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September 9, 1944
9:55 a.m.

Operator: New York is ready with the call and I'd like to give you the Government regulations.

HMJr: Okay.

Operator: In the interest of National Security you are requested to refrain from discussing the departure or arrival, name or location of ships, military topics of any kind, technical weather information, or any information which might be of aid or comfort to the enemy. Thank you, sir.

HMJr: All right. Go ahead. Hello. Hello. Hello.

Operator: Go ahead, sir.

HMJr: Hello.

Operator
Overseas: Go ahead, please.

L. C.
Aarons: Hello.

HMJr: Hello.

A: Mr. Secretary.

HMJr: Go ahead.

A: I have to repeat the censorship warning that the enemy is recording your conversation and will compare it with previous information in its possession. Great discretion is necessary and any indiscretion will be reported by censors to the highest authority.

HMJr: Okay.

A: Mr. Secretary, I wanted to know whether you knew of the request that I have received to return.

HMJr: What's that?

A: I wanted to know whether you knew about the request that I had received to return home.

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HMJr: No, I know nothing about it.

A: You do not?

HMJr: No.

A: It comes from Hannegan.

HMJr: What's that?

A: From Hannegan.

HMJr: Hannegan?

A: Yes.

HMJr: What about Hannegan?

A: I received a request to return home from him and I wanted to know whether you knew about it.

HMJr: Well, who is this talking?

A: Aarons in London.

HMJr: Aarons, Hannegan asked you to return?

A: Yes. And the Chief said that you knew about it.

HMJr: Hello. Well

A: Would you ask him about it, Mr. Secretary?

HMJr: I don't know why they asked you. The person they wanted to come back is Isbey -- Frank Isbey.

A: Oh, good Heavens! Well, then the whole thing has been a mistake.

HMJr: Well, how did they ever get you?

A: It was addressed to me.

HMJr: What?

A: It was addressed to me.

HMJr: Well, don't they mention Frank Isbey?

A: No, sir, they do not.

HMJr: Well, that's the stupidest thing I've ever heard of.

A: Well, do you want me to pass this on to Frank?

HMJr: Yeah, the thing is it's Isbey that they want.

A: I see. Well, I couldn't understand it.

HMJr: Now, do they explain why they want Isbey?

A: Yes, sir, but Isbey's name is not mentioned in the telegram.

HMJr: Well, I can't understand -- well, anyway, it's Isbey that they want, and do they say in the telegram why they want him?

A: Yes, sir.

HMJr: Do you know where Isbey is?

A: Yes, I can reach him right away.

HMJr: What?

A: I can get hold of him.

HMJr: Well, you get hold of Isbey and as long as I'm talking to you, you tell him that I hope that he will do it.

A: Righto. I'll do that.

HMJr: Well, the telegram's an open telegram -- what does it say?

A: It says that you and Jones, McCloy and Crowley join him -- join the President in requesting that you return at once to accept chairmanship of the Finance Committee

HMJr: I see.

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A: for the Democratic National Campaign.

HMJr: Yeah.

A: And I couldn't understand why it was addressed to me.

HMJr: No. (Laughs)

A: You see my difficulty.

HMJr: (Laughs)

A: I'll tell Isbey this is intended for him.

HMJr: Yeah.

A: Do you intend to confirm that in any way?

HMJr: I?

A: No, I mean, someone -- to make it Isbey

HMJr: Oh....

A: or should I

HMJr: you just tell him you talked to me on the phone and that there was some -- some person made a mistake.

A: Yes, sir.

HMJr: And that it is meant for him.

A: All right. I'll do that.

HMJr: Where is Isbey?

A: He's -- he's here in London, now.

HMJr: All right. You know we -- we've fixed the rate on the mark.

A: Fine.

HMJr: Have you heard about it?

A: Pardon?

HMJr: What?

A: I didn't hear you.

HMJr: We've fixed the rate for the mark.

A: Oh, yes, sir. I heard about it yesterday.

HMJr: You did?

A: Yes.

HMJr: Everybody, I suppose, is happy over there.

A: Yes. Is Taylor coming back?

HMJr: He's had no baby yet.

A: Oh, goodness!

HMJr: Is he

A: Well, that's too bad.

HMJr: Yeah.

A: Well, thank you very much, sir.

HMJr: All right.

A: Thank you.

HMJr: Bye.

September 9, 1944
10:05 a.m.

MATERIAL FOR QUEBEC CONFERENCE

Present: Mr. D.W. Bell	Mr. Adler
Mr. Gaston	Mr. Nathan
Mr. Pehle	Mr. DuBois
Mr. White	Mr. Glasser
Mr. O'Connell	Mr. Ostrow
Mrs. Klotz	Mr. Bittinger
Mr. McConnell	Mr. Minskoff
Mr. Bernstein	Mr. Taylor
Mrs. Gold	

MR. McCONNELL: Do you want to go into this industrial aspect?

H.M.JR: Yes, I don't see any sense in bringing Baruch in at the start.

MR. McCONNELL: This is very simple. (Hands the Secretary attached memorandum of September 10)

H.M.JR: I don't think that this answers it. Last night I read the title and it is very interesting. Is there a book now? Where is Taylor? Is this number one different from what it was?

MR. TAYLOR: It is slightly shorter, sir.

H.M.JR: "The program to prevent Germany from starting a World War." There is nothing new in that?

MR. DuBOIS: Nothing new - just a little bit taken out to make it shorter.

H.M.JR: Well, I have had that so there is no use going into that.

"Reparations mean a powerful Germany" - could somebody read that out loud?

MR. WHITE: I will get a set of duplicates.

H.M.JR: Here, take it and read it out loud.

(Mr. White reads Attachment A)

H.M.JR: Unless somebody has some violent objection - I have just got to go through this thing to see what is in here. Do you see what I mean? I haven't got very much time. The next thing is "Economic restitution by Germany to the United Nations." Is this new?

MR. WHITE: There are no new ideas, Mr. Secretary, but there are some added items. I can attempt to state them as briefly as possible.

H.M.JR: Read this one, or let Pehle read it.

(Mr. White reads Attachment B)

MR. WHITE: There is one here that I don't think you are familiar with that you might want to hear next: "German Militarism cannot be destroyed by destroying Nazism."

H.M.JR: Well, anything that is new.

(Mr. White reads Attachment C)

MR. WHITE: "How British industry would benefit by proposed program."

H.M.JR: That is new. Who are the men or women who worked on that?

MR. WHITE: Harold Glasser.

MR. GLASSER: We all worked on it.

H.M.JR: Let Taylor read it.

MR. WHITE: It is missing. Will you (DuBois) see where that is? (Mr. DuBois left the conference temporarily)

MR. WHITE: "It is a fallacy that Europe needs a strong industrial Germany." I wonder if you will read that, John?

MR. PEHLE: Sure.

MR. GASTON: That is important. I think you will have to meet that.

(Mr. Pehle reads Attachment D)

H.M.JR: What was that figure between the best and worst?

MR. PEHLE: Thirty-two million tons.

H.M.JR: You gave me the figure, McConnell, the other day between the low and the high.

MR. TAYLOR: About sixty million tons. The high point was reached in 1913.

H.M.JR: Mrs. Klotz, tell Haas to follow up on those figures.

MR. GASTON: One point that might be made there is that the dislocation - which might be the chief disadvantage of any change in the streams of trade - that the temporary dislocation has already been written off in the five years of war.

MR. WHITE: That is the real point, yes. It is different than if you were starting from before the war.

MR. GASTON: Yes, if you were starting before the war--

MR. WHITE: There has been no trade between Germany and these other countries. There will be none.

MR. BERNSTEIN: "How British industry would benefit from the program." (Mr. Bernstein reads Attachment E)

H.M.JR: Be sure to put on the outside of the book, "For the Quebec Conference."

MR. WHITE: The President's name, and "For the Quebec Conference"?

H.M.JR: Yes.

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MR. WHITE: "Why the Resources of the Ruhr should be locked up and equipment removed."

H.M.JR: Yes.

MR. WHITE: I will read that.

(Mr. White reads Attachment F)

H.M.JR: That is wonderful.

MR. WHITE: I feel we have exaggerated.

H.M.JR: That is all right. But I mean, the effect this has on me is that if anything like this is in project I think it would be the greatest boon for England that she has ever seen in her whole history. All of Mr. Churchill's fears could be laid away. He could put his mind on licking Japan - helping us to. He could put his mind on going to work to help us to lick Japan and stop worrying about their economic future.

MR. GASTON: Is much of that English coal, coke?

MR. McCONNELL: Practically all.

MR. GASTON: I asked whether that English coal was much of it coking coal and Mr. McConnell says practically all of it. In other words, steel-making coal.

MR. NATHAN: Yes, for coke purposes. We checked up on that very carefully. The British could supply all the coal that would be lost in the world.

H.M.JR: Say it again, please?

MR. NATHAN: We checked on it very carefully. The British could supply all the coal for coking purposes if we lose the coal mines in the Ruhr.

MR. WHITE: On this list of leading Nazis - we decided not to include that list, and we put "being compiled" because

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there are a lot more to be added to them. So that is not in here.

H.M.JR: I tell you what I would do, I would put in a preliminary list.

MR. WHITE: These are the Nazis who were living in 1935.

H.M.JR: As a matter of fact, don't you think that particular part might be rather fortuitous? I think we are really stepping out of our role on that one.

MR. WHITE: Would you (to Mr. Ostrow) mind telling them to delete that number 12, please? Just do the Table of Contents over without the 12. Thank you.

(Mr. Ostrow leaves the conference temporarily)

MR. WHITE: "The well-being of the German economy is the responsibility of the Germans and not of the Allied Military Authorities."

We really are making just a series of statements, but I will be glad to read it. It is brief.

H.M.JR: Long?

MR. WHITE: It is brief.

Let me go over the others and then you can choose: "What to do about German re-education," "Punishment of war criminals," we modified that slightly - "Controls over development of German economy" - that is very brief and should be expanded.

H.M.JR: Let's hear that.

(Mr. White reads Attachment G)

MR. WHITE: We easily could expand that. We will go ahead and prepare another draft. If we are able, we will put it in.

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MR. PEHLE: "What to do about German re-education."

(Mr. Pehle reads Attachment H)

MR. WHITE: I want to comment on a couple of changes in the preliminary general principle which we made. It won't be necessary to read the whole of it again.

One is, we thought it better to delete the matter of insignia. We left only the uniforms. The insignia was their own addition and they seemed to object to it. We can add that later.

Secondly, we cut out much of the United States' responsibility. We shortened that, and merely said that it ought to participate in the administration, but the program we have would permit of a very rapid withdrawal of U.S. troops.

Joe, can you think of other things to mention?

MR. DuBOIS: A little bit out of the Ruhr section - you recall, where we had the three stages of destruction - we eliminated the three stages.

MR. WHITE: We made it briefer.

H.M.JR: Where did you leave the Saar?

MR. WHITE: The Saar with France. It would be unfortunate if that were not done.

H.M.JR: What else do you have, Harry?

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MR. WHITE: There are some charts back there, but really they are not very effective. All they show is the coal production and the iron production of the various countries, and-- Oh, you have a copy?

(Mr. Nathan gives the Secretary copies of charts)

H.M.JR: You didn't include the Saar, did you?

MR. BERNSTEIN: Which one is that?

H.M.JR: "Production of coal, iron, and steel in the various countries."

MR. BERNSTEIN: We couldn't separate it, from the figures available.

H.M.JR: Now, when you speak of the Ruhr - after all, the Ruhr runs clear across Germany into Belgium. Are you just talking about that part which is in Germany?

MR. NATHAN: Yes, we took that alone, Mr. Secretary.

H.M.JR: But it does run clear across there.

MR. NATHAN: There are special figures for what is called the Ruhr, but not for the Saar, no.

H.M.JR: Too bad. Well, the steel produced in the Saar would fall under what?

MR. NATHAN: According to our scheme it would fall to France.

H.M.JR: But this production of coal - you have the Ruhr, so much steel; and you have France, Belgium, United Kingdom, but you don't show what is produced--

MR. NATHAN: What has been produced in 1937 in the Saar is not shown on this chart, Mr. Secretary. We were interested to show the relationship between production in the Ruhr and the Western European countries.

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H.M.JR: That is the purpose?

MR. NATHAN: Yes.

H.M.JR: Could you do another one for me with the Saar?

MR. NATHAN: I shall try to.

H.M.JR: I mean the same way. This gives me what I want. It shows the Ruhr in relation to the rest of the world.

MR. NATHAN: I shall make the same one for the Saar.

H.M.JR: Will these--

MR. WHITE: That merely shows how the coal production of the Ruhr shot up during the war period.

H.M.JR: Will these be in the book?

MR. WHITE: Yes, and there are also two maps in the book; one map which you have seen a number of times, showing the boundaries which you are suggesting, and another map which is a small edition of that large map on the location of coal deposits in the Ruhr that you had here.

H.M.JR: Well, I think, considering the time that you people had, it is a perfectly amazingly good job, and I want to congratulate all of you. I realize perfectly that it isn't the last word, and I am a little bit timid about giving copies to Mr. Stimson and Mr. Hull, but I am going to do it anyway.

Now, the only thing I suggest is that you people keep working at this, and if we find that we have made mistakes, or we can improve the thing, we will ask them to give us back certain sections and we can substitute, and I will explain when I present this at twelve o'clock today that this is a job done wholly within the Treasury, without consultation or benefit of what other Departments have, that this may be duplication, and so forth.

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MR. WHITE: And that it was done in a very brief time.

H.M.JR: But it does give me an opportunity, and as far as I know it is the only thing, unless the President has something he hasn't told any of us about, which does give him the picture - and I listened last night to the whole speech of Mr. Dewey, and I think, in the light of his speech - and I recommend that everybody in this room read it - did any of you hear it?

(Mrs. Gold nods her head)

H.M.JR: Well, the transition period where he stops and goes from his economic philosophical talk, into the political, is the most amazing thing. He changed his whole voice, didn't he?

(Mrs. Gold nods her head)

MR. WHITE: Which way?

H.M.JR: He suddenly started entirely differently. It is here where he started (points to Times write-up).

He ended up, "There will be for each of us, not only as nations, but as individuals, the daily task of getting along with out neighbors, wherever they are" - very quiet - then he starts in entirely differently - "By this I do not mean getting along with the philosophy of Washington wasters. They have been proposing that America should try to buy the good-will of the world out of the goods and labor of the American people. They propose to buy themselves international power out of our pocketbooks."

Now, what the hell he means by that, I don't know. I don't know what he is talking about.

MR. WHITE: They are giving money away in Lend-Lease and giving it to Latin-American countries.

H.M.JR: He talks of the WPA of the world - but the

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rest of the talk was very good. Didn't you think it was good?

MRS. GOLD: Yes, I was amazed at what he had in it.

H.M.JR: It puts the Administration very much on the defensive.

MR. O'CONNELL: Only in the last five minutes.

H.M.JR: No, I mean the whole talk; it was the whole talk. It doesn't satisfy me, but it goes much further than anybody has for Mr. Roosevelt. And it may be good, because we will have to go further than he does. The net result, after thinking about it all night - I think it was good, because after that, Mr. Roosevelt, or somebody, has to do better.

MR. WHITE: Is he specific at all?

H.M.JR: Yes, and his delivery was very quiet, and everything. Of course, I think he made a great mistake that he didn't end before he went into the political stuff. I think he would have been much, much more effective. He would be very hard to answer if he just had stopped on that part there about our neighbors.

MR. GASTON: He makes it appear that his whole negotiations with Dulles, and so forth, was for the purpose of making political ammunition and political fire.

H.M.JR: He didn't, up to that one point.

MR. GASTON: That is what I mean.

H.M.JR: I am very glad we are doing what we are. I should think it would be very useful to the President at Quebec. Please don't stop. Please keep right on. It is very, very necessary. And out of this thing, what I am hoping is, there will come a directive from the President as to his policy. That is what I am hoping for.

- 10 -

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MR. WHITE: Of course, there is a lot of material, for example, that Bob McConnell has, and is gathering, which would be extremely useful if we had to expand the questions of economic controls, that would be vital.

H.M.JR: Well, as I say, what I would like to do - could you get together one more and leave it with Fitz? And then I am going to sit here and read it.

MR. WHITE: I will get it right back. We don't have complete copies of the maps, and so forth, but the President's copy will be complete.

H.M.JR: Neither Mr. Hull nor Mr. Stimson will look at this thing now, anyway.

I congratulate all of you.

Sept. 10, 1944

Secretary Morgenthau

R. E. McConnell

In the post-surrender program which will effectively forestall a third German war, it will be necessary to deal with German industry, and the following procedures should become an integral part thereof.

If these three procedures were adopted, Germany would be rendered impotent to conduct another war. If the Allied Nations continued to maintain the status suggested, Germany's war potential will continue to be zero.

(1) Eliminate 100% of all synthetic oil capacity (which would destroy 80% of Germany's internal oil resources) and prohibit the reconstruction of plants and the importation of oil beyond normal peacetime inventories.

(2) Eliminate 75% of Germany's synthetic nitrogen plant capacity (which would leave a capacity in Germany ample for peacetime nitrogen requirements) and prohibit reconstruction of plant and all importation of nitrogen compounds.

(3) Eliminate 50% of Germany's steel-making capacity in those categories of plants which are most capable of producing essential war material such as heavy forging, electrolytic and high alloy steels. Also prohibit importation of iron ore, flux material, steel and steel products beyond normal peacetime inventories.

While either one of the above three procedures will effectively accomplish the objective, the other two will add insurance.

REM:ESD

Reparations mean a powerful Germany.

If we were to expect Germany to pay recurring reparations, whether in the form of money or goods, we would be forced at the very beginning to start a rehabilitation and reconstruction program for the German economy. For instance, we would have to supply her with transportation equipment, public utility repairs, food for her working population, machinery for heavy industry damaged by bombing, reconstruction of housing and industrial raw materials. No matter how the program would be dressed up, we would, in effect be doing for Germany what we expect to do for the liberated areas of Europe but perhaps on an even greater scale, because of Germany's more advanced industrialization.

When reparation deliveries cease Germany will be left with a more powerful economy and a larger share of foreign markets than she had in the Thirties.

Therefore, a program of large-scale reparations must be rejected for the following reasons:

1. Politically it would be very difficult to persuade people of liberated Europe and of the other United Nations, including the U.S., to accept a program of immediate reconstruction of the German economy.
2. If liberated Europe becomes economically dependent on Germany for reparations, her economic dependence cannot be broken off when reparations cease. The rest of Europe would continue to be dependent on Germany as a source of supply and as a market. These economic ties would also mean political ties. Germany would be right back where she was in the Thirties when she was able to dominate the rest of Europe economically through her industrial power and to exert her economic power to achieve political dominations.
3. An economically powerful Germany ipso facto constitutes a military threat to world security.
4. The payment of reparations is directly competitive with the export industries of the U.S., the U.K. and France and would create political dissensions among the United Nations.
 - (a) Whatever the recipient countries get in reparations they will not buy from the Allied industrial powers in the post-war period.

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- (b) If Germany is placed on a reparations basis she will have to export industrial goods to non-European markets in order to get the necessary foreign exchange to import the raw materials for her industry. Therefore, she will again compete with England and the United States in the Latin American, African and Asiatic markets.

5. An economically powerful Germany would be able to compete more effectively with other countries as and when the payment of reparations ceases.

A reparations program for Germany after this war holds no greater promise of success than the Dawes and Young plans tried after the end of the first World War.

Economic restitution by Germany to United Nations

In lieu of recurring reparations payments the nation entitled to such payments will receive from Germany a lump sum payment in the form of German material resources, German human resources and German territory.

This lump sum payment, which may be described as restitution rather than reparations will be effected in the following manner:

- (a) The transfer of German territory to liberated countries including the industrial installations located there. It is proposed that the great industrial areas of Silesia be transferred to Poland and the industry of the Saar and the adjacent territories be transferred to France. These territories will represent enormous wealth to the recipient countries.
- (b) By removal and distribution among devastated countries, of industrial plants and equipment and transportation facilities including railroads, situated within the remaining German territory and the Ruhr. It is expected that complete factory units, machinery, equipment, stocks of raw materials, railroad and shipping will be transferred to the devastated countries and will constitute a real basis for the reconstruction and industrialization of liberated Europe to the extent possible the whole industry of the Ruhr will be so transferred.
- (c) By the creation of German labor battalions to be used for reconstruction work outside Germany.
- (d) By confiscation of all German foreign exchange assets of any character whatsoever.

The type of restitution described above will be more beneficial both politically and economically to recipient countries than would be any form of recurring reparations payments.

Benefits will be realized almost immediately by the receipt of machinery, equipment and manpower, and the economies of the recipient countries will be strengthened absolutely as well as relatively to that of Germany.

To the extent that the need of these countries for industrial products is supplied by U. S. and U. K. instead of by Germany, the receiving nations benefit by obtaining delivery more rapidly in the immediate post-war period. Also by supplying such goods U. S. and U. K. enjoy expanded foreign post-war markets.

German Militarism cannot be destroyed by destroying Nazism alone.

(1) The Nazi regime is essentially the culmination of the unchanging German drive toward aggression.

(a) German society has been dominated for at least three generations by powerful forces fashioning the German state and nation into a machine for military conquest and self-aggrandisement. Since 1864 Germany has launched five wars of aggression against other powers, each war involving more destruction over larger areas than the previous one.

(b) As in the case of Japan, the rapid evolution of a modern industrial system in Germany immeasurably strengthened the economic base of German militarism without weakening the Prussian feudal ideology or its hold on German society.

(c) The Nazi regime is not an excrescence on an otherwise healthy society but an organic growth out of the German body politic. Even before the Nazi regime seized power, the German nation had demonstrated an unequalled capacity to be seduced by a militarist clique offering the promise of economic security and political domination in exchange for disciplined acceptance of its leadership. What the Nazi regime has done has been to systematically debauch the passive German nation on an unprecedented scale and shape it into an organized and dehumanized military machine integrated by all the forces of modern technique and science.

(2) The dissolution of the Nazi Party will not, therefore, by itself ensure the destruction of the militaristic spirit instilled into the German people over generations and given an overwhelming impetus in the last decade. This will of necessity be an arduous process, and for a long time to come it would be gambling with the very destiny of civilization to rely on an unproven German capacity for self-regeneration in the face of its proven capacity for creating new weapons of destruction to be used in wars of aggression. Therefore, in addition to disarming and weakening Germany as a military power, the interests of world security will best be promoted by:

(a) Forcibly reducing Germany's industrial capacity so that she will cease to be a major economic, military and political power.

(b) Strengthening all Germany's neighbors politically and economically relatively to Germany. The more likely she is to realize the futility of the militarist philosophy from which aggression ensues.

It is a fallacy that Europe needs a strong industrial Germany.

1. The assumption sometimes made that Germany is an indispensable source of industrial supplies for the rest of Europe is not valid.

U.S., U.K. and the French-Luxembourg-Belgian industrial group could easily have supplied out of unused industrial capacity practically all that Germany supplied to Europe during the pre-war period. In the post-war period the expanded industrial capacity of the United Nations, particularly the U.S., can easily provide the reconstruction and industrial needs of Europe without German assistance.

Total German exports to the entire world in 1938 were only about \$2 billion, of which machinery steel and steel products amounted to about \$750 million, coal \$165 million and chemicals \$230 million.

These amounts are trivial in comparison with the increased industrial potential of the U.S. alone, or of the U.K. One-fifth of our lend-lease exports of 1943 would be sufficient to replace the full exports of Germany to the whole world.

2. A claim has been made that Europe is dependent upon Ruhr coal. The French-Belgian steel industry and some of the new industrial units which will arise in Europe after the war will need imported coal supplies. However, the British coal industry which suffered from German competition before the war will be able to supply a major part if not all of these needs. The coal industries of France, Poland, Silesia and the Saar are also capable of further expansion if the competition of the Ruhr is eliminated. Further supplies if necessary could be obtained from the United States though at a much higher price. The different quality of the substitute coals may require some technological changes but the adjustment can be made.

Germany had a net export of coal of 32 million tons in 1937. The difference between the British coal production in a good year and a depressed year was more than the total German exports of coal. Moreover, at no time in the last 25 years has the British coal industry worked at full capacity.

3. Germany has been important to the rest of Europe as a market principally for surplus agricultural products. In 1937 Germany's food imports from the world were \$800 million, of which Europe supplied \$450 million. Total German purchases of raw materials from Europe in 1937 were about \$350 million. The loss of the German market will be largely compensated for by the following developments:

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(a) If German industry is eliminated, no doubt the bulk of the industrial raw materials which Germany used to purchase will now be bought by other European nations which will henceforth produce the industrial commodities which Germany exported before to Europe.

(b) The industrialization and the heightened standard of living of the rest of Europe will absorb a part of the food surpluses which formerly went to Germany.

(c) Those parts of Germany which will be added to other countries (the Rhineland, Silesia, East Prussia) may have as high a volume of food imports as before, perhaps higher.

(d) The remaining part of Germany will continue to import some food, perhaps 25%-50% of former food imports.

4. Germany was important to the rest of Europe as a market to the following extent:

Percentage of each country's exports to Germany

	<u>1938</u>
United Kingdom	4 %
France	6 %
U.S.S.R.	7 %
Belgium	12 %
Norway	13 %
Italy	15 %
Czechoslovakia	15 %
Netherlands	15 %
Denmark	20 %
Poland	24 %
Yugoslavia	38 %
Greece	38 %

The U.K. exported principally coal and textile materials to Germany and the principal French exports were iron ore and wool. The elimination of German industrial exports will provide adequate markets for these exports and more.

The loss of the German market may be important to the Balkan countries. Agricultural exports of these countries to Germany were abnormally large in 1938 because of Germany's unscrupulous exploitation through clearing agreements and other devices. These countries will find markets for part of

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their food surplus through industrialization and a higher standard of living within their own country. German areas will continue to import some food from them. However, there may be a net loss of markets to Denmark, Holland, and Yugoslavia, and these countries will need to make an adjustment in their economies which should not be difficult in the period of greater adjustments which will come with liberation.

5. In short, the statement that a healthy European economy is dependent upon German industry was never true, nor will it be true in the future. Therefore the treatment to be accorded to Germany should be decided upon without reference to the economic consequences upon the rest of Europe. At the worst, these economic consequences will involve relatively minor economic disadvantages in certain sections of Europe. At best, they will speed up the industrial development of Europe outside of Germany. But any disadvantages will be more than offset by real gains to the political objectives and the economic interests of the United Nations as a whole.

How British Industry Would Benefit by Proposed Program

1. The British coal industry would recover from its thirty year depression by gaining new markets. Britain would meet the major portion of the European coal needs formerly met by the annual Ruhr production of 125 million tons. The consequent expansion of British coal output would allow for the development of a coherent program for the expansion and reorganization of what has been Britain's leading depressed industry since 1918 and facilitