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August 25, 1944
9:00 a.m.

REPARATIONS
GERMAN MARK RATE

Present: Mr. White
Mr. Glasser
Mr. Taylor
Mr. D.W. Bell
Mrs. Klotz

H.M.JR: I am due at the White House in twenty minutes. I don't want to do the German mark now. I want to do the reparations. (Dr. White hands the Secretary Exhibit A, attached)

Some of this stuff is unbelievable.

MR. WHITE: There is a good deal more of it, but we thought it might be shortened, so we selected these.

Now, the Treasury had seen part of the directive - the financial part only.

H.M.JR: That financial thing isn't so hot, either. Where is this from?

MR. WHITE: That is from the big document which we got in England.

H.M.JR: Is that the only one you have?

MR. TAYLOR: Yes, sir.

MR. WHITE: That is based on this document which was passed by the Combined Chiefs of Staff, copies of which we didn't see until yesterday afternoon, except the financial directive. (Refers to A Handbook of Military Government for Germany prepared in G-5)

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This is the directive passed by the Combined Chiefs of Staff. (Hands Directive to the Secretary)

That is out of the larger document, but we say the larger document is in harmony with the directive. They received this directive in London and worked out the details from that.

H.M.JR: Which one did they work out?

MR. WHITE: This big one.

MR. BELL: It is not very hard-boiled.

H.M.JR: Just the opposite.

MR. WHITE: To my knowledge he didn't have a copy until - I don't think it was completed until we received it.

MR. TAYLOR: That is right.

MR. WHITE: One of the characteristics which it displays is the extent of control which the military authorities envisage taking over. They are practically going to attempt to run the country. They might, but they would fail in doing it. Their objectives are clear from the excerpts.

When you take it over, here is another original.

H.M.JR: Well, I have ten minutes more. Where do you stand on the German mark business?

MR. WHITE: Well, I explained to you yesterday what we had in mind, and Glasser drew this up quickly in the event you wanted to present it to the President. (Hands the Secretary Exhibit B, ~~attached~~)

Now, it is surely going to be a fight.

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H.M.JR: Let me read this.

The President does what?

MR. WHITE: I say it is surely going to open a fight. Now, at what point you want to bring the President in, I don't know. But the State Department is going to oppose it, don't you think, Dan? And the Army - I don't know. The British are - the British particularly are.

H.M.JR: Does McCloy know about this?

MR. WHITE: No.

H.M.JR: I will see if I can get him.

(The Secretary places a call to Mr. McCloy)

MR. WHITE: Now, if you want to use that to bargain with the British to end up with ten, that will be easy.

H.M.JR: I am not going to bargain with them. That is ridiculous.

MR. WHITE: Then it will unquestionably go to the President. Churchill will raise it with him.

MR. GLASSER: There is one word wrong there. I have a new one being typed now.

H.M.JR: Can you do this with bookkeeping?

MR. BELL: Five cents? Oh, yes. That gives you an accounting rate which the Army uses to charge the dollar amount to the appropriations. That is all they want. If it is fair to the soldiers to get marks at the rate of five cents, why I think that is about all we would be concerned with - fairness to the soldier and the accounting.

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

August 25, 1944
9:12 a.m.

HMJr: Hello.

Operator: McCloy.

HMJr: Hello.

John
McCloy: Hello

HMJr: How are you?

M: Fine.

HMJr: Henry talking.

M: Yeah.

HMJr: Now, look, I just feel somebody's got to take
the lead about let's be tough to the Germans.
See?

M: Yes.

HMJr: And I'm going to propose that we have a military
rate for our soldiers of twenty German marks to
the dollar.

M: Yes. Yes.

HMJr: And then

M: Just for the soldiers. Yes.

HMJr: Just for the soldiers.

M: The English take a -- the British take a
different view.

HMJr: They can do any damn thing that they want. Why
bother? Tell them that's what we're going to do.

M: Uh -- and the Russians have a different rate.

HMJr: They may have a different one. They will anyway.

M: Well, I think that -- the only thing that -- well,
I'm not so sure they will.

HMJr: I think that they'd go along on this.

M: Well, they might go along. I -- what I hesitate to do is -- principally at this early stage, to -- to take -- to fall apart.

HMJr: Well, we won't. Look!

M: Yeah.

HMJr: Jack, from the experience I've had the last month or two, if we tell them this is what we want, and we stick to it, they've got to go along. I'm perfectly willing to tell them this. I mean, if I know the Army is agreeable.

M: Uh

HMJr: They've got no choice in the matter.

M: Well, our views, you know, have been that -- that we ought to -- we ought to do better than twenty. We were down somewhere around fifteen. I thought your people were the same -- were the same way.

HMJr: Yeah, but since I've been to Europe and since I know what's going on, I've changed.

M: You have?

HMJr: Yep.

M: Uh huh.

HMJr: And this is a military rate. We can keep our books on that basis. We start out that way.

M: Uh huh.

HMJr: Then after we're there a month we reexamine it.

M: Yeah.

HMJr: And my -- the way I feel is this is what we tell the British we're going to do.

M: Well, I don't think that -- I think, as you know, our position has always been

HMJr: Yeah.

M: that that mark rate, within certain limitations, that's up to you to settle.

HMJr: Yeah.

M: We don't have

HMJr: Well, talk it -- think it over.

M: Let me talk it over with my financial people here.

HMJr: Will you?

M: And see what they say.

HMJr: Will you do that?

M: Yes, I'll do that. My first reaction -- my reaction against a separate thing is pretty strong. I don't want to start off with

HMJr: I don't either, but I'm perfectly willing to tell Bob Brand that this is what we want.

M: Well, let me talk it over with our fellows.

HMJr: Listen.

M: Yeah. That's just your military rate? That's just your soldier rate?

HMJr: Take it from me, I -- I -- my attitude towards the British is I'm going to move heaven and earth to help them reconstruct. See?

M: Yeah. Yeah.

HMJr: But on little unimportant things like this....

M: Yeah.

HMJr:which are straws in the wind as to how we're going to treat Germany....

M: Yes.

HMJr: I think we're in a position

M: Yes.

HMJr: to tell them we think this is fair.

M: Yes.

HMJr: I'd be perfectly courteous and polite.

M: Yeah. Right.

HMJr: But they're in no position to argue. Take it from me.

M: Uh huh.

HMJr: Once we decide it's fair.

M: Yeah.

HMJr: And then I wouldn't fix any other rates.

M: Well, that's the only rate which was -- that's the only rate you need to fix to go off.

HMJr: Yeah.

M: I suppose sooner or later, I mean probably sooner rather than later, you're going to find you're going to have to fix some sort of general rate.

HMJr:, Yeah.

M: There will be -- there will be some necessity for it.

HMJr: Yes.

M: Well, let me talk it over with our financial people and I'll tell you what the Army's thought on it is.

HMJr: Will you?

M: Yeah.

HMJr: And then I'm -- I'm going to show the President a synopsis of this handbook on military government for Germany.

M: Which one -- oh, you mean the one that you got in England?

HMJr: Yep.

M: Well, and you're going to show him the directive.

HMJr: Well, I don't know as I've got

M: Yes, you've got that. You've got the directive.

HMJr: Have I?

M: Yeah.

HMJr: All right.

M: Your directive is -- uh -- there's one -- there's a pre-surrender and a post-surrender.

HMJr: Well, I'll ask White.

M: Those are the -- man, those are the documents that are important.

HMJr: I see.

M: They're the ones that -- none of the rest of them have been approved. These have been approved.

HMJr: I see.

M: That -- that's the guts of the thing.

HMJr: The handbook has not been approved?

M: No, the handbook has not been approved.

HMJr: I see.

M: The two things that have been approved....

HMJr: Yeah.

M: are the pre -- well, the pre-surrender and even the post-surrender hasn't yet been approved but it's in the process. Those are the only -- those are the things that will go into effect.

HMJr: Yes.

M: Short of our getting other instructions.

HMJr: Right.

M: And they have been set up in this form for about six months.

HMJr: Right.

M: With the idea that's all we can put down unless we've got other instructions.

HMJr: I see.

M: And we submit that -- we submit that to the European, and they have been submitted to the European Advisory Commission....

HMJr: Yeah.

M: with the thought that they will be able to modify it if they see fit.

HMJr: Yes.

M: But if tomorrow Germany should collapse, the directives which you've got copies of, pre-surrender and post-surrender will be the philosophy which will be adopted in the military government administration of Germany. And those are the important documents to look to.

HMJr: Okay.

M: Okay.

HMJr: Thank you.

M: All right.

HMJr: Hello.

M: Yes.

HMJr: I'll let you know what his reaction is.

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M: He's going -- the Secretary is seeing the President today for lunch.

HMJr: Oh.

M: And he's going into this thing at great length. He's got a lot of memoranda on it.

HMJr: Good.

M: And he's going to talk to him about it. He had a luncheon -- he had a conference yesterday with Harry.

HMJr: Yes.

M: Harry Hopkins.

HMJr: Yeah.

M: In which they went over this whole business.

HMJr: Yeah.

M: And they're apparently going to have a rather large luncheon affair on it today.

HMJr: They are?

M: Well, I think Harry and the President are going to lunch together.

HMJr: And Stimson?

M: Well, Harry Hopkins and Stimson

HMJr: Yes.

M: and the President.

HMJr: Oh.

M: I'm not so certain that Harry Hopkins is going to join them, but I think he may. At any rate, I know that -- I know this, the Secretary is having lunch with the President.

HMJr: Well, Stimson said he'd give you and me copies of his memorandum.

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M: He -- yes, he worked over it last night. He took the first memorandum and didn't -- didn't like it very much and then revamped it last night and I haven't gotten a copy of it yet.

HMJr: Well, I may reconsider it. If Mr. Stimson is going to see him, I may not do this because it might only annoy Mr. Stimson unnecessarily.

M: Well, he's got -- he's taking up a lot of subjects with him on the occupation of Germany at -- at noon. That's all I know.

HMJr: Okay.

M: And I'll send you -- I'll tell you what his results of that are.

HMJr: Yeah.

M: As well as give you any memorandum he sends over there.

HMJr: Thank you.

M: Okay.

HMJr: Good bye.

M: Bye.

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H.M.JR: I know Stimson. If he is going to do that, and I give this to the President, it will just make Stimson furious. He is trying very hard, and I think it is a mistake to do it.

I thought this was approved. (Refers to Handbook)

MR. WHITE: That isn't approved. The directives are approved, but that is in harmony with the directive and unless they get other orders in London, that is what it will be.

In other words, unless they get another directive, that is what they will be.

MR. TAYLOR: Mr. Secretary, it isn't intended to have this approved. It is merely agreeable to all the people in charge.

MR. WHITE: Those are the details. This is what has to be approved. (Refers to Directive)

MR. BELL: I was going to say there are a couple of subjects left before you get away today.

H.M.JR: Oh, yes. And then I will see you people before I see Aldrich.

8/25/44

MEMORANDUM FOR THE PRESIDENT

The following are extracts from the "Handbook of Military Government for Germany", to be given for guidance to every U.S. and U.K. military government officer entering Germany. They tend to indicate the type of thinking and planning upon which the program of military government for Germany is being formulated. The "Handbook" is based on and is in harmony with the economic and political directives approved by the Combined Civil Affairs Committee under the authority of the Combined Chiefs of Staff.

"Your main and immediate task, to accomplish your mission, is to get things running, to pick up the pieces, to restore as quickly as possible the official functioning of the German civil government in the area for which you are responsible ... The first concern of military government will be to see that the machine works and works efficiently".

"The principles with which Officers in Military Government Staffs and Detachments will be concerned include: the reorganization of the German Police and the maintenance of Law and Order; the supervision of the German Judiciary and the establishment of Allied Military Courts; the control of the German Finances; the protection of property; the establishment and maintenance of an adequate standard of public health; the promotion of agriculture; the control, supply and distribution of food and essential supplies of every kind; the restoration and maintenance of public utilities; the provision for the gradual rehabilitation of peacetime industry and a regulated economy; the employment of Labour and the prevention of industrial unrest ..."

"Military Government Officers will, in conjunction with other interested and affected agencies and authorities, ensure that steps are taken to:

- (1) Import needed commodities and stores.
- (2) Convert industrial plants from war to consumer goods production.
- (3) Subsidize essential economic activities where necessary.
- (4) Reconstruct German foreign trade with priority for the needs of the United Nations.
- (5) Modify existing German regulations controlling industrial and raw material production".

"The highly centralized German administrative system is to be retained unless otherwise directed by higher authority".

"All existing German regulations and ordinances relating to ... production, supply or distribution will remain in force until specifically amended or abrogated. Except as otherwise indicated by circumstances or directed by higher authority, present German production and primary processing of fuels, ores and other raw materials will be maintained at present levels".

"The food supply will be administered so as to provide, if possible, a diet on the basis of an overall average of 2000 calories per day. Members of the German forces will be rated as normal consumers. The control of retail prices will be continued. The existing rationing system and classification of consumer groups will be maintained subject to modifications required by circumstances ... Should the indigenous products of Germany be insufficient to provide such a basic ration, the balance will be made up by imports".

"All possible steps will be taken to ensure the utilization of German economic, material and industrial facilities to an extent necessary to provide such raw materials, goods, supplies or services as are required for military and essential civilian needs, and to any additional extent - as approved by higher authority - necessary to provide surpluses for international transfer, supplies for reparational requisition, and legitimate industrial stock-piling".

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"The fishing industry has long been important in German economy, but owing to the requisitioning of trawlers for naval operations, the most important North Sea fish catch has been seriously curtailed. Before extensive commercial fishing can be resumed, a considerable amount of fishing gear will be required as well as stores and material for the repair and reconditioning of fishing vessels. There will possibly also be an immediate shortage of fuel and lubricants".

"The Agricultural economy will be freed of Nazi discrimination; it will not otherwise be changed except where direct advantages are to be gained. Agricultural production control, and grain and other agricultural products collection agencies existing prior to occupation will be maintained or re-established. Equitable prices co-ordinated at Reich level will be fixed for farm products. Violations of farm price control, wages or rationing regulations will be severely punished".

"The main objective of Allied Military Government in the financial field is to take such temporary measures as will attempt to minimize the potential financial disorder and chaos that is likely to occur and thus assist the military forces in their operations and ease the burdens that will face the more permanent Allied Control organization that will later deal with the problems of Germany".

"Wherever possible, removals and appointments (of civil servants) will be made by Military Government officers acting through German officials who are vested with this authority under German law; nothing will be done which would unnecessarily disturb the regular German civil service procedure or deprive the official or employee to be removed of any ultimate rights to which he may be justifiably entitled under German law, after cessation of military government".

"International boundaries will be deemed to be as they were on 31 December 1937".

August 25, 1944

MEMORANDUM FOR THE PRESIDENT

1. It is agreed by the British and all agencies of the U.S. Government that no general exchange rate will be established for Germany until some time after the Allied armies take over.

2. It is necessary to give our troops their pay and allowances in German marks and therefore we need a military rate of exchange.

It is my opinion that our first concern should be to give our soldiers ample purchasing power for their pay when they are in Germany and therefore I recommend that this military rate be 20 German marks to the dollar.

The British propose 5 marks to the dollar. The State Department proposes 8 marks to the dollar. The British and the State Department feel that a low rate of exchange for the German mark and high purchasing power for our soldiers' dollar will disrupt the price and wage structure in Germany, unbalance the German economy thus retarding its rapid rehabilitation and recovery.

August 25, 1944
10:30 a.m.

DUTCH LOAN

Present: Mr. White
Mr. D.W. Bell

H.M.JR: Now, what is this story?

MR. WHITE: There are two matters, only one of which I gather you want to raise with Mr. Aldrich, and that is that Holland wants to borrow a hundred million dollars and wants to leave gold as collateral. The gold they want to leave as collateral is the gold that is blocked here, and presumably we will release it for that purpose.

Dan says that Allan Sproul felt that that was a loan, because of its involving gold collateral and being from the Government, that the Central Bank ought to make. They could get it a little cheaper.

H.M.JR: As far as I am concerned, the only important thing is, are we willing to let them have the gold or not?

MR. WHITE: Yes, we are, and we feel that the loan should be floated in commercial channels, his bank and not the Central Bank.

MR. BELL: But we think that possibly that is a matter that should be fought out between Allan and the commercial banks. I don't see how Allan can get in the market and compete with his members.

MR. WHITE: We can't dictate; we can merely say we think--

H.M.JR: But how did you people cross the bridge that you are willing to let Holland put up the gold as collateral?

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MR. WHITE: The lawyers say they are ready, State Department is ready, and that would be one of the conditions of the loan. We don't have to tell them that now, because we have to get clearance from State.

H.M.JR: That is really what he came down for, isn't it?

MR. BELL: Well, that is one of the reasons. You remember, he called up in June and said that he was dicker-ing with them on this and wanted to know if there was any objection, from our standpoint, to going ahead. We told him no, that we would be glad for him to go ahead.

At that time the gold collateral wasn't in the picture because Holland said they didn't want the money until they got back in Holland. Now he says they want the credit immediately, and for that reason they don't know how they are going to be received back in Holland. So he says he thinks we ought to have gold collateral. We have no objection.

H.M.JR: We have no claim on that?

MR. BELL: I guess we have no claim against Holland.

MR. WHITE: No, the only question involved is the political question as to whether we want to strengthen to that slight extent the sovereignty of the Government of Holland. We feel that is a matter for the State Department, but I think you ought to leave yourself a little out in case the State Department changes its mind.

H.M.JR: I am not going to sign those things. The President won't let me down.

MR. WHITE: Do you want to raise with him the question as to whether they are likely to be interested in the three hundred million dollar loan?

MR. BELL: I think you ought to tell him - well, he knows it already.

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MR. WHITE: That is the separate question that Jesse Jones wants to lend them three hundred million in addition to this hundred million, using their securities as collateral.

MR. BELL: American-owned securities by Holland.

MR. WHITE: I wonder whether the Secretary oughtn't to sign that letter before he comes in?

MR. BELL: You remember, the President sent you a memorandum to go with Secretary Hull and asked you to prepare for him a letter in answer to Jesse Jones' letter of August 10. Now, this is the memorandum to the President for you and Mr. Hull, and a draft of a letter which the President would send to Secretary Jones in reply to his letter of August 10. And we are taking the position here that definitely, first they should try the commercial channels before they come to the Government, and then maybe you could work it out on both commercial and Government.

MR. WHITE: I think you might be in a little stronger position, possibly, in defense of this, if you were to mention it to Aldrich and Aldrich were to say, "Sure, we would be interested in it."

MR. BELL: Aldrich is also going to bring up the question of the Czechoslovakian loan. He said the Minister came to him and said he had talked to you in Bretton Woods. He talked to Harry, too. And you told him to go ahead and try the commercial channels.

H.M.JR: I have no recollection of it.

MR. BELL: He said the Minister talked to you and you said it was all right.

H.M.JR: I could have. I don't remember it. Was it Czechoslovakian or Teheran?

MR. BELL: Czechoslovakian, he said.

August 25, 1944
10:35 a.m.

DUTCH LOAN - CHASE NATIONAL BANK

Present: Mr. D.W. Bell
Mr. White
Mr. Aldrich

H.M.JR: Sorry I am late, but I couldn't help myself.

You want to talk about a loan to the Netherlands?

MR. ALDRICH: Yes. The terms of this loan have been discussed with Mr. Beyen, who is an adviser to the Dutch Treasury, and what he has discussed with us is that the Chase National Bank should form a group of banks, and we have discussed this particular loan on the basis of a fairly small group - a loan not exceeding a hundred million dollars, to be secured by gold here, and to be made available by opening commercial credits in this country.

The terms of the loan are a stand-by commission of a quarter of one percent per annum from the date of the making of the loan on the part that isn't used.

H.M.JR: That expression stand-by is a new one.

MR. ALDRICH: It is a charge for the money being made available.

MR. BELL: In other words, they give them a line of credit for a hundred million dollars and charge them one quarter percent for that line of credit whether they use it or not.

MR. ALDRICH: To the extent that they don't use it during the period, it is a commitment commission of a quarter of one percent.

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H.M.JR: It is a call on you?

MR. ALDRICH: Yes.

H.M.JR: I understand.

MR. ALDRICH: As to the advances actually made, the rate will be one and a half per annum, payable quarterly commencing from the date when the advance is made and running until the maturity of the loan, or the repayment out of the gold, or by selling the gold.

H.M.JR: What is that last thing you said?

MR. ALDRICH: To run until the maturity of the loan, or until the repayment of the loan.

Now, what they have in mind is this--

H.M.JR: A quarter of one percent for stand-by, and how much for the rest?

MR. ALDRICH: One and a half.

What they have in mind is this, that they wish to be able to pay off this loan without penalty at any time, and thirty days' prior notice. And the point of that is that as soon as they are re-established in Holland and recognize the de jure government in the country, they think their credit will be such that they can make an unsecured bank loan, and I think that is a fact. I think that is true. The credit of the Dutch Government, once they are re-established in Holland - and even before they are re-established in the Dutch East Indies - I think would be sufficient to justify this loan.

I suppose you are familiar with the history of the negotiations?

H.M.JR: Yes, I am entirely familiar, and I will make this thing easy for you. Both Mr. Bell and Mr. White have kept me posted.

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Now, the position that I take in the Government here is that a commercial channel should have the first opportunity, and I am not telling you any secrets. I think you know Mr. Jones has been wanting to make this loan, and I have felt that that was a mistake. He has been almost acting as though he were in business for himself.

MR. ALDRICH: Exactly.

H.M.JR: Now, the only question is, I have some doubts, and I have to talk this over here with my associates - the only question was on this gold. I raised that more recently. We are willing to go along with you on that, see? So I might say that as far as we are concerned we will be glad to see you make this loan.

MR. ALDRICH: That is fine.

H.M.JR: And we will make it as easy for both the Netherlands Government and your group, and your syndicate, as possible, because I have said so publicly, and this is the first chance I have had to prove it, that this is the way I think business should be done. Also, to be very frank, Allan Sproul thinks he should do this business, and I don't. I can't order him not to compete for this thing, but I certainly will not keep my feelings under a bushel. After all, you people are on the Board, there - I don't know whether you are, but enough of you are on his Board - I should think that you could throw your weight. But I don't see why a Central Bank of the Federal Reserve Bank of New York should compete with commercial banks.

MR. ALDRICH: That is what I told Mr. Sproul. I asked him.

MR. BELL: Allan talked to Mr. Aldrich about this.

MR. ALDRICH: He spoke to me about it. He took the position that in reality it would have been better if I had spoken to him before I came to Washington about this thing. And I told him that I hadn't done it because of the fact that I couldn't get anywhere until I knew what was going to happen here.

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H.M.JR: I think you did the right thing, because I don't think the Federal Reserve Bank of New York is in a position, any more - when Mr. Benjamin Strong was the head of it - the liaison between London, New York, and Washington--

MR. ALDRICH: I quite agree with you.

H.M.JR: Those days are past.

MR. ALDRICH: I think that is dead right.

H.M.JR: At least I hope they are.

MR. ALDRICH: I think they probably are.

H.M.JR: But, anyway, I am always frank. It is the way I feel. I think you people should make the loan. I don't think that Jones should make it, and I don't think Allan Sproul should make it, because I think your charges are reasonable. As long as they keep them reasonable, we will back you.

MR. ALDRICH: I tell you this, Mr. Morgenthau, I told Mr. Beyen, who is a representative for the Dutch--

H.M.JR: We know him. We met him at Bretton Woods.

MR. ALDRICH: A very fine fellow, I think, too. I told him he could write his own ticket on the interest rate in order to have what he thought was fair. He said he thought this was a very fair rate. He agreed to it just like that. So there wasn't any question about that at all.

What he is very anxious to do is to re-establish his private banking relationships. He has precisely the same point of view about this as you have. He wants to do this through the private banks, and he went so far as to say that he was willing to pay a slightly higher rate in order to do that.

H.M.JR: If and when this thing goes through and you want to let it be known the attitude of the Treasury here, versus some of the others, it would not be displeasing to me, because everybody thinks just the opposite.

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MR. ALDRICH: I would be very glad to take it up with Mr. Bell on the publicity.

H.M.JR: Yes, because if you said that Morgenthau is fighting for private enterprise, and the Federal Reserve Bank of New York and the Reconstruction are fighting against him, unless it came from your mouth nobody would believe it - they would think it was a joke.

MR. ALDRICH: I think that is true.

H.M.JR: But if you say so, they will believe it.

MR. ALDRICH: I will be very glad to say so.

H.M.JR: I think it would be nice.

MR. ALDRICH: I think this is going to be an extremely important thing, and I think the question of the announcement of it, and the manner of it, is one of the most important things that can happen. The impact of this on the liberated nations is going to be tremendous, in my opinion. And it is coming just at the right moment.

H.M.JR: Now, is there anything else on this?

MR. ALDRICH: No, except this, that I think this is going to have a tremendous effect all along the line, and there is just one feature of it that I would like to speak to you about, because of the fact that it may involve Government policy and I don't know just where it will, and that is the question of just what these fellows would use this credit for.

Now, that may involve the question of priorities that I think perhaps I had better keep in touch with the Treasury about.

H.M.JR: I wish you would.

MR. ALDRICH: Without in any way committing you, I would like to be able to feel that what we were permitting

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them to draw on this credit for - or arranging that they should draw - that it is in line with the general policy of the Government in connection with - I am not asking you to take the responsibility, you understand, but I think you ought to know what I am doing.

H.M.JR: Let's say they wanted to buy locomotives today.

MR. ALDRICH: They will.

H.M.JR: And let's say the Army needs all the locomotives for moving this stuff to the German border. Well, they had better wait.

MR. ALDRICH: Right.

MR. BELL: They have to go to the WPB, you know. They have a Section set up over there. Holland would have to go to the WPB.

MR. ALDRICH: Well, if you could let me know, if it is not too much trouble, where I should go to get this thing lined up along that line - that is all I have.

H.M.JR: I have a request to make of you, you see. You have been reported to be opposed to what we have been doing up at Bretton Woods, and I would like you to give our people sufficient time to sit down and have a very frank talk and give you a first-hand expose of what we have done up there.

MR. ALDRICH: I would be very glad to do that, and I would like to say this, apropos of that; I have felt, and I feel very strongly, that the approach at Bretton Woods is from the wrong angle. I would hope to be able to convince your people that there may be something in that view. I have no intention of attacking this in any manner which is going to be the kind of attack that Ben Anderson made yesterday. The most that I am planning to say about it is that I think that the method of stabilizing of currencies

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should be postponed until we know a little bit more clearly where we are going on some of these other matters.

H.M.JR: Well, now, look; the first thing you know, you and I will be into a discussion. What I would like you to do is this - say with White - make a little date with him to spend half a day.

MR. ALDRICH: I will be delighted to do that.

H.M.JR: And any time and place, mutually. But make a date with him now, sometime not too far off, to sit down with him for a half a day.

MR. ALDRICH: I will be delighted to, and I will do it, definitely.

H.M.JR: And if you could decide whether you wanted Ned Brown present or not--

MR. ALDRICH: I have already asked Ned Brown to sit down with me on this whole subject, and I understand that Ned has some very definite ideas about it. I told him that I didn't want to say anything publicly about it until I had had a chance to talk to him about it.

H.M.JR: No, I hope to get your support!

MR. ALDRICH: It doesn't look to me as though you can actually get my support, but I think this, that we might all come to a conclusion as to what is the proper approach to this thing. I have in my mind the idea that - I really believe that the idea that I have in mind may result in bringing everybody together on this subject, and that is this; that the nub of the problem here is the British position, and I, myself, would like to see if I can't sell to the opposition the idea of going to that nub of the problem and facing it squarely with the idea of doing the things that the British say are impossible to do.

MR. WHITE: You wouldn't have any trouble here, and the Secretary would be a hundred percent with you, but it is a separate problem.

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H.M.JR: Well, look, date yourself and White up for the not too distant future. It will most likely take you half a day.

MR. ALDRICH: All right. It might take more than that, but just while I have an opportunity of talking to you, let me say this, that I have had - and of course this is confidential - a long talk with Lord Halifax before he went back to England and I told him the idea that I have in the back of my mind, which is that I don't believe that the Republican Party is unalterably opposed to doing whatever is necessary to help the British in this situation. I honestly don't believe so.

Now, I don't think anybody in this country could bring about that result except myself, and that is what I am aiming at.

H.M.JR: You mean with the Republican Party?

MR. ALDRICH: Yes, because let me tell you why that is true. I believe that the British cannot ask the Americans to do the things that are necessary fundamentally to straighten out this situation; what they really should get is a grant in aid of about three billion dollars from this country to straighten out their exchange position. That is what is back of this whole thing. I am inclined to think that it would be possible to bring about that approach to it by the opposition.

H.M.JR: You mean by the opposition - the Republicans? You don't mean just Bretton Woods, but the over-all foreign policy?

MR. ALDRICH: Yes, I think on the basis of the over-all policy of this country being that we must strengthen Great Britain, we must leave Great Britain a strong entity.

H.M.JR: I am a hundred percent for that.

MR. ALDRICH: Of course, so am I. But I believe that it may be that I, as an individual, could bring about that

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result, and that is what I am aiming at. And of course I have got to do that from a purely intellectual approach, but I have talked to some of the Republican Senators about this situation, and I am not at all convinced that it isn't possible to bring about that result.

After all is said and done, we know perfectly well that we must have a strong Britain, and we also know perfectly well that at this moment Great Britain is bankrupt from an international point of view.

H.M. JR: They know it, too.

MR. ALDRICH: They know it; they say so perfectly frankly.

MR. WHITE: You won't have any difficulty on that score, as I say, in the Treasury. You may find there is a great deal more ground in common than you suspect.

MR. ALDRICH: And I would like to urge upon you with all the strength of conviction that I have got that there may be a great opportunity in this situation if you approach this whole problem from the point of view of fundamentals.

MR. WHITE: That is where we begin to part company; it is a separate problem, Mr. Aldrich. The British problem is a very important problem - extremely important - but it is quite a separate problem from the point of view of handling. I don't mean it isn't inter-related, but from the point of view of solving that particular problem, it has to be solved as a separate problem.

MR. BELL: What Mr. Aldrich is saying is not inconsistent with the Bank and Fund, and everything else.

MR. ALDRICH: These other problems then become much more simple. The truth of the matter is, Mr. White, that the only country that really needs dollars vitally is Great Britain.

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MR. WHITE: Well, that we need time to talk over.

H.M. JR: Well, I am very much interested and I am awfully glad I brought this up after we finished the other thing. I do hope that you and White can get together, and as to this thing of Great Britain, certainly when I was over there just now - I mean, this is one of the principal things I had conversations about. I agree this has to be approached from the standpoint that Great Britain made this fight for democracy. Now we have got to help her. She is a good credit risk, a good moral risk, and we have to put her back on her feet.

MR. ALDRICH: That is right. And what she really needs is something in the nature of a grant.

H.M. JR: As I told them over there, somebody smart enough has to think up a new name, other than Lend-Lease, because that will have been worn out. But we have got to do the thing to put her back.

MR. ALDRICH: That is what I think.

H.M. JR: Well, I do.

MR. ALDRICH: I want to advocate that as saying that is the fundamental problem we are faced with.

MR. WHITE: It is the fundamental problem England is faced with. It is not the fundamental problem the world is faced with.

MR. ALDRICH: We have to re-establish Great Britain for our own good.

H.M. JR: For a permanent world peace, and I look at this peace thing - a lasting peace, to me, is becoming a religion.

MR. ALDRICH: I quite agree with that. But I am perfectly convinced myself, and I say this with all deference to your point of view, and nothing would please me more

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than to talk about it at any length, but I am perfectly convinced, myself, at the moment, that this thing is being approached from the wrong end.

H.M.JR: Well, you get together.

You take that, and any time you want to come back, I am always available. (The Secretary hands Mr. Aldrich memorandum approving the Dutch loan)

MR. WHITE: Did you want to mention the three hundred million?

H.M.JR: I signed this thing. I just signed now a memorandum to the President - this thing that the RFC wants to loan three hundred million on top of the hundred, and I am simply saying--.

MR. BELL: That is a long-term loan.

MR. ALDRICH: They don't need that.

MR. WHITE: Well, they want it for political reasons.

H.M.JR: I am simply taking the same position that we should exhaust the commercial channels first.

MR. ALDRICH: Well, I don't know whether I could arrange a three hundred million loan - that would be four hundred million in total?

H.M.JR: Yes.

MR. WHITE: But they wouldn't need gold as collateral.

MR. ALDRICH: They haven't that much gold.

MR. WHITE: They want securities as collateral and there is some question there.

MR. ALDRICH: I think the Dutch are making the greatest mistake in the world if they seize their own private property

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in this country. It is all right for them to expropriate the gold in the Central Bank, but not take every single cent that every Dutchman has in this country.

MR. WHITE: That is a separate question.

MR. ALDRICH: We can take it up when the time comes, but I don't honestly think they will want to do it if they get this.

H.M. JR: I just want to let you know where we stand.

MR. ALDRICH: I appreciate it very much.

Aug. 25, 1944

MEMORANDUM FOR THE PRESIDENT

1. This is in response to your memorandum of August 14, 1944, with reference to the letter of August 10, 1944 from the Secretary of Commerce in which he urged that the Reconstruction Finance Corporation be authorized to proceed with the extension of a secured credit up to \$300,000,000 to the Netherlands Government.

2. It is our opinion that the Netherlands Government should be asked to explore the possibility of obtaining a loan on reasonable terms through normal banking channels before the Reconstruction Finance Corporation considers the extension of its facilities to the Netherlands Government. If a satisfactory private offer on reasonable terms cannot be arranged we should then consider a joint proposal involving both private lenders and the Reconstruction Finance Corporation.

It would be unfortunate if the government were subjected to the criticism that it was competing with the private banks and taking away business from them for which they have adequate facilities.

3. You have previously approved a letter of May 26, 1944, of the Secretary of State regarding this proposed credit, which suggested the desirability of exploring the possibility of private participation in the credit.

4. There is attached a draft letter to the Secretary of Commerce setting forth the major principles which we suggest should govern the negotiations with the Netherlands Government.

Secretary of State

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

My dear Mr. Secretary:

I have consulted the Secretaries of State and the Treasury regarding your letter of August 10, 1944 concerning the request of the Netherlands Minister of Finance for a Reconstruction Finance Corporation secured credit of up to \$300,000,000 for post-war expenditures in this country.

It is their view, in which I concur, that international financing on reasonable terms through normal banking channels should be encouraged, and that governmental agencies participate only when broad policy considerations make desirable inter-governmental collaboration in cases in which commercial financing is not available on such terms, or when some governmental participation is necessary in order to assist private institutions in handling the transaction.

The Netherlands Government has a credit position which should be attractive to private lenders and the type of credit requested in this case is particularly suited to their facilities. I feel that every effort should be made to ascertain definitely the possibility of a private credit to the Netherlands Government before an agency of this Government undertakes to handle the loan. In this connection, I am informed that a consortium of private banks is now prepared to extend a short-term credit on reasonable terms to the Netherlands Government.

Irrespective of whether this loan should be made by private investors or the Reconstruction Finance Corporation, this Government will not take any action to make legally effective in this country the Netherlands royal decrees of May 24, 1940 and May 7, 1942, in so far as these decrees purport to vest in the Netherlands Government title to the dollar securities in this country privately owned by residents of the Netherlands.

I suggest that you consult with the State and Treasury Departments about the manner in which to proceed with the request of the Netherlands Government.

Sincerely yours,

The Honorable
The Secretary of Commerce
Washington, D. C.

DWB:NLE
August 24, 1944

Presented to Mr. Bell.
 THE WHITE HOUSE
 WASHINGTON

8/16/44 - 34
 August 14, 1944.

MEMORANDUM FOR

✓ THE SECRETARY OF STATE
 ✓ THE SECRETARY OF THE TREASURY

FOR JOINT PREPARATION OF REPLY
 FOR MY SIGNATURE.

F.D.R.

A similar memorandum, together with a letter from the Secretary of Commerce, dated 8/10/44, was forwarded to the President, and a draft of a letter which he had planned to send to Hon. J. Van den Broek, the Dutch Minister of Finance, in connection with the Netherlands Government for a loan up to \$200,000,000, and in connection with which the Secretary of Commerce feels that favor his consideration should be given, sent to the Secretary of State. Please get in touch with the Secretary of State.

August 25, 1944
11:00 a.m.

GERMAN MARK RATE
LOAN TO RUSSIA

Present: Mr. D. W. Bell
Mr. White
Mrs. Klotz

H.M.JR: The interesting thing is that he told Lord Halifax months ago that the Republican Party would treat them at least as well if they got in as Roosevelt did, and they were offering him three billion dollars if they got in. That is what it amounted to. (Refers to Mr. Aldrich.)

So he is saying to Lord Halifax, "You go back and tell Churchill you have nothing to worry about."

MR. BELL: When he says he is the only one who can sell the Republican Party--

H.M.JR: He has done other things with me, unbelievably stupid. After all, when you are John D. Rockefeller's brother-in-law, you can afford to be stupid.

MRS. KLOTZ: You can be anything.

H.M.JR: Now, come on boys! May I do my stuff first?

I gave the President the memorandum on twenty marks to the dollar, and he doesn't like it. I need a copy; I had none. He goes right back again and says, "I don't want any rate. I want to give the American soldiers dollars and let them make their own rate as they go along." He has said that twice, and you can't budge him on it.

MR. WHITE: Then what we might do if you have to give them dollars is, you might give them dollars with some kind of a distinguishing mark like a green seal or something so we can get most of them back.

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MR. BELL: Give them yellow seals.

MR. WHITE: Except you might like to treat Germany a little different from the others.

H.M.JR: Give them a yellow seal with the star of David on it!

MR. BELL: I don't know.

MR. WHITE: I got these for you. (Hands the Secretary two samples of paper currency.)

H.M.JR: This is pretty bad, about me and the Jews (refers to back side of bill).

MR. BELL: The President doesn't like it?

H.M.JR: The President doesn't like it. He will have no part of it. He says, "Give them dollars and let them make their own rate." He has this idea, and there is no use fighting.

MR. WHITE: It may cost as much as fifty million dollars a month unless we can get the money back.

H.M.JR: Now listen, you fellows made the same statement on France, and I figured from eighteen to twenty million dollars. You came back and told McCloy we would spend fifty million dollars. Remember?

MR. WHITE: They have been in the part of France where they can't spend anything, Mr. Secretary.

H.M.JR: What do you mean it costs us fifty million dollars?

MR. WHITE: I mean, the amount of money that the soldiers will spend will be approximately somewhere in that neighborhood, or more. And if they spend that there, the dollars will remain in Germany, either in the German banks or with German people. The other way, we get the marks for nothing. It will come back if you take it away from them or let them spend it there.

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H.M.JR: There are some other things pending with the President which are important, and he has certain ideas when he gets these things, and nobody is going to be hurt by them. I don't want to fight him on this, because I have bigger fish to fry with him.

MR. WHITE: Then this is a directive. It is up to us to figure some way to get it back. That simplifies the problem very greatly.

H.M.JR: Now, I showed the President this memorandum and this thing from England, do you see, that G-5 is doing? And I said, "I would rather not leave this with you, because I think it will only irritate Mr. Stimson, although I have told him I was going to show it to you."

The President said, "Oh, no, I want to study that." So he kept the book, and he kept the memorandum.

MR. WHITE: The big book?

H.M.JR: Yes. And I said to him, "Now, this big book thing has not been put into effect because they are waiting for a directive; but pending a directive, this is the way they would treat Germany, and if they don't get a directive this goes into effect." I protected myself on what McCloy says.

MR. WHITE: They have one directive which has been passed by the Combined Chiefs of Staff.

H.M.JR: But McCloy didn't tell me that over the phone. This protects me. You heard what McCloy said, Dan.

MR. BELL: He said the big one had not been approved. I think Glasser's point was that he didn't think it had to be approved. The first directive contained only general principles.

H.M.JR: It is better for me to say only what McCloy said to the President. I made the point that this is the sort of thing that the Army is doing. I also told him--I

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said, "Why does Mr. Stimson have to wait until I come back to prepare a memorandum?"

MR. WHITE: Then the thing to do is to prepare this, how we can get the dollars back, and, of course, the British are going to hit the roof, but he doesn't care because if we use dollars they have to use sterling.

H.M.JR: I am not going to fight on it.

MR. BELL: I don't think that is a good decision. I think you are giving Germany dollars just the same as you are--

H.M.JR: Dan, I have fish to fry which are more important than this. This is just going to raise hell with the German economy, and I said good; this is what the President wants.

MR. WHITE: It will raise hell with them. It is not bad; we can figure some way of getting most of it back by giving them the kind of dollars which we say are no good after a certain period. We don't have to tell them that now.

MR. BELL: You don't do that with U. S. currency.

MR. WHITE: Yes, you can.

H.M.JR: This is what the President wants. I say it will raise hell with Germany.

MR. WHITE: Oh, yes, it will increase depreciation tremendously because the premium on dollars will rise progressively.

MR. BELL: You are giving her gold.

MR. WHITE: With one important exception: Gold loses its identity. These dollars won't, and you can get most of them back. We can figure out something. We can try, anyhow.

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H.M.JR: What is the next thing?

MR. WHITE: Well briefly, the Russian thing is getting into a little greater difficulty, merely because the Russians want to buy things that lower the market prices if they do buy it, and they now have, I think, come practically to an agreement on the interest rate, and so forth. But the question is being suggested--we chatted a little about; Dan, Glasser, and I think that maybe the best thing to do is to treat this as Lend-Lease and not charge any interest, but move up the amortization payment. As it is now, ~~they~~ are not going to begin to pay anything on the principal before eight years, but they pay interest.

This way, if you charge them no interest, you don't treat it as a commercial transaction, but Lend-Lease. The difference between this Lend-Lease and other Lend-Lease is that they agree to pay this back in money, and they begin paying immediately within one year after cessation of war. The Russians will like that, and it takes it out of the field of commercial transactions, and, therefore, does not constitute a precedent.

H.M.JR: Is that all right with you?

MR. BELL: Well, I raise the question as to how difficult it is going to be for Dean Acheson to go back to them. You see, they have been carrying on these negotiations for weeks.

MR. WHITE: He will love it.

MR. BELL: I am not so sure, because the Russians have been trying, and I think getting concessions on the price of goods. You see, what this Lend Lease credit is, there is a provision in the Act that authorizes them to extend long-term credits for Lend-Lease material in the channel, in other words, in the mill, when the war ends.

H.M.JR: May I interrupt you, Danny? Look, all you have to do is say to me this very thing that White said; you brought this thing up the other day. As to principle, it is all right; let Dean Acheson worry about whether he goes back or doesn't. You have cleared it as a policy. You boys have to do my sweating on this.

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MR. BELL: Well, if he doesn't want to go back in view of all the water that has gone over the dam, we still go along with the two and three-eighths, I think.

H.M.JR: All right.

MR. WHITE: I think this raises the question which would have made it easier to revive, which is, if you treated this as Lend-Lease, what we really ought to plump for now is a commercial loan.

H.M.JR: Well, sufficient unto the day--

MR. BELL: You mean another loan?

MR. WHITE: Another regular credit, yes.

H.M.JR: I am not going to do that today.

MR. WHITE: I think it is particularly tied up now with the question of the Japanese war.

H.M.JR: Well, that will all fall into its proper place if the President decides to go ahead with Mr. Churchill on the over-all committee. I brought it up, and he is waiting to hear from Hull now.

Do you have anything else?

MR. WHITE: You asked me to see you about this British petroleum product. I don't know whether you want to mention it.

H.M.JR: Not today.

MR. WHITE: Here is something you asked Bernie for, the personnel and his comments.

H.M.JR: Oh, yes.

Are you all right now for a while?

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MR. WHITE: Yes.

H.M.JR: What happened after I left the big cigar?

MR. WHITE: We had two hours, and I think they will support us very enthusiastically.

H.M.JR: Two hours!

MR. WHITE: I think so. We came there at half past one, and I left at twenty minutes of four.

H.M.JR: Did that crowd stay there?

MR. WHITE: Not all of them. McCloy left about an hour after you did.

H.M.JR: I am glad I left, because it gave you a chance to do your stuff.

MR. WHITE: Yes, and he did his stuff. He went all through the war finance, but there is no doubt about their going to support this.

H.M.JR: This is Eugene Meyer.

MR. BELL: Oh, yes.

H.M.JR: O.K.

Treasury Department
Division of Monetary Research

Date August 25 19 44 42

To: Secretary Morgenthau

These are the views of Colonel
Bernstein on these men in the Civil
Affairs Section that you asked for
when in England.

H.D.W.

MR. WHITE
Branch 2058 - Room 214½

SECRET

August 23, 1944

MEMORANDUM FOR THE FILES

Personnel with the Financial Section,
G-5, SHAEF

1. Lt. Col. Moseby Forest

Forest is a former partner of Field Glore. He is bitterly anti-Roosevelt and anti-New Deal. He has been active during the entire planning period for military government as head of the Economic Branch of the German Country Unit. His assistant is Lt. Col. Rundell, an engineer by profession, who is without knowledge of general economic trade or industrial problems. Forest may have to drop out of military government or may be relegated to another position because other people are being considered for his present position.

2. Colonel Edgar Lewis.

Lewis is head of the German Country Unit under whom both Forest and Rundell are working. Lewis is an attorney from California of very limited ability and a poor organizer.

3. Colonel Graeme Howard

Col. Graeme Howard is currently being considered by General McSherry for the post of head of the Economics Branch of the German Country Unit now held by Lt. Col. Moseby Forest. At the present time, Howard is working as Deputy Head of the Norwegian Country Unit. Howard is a former high officer of the General Motors Corporation. During his association with GMC, he was closely linked with GMC vice-president, James David Mooney, who was openly attacked in the United States a few years ago for his pro-Nazi sympathies. In August of 1938, Mooney was awarded by the German Government the Order of Merit of the German Eagle. Charges have been made that Howard was associated with the pro-Nazi work of Mooney, although the War Department after checking into Howard's background, stated that the charge was not well founded. It is not necessary to elaborate on GMC's interest in Germany.

4. Colonel David Sarnoff

Sarnoff at present is working on communication problems at SHAEF, but has stated his desire to get into Allied Military Government work and particularly to become associated with post hostilities planning for Germany. In a conversation with Brig. Gen. Bedell Smith, SHAEF of

- 2 -

the Financial Section of G-5, he emphasized as of value in German financial work his experience with the Young Plan negotiations in which he was charged with the task of handling some of the negotiations with the Germans. Sarnoff claims to have worked very closely with Hjalmar Schacht for whom he has expressed the highest regard as a fine, able banker with whom we should work closely. Sarnoff has stated that Schacht should be given a key position when we go into Germany and that he, Sarnoff, would know just how to deal with Schacht. Sarnoff was borne in Minsk, Russia in 1891. In 1940 he was awarded by the Polish Government-in-Exile the official Order of Polonia Restituta.

5. Lt. Col. Charles Reid

Reid was former Democratic Committeeman from Georgia and Chief Justice of the Georgia Supreme Court. At present, he is acting as head of the Property Control Section of the German Country Unit under the Financial Section of G-5. Reid has stated that he has every expectation of continuing to hold that job in the Allied Military Government in Germany and in its probable successor, the Allied Control Commission for Germany. Reid is of mediocre ability and definitely lazy. He is somewhat non-cooperative in his attitudes. It is extremely important that for the Property Control job in Germany, there should be appointed an energetic, hard-working, right-thinking man, if we are effectively to deprive the Nazis of their loot.

6. Brig. General McSherry

General McSherry holds a key position in the whole Military Government Program for Germany. He is bitterly anti-New Deal in spirit and has an undue appreciation for "big names" in business and finance. Whenever people are being considered for a new post in military government, McSherry invariably brings forward the names of former business associates or acquaintances who have the same point of view that he possesses. General McSherry keeps talking about the need for an outstanding commercial banker to head up the financial work within Germany. General McSherry has apparently made recommendations of various names to General Hildring for key posts in military government.

7. Lt. Colonel ^Y Haden Smith

Smith is a chief U.S. legal officer with G-5, SHAET. Smith is a former partner of Col. Stimson. He is bitterly anti-New Deal on domestic issues, but internationalist on foreign policy matters and has done much useful work at SHAET.

August 25, 1944
11:10 a.m.

CASHING OF SAVINGS BONDS BY COMMERCIAL BANKS

Present: Mr. D. W. Bell

MR. BELL: I have some letters to sign, or I mean circulars on recommendations of savings bonds in commercial banks. Here is the letter that goes to commercial banks carrying all the circulars.

(The Secretary signs letter.)

H.M.JR: I will take your word for it. You write very good letters, Mr. Bell. This is the circular.

(The Secretary signs circular No. 750 governing payments by incorporated banks and trust companies in connection with redemption of U. S. Savings Bonds, dated September 5.)

MR. BELL: This is the one that covers the losses. You see, we cover any losses under this procedure in the Government Losses of Shipment Act.

(The Secretary signs circular No. 751.)

H.M.JR: What am I doing here, anyway?

MR. BELL: This is the designation for commercial banks to cash savings bonds. What we hope to do is get it out tomorrow to the Federal Reserve Banks so they will have it in the hands of the banks the morning of the 5th, and we will release it to the press at that time.

(The Secretary signs circular No. 530, amendment)

MR. BELL: The ABA is sending out a letter at the same time.

H.M.JR: Yes, sir.

- 2 -

Don't have me come down and see the President of the United States and have him say to me, "And what are you doing here, Henry?"

MR. BELL: Gosh, you ought to be thankful we waited until right at the end of your vacation.

H.M.JR: No you didn't; it is right in the middle.

"And, for God's sake, what are you doing here?" having gotten up at four o'clock in the morning to get here.

47
August 25, 1944
12:42 p.m.

HMJr: Hello, Jack.

John
McCloy: What's this that White tells us? That -- he said that you'd seen the President and that there was to be no rate and we were going to introduce dollars there.

HMJr: He's absolutely adamant on it.

M: Well, gee, whiz! Where does that leave us? We've already communicated with the Russians and the British with all your people represented.

HMJr: Yeah.

M: We've got billions of marks already printed. The British won't permit it without a fight, nor will the Russians and all the work of six months....

HMJr: Yeah.

M: goes out the window if

HMJr: Well, this wasn't my idea, old man.

M: Yeah.

HMJr: You know he suggested it once before. I think you were there, weren't you?

M: Well, he said once -- he said at one time that his idea -- he raised the question once when I was there. He said, "How about having no rate at all?" Well, he didn't go any -- he didn't make any decision.

HMJr: Well, he's absolutely adamant on this. And I'm not going to fight him.

M: Well, he -- you mean, he's not going to have any rate at all?

HMJr: No, he wants to give the soldiers American dollars and let them go in and let each soldier make his own rate.

M: For God's sake. Well, how are you -- we've got to -- we've got to part company with the Russians.

HMJr: Oh, I think the Russians will love it.

M: I'm not so sure they will. They're -- they were talking about the -- the new marks.

HMJr: Yeah, I know.

M: And they want a slice of the new marks.

HMJr: Well, he just got some from Russia -- they sent me -- they came in this morning.

M: Yeah. And this all to date has all been cleared with the British and the Russians.

HMJr: Well

M: Uh -- uh

HMJr: Don't argue with me, but you'll have to argue with him.

M: Yeah.

HMJr: I'm not going to help you on this one.

M: Well, I know -- what's the attitude of the Treasury?

HMJr: Oh, what's the attitude of the Treasury?

M: Yes.

HMJr: Well, we've

M: Heretofore, the Treasury has gone -- in fact, urged this thing.

HMJr: I know, but the attitude of the Secretary of the Treasury is this: I think I've got bigger fish to fry with him on Germany. And I'm not going to fight him on this one. That's what I told our own boys.

M: Huh. Well, we've got to communicate this immediately to the British and the Russians.

HMJr: Yeah.

- 3 -

M: Uh

HMJr: He's seeing Stimson

M: The fat will be in the fire. What?

HMJr: Isn't he having Stimson for lunch? Isn't that what you told me?

M: Yes, he's having Stimson for lunch but they're not going to talk about rates.

HMJr: No.

M: The

HMJr: Well, look

M: The

HMJr: Well, I know -- look

M: Good God!

HMJr: I know when -- when he's -- he's got this in his mind and I'm -- I don't think it's worth trying to get it out.

M: Well, it may not be worth trying to get it out. I'm just trying to think what we have to do....

HMJr: Yeah.

M: to conform to it. You've got to -- you've got to cancel all the financial directives that have thus far gone out....

HMJr: Yeah.

M: from the Combined Chiefs of Staff to which the British and everybody have agreed and to which all this -- all the Governments have agreed.

HMJr: Yeah.

M: And start all over again.

HMJr: Well, as far as Mr. Roosevelt is, I'm afraid you're going to have to. And get me, this isn't my idea.

M: Yeah.

HMJr: So don't be suspicious of me now.

M: Yeah.

HMJr: I say, don't be suspicious.

M: Oh, well. You

HMJr: I play it straight across the table.

M: You advocated -- you do -- you advocated the twenty

HMJr: I advocated the twenty marks to the dollar.

M: Yeah.

HMJr: And I gave him a little memorandum on it.

M: Yeah.

HMJr: He read it and he brushed it back and he said, "I'll have absolutely nothing of it."

M: Yeah.

HMJr: "I won't touch it."

M: Yeah.

HMJr: That's what I went over for.

M: Yeah.

HMJr: One of the things.

M: Yeah.

HMJr: And he said, "I won't touch it." He said, "I want every soldier to have dollars." So my record's clean, even though you are a little suspicious.

M: Well, I just got it from Hilldring. I thought that -- well, well, this leaves me a little staggered. I've got to think what we've got to do to

HMJr: Well, go out and have a fruit salad.

- 5 -

M: Okay. (Laughs) All right.

HMJr: (Laughs).

M: Jesus!

HMJr: Well, make it

M: Well, suppose the British -- why do we want to put dollars -- let me ask you, what do we want to put dollars in there for? Doesn't that put them in a better position than

HMJr: Well

M: than the other countries? We've been doing our damndest to keep the dollars out.

HMJr: I know. The other money doesn't cost us anything and this does.

M: Yeah.

HMJr: So, it's not good, but frankly, you -- you said you were licked on the De Gaulle thing.

M: (Laughs)

HMJr: I'm licked on this.

M: Yeah.

HMJr: And I'm not going to fight on this.

M: Yeah.

HMJr: But that leaves you free.

M: Yeah. Okay. Well, we'll have to give it some thought. Thanks very much.

HMJr: Right.

August 25, 1944
12:49 p.m.

HMJr: Hello.

Ernest
Olrich: Hello. Good morning, Mr. Secretary.

HMJr: Yes.

O: I want to report that I had a meeting with
Mr. Brownley

HMJr: Yes.

O: at a quarter of eleven yesterday.

HMJr: Yeah.

O: It was a fairly satisfactory meeting.

HMJr: Yeah.

O: I showed him my figures.

HMJr: Yeah.

O: Went all over the matter with him.

HMJr: Yeah.

O: "Of course," he said, "I can't speak for the law,
but," he said, "if Jim Brownley was the judge
and the case was before me, you'd win your case."

HMJr: Yeah.

O: He said, "I can't speak for the O.P.A. and"

HMJr: Yeah.

O: He said, "Because I have to see the other side
of it."

HMJr: Yeah.

O: I left my office -- left his office and came back
and then I -- I offered to leave my papers with
him. He said, "No, I won't need them."

HMJr: Yeah.

- 2 -

O: Evidently he had called his attorneys in because he said that I hadn't answered their letter.

HMJr: Yeah.

O: I told him, "No." The reason I hadn't answered they'd compelled me to go to Minneapolis and file my answer in court and I could see no reason giving their attorneys any letter that they compelled me to file in court.

HMJr: Yes.

O: He then asked if I would let him have the papers that I had submitted to him. He said, "Yes" -- I told him, "Yes". He said, "The attorneys haven't seen that." And I could have told him that I had those papers at the attorneys' office but they had made their mind up so they didn't look at them.

HMJr: Yeah.

O: I sent them over. I've just got the papers back from him.

HMJr: Yeah.

O: There has been nothing further developed on it. But it's the first time that anybody has sat down and let me explain it as a business proposition.

HMJr: Well, Clayton is speaking to me at one o'clock today.

O: Yes, sir.

HMJr: And I sent you a message please to stand by until I hear from him.

O: Yes, sir, I will be there, but I thought you would like my side of the meeting with Brownley.

HMJr: Now, when -- what's the next move -- what's going to happen next?

- 3 -

O: I have to hear from Brownley then, or Brownley has to tell Clayton.

HMJr: When?

O: He said he would 'tend to it immediately.

HMJr: Now, I'm going to go away tonight for a week, but please let Mrs. Klotz know so she could let me know.

O: Yes, sir, I will let you know immediately, sir.

HMJr: So because -- I mean, I want to follow this thing through to a successful conclusion.

O: Yes, sir. All right, sir.

HMJr: Thank you.

O: Thank you.

HMJr: Now, you stand by. When Clayton's through talking, I'll call you back.

O: Yes, sir.

HMJr: Thank you.

O: Thank you. Good bye.

August 25, 1944
12:53 p.m.

55

Will
Clayton: Henry.

HMJr: Yes, Will.

C: How are you?

HMJr: I'm fine.

C: Good.

HMJr: How are you?

C: Pretty good. Just came off the stand at the Truman Committee.

HMJr: Yeah. Well

C: Still able to navigate.

HMJr: Good for you.

C: (Laughs)

HMJr: Now, have you heard anything from Olrich or Brownley?

C: All I've heard is what Olrich told me. He said he saw Brownley on yesterday and he had what he thought was a very satisfactory talk with him.

HMJr: Yeah.

C: And that Brownley took his papers and is going into the matter now.

HMJr: Well, here's the thing, I'm leaving this afternoon after Cabinet to be gone for a week and I've got to get this thing settled. You couldn't put a little heat on Brownley, could you?

C: Yes, I'll -- I'll call him up and -- and see what he's got to say.

HMJr: I'll be in my office here until a quarter of two.

C: A quarter of two?

HMJr: I'm eating here.

C: Well, he may be out at lunch now and I might not be able -- well, listen, will you be back at your office after Cabinet Meeting?

HMJr: No, I'm -- I'm leaving right from there.

C: Well, I wonder -- I wonder if you could give me a ring from there.

HMJr: I'll tell you -- would you mind doing this, because she's going to ride down to the airport with me -- she's meeting me at the White House -- could you -- would you mind telling Mrs. Klotz what the result is?

C: Your secretary?

HMJr: Yeah, Mrs. Klotz.

C: Mrs. Klotz?

HMJr: K-l-o-t-z.

C: Oh, Mrs. Klotz, yes. All right, I'll -- I'll -- I'll call her, Henry.

HMJr: Will you do that?

C: I certainly will.

HMJr: Thank you.

C: Good bye. Have a -- I hope you have a good rest.

HMJr: Thank you.

C: Good bye.

8/25/44 57

Original to White
Photostat to Peble-

Harry White }
John Peble }

Please work
together on
the German
question. Mr.
Klotz will
explain what
happened at
Cabinet. Mr. P.

58

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MRS HENRIETTA KLOTZ

TREASURY BLDG

PLEASE INFORM HARRY WHITE AND JOHN PEHLE TO CONFINE THEIR
STUDIES WITHIN THE TREASURY ON THE ASSIGNMENT I GAVE YOU TO
GIVE THEM THIS AFTERNOON. ASK THEM NOT TO CONTACT ANY OUTSIDE
DEPARTMENTS UNTIL I SPEAK TO THEM MONDAY ON TELEPHONE BETWEEN
10 AND 12 AT WHICH TIME I WILL TALK TO YOU AND COMMITTEE.
PERFECT TRIP. BEST REGARDS

H MORGENTHAU JR.

809 AM AUG 26 1944.

25

AUG 25 1944

My dear Jim

I am writing to ask if you would be good enough to supply me with any studies you may have on expected cutbacks in munitions production and ship construction both before and after the defeat of Germany. Such material is most important to the Treasury in planning financing operations. We are particularly interested in geographical variations in the impact of cutbacks on employment because goals for the war loan program are divided into State and county quotas. I should appreciate it if you would arrange to send such reports to me through Mr. George C. Mann, Director of Research and Statistics in the Treasury. Any material which you supply will be treated on a strictly confidential basis.

Sincerely,

(Signed) Henry

Secretary of the Treasury

Honorable James V. Forrestal
Secretary of the Navy
Washington, D. C.

25

AUG 25 1944

My dear Harry:

I am writing to ask if you would be good enough to supply me with any studies you may have on expected cutbacks in munitions production both before and after the defeat of Germany. Such material is most important to the Treasury in planning financing operations. We are particularly interested in geographical variations in the impact of cutbacks on employment because goals for the war loan program are divided into State and county quotas. I should appreciate it if you would arrange to send such reports to me through Mr. George G. Haas, Director of Research and Statistics in the Treasury. Any material which you supply will be treated on a strictly confidential basis.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable Henry L. Stimson
Secretary of War
Washington, D. C.

AUG 25 1944

My dear Paul:

It is extremely important in setting quotas for the Sixth War Loan that adequate allowances be made for geographical variations in the impact of embarks upon employment. I should appreciate it therefore if the War Manpower Commission would supply me with the following information:

1. Monthly figures on employment, by States, since the first of the year, divided between munitions and other nonagricultural employment.
2. A projection of these figures, by States, for the month of December assuming Germany is still in the war.
3. A similar projection for December assuming Germany collapses in October, or at some other date before December.

If possible, I should like to have this material early in September and I should appreciate it if revised data could be made available in October and again in November.

I am aware of the difficulties of making December forecasts in view of the problems involved in anticipating embarks, especially by States. It is most important, however, that we obtain the best possible estimates under the assumptions stated. It will also be appreciated if you will supply me with any studies you may have on embarks which will throw further light on this problem.

Please send this material to me through Mr. George G. Hans, Director of Research and Statistics in the Treasury. Any material which you supply will be treated on a strictly confidential basis.

Sincerely,

(Signed) M. Morganthau, Jr.

Secretary of the Treasury

Honorable Paul V. McNutt
Chairman, War Manpower Commission
Social Security Building
Washington, D. C.

OGH:VL:rfc E-24-44

AUG 25 1944

My dear Admiral Land:

I am writing to ask if you would be good enough to supply me with any studies you may have on expected outbacks in ship construction both before and after the defeat of Germany. Such material is most important to the Treasury in planning financing operations. We are particularly interested in geographical variations in the impact of outbacks on employment because goals for the war loan program are divided into State and county quotas. I should appreciate it if you would arrange to send such reports to me through Mr. George C. Haas, Director of Research and Statistics in the Treasury. Any material which you supply will be treated on a strictly confidential basis.

Sincerely,

(Signed) H. Morgenthau.

Secretary of the Treasury

Rear Admiral Henry S. Land
Chairman, United States
Maritime Commission
Washington, D. C.

August 25, 1944

Dear Mr. McClintock:

I want to express my appreciation for the splendid public service the Mutual Broadcasting System performed last Tuesday night in conducting a round-table discussion on the "Meaning of Bretton Woods" on the American Forum of the Air.

I believe that a useful purpose was served in bringing to the American people a better understanding of the monetary and financial agreements formulated at Bretton Woods. Developing a better understanding of these agreements on the part of the American public is, of course, a prerequisite to the intelligent discussion of the issues involved.

Mr. Granik did an excellent job in organizing the program and serving as its moderator. It was a difficult assignment and he handled it admirably.

Sincerely,

Signed) H. Morganthau, Jr.

Secretary of the Treasury.

Mr. Miller McClintock, President,
Mutual Broadcasting System,
1440 Broadway,
New York, 16, New York

AUG 25 1944

Dear Ted,

I want to thank you for the excellent job you did Tuesday night on the American Forum of the Air. I deeply appreciate, too, the generous manner in which you contributed your time and effort to make the broadcast a success.

I realize the problems a broadcast of this character presented and the success of the program is, therefore, all the more to your credit.

Sincerely,

(Signed) M. Morgenthau, Jr.

Secretary of the Treasury

Mr. Theodore Granik,
1627 K Street, N.W.,
Washington, D. C.

AFL:ec 8/24/44

AUG 25 1944

Dear Ned,

I want to thank you for the excellent job you did Tuesday night on the American Forum of the Air. I deeply appreciate, too, the generous manner in which you contributed your time and effort to make the broadcast a success.

I thought you might like to have a recording of the broadcast so I have arranged for one to be sent to you under separate cover.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. E. E. Brown,
President, First National Bank,
Chicago, Illinois.

AFL:ec 8/24/44

AUG 20 1944

Dear Dean,

I want to thank you for the excellent job you did Tuesday night on the American Forum of the Air. I deeply appreciate, too, the generous manner in which you contributed your time and effort to make the broadcast a success.

I thought you might like to have a recording of the broadcast so I have arranged for one to be sent to you under separate cover.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Honorable Dean Acheson,
Assistant Secretary of State,
Washington, D. C.

AFL:ec 8/24/44

AUG 25 1944

Dear Harry,

I want to thank you for the excellent job you did Tuesday night on the American Forum of the Air. I deeply appreciate, too, the generous manner in which you contributed your time and effort to make the broadcast a success.

I thought you might like to have a recording of the broadcast so I have arranged for one to be sent to you under separate cover.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Dr. Harry D. White,
Special Assistant to the Secretary,
Treasury Department,
Washington, D. C.

AFL:ec 8/24/44

AUG 25 1944

Dear Senator Tobey,

I want to thank you for the excellent job you did Tuesday night on the American Forum of the Air. I deeply appreciate, too, the generous manner in which you contributed your time and effort to make the broadcast a success.

I thought you might like to have a recording of the broadcast so I have arranged for one to be sent to you under separate cover.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Honorable Charles W. Tobey
United States Senate

AFL:ec 8/24/44

AUG 25 1944

Dear Dr. Kung:

I appreciate your thoughtfulness in writing to me about the United Nations Monetary and Financial Conference. In my opinion, the success of the Conference was largely due to the spirit of cooperation manifested by all delegations, and in exceptional degree by the Chinese delegation. Under your direction, China took its place among the powers that will provide the world with leadership in dealing with postwar monetary and financial problems.

The American delegation is conscious of the fact that the work of the Conference will not be complete until the International Monetary Fund and the International Bank for Reconstruction and Development have been finally established. We believe that by the time the Fund and the Bank come up for consideration in our Congress a substantial majority of our business leaders and Congressmen will recognize the urgent necessity for international cooperation on monetary and financial matters. The monetary and financial disorders of the 1930's were the cause of economic aggression that spread depression from country to country and culminated in war. I have great faith in the good sense and the good will of the people of the United States and all of the United Nations. I am confident that the financial disorders of the past will not be repeated.

I share with you the feeling that the Conference at Bretton Woods represents a major step in our preparation for peace. We must all recognize that a lasting peace can be built only on a foundation of progress and prosperity in all countries. The United Nations have shown at Bretton Woods that they are determined to work together for peace and prosperity as they have fought together for liberty and democracy.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The Honorable H. H. Kung,
Minister of Finance,
The Chinese Embassy,
Washington, D.C.

EMB:rl 8/25/44

Regraded Unclassified

August 10, 1944.

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

Dear Mr. Morgenthau:

Ever since we bid farewell to each other at Bretton Woods, the stimulating experience of the United Nations Monetary and Financial Conference continues to linger in my mind. From the very beginning, the Chinese Government had realized the great significance of the Conference and our delegation did its best to contribute to its success. I wish to express to you the deep appreciation of the Chinese Delegation for the excellent leadership given by the United States Delegation under your able chairmanship.

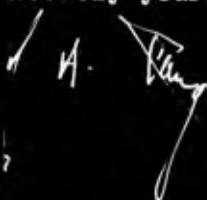
Since I came to New York, I have heard a number of people, with whom I talked, making critical remarks about the results of the Conference and showing skepticism about the success of the plans. Some of these criticisms result from ignorance or misunderstanding, others are undoubtedly made on grounds of self-interest. I did my best to explain to them the difficulties we encountered and the fundamental importance of the principle of international co-operation underlying both the Fund and the Bank. This experience led me to believe that much work remains to be done in order to convince the American public with regard to these two proposals. Unless these projects are adopted by Congress, the success of the Conference would be rendered entirely illusory.

I think irrespective of one's personal opinion on specific features of the two agreements, we must all recognize that the Bretton Woods Conference truly represents a major step

in our preparation for peace. If blueprints so complicated and so comprehensive in nature can be drawn up by the delegates representing forty-four nations and can be adopted and implemented, it augurs well for the establishment of a lasting peace after this war.

With best personal regards,

Sincerely yours,

A handwritten signature in ink, appearing to read "H. V. King". The signature is written in a cursive style with a large, sweeping flourish at the end.

August 25, 1944.

Dear Oscar:

This is in reply to your letter of August 17, 1944, enclosing the statement of Senator Scrugham on the Bretton Woods Conference and suggesting that action should be taken to inform the public on the Bretton Woods Conference.

I am in agreement with you that we ought not to wait until the opposition is organized before making our case clear to the public. The Treasury people are already preparing material for public distribution and planning to inform the public on the importance of international cooperation through the proposed Fund and Bank.

We shall be glad to have your suggestions along these lines.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. Oscar S. Cox,
Foreign Economic Administration,
Room 1057 Tempo "T",
Washington, D. C.

FOREIGN ECONOMIC ADMINISTRATION
WASHINGTON

August 17, 1944

Dear Secretary Morgenthau:

In case you haven't seen it you might be interested in the attached clip sheet from the Congressional Record of August 11 about the Bretton Woods Monetary Agreement.

With the amount of publicly stated opposition that is being circulated, I have a strong hunch that a great deal of affirmative action ought to be taken now to prevent such opposition from growing stronger and more articulate.

Sincerely yours,

Dean Cox

The Honorable Henry Morgenthau, Jr.

The Secretary of the Treasury.

history. While there are many good theories, it may be said that an executive agreement is an instrument pertaining to international affairs which the Senate and the House are willing by a majority vote to treat as an executive agreement, binding upon this Nation while a treaty is such an instrument which the Congress will not recognize unless it is ratified by two-thirds of the Senators voting upon its ratification. Congress, therefore, has the power of substituting a majority rule of the Senate and House for the two-thirds rule of the Senate.

The present machinery does not prevent the Congress and the executive from so working together that we can have an effective foreign policy, and can make decisions on international affairs with promptness and responsibility. The danger is in whether Congress will allow a minority of the Senate to abuse the power to defeat an effective foreign policy.

One readily sees, then, how important it is that the views of Members of Congress be known upon this vital question. It is a doubtful if any attitude of a Member of Congress is as important to the winning of the peace and the prevention of World War No. 3 as whether he, or she, is willing to break the stranglehold of the minority of the Senate upon our power to participate in foreign affairs.

Bretton Woods Monetary Agreement

EXTENSION OF REMARKS OF

HON. JAMES G. SCRUGHAM

OF NEVADA

IN THE SENATE OF THE UNITED STATES

Friday, August 11 (legislative day of
Tuesday, August 8, 1944)

Mr. SCRUGHAM. Mr. President, I ask unanimous consent to have printed in the Record a letter signed by 26 Senators, addressed to the President of the United States, dealing with the international monetary fund plan, and a statement prepared by me dealing with the Bretton Woods Monetary Agreement.

There being no objection, the letter and statement were ordered to be printed in the Record, as follows:

BRETTON WOODS MONETARY AGREEMENT

(By Senator J. G. SCRUGHAM)

In my opinion the Bretton Woods Agreement for monetary stabilization, in its present form, will fail to receive the approval of Congress for the following reasons:

1. The absence of a statement saying that it is the objective of the signatory nations to restore the gold and silver standards. Instead, it is clear that the international monetary fund is designed to facilitate the adoption of managed currency plans by individual nations and groups of nations, and eventually by the world at large.

2. No conditions whatever are attached to the utilization of the credit facilities of the fund by nations whose balance of payments will be adverse due to conditions within their control. As a minimum, such countries should promise to take steps that would improve their balance of payments position,

so that they would not have to resort to the fund chronically for assistance.

3. No price for gold is set in the fund, each nation being free to select any initial parity for its currency that it wishes, with provision for changes in such parity subsequently, thereby deliberately providing a means of circumventing stabilization.

4. No price for silver is set in the fund. In fact, unlike gold, no provision is made for any price for silver. Article V, section 4, which contains the only reference to silver in the agreement fails to specify the basis on which silver may be accepted as collateral for a loan for a country that has exhausted its quota in the fund, and gives no assurance whatever that silver will be accepted by the fund if tendered.

5. No provision is made for special credits to nations that desire to acquire gold and silver for coinage, so as to substitute actual coins or representative paper money for fiat currency.

Fundamentally, the international monetary fund plan seeks to substitute managed currency for the tried and tested gold and silver standards. I do not believe our Congress will approve the plan unless it is modified to correct this defect.

President Roosevelt received a letter signed by 26 Senators, at the time that the Bretton Woods Conference was started, expressing their concern over the lack of provision for a metallic base for currency, and particularly over the failure to include silver along with gold in the original draft of the experts' plan. The agreement as published is open to this same objection. Failure to respond favorably to the Senators' letter, and to heed the objections raised, will necessarily affect the attitude of many Members of Congress when the Bretton Woods Agreement is presented for ratification.

For the information of those who have not seen the letter referred to I desire to insert it into the Record at this point:

UNITED STATES SENATE,
SPECIAL COMMITTEE ON THE
INVESTIGATION OF SILVER.

June 21, 1944.

THE PRESIDENT.

The White House.

DEAR MR. PRESIDENT: We have studied carefully the international monetary fund plan that has been made public by the United States Treasury. Since whatever plan is ultimately adopted will have to be approved by the Congress, we feel it is our duty to pass on to you without delay certain conclusions we have reached pertaining to the plan.

The experts' plan suffers from a basic, organic defect in that no place in it is assigned to silver. As a result, there will be an insufficiency of media for the settlement of international balances, and the use of silver as money will be undermined.

We strongly urge, therefore, that the plan be revised forthwith so that parities for the currencies of member countries will be fixed in silver, as well as gold. By specifying fixed parities in terms of silver also, the following results would be attained:

1. The physical supply of standard money would be expanded for the enlarged needs of the post-war world.

2. The preference of a large part of the population of the world for silver money would be recognized.

3. The nations of Europe and the Far East now in the throes of wild paper-money inflation could return to silver coinage on a sound basis.

4. The demonetization of gold and silver would thus be effected simultaneously and internationally.

Sincerely yours,

ELMER THOMAS, CHAIRMAN, SPECIAL SUBCOMMITTEE; EDWIN C. JOHNSON; PAT MCCARRAN, SHERIDAN DOWNEY; JAMES E. MURRAY; ABE MURROCK; ERNEST W. McFARLAND; HARLAN J. DUFFIELD; E. V. ROBERTSON; CARL HAYDEN; MON. C. WALSH; GUY CORDON; GERALD P. RYE; J. G. SCRUGHAM; B. K. WHEELER; HUGH BUTLER; HERMAN STOUTMAN; THOMAS CHAVES; JOHN THOMAS; KENNETH S. WHEAT; ELBERT D. THOMAS; CHAS. GURNEY; CARL A. HATCH; RUFUS C. HOLMAN; D. WORTH CLARK; E. H. MOORE.

LAW, RELATIVE TO THE PRINTING OF DOCUMENTS.

Either House may order the printing of a document not already provided for by law, but only when the same shall be accompanied by an estimate from the Public Printer as to the probable cost thereof. Any executive department, bureau, board, or independent office of the Government submitting reports or documents in response to inquiries from Congress shall submit therewith an estimate of the probable cost of printing the usual number. Nothing in this section relating to estimates shall apply to reports or documents not exceeding 50 pages (U. S. Code, title 44, sec. 140, p. 1938).

Printing and binding for Congress, when recommended to be done by the Committee on Printing of either House, shall be so recommended in a report containing an approximate estimate of the cost thereof, together with a statement from the Public Printer of estimated approximate cost of work previously ordered by Congress within the fiscal year (U. S. Code, title 44, sec. 145, p. 1938).

Resolutions or printing extra copies, when presented to either House, shall be referred immediately to the Committee on Printing, who, in making their report, shall give the probable cost of the proposed printing upon the estimate of the Public Printer, and no extra copies shall be printed before such committee has reported (U. S. Code, title 44, sec. 133, p. 1937).

DISTRIBUTION OF THE CONGRESSIONAL RECORD

To the Vice President and each Senator, 100 copies; to the Secretary and Sergeant at Arms of the Senate, each, 25 copies; to the Secretary, for official use, not to exceed 30 copies; to the Sergeant at Arms, for use on the floor of the Senate, not to exceed 50 copies; to each Representative, Delegate, and Resident Commissioner in Congress, 60 copies; to the Clerk, Sergeant at Arms, and Doorkeeper of the House of Representatives, each, 25 copies; to the Clerk, for official use, not to exceed 50 copies; and to the Doorkeeper, for use on the floor of the House of Representatives, not to exceed 75 copies; to the Vice President and each Senator, Representative, Delegate, and Resident Commissioner in Congress there shall also be furnished (and shall not be transferable) 3 copies of the daily Record, of which 1 shall be delivered at his residence, 1 at his office, and 1 at the Capitol.

August 25, 1944

MEMORANDUM FOR THE FILES

I spoke to Miss Mabel Newcomer this morning regarding her impression of the work and plans of the Women's Conference on International Affairs. She was in Washington a week or ten days ago and at that time I had introduced her to Miss Webb of that organization in order that Miss Newcomer might get an opportunity to evaluate their work and ability.

She stated that she was definitely impressed by their work and approach to these international problems. She felt that a program on Bretton Woods sponsored by this group would be of real value to us, provided, of course, that they got the right kind of speakers to address them. I told her that if we were to cooperate in such a program that I thought it would be a very good idea if she could be one of the speakers. She stated that she would be very happy to cooperate. I said that I still had to clear the matter of our participation with Mr. White but that I did not anticipate any difficulty.

Miss Newcomer stated that she was working on an article about Bretton Woods for some organization at the present time and also on an article for the Vassar Alumni Journal. She was most cooperative.

QAR

August 24, 1944

MEMORANDUM FOR THE FILES

I spoke to Roy Stinebower of the State Department today, regarding his impression of the Women's Conference on International Affairs. He had cooperated with this group in the presentation of their program on the Food and Agriculture Conference and had appeared as one of their speakers.

He had only words of praise for the organization. He said that it had no official standing and was serving merely the function of an educating and steering committee, directing the interest on the part of women's organizations in the problems of international cooperation. In his opinion, our assistance and cooperation with them on a program on Bretton Woods would be all to the good. At no point had he observed any jealousy on the part of other women's organizations because of the activities of this group. He thought that their programs on the Food and Agriculture Conference had been very successful.

I then spoke to John Dickey of the State Department who had worked with this group on their Education Conference program. He said he had spent years working with the various women's organizations in connection with getting their cooperation and support on the Trade Agreements Acts. The Women's Conference on International Affairs was, of course, a new group and he had found them able and energetic and they had served as an excellent medium for getting over the results of the Education Conference to the various women's organizations. He said that in his discussions with one or two representatives of women's organizations after the meeting he had sensed that they felt that they could have taken care of the matter of programing the conference for their group without the aid of the Women's Conference, but that this view was not generally shared. He said that they had had a very good turnout for the Education Program and, in his opinion, our cooperating with them on a Bretton Woods program could do no harm whatever and might do a lot of good.

- 2 -

He did think that it was highly important that we take the attitude that we were perfectly willing to cooperate with any women's organizations directly, and that we were not intending to merely deal with them through this Conference group. Our attitude should be that we were perfectly willing to cooperate with any group and in that sense we were cooperating with the women's Conference on International Affairs.

Copy to: Secretary's files
Mrs. Morgenthau
Mr. White
Mr. E.M. Bernstein

Mr. White

August 24, 1944.

Mr. Luxford

Mr. Bernstein and I discussed the proposed program on Bretton Woods with Helen Montfort Moody and Elizabeth Webb of the Women's Conference on International Affairs.

As a result of our discussions the program shapes up as follows:

1. They would like to hold the meeting on either September 14 or 15, since they anticipate doing a similar job after the UNRRA meeting in Canada and they expect that this program would be scheduled for the first week in October. They do not want the programs too close together since it is difficult to call together representatives of the different women's organizations at too frequent intervals.
2. The actual program would run along these lines:
 - (a) The chairman would make an opening statement. They suggested that it might be very helpful if the chairman were to emphasize the two years of preliminary work that went into making Bretton Woods a success, the work that was done at an interdepartmental level here in this Government, bilateral and multilateral discussions we had with the various foreign governments, and our discussions from time to time with the Congressional committees. They feel that it is important to dramatize the enormous task involved, the tremendous amount of work, the negotiations that went into shaping these agreements, and the difficulties involved in trying to make changes in them after this investment of time and energy.

- 2 -

- (b) An elementary explanation of the Fund.
- (c) An elementary discussion of the Bank.
- (d) What the Fund and Bank mean in terms of world peace.
- (e) What steps are necessary to bring the Fund and Bank into effect.

On this latter point they would like to have a non-government man or woman discuss the fact that these proposals must be either accepted or rejected by Congress and the importance of each woman's organization putting its shoulder to the wheel in getting the public interested in these proposals and Congress to accept them. This discussion, of course, would be sponsored by the Women's Conference and not by any Government official or agency.

3. It is contemplated that the talk of each person be limited to about fifteen minutes. It is further contemplated that there would be a question-and-answer period after each participant discusses the feature of the program assigned to him. In order to inject an international flavor into the program they thought it would be an excellent idea for us to have about three speakers on the subject of "what it means to World Peace," permitting each to speak about eight minutes. They would like to see two of these speakers on world peace represent foreign countries, as for example, delegates from China and Cuba. They thought that perhaps Miss Newcomer should be the American representative on the discussion of world peace. They agreed that Bidwell would probably be a good man to discuss "how do we bring the Fund and Bank into effect." He could speak for about ten or fifteen minutes and then make a real attempt to get the audience to participate in the discussion by having various representatives of women's organizations in the audience express their views as to how to get women's groups interested in the subject.

- 3 -

4. It is contemplated that the whole program could be timed for about three hours and be scheduled from 10 a.m. to 1 p.m.
5. The groups sponsoring this program have no dues and no funds at their disposal. They would like to have our discreet assistance on the following points:
 - (a) Having a mimeographed program and mimeographed reading material on the Fund and Bank available for distribution at the meeting.
 - (b) The preparation of about sixty letters for the chairman's signature, inviting representatives of the various women's organizations to attend the meeting.
 - (c) A stenographic transcript of the proceedings which would be mimeographed and distributed to each of the persons attending. This material is of great use to the various program chairmen of the women's organizations since they, in turn, use it as the basis for getting each local group of their organization interested in the subject.
6. Mrs. Moody would like for us to name the persons who should participate in the program, as well as the chairman, and to sound them out on their availability to speak. It is understood, of course, that the formal invitation to participate would be extended by the Conference and not by the Treasury.

If you approve, Bernstein and I will go to work on this at once. I am anxious to take a vacation the first two weeks in September, but I see no reason why this should interfere with this program.

T. J. B. (1944) A.F.D.

8/25/44

Fred Smith

Secretary Morgenthau

In reply to your memorandum of August 25th, I still think my decision that an advertisement of this kind should not be signed "Paul Jones Whiskey" is correct. It is most offensive to me. Signing it "Frankfort Distillers" wouldn't help it in my way of thinking one bit.

As to the second paragraph of your memorandum, this will have to wait.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date

TO Secretary Morgenthau

August 25, 1944

FROM Fred Smith *FS*

Frankfort Distillers want to make twenty-four sheet posters and car cards of this design for the Sixth War Loan. The Alcohol Tax Unit apparently has a directive from you saying that whisky advertisements cannot show people in uniform. They would like to sign this poster "A reminder from the makers of Paul Jones whisky" as per the attached photostat. A.T.U. says they can sign it "Frankfort Distillers," but not "Paul Jones whisky." This they do not wish to do because they have never publicized the firm name, and accordingly it wouldn't do them any good.

Since this is a problem that will probably come up time and again, I wonder if you would like to consider making a specific decision about using trade names as signatures for War Bond posters and advertisements.

If you should decide to permit trade name signatures, I think you should specify limiting it to a modest credit line, not to include pictures of the product or any explanation or promotion of the product other than the mention of the name.

**"Who says
what war is over?"**



**BUY
EXTRA WAR
BONDS**

~~CONTRIBUTED~~ BY THE MAKERS OF PAUL JONES WHISKEY

~~A REMINDER FROM~~
A REMINDER FROM

AUG 25 1944

My dear Miss Thompson:

Thank you for sending us the letter which Mrs. Roosevelt received from Mrs. George Cushing, about her "Bondstormer" plan. I received a similar letter from Mrs. Cushing and will advise her that it will be quite impossible to fit the opening of her Bondstormer Exchange into my schedule. We will also write to the Women's Chairman of the Connecticut War Finance Committee in regard to this matter and suggest that she discourage the plan, as we are not at all in favor of it.

According to Mrs. Cushing's statement, the operation of the Exchange will include a profit angle, inasmuch as part of the price received from the sale of any article will be used to defray overhead and personnel costs. Whenever the Treasury has given any approval to an Exchange of this type, the project has been conducted on a purely volunteer basis. That is, the War Stamps, into which cash to pay for an article have been converted, have been received by the seller and the buyer of the article and no part has been deflected toward operating charges of the Exchange itself.

I think Mrs. Roosevelt will agree with our attitude toward this and will feel that the Bondstormer plan should not be suggested to other cities nor encouraged in Hartford.

Mrs. Cushing's letter to Mrs. Roosevelt is returned as you suggested.

Sincerely,

(Signed) H. Morgenthau, Jr.

Miss Malvina C. Thompson
The White House
Washington, D. C.

NE:rp
8/25/44

THE WHITE HOUSE
WASHINGTON

August 18, 1944.

Dear Mr. Secretary:

I am enclosing a letter from
Mrs. George Philip Cushing, 54 Warwick
Street, West Hartford, Connecticut.

Mrs. Roosevelt will appreciate
it if you will let her know what the
Treasury Department thinks of this plan.

The return of the enclosed
letter will be appreciated.

Very sincerely yours,

Malvina C. Thompson
Secretary to
Mrs. Roosevelt.

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

August 9, 1944.

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ABG 12 1944

Marion Waite Cushing

54 Warwick Street West Hartford, Connecticut

Mrs. Eleanor Roosevelt,
White House,
Washington, D.C.

Dear Mrs. Roosevelt,

I believe it was just two years ago
that you entertained me and my little Hindu princess friend
at the White House.

But of far more interest to you, I believe,
will be our Bondstormers Exchange which we will open soon in
Hartford. I conceive it not as a thrilling war project, but
as indeed a Public Service, and for you a pattern that you
can carry all over this wonderful land of ours with the
suggestion that each town and hamlet, "Go, like Hartford,
and do likewise".

I am inviting Mr. Morgenthau to attend
our gala opening when Mayor Mortenson presents the key to
open our Bondstormers Exchange. We also beseech your attend-
ance.

We are selling War Stamps by means of the
earnstorming idea,- making the best with what you have. Thus
our clever(?) name, "Bondstormers".

All Hartford is back of us from news-
papers, merchants and each individual citizen. "What treasure
do you have", we ask, "that you will sell for Uncle Sam?"
Set your price on it,-say \$5. We double it,-\$10. We sell it
for \$10. cash. You get your asking price,-\$5.in War Stamps.
The buyer gets not only the article but \$2.50 of his cash pay-
ment back immediately in War Stamps. The Bondstormers,
Volunteer women war workers who make this splendid service
possible to Hartford, operate their shop and take their payment
in the remaining \$2.50 in war stamps.

87
Marion Waite Cushing

54 Warwick Street West Hartford, Connecticut

We are planning to open our Bondstormers Exchange about the first week in September.

We will suit our opening day to your calendar.

Will you come?

Regardless of what your decision may be, I hope our plan interests you enough to let us explain details so that you can publicize "Bondstorming".

It is my hope that New York, Boston, Chicago and all intermediate points west will have some Bondstormers to make the bugle blow of Peace sound sooner.

Sincerely,

Marion Waite Cushing
(Mrs. George Philip Cushing)

P.S. I haven't seen Mrs. Alsop this summer but I hear thru friends that she is as vital as ever.

P.S. This is no rummage or auction idea. The Bondstormers' slogan is:- "Only the best for Uncle Sam".

25

August 25, 1944

Dear General Carter:

For your information I am enclosing a copy of letter dated August 21, 1944, from Mr. William C. Potter, Chairman of the Executive Committee of the Guaranty Trust Company of New York, and a copy of my reply of today.

I still hope that there is something that we can do to get the American banks functioning in these places just as soon as possible.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Major General A. H. Carter
Fiscal Director
Army Service Forces
Pentagon Building
Washington 25, D. C.

DWB:NLE

25

August 25, 1944

Dear Mr. Potter:

I have your letter of August 21, 1944, regarding the reopening of your branch in Paris and possibly your former office in Havre.

The Treasury is anxious that the American banks be permitted to reopen their branches abroad, and Mr. Bell has discussed this matter with Major General A. H. Carter on several occasions. I believe that General Carter is also in favor of this, but I believe that his superior officers have some doubt as to the wisdom of permitting the American banks to follow too closely behind the American army.

I suggest that you communicate with General Carter about the matter.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. William C. Potter
Chairman of the Executive Committee
Guaranty Trust Company
140 Broadway
New York 15, N. Y.

DWB:NLE

Guaranty Trust Company of New York

140 Broadway

New York 15, N. Y.

New York Offices
140 Broadway
Fifth Avenue at 44th St.
Madison Avenue at 60th St.

Foreign Offices
London

August 21, 1944.

William C. Potter

Chairman of the Executive Committee

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

Dear Mr. Morgenthau:

Recent developments in France give me encouragement to consider the reopening of our rather important branch in Paris and, possibly, the reopening of our former office in Havre, which used to be a very useful agency for American exporters of cotton, other farm products and raw materials.

I am just wondering whether such a move on the part of American banks would meet with the approval and aid of the Treasury. When I speak of aid, I only refer to such things as assistance with passports, transportation, and facilities of that general nature.

I would very much appreciate your thoughts in this direction.

Faithfully yours,



Chairman, Executive Committee.

MEMORANDUM FOR THE SECRETARY.

August 25, 1944.

Mail Report

This past week's mail kept the same quiet course that it has followed since the close of the Fifth Drive. There were still a few favorable reports or comments in connection with that Drive, and also a few slogans or other promotional ideas for the Sixth. Loss of bonds or inscription problems, however, prompted most of the letters. With the receipt here of 88 bonds for redemption, the rise of about 10% that has been going forward during the last few weeks continued the same. The 10 responses to redemption slips offered illness and inadequate income as the most common reasons for cashing bonds. There were the usual scattered complaints about delays in processing bonds, or in remitting interest. Two banks wrote very critically of the low reimbursement being allowed for cashing Series E Bonds over-the-counter.

In the field of taxes there were 11 urgent pleas for tax refunds due the writers. Two old subjects -- the assessment of the Lincoln Electric Company, and the deduction allowed Montgomery Ward for advertising expenses, continued to draw occasional comment.

Again there was a definite rise in the number of out-of-date checks submitted for re-writing. The Bretton Woods Conference was the subject of a dozen miscellaneous communications -- one of which spoke favorably of the recent radio program about the work of the Conference. Six donations were received, including one for \$5 from a Canadian resident, and one for \$40 from a Private First Class.

Quotable letters were exceedingly scarce, as the attached pages will indicate.



Comments on Recent RadioAppearance

Murray M. Magloff, New York City. I listened to your discussion of "The Meaning of Bretton Woods" over the American Forum of the Air with keen interest. Please accept my compliments for the able and well manner you explained a complex problem in terms readily understandable by all Americans. I have already written for a reprint of the discussion. Would it be possible to obtain a copy of the actual agreements or fundamentals arrived at by the delegates at Bretton Woods?

- 2 -

General Comments

Sidney M. Feldman, Newark, Delaware. I wish to congratulate you on your position taken at the Bretton Woods Conference and am confident that the problems now being discussed and solved will prove of inestimable value in strengthening the economical position of the entire world. There is one point which I think should be given very serious consideration by the U. S. Treasury Department in its discussion with the Russian Government. The former Russian Government had distributed and sold in the United States two issues of Russian Imperial Bonds, 1919 - 6½%, and 1921 - 5½%. It is my understanding that this indebtedness has not been recognized by the present Russian Government. * * * I have recently read that the Russian Government is trying to obtain a ten billion dollar post-war credit. It is my understanding also that there is a Federal Statute that does not permit extension of additional credit unless a country's present obligations are being met. I think steps should be taken by the present Russian Government to clear up the indebtedness of the previous regime to citizens of the United States by either exchange of a new bond or payment in cash. The total amount of money involved (seventy-five million dollars) is ridiculously small when one talks of world finance. The good-will that would be created by the present Russian Government satisfying this obligation would more than compensate its expense in the eyes of the United States financial world. * * *

- 3 -

Unfavorable Comments on Bonds

Milton Samuels, New York City. An item in the newspapers last week relating to the cashing in of War Bonds concerned me greatly. I believe that the time has come to take vigorous action against those contributing factors which have brought this condition about. As advertising manager for one of America's largest corporations, my travels take me to many localities and I have had an opportunity to observe some of the reasons which have been the cause of this condition. * * * Throughout New England, the anti-New Dealers and Roosevelt haters have started a whispering campaign which, in my opinion, borders on treason. Everywhere you go you hear: The moment the war ends the people who invested in War Bonds will be asked to donate them to the Government as their contribution to victory; that, if there is sufficient money in the Treasury, they may get the principal, but no interest; that big banks and corporations are given a different series for their protection, while the public is sold a non-negotiable series, which was primarily designed to cheat them out of their investment. * * * I am thoroughly convinced that immediate action must be taken to restore the confidence of those who have given credence to these stories. Recently, while in Springfield, Massachusetts, I overheard a director of a financial institution telling a waiter that the only way he can be assured..... that his War Bonds will be honored would be by the election of Dewey who has received the pledge of the big corporations to aid in their redemption. Don't laugh it off...you who know that this is idiotic fail to realize sometimes that the average man in the street looks upon these executives as having inside information, and is stampeded by them into doing things which, under ordinary circumstances, they would not do. * * *

- 4 -

Ralph P. Messano, Counsellor at Law, Jersey City, New Jersey. We represent the Estate of Henry Jacob Rice, deceased, and among the assets we found a \$1,000 Defense Savings Bond, Series E, issued as of August 1942. * * * His only heirs at law and next of kin are a daughter, Florence Louise Stecher, and a son, Chester H. Rice. Mrs. Stecher qualified as Administratrix of her father's estate. On March 16, last, we wrote to the Federal Reserve Bank of New York to find out just what steps should be taken in order that this bond might be cancelled and two new \$500 Bonds reissued, one to the son and the other to the daughter. Sometime thereafter, the Federal Reserve Bank advised us that the following would be necessary: (List of requirements.) Subsequently, we forwarded the following: (1) The bond, with the request on the back thereof properly signed; (2) Surrogate's certificate; (3) Affidavits as to identity; (4) Affidavit as to all debts against the Estate having been paid; (5) Two Forms PD 1455 signed by the Administratrix that the \$1,000 Bond be cancelled and reissued in two \$500 Bonds, one to herself and the other to her brother. On May 29, last, we received a letter from the Federal Reserve Bank acknowledging receipt of the certified copy of letters of administration and other papers, and forwarding us blank forms PD 1455, requesting that they be completed and signed. In addition to this, we were informed that inasmuch as the administratrix had requested reissue of \$500 of this bond in her name, that the bank be furnished with a court order authorizing the transfer of this bond naming the administratrix individually. Immediately upon receipt of this letter we wrote the bank that we had already forwarded it form PD 1455 duly completed and signed, and that we did not intend to undergo any more red tape by obtaining a court order but would prefer to wait until September 1, which we believe is the seven months' statutory period. Subsequently, we received another letter from the bank stating that it could not find the forms PD 1455, and that it was necessary for us to have new forms completed

- 5 -

and signed. * * * On August 7, 1944, we received another letter from the bank stating that inasmuch as Mrs. Stecher, who is the administratrix and the only daughter, was unwilling to furnish a court order and wished to reissue these bonds after the seven months of administratrix had expired, it was returning the bond to us, with the request that it be re-submitted to either the Federal Reserve Bank of New York or the Treasury Department in Chicago after September 1. In this letter, the Federal Reserve Bank stated that the affidavits of debts submitted by Mrs. Stecher, as administratrix, should be resubmitted and dated on and after September 1, and that in addition thereto, we should furnish a release from the residuary legatees of this estate. You can appreciate the voluminous correspondence had between the Federal Reserve Bank and ourselves, as well as the great amount of work done in order to have a \$1,000 Defense Savings Bond cancelled (not cashed) and two \$500 Bonds issued in its place. On August 7, last, we wrote to the Treasury Department, setting forth the above, and requested that it advise us just what steps should be taken so that this bond may be cancelled and the two \$500 Bonds issued to the only son and daughter. Having received no reply to our said letter, we again wrote the Treasury Department at Chicago on the 15th. Inasmuch as we have received no reply to date from the Treasury Department, we are directing this letter to you personally. Will you kindly advise us as to just what steps must be taken in order to effect the above transaction?

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Unfavorable Comments on Taxation

Jos. J. Connolly, Rosedale, Long Island, New York. Just a few lines to let you know how a former New Dealer feels about the way this Administration is now running the country. My particular complaint is about a refund on my 1943 taxes. I have sixty-odd dollars due me, which to date, five months after filing my return, I have yet to see. I wrote the Custom House, New York, explaining that I needed this money for my city taxes, with no results. I then had to get a private loan to pay said taxes. When one draws a comparison between the billions of dollars sent to Europe, that everyone knows will never come back, and the fact that a natural born American had to get a loan because the United States Treasury did not refund what was rightfully his, I can assure you it does this Administration no good. It seems to me that this Administration has only two aims in life -- i.e., to get all they can out of our citizens and to send all they can overseas.

25

AUG 25 1944

See also 10/2/44

Dear Mr. Hinckley:

I have your letter of August 21, 1944, advising that you are setting up a committee of the Contract Settlement Board to act in an advisory capacity on matters of statistics, records, procedures, and reports related to the statistics of terminations, settlements, interim financing of terminations, and plant inventory clearance, and requesting that the Treasury designate a member and an alternate member to serve on this committee.

I am glad to comply with your request and hereby designate Mr. George C. Haas, Director of Research and Statistics, as member, and Mr. W. J. Sims, Chief, Control and Reports Branch, Office of Surplus Property, Procurement Division, as alternate member.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable Robert H. Hinckley
Director
Office of Contract Settlement
Washington, D. C.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE August 23, 1944.

TO Mr. D. W. Bell
FROM R. E. McConnell

W. J. Sime
W. J. Sime

Re the attached: You may wish to nominate Mr. Haas or Mr. Mack as a member of this Committee, and Mr. Tom Davis as alternate - or to nominate Mr. Davis direct. At any rate, it seems to me that someone from the Procurement Division should attend the meetings of this Committee.

R. E. M.

TO:

W. J. Sims,
Chief, Control and
Reports Branch
Office of Surplus
Property

Room 6028 Pro-
curement

2183, 2187

OFFICE OF CONTRACT SETTLEMENT

WASHINGTON, D. C.

Robert H. Hinckley

DIRECTOR

August 21, 1944.

Dear Mr. Secretary:

In order to provide a means for consultation and the securing of expert advice on the progress reporting problems of the Office of Contract Settlement, I am requesting that a Committee of the Contract Settlement Board be established on Progress Reporting Statistics, on which I would appreciate your designating a member and alternate member. I am also requesting that the Bureau of the Budget and the Surplus Property Administrator designate a representative and alternate to sit with the Committee on Progress Reporting Statistics. Mr. Raymond T. Bowman, who will direct the statistical progress reporting work in the Office of Contract Settlement, will act as Chairman of this Committee.

The Committee will act in an advisory capacity on matters of statistics and the records, procedures, and reports related to the statistics of terminations, settlements, interim financing of terminations, and plant inventory clearance. It will also be consulted on the inclusion of statistical data in the Quarterly Report to Congress and on the technical problems of interpreting such data.

Mr. Bowman is anxious to call a meeting of the Committee just as soon as members have been designated, since it is essential that reporting plans be made promptly and an outline prepared of the items to be included in the report of the Office of Contract Settlement to Congress. The first report to Congress is due in October.

Sincerely,


Robert H. Hinckley

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

28

August 28, 1944.

Dear Mr. Batt:

For the Secretary, I am acknowledging your letter of August 21, which transmitted the confidential copy of Mr. Donald M. Nelson's final monthly report to the President on production performance against materials and equipment commitments of the Third Russian Protocol. Thank you for your courtesy in bringing this material to Mr. Morgenthau's attention.

Sincerely yours,

(Signed) H. S. Klotz

H. S. Klotz,
Private Secretary.Mr. W. L. Batt,
War Production Board,
Washington, D. C.

GEF/dbs



WAR PRODUCTION BOARD

WASHINGTON, D. C.

August 21, 1944

IN REPLY REFER TO:

The Honorable
The Secretary of the Treasury

My dear Mr. Secretary:

There is attached for your information a copy of Mr. Donald M. Nelson's final monthly report to the President on production performance against materials and equipment commitments of the Third Russian Protocol.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "W. L. Batt".

W. L. Batt

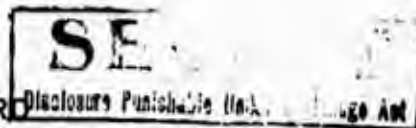
Attachment



WAR PRODUCTION BOARD

WASHINGTON, D. C.

August 17, 1944



IN REPLY REFER TO:

My dear Mr. President:

Attached hereto is the final monthly tabulation showing progress made toward fulfillment of materials and equipment production programs for the Union of Soviet Socialist Republics under the Third Protocol. Attached also is a brief summary of major problems and developments which have marked production aspects of the program during the past year.

I regret that because of unavoidable delays in the receipt of information needed for the report, it has been necessary to delay its submission to you.

Respectfully yours,

/s/

Donald M. Nelson

The President
The White House
Washington, D. C.

Attachments

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REVIEW OF PRODUCTION OF MATERIALS AND INDUSTRIAL
EQUIPMENT ON USSR ACCOUNT UNDER THE
THIRD RUSSIAN PROTOCOL

I. Raw Materials and Semi-Fabricated Products

For the most part, production of raw materials and semi-fabricated products during the Third Protocol year was determined not on the basis of overall U.S. supply-requirements considerations, but on the basis of availability of shipping to the USSR.

When the Third Protocol was worked out (April 1943), the USSR held in this country approximately 750,000 S.T. of various raw materials, and monthly mill deliveries were exceeding overseas shipments by an appreciable margin. In consequence, it was felt that new offers should be so formulated as to insure that production performance would be coordinated with shipping performance.

In the case of steel, chemicals, ferro-alloys, and cable--the items which accounted for the greater part of accumulated stocks--no firm production commitments were made. Tentative production goals were set up in the Protocol document, but placement of these under full schedule was made conditional upon stockpiles being reduced, a development which was not expected for many months.

Even in the case of non-ferrous metals, which were being lifted more rapidly than other materials, production offers were fixed at minimum levels because of the possibility of stocks becoming excessive.

In effect, then, no definitive materials program was included in the Third Protocol. Instead, there was set up the outlines of a program which were to be filled in only as the actual movement of goods to the USSR justified.

During the course of the Protocol year, however, overseas shipment of raw and semi-fabricated products proceeded at a pace which made possible fulfillment--from the overall tonnage standpoint--within a few percent of the materials program originally requested by the USSR. Deliveries of steel, cable, and ferro-alloys had to be held under goals set by the Soviets, but this was largely offset by over shipments in the case of chemicals, non-ferrous metals and "other materials". Actual performance during the Protocol period, as compared with original Soviet requests, and the tentative, conditional program set up in April 1943, was as follows:

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3rd Protocol 3rd Prot. Prog. 3rd Protocol
Soviet Request Offered by U.S. Deliveries
 (Thousands of Short Tons)

Non-ferrous metals	237	187	310 a/
Ferro-Alloys	22	15	3
Cable	138	111	85 b/
Steel	850	710	603 a/
Chemicals	204	202	229
"Other materials"	44	43	78
Total	1,495	1,268	1,308

a/ Includes 18,000 S.T. aluminum, 3,500 S.T. electrolytic nickel and 12,000 S.T. electrolytic copper made available in Canada and/or the U.S. and not shown in accompanying tabulation.

b/ The figure given for 3rd Protocol deliveries represents gross weight of cable. In the accompanying tabulation, the weight of contained copper is given.

a/ Includes 40,000 S.T. of rails produced in Canada and not shown in accompanying tabulation.

Production at the above rate was achieved not only without an increase in stockpiles, but with a sizeable decrease, stocks of materials having fallen during the Protocol year from some 750,000 S.T. to less than 400,000 S.T.

Steel represented the most important item in the materials program. While the total made available was less than requested by the USSR, the amount of new production, when taken together with the amount already produced and held in storage, was ample to meet all shipping requirements.

For the most part, the steel schedule presented few problems despite continued tightness of steel domestically. The one notable exception was rails and accessories. Mounting domestic requirements, together with a curtailment in production facilities arising from demands of the expanded shell steel program, made extremely difficult shipment of rails and accessories at the rate desired by the USSR.

With the exception of nickel, non-ferrous metals were supplied in accordance with stated Soviet requirements. The general easing of the U.S. aluminum situation made possible delivery of more than 127,000 tons during the Protocol year from the U.S. and Canada jointly. This compared with an original commitment to deliver 53,760 S.T.

Shipment of copper base alloys (cartridge brass strip, brass rod and brass tubing) totaled approximately 124,000 S.T. as against a commitment for 108,000 S.T. In addition, the U.S. and U.K. jointly furnished 28,000 S.T. of electrolytic copper to meet a spot requirement presented in January 1944.

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Because of continued uncertainties in the supply situation of the United Nations, it was not possible to supply all of the pig nickel desired by Russian representatives. However, a total of 8,220 S.T. were shipped from the U.S., the U.K. and Canada combined as compared with a promise to furnish 5,400 S.T.

With respect to chemicals, Third Protocol deliveries represented a considerable increase over the Second Protocol program. Exact figures were 229,000 S.T. against approximately 137,000 S.T.

Of the various chemical requirements presented by the USSR during the Third Protocol year, all except a few special purpose items, such as butyl alcohol, butyl acetate and acetone, were met 100%.

The most important single chemical supplied was ethyl alcohol. The original requirement presented by the USSR was relatively very large, i.e. 107,000 S.T. To meet urgent military needs, however, the USSR asked that this be increased to 168,000 tons. As U.S. alcohol requirements were rapidly increasing during the year because of the demands of the synthetic rubber program, fulfillment of the augmented program posed serious problems, particularly since the USSR asked that a large part of its allotment be made available at west coast ports. Despite difficulties, however, the full amount was supplied, all available tankers being loaded on schedule.

Of the various other items included in the materials program, only tires and tubes seem to call for comment.

While the Third Protocol contained no specific commitment for tires and tubes, Soviet representatives strongly pressed for supply of 2,100,000 units each. During the first part of the Protocol period the U.S. attempted to furnish the number desired. A rapid deterioration in the domestic situation, however, made it necessary to reduce the schedule to 100,000 units per month. For the year as a whole, therefore, deliveries of only 1,313,848 tires and 1,309,798 tubes were effected.

II. INDUSTRIAL EQUIPMENT

During the Third Protocol year, U.S. industry carried Soviet industrial equipment orders totaling approximately \$530,000,000, exclusive of orders accepted as an advance against the Fourth Protocol. Against the \$530,000,000 of "Third Protocol orders" delivery of about \$386,000,000 were effected. This meant that there was left as of June 30, 1944 a "carryover" of about \$144,000,000.

The greater part of this carryover (\$103,000,000) was made up of power equipment (\$25,000,000), rolling mills and auxiliary equipment (\$15,000,000), bearings (\$9,000,000), cranes and hoists (\$8,000,000), electric furnaces (\$7,000,000), block signal equipment (\$5,000,000), excavating equipment (\$5,000,000), small cutting tools (\$4,000,000), power boilers (\$8,000,000), electric motors (\$4,000,000), pumps (\$4,000,000), machine tools (\$5,000,000) and oxygen plants (\$4,000,000).

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To an extent, carryovers resulted from failures to meet production goals. Because of a number of factors, notably demand for machinery needed for the recently expanded domestic shell programs, labor shortages, and difficulties incident to procurement of critical components, plant shipments of equipment during the last quarter of the Third Protocol period were not up to expectations. Numerous remedial steps were taken, but it was impossible for these to produce desired effects before June 30.

Primarily, however, carryovers were due to the U.S. undertaking orders which, because of lead factors, would not be completed, even under the most favorable conditions, prior to June 30. Thus, during the latter part of the Protocol year there were accepted orders for rolling mills and auxiliary equipment, electric motors, a Donets mining program, excavating equipment, and a number of similar items which physically could not be completed by the end of June. At the same time, earlier in the Third Protocol period certain programs, notably the power program, power boiler program, a tractor bearing program, and an electric furnace program, were placed in the schedule for Third Protocol delivery, but these, because of the large amount of critical equipment required, were actually not expected to be completed until the first months of the Fourth Protocol period. In the case of both these groups of orders, it was made clear to all parties concerned that no commitment could be made to the effect that the equipment involved could be delivered before the June 30 deadline.

Despite the fact that there is thus justification for the U.S. not having delivered as much industrial equipment as originally planned, the short fall has had a somewhat unfortunate effect. During recent months, the USSR greatly increased its overseas shipment of industrial items. Stocks, which were at a very high level as late as April 30, were rapidly depleted during May and June. At the present time, there is not as a result sufficient quantities of certain types of items to meet loading schedules.

Of the industrial equipment made available for the USSR, the most important particular items were machine tools, power plants, petroleum refinery equipment, forging presses and hammers (secondary forming and cutting machinery), bearings, small cutting tools, and cranes and hoists. These items together accounted for approximately \$250,000,000 of the total of \$386,000,000 delivered.

Shipment of machine tools amounted to approximately \$109,000,000. This brought the total of machine tools made available since the beginning of the Soviet lend-lease program in October 1941 to about \$260,000,000, or more than 10% of total U.S. production for the period in question. During the Third Protocol period itself, Russian shipments averaged more than 15% of total U.S. production.

Although deliveries of power equipment fell appreciably under the amount originally promised for the Protocol period, the program developed more or less in accordance with plans, once these plans were finalized. When the Third Protocol offer of \$75,000,000 of power generating equipment was formulated in April 1943, it was expected that most of this amount would consist of large steam and hydro stations for which ample open capacity was available. However, it was subsequently decided by the Protocol Committee

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that greater benefit would accrue to the Soviet war effort if mobile or semi-mobile plants were furnished in place of large stations. The Committee felt that small units could be put into operation in the USSR several months earlier than heavy units. At the same time, small units could be more easily transported both overseas and overland in Russia and their usefulness would be much greater than that of heavy units in view of the fluidity of the military front in the USSR.

As small units conflicted with generating equipment, and other items, needed for navy and maritime programs, and as they required a greater number of critical components, this decision necessarily meant that production, in terms of dollar value, would be considerably less than would have been the case if a substantial quantity of large equipment had been included in the schedule.

In view of the above, it is felt that performance in connection with the power program was generally successful. Deliveries which were effected brought the total of power plants made available to the USSR since the beginning of the Second Protocol period to 442,000 KW steamplants, 266,000 KW Diesel plants, and 75,000 KW hydro plants, or to a total of 783,000 KW. While this amount of equipment is obviously only a fraction of the amount needed by the USSR for reestablishment of its power production, it nevertheless had undoubtedly played a great part in making possible the effective prosecution of the war by the USSR. Its importance has been particularly great because, as indicated above, most of the equipment has been of such nature that it could be easily moved from place to place and quickly put into operation.

In addition to completion of the items referred to above, basic engineering and fabrication was carried out in the case of some \$27,000,000 of other power equipment. At the same time, work was begun on a \$50,000,000 "advance Fourth Protocol" program. The progress which has been made in the case of these two groups of orders has put the U.S. in a position to undertake an overall Fourth Protocol program of more than \$100,000,000, or approximately 700,000 KW.

Petroleum refinery equipment delivered during the Third Protocol period totaled \$39,000,000. Included were four complete refinery plants and two desalting and dehydrating plants. The four refinery plants were capable of processing approximately 40,000 barrels of crude and gas oil per day. Worked at capacity, they would yield daily 5,900 barrels of 100 octane aviation gasoline, 750 barrels of aviation lube oil, 16,500 barrels of motor gasoline, 12,500 barrels of bunker fuel and ten tens of oil free wax. The two desalting and dehydrating plants also were capable of handling 40,000 barrels of crude per day.

Except for a few minor items, work on these refineries was finished early in the Third Protocol period and overseas shipment was effected a short time thereafter. During the latter stages of the production cycle, the equipment was allowed an over-riding priority which placed it ahead of all competing domestic programs.

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Along with completion of the above program, there was placed under production during the year additional refinery equipment totaling approximately \$28,000,000 in value. Before the end of June, substantial progress in the way of engineering and basic fabrication was made on this equipment.

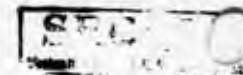
Other important equipment projects completed, or largely completed, during the Third Protocol period were the Ford tire plant project, the black signal system project, a cartridge manufacturing line program, an oxygen plant program, an oil well drilling program, and a power boiler program. These several programs, deliveries under which amounted to about \$50,000,000, are expected to fill important gaps in the Soviet economy.

Of more importance than complete projects was the shipment of approximately \$150,000,000 of bearings, fans, compressors, pumps, miscellaneous mining equipment, cranes, forging press equipment, valves, electrical equipment, electric furnaces, miscellaneous metallurgical equipment, welding machinery, various precision instruments and measuring tools, and small cutting tools. The significance of these items is that they went into maintenance and repair of existing establishments and production facilities in the USSR. It is estimated that each dollar of equipment of this type furnished by the U.S. contributed to keeping in production, or restoring to production, hundreds of dollars of machinery already possessed by the Soviets.

Besides effecting deliveries of the items discussed above, as well as largely completing some \$150,000,000 of Third Protocol "carryover" orders, the U.S. placed under procurement approximately \$232,000,000 of "advance Fourth Protocol orders", i.e. orders for delivery after June 30, 1944.

As pointed out previously, placement of these orders during the Third Protocol period was designed to insure that there would be no interruption in the flow of equipment items to the USSR. Included among the orders was practically every type of equipment normally required by the USSR for the maintenance of its industrial system. For most of the orders, substantial progress was made toward the completion of fabrication before the end of June. In consequence, the U.S. was in a position to undertake a much larger Fourth Protocol program than otherwise would have been possible.

STATUS OF MATERIALS AND EQUIPMENT PRODUCTION PROGRAM UNDER THE THIRD RUSSIAN PROTOCOL AS OF JULY 1, 1944
(JUNE DELIVERY DATA SUBJECT TO REVISION)



Protocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. June 1, 1944 - June 30, 1944	Made Available at Mill in U.S.A. July 1, 1944 - June 30, 1944	Percent of 3rd Protocol Program Completed as of July 1, 1944	Balance Against Prot. Commitment as of July 1, 1944	Comments
NON-FERROUS METALS								
3	Aluminum (Ingot and Fabricated)	S.T.	35,760	6,021	107,586	301	(71,626 Excess)	Aluminum shipments to date consist of 10,216 S.T. rod and tubing; 24,066 S.T. sheet; and 73,304 S.T. ingot including secondary.
4	Nickel	S.T.	3,600	392	5,075	141	(1,475 Excess)	
A	Pig Nickel	S.T.	3,600	392	5,075	141	(1,475 Excess)	Includes shipment on U.S. account of 800 S.T. from U.K. stocks.
B	Nickel in Monel Scrap	S.T.	274	0	274	100	0	The 274 S.T. shown as the Third Protocol production program is the quantity selected by the USSR out of a total of 600 S.T. originally offered.
C	Nickel in Steel and Other Non-Ferrous Products	S.T.	2,400	163	2,114	88	286	Contained nickel deliveries to date consist of 1,042 S.T. in steel; 610 S.T. in nichrome products; 304 S.T. in cupro-nickel strip; and 156 S.T. in various other products including pure nickel products.
5	Molybdenum	S.T.	4,000	0	4,354	109	(354 Excess)	
6	Copper, Electrolytic	S.T.	(121,400)	(12,633)	(126,969)	(105)	(5,569 Excess)	Electrolytic copper figures refer to copper contained in various materials requiring copper which are being supplied the U.S.S.R. Deliveries to date include 85,168 S.T. contained in copper base alloys; 12,653 S.T. contained in copper goods and tubes; 1451 S.T. contained in bismetal; 17,584 S.T. contained in wire mill products; and 5,113 S.T. in refinery shapes. In addition to the copper program shown, the WPB has made arrangements for the supply of 16,800 S.T. of copper wire bars.
7	Copper Base Alloys	S.T.	107,520	4,939	123,849	115	(16,329 Excess)	



Protocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. June 1, 1944 - June 30, 1944	Made Available at Mill in U.S.A. July 1, 1943 - June 30, 1944	Percent of 3rd Protocol Program Completed as of July 1, 1944	Balance Against Prot. Commitment as of July 1, 1944	Comments
NON-FERROUS METALS (Continued)								
8	Magnesium	S.T.	4,032	224	4,256	106	(224 Excess)	
9	Zinc	S.T.	13,440	1,120	13,440	100	0	
11	Copper Goods and Tubes	S.T.	15,000	601	12,903	86	2,097	
29	Special Non-Ferrous Alloy Wires	S.T.	100	3	119	119	(19 Excess)	Deliveries to date include .4 S.T. of tungsten alloy wire; 3.2 S.T. of constantan wire; .6 S.T. of tantalum wire; 36.2 S.T. of alumin and chromel wire; 15.9 S.T. of monel, everdur and beryllium bronze wire; 5.7 S.T. of enameled manganese wire; 27.2 S.T. of molybdenum wire; .7 S.T. of manganese wire; 6.4 S.T. of round manganese wire; 5.3 S.T. of bare thermocouple wire; 1.6 S.T. of Kanst molybdenum wire; and 15.6 S.T. of copper magnet wire.
30	Nichrome Wire	S.T.	538	10	620	115	(82 Excess)	On urgent request of the USSR, the U.S. agreed to undertake supply of 134 S.T. in addition to the amount originally offered in the Protocol. However, due to an acute shortage of chromium metal, difficulty is being encountered in scheduling this added quantity. In consequence, it will probably be necessary to carry a large part of it over into the Fourth Protocol period.
93	Cadmium	S.T.	112	0	112	100	0	The Third Protocol cadmium commitment was originally included in the Canadian schedule, but due to a difficult supply situation in Canada, the U.S. agreed to take this over as the 112 S.T. due in the second half of the Protocol period.
94	Cobalt	S.T.	80.5	45	166.5	207	(86 Excess)	The production program shown is for the first half of the Third Protocol period. The October shipment completed the full original Protocol offer. The USSR recently requested the increase of the Protocol offering by 78 S.T. The U.S. has agreed to supply one-half of this along with the 80 S.T. included in its Protocol schedule. The U.S. will supply the remainder.

Pro- tocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. June 1, 1944 - June 30, 1944	Made Available at Mill in U.S.A. July 1, 1944 - June 30, 1944	Percent of 3rd Protocol Program Completed as of July 1, 1944	Balance Against Prot. Commitment as of July 1, 1944	Comments
NON-FERROUS METALS (Continued)								
	Total Non-Ferrous Metals (Excluding Item 6 - Copper Electrolytic)	S.T.	186,856.5	13,518	274,868.5	147	(88,012 Excess)	
FERRO-ALLOYS								
12	Ferrosilicon	S.T.	-	0	57	-	-	Because of the stocks situation, Third Protocol offers to supply up to 784 S.T. of ferrosilicon and 448 S.T. of ferrochrome per month are considered inoperative.
13	Ferrochrome	S.T.	-	0	0	-	-	
85A	Ferromolybdenum	S.T.	1,456	560	1,480	102	(24 Excess)	Ferromolybdenum, ferrovanadium and ferrotungsten have been scheduled in the quantities shown under the Third Protocol production program as substitute for an equivalent tonnage of ferrosilicon and/or ferrochrome. Included in these quantities are 336 S.T. ferro- molybdenum, 134 S.T. ferrovanadium, and 224 S.T. ferrotungsten which were approved for delivery in the second quarter, 1944.
86	Ferrovanadium	S.T.	358	138	362	101	(4 Excess)	
87	Ferrotungsten	S.T.	1,064	217	902	85	162	
	Total Ferro-Alloys	S.T.	-	715	2,801	-	134	
ALLOY STEEL								
16	Polished Drill Rods							
B	High Speed	S.T.	96	3	98	102	(2 Excess)	
C	Other Alloy	S.T.	45	0	45	100	0	
17	High Speed Tool Steel	S.T.	4,480	6	4,705	105	(225 Excess)	
18	Tool Steel							
B	Alloy X12	S.T.	672	1	706	105	(34 Excess)	
C	Alloy X12W	S.T.	672	0	675	100	(3 Excess)	
D	Other Alloys	S.T.	4,850	172	5,757	119	(907 Excess)	
19	Cold Finished Bars	S.T.	11,200	773	12,657	113	(1,457 Excess)	

Protocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. June 1, 1944 - June 30, 1944	Made Available at Mill in U.S.A. July 1, 1943 - June 30, 1944	Percent of 3rd Protocol Program Completed as of July 1, 1944	Balance Against Prot. Commitment as of July 1, 1944	Comments
<u>ALLOY STEEL</u> (Continued)								
20	H.R. Alloy Bars and Billets	S.T.	67,267	1,964	70,921	105	(3,654 Excess)	
23	Stainless Steel A-B Sheets and Strip C Bars	S.T.	3,007	45	3,677	122	(670 Excess)	
		S.T.	756	0	614	81	142	
25	Steel Wire A Ball Wire B Alloy 232 C Other Alloy	S.T.	1,344	110	1,468	109	(124 Excess)	
		S.T.	1,344	112	1,439	107	(95 Excess)	
		S.T.	0	0	191	-	(191 Excess)	
27	Steel Alloy Tubes A 18% Cr. - 8% Ni. B 4-6% Chrome C-E Carbon .5% Moly., Pipe Sizes F H.R. Ball Bearing Tubes	S.T.	904	127	1,447	146	(453 Excess)	
		S.T.	5,625	685	10,072	117	(1,447 Excess)	
		S.T.	0	318	327	-	(327 Excess)	
		S.T.	5,376	953	7,915	147	(2,539 Excess)	
28	Stainless Steel Wire	S.T.	1,747	31	1,882	108	(135 Excess)	
29	Special Alloy Wire	S.T.	784	0	951	121	(167 Excess)	
	Total Alloy Steel	S.T.	113,259	5,300	+ 125,547	111	(12,288 Excess)	
<u>CARBON STEEL</u>								
101-B	Rails, Accessories and Other Railway Material	S.T.	-	16,885	238,989	-	-	Approximately 110,000 S.T. of carbon steel have been scheduled for deli- very prior to June 30, 1944 in addition to the 345,397 S.T. origi- nally included in the Third Protocol program.
10	Copper Clad Strip (Bimetal)	S.T.	-	1,035	11,913	-	-	
16A & 18A	Plain Carbon Tool Steel and Drill Rod	S.T.	-	297	7,854	-	-	
19D	Plain Carbon Bullet Core	S.T.	-	0	11,736	-	-	
24	Timplate	S.T.	-	688	47,019	-	-	
-	Other Carbon Steel	S.T.	-	19,164	120,320	-	-	
	Total Carbon Steel	S.T.	345,397	38,069	437,861	127	(92,464 Excess)	

Pro- tocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. June 1, 1944 - June 30, 1944	Made Available at Mill in U.S.A. July 1, 1945 - June 30, 1944	Percent of 3rd Protocol Program Completed as of July 1, 1944	Balance Against Prot. Commitment as of July 1, 1944	Comments
CHEMICALS								
36	Phenol	S.T.	-	132	10,350	-	-	
38	Ethylene Glycol	S.T.	-	0	650	-	-	
45	Methanol	S.T.	-	0	3,395	-	-	
46	Urotropine	S.T.	-	75	6,374	-	-	
61A1	Glycerine	S.T.	6,720	0	7,707	115	(987 Excess)	
61A3	Caustic Soda	S.T.	40,320	0	29,391	73	10,929	
36A	Ethyl Alcohol	S.T.	107,520	0	146,996	137	(39,476 Excess)	61,600 S.T. of ethyl alcohol have been scheduled for delivery during the Third Protocol period in addition to the 107,520 S.T. originally included in the Third Protocol program.
61A5	Acetone	S.T.	5,137	150	5,834	114	(697 Excess)	
61A	Other Chemicals	S.T.	12,096	3,913	18,148	150	(6,052 Excess)	
	Total Chemicals	S.T.	-	4,270	228,845	-	-	
MARINE AND SUBMARINE CABLE								
1	Marine Cable	KM.	784	41	650	83	134	
2	Submarine Cable	KM.	319	0	181	57	138	
	Total Marine and Submarine Cable	KM.	1,103	41	831	75	272	
POWER AND RELATED CABLE								
74	Insulated Cable and Wire (Copper Content)	S.T.	-	466	13,994	-	-	
74A	Rare Cable and Wire (Copper Content)	S.T.	-	323	2,751	-	-	
	Total Power and Related Cable	S.T.	21,000	789	16,745	80	4,255	

Protocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. June 1, 1944 - June 30, 1944	Made Available at Mill in U.S.A. July 1, 1944 - June 30, 1944	Percent of 3rd Protocol Program Completed as of July 1, 1944	Balance Against Prot. Commitment as of July 1, 1944	Comments
<u>MISCELLANEOUS MATERIALS ITEMS</u>								
80	Sheet Fibre	S.T.	1,000	0	1,467	147	(467 Excess)	
83	Parchment Paper	S.T.	-	0	67	-	-	
83A1	Lithograph Map Paper	S.T.	-	680	3,365	-	-	
83A	Condenser Paper	S.T.	73	13	109	149	(36 Excess)	
83B	Cigarette Paper	S.T.	-	-	-	-	-	To date no requisitions have been submitted against the 336 S.T. originally offered in the Protocol.
<u>INDUSTRIAL AND RELATED EQUIPMENT</u>								
V-1	Engines and Turbines, General Purpose	\$	5,693,412	183,187	3,929,827	70	1,713,585	See attached text for comments.
V-2	Compressors (Air & Gas)	\$	7,358,034	437,019	4,155,045	56	3,202,989	
V-3	Pumps (Liquids)	\$	8,544,835	331,605	4,859,421	57	3,685,414	
V-4	Crushing, Pulverizing, Screening & Mixing Machinery & Equipment	\$	4,346,498	1,475	3,886,346	89	460,152	
V-5	Conveyors & Conveying Systems	\$	1,100,463	521,816	993,299	90	107,164	
V-6	Cranes, Derricks, Hoists and Winches	\$	18,619,905	1,370,415	11,092,881	60	7,527,024	
V-7	Industrial Trucks, Tractors, Trailers, Stackers & Access.	\$	507,372	306,895	776,097	153	(268,725 Excess)	
V-8	Fan & Blower Equipment Industrial	\$	3,123,166	0	495,211	16	2,627,955	
V-9	Mechanical Power Transmission Equipment	\$	7,300	0	7,300	100	0	
V-10	Bearings	\$	19,730,603	721,703	10,840,615	55	8,889,988	
V-11	Valves & Steam Specialties	\$	3,953,601	48,530	2,332,037	59	1,621,564	
V-12	Misc. General Purpose Industrial Machinery & Equipment	\$	3,424,434	37,749	2,805,158	82	619,276	

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Section 1

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Protocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. June 1, 1944 - June 30, 1944	Made Available at Mill in U.S.A. July 1, 1944 - June 30, 1944	Percent of 3rd Protocol Program Completed as of July 1, 1944	Balance Against Prot. Commitment as of July 1, 1944	Comments
INDUSTRIAL AND RELATED EQUIPMENT (Continued)								
V-13A	Electrical Rotating Equipment Excluding Generator Sets Including Motor Generator Sets	\$	8,283,153	9,846	4,647,525	56	3,635,628	
V-13B	Generator Sets & Plants	\$	70,068,658	3,347,068	44,819,753	64	25,248,905	
V-14	Primary Electric Power Transmission & Distribution Equipment	\$	2,784,346	365,299	1,575,253	57	1,209,093	
V-15	Power Conversion Equipment (Non-Rotating Rectifiers)	\$	6,680,344	0	4,079,738	61	2,600,606	
V-16	Secondary Distribution Equipment & Wiring Devices	\$	581,404	0	343,032	59	238,372	
V-17	Motor Starters & Controllers	\$	109,752	0	89,950	82	19,802	
V-18	Electric Lamps	\$	14,99	0	14,992	100	0	
V-19	Misc. Electrical Equipment	\$	867,853	11,525	580,985	67	286,867	
V-20	Food Products Machinery	\$	805,972	35,150	582,209	72	223,763	
V-21	Textile Industries Machinery	\$	234,217	0	219,215	94	15,001	
V-22	Pulp & Paper Industry Machinery	\$	69,362	0	63,862	92	5,500	
V-23	Printing Trade Machinery & Equipment	\$	6,570	0	0	0	6,570	
V-24A	Tire Plant	\$	9,524,519	66,080	9,526,166	100	(1,647 excess)	
V-24B	Rubber Working Machinery	\$						
V-25	Woodworking Machinery	\$	641,809	37,501	552,640	86	89,169	
V-26	Metal Melting & Heating Furnaces	\$	15,748,912	519,630	8,850,083	56	6,898,829	
V-27	Roasting, Sintering, Blast & Reverberatory Furnaces	\$	3,578,204	75,691	2,406,198	67	1,172,006	

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<u>INDUSTRIAL AND RELATED EQUIPMENT (Continued)</u>								
V-28	Foundry Equipment	\$	888,286	99,173	357,265	40	531,021	
V-29	Special Industry Furnaces Kilns and Ovens	\$	2,676,900	52,590	90,998	3	2,585,902	
V-30A	Petroleum Refinery Plants	\$	36,248,460	363,383	36,611,843	101	(363,383 Excess)	
V-30B	Petroleum Refinery Machinery & Equipment	\$	218,238	0	185,792	85	32,446	
V-31	Special Machinery for the Glass Industry	\$	1,536,315	0	211,517	14	1,324,798	
V-32	Special Machinery for Chemical Industry	\$	1,527,129	1,219	506,494	33	1,020,635	
V-33	Gas Generating Conditioning & Other Gas Producing Apparatus	\$	11,287,596	1,894,254	7,019,211	62	4,268,385	
V-34A	Misc. Special Industry Machines	\$	5,683,376	184,070	4,165,612	73	1,517,564	
V-34B	Cartridge Manufacturing Lines	\$	9,784,071	0	9,737,904	100	46,167	
V-35	Machine Tools	\$	114,000,000	4,127,000	108,579,606	95	5,420,394	
V-36	Rolling Mills & Auxiliary Equipment	\$	22,939,703	511,404	7,844,126	34	15,095,577	
V-37	Drawing Machines	\$	2,291,118	54,019	1,116,955	49	1,174,163	
V-38	Other Primary Metal Forming Machinery & Equipment	\$	242,808	0	242,808	100	0	
V-39	Secondary Metal Forming & Cutting Machinery & Equipment	\$	24,000,000	1,500,000	22,927,895	96	1,072,105	
V-40	Welding Machinery	\$	5,728,753	139,873	1,490,546	61	2,238,207	
V-41	Testing & Measuring Machines (Metal working)	\$	2,692,196	229,007	1,212,675	45	1,479,521	
V-42	Misc. Metal-working Equipment	\$	0	0	0	0	0	
V-43	Portable Metal-working Machines and Tools Power Driven	\$	1,582,131	19,433	1,214,873	72	467,258	
V-44A	Cemented Carbide Cutting Tools for Machine Tools	\$	2,835,134	430,362	2,632,555	93	202,579	

Pro- total Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. June 1, 1944 - June 30, 1944	Made Available at Mill in U.S.A. July 1, 1944 - June 30, 1944	Percent of 3rd Protocol Program Completed as of July 1, 1944	Balance Against Prot. Commitment as of July 1, 1944	Comments
<u>INDUSTRIAL AND RELATED EQUIPMENT</u> (Continued)								
V-44B	Cutting Tools for Machine Tools Except Cemented Carbide	\$	14,441,964	436,634	10,740,019	74	3,701,945	
V-45	Cutting & Forming Tools for Metal Forming Machines	\$	12,254	0	0	0	12,254	
V-46	Attachments and Accessories for Machine Tools	\$	2,385,175	105,175	1,633,109	68	752,066	
V-47	Tool Room Specialties and Other Attachments and Accessories for Metal-working Tools	\$	26,163	22,600	22,600	86	3,563	
V-48	Agricultural Machinery & Implements Except Tractors	\$	715,835	81,237	574,178	80	141,657	
V-49	Mining & Quarrying Machinery	\$	633,495	0	379,440	60	254,055	
V-50	Earth & Rock Boring & Drilling Machinery & Accessories	\$	4,614,826	799,697	3,134,040	68	1,480,786	
V-51	Well and Blast Hole Drilling Machines	\$	2,556,870	30,615	1,879,657	74	677,213	
V-52	Excavating & Dredging Machines	\$	7,854,126	146,537	2,726,806	35	5,127,320	
V-53	Miscellaneous Construction Equipment	\$	813,305	0	821,187	101	(7,882 Excess)	
V-54	Office Machines	\$	600	0	0	0	600	
V-55	Miscellaneous Machinery	\$	729,777	1,060	476,262	65	253,515	
V-58B	Teletype Apparatus	\$	1,139,605	64,748	699,698	58	479,907	
V-58C	Telephone & Telegraph Equipment	\$	11,706,729	271,507	8,718,006	74	2,988,723	
V-58D	Sound Equipment, Public Address & Recording & Reproducing	\$	249,690	8,220	195,099	78	54,591	
V-58E	Stock Signal Systems	\$	10,958,761	231,966	6,039,111	55	4,919,650	
V-59A	Industrial Type Locomotives Cars & Parts	\$	1,641,086	0	263,334	16	1,377,752	
V-59B	Mine Type Locomotives Rail Cars & Parts	\$	120,969	0	98,899	82	22,070	

SECRET
Excluded from automatic downgrading and declassification

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INDUSTRIAL AND RELATED EQUIPMENT (Continued)								
V-60	Passenger Vehicles and Parts	\$	95,130	4,510	27,716	29	67,414	
V-61	Air Conditioning & Refrigeration Equipment	\$	39,565	0	27,563	70	12,002	
V-62	Lighting Fixtures	\$	146,182	696	16,459	11	129,723	
V-63	Photographic Equipment	\$	361,458	8,545	310,867	86	50,591	
V-64	Optical, Indicating, Recording & Controlling Instruments	\$	2,822,447	154,081	1,749,489	62	1,072,958	
V-65	Professional & Scientific Instruments	\$	804,211	62,108	423,703	53	380,508	
V-66	Miscellaneous Equipment	\$	115,560	3,380	123,604	107	(8,044 Excess)	
V-67	Hand Tools, Non-Powered	\$	728,814	33,054	378,831	52	349,983	
V-68	Mechanics Measuring Tools	\$	2,864,440	63,828	1,548,102	54	1,316,338	
V-69	Power Boilers	\$	16,570,506	52,582	8,130,055	49	8,440,451	
	Total Industrial and Related Equipment Including Equipment Not Committed for Delivery during the Third Protocol period.	\$	529,771,447	20,586,772	385,772,149	73	143,999,298	
	Total Industrial and Related Equipment Committed for Delivery during the Third Protocol Period.	\$	432,000,000	20,586,772	385,772,149	89	46,227,851	

SECRET
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Pro- tocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. June 1, 1944 - June 30, 1944	Made Available at Mill in U.S.A. July 1, 1943 - June 30, 1944	Percent of 3rd Protocol Program Completed as of July 1, 1944	Balance Against Prot. Commitment as of July 1, 1944	Comments
<u>MISCELLANEOUS EQUIPMENT ITEMS</u>								
67A	Abrasive Grain	S.T.	4,000	272	7,975	199	(3,975 Excess)	
67B	Abrasive Products	\$	4,000,000	147,986	3,916,745	98	83,255	
68A	Graphite Electrodes	S.T.	5,757	459	6,426	112	(669 Excess)	
68B	Other Graphite Goods	S.T.	1,691	19	778	46	913	
68C	Graphite Powder	S.T.	1,120	0	1,913	171	(793 Excess)	
78	Tires, Tubes, Other Rubber Products (Rubber Content)	S.T.	40,320	1,097	30,580	76	9,740	
82	Metallic Cloth and Screen	\$	1,000,000	54,550	774,002	77	225,998	

War Production Board
Foreign Division
Program Review Branch
July 21, 1944

SECRET
Excluded from automatic downgrading and declassification

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Regraded Unclassified

Country

August 25, 1944

MEMORANDUM FOR THE SECRETARYFOR YOUR INFORMATIONRe: Fritz Mandl

You will be interested to know that as a result of strong recommendations on our part, the Interdepartmental Proclaimed List Committee yesterday agreed to include Fritz Mandl, former Austrian munitions magnate and primary figure in Argentina's newly established armaments program, in the next supplement to the Proclaimed List to be issued today.

You will recall that Fritz Mandl, former owner of the Austrian munitions works, Hirtenberger Patronenfabrik, one of the most important Austrian industrial empires, left Europe and came to Argentina in 1939 with a substantial fortune which he was reportedly enabled to retain as a result of a compromise settlement with the Nazis for the seizure of his Austrian properties. Mandl soon became closely associated with the principal pro-Nazi elements in Argentina, such as General Basilio Pertine and General Juan Bautista Molina and, more recently, with General Perlinger and Colonel Peron, to whom he is now an adviser.

The following are the more important factors upon which we based our recommendation for Mandl's inclusion in the Proclaimed List:

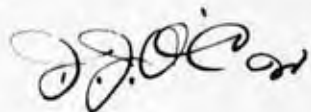
1. Immediately after Dunkirk, Mandl communicated with the Herman Goering Werke in Germany, offering to collaborate with it in the development of a steel works in Argentina.
2. The German Embassy at Buenos Aires reportedly requested General Pertine, former Argentine Military Attache to Germany and now Mayor of Buenos Aires, to extend all possible assistance to Mandl.
3. In 1939 Mandl brought from Germany a metallurgical

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expert who was a self-admitted S. S. official and who worked closely with Mandl until the end of 1941.

4. In 1943 Mandl claimed to be able to secure industrial plans from Germany, using diplomatic pouch facilities, and in January 1944 was reported to have received drawings of the machinery from Hirtenberger Patronenfabrik through unknown channels.
5. In January 1944 Mandl stated that he was in close touch with the Mannesmann organization in Dusseldorf, the Argentine branches of which are on the Proclaimed List.
6. Through his association with leading Argentine nationals, Mandl has in the past year become the central figure in Argentina's ambitious armaments program. He is making every effort to foster the idea of a potential war between Argentina and Brazil and is formulating plans for establishing armaments programs in Chile, Bolivia, Peru, and Paraguay. He has reportedly advised Argentine officials that "after every war there comes a peace; after the peace there arise two opposite camps; Argentina will be in the camp against the democracies, and this is where Germany and I can help you."

It is my understanding that this case was brought to the personal attention of Secretary Hull.

A handwritten signature in dark ink, appearing to be 'J. J. O. O.', is located below the typed text.

The New York Times.

AUG 25 1944

REFUGEES AMAZED BY AMERICAN LIFE

Many at Fort Ontario Have a
Private Room for the First
Time in 10 or 12 Years

KINDERGARTEN IS SET UP

Staffed by the Exiles Who Also
Have Formed Squads to Work
in Kitchens and Hospital

For the 982 European refugees now settled in their temporary home at Fort Ontario, Oswego, N. Y., America has offered a series of surprises. Miss Anna Kaufman and Mrs. Esther Beckwith Kaunitz of the National Council of Jewish Women who have just returned from the eighty-four-acre shelter, told yesterday of the people's joy at sleeping on mattresses instead of boards, and their wonder at the abundance of food.

"Many of them were amazed to have private rooms—they had not enjoyed such comfort for ten or twelve years," Miss Kaufman said. She told of one man's astonishment at seeing eggs ordered by the dozen and of the women in the kitchens cleaning herring for dinner and holding the fish as if they were priceless.

Miss Kaufman, who is chief of the National Council's Bureau of Ports and Docks, was with the group from the day of their arrival at Fort Ontario on Aug. 5. Since then, she said, the people have established a kindergarten staffed by their own members, and have formed squads to work in the camp's hospital and kitchens.

Shoes Their Chief Need

A store was also set up to fill the most acute clothing need—shoes. "Many of the children," Miss Kaufman said, "had worn their shoes through and only the uppers remained."

According to Mrs. Kaunitz, who directs the National Council's Service to the Foreign Born, the people have many ways of showing their gratitude.

"One old woman," she said, "kissed the walls of the barracks in which the people live and then told us she wanted us to tell others on the outside that is how happy they feel to be here."

For others the joy of coming to America was clouded by fear for relatives and friends who remained behind, Miss Kaufman said, adding that one of the National Council's major tasks would be to help locate relatives in this country. The council is working in part from a list of several hundred names sent in by servicemen trying to locate missing relatives who have managed to leave Europe.

Part of the National Council's work at Fort Ontario consisted of interviewing and placing the group members in suitable jobs around the grounds of the shelter. The group includes a number of doctors and teachers.

Stage Folk Among Them

Also included are a great number of men and women with theatrical experience, and one of the first community undertakings has been an entertainment program with songs in German, Hungarian and the Slavic languages.

No attempt is being made, Miss Kaunitz said, to force any American ideas upon the people—particularly since everyone realizes they are here for the duration only. "The whole emphasis is being placed upon the maintenance of the people's own way of living," she said pointing out that the people have arranged their own recreational activities and are conducting their own religious services. "With pepper and other spices," she added, "they even manage to make the American food taste more like their old familiar dishes."

The shelter will be open to visitors on Sept. 1.

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD
WASHINGTON 25, D. C.



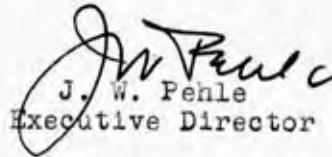
OFFICE OF THE
EXECUTIVE DIRECTOR

AUG 23 1944

My dear Mr. Secretary:

I am enclosing herewith a copy of the report of the War Refugee Board for the week of August 7, to 12, 1944.

Sincerely yours,


J. W. Penle
Executive Director

The Honorable,

The Secretary of the Treasury.

Enclosure.

Report of the War Refugee Board
for the Week of August 7, to 12, 1944

SITUATION IN HUNGARY

Summary of U. S. Government's Action with Respect to
The Horthy Proposal

Under date of July 19 the Board was advised by the American Legation at Bern that the Swiss Foreign Office had received word from the Swiss Legation at Budapest that the Hungarian Government had authorized the departure of all Jews holding entry permits for other countries, including Palestine, and that transit for such persons through occupied areas would be permitted by the German Government. The same message stated that the Swiss Legation at Budapest and the Palestinian Bureau would take the necessary measures for evacuation. In order that the fullest advantage might be taken of this new turn in the Hungarian situation, the Board cabled the American missions in Switzerland, Sweden, Portugal, Spain, and Turkey under date of July 28 instructing them (1)--except in the case of the Legation at Bern--to advise the governments to which they are accredited of the foregoing; (2) to request such governments to inform the Hungarian Government that they were prepared to receive Jews permitted to leave Hungary, upon the assurance of this Government that arrangements would be made for the maintenance and prompt evacuation of all Jews received on this basis; and (3) to advise such governments that American consular officers in their countries were authorized to issue new immigration visas to all persons in enemy held areas to whom American immigration visas had been issued, for whom such visas had been authorized on or after July 1, 1941, provided such persons arrived in any of such countries and were found not to have become disqualified for the issuance of visas. The missions were further instructed to request such countries to advise enemy governments that they were prepared to receive all persons to whom American visas had been issued, or for whom they had been authorized on or after July 1, 1941, upon the assurance of this Government that arrangements would be made for the maintenance of such persons and the prompt evacuation of any of them who proved not to be qualified for the issuance of new visas. The American Embassy at Ankara was also instructed to request the Turkish Government to advise enemy governments of its willingness to receive holders of Palestine certificates without limitation.

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At the same time, these instructions were repeated to Ambassador Winant, London, and he was requested to take up with the British Foreign Office the possibility of British association with our request to the five neutral countries that, on the basis of assurances as to maintenance and evacuation, they advise Hungary that they were prepared to admit Jews permitted to leave Hungary. Since time was considered to be of the essence, we requested that the Foreign Office cable its missions its attitude promptly. We advised the American missions of the foregoing and instructed them to consult their British colleagues before making their demarches, which they were requested to make either in collaboration with the British or alone, as the circumstances might develop. The British Government did not associate itself with these demarches. It did, however, instruct its missions in the five neutral countries to advise such governments that if they received Jewish children permitted to leave Hungary, it would permit the importation of additional foodstuffs through the blockade.

In the meantime, the Board received a communication from the International Red Cross to the effect that it had been advised by the Hungarian Government of the latter's willingness to make possible the emigration of certain--but unspecified--categories of Jews. The Red Cross requested that this Government advise it of the number of immigrant Jews which this country would be willing to admit, and the advisability of issuing a public statement on this score. In the same message, the Red Cross stated that an identical proposal had been submitted simultaneously to the British Government.

On July 31, this Government advised the British Embassy at Washington that it was prepared to advise the Hungarian Government through the Red Cross that it would arrange for havens of refuge for all Jews permitted to leave Hungary and who reached neutral or United Nations territory. This Government stressed the importance of joint action by the American and British Governments, but nevertheless informed the British Government that our response would be delivered to the International Red Cross on August 7 whether or not the British Government associated itself therewith. Our reply to the Red Cross was cabled to the American Minister at Bern for his information, and he was requested to withhold delivery pending the receipt by us of a response from the British Embassy.

The British Government requested that we withhold our reply to the Red Cross for an additional three or four days in order to enable the War Cabinet to consider the larger issues involved, especially the problem of accommodation.

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To this request we acceded, and instructed the Minister at Bern to withhold delivery of our reply until August 11, but to advise the Red Cross that our response would be delivered on that date. After a series of proposals and counter-proposals, the British Government advised us that it was prepared to join in a public statement announcing the Red Cross proposal to the United States, the terms of the acceptance thereof by the United States, and of the British Government's readiness to cooperate, to the extent of British resources, with the United States, in the fulfillment of the American commitment. This proposal was not acceptable to the United States and on August 11 our reply was delivered to the Red Cross without British support. No public statement concerning our action was made at that time pending further discussion with the British on the proposed joint declaration.

Hungarian Government's Reply to this Government's Note

Minister Harrison has forwarded to us the Hungarian Government's reply to our note of June 26th transmitted through the Swiss Foreign Office, with respect to the treatment of Jews in Hungary. In its reply the Hungarian Government defends its position with the statement that the Jewish question had in recent decades become one of the greatest economic, social, and political problems in Hungary, where Jews had secured prominent positions, and that "various governments of Hungary were obliged to strive against excessive influence of this foreign race as Hungarian Jewry constitutes far greater danger for Hungary than for instance Negroes or Japanese for white population of United States." It alleged that defeatist propaganda and agitation of the Jews made it a military necessity to separate them from the rest of the population and put them "to more useful work--either in the country itself or abroad." It also stated that the treatment of Jews working in Hungary is similar to that of other workers in work camps, and that if individual cases of injustice occurred, they were due to subordinate organs and do not reflect the attitude of the Hungarian Government. With respect to food rations, non-working Jews do not receive certain more or less luxury articles, such as rice, fowl, butter, etc., but do receive the same basic necessities as the rest of the population.

The reply then lists certain concessions which have been granted to Jews in the last few weeks at the instance of foreign organizations (International Red Cross and the War Refugee Board). These concessions include the temporary suspension of deportation of Jews for work abroad, and the authorization for emigration of Jews to Sweden, Switzerland,

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Palestine, and other countries. On the basis of proposals submitted by the War Refugee Board, the Hungarian Government authorized the International Red Cross to arrange for the transport of Jewish children under 10 years of age to Palestine.

In addition to these concessions, the deportation of baptized Jews for work abroad was stopped. Jews baptized prior to August 1, 1941, are to remain in the country but will be segregated from non-Jewish persons, and "revision" of the situation of baptized Jews sent to work in Germany is "foreseen." Ministers of the Christian religion, their families, and the holders of certain religious and military decorations are to be exempted from wearing the Jewish star. The Hungarian Red Cross will have the supervision of Jews deported for work abroad, and their departure will be made under humanitarian conditions. Food parcels may be sent to persons in concentration camps through the Red Cross.

Reports from Switzerland

In reply to our recent inquiry regarding Jews of non-Hungarian citizenship, Board Representative McClelland advised us that, according to his information, the suspension of deportation measures applies to all Jews in Hungary, regardless of nationality.

Concerning the suggested program for facilitating entry permission for Jews from Hungary into countries of refuge or immigration, McClelland considered the practical use of transport and obtaining necessary transit facilities, especially through German or German-controlled territory, to be the most serious difficulty to be anticipated in carrying out the evacuation. Exit from Hungary by Rumania by sea (or overland through Bulgaria) to Turkey en route to Palestine or other havens appeared to him to be the most practical direction in which to guide evacuation. He indicated some hesitancy about relying on continued German acquiescence in the Hungarian Government's mitigated policy toward Jews.

McClelland reported that, as a result of negotiations between the Governments of Hungary, Switzerland, and Great Britain concerning the procedure for transmitting to Jews in Hungary official confirmation that they are holders of Palestine immigration certificates, the Swiss Legation in Budapest has been instructed to issue an appropriate declaration to properly identified holders. In this task the Swiss Legation will have the assistance of the Director of the Jewish Agency Office in Budapest, who is presently preparing a list of 2,000 people to leave in an initial transport.

Request for Further Information on Hungarian Situation

In view of the widely differing versions received from various sources regarding the changed attitude of the Hungarian Government, we have requested Minister Johnson and Board Representative Olsen in Stockholm to obtain for us clarification of a number of questions through the Swedish Legation in Budapest. We wish to ascertain whether deportations have been definitely stopped for all categories or only suspended; to what extent Jews in Hungary will be permitted and in fact enabled to procure food and other necessities through ordinary commercial channels and aside from Intercross action; to what extent it is possible to expect that stoppage of deportations and other forms of actual danger to life would continue even in the absence of actual sizeable emigration of Jews from Hungary during hostilities; to what extent emigration to countries other than Palestine is permitted to Jews over ten years of age; whether it will be possible to conduct emigration in such a way as to prevent breaking up of families, with children under ten separated from parents; and to what extent, in view of the internal situation in Hungary, it is possible to count on Hungarian promises being made effective and continuing up to the termination of hostilities.

International Red Cross Activities

In connection with the relief and evacuation program which the Hungarian Government has indicated it will permit the International Red Cross to carry out, McClelland, our representative in Switzerland, has forwarded to us information communicated to him by Burckhardt, of Intercross, concerning the present situation of Jews in Hungary. It is indicated that sufficient quantities of food and clothing are available in Hungary, although funds will be needed to purchase foodstuffs for relief to recently dispossessed Jews in Budapest and, more particularly, to those remaining in provinces in camps. Jews in Budapest are now allowed to leave their houses between ten in the morning and five in the afternoon to make purchases, instead of between two and five in the afternoon as was formerly the case. Those with adequate means can purchase sufficient food for their needs. New legitimization cards will be granted to Jews in Budapest to replace those expiring on August 1, and recent decrees allow a certain number of special work permits to be issued to Jews "whose intellectual or physical labor is considered to be of public utility." All internment and concentration camps and consigned Jewish houses in Budapest will be accessible to Intercross delegates. Representatives of Intercross have visited twenty-five such houses, as well as hospitals

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and baths, and found satisfactory conditions prevailing in the latter. They have also visited two camps. Intercross in Geneva will be notified by telegram what relief supplies, if any, are needed for these camps. Transportation facilities will be granted in Hungary, and goods will be consigned to the Hungarian Red Cross for distribution by the International Red Cross, which may choose "Jewish men of confidence" in camps. While the Hungarian Red Cross and official "Judenrat" in Budapest will collaborate in any relief undertaken by Intercross, final control of all distributions will be in the hands of the latter. Auxiliary relief personnel can be supplied by Jews themselves, and such personnel will be exempted from wearing the yellow Jewish star. Space for officers and storerooms will be made available for the program. We have suggested to McClelland that he discuss these matters with the Joint Distribution Committee representative in Bern and obtain his views and comments.

McClelland was also advised by Burckhardt that 8,700 Jewish families totaling 40,000 persons plus 1,000 orphaned children will be allowed to emigrate from Hungary to Palestine via Rumania and Turkey. An initial transport of about 2,000 persons was expected to leave Budapest within the next few days, with Intercross in charge of departure transportation and care en route to Constanza, where boats were reported to be available. We have forwarded this report to Board Representative Hirschmann in Ankara for his information and guidance.

McClelland later reported that the International Red Cross has received repeated assurances indirectly from the Rumanian Government that necessary transit facilities from Hungary will be granted for Jewish refugees, and that the Rumanians will give further assistance in any way possible to secure suitable steamers. The Swiss Legation in Sofia has informed the International Red Cross that the Government of Bulgaria is willing to grant necessary overland transit facilities for refugees.

Burckhardt feels strongly that the prompt removal of these 8,700 families from Rumanian territory is essential in order to insure the Rumanian Government's continued cooperation in evacuation of Hungarian Jewish refugees, and he has sent a personal appeal that our Ambassador in London take any steps possible with the British Government to expedite their admission into Palestine.

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Report from Sweden

Minister Johnson has forwarded to us the substance of a note delivered to the Swedish Foreign Office by the Hungarian Legation in Stockholm setting forth what is represented to be the new basis for the treatment of Jews by the Hungarian Government. The changes mentioned are substantially the same as were indicated in the Hungarian Government's reply to our note (reported above). The Swedish Foreign Office also advised Minister Johnson that the program for interning and/or deporting alien Jews scheduled for August 1 has been canceled after strong approaches by the Swedish and Swiss Legations in Budapest.

In another report, Minister Johnson advised us of information given to the dissident Hungarian Legation in Stockholm by a traveler who left Budapest on July 5. The Germans are said to have given 46 persons of a prominent Jewish family permission to leave Hungary for a neutral destination with all of their valuables except jewelry. In return, the family handed over all of their factories to a German firm and paid the Germans one and one-half million Swiss francs. It was indicated that the transaction took place without the knowledge of the Hungarian authorities, who therefore resented it, and that Hungarian Jews also are embittered by the case.

This information apparently refers to Minister Norweb's recent report of the arrival in Lisbon of 32 Hungarian Jews, including prominent capitalists and industrialists.

American Visas

In connection with the instructions which have been sent to American consular officers in neutral countries authorizing them to issue immigration visas to persons in enemy-controlled areas for whom visas were issued or authorized on or after July 1, 1941, lists of the names of persons in enemy territory who may be affected by these new instructions have been submitted to the State Department for confirmation of the actual issuance of such visas in each instance.

In response to the Board's proposal to expand this newly formulated program of assistance to persons in enemy territory, we were advised by the Department of State that it is prepared to inform consular officers that immigration visas may be issued to any alien who is the husband, wife, parent, or unmarried minor child of an American citizen and on whose behalf nonquota or first preference status has been established, or who is the wife or unmarried minor child of an alien lawfully admitted into the United States for permanent residence

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and as such is entitled to second preference immigration status. The issuance of visas is subject to the provision that (a) such person other than a child under 16 years of age is found not to be the subject of an adverse report or to be open to reasonable suspicion because of circumstances such as those attending the release of a male applicant of military age, (b) such person is not affirmatively found by the consul to be inadmissible into the United States under the law, or (c) the consul does not consider that the case is one which should be recommended for consideration under the Interdepartmental Visa Review procedure. The Department of State is further prepared to have the German Government informed through appropriate channels that consular officers have been authorized to issue immigration visas to persons in the categories indicated provided that such person presents himself to an American consular officer and is found not to be disqualified for a visa.

Other Visas

In connection with the plan under consideration to make available to certain categories of persons in enemy territory United States immigration visas along with a comparable number of visas of other American republics, British dominions, and neutral countries, our Missions in Costa Rica, Australia, Canada, the Dominican Republic, Eire, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, and Peru have been asked to request the governments to which they are accredited to extend to children from Hungary as well as from France their acceptance in principle of our proposal. Our Missions in these countries have been authorized to assure appropriate officials of such governments that no detailed plans have as yet been developed for actual immigration of refugee children and that, should such plans become necessary at a later date, they will not be developed without prior consultation with the governments concerned.

FOOD PARCELS FOR REFUGEES IN CONCENTRATION CAMPS

The British Blockade authorities have agreed to the proposal of this Government to permit the shipment of 300,000 food parcels for persons in concentration camps under the terms recently proposed by the International Red Cross. Agreement was also reached between the two governments to permit the use of the salvaged "Christina" foodstuffs for a similar feeding program.

Minister Harrison and McClelland were advised of this decision and were requested to report all developments to the Board. We are now working out the necessary details in cooperation with the American Red Cross in order to get the 300,000 parcel program under way as soon as possible.

EVACUATIONS TO AND THROUGH TURKEY

In response to our request that the Turkish Government permit the entry of persons for whom American immigration visas were issued or authorized on or after July 1, 1941, and issue Turkish transit visas to persons holding Palestine certificates, and that it advise enemy governments of its readiness to do so, the Secretary General of the Ministry of Foreign Affairs advised our Embassy in Ankara that he was sure his Government would be willing to take these measures immediately. With respect to our assurance that the United States Government would be willing to arrange for the support and maintenance of refugees while in Turkey, the Secretary General requested that the United States make available to the Turkish Government a few railroad passenger cars from one of the Near Eastern nations in order to accelerate the transportation of the refugees. Our Embassy regarded this request as reasonable and strongly recommended that every effort be made to comply with it.

In view of Cretzianu's apparent willingness to assist in the rescue and transportation of refugees, Hirschmann has urged him to persuade his Government to issue, without limit, Rumanian transit visas for Jewish refugees departing for Palestine from Hungary via Rumania.

Shipping on the Black Sea--"Mafkura" Sinks

Hirschmann reported that the Turkish boat "Mafkura," carrying approximately 295 refugees from Constanza to Istanbul, was torpedoed and sunk near Igneada. Only five of the passengers and six of the crew of eight were saved. The "Bulbul" was attacked at the same time, but it was not damaged and none of its 405 passengers was injured. Permission to land these passengers and transport them by automobile and train to Istanbul was requested of the Turkish Foreign Office by our Embassy. The latter was informed that all possible aid in the emergency would be given by the Turkish Red Crescent, and Hirschmann promised that we would pay the expenses. We have asked Hirschmann to send us such further information concerning the sinking of the "Mafkura" as can be furnished consistently with security requirements.

The "Marina" arrived safely in Istanbul with approximately 340 refugees, including 190 children from Transnistria. Its passengers were to proceed by rail from Istanbul to Syria on August 8.

In response to Hirschmann's request for the Board's views regarding the use of the two Bulgarian boats "Vita" and "Pirine," we have advised him that the Board will fully support a decision by him after consultation with the Embassy and the private organizations concerned, taking into account

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the risks involved for the refugees in voyages without safe-conducts.

EVACUATIONS FROM HUNGARY TO RUMANIA

At a meeting arranged by International Red Cross Representative Simond, Cretzianu informed Hirschmann that the Rumanian Government has agreed in principle to grant transit visas to Jews arriving from Hungary into Rumania if the Turkish Government will grant transit visas to the same refugees. Hirschmann urged Cretzianu to request his Government to permit the entrance without delay of Hungarian Jewish refugees and to allow them to remain temporarily in Rumania until arrangements could be made for their evacuation.

In view of the success of our Embassy in securing the authorization of the Turkish Foreign Office for the issuance of Turkish visas to refugees holding Palestinian passports, it would seem that the way is now clear for a large movement of Hungarian refugees through Rumania or into Rumania as a temporary haven.

The Board has advised Minister Johnson in Stockholm of the apparently satisfactory contact with the Rumanian Government through Cretzianu in Turkey, and that it is felt that confusion might result if an independent approach were now made to the Rumanian Minister to Stockholm.

EVACUATIONS TO SWEDEN

Information received from Sweden indicates that approximately 400 Latvians have escaped with the assistance of Latvian civilian authorities and the German Military to Sweden. These refugees reported that great confusion exists in Latvia and that the Germans themselves are panic stricken. The German Military have left Riga, but the Gestapo and S. S. remained and all Jews in ghettos there as well as about 1,000 in a concentration camp in Dundaga were shot by Security Police.

From a few Lithuanians brought to Sweden through Board Representative Olsen's operations, it was learned that the German civilian administrative staff left Lithuania early in July and that all Jews in Vilna and Kaunas have been shot. Olsen's keyman in the Lithuanian operation who personally went to Lithuania to work out the rescue program was captured and executed by the Germans.

RECOGNITION OF LATIN AMERICAN PASSPORTS

The Board has advised Minister Harrison and Board Representative McClelland in Bern of a report received from Lisbon indicating that, despite German assurances to the Swiss Government that

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no further deportations of holders of Latin American passports would take place after May 11, such deportations did occur in Vittel subsequent to that date, and that the deportees are now held in Birkenau, Oswiecim, Sosnowitz, Kattowitz, Frodorf, Innsbruck, and elsewhere. We asked that the Swiss Government be requested to inquire into the truth of the information and to demand facilities for the return of these deportees to civilian internment camps under Swiss or International Red Cross supervision, and to demand access by Swiss or International Red Cross representatives to places where such deportees are now held.

Clarification of Nicaraguan Action

Our Embassy in Managua reported that the Nicaraguan Foreign Office had been informed that its telegram to the Swiss Foreign Office dated April 22, 1944, was delivered in Bern on April 23. It therefore appears that the Swiss Foreign Office was in error when it informed Minister Harrison that no request had been received from Nicaragua to safeguard from enemy persecution persons bearing Nicaraguan passports. The Nicaraguan Foreign Office repeated its request to the Swiss Foreign Office in a telegram on July 19. Minister Harrison has been requested to obtain confirmation of the receipt of this request by the Swiss authorities and to advise us of the resulting action.

TEMPORARY HAVENS--MEXICO

We requested Ambassador Messersmith if he deemed it appropriate, to convey to the Mexican authorities a message from the Board to the effect that it has been informed of the recent generous offer by the Mexican Government to permit the establishment in Mexico of a colony of European Jewish refugees for the duration of the war, that the Board deeply appreciates this humanitarian action by the Mexican Government, and that it wishes to give assurance that, should refugees be so admitted to Mexico at the request of the Board, the latter will make necessary financial arrangements for the maintenance and care of such refugees in Mexico.


J. W. Pehle
Executive Director

AUG 25 1944

Gentlemen:

I have received your telegram of August 20th concerning the continuation by the Hungarian Government of the deportation of small groups of Jews.

I have discussed your telegram with Mr. John W. Pehle, Executive Director of the War Refugee Board, who advises me that this Government has not yet received confirmation of the report referred to in your telegram. Further information concerning the matter, however, is being sought by the Board and, in the meantime, all practicable measures to protect the lives of the Jews in Hungary are being continued.

Unfortunately, despite the efforts which have been made and are being made by this and other governments to impress upon the German and Hungarian authorities our willingness to receive and care for all Jews permitted to leave Hungary, it now appears probable that the Germans will actively prevent such emigration except as part of a ransom arrangement involving the delivery of materials and supplies which would directly aid the German war effort. Recent reports indicating that this is the German attitude are being checked by the representatives of the War Refugee Board in Switzerland, Sweden and Turkey. Whatever may be the attitude of the Germans, I assure you that this Government will continue, consistently with the successful prosecution of the war, its unremitting efforts to save the Jews of Hungary.

Sincerely yours,

(Signed) Henry Morgenthau, Jr.

Union of Orthodox Rabbis of U. S.
and Vaad Hahatzala Emergency Committee,
132 Nassau Street,
New York, New York.

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WE HAVE JUST RECEIVED ALARMING REPORT THAT REGARDLESS OF
STATEMENT OF HUNGARIAN GOVERNMENT DEPORTATION OF SMALL GROUPS
OF JEWS STILL CONTINUING UNDER FALSE PRETENSE OF EXCHANGE
STOP IT IS VITAL THAT WARNINGS THRU RADIO, PRESS LEAFLETS
AND EVERY OTHER MEANS BE CONTINUED ESPECIALLY THRU THE
EMBASSIES OF SWITZERLAND SWEDEN SPAIN AND PORTUGAL IN
BUDAPEST STOP WE PLEASE THAT ON THIS FINAL HOUR IT IS ESSENTIAL
TO CARRY OUT EXTRAORDINARY AND ENERGETIC METHODS OF RESCUE
UNION OF ORTHODOX RABBI'S OF U.S. RABBI ISRAEL ROSENBERG
RABBI EL SILVER VAAD HOTZALA EMERGENCY COMMITTEE RABBI ARON
KOTLER RABBI ABRAHAM KALMANOWITZ 132 NASSAU ST NEW YORK CITY
817A AUG 21

CABLE TO AMEMBASSY, LONDON

Please transmit following message to Mr. Romy Goldmuntz, c/o
COFDI, 18 Holborn Viaduct, London E. 1, England:

QUOTE Received your request for funds to rescue
Belgian Jews. Kindly send through American Embassy and
War Refugee Board latest report on Jewish situation in
Belgium, as well as list of Jews detained in Belgium
concentration camps and prisons. Make also available
to us all information you have on present whereabouts
of deported Belgian Jews. A. Leon Kubowitzki, World
Jewish Congress. UNQUOTE

10:20 a.m.
August 25, 1944

BAksin:tmh 8/24/44

CABLE TO AMBASSADOR WINANT, FROM WAR REFUGEE BOARD.

Please deliver the following message to Sir Herbert Emerson of the Inter-Governmental Committee from Paul Baerwald of the American Jewish Joint Distribution Committee:

QUOTE REPORTS HAVE COME TO US THAT CREDIT OPERATIONS IN HUNGARY NOT POSSIBLE DUE APPARENTLY COMPLETE EXPROPRIATION PROPERTY OF JEWS. SALY MAYER ABLE PURCHASE PENGOES IN SWITZERLAND WHICH HE SENDS INTO HUNGARY. VIEW GREAT NEED BRING RELIEF MANY THOUSANDS JEWS CONCENTRATION CAMPS, GHETTOS, WE URGENTLY SUGGEST YOU CONSIDER FAVORABLY OUR AUTHORIZING SALY MAYER PURCHASE PENGOES SWITZERLAND UP TO 300,000 DOLLARS FOR AID IN HUNGARY FOR ACCOUNT INTER-GOVERNMENTAL COMMITTEE. HOPE YOU WILL DISCUSS THIS SUGGESTION WITH JOSEPH SCHWARTZ
UNQUOTE

Following for Sir Herbert Emerson from War Refugee Board:

QUOTE WAR REFUGEE BOARD STRONGLY SUPPORTS FOREGOING REQUEST OF JDC UNQUOTE

12:10 p.m.
August 25, 1944

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6802
8/25/44 138

CABLE TO AMBASSADOR WINANT, LONDON, FROM WAR REFUGEE BOARD.

Please refer to your No. 6784 concerning the conference on August 21st regarding the implementation of the acceptance of the Hungarian offer.

Recent events suggest to us quite forcefully that in reality there will neither be time nor opportunity for any large scale rescue operations from Hungary. This seems particularly true in view of recent indications we have received that the Germans actually will not (repeat not) permit emigration of Jews from Hungary except as part of an unacceptable ransom scheme.

Notwithstanding the foregoing, this Government is anxious to continue doing everything possible to relieve the precarious situation of the Jews in Hungary. Accordingly, suggestions of the IGC and the other groups present at the above-mentioned conference have been examined with a great deal of interest. You are authorized to indicate to the various groups represented that the War Refugee Board and the Department are in general agreement with the suggestion that the IGC assume active responsibility and leadership in this matter.

As has already been indicated in the various cables which have been sent or repeated to you, this Government has taken unilaterally many, if not all, of the steps suggested in the memorandum submitted by the IGC, both as regards Intercross and neutral governments. We have already received confirmation from Intercross that it is actively pursuing many of the lines of activity, both as to relief and rescue, now suggested by IGC. Moreover, all of the neutrals have been requested by this Government to communicate to the Hungarian authorities their willingness to receive refugees from Hungary, and the neutrals have been given guarantees of financial aid and prompt evacuation. Nearly all of the neutrals have indicated to the Hungarians their willingness to receive refugees. In addition to making 5,000 children's visas available for children from Hungary or other European countries, other action concerning the granting of American visas to Jews in Hungary has been or is being taken, and the neutral governments as well as the Hungarians have been so advised. Mexico has already indicated to us its willingness to receive refugees for the duration of the war.

You should indicate to the British Government and the IGC that while the foregoing action has already been taken by this Government, we are anxious to cooperate in working out such further measures as may be deemed necessary or advisable, and are in general agreement that such steps be taken under the leadership of the IGC. However, in order to avoid confusion in making plans for further action to be taken and in order to keep abreast of the rapidly changing military and political situation, the War Refugee Board desires to take advantage of the forthcoming visit of Mr. Goodhart to Washington to effect an exchange of views. In addition, the Board is sending to London at once, Mr. James H. Mann, Assistant Executive Director, who will be able to give IGC and interested agencies of the British Government complete information concerning the action already taken by this Government to implement the acceptance of the Hungarian offer.

JFriedman:ro 8/24/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, London
DATED: August 25, 1944
NUMBER: 6809

SECRET

FROM JOHN W. PEHLE TO AMBASSADOR WINANT, LONDON.

Josiah E. DuBois has just returned and reported to me in detail concerning his trip to England. I wish to extend to you the Board's deepest appreciation for your efforts in furtherance of the Board's program.

DuBois is strongly of the opinion that the Board should have a full time representative in London. Accordingly it is expected that James H. Mann, an Assistant Executive Director of the War Refugee Board will be leaving within the next few days for London to confer with you, members of your staff; and the Intergovernmental Committee. I am informed that Mr. Goodhart will arrive in Washington within the next few days at which time I shall talk with him and then communicate further with you concerning Mann's status.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, London
DATED: August 25, 1944
NUMBER: 6808

SECRET

FOR AMBASSADOR FROM WAR REFUGEE BOARD

Please refer to your No. 6784 concerning the conference on August 21st regarding the implementation of the acceptance of the Hungarian offer.

Recent events suggest to us quite forcefully that in reality there will neither be time nor opportunity for any large scale rescue operations from Hungary. This seems particularly true in view of recent indications we have received that the Germans actually will not (repeat not) permit emigration of Jews from Hungary except as part of an unacceptable ransom scheme.

Notwithstanding the foregoing, this Government is anxious to continue doing everything possible to relieve the precarious situation of the Jews in Hungary. Accordingly, suggestions of the IGC and the other groups present at the above-mentioned conference have been examined with a great deal of interest. You are authorized to indicate to the various groups represented that the War Refugee Board and the Department are in general agreement with the suggestion that the IGC assume active responsibility and leadership in this matter.

As has already been indicated in the various cables which have been sent or repeated to you, this Government has taken unilaterally many, if not all, of the steps suggested in the memorandum submitted by the IGC, both as regards Intercross and neutral governments. We have already received confirmation from Intercross that it is actively pursuing many of the lines of activity, both as to relief and rescue, now suggested by IGC. Moreover, all of the neutrals have been requested by this Government to communicate to the Hungarian authorities their willingness to receive refugees from Hungary, and the neutrals have been given guarantees of financial aid and prompt evacuation. Nearly all of the neutrals have indicated to the Hungarians their willingness to receive refugees. In addition to making 5,000 children's visas available for children from Hungary or other European countries, other action concerning the granting of American visas to Jews in Hungary has been or is being taken, and the neutral governments as well as the Hungarians have been so advised. Mexico has already indicated to us its willingness to receive refugees for the duration of the war.

You should indicate to the British Government and the IGC that while the foregoing action has already been taken by this Government, we are anxious to cooperate in working out such further measures as may be deemed necessary or advisable, and are in

-2- #6808, to Amembassy, London. Dated, August 25, 1944

general agreement that such steps be taken under the leadership of the IGC. However, in order to avoid confusion in making plans for further action to be taken and in order to keep abreast of the rapidly changing military and political situation, the War Refugee Board desires to take advantage of the forthcoming visit of Mr. Goodhart to Washington to effect an exchange of views. In addition, the Board is sending to London at once, Mr. James H. Mann, Assistant Executive Director, who will be able to give IGC and interested agencies of the British Government complete information concerning the action already taken by this Government to implement the acceptance of the Hungarian offer.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, London
DATED: August 25, 1944
NUMBER: 6810

SECRET

From War Refugee Board

With reference to your 17252 of August 2 please inform IGC that American Minister at Bern was instructed on April 10 to request Swiss to inform Germans that all Jews holding Latin American documents are eligible for exchange against Germans in Western hemisphere. Germans have already included some such persons in exchange groups and probably will continue to do so. All such persons are accepted by this Government in actual exchange. Inclusion of specific names in American exchange proposals has been deemed pointless by American authorities in charge of exchange arrangements since neither party selects exchange groups in accordance with other party's suggestions, but makes its own selections among all eligibles. Furthermore, in view of manner in which such documents were issued, information as to identity of persons holding them and names in which they have been issued is fragmentary.

While eligibility of these persons for exchange is thus known to Germany, your and IGC's attention is drawn to passage in IGC's communication regarding acceptance by Berlin of list for repatriation of group to Palestine and regarding lack of confirmation thereof by London. It is hoped that such confirmation has since been obtained.

For your information, Amlegation Bern is being instructed to protest sharply against the deportations reported by IGC. A special ground for protest is present by reason of formal assurances given by German Foreign Office to Swiss Legation Bern on May 11 to the effect that beginning that date all persons holding Latin-American passports in civilian internment camps reserved for nationals of American continent would be treated as American nationals notwithstanding any doubt as to the validity of their documents. Copy of instruction to Bern is being repeated to you, for your and IGC's information. Parallel protests and public statements by British officials would be appreciated.

HULL

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DRAFT OF CABLE TO AMERICAN CONSULATE GENERAL,
JERUSALEM, PALESTINE

Please transmit promptly to Mr. Melech Neustadt, Yehuda Halevi 40, Tel Aviv, the following which is text of license No. W-2276 issued jointly to Poale Zion Organization and Jewish National Workers Alliance by the Treasury Department. (Text of license begins):

1. In order to provide relief to persons in enemy or enemy-occupied territory, and in order to arrange for the evacuation to places of safety or relative safety, as shall be selected by Mr. Melech Neustadt, Tel Aviv, Palestine, the disbursing trustee for the licensee, (hereinafter referred to as the trustee), of persons in enemy or enemy-occupied territory whose lives are in imminent danger and, pending possible evacuation, to sustain and safeguard the lives of such persons, the trustee (including such agents as he may appoint) is hereby licensed, notwithstanding the provisions of General Ruling No. 11, to communicate with persons in enemy or enemy-occupied territory in any manner he deems necessary or expedient and to take all other appropriate action, including the acquisition of necessary funds, goods, or services from persons in enemy or enemy-occupied territory against payment in accordance with the terms of this license. The necessary funds to finance such operations may be obtained by any of the following methods:

- (a) The first method is the purchase of currency or exchange of the country in which the operations are to be effected from persons in Palestine who the trustee, after consulting with the American Consulate General in Jerusalem when feasible, is reasonably certain have held such currency or exchange since prior to the freezing of such country by the United States, or have since acquired such currency or exchange in such manner as has not benefited the enemy. The sellers of such currency may be reimbursed therefor in Palestinian pounds at the prevailing unofficial rates of exchange in Palestine.
- (b) The second method is the acquisition of local currencies or exchange from persons in enemy or enemy-occupied territory for which reimbursement will not be made until after the war. In order to insure reimbursement after the war to the persons supplying such currencies or exchange, blocked accounts may be established on your books in the United States, or in a bank in the United States or a bank in Palestine. No payments may be made from any such blocked account without the specific approval of the Treasury Department and no assignments may be made of any interest in such blocked account without such approval.
- (c) The third method should not be used if it is feasible to obtain the local funds by either of the first two methods. The third method is the acquisition of the necessary local funds, goods or services from persons in enemy or enemy-

-2-

occupied territory against payment in free exchange or free currency notes. The trustee should take reasonable steps to avoid such foreign exchange or free currency notes being paid to persons who will make it available to the enemy.

2. The total amount of funds paid out or set up in blocked accounts or otherwise obligated under the terms of this license shall not exceed the amounts of dollars (or the foreign currency equivalent thereof) authorized by specific Treasury licenses to be used under this license.

3. The trustee should keep the American Consulate General at Jerusalem fully informed with respect to the financial transactions effected under this license. Insofar as feasible the trustee should make certain that the persons from whom the local currency or exchange is purchased are acceptable to the Consulate General. The trustee should satisfy himself that payments to such persons will not benefit the enemy.

4. Periodic reports with regard to any operations engaged in under this license should be filed with the Treasury Department by the trustee through the American Consulate General at Jerusalem, Palestine.

(End of text of license)

Please advise Mr. Neustadt that under specific Treasury license Poale Zion Organization and Jewish National Workers Alliance are remitting immediately \$8,000 and in near future additional \$25,000 to finance operations contemplated. The operations permitted by this license have the approval of the Department, The War Refugee Board, and the Treasury. The Consulate General is requested to take all reasonable steps to facilitate these operations and promptly report to the Department the progress being made and any difficulties encountered, particularly in connection with the financial operations involved. In order to avoid delays in these matters, the Consulate General is requested to make liberal interpretations of the terms of this license, bearing in mind that time is of the essence. The Department and the Treasury should be kept advised of any such interpretations.

RBParke:jfh 8/22/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
 TO: American Consulate General, Jerusalem
 DATED: August 25, 1944
 NUMBER: 137

CONFIDENTIAL

Please transmit promptly to Mr. Melech Neustadt, Yehuda Halevi 40, Tel Aviv, the following which is text of license No. W-2276 issued jointly to Poale Zion Organization and Jewish National Workers Alliance by the Treasury Department. (Text of license begins):

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- (a) The first method is the purchase of currency or exchange of the country in which the operations are to be effected from persons in Palestine who the trustee, after consulting with the American Consulate General in Jerusalem when feasible, is reasonably certain have held such currency or exchange since prior to the freezing of such country by the United States, or have since acquired such currency or exchange in such manner as has not benefited the enemy. The sellers of such currency may be reimbursed therefor in Palestinian pounds at the prevailing unofficial rates of exchange in Palestine.
- (b) The second method is the acquisition of local currencies or exchange from persons in enemy or enemy-occupied territory for which reimbursement will not

be made

- 2 -

be made until after the war. In order to insure reimbursement after the war to the persons supplying such currencies or exchange, blocked accounts may be established on your books in the United States, or in a bank in the United States or a bank in Palestine. No payments may be made from any such blocked account without the specific approval of the Treasury Department and no assignments may be made of any interest in such blocked account without such approval.

(c) The third method should not be used if it is feasible to obtain the local funds by either of the first two methods. The third method is the acquisition of the necessary local funds, goods or services from persons in enemy or enemy-occupied territory against payment in free exchange or free currency notes. The trustee should take reasonable steps to avoid such foreign exchange or free currency notes being paid to persons who will make it available to the enemy.

2. The total amount of funds paid out or set up in blocked accounts or otherwise obligated under the terms of this license shall not exceed the amounts of dollars (or the foreign currency equivalent thereof) authorized by specific Treasury licenses to be used under this license.

3. The trustee should keep the American Consulate General at Jerusalem fully informed with respect to the financial transactions effected under this license. Insofar as feasible the trustee should make certain that the persons from whom the local currency or exchange is purchased are acceptable to the Consulate General. The trustee should satisfy himself that payments to such persons will not benefit the enemy.

4. Periodic reports with regard to any operations engaged in under this license should be filed with the Treasury Department by the trustee through the American Consulate General at Jerusalem, Palestine.

(End of text of license)

- 3 -

Please advise Mr. Neustadt that under specific Treasury license Poale Zion Organization and Jewish National Workers Alliance are remitting immediately \$8,000 and in near future additional \$25,000 to finance operations contemplated. The operations permitted by this license have the approval of the Department, the War Refugee Board, and the Treasury. The Consulate General is requested to take all reasonable steps to facilitate these operations and promptly report to the Department the progress being made and any difficulties encountered, particularly in connection with the financial operations involved. In order to avoid delays in these matters, the Consulate General is requested to make liberal interpretations of the terms of this license, bearing in mind that time is of the essence. The Department and the Treasury should be kept advised of any such interpretations.

HULL

KD
Distribution of true
reading only by special
arrangement. (SECRET W)

August 25, 1944

5 p.m.

AMEMBASSY,

LISBON.

2336

Please deliver paraphrase of the following message,
which is WRB 80, to Dr. Joseph Schwartz, 242 Rua Aurea,
Lisbon, from M. A. Leavitt of the American Jewish
Joint Distribution Committee:

QUOTE YOUR 31 CONTACTED CHARLES GUGGENHEIM WHO
HAS NO KNOWLEDGE AVAILABLE CASH STOP HIS ASSETS
CONSISTED MAINLY STOCK SHARES. UNQUOTE

HULL

(GLW)

WRB:MMV:KG
8/25/44

WE

CABLE TO NORWEB FROM WAR REFUGEE BOARD.

Please deliver the following message to Dr. Joseph Schwartz,
242 Rua Aurea, Lisbon, from M. A. Leavitt of the American Jewish
Joint Distribution Committee:

QUOTE PLEASE REPEAT LAST PARAGRAPH YOUR 42 AUGUST 3.

1944, REFERENCE SHANGHAI RELIEF UNQUOTE

THIS IS WRB CABLE TO LISBON NO. 84

10:20 a.m.

August 25, 1944

RDrury 8/23/44

KD
Distribution of true
reading only by special
arrangement. (SECRET W)

August 25, 1944

6 p.m.

AMEMBASSY,

MADRID.

2370

The following is for Ambassador from Pehle.

Recent military developments lead me to believe that at this time there are no longer the possibilities of doing important rescue work from Spain which formerly existed. In view of such developments the War Refugee Board has decided that James H. Mann would be able to do more effective work from London for the rescue of persons in imminent danger of death. Accordingly Mann will be presently situated at the American Embassy in London and will not come to the American Embassy in Madrid as Special Attache on refugee matters. However, it is possible that if in the future important problems arise in that area he may if you perceive no objection come to Madrid from London in the same capacity as on his previous trip there. I extend to you my appreciation for your having consented to receive Mann as an Attache to the Embassy.

HULL
(GHW)
BC

WRB:MMV:KG WE
8/25/44

**EMBASSY OF THE
UNITED STATES OF AMERICA**

UNRESTRICTED

No. 2952

Madrid, Spain, August 25, 1944.

**Subject: Transmitting Copy of Embassy's Note Verbale to
Ministry of Foreign Affairs Requesting Protection
for Allied and Stateless Refugees in Concentration
Camp of Miranda de Ebro**

**The Honorable
The Secretary of State,
Washington.**

Sir:

1/ I have the honor to enclose a copy of the Embassy's Note Verbale No. 2977 of this date to the Ministry of Foreign Affairs expressing the hope that the competent Spanish authorities will take adequate steps to ensure the protection of Allied and stateless refugees now detained in the Concentration Camp of Miranda de Ebro from possible molestation at the hands of German military refugees, large numbers of whom, according to information reaching the Embassy, are being sent to that Camp for internment.

Respectfully yours,

For the Ambassador:

W. Walton Butterworth
Counselor of Embassy

Enclosure

To Foreign Ministry,
No. 2977, August 25, 1944.

File No. 320

NWB/jf

**Original to Department
(for Osalid machine)**

Copy to Barcelona

Copy to Bilbao

**cc: Miss Chauncey (For the Sec'y.), Abrahamson, Akain, Cohn, Drury,
DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Mannon, Marks,
McCormack, Pehle, Sargoy, Standish, Weinstein**

Enclosure to despatch No. 2952 dated August 25, 1944 from
Carlton J. H. Hayes, American Ambassador, at Madrid, Spain
on subject of Protection for Allied and Stateless Refugees
in Concentration Camp of Miranda de Ebro.

SECRET

No. 2977

NOTE VERBALE

The Embassy of the United States of America presents its
compliments to the Ministry of Foreign Affairs and has the honor
to refer to reports which have come to its attention to the effect
that large numbers of members of the German Armed Forces who have
sought refuge in Spain are being placed in the Concentration Camp
of Miranda de Ebro. In the light of this information, and in view
of the presence in that Camp also of a number of Allied and state-
less refugees, the Embassy trusts that adequate steps will be taken
by the competent Spanish authorities to ensure the protection of
the latter group from possible molestation at the hands of the
newly-arrived and considerably more numerous German military
refugees. It would appear to the Embassy that the most efficacious
form of protection would, in fact, be the transfer of these Allied
and stateless refugees from the Camp in which they now find them-
selves to such other places of temporary sojourn as may be arranged
by the Spanish authorities in collaboration with the organizations
and agencies respectively responsible for their welfare.

Madrid, August

NHB:jc

EMBASSY OF THE
UNITED STATES OF AMERICA

CONFIDENTIAL

No. 2963

Madrid, Spain, August 25, 1944.

Subject: Transmitting Copy of Embassy's Note Verbale to Ministry of Foreign Affairs enclosing text of Anglo-American Declaration concerning Emigration of Jews from Hungary

The Honorable
The Secretary of State,
Washington.

Sir:

With reference to the Embassy's despatch No. 2905 of August 14, 1944 transmitting to the Department copies of its Notes Verbales No. 2907 and No. 2908 of August 11, 1944 to the Ministry of Foreign Affairs requesting facilities for the entry into Spain of Jewish refugees proceeding from Hungary, I have the honor to enclose a copy of the Embassy's Note Verbale No. 2972 of August 24, 1944 transmitting to the Ministry a copy of the text of the joint declaration issued on August 17, 1944 by the Governments of the United States and Great Britain in response to the offer of the Hungarian Government to permit the emigration of certain categories of Jews from Hungary.

Pursuant to the Department's circular telegram of August 18, 1944 requesting that publicity be given to this declaration, the translated text thereof has been published and widely distributed in the Embassy's Spanish-language news bulletin.

Respectfully yours,

For the Ambassador:

W. Walton Butterworth
Counselor of Embassy

Enclosure:

To Foreign Ministry,
No. 2972, August 24, 1944

File No. 800

NWB/jf

Original to Department (for Ozalid machine)
Copy to Lisbon

Enclosure to despatch No. 2963 dated August 25, 1944 from Carlton J. H. Hayes, American Ambassador, at Madrid, Spain on subject of Emigration of Jews from Hungary.

No. 2972

NOTE VERBALE

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs and, supplementing its Note Verbale No. 2907 of August 11, 1944, has the honor to transmit herewith for the Ministry's information a copy of the text of a joint declaration issued on August 17, 1944 by the Governments of the United States and Great Britain in response to the offer of the Hungarian Government to permit the emigration of certain categories of Jews from Hungary.

Madrid, August 24, 1944.

Enclosure:

Text of joint declaration,
as stated

NWB/jf

Enclosure of Note Verbale No. 2972 dated August 24, 1944 from American Embassy, Madrid, Spain to Ministry of Foreign Affairs
Dahies

The International Red Cross has communicated to the Governments of the United States and the United Kingdom an offer made by the Hungarian Government with regard to the emigration and treatment of Jews. Because of the desperate plight of Jews in Hungary and the overwhelming humanitarian considerations involved, the two Governments are informing the Hungarian Government through the International Red Cross that, despite the heavy difficulties and responsibilities involved, they have accepted the offer of the Hungarian Government for the release of Jews and will make arrangements for the care of such Jews leaving Hungary who reach neutral or United Nations territory and also that they will find temporary havens of refuge where such people may live in safety. Notification of these assurances is being given to the Governments of neutral countries who are being requested to permit the entry of Jews who reach their frontiers from Hungary. The Governments of the United States and the United Kingdom emphasize that, in accepting the offer which has been made, they do not in any way condone the action of the Hungarian Government in forcing the emigration of Jews as an alternative to persecution and death.

CABLE TO MINISTER JOHNSON AND OLSEN, STOCKHOLM, SWEDEN.

- - - - -

1. Please convey to Government of Sweden Department's and Board's utmost appreciation of their invaluable humanitarian services rendered in connection with Hungarian situation.

At present juncture, to forestall any last-minute renewal of deportations on the excuse that no sufficient arrangements have been made for evacuation of Jews from Hungary, please suggest to the Swedish Government that it might advise German and Hungarian authorities that Sweden is willing to have a Swedish boat call at any German port chosen by these authorities for purpose of transporting to Sweden Jewish children from Hungary, and that such sailings will be repeated as long as necessary.

The foregoing suggestion specifies children since Swedish Minister, Ankara, advised Amembassy there that Swedish Government has announced that it was prepared to receive in Sweden Jewish children from Hungary. Even if this information inexact, it is hoped that you will persuade Swedish authorities to undertake this step. In view of circumstances, it is not anticipated that the number of children actually evacuated in this manner would be large. At any rate, this Government, singly or in cooperation with British, will guarantee costs of maintenance of such children in, and their earliest possible evacuation from, Sweden.

It is thought that obstacles to making a Swedish boat available for sailings to Haifa, referred to in your 3091 of August 14, might not (repeat not) apply to the short route between Germany and Sweden.

Should the project materialize, it is hoped that evacuation from Hungary could be supervised by representatives of Intercross, Swedish Red Cross, or Swedish Government, to prevent abuse and death en route.

2. With respect to statement in your 3074 of August 12 regarding authorization of Swedish visas to QUOTE Jews holding American immigration visas issued on or after July 1, 1941 UNQUOTE, please note that persons intended as beneficiaries of procedure developed in paragraph numbered two of Department's 1501 of July 28 are those whose American visas were authorized subsequent to July 1, 1941, as well as those to whom such visas were actually issued. Please explain this point to Swedish authorities and request that they instruct their consuls in Hungary and elsewhere in enemy-held territory to issue visas to persons to whom American visas were authorized as well as to those to whom American visas were actually issued. In cases where applicants will not be able to furnish evidence of authorization, such evidence will presumably be available at local Swiss Legation or consulate. In addition, efforts will be made to send a list of visa authorizations to you for transmission to Swedish Foreign Office which, it is hoped, will forward it to various Swedish consulates in enemy-held territory.

THIS IS WRB STOCKHOLM CABLE NO. 79.

3:50 p.m.
August 25, 1944

BAkzin:JWP:dg 8/25/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: August 25, 1944
NUMBER: 2933

SECRET

This is the substance of information received by this Government from a thoroughly reliable eye-witness:

QUOTE Approximately 20,000 Hungarian Jews, children, men and women, had been concentrated in the open air for 4 or 5 days with nothing even to sit on except the ground. They they had been herded into boxcars 80 persons per car, the car then nailed up and sent off to foreign destinations. The people are packed in the cars like sardines with no possibility of sitting or even moving. Many must have been dead on arrival. The people handling this affair were not Germans but Hungarian Gendarmes.

UNQUOTE

This report bears out others coming to this Government from different sources that in the main the Hungarian Police have themselves been the instrument for arresting and deporting Jews from Hungary under conditions which are tragically cruel.

Please convey this information to Swiss Government for transmission to Hungarian authorities. These authorities are to be informed that their comment regarding these reports, which this Government regards as authentic, is awaited with interest.

For your confidential information, above reports reached Department from Amlegation Stockholm.

THIS IS WRB BERN CABLE NO. 142.

HULL

CABLE TO MINISTER HARRISON AND MOELLELLAND, BERN, SWITZERLAND

The War Refugee Board requests that the following message be delivered to Jarblum Riegner, 37 Quai Wilson, Geneva, Switzerland:

QUOTE Number 122 View persisting rumors continuation deportation Hungarian Jews consider essential substantial increase Interredcross delegates to Hungary. Concerning already deported since Hungary asserts having only delivered Jewish manpower for German factories have requested Interredcross inquire care taken by Hungarian representatives in Germany of said manpower as customary for non-Jewish workers. Kindly support urgently. Convey all concerned appreciation gratitude Executive for decisive demarches Interredcross.

LEON KUBOWITZKI
WORLD JEWISH CONGRESS UNQUOTE

THIS IS WRB CABLE TO BERN NO. 143

10:20 a.m.
August 25, 1944

BAKzin:ar 8/24/44

CABLE TO MINISTER HARRISON AND McCLELLAND, BERN, SWITZERLAND

Please transmit following message to Messrs. Jarblum and Riegner, 37 Quai Wilson, Geneva:

QUOTE Barlas cables that Turkish consulates
Budapest Bucarest Sofia instructed grant transit
visas for refugees in groups of fifty enroute
Palestine. A. Leon Kubowitzki, World Jewish Congress.
UNQUOTE

THIS IS WRB CABLE TO BERN NO. 144

10:20 a.m.
August 25, 1944

BAkzin:tmh 8/24/44

CABLE TO MINISTER HARRISON AND MCCLELLAND, BERN, SWITZERLAND.

Reference is made to Department's 2046 of June 14 and 2490 of July 21 paragraph numbered 1, and to your 4223 of July 3, section 1 paragraph 4 and section 3 paragraphs 2, 3, and 4.

While continuing to urge Swiss intervention on behalf of Anna and Rose ~~Franklin~~, entitled to treatment as Chilean nationals and eligible for exchange on this score, please also make full use of authority now vested in U. S. consul by Department's _____ of _____, WRB's 133, to notify Swiss authorities for transmission to Germany that American immigration visa may be issued to them as wife and daughter respectively of American citizen, upon presenting themselves at American consulate. The use of both lines of argument may possibly be effective in obtaining the release of the persons concerned from the Germans.

THIS IS WRB BERN CABLE NO. 145.

3:50 p.m.
August 25, 1944

BAksin:JEFriedman:ro
8/25/44

CABLE TO MINISTER HARRISON, BERN, FOR McCLELLAND FROM WAR REFUGEE BOARD

Please deliver the following message to Rene Bertholet,
Wasserstrasse 14, Zurich, from the International Rescue and
Relief Committee:

QUOTE APPROVE TEN THOUSAND DOLLARS FOR RESCUE
ACTION FRANCE AND HUNGARY WITH DOCTOR TEHLENOFF OSE
STOP ALSO CONTACT LEON DENENBERG AMERICAN CONSULATE
ISTANBUL ABOUT RESCUE HUNGARY STOP NO CABLES FROM
YOU SINCE END JUNE UNQUOTE

THIS IS WRB CABLE TO BERN NO. 146

5:00 p.m.
August 25, 1944

RDrury 8/25/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: August 25, 1944
NUMBER: 2929

SECRET

Please advise Isaac Sternbuch, St. Gall, representative in Switzerland of the Union of Orthodox Rabbis, New York City, that the Treasury Department has issued a specific license to the Vaad Hahatzala, the Emergency Committee for the Union of Orthodox Rabbis, to remit to Mr. Sternbuch the Swiss franc equivalent to \$100,000 to be used under license No. W-2117, as amended, in addition to remittances previously licensed.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: August 25, 1944
NUMBER: 2930

SECRET

Please notify Mr. Marc Jarblum and Dr. A. Silberschein, 37 Quai Wilson, Geneva, Switzerland, that Treasury Department has issued license No. W-2275 to Poale Zion Organization and the Jewish National Workers Alliance, New York City, permitting them, as disbursing trustees, to arrange for relief and rescue operations in enemy and enemy-occupied territories. The terms of this license are identical to license No. W-2229, issued to the Queen Wilhelmina Fund, Inc., New York City, which was the subject of the Department's telegram No. 2438 of July 17, 1944. Under specific Treasury license Poale Zion Organization and the Jewish National Workers Alliance will remit immediately the Swiss Franc equivalent of \$8,000, and in near future additional Swiss franc equivalent of \$10,000 to finance operations contemplated in such license. The operations covered by this license are approved by the Department, the War Refugee Board, and the Treasury.

HULL

CABLE TO AMERICAN CONSULATE GENERAL, ISTANBUL, TURKEY, FROM WAR
REFUGEE BOARD

Please deliver the following message to Leon P. Denenberg from
International Rescue and Relief Committee:

QUOTE BERTHOLET WORKING WITH OSE ON SPECIAL ACTION HUNGARY
CONTACT HIM 14 WASERSTRASSE ZURICH STOP NOTE OUR NEW
ADDRESS 103 PARK AVENUE UNQUOTE

5:00 p.m.
August 25, 1944

RDrury 8/25/44

SECRET

NOT TO BE RE-TRANSMITTED

COPY NO. 11

185

OPTEL No. 277

Information received up to 10 a.m., 25th August, 1944.

1. NAVAL

A Russian Battleship, ex R.N., and 8 destroyers, ex R.N., have arrived at KOLA INLET. One of H.M. Submarines torpedoed a 3,500 ton ship off SKUDENESS on 20th and obtained 5 probable hits on 5-ship convoy on 22nd. Discharge of petrol by pipe line from U.K. to NORMANDY has begun.

One of H.M. Destroyers engaged E-boats this morning off FECAMP. 1 was abandoned and 2 damaged.

Allied heavy warships successfully bombarded positions TOULON area 21st and 22nd, and also positions Gulf of NAPOULE 22nd.

Carrier-based aircraft have continued to attack communications. Minesweepers have started to clear approach channel to PORT DE BOUC, west of MARSEILLES.

The garrison of PORQUEROLLES Island surrendered to a U.S. Cruiser on 22nd after bombardment.

E-boats unsuccessfully attacked ANCONA Harbour on 22nd/23rd.

2. MILITARY

FRANCE. British left flank reported on line of River RISLE. U.S. troops have advanced to ELBEUF, where heavy fighting is in progress. A U.S. armoured column is 20 miles west of TROYES.

SOUTHERN FRANCE. French forces occupied MARSEILLES on 23rd. U.S. troops have entered SALON and LAURIS and further north are pushing westwards towards DIE and CREST. On the east flank they are advancing to ST. VALLIER, north of CANNES.

ITALY. Polish and Italian troops are now firmly established on south bank of METAURO and in contact with strong German positions north of the river to a distance of 12 miles from the coast. In the Upper ARNO Valley British and Indian troops have made considerable advances on both sides of the river, capturing a number of important features.

RUSSIA. On 2nd Ukrainian front Russians have advanced up to 30 miles on 100-mile front and captured ROMAN, BARLAD and HUSI. On the 3rd Ukrainian Front they have captured KISHINEV and advanced 40 miles S.W. of the city to link up with the armies of the 2nd Ukrainian front.

3. AIR OPERATIONS

WESTERN FRONT. 24th. 1,213 escorted U.S. heavy bombers attacked objectives in Northern and Central Germany and Czechoslovakia dropping 1,170 tons on 6 armament and aircraft factories, 1,268 on 5 synthetic oil plants and refineries and 223 on other targets. 49 Halifaxes dropped 224 tons on blockships and shipping BREST and 22 Lancasters dropped 119 on E-boat pens and moorings IJMUDEN. 43 fighters flew reconnaissances and patrols over French operational area. German casualties 34, 3, 5. Ours - 23 heavy bombers, 5 fighters.

ITALY AND SOUTHERN FRANCE. 23rd. 699 Allied aircraft including 196 medium bombers, attacked communications Northern Italy and Southern France, and objectives in French and Italian battle areas. 24th. 68 Liberators (2 missing) dropped 133 tons on FERRARA Railway bridge.

YUGOSLAVIA, HUNGARY AND CZECHOSLOVAKIA. 24th. 507 U.S. heavy bombers from Mediterranean dropped 111 tons on VINKOVOI railway centre, 118 on SZEGED railway bridge, 574 on airfield and oil refinery PARDUBICE and 213 on KOLIN Oil refinery. Enemy casualties 50, 10, 7. Ours - 6 bombers.

4. HOME SECURITY

During 24 hours ending 4 a.m., 25th, 136 flying bombs plotted.

Regraded Unclassified

166

Copies to Mr. Bell and Dr. White 9/19/44.

○ Secretary took original to Chicago 9/20/44

*Chief Clerk
1. 1. 1. 1. 1.*

August 26, 1944.

MEMORANDUM FOR

THE SECRETARY OF WAR

This so-called "Handbook" is pretty bad. I should like to know how it came to be written and who approved it down the line. If it has not been sent out as approved, all copies should be withdrawn and held until you get a chance to go over it.

It gives me the impression that Germany is to be restored just as much as The Netherlands or Belgium, and the people of Germany brought back as quickly as possible to their pre-war estate.

It is of the utmost importance that every person in Germany should realize that this time Germany is a defeated nation. I do not want them to starve to death but, as an example, if they need food to keep body and soul together beyond what they have, they should be fed three times a day with soup from Army soup kitchens. That will keep them perfectly healthy and they will remember that experience all their lives. The fact that they are a defeated nation, collectively and individually, must be so impressed upon them that they will hesitate to start any new war.

The following are a few extracts of things which have caught my eye in a very hurried reading of this "Handbook". There are doubtless many others.

"Your main and immediate task, to accomplish your mission, is to get things running, to pick up the pieces, to restore as quickly as possible the official functioning of the German civil government in the area for which you are responsible The first concern of military government will be to see that the machine works and works efficiently."

"The principles with which Officers in Military Government Staffs and Detachments will be concerned include: the reorganization of the

-2-

German police and the maintenance of Law and Order; the supervision of the German Judiciary and the establishment of Allied Military Courts; the control of the German Finances; the protection of property; the establishment and maintenance of an adequate standard of public health; the promotion of agriculture; the control, supply and distribution of food and essential supplies of every kind; the restoration and maintenance of public utilities; the provision for the gradual rehabilitation of peace-time industry and a regulated economy; the employment of Labour and the prevention of industrial unrest ..."

"Military Government Officers will, in conjunction with other interested and affected agencies and authorities, ensure that steps are taken to:

- (1) Import needed commodities and stores.
- (2) Convert industrial plants from war to consumer goods production.
- (3) Subsidize essential economic activities where necessary.
- (4) Reconstruct German foreign trade with priority for the needs of the United Nations.
- (5) Modify existing German regulations controlling industrial and raw material production".

"The highly centralized German administrative system is to be retained unless otherwise directed by higher authority".

"All existing German regulations and ordinances relating to production, supply or distribution will remain in force until specifically amended or abrogated. Except as otherwise indicated by circumstances or directed by higher authority, present German production and primary processing of fuels, ores and other raw materials will be maintained at present levels".

-3-

"The food supply will be administered so as to provide, if possible, a diet on the basis of an overall average of 2000 calories per day. Members of the German forces will be rated as normal consumers. The control of retail prices will be continued. The existing rationing system and classification of consumer groups will be maintained subject to modifications required by circumstances Should the indigenous products of Germany be insufficient to provide such a basic ration, the balance will be made up by imports".

"All possible steps will be taken to ensure the utilization of German economic, material and industrial facilities to an extent necessary to provide such raw materials, goods, supplies or services as are required for military and essential civilian needs, and to any additional extent -- as approved by higher authority -- necessary to provide surpluses for international transfer, supplies for reparational requisition, and legitimate industrial stock-piling".

"The fishing industry has long been important in German economy, but owing to the requisitioning of trawlers for naval operations, the most important North Sea fish catch has been seriously curtailed. Before extensive commercial fishing can be resumed, a considerable amount of fishing gear will be required as well as stores and material for the repair and reconditioning of fishing vessels. There will possibly also be an immediate shortage of fuel and lubricants".

"The Agricultural economy will be freed of Nazi discrimination; it will not otherwise be changed except where direct advantages are to be gained. Agricultural production control, and grain and other agricultural products collection agencies existing prior to occupation will be maintained or re-established. Equitable prices co-ordinated at Reich level will be fixed for farm products. Violations of farm price control, wages or rationing regulations will be severely punished".

-4-

"The main objective of Allied Military Government in the financial field is to take such temporary measures as will attempt to minimize the potential financial disorder and chaos that is likely to occur and thus assist the military forces in their operations and ease the burdens that will face the more permanent Allied control organization that will later deal with the problems of Germany".

"Wherever possible, removals and appointments (of civil servants) will be made by Military Government officers acting through German officials who are vested with this authority under German law; nothing will be done which would unnecessarily disturb the regular German civil service procedure or deprive the official or employee to be removed of any ultimate rights to which he may be justifiably entitled under German law, after cessation of military government".

"International boundaries will be deemed to be as they were on 31 December 1937".

There exists a school of thought both in London and here which would, in effect, do for Germany what this Government did for its own citizens in 1933 when they were flat on their backs. I see no reason for starting a WPA, PWA or a CCC for Germany when we go in with our Army of Occupation.

Too many people here and in England hold to the view that the German people as a whole are not responsible for what has taken place -- that only a few Nazi leaders are responsible. That unfortunately is not based on fact. The German people as a whole must have it driven home to them that the whole nation has been engaged in a lawless conspiracy against the decencies of modern civilization.

Please let me see the revision of this and also let me have this original copy back.

F.D.P.

Aug. 26, 1944

171

Mrs. Klotz:

The attached is forwarded in accordance
with my conversation this morning.

E. L. Olrich

172

Washington MEMO

Inside Information and Gossip From
The Morning Tribune's Washington Staff:

*Richard Wilson, W. H. Mylander, Nat Finney,
Jack Wilson, Marr McGaffin*

★ ★ ★ ★ ★
WATCH WHITE: A new personality is about to blossom on the Washington stage. He is Harry White, director of monetary research at the treasury department. White, who carried the ball for the U. S. at the Bretton Woods conference, will have to carry it on Capitol Hill when Morgenthau or Roosevelt send international monetary fund and bank agreements there for approval. More the salesman than the banker type, White is reputed to have never lost an argument. "If he can't win it, he wears them down," says an associate. Morgenthau, who doesn't go well before congressional committees, is counting on White to pitch effective woo this fall.

★ ★ ★ ★ ★

Congress of the United States
House of Representatives
Washington, D. C.

August 26, 1944

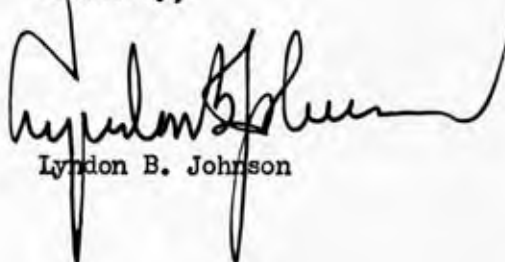
Honorable Henry Morgenthau, Jr.
Secretary of the Treasury
Washington, 25, D. C.

My dear Mr. Secretary:

When I returned to my office your congratulatory note was awaiting me.

I appreciate very much your thinking of me and the generous expressions contained in your letter.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Lyndon B. Johnson', with a stylized, flowing script.

Lyndon B. Johnson

THE WHITE HOUSE
Washington

August 26, 1944

My dear Mr. Smith:

The recent favorable development of the military situation on the world's battlefronts has emphasized the need to speed up preparations for the eventual reconversion of the nation's productive energies to peaceful pursuits. This will be a huge and intricate task, requiring careful preparations. In addition to legislative action already under consideration it will call for a great deal of accurate and comprehensive information concerning industrial production, the status of industry and the well being of the nation's workers. Such information should be currently maintained as we move from war to peace.

In particular I believe that the statistical record should include an account of our industrial system while it is geared up for maximum production during 1944. This may well be the peak year of production for many years to come. An intimate knowledge of the main characteristics of the economy during this war year will be important not only as a guide to our steps toward reconversion but as a part of the record which is essential for military preparedness in the future. I should think it would be possible, if production data were obtained for 1944, to avoid the necessity of appropriations for the regular biennial census of manufactures pertaining to 1945.

Again, it is important that we should have a running account of the status of employment, unemployment and wages in the nation as a whole and in the principal industrial areas. With this we should know more about the effects of the war on the incomes, expenditures and savings of the great masses of our people whose work in the factories and mines, in transportation and on the farms, has equipped our armies in the field.

I believe that the costs of obtaining such information for the use of business, large and small, labor, agriculture, the general public and governmental agencies themselves may properly be regarded as an essential part of the costs of the war emergency. In conjunction with the agencies concerned will you please undertake the preparation of plans for providing these types of information, and report to me at your early convenience upon the ways and means by which these plans can most appropriately be effectuated.

Sincerely yours,

(Signed) Franklin D. Roosevelt

Honorable Harold D. Smith
Director, Bureau of the Budget
Washington, D. C.

Program of Statistical Information
Needed for Reconversion

From now on the Government and the public will require a great deal of up-to-date information to guide the Nation's return to a peacetime economy. Demand for such information has already been expressed by representatives of business and labor and by Federal agencies which will have responsibilities in the reconversion process. It will be especially important to obtain a clear picture of production during 1944, which in all probability will be the peak for some years to come.

There has been no general census of manufactures since 1940, covering 1939 production. The censuses of 1941 and 1943 were laid aside as a part of the wartime curtailment of peacetime activities. Under the law as it stands, a census of manufactures will again be required in 1946, covering the calendar year 1945. However, there is general agreement that 1945 figures will be of doubtful value at best. Industry will probably be in the midst of reconversion and the figures, like those of the census for 1919, will represent neither a war nor a peacetime economy. It is therefore desirable at once to close up the five-year gap in the data since 1939 with a census of manufactures for 1944.

The problems involved in demobilization of members of the armed services and the readjustment of the civilian labor force will be solved more readily if reliable information on employment and unemployment is available. An expansion of existing statistical activities

is needed in order to obtain employment and unemployment information periodically for the principal war production areas. We likewise need more data on wages and wage rates.

Further, to plan for full employment we need to gauge the backlog of purchasing power in the hands of the public. This requires information upon the incomes, expenditures and savings of consumers. The last full-scale study of these matters was completed in 1937.

Steps to secure the foregoing types of information have been urged by many officials and citizens. Representatives of the American Federation of Labor, the CIO and the Railroad Brotherhoods have given their endorsement. Members of business groups working with the Division of Statistical Standards of the Bureau of the Budget have expressed desire for them, as have also various research organizations.

Details of the required studies, the means of financing them and the allocations of work among the Federal organizations which will conduct them will need to be planned carefully. The Director of the Bureau of the Budget has been asked to prepare these plans in conjunction with the other agencies concerned. However, the present statistical machinery of the Federal Government will in all cases be utilized.

Information concerning details of the proposal may be obtained from Stuart Rice, Assistant Director of the Budget in Charge of Statistical Standards, Executive 3300, Extension 205.

(8-29-44)

AGENDA FOR CONFERENCE ON RECONVERSION STATISTICS PROGRAM
September 1, 3 P.M., Room 50, State Building

1. Letter from the President to the Director of the Budget, and statement read by the President at his press conference are attached.
2. The following distribution of responsibilities is proposed:
 - (a) Bureau of the Budget: overall planning and coordination.
 - (1) Decisions on scope and jurisdiction
 - (2) Arrangements for allocations of funds and/or requests for appropriations
 - (b) Bureau of the Census: operations.
 - (1) Census of Manufactures for 1944
 - (2) Consumers' income survey for 1944
 - (3) Area data on employment and unemployment
 - (4) Census of Agriculture for 1944
 - (c) Bureau of Labor Statistics: operations.
 - (1) Consumers' expenditures survey for 1944
 - (2) Consumers' savings survey for 1944
 - (3) Studies of wages and wage rates
 - (d) Bureau of Agricultural Economics and Bureau of Home Economics: Co-operation with Bureau of Labor Statistics in consumers' expenditures and savings studies in rural areas.

Question is on concurrence in above distribution of responsibilities.

3. Questions on 1944 Census of Manufactures:

- (a) Is product detail in physical volume units required?
 - (1) For all industries?
 - (2) For all except metal working and perhaps chemical industries?
 - (3) For specially selected industries (which?)
- (b) To obtain product detail, should the schedules of the 1939 census be used?
 - (1) With what degree of selection?
 - (2) With how much revision?
- (c) What classifications should be recognized between products for military use exclusively (e.g., ordnance), products having both military and civilian use (e.g., vehicles), and products primarily for civilian use (agricultural machinery)?

4. Are data on mineral production needed beyond those obtained by the Bureau of Mines annual survey?

- 2 -

5. Questions on employment and unemployment data by principal war production areas:

(a) It is proposed:

(1) To obtain for each of the 50 largest production areas, (metropolitan districts or metropolitan counties?) quarterly reports on employment, unemployment and the size of the labor force, by 12 major occupational groupings.

(2) For this purpose:

- A. To expand the present samples for the Monthly Survey of the Labor Force in the 13 metropolitan areas included among the 50 production areas.
- B. To draw new samples for the remaining 37 production areas.

(b) Specific questions:

- (1) Number and identity of production areas
- (2) Occupational and other possible breakdowns

6. Questions on wage and wage rate data: Report by Bureau of Labor Statistics on questions involved.

7. Consumers' income survey:

(a) It is proposed to take a national sample of possibly 400,000 families, employing a simple schedule, and utilizing in part

- (1) the labor force sample and field staff, and/or
- (2) enumerators of the 1940 Census of Agriculture

(b) Questions:

(1) Size and character of sample to obtain necessary breakdowns:

- A. Geographic region and type of community
- B. Occupation and industry
- C. Size of family and number of family earners
- D. Age, sex, and color of individual earners.

(2) What type of schedule?

(3) Relation to:

- A. Monthly and quarterly surveys of the labor force?
- B. Census of Agriculture?
- C. Studies of consumers' expenditures and savings?

(4) What questions should now be considered in order to employ survey data in the estimates of national income?

8. Consumers' expenditures and savings survey:

(a) It is proposed to draw a sample of 20-30,000 families (later to be combined on the basis of the stratifications shown by the income study) for which data on expenditures and savings and the necessary income data will be procured.

- 3 -

(b) Questions:

- (1) How will this relate to the present program of the Bureau of Labor Statistics (11/15,000 - 1,500 urban families?)
 - (2) How will BAE and BHE cooperate with BLS?
 - (3) To what extent will survey include information needed for:
 - A. Evaluation of adequacy of present levels of living?
 - B. Analysis of accumulated savings?
9. Can the equivalent of a sample census of population be obtained from the foregoing inquiries without additional expense?
10. What assistance can be given by other agencies to the Bureau of the Census on its immediate and urgent personnel problem of preparing for the 1960 Manufactures Census?
- (a) BLS?
 - (b) SWPC?
 - (c) Mines?
 - (d) WPB?
 - (e) FRB?
 - (f) BAE?
- Other?
11. What continuing participation by this Conference would be desirable?

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Quito
TO: Secretary of State, Washington
DATED: August 26, 1944
NUMBER: 841

CONFIDENTIAL

Reference is made herewith to Department's secret circular airgram of August 3.

A communication has just been received by the Embassy from the Foreign Office dated August 24 stating that the Government of Ecuador has instructed the Swiss Government along the lines indicated in the ante penultimate paragraph of the reference airgram. By air pouch we are forwarding the text of the Foreign Office communication.

SCOTTEN

EMBASSY OF THE
UNITED STATES OF AMERICA

SECRET

No. 2045

Quito, Ecuador, August 26, 1944

Subject: Efforts to Safeguard the Lives of Persons in
Hungary Holding Passports Issued in the Name
of Ecuador

The Honorable

The Secretary of State,
Washington.

Sir:

With reference to this Embassy's telegram No. 841 of August 26, 11 a.m., I have the honor to transmit herewith a copy and translation of an aide memoire from the Ministry for Foreign Affairs regarding its instructions to the Swiss Government in connection with efforts to safeguard the lives of persecuted persons in Hungary who hold passports or other documents issued in the name of Ecuador.

Respectfully yours,

Enclosures:

1. Copy of Aide Memoire.
2. Translation of above.

722/840.1
CGR:mt

cc: Miss Chauncey (For the Sec'y.), Abrahamson, Akzin, Cohn, Drury, DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Mannon, Marks, McCormack, Pehle, Sargoy, Standish, Weinstein

Enclosure No. 2 to despatch No. 2045 of August 26, 1944,
from American Embassy, Quito, Ecuador.

COPY

Republic of Ecuador
Ministry for Foreign Affairs
Diplomatic Department

CONFIDENTIAL

AIDE MEMOIRE

The Ministry for Foreign Affairs, having been informed of the persecution which at present is taking place in Hungary against persons of a certain race, among whom are many who possess passports issued in the names of American Republics, has addressed its diplomatic representative in Switzerland to arrange for the Federal Government as representative of the interests of Ecuador in Axis nations or satellites thereof to notify the Government of Hungary that the Government of Ecuador recognizes the validity of documents or passports issued in its name and that accordingly it is expected that the bearers of such papers will be accorded the rights, privileges and immunities which Ecuadoran nationals enjoy. Likewise it has been requested to state that the United States is authorized to negotiate the exchange of such persons.

The Ecuadoran Ministry for Foreign Affairs, in replying to the aide memoire of the Embassy of the United States dated August 19, reiterates its intention of not declaring invalid passports granted illegally while they may serve to protect the life and property of their holders but (reiterates) that these persons are not thereby authorized to enter Ecuador.

Quito, August 24, 1944

TR:CCR:mt

cc: Miss Chauncey (For the Sec'y.), Abrahamson, Akzin, Cohn, Drury, DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Mannon, Marks, McCormack, Pehle, Sargoy, Standish, Weinstein

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
TO: Secretary of State, Washington
DATED: August 26, 1944
NUMBER: 6952

CONFIDENTIAL

Reference is made herein to your cable of August 23, No. 6722.

Attention of the War Refugee Board.

This morning discussed with refugee section of the Foreign Office the Papal intervention on behalf of refugees of northern Italy.

Sir Noel Charles' reply to inquiry as to accommodations was received this morning by the Foreign Office. According to Charles' report, an additional five thousand refugees may be accommodated in liberated Italy and use of North African camps was also suggested.

It is the understanding of the Foreign Office that there are far more than five thousand refugees north of the battle line, but since it believes the military situation is changing so rapidly that the problem of accommodating this five thousand additional will not arise, it feels that it will be safe to give assurances of accommodation without numerical limitation. The Foreign Office, however, does not know whether or not the Pope has already appealed to German authorities and presuming we will take parallel action, they will take the following steps:

Issue instructions to Charles to ascertain whether or not an appeal has been made by the Pope. Provided he has not, to request him to do so with assurance that the persons rescued will be cared for and received by Allied authorities. Provided he has made an appeal, to suggest that these assurances be repeated by him.

It is hoped by the Foreign Office that this action will meet with the approval of WRB and that appropriate instructions will be issued to our representative in Rome.

WINANT

DCR:MAS:FB 8/28/44

LFC
Distribution of true
reading only by special
arrangement. (SECRET W)

August 26, 1944

4 p.m.

AMEMBASSY,

LISBON.

2350

Please deliver paraphrase of the following message as
WRB 82 to Dr. Joseph Schwartz, 242 Rua Aurea, Lisbon,
from M. A. Leavitt of the American Jewish Joint Distribution
Committee:

QUOTE MARTKO MAIER CUKIER RUMANIAN NATIONAL NOW
PALESTINE CLAIMING \$35,000 ACCORDING ARRANGEMENTS SALY
MAYER STOP TREASURY DEPARTMENT ASKING SPECIFICALLY
WHERE AND WHEN FOREIGN EQUIVALENT MADE AVAILABLE ALSO
WHETHER SALY MAYER HAS ANY INFORMATION THAT CUKIER SOLE
BENEFICIAL OWNER OF FUNDS STOP VERIFY CLAIM. UNQUOTE

HULL
(GLW)

WRB:MMV:KG
8/26/44

WE

SWP

NE

LFG
Distribution of true
reading only by special
arrangement (SECRET W)

August 26, 1944

AMEMBASSY,

LISBON.

2351

Please deliver paraphrase of the following message
as WRB 84 to Dr. Joseph Schwartz, 242 Rua Aurea, Lisbon,
from M. A. Leavitt of the American Jewish Joint Distribution
Committee:

QUOTE PLEASE REPEAT LAST PARAGRAPH YOUR 42 AUGUST 3,
1944, REFERENCE SHANGHAI RELIEF. UNQUOTE

HULL

(GLW)

WRB:MMV:KG
8/26/44

WE

Distribution of true
reading only by special
arrangement. (SECRET W)

August 26, 1944

6 p.m.

AMEMBASSY,

LISBON.

2352

Please deliver paraphrase of the following message
as WRB 83 to Robert Pilpel, c/o American Legation,
from M. A. Leavitt of the American Joint Distribu-
tion Committee:

QUOTE ON BASIS INFORMATION AVAILABLE TO US WE
BELIEVE UNNECESSARY CONTINUE EVACUATION OF CHILDREN
FROM FRANCE TO SPAIN STOP IF YOU AND STAFF SPAIN OF
CONTRARY OPINION PLEASE ADVISE. UNQUOTE

HULL
(GLW)

WRB:MMV:KG
8/26/44

WE

HM-154
Distribution of true
reading copy by special
arrangement. (SECRET W)

Stockholm

Dated August 26, 1944

Rec'd. 2:05 p.m.

Secretary of State,
Washington.

3313, August 26, 1pm.

THE FOLLOWING MESSAGE IS FOR VAADHAH AZALAH
EMERGENCY COMMITTEE FROM RABBI WOLBE.

This is our no. 76 for WRB.

Doing everything possible for group in Belsen Bergen.
Diplomatic intervention to Admiral Horthy not possible
besides unfeasible because the group is already
in Germany. We have consulted former Hungarian
Minister here and it appears that only possibility
is to bring the group here. Immigration visas
arrangeable. We are trying to obtain emigration
permits through unofficial channels which involves
considerable expense. This project still very problemati-
cal.

We have found no way to rescue the Lithuanian
group as communication with Lithuania is impossible,
although have tried repeatedly. We will report to
you immediately when we have any news.

I am prepared to visit Baltic countries myself,
provided you can arrange permit from the Russian
Government.

Rabbi Shmulewits has received 214,239 Swiss francs
and all three remittances have been distributed exactly
as instructed. Funds have been pooled and distri-
buted on group basis, including Chabad group owing
to their critical situation. Suggest that in case of
further support you specify groups like last two re-
mittances.

JOHNSON

JT

CABLE TO HARRISON, BERN, FBR MCCLELLAND FROM WAR REFUGEE BOARD

Reference your No. 4904 of July 31, 1944 and Department's No.
of , (WRB No. 138).

Board assumes that any work you are doing for relief of families
of the Maquis is closely coordinated with OSS and that in areas where
Army takes over our activities will cease. Foregoing is our understanding
with War Department here.

THIS IS WRB BERN CABLE NO. 147

3:05 p.m.
August 26, 1944

FHodel:jth 8/26/44

CABLE TO HARRISON, BERN, FRO McCLELLAND FROM PEHLE

For your personal and confidential information.

Special fund of \$250,000 sent to you in two installments of \$125,000 each was made available by the JDC which has been kept advised of your reports on the use of such fund. JDC approves such expenditures and the continued use of the fund for the programs mentioned by you.

THIS IS WRB CABLE TO BERN NO. 148

3:05 p.m.
August 26, 1944

FH:lab 8/25/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: August 26, 1944
NUMBER: 2946

SECRET

For McClelland, Bern, Switzerland,

The War Refugee Board request that the following message be delivered to Jarblum Riegner, 37 Quai Wilson, Geneva, Switzerland from Leon Kubowitzki, World Jewish Congress:

QUOTE Number 122 View persisting rumors continuation deportation Hungarian Jews consider essential substantial increase Interredcross delegates to Hungary. Concerning already deported since Hungary asserts having only delivered Jewish manpower for German factories have requested Interredcross inquire care taken by Hungarian representatives in Germany of said manpower as customary for non Jewish workers. Kindly support urgently. Convey all concerned appreciation gratitude Executive for decisive demarches Interredcross. UNQUOTE

This is WRB cable to Bern No. 143.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATE: August 26, 1944
NUMBER: 2945

SECRET

Please advise Mrs. Fanny Schultheiss-Hirsch, Comite pour le Placement de Refugies Intellectuels, 7 Rue Gautier, Geneva, representative in Switzerland of the Selfhelp of Emigres from Central Europe, Inc., New York, New York, that the Treasury Department has amended section 2 of license No. W-2137, described in the Department's telegram No. 782, March 9, 1944, to read as follows:

"The total amount of funds paid out or set up in blocked accounts or otherwise obligated under the terms of this license shall not exceed the amount of dollars (or the foreign currency equivalent thereof) authorized by specific Treasury licenses to be used under this license."

This amendment is in connection with a specific Treasury license issued to the Selfhelp of Emigres from Central Europe, Inc. to remit to Mrs. Schultheiss-Hirsch the Swiss franc equivalent of \$17,000 to be used under W-2137, in addition to remittances previously licensed. It has the approval of the Department, the War Refugee Board and the Treasury.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: August 26, 1944
NUMBER: 2947

SECRET

Please transmit the following message to Messrs. Jarblum and Riegner, 37 Quai Wilson, Geneva, from A. Leon Kubowitzki, world Jewish Congress:

QUOTE Barlas cables that Turkish consulates Budapest Bucarest Sofia instructed grant transit visas for refugees in groups of fifty enroute Palestine. UNQUOTE

THIS IS WRB CABLE TO BERN NO. 144.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: August 26, 1944
NUMBER: 2944

SECRET

FOR MCCLELLAND, BERN , SWITZERLAND.

Reference is made to Department's 2046 of June 14 and 2490 of July 21 paragraph numbered 1, and to your 4223 of July 3, section 1 paragraph 4 and section 3 paragraphs 2, 3, and 4.

While continuing to urge Swiss intervention on behalf of Anna and Rose Frumkin, entitled to treatment as Chilean nationals and eligible for exchange on this score, please also make full use of authority now vested in U. S. consul by Department's 2918 of August 24, 1944, WRB's 133, to notify Swiss authorities for transmission to Germany that American immigration visa may be issued to them as wife and daughter respectively of American citizen, upon presenting themselves at American consulate. The use of both lines of argument may possibly be effective in obtaining the release of the persons concerned from the Germans.

THIS IS WRB BERN CABLE NO. 145.

HULL

CABLE TO MINISTER HARRISON FOR McCLELLAND, BERN, SWITZERLAND

Please transmit the following message to Sternbuch:

QUOTE please request Intercross to call attention its Delegation, Hungary, to 500 children beneficiaries of Tangier visas awaiting evacuation. Names and addresses known to Genne Reichman, Tangier, and presumably to Spanish Legation, Budapest. Vaad Hahatzala Emergency Committee. UNQUOTE

THIS IS WRB CABLE TO BERN NO. 149

3:05 p.m.
August 26, 1944

BAKzin:tmh 8/25/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: August 26, 1944
NUMBER: 5578

SECRET

McClelland sends the following for the attention of War Refugee Board.

It is the desire of ICRC to express to WRB and other authorities concerned in Washington its sincere thanks for the dispatch with which permission to U. S. part of CRISTINA cargo was granted and for the sympathetic support given to the Committee's proposals.

For your information ICRC has begun immediately making up fifty tons into 2½ kilo parcels and it plans to forward within a fortnight the first shipment of approximately eleven thousand parcels to similar number of political prisoners in camps of: Hamburg, Natzweiler, Ravensbrueck, Dachau, Sachsenhausen, Buchenwald, and the Mauthausen penitentiary. The first lot will be sent to Poles, Czechs, Dutch, Greeks, Norwegians, Belgians, and French.

A strict account will be kept by ICRC of the number of parcels shipped and delivered, location and nationalities of beneficiaries and at as regular intervals as possible it will submit a report to us. With reference to the shipment from the United States of 300,000 parcels, ICRC will instruct its delegation at Gothenburg or possibly at German port to which relief parcels will have to be shipped from Gothenburg to supervise their forwarding directly to concentration camps when labeling and addressing have been completed. Technical developments in the working out of this procedure will be reported by ICRC.

The foregoing is in reference to August 23 cable No. 2897 from the Department.

HARRISON

DCR:EBH:EPR 8/28/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
 TO: Secretary of State, Washington
 DATE: August 26, 1944
 NUMBER: 5579

SECRET

McClelland sends the following for War Refugee Board.

It was recommended by ICRC, in the course of recent conversations, that our Government in concert with the British Government indicate to the Government of Hungary its willingness to transport a certain number of Hungarian Jews whose removal is not based on possession of Palestine certificates and who do not plan to go to Palestine to some specified haven of refuge in Allied territory. It is felt by ICRC that such an offer might have a greater chance of success than the present proposals of emigration for Hungarian Jews to Palestine as it would offset German disapproval of Palestine emigration based on the alleged German wish not to endanger their good relations with Arabian Mufti. It is ICRC's opinion that such evacuation could best be effected via Rumania as a more practical and safer route than transit German-controlled territory to come to Switzerland. I feel that the proposal is worth a trial since it has definite points in its favor and it would involve Hungarian Jews who would ultimately wish to return to their country. In this regard, the Board's attention is called to Tangier's offer of five hundred entry visas.

In line with Legation's cable of August 19, number 5397 we strongly recommend that propaganda pressure on the Government of Hungary be maintained. The Government of Hungary is showing a tendency to "relax on its laurels" following its "generous" offer to permit Jews to emigrate, meanwhile passively allowing the Germans to carry out a further deportation of people who after all are Hungarian nationals. Fact such acquiescence constitutes common guilt with Germans for which the Hungarians also will be held responsible after the war. This sort would also strengthen the hand of those Hungarians of good will in the country who from the start have opposed such Jewish persecution. Use of Hungarian language pamphlets as well as radio warnings are commended by competent Hungarian circles here.

HARRISON

Paraphrase: DCR:VAG:MEM 8/28/44

No. 3431

AMERICAN CONSULATE GENERAL
Istanbul, Turkey, August 26, 1944.

UNRESTRICTED

SUBJECT: Acknowledging Receipt of Eleven Lists
of Hungarian Citizens Recommended for
Palestine Certificates by Jewish Rescue
Organizations in the United States.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to the Department's instruction of July 25, 1944, and previous instructions, enclosing nine lists of Hungarian citizens recommended for Palestine certificates by the World Jewish Congress, 1834 Broadway, New York 23, N.Y.

As directed in the instructions under reference, the lists have been delivered to Mr. Chaim Barlas, representative of the Palestine Agency in Istanbul. Mr. Barlas has acknowledged receipt of the lists under reference, and has requested that confirmation of delivery be forwarded to Dr. Kubowitzki of the World Jewish Congress.

An additional list, transmitted to the Consulate General in the Department's airgram No. A-55, of June 24, 1944, 12 P.M., has also been delivered to Mr. Barlas. Acknowledgment of the receipt of this list should be made to Dr. Bernstein of the Zionist Organization of America, 41 East 42nd Street, New York 17, N.Y.

A further list of names and addresses, transmitted as an enclosure to the Department's instruction of July 19, 1944, has been delivered to Mr. Leon Denenberg, representative of the International Rescue and Relief Committee in Istanbul. Confirmation of delivery of this list should be made to the International Rescue and Relief Committee, New York.

Respectfully yours,

S48

LAS:mv

Burton I. Barry
American Consul General

To Department in original and hectograph.

cc: Miss Chauncey (for the Sec'y), Abrahamson, Aksin, Cohn, Drury,
DuBois, Friedman, Gaston, Hedel, Laughlin, Lesser, Mannen, Marks,
McCormack, Pable, Sargey, Standish, Weinstein

AIRGRAM

FROM

Santiago, Chile

Dated August 26, 1944

Rec'd September 4, 1944

RESTRICTEDSecretary of State
Washington.

A-641, August 26

For Treasury.

DIVISION OF
SEP 5 1944
COMMUNICATIONS
AND RECORDS

Reference monetary stabilization agreement reached at Bretton Woods.

Dr. Herman Max, Technical Adviser of Chilean delegation, but who was unable to attend conference, would greatly appreciate clarification, as soon as possible, of the meaning of the underlined portion of Article XII, Section 5 (c) of Monetary agreement quoted below:

"For the purpose of all computations under this Section, United States dollars shall be deemed to be of the weight and fineness in effect on July 1, 1944, adjusted for any uniform change under Article IV, Section 7, if a waiver is made under Section 8, d) of that Article."

The Embassy will be glad to pass on the reply to Dr. Max.

BOWERS

NSH:11

FMH-

AIRGRAM

London

Dated August 26, 1944

Rec'd 5 p.m., 31st

Secretary of State,
Washington.

A-1039, August 26, 1944

FOR THE SECRETARIES OF STATE AND TREASURY

The three articles in the Times on World Monetary Policies (forwarded with the Embassy's dispatch No. 17625 dated August 23) are criticised by Oscar Hobson in this morning's News Chronicle, and in today's issue of the Statist.

Hobson asserts that in these articles "we have almost every known economic malpractice recommended to us for adoption." He then takes Mr. Schumacher's points in turn, and concludes as follows:

"If we advertise that we are prepared to play the bad neighbour at any time that it suits us, we may be very sure that other countries will do the like. It is a pity that the 'Times' should thus darken counsel."

(Copies of this article are being transmitted by air mail).

The Statist article deals with the four points

listed

-2- #A-1039, August 26, 1944 from London

listed at the end of the first Article (Times August 21) pointing out:

1. That "domestic and international prosperity are indivisible as the experience of 1919-39 clearly demonstrated. The emphasis, if any, should -- with special reference to this country's past and future critical dependence on external trade -- be placed upon an expanding volume of international traffic of all kinds as an indispensable support of domestic prosperity."

2. The writer wonders what the Times correspondent thinks of the between the wars "free market prices" and commodity controls and their general effect.

3. The writer describes the "rigidity of modern industry" point "As an example of specious argument which it would be difficult to beat," though it is admitted "it may be doubted whether authority -- judged by the general incidence of taxation on industry -- appreciates the wastage of capital which the accelerating pace of modern technical progress imposes on manufacturing enterprise."

4. Regarding the "grouping of nations" point the Statist finds it difficult to understand just what is

-3- #A-1039, August 26, 1944 from London

what is meant. If it means merely that "striving after universal agreement on all points should not be pressed too far and that regional or zone agreement should be welcomed faute de mieux."

The answer is "that the Bretton woods Agreement specifically provides for 'going to allotment' without one hundred per cent ratification of the Final Act."

The Statist then deals with the Balance of Trade point discussed in the second Times article. Admitting that provisions are inadequate to deal with Britain's passive balance of payments, it is pointed out that "one of the strong probabilities of the future is, surely, that we shall increase our exports of capital goods with the aid of long-term credit given by the Bank to undeveloped areas."

The third Times article is to be discussed in next week's issue of the Statist.

This week's Economist contains an article suggesting that there may be temporary usefulness in the intra-European clearing now centered in Berlin.

Tribune (the leftist weekly edited by Aneurin Bevan) reprints an article from the Nation by its Washington

-4- #A-1039, August 26, 1944 from London

Washington correspondent, I. F. Stone, written during the Bretton Woods conference, headed by a note stating that it indicates the diversity of opinion in the U. S. on the subject.

WINANT

LCA:KAHE:lsu

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
COMMUNICATIONS
AND RECORDS

BE-373

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (SECRET O)

CONFIDENTIAL
For security reasons the text of this message must be closely guarded.

Stockholm

Dated August 26, 1944

Rec'd 3:15 a.m. 27th

Secretary of State

Washington

3326, August 26, 7 p.m.

FOR SECRETARY OF TREASURY FROM OLSEN

DEPARTMENT OF STATE

1344

DIVISION OF
COMMUNICATIONS & RECORDS

Had discussion today with Riksbank as to why escudo rate has been fluctuating so widely. During August the selling rate on escudos has declined progressively from 17.10 to 16.60 kroner per 100 escudos, and this week suddenly jumped back to 17 and then to 17.15. Buying rate has remained unchanged.

Riksbank stated that successive decreases in escudos selling rate were due to considerable liquidation of Swedish and Swiss escudo balances; particularly Swiss, since such balances were well above current requirements. This caused the Swiss selling rate on escudos to drop sharply, and the Swedish rate was adjusted to the Swiss rate. The sudden rise in rates this week, both in Sweden and Switzerland, was due to a series of factors.

It seems that Portugal recently has become

increasingly

-2- #3326, August 26, 7 p.m. from Stockholm
increasingly pressed for Swiss francs and Swedish kronor. Heretofore Portugal has been able to purchase Swiss francs against gold and dollars, but recently refused to continue such transactions. The Swedes have consistently refused to take either gold or dollars, as a result of which Portugal purchased kronor with Swiss francs. With its source of Swiss francs drying up, Portugal apparently tried to force the issue this week by issuing new foreign exchange regulations which in effect froze Swiss and Swedish escudo balances. This was responsible for the rise in Swiss and Swedish selling rates one escudos.

This presented two problems for the Swedes. They did not wish the Swedish banks to get stuck with their escudo balances and, further, it was definitely in Sweden's best interest to work out some basis whereby Portugal would have kronor to pay for Swedish goods and shipping services. Accordingly the Riksbank informs me that it is now negotiating with the Portuguese with a proposal of selling kronor against certain Canadian gold held by the Portuguese. This transaction is subject to the provisions that the kronor be used only for payment of Swedish goods and services and, further, that Swedish escudo balances will be

-3- #3326, August 26, 7 p.m. from Stockholm

will be freed.

The Riksbank requests that the source of the foregoing information not be disclosed.

JOHNSON

NPL

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTEL No. 278

Information received up to 10 a.m., 26th August, 1944.

1. NAVAL

NORTHERN WATERS. Carrier-borne aircraft from the Home Fleet have attacked TIRPITZ in KAAFJORD. Battleship hit but not seriously damaged.

Convoy of 45 ships from U.K. yesterday reached North RUSSIA without loss.

HOME WATERS. On 24th/25th M.T.B.'s attacked convoy off HOOK consisting of 1 each: trawler, coaster, minesweeper and tank landing craft. 2 of the ships believed sunk and 1 damaged.

Early 26th One of H.M. Frigates and a French Destroyer and M.T.B.'s intercepted northbound convoy off CAP D'ANTIFER. 2 Coasters and 1 R-boat sunk, 2 coasters probably sunk and 2 others beached.

On 25th 1 of H.M. Minesweepers was damaged by mine off HAVRE and 1 tank landing craft damaged by mine off CHERBOURG.

BAY OF BISCAY. On 25th one of H.M. Battleships completed bombardment in support of an attack on BREST.

2. MILITARY

FRANCE. 2nd French Armoured Division reported in centre of PARIS. A U.S. Infantry Division is also just south of PARIS at CORBEIL. British and U.S. troops have made contact south of SEIN in area NEUBOURG. Further north Canadians have crossed River RISLE and troops of 6th Airborne Division have captured HONFLEUR.

SOUTHERN FRANCE. CANNES and GRASSE have been occupied. South of VALENCE U.S. forces are astride the RHONE Valley. French forces have tightened their grip on TOULON, but German resistance continues stubborn. Mopping up of MARSEILLES continues.

RUSSIA. In north Russians have captured TARTU. They have continued their southward advance towards the lower DANUBE and have surrounded not less than 12 German divisions in the area S.W. of KISHINEV.

3. AIR OPERATIONS

WESTERN FRONT. 25th. Escorted Fortresses and Liberators over GERMANY bombed 6 aircraft factories - 1270 tons; experimental stations - 715; and an oil plant at POLITZ - 345. Results everywhere good to very good, especially aircraft factories. They also bombed 5 chemical works in FRANCE and BELGIUM - 225 - with good results. Medium bombers dropped 345 tons on strong points at BREST and 100 on a fuel dump at BEAUVAIS. German casualties in action - 41, 6, 12, and 50, 0, 30 on the ground and water. Ours - 23 bombers, 16 fighters missing. Coastal Command aircraft sank a ship off BOULOGNE, destroyed an abandoned minesweeper in Bay of Biscay and set fire to 3 ships in convoy off Dutch Coast.

CZECHOSLOVAKIA. 25th. Escorted Fortresses and Liberators from Mediterranean dropped total 755 tons on four airfields and aircraft plants about 100 miles S.E. PRAGUE. Good results reported. Enemy casualties - 12, 1, 2. Ours - 4 aircraft missing.

4. HOME SECURITY

During 24 hours ending 6 a.m. 26th, 17 flying bombs plotted, all in one half hour early 25th.

SECRETOPTEL No. 279

Information received up to 10 a.m., 27th August, 1944.

1. NAVAL

This morning H.M. Destroyers and Coastal Forces attacked tank landing craft off CAP D'ANTIFER. Some enemy craft sunk. On 26th one of H.M. Destroyers captured two trawlers in Bay of BISCAY. 22 prisoners taken off and trawlers sunk.

2. MILITARY

FRANCE. An attack on BREST is meeting determined resistance. S.E. of PARIS, TROYES has been retaken and patrols are 40 miles further east. Bridgeheads have been established across SEINE at MELUN and MONTEREAU has been occupied. All resistance PARIS now ceased. ST. DENIS cleared and our patrols in contact with Germans at LEBOURGET Aerodrome. German counter attacks against U.S. bridgehead MANTES repulsed. On 2nd Army front VERNON occupied and bridgehead across SEINE firmly established. One bridge completed. On Canadian Army front SEINE has been forced east of ELBEUF where German Ferry captured intact. Below ELBEUF Germans still hold the west bank of SEINE. We have reached general line River RISLE and PONT AUDEMER has been occupied.

SOUTHERN FRANCE. Our advance continues eastwards in area CANNES and GRASSE. In RHONE Valley north of MONTEILMAR U.S. Division was attacked by German force estimated 1½ divisions with some armour. U.S. troops moving against this force have reached CAVAILLON, CARPENTRAS and AVIGNON. Clearance in MARSEILLE and TOULON reported progressing slowly but surely. Advanced French elements have entered TARASCON and ARLES.

RUSSIA. Russians have made further progress north and west of TARTU and repulsed attacks N.E. of WARSAW. They have captured ADJUD and are established along DANUBE from PRUTH confluence to the sea.

3. AIR OPERATIONS

WESTERN FRONT. 25th/26th. Bomber Command sent out 1,269 aircraft (26 missing) - 413 Russelsheim armoured vehicle and M.T. works - 1475 tons. Target area well marked and attack well concentrated. 3 enemy aircraft claimed destroyed. 334 BREST, batteries and strong points 1133 tons; 197 DARMSTADT 556 tons. 168 Diversionary sweep. Other tasks 157. In addition, 98 A.E.A.F. Bombers attacked enemy movement and railways N.E. France.

26th. 974 escorted U.S. heavy bombers sent out (10 missing) - 588 oil plants and storage and nitrogen plant Germany 801 tons; 158 batteries BREST 316 tons; 123 other targets 289 tons; remainder made no attacks. Escorting and other U.S. fighters (10 missing) destroyed 51 locomotives and 223 rolling stock units. 1258 A.E.A.F. aircraft (9 missing) dropped 683 tons on motor transport concentrations ROUEN area, fuel dumps and oil storage, destroyed 94 motor vehicles and set on fire a 5,000 ton ship near ROUEN. 26th/27th. Bomber Command sent out 821 aircraft (26 missing) KIEL 382, KOENIGSBERG 174, Diversionary sweep 105, other tasks 170.

ITALY & SOUTHERN FRANCE. 24th/25th. Bombers dropped 165 tons on BOLOGNA Railway centre. 25th. 1196 aircraft attacked communications, etc. 26th. 170 heavy bombers dropped 422 tons on communications ITALY.

YUGOSLAVIA. Heavy bombers dropped 143 tons on railway viaduct BOROVNIKA.

RUMANIA. 26th. 293 heavy bombers dropped 482 tons on troop concentrations, an airfield and a train ferry BUCHAREST area.

4. HOME SECURITY

During 24 hours ending 6 a.m. 27th 4 flying bombs plotted. None reached London.