM WINANT

Although the Secretary of War is on the War Refugee Board, and although the President has made it clear that the existing facilities of the War Department, as well as the State and Treasury Departments, will be employed to aid Axis victims to the fullest extent possible consistent with the successful prosecution of the war, it is not contemplated that combat units of the armed forces will be employed for the purpose of rescuing victims of enemy oppression unless such rescues are the direct result of military operations conducted with the objective of defeating the armed forces of the enemy. The War Department, as well as the State and Treasury Departments, is of course prepared to cooperate fully with the Board in carrying out the President's Order. There are obviously many ways in which the policy of this Government can be actively implemented by the War Department short of operations involving the use of combat units. The foregoing is for the confidential information of the British Government.

You state that the British have a Cabinet Committee on Refugees in existence, whose composition has not even been made public. As indicated in our 774 of January 31 this Government would view with favor the issuance by the British Government of a declaration of policy similar to that made by the President. We would also deem it desirable if the composition of the Cabinet Committee on Refugees and its functions and responsibilities were made public. What is the reaction of the Foreign Office to the issuance of instructions to its representatives in other countries comparable to the instructions contained in Department's 634?



COPY

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THE UNDER SECRETARY OF STATE  
WASHINGTON

February 7, 1944

Dear Mr. Pehle:

I enclose herewith a copy of cable No. 1006 received from London relative to the War Refugee Board. You will receive a copy of this in the usual way but because of the urgency of the request on the second page, I am sending this copy to you by special messenger.

We would appreciate the advice of the Board as to the reply which should be made.

With best wishes,

Sincerely yours,

/s/ HAYDEN RAYNOR

Enclosure.

Hayden Raynor,  
Special Assistant  
to the Under Secretary

Mr. John W. Pehle,  
Acting Executive Director,  
War Refugee Board,  
Treasury Department,  
Washington 25, D.C.

COPY

227

LFR-739

PLAIN

London

Dated February 5, 1944

Rec'd 3:55 p.m.

Secretary of State,  
Washington.

1006, fifth

CONFIDENTIAL

FOR LIMITED DISTRIBUTION

Pursuant to our communications regarding War Refugee Board (REFERENCE Embassy's 918, second) Foreign Office has discussed matter with us informally and confidentially. A question has been put in House of Commons asking whether British Government intends making similar move and answer will probably be made February 9 although not yet approved at higher level. Present Foreign Office expectation is that answer will be broadly sympathetic with establishment of War Refugee Board and state that no similar British move is called for because Cabinet Committee on Refugees already exists and functions. (Incidentally, its composition has not been made public and perhaps will not be divulged on this occasion.)

Foreign

-2- #1006, fifth, from London

Foreign Office states that one effect here thus far of War Refugee Board publicity is that concerned unofficial organizations interpret the words "rescue the victims of enemy oppression who are in imminent danger of death" coupled with the fact of Secretary of War's membership on the Board as promising military measures (for example, surprise parachute troop movements) for the specific purpose of rescue of such victims, and British Government would consequently find useful any statement which the American Government might see fit to make or suggest in clarification. Such statement would be particularly useful if immediately made, in time for reference in answer in Parliament.

WINANT

WTD



PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington  
TO: AMERICAN CONSUL, Istanbul  
DATED: February 8, 1944, 10 p.m.  
NUMBER: 86

SECRET

Czech official circles here are quoted by a Jewish Telegraphic Agency report from London dated January 28 as charging Hungary with deporting to occupied Poland 65,000 Jews including 45,000 Jews from Carpatho-Russia as a measure against "undesirable foreigners." In explanation of the phrase "undesirable foreigners" the report added that this is because mass deportation did not include Jews whose ancestors <sup>had</sup> lived in Hungary since 1852 and paid taxes there since 1872. It is stated by the report that the charge was made to counteract reports being disseminated through neutral countries from Budapest to the effect that Nazi demands for stricter anti-Jewish policy are being defied by Hungary. The report added that only recently 40,000 Carpatho-Russian Jews were deported. It is stated that Hungarian Jews made up the other 25,000.

Your comments as to the accuracy to the JTA report would be appreciated in light of your despatches of December 1 and December 23, nos. 1909 and 2062.

HULL

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington  
TO: AMERICAN LEGATION, Bern  
DATED: February 8, 1944, midnight  
NO. 417

SECRET

Czech official circles here are quoted by a Jewish Telegraphic Agency report from London dated January 28 as charging Hungary with deporting to occupied Poland 65,000 Jews including 45,000 Jews from Carpatho-Russia as a measure against "undesirable foreigners". In explanation of the phrase "undesirable foreigners" the report added that this is because mass deportation did not include Jews whose ancestors had lived in Hungary since 1852 and paid taxes there since 1872. It is stated by the report that the charge was made to counteract reports being disseminated through neutral countries from Budapest to the effect that Nazi demands for stricter anti-Jewish policy are being defied by Hungary. The report added that only recently 40,000 Carpatho-Russian Jews were deported. It is stated that Hungarian Jews made up the other 25,000.

Is any information regarding accuracy of this charge possessed by you?

Foregoing message was repeated as no. 982 to London.

HULL

My dear Archbishop:

The Swedish press has recently reported that the Slovakian Government of Dr. Josef Tiso has undertaken the registration of all Jews in Slovakia preliminary to their deportation. It is further reported that there are about 15,000 Jews remaining in Slovakia whose deportation is being pressed by the German Government.

President Roosevelt in establishing the War Refugee Board clearly announced the intention of the United States Government to take every action within its power to preserve the lives of those who suffer at the hands of our enemies and to rescue those whose lives are in imminent danger. In furtherance of these humanitarian objectives we earnestly seek your good offices in presenting to the Holy See the request of the War Refugee Board which has the full support of this Department that efforts be made to persuade Dr. Tiso and his associates to refrain from further aiding and abetting the Nazis in their persecution of the Jews.

It is further requested that Dr. Tiso be advised that this Government views most seriously and will take into account in the future any part which he or his associates may play in the deportation and persecutions of the Jews in Slovakia.

In view of the urgency of the matter it is possible that the Holy See may wish to express its views simultaneously on the threatened deportations.

Sincerely yours,

His Excellency Amleto Giovanni Cicognani,  
Archbishop of Laodicea di Frigia,  
Apostolic Delegation,  
339 Massachusetts Avenue, N. W.,  
Washington, D. C.



(COPY: TMR: SS  
(COMPARED: \_\_\_\_\_)

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THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

AMERICAN EMBASSY

Mexico, D. F., Mexico, February 6, 1944

No. 15,781

Subject: Refugee relief in Mexico.

The Honorable  
The Secretary of State,  
Washington, D. C.

Sir:

I have the honor to acknowledge the receipt of the Department's airgram of January 26, 7 p.m., 1944, respecting the establishment of a War Refugee Board, consisting of the Secretaries of State, Treasury and War, and also the President's statement that he expects the cooperation of all members of the United Nations and other Governments in carrying out the difficult and important task involved in the immediate rescue and relief of the Jews of Europe and other victims of enemy oppression. The Department directed the submission of an immediate report concerning the actual situation as it exists in Mexico, such report to include a full statement as to what is being done to rescue the Jews and other persecuted minorities from Hitler, including particularly (a) the extent to which these war refugees are permitted to enter Mexico, (b) the extent to which Mexico actually encourages and cooperates in their entry, and (c) the extent to which such refugees are not able to enter Mexico because of the latter's failure to cooperate in their entry.

The Department will recall from despatch no. 2482 of July 1, 1942, and related correspondence, that the Mexican Government had authorized the entry of a large group of political refugees from Europe. At that time when the so-called refugee vessels plying between Portugal, Casablanca and ports in the Americas were sailing on more or less regular schedules, considerable numbers of individuals, Jews and others, were admitted into Mexico as political refugees. Also at about this time

the

the Mexican Foreign Minister stated "Mexico has been an energetic defender of the right of asylum and has freely opened its territory to the politically persecuted who come to it with honorable intentions of peace, work and discipline....Mexico cannot see without emotion the treatment which is being given to the civil populations in occupied territories".

During the past eighteen months, the number of vessels calling at Mexican ports from Portugal and Spain have been practically nil so that the number of refugees entering Mexico during this period has been greatly reduced. There is no indication, however, that the Government of Mexico is not now, as it was in the past, prepared to cooperate in any measures looking towards the relief of persecuted European minorities and to afford asylum within the absorptive capacity of the country. This is substantiated by the fact that Mexico has entered into an agreement with the Polish Government-in-exile to take up to a maximum of 28,000 Polish refugees, irrespective of religion, who might be transported to Mexico. The Department will recall that slightly more than 1,500 have been brought to Mexico since July 1943 and are presently installed at the Colonia Santa Rosa in Leon, Guanajuato.

It will also be recalled that there is in Mexico an organization known as the Federacion de Organismos de Ayuda a los Republicanos Espanoles (FOARE) for the purpose of carrying on refugee and anti-Fascist propaganda; it has been active also in securing the release of political refugees in French North Africa. Through the activities of this organization and the cooperation of the Mexican Government, thousands of Spanish political refugees have found haven within the Republic. There is also in existence here a Jewish Refugee Committee which is in cooperation with similar organizations in the United States and which is principally concerned with refugees of the Jewish faith.

The Embassy will inform the Ministry for Foreign Relations with respect to the ~~airgram~~ under reference and endeavor to ascertain the extent to which Mexico is prepared to cooperate in the carrying out of the President's program of refugee relief. It is felt, in this connection, that Mexico will be prepared to cooperate within the limit of its fiscal and other capabilities; but that such cooperation will doubtless have to be limited to providing permission for refugees to reside

within the Republic. It is extremely doubtful, considering the already impoverished condition and general living conditions of many of Mexico's citizens, whether the Government could, from a political point of view, afford to take over the responsibility of housing, feeding and caring for large groups of European refugees. The question, however, will be explored with the Mexican authorities.

It may be added that Mr. Gibson, of the Embassy staff, who was an adviser to the United States delegation to the recent Demographic Congress, states that this subject was not treated of during the Congress.

Respectfully yours,

HERBERT S. BURSLEY  
Charge d'Affaires ad interim

SEOD:AP  
In duplicate  
848-War Refugee Board.



## EMBASSY OF THE UNITED STATES OF AMERICA

San Salvador, El Salvador, February 8, 1944.

No. 1261

SUBJECT: Admission of Jews and other war refugees into  
El Salvador.The Honorable  
The Secretary of State  
Washington

Sir:

In despatch no. 1230, of February 2, 1944, it was stated that a personal note was being addressed to the Salvadoran Minister for Foreign Affairs containing the salient points of the Department's circular airgram of January 26, 1944 (7 p.m.) on the subject above cited. This note was sent to Dr. Avila on February 2 and the following personal reply dated February 8 has just been received from him:

"My dear Mr. Thurston:

"Referring to your esteemed letter of the second instant, in which, complementing our conversation of the same day, you were so good as to confirm the statements made to me in conformity with the instructions which His Excellency the President of the United States of America had given to the Secretaries of State, Treasury and War with respect to the taking of measures for the immediate rescue of the Jews of Europe and other victims of enemy persecution, and at the same time to request of me information with respect to what my Government has done in that connection and in general with respect to the situation in El Salvador in relation to the other points mentioned, permit me to advise you as follows:

cc: Chauncey, Abrahamson, Akzin, Bernstein, Cohn, DuBois, Friedman  
Gaston, Hodel, Laughlin, Lesser, Luxford, Mann, McCormack, Paul  
Pollak, Rains, Standish, Stewart, H. D. White, Pehle, Sargoy,  
Files

-2-

"a) Since the laws on the subject contain no particular provisions thereon, it was agreed in Cabinet meeting that while the present situation should prevail, European immigration should not be permitted, particularly in view of the fact that the smallness and over-population of our country do not permit unrestricted immigration.

"But for reasons of humanity and convenience it was agreed to permit the entry, on agreement in each case, of some foreign nationals and of male and female Jews of sixty and fifty years of age respectively, who were related as grandfathers, fathers, sons and brothers of Jews having resided in the country for ten years, who might be able to support them and who should not come to the country to work and displace nationals from their individual activities, this arrangement also embracing minors under sixteen years of age and those who might be under the guardianship or charge of immigrant Jews.

"It was agreed, moreover, to permit the entry of those who might be experts or technicians in any industry or scientific speciality which could be of value to the country.

"b) With respect to the rest, my Government is disposed to cooperate in every way possible with the Government of your country in order to bring about the realization of a policy set forth in your esteemed communication.

"With my expressions of high esteem and friendship,

/s/ A. R. Avila"

Respectfully yours,

Walter Thurston

711  
WT/mgd

AIRGRAM

FROM

Ceuta, Spanish North Africa.

Dated February 8, 1944.

Rec'd Feb. 16, 4p.

Secretary of State,

Washington.

A-11, February 8, 6 p.m.

Department's telegram no. 207 of January 25, 1944  
midnight, to the Embassy in Madrid, repeated by the  
Embassy to Ceuta.

According to the head of the Jewish community Ceuta,  
there are no refugee Jews nor are there any other war  
refugees in this consular district, which is confined to  
the town of Ceuta. Ceuta is a fortress town and even  
Spanish nationals must have special permission to reside  
here. There is no possibility whatsoever that foreign  
refugees would be able to obtain the requisite permission  
to reside in this military area. Neither would it be  
desirable for such refugees to come to Ceuta because of  
the very acute housing problem.

Geier

Copies to:  
Legation, Tangier;  
Embassy, Madrid;  
Consulate General, Barcelona.

800

PEG/gna



## PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Chungking  
TO: Secretary of State, Washington  
DATED: February 8, 1944  
NUMBER: 252

## CONFIDENTIAL

From Adler to the Secretary of the Treasury.

The following paraphrase message is transmitted to you at the request of Dr. Kung.

Knowing and appreciating as I do your personal friendship for China and your sustained interest in fostering Sino-American cooperation, I am forwarding you this message in order to keep you abreast of the most recent developments and in order further to clarify Chinese attitude on American Army disbursements in China. Ambassador Gaus and General Hearn delivered a memorandum to the Chinese Government on January 28.

On February 3 I saw them and gave them a memorandum on our views concerning which I trust your government has informed you. I should like to add the following, even though most of the ground in the memorandum was covered in my previous message to you.

A. Resultant from the diffusion of the rumor that an adjustment in the exchange rate is being suggested by the U.S., there has already been a rise in the black market price for U.S. currency. Since January 1 the black market rate has soared from 90 to 115 in Kunning and in Chungking from 85 to 115; this has contributed to pushing up prices and to a further reduction in the purchasing

-2-

in the purchasing power of fapi. The American Government would surely not desire to aggravate our currency problems and to give further impetus to rising prices by requesting a higher conversion rate for U.S. military disbursements, as our difficulties, as well as those of the American Army, spring from high prices.

B. We cannot expand notes in circulation making provision for a proportionate expansion of reserves, as each fresh issue imposes a responsibility for convertibility and as our capacity to fulfil that responsibility will be impaired without provision of sufficient backing for a fresh issue. If we can sustain faith in fapi and stop its becoming a scrap of paper, both our current war effort and commercial intercourse with friendly nations especially the war will be greatly facilitated.

C. Moreover, there exists, as you indicated in your memorandum transmitted by President Roosevelt to the Generalissimo, the danger that further gains may accrue to hoarders, speculators and insiders with consequent depletion of foreign exchange assets which China could more advantageously employ for reconstruction. It is scarcely necessary for me to indicate that a reduction in exchange rate at this time would lead to precisely those dangers which you want to avoid would produce larger gains for speculators, insiders and hoarders and deplete the valuable foreign exchange assets of China. I strongly desire to avert this peril.

GAUSS



NOT TO BE RE-TRANSMITTEDCOPY NO. 12BRITISH MOST SECRET  
U.S. SECRETOPTEL No. 45

Information received up to 10 a.m., 8th February, 1944.

1. NAVAL

On 6th swell limited discharge from Liberty ships to 550 tons, but 2,850 tons were loaded into vehicles from tank landing ships. The Port of ANZIO was under long range shell fire which killed 3 ratings. Intermittent bombing throughout the day and glider-bomb attacks at dusk caused no damage.

A Liberator attacked a U-boat southwest of ASCENSION ISLAND on 6th. Survivors reported in water.

2. MILITARY

ITALY. To noon 7th. 8th Army. Aggressive German patrolling.

5th Army. Active patrolling and regrouping French sector. U.S. troops maintained pressure against CASSINO and made further progress north and west of the town; further south British troops repelled a counter-attack.

6th Corps. Active patrolling in Bridgehead.

BURMA. Evening 5th, Japanese made 3 attacks 3 miles southwest of TAUNG BAZAAR and suffered heavy casualties; further thrusts in this area are being held by our forces supported by tanks. Japanese also suffered heavy casualties in hard fighting just northwest of BUTHIDAUNG and during mopping up of village five miles northeast of the town.

3. AIR OPERATIONS

WESTERN FRONT. 7th/8th. Mosquitoes despatched: FRANKFURT 19, ELBERFELD 8, KREFELD 5, AACHEN 2, MANNHEIM 1, Airfields Northern France 10, Intruders 4, Leaflets 6 Fortresses. All aircraft returned safely.

ITALY. On 5th and 6th total 346 light and fighter bombers attacked communications and transport in the ROLE, ANZIO and battle areas. Medium bombers dropped 24 tons at TERNI and 36 tons at ORTE railway centres. Enemy casualties - 7, 0, 5. Ours - 10 missing.

FAR EAST. 5th. Allied bombers sank 6 small ships in the SOUTH CHINA SEA.

5th/6th. Liberator's in ordnance plant at BANGKOK.

11 2 PM 9 FEB 1944

Regraded Unclassified



February 9, 1944.

MEMORANDUM

FOR: Secretary's Diary  
FROM: Mr. Gaston

When you left here Friday, February 4, you said that you would let your recommendation for Commissioner of Internal Revenue to succeed Hannegan go over until your return. On Monday we received a letter, dated February 5, from Senator Mead recommending Collector Joseph D. Nunan, Jr., of Brooklyn. I replied that same day to Mead that you had talked to Mr. Nunan and other candidates but had not yet reached a decision. Mead endeavored to get me on the phone that day without success, but I talked to him the following day, Tuesday, and he repeated his interest in Nunan, praising very highly his capacity and said that he would like to talk to you about Nunan before you made a recommendation. I told him I would report his interest in and recommendation of Nunan to you at the first opportunity.

We also received on Monday a memorandum from the President, dated February 5, reading as follows:

"MEMORANDUM FOR THE SECRETARY OF THE TREASURY

I think this is all right. Why not make out the nomination? F.D.R."

There was attached the following memorandum, the initials apparently those of General Watson:

"February 3, 1944.

MEMORANDUM FOR: THE PRESIDENT

Copy to: Justice Byrnes

Senator Mead called me today and said that he and Senator Wagner fervently endorsed the recommendation of Chairman Hannegan regarding his successor, the Honorable Joseph Nunan, Jr., Collector of Internal Revenue, Brooklyn, New York. I called Chairman Hannegan and he gave me the following information regarding the appointment of his successor.

- 2 -

'I was asked by Secretary Morgenthau to make a recommendation concerning my successor, based on ability and record in office, and I recommended Joseph Nunan, Jr., of Brooklyn, as an outstanding man from the standpoint of ability and record.

I then consulted Mr. George Schoeneman who is Deputy Commissioner in charge of all the collectors. He has been in charge of them for the past twenty-three years. I asked him to make a recommendation as to the proper man without advising him of my own preference, and he also recommended Mr. Nunan.'

E.M.W."

I dictated that day a memorandum which was signed by Dan Bell and sent to the White House, as follows:

"February 7, 1944.

Memorandum for The President:

This refers to your memorandum of February 5, to which was attached a memorandum from E.M.W. reporting Senator Mead's endorsement of Joseph D. Nunan, Jr., Collector of Internal Revenue at Brooklyn, for Commissioner of Internal Revenue, and Chairman Hannegan's comment thereon.

Secretary Morgenthau has interviewed Mr. Nunan and two other Collectors of Internal Revenue, John Fahs of Jacksonville and Dan Nee of Kansas City. He has also interviewed Charles Murchison, a lawyer of Jacksonville, Florida, former Regional Administrator of O.C.D., who is highly recommended and seems to be an outstanding man, and William Jennings Bryan, Jr., Collector of Customs at Los Angeles, but has not come to a decision.

On his departure Friday the Secretary said he would like to have the selection of a new Commissioner held until his return.

(Signed) D. W. Bell  
Acting Secretary of the Treasury."



- 3 -

At 12:45 P.M., Tuesday, February 8, Mr. Bell received from the White House a memorandum as follows:

"MEMORANDUM FOR  
THE ACTING SECRETARY OF THE TREASURY

I cannot hold up the selection of the new Commissioner until H.M., Jr. returns. Will you, therefore, please send me the nomination papers for Mr. Joseph D. Nunan, Jr.? He mentioned his name in talking with me the other day and made no objection. I think it should go through at once, especially in view of the new Tax Bill situation.

F.D.R."

Mr. Bell immediately called me in and we decided that we would endeavor to reach you before sending over the nomination. I called Mrs. Morgenthau in New York that afternoon to learn whether you were in such condition that it would be advisable to consult you on the matter. She advised me to call you. I talked to you at 6:15 P.M. and told you the contents of the various memoranda. You called my attention to the sentence in the F.D.R. memorandum dated February 8 which reads: "He mentioned his name in talking with me the other day and made no objection." The "he" in this sentence apparently refers to "H.M., Jr." in the first sentence of the memorandum. You told me that you had had no such conversation, that Nunan's name had not come up in any conversation with the President. You said, however, that Nunan seemed to be a good man, that you had no objection to the appointment, and authorized me to have the nomination sent over to the White House.

*MS*



Treasury Department  
Division of Monetary Research

244

Date March 6, 1944 19

To: Secretary Morgenthau

I think you will be interested  
in this letter from Mr. Adler.

H.D.W.

MR. WHITE  
Branch 2058 - Room 214½

February 9

The main current item of interest in the financial sphere is of course the negotiations that are taking place between the Embassy and the Army on the one hand and the Chinese Government on the other. The Gimo has delegated the Chinese end of the negotiations to Kung, but actually Kung consults his boss on all points of substance. As you probably know, our side approached the Chinese with a proposal which would in effect have given us a rate of 100 to 1 (i.e. the Chinese would give us 40 to 1 as the "current highest authorized conversion standard for foreign exchange transactions" and would also advance CN\$60 for every CN\$40 spent by us), and the Chinese have made a counter-proposal offering us 30. This offer is almost certainly the Gimo's work, as Kung had already offered the Treasury not less than 40 some time ago, and prices have not gone down in the interim. At present the Army is endeavoring to persuade the Chinese Government to advance CN\$1 billion per month to enable Army construction work and activities to be maintained while negotiations are continued, and I understand that Kung has informally promised to make at least half that amount available. If we receive enough to get along on then there will be no overriding urgency in reaching an agreement which can and probably will be made retroactive. It is bound to be a protracted matter if we are to reach anything like a reasonable settlement, as considerable pressure preferably from the highest quarters will have to be applied before any tangible results will be obtained. As matters stand our expenditures in China will in all likelihood exceed CN\$15 billion this year (they were over US\$100 million last year) which will cost us over US\$3/4 a billion if we don't make the Chinese come across.

- 2 -

The odds are that they will eventually if sufficient heat is turned on. Right now incensed by the rebuff they received on the loan they are yelling holy hell that they have repaid the US\$1 a billion loan and that US Army expenditures in China and activities on the black market--of which more anon--are a major factor in rising prices. This is the new alibi which is being played to death, vide Kung's messages to the Secretary; the Gimo and Kung on economic matters are very much like the guy in the Hunting of the Snark who claimed that if he said a thing three times it became true. The loan has been repaid even though we are to bear the cost of the Chengtu projects which account for CN\$5 billion of the CN\$10 billion which the Chinese Govt. has advanced or is about to advance--on its own figures--for the USAAF in China; an inconvertible paper currency needs foreign exchange reserves; and now we are responsible for the inflation.

As for the black market the Chinese Govt. has never asked us to do anything about it, in fact Gauss specifically asked Kung if he had any objection to the Embassy's covering its expenses by selling U.S. currency and Kung did not take the opportunity to raise any objection. Similarly they have never made any demarche about our soldiers being paid in U.S. currency, and as you will remember Kung refused to prohibit outright the sale of US savings certificates to foreigners even though we made our views on the matter perfectly clear. The black market in Chungking has been behaving very queerly since the beginning of the month. It was just over 90 on the 1st. Yesterday a small transaction took place at 195 and today some transactions also small occurred at 170 though others occurred at 130. The market in Chungking is very thin even compared to the Kunming market, and it is doubtful whether it has been averaging much more than US\$10000 per week. In the last week while the rate has almost doubled the volume of transactions seems to have been much smaller, than usual; moreover the rate in Kunming is appreciably lower than here being



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not more than 120-140 according to latest reports. Naturally a market which is narrow can easily be upset by rumors to which Chungking is extremely susceptible. Frankly I have not yet come across a convincing explanation of the doubling of the black market rate, and I shouldn't be surprised if sg.screw not to say fishy is afoot. It is said that there are two rumors circulating, the first that the Chinese Govt. is under pressure from us to change the official rate to 100, and the second that the Chinese Govt. is about to take drastic action to close the black market. If the second were true one would have expected effective demand to have been much larger. It is also reported that there have been large remittances from Shanghai seeking a satisfactory hoarding medium, but such remittances would have tended to flow into the much bigger Kunming market, and moreover it is impossible to explain the discrepancy between the Chungking and Kunming rates on this basis. And while of course prices have gone up since Chinese New Year, the movement in prices is something like comparable to the movement in the black market rate. What makes me so suspicious that there may be dirty work at the crossroads is the fact that the transactions consummated at the very high rates prevailing in the last couple of days have been both few and small. I hope to get all the facts and to report by cable in the near future.

In the meantime the price of gold has gone up sympathetically to about CN\$18,000 per oz. but the Chinese Govt. does not appear to have perceptibly increased its sales to the public which remain at about 1,000 oz. per day.

With respect to USAAF expenditures there have been some ostensibly legitimate criticisms to the effect that:

- 4 -

a. Army officers in charge of contracting and purchases are green to trade in general and to the particular commercial customs of China with the result that they pay altogether exorbitant prices quite often.

b. Their costly insistence on speed in the execution of contracts is often unnecessary.

c. They insist on much too high standards both with respect to living conditions and to standards of execution in relation to the volume of available resources.

d. They are overstaffed in relation to the level potential as well as actual of military activity.

Something may eventually be done about a., but it is to be doubted whether the other points will be attended to.

To come back to the negotiations, the Chinese have so far vetoed every constructive proposal emanating from the US. They have turned thumbs down on the sale of gold and US currency, have said that any change in the official rate is out of the question, and have rejected specific proposals for a special rate. They talk vaguely about Reverse Lend-Lease, but the amounts they appear to have in mind are altogether negligible in comparison with our needs.

With regard to the Communist situation, while there has been no real relaxation of tension--on the contrary, arrests have occurred in Kweilin and Paeki, the movement of troops and supplies to the N.W. continues, and the Chinese general in charge of requests for lend-leasing of military supplies has flatly asked our Army people for supplies for the N.W. in view of the possibility of civil war only to have his request turned down by our military people in a rather indirect fashion--the Gimo has approached the local Communist leader about their sending leading representatives here to conduct negotiations. Apparently he asked for Chou En-lai, Chu Teh, and Lin Pai-hsu. When he was told that the

- 5 -

Communists no longer have means for communicating messages to their headquarters, it appears that he guaranteed that the message would get through. According to the foreign journalists here, and their story is corroborated by well-informed diplomatic circles, the Communists replied that they would send Lin Pai-hsu to Chungking after the spring ploughing and that if he made sufficient progress they would then send Chou En-lai. Lin Pai-hsu's position in the Chinese Communist set-up roughly corresponds to that of Kalinin in Russia; he is a veteran Kuomintang revolutionary with many personal friends in Chungking. Presumably, therefore, the Communists are not afraid of anything drastic happening to him should he be held hostage in the capital. It is thus of some significance that the Communists should have chosen as their delegate a man who because of his personal relations would not be running extreme risks in visiting Chungking. A second point worthy of note is that they are apparently seeking to defer the crisis coming to head, as the spring ploughing is not completed in the N.W. until late April or early May. A member of the diplomatic service who recently visited Sian informs me that the Kuomintang has been sending planes to the N.W. of late and that they are obviously not intended to be used against the Japanese. Our Consular official in Sian whose bias runs in favor of the KMT believes that the military preparations now under foot are designed to tighten the blockade to such an extent that either

a. The Communists will be provoked into a military attempt to break, which would of course suit the KMT's cards, as they could then pose as innocents before the gallery of world opinion.

or b. In order to strengthen their military position the Communists would have to draw off guerrillas and other troops from areas in "occupied" territory now under their control, thus enabling the puppets and Japanese to extend their control to these areas. The point of this as far as the KMT



- 6 -

is concerned is that they believe it will be much easier for them to resume their sway in areas now held by the puppets and Japanese than in areas now held by the Communists.

or c. As the Border area is economically pretty poor the tightening of the blockade might force the Communists to move as a body into occupied China, in which case they might have to bear the full brunt of the enemy's attack. Needless to say, the above objectives do not exclude the possibility that the KMT's military preparations are designed to precipitate direct attack on the Communists should they think the time is propitious. Incidentally in the opinion of an intelligent missionary in Sian if it comes to a showdown it is on the cards that quite a number of KMT troops may go over to the other side. In spite of the Gimo's move there has been no appreciable relaxation of the internal tension. I take it for granted that all my letters are treated as strictly confidential.

T.V. is being stripped of his influence. His key position was that of Chairman of the Board of Directors of the Bank of China, which gave him a powerful financial base. Kung has taken his place, and now he is merely one among many Directors of the Bank. It is rumored that P.W. Kuo whom you must have met in Washington is to become head of China Defense Supplies. As for the third of T.V.'s jobs, there have been rumors current for some time that Wang Chung-wei is to displace him as Foreign Minister, which would leave T.V. high and dry. It is not unlikely that he will not be permitted to return to Washington. There is no doubt that the feud between the Gimo and T.V. runs pretty deep. By the way T.L. dropped in on me this week; he was rather vague about when he was due to return to Washington. You will also be interested to hear that Wei Tao-ming is scheduled to stay on here probably as Minister of Justice. There have been many conjectures as to who is to replace

- 7 -

him. According to one story Tsiang Ting-fu who is representing China on UNRRA had very rosy chances; it is no secret that he was eager to get the post in order to be able to make up for his diplomatic failure as Ambassador to Moscow where he made a notorious howler at the time of the Sian Incident. Unfortunately for him the U. P. published a story slating him as Wei's successor, which irritated the Gimo no end when he heard about it and impaired Tsiang's prospects. There is another rumor that K. C. Wu at present Vice-Minister of Foreign Affairs may get the job; K. C. Wu is a typical smooth successful Government official without any outstanding ability.

COPY

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THE PRESIDENT'S WAR RELIEF CONTROL BOARD  
WASHINGTON BUILDING  
WASHINGTON  
Zone 5

Joseph E. Davies  
Chairman

Charles P. Taft  
Charles Warren  
Melvin D. Hildreth  
General Counsel  
Homer S. Fox  
Acting Executive Secretary

February 9, 1944

My dear Mr. Pehle:

A part of the procedure set up last year in connection with the National War Fund is the review of budgets and programs of member agencies by this Board with the advice of an informal committee composed of representatives of various Government agencies interested in war relief matters.

The budgets of the member agencies of the National War Fund for 1944 have now been presented to the National War Fund and the Board has invited this Advisory Committee to meet with it at the offices of the Board in the Washington Building, Room 1044, on Friday, February 25, at 10:00 a.m. As a number of the budgets include projects for refugee relief the Board has thought that these would undoubtedly be of interest to your Board and has therefore directed me to invite you to be present at the meeting on February 25 or to designate someone to represent you at that meeting. It is expected that copies of the budgets will be available some days before the meeting for preliminary review by those who will attend.

Sincerely yours,

/s/ HOMER S. FOX

Homer S. Fox  
Acting Executive Secretary

The Honorable  
John W. Pehle, Acting Executive Director,  
War Refugee Board,  
Care of Treasury Department,  
Washington, D. C.

cc: Miss Chauncey, Miss Hodel, Messrs. Luxford, DuBois, Stewart,  
Friedman, Lesser, Paul, White, Gaston, E.M. Bernstein,  
Pollak



C  
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YDEPARTMENT OF STATE  
\*\*\*\*  
THE UNDER SECRETARY

February 9, 1944

To : Mr. John W. Pehle,  
From: Hayden Raynor.

I am sending the  
attached cable No. 1082  
from London to you by  
special messenger in view  
of your special interest  
in this matter.

U:HR:IJ

IG-505

PLAIN

London

Dated February 8, 1944

Rec'd 4:50 p.m.

Secretary of State,  
Washington.

1082, Eighth.

CONFIDENTIAL FOR LIMITED DISTRIBUTION.

In absence of Department's reply to Embassy's 1006 fifth Foreign Office this afternoon says Foreign Secretary in answer to question in Parliament tomorrow will refer to announced policy of American Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war and will probably reaffirm the purpose and practical intention of British Government to cooperate with us therefor. He is expected to mention foreign home and colonial offices as being concerned with refugee questions and to state that a Cabinet committee of heads of concerned offices already exists.

Foreign

-2- 1082, Eighth, from London

Foreign Office tells us fuller parliamentary discussion is expected in supplementary estimates debate perhaps two weeks hence. Meantime Foreign Office expects to inform its representatives particularly in countries where refugee question is active of American instructions regarding War Refugee Board and instruct representatives to cooperate with American colleagues in matter.

WINANT

CMB



February 9, 1944

TO: Mr. Stettinius  
FROM: J. W. Pehle

In accordance with our conversation there is attached a proposed cable to Steinhardt in Ankara with regard to Ira Hirschmann.

I think it is very important that this action be taken promptly. This has been cleared with Mr. Bundy of the War Department.

(Signed J. W. Pehle

JWP:mgt 2/9/44

CABLE TO AMBASSADOR STEINBERG IN TURKEY

Refer to Cable No. 66, concerning the War Refugee Board.

The President's Order provides that the State Department shall appoint special attaches with diplomatic status, on the recommendation of the Board, to be stationed abroad in places where it is likely that assistance can be rendered to war refugees, the duties and responsibilities of such attaches to be defined by the Board in consultation with the State Department.

Mr. Hirschmann, a vice president of Bloomingdale Brothers and Company, Inc., departed for Turkey as a private citizen on January 25 to study this whole problem and discuss it with you.

In view of Hirschmann's background and experience, and the urgency of the problem, Hirschmann is hereby designated as Acting Special Representative of the Board, and the State Department, upon recommendation of the War Refugee Board, hereby designates Hirschmann as Special Attaché on war refugee matters. Hirschmann is being accorded diplomatic status by the Department.

Hirschmann may, of course, communicate freely with the War Refugee Board through you and through the Department here. Under the President's Order, the Board's Acting Executive Director, John W. Peltz, is responsible for the prompt execution of the Board's program and is charged with the supervision of the special attaches, including Hirschmann. In carrying out his activities on behalf of the Board in the field, Hirschmann will be directly responsible to you.

The following instructions have been issued by the Acting Executive Director of the War Refugee Board, with the approval of the Department. You are requested to deliver the text of these instructions to Hirschmann.

QUOTE: One. Pursuant to the provisions of Executive Order No. 9417 of January 22, 1944, you are designated Acting Special Representative of the War Refugee Board in Turkey. You are being given diplomatic status and have been designated Special Attaché to Ambassador Steinhardt. Working with and through Ambassador Steinhardt, you are charged with the duty and responsibility of carrying out the policies and programs of the Board in that area. A more detailed statement of your functions will be indicated below and in subsequent communications. You should immediately familiarize yourself with the contents of the various documents relating to the Board which will be furnished to you by the Ambassador.

Two. Within the Embassy, you are responsible to Ambassador Steinhardt. You should work with him, discuss with him problems which arise in the fulfillment of your duties and keep him regularly and fully informed of your activities. You are to have full use of the Embassy's communication facilities in sending and receiving messages related to your official functions.

- 2 -

As provided in Executive Order No. 9417, you are subject to the supervision of John W. Fehle, the Acting Executive Director of the War Refugee Board.

Three. Among the duties which you should undertake immediately are the following:

(a) Render all possible assistance to Ambassador Steinhardt in carrying out the instructions contained in Department's Cable No. 68 dated January 25, 1944.

(b) Work with and assist to the greatest extent possible, public and private agencies who are operating in your area in this field whether such organizations be American, foreign, international or intergovernmental.

(c) Develop and assist in the development of programs and aid in the effectuation of measures for the rescue, transportation, maintenance and relief of refugees. This effort should, of course, include all classes of operations for the purposes mentioned whether such operations be open or clandestine.

(d) Forward to the Acting Executive Director of the Board suggestions for action, reporting frequently on progress of work, obstacles encountered, etc.

Four. Upon indication of the necessities the Board will make available to you funds for operating expenses. You will also be authorized to employ locally personnel needed by you, including non-American citizens.

Five. In so far as the Trading with the enemy Act is concerned, the Secretary of the Treasury has vested in the War Refugee Board and its representatives in the field full authority to communicate with enemy territory to carry out the purposes of the Order. The Secretary of the Treasury has also delegated to the War Refugee Board and its representatives the power to authorize any public or private agencies, who may be subject to the provisions of our Trading with the enemy Act, to communicate with enemy territory for the purpose of carrying out the Order. You are authorized to act accordingly. UNQUOTE.



February 9, 1944.

MEMORANDUM TO COL. E. H. FOLEY, Jr.

It would be extremely helpful if we could obtain promptly from the appropriate military authorities information with respect to non-Italian refugees in that part of Italy under the control of Allied Forces. In particular we should like to ascertain, among other things:

- (1) Number of non-Italian refugees living in camps in Bari or elsewhere;
- (2) Adequacy of camp facilities for present occupants and possibility of receiving others;
- (3) Number of such refugees outside of camps with indication of arrangement under which they are living.

We have information indicating that the British military authorities are presently evacuating refugees from Italy to camps in Egypt. Reports indicate that this is a fairly large scale movement. It would be extremely helpful to have more details of this operation including an indication of whether refugees are being taken from existing camps in Italy, the program contemplated and the basis upon which it is being carried out. We would also like to have any suggestions as to how the Board could be of assistance in any of these matters.

/s/ J. W. Pehle

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February 9, 1944

TO: Mr. Raynor  
FROM: J. W. Pehle

With regard to your memorandum of February 8, 1944, transmitting Cable No. 8787 from London and a proposed reply, I have no objection to the proposed reply.

(Initialed) J.W. P.

COPY

## DEPARTMENT OF STATE

\_\_\_\_\_  
THE UNDER SECRETARY

February 8, 1944.

From: Mr. Raynor

To: Mr. Pehle.

Do you concur with the action proposed in this telegram?

/s/ H.R.

## Enclosure:

Draft telegram  
to American Embassy,  
London.  
From American Embassy,  
London, December 18, 1943.



COPY

PLAIN

Department

AMEMBASSY,

LONDON.

The Department agrees that the ultimate disposition of the occupants of the North African refugee center should be a function of the Intergovernmental Committee as suggested in your 8787, December 18.

You are requested to discuss this matter with British Foreign Office and collaborate with British in preparing the question for official reference to the Directorate of the Intergovernmental Committee. Please keep Department advised of developments.

840.48 Refugees/4884

VD:RU:MCG:GF 12/22/43 Eu GI/L A-L  
Mr Pell

COPY

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TELEGRAM RECEIVED

PLAIN

London

Dated December 18, 1943.

Rec'd 1 p.m.

Secretary of State

Washington

8787, Eighteenth.

Embassy wishes to raise question whether Department may not desire that Embassy discuss with Foreign Office (as in the matter covered by Department's 7946, Sixteenth) terms under which some ultimate aspects of North Africa refugee project might be referred to Intergovernmental Committee.

In a letter dated December 16 to Fred Hoehler attached to this Embassy the director includes this incidental comment: "with regard to the ultimate disposal of occupants of the camp in North Africa it has been understood that this will be the function of the Intergovernmental Committee but the committee has so far not been officially informed to this effect. It is prepared so it should be informed officially at the earliest date. In order to perform it, it will be essential that it should have a representative in North Africa who will on the one hand be in close touch with the French authorities and on the other hand will have access to the camp and work closely with the camp director and his officials. The headquarters of the representative should be in Algiers and he may have to have an assistant who will spend most of his time in the camp. The question of a representative of the Intergovernmental Committee at Algiers is under consideration in connection with a proposal made by the Department of State to the Foreign Office that the Intergovernmental Committee should have representatives in various countries".

VINANT

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FOREIGN ECONOMIC ADMINISTRATION-----  
OFFICE MEMORANDUM

To: Mr. Oscar Cox  
From: H. P. Zarky  
Subject: Fryer's Letter

Date: February 9, 1944

1. The American Legation in Portugal raises the question whether, in principle, stateless refugees there might be included in the group being sent to North Africa.

It is my understanding that Camp Lyautey was intended to be used for refugees who are "either stateless or of enemy nationalities."

2. I deplore the attitude of the private committees, as revealed in the letter, in which they regard the refugees as their private property. Note the following:

"It appears that Beckelman's arrival in Lisbon brought some fear to the minds of AFSC and JDC representatives lest refugees signed up for Palestine or Canada might re-evaluate the several possibilities apparently open to them. Beckelman said that he assured them that he would yield to Canada and Palestine and would delay, if they desired, making any contacts with refugees until they had their groups in the bag."



OFFICE OF FOREIGN RELIEF AND  
REHABILITATION OPERATIONS  
of the  
UNITED STATES OF AMERICA

North African Economic Board  
Division of Public Welfare and Relief

Algiers, Algeria  
17 January 1944

Dear Fred:

I have received your letter to Dad Reekie dated December 20 in which you had enclosed a letter from Emerson to you.

The opening date for the camp has not been established. The most authoritative information we have had comes, this morning, from Moses Beckelman, who is in Madrid. He advises us of new factors that have arisen since he left North Africa.

1. The Canadian Government is circulating a proposal among refugees in Spain and Portugal, inviting them to come to Canada for the duration. Applications are limited to family units (father, mother, and children.). Beckelman points out the difficulty of finding groups to fit these specifications, and suggests that the Canadian Government may be induced to modify its requirements.
2. The Jewish organizations have made all arrangements for a boat to leave Lisbon late this month for Haifa via Cadiz, carrying all refugees in Portugal and Spain holding visas for Palestine.

Incidentally, the American Legation in Portugal is interested in knowing whether, in principle, stateless refugees there might be included in the group being sent to North Africa.

It appears that Beckelman's arrival in Lisbon brought some fear to the minds of AFSC and JDC representatives lest refugees signed up for Palestine or Canada might re-evaluate the several possibilities apparently open to them. Beckelman said that he assured them that he would yield to Canada and Palestine and would delay.

Mr. Fred K. Hoehler,  
American Embassy  
London

Letter to Mr. Hochler  
17 January 1944

Page 2

if they desired, making any contacts with refugees until they had their groups in the bag.

Meanwhile, I have gone ahead here with arrangements with the Army for the formal assignment of Marshall Lyautey, and for essential supplies. The Army plans on having the camp vacated by February 1. While I have not heard from General Ford concerning the Army's decision on supplies, we anticipate no difficulty. It is important for all to know that we have asked the Army to supply us only until June 1. By that date we must have made all arrangements for procurement and shipping, and have the goods on the ground. We haven't much time. We cannot work out a supply plan until we hear from Beckelman the approximate number of refugees to expect. We have received five new Plymouths, which are the envy of all North Africa, and trucks are on the way. (When I think what we might have accomplished with those Plymouths last spring.)

I have not heard from Washington about the personnel requested, but assume that they will be held there until word about the camp and its opening date are made final. I should think that the British would do likewise, though there would be no harm in sending the doctor. Major Davis is at Lyautey completing arrangements for the dispensary; he will wait there until his British colleague arrives. It would seem wise for the doctor to be on the ground well ahead of opening time in order to become acquainted with the Army people, and to get his own house in order.

I am sending a copy of this to Eyre Carter. It will serve as a reply to his letter to Dad Reekie dated December 22.

My very best wishes to you both.

Sincerely yours,

E. R. Fryer

EMBASSY OF THE  
UNITED STATES OF AMERICA

San Salvador, El Salvador, February 9, 1944

No. 1264

SUBJECT: Admission of Jews and other war refugees  
into El Salvador.

The Honorable  
The Secretary of State  
Washington

Sir:

Supplementing my despatch no. 1261 of February 8, 1944, I have the honor to advise the Department that it is my understanding that the Cabinet meeting referred to in Section (a) of Dr. Avila's letter therein transcribed took place several years ago and is not therefore to be confused with the meeting which, as reported in despatch 1230, of February 2, 1944, I surmised might be held with respect to our most recent representations on the subject of admission of Jews and other refugees into this country.

The earlier Cabinet meeting presumably is that alluded to in the second paragraph of Mr. Frazer's despatch no. 425, of January 3, 1939.

Respectfully yours,

/s/ Walter Thurston

Walter Thurston

711  
WT/mgd



NOT TO BE RE-TRANSMITTEDCOPY NO. 12BRITISH LOST SECRET  
U.S. SECRETOPTEL No. 46

Information received up to 10 a.m., 9th February, 1944.

1. NAVAL

One U.S. Cruiser and two of H.L. Cruisers were sailed for ANZIO yesterday to help break up a heavy concentration of artillery on left of 1st Division. Two of H.L. Sloops sank a U-boat in Southwest approaches this morning.

2. MILITARY

ITALY. To noon 8th. Continued heavy fighting in CASSINO area, a hill feature captured in British Sector and more heavy fighting in ANZIO Bridgehead without any important changes of position.

BURIA. On 6th/7th some further Japanese infiltration west of TAUNG BAZAAR. Party of 60 coolies carrying supplies to the Japanese in this area was captured on 7th.

3. AIR OPERATIONS

WESTERN FRONT. 8th. 236 Fortresses sent out with fighter escort. 88 dropped 196 tons at FRANKFURT and 96 dropped 221 tons at WIESBADEN through cloud in each case. Casualties reported: enemy 19, 5, 12. Ours 13 Fortresses and 9 fighters. A total of 488 bombers including 110 Liberators attacked military constructions in Northern France. 2 light and 2 fighter bombers missing.

ITALY. 6th. Medium bombers dropped 52 tons on the road junction at FRASCATI.

7th. Medium bombers dropped 110 tons at VITERBO Railway centre. 218 Light and Fighter Bombers attacked objectives in the battle areas. Enemy casualties 12, 0, 2. Ours one fighter missing.

OFFICE  
SECRETARY OF TREASURY

1944 FEB 10 PM 1 10 07

TREASURY DEPARTMENT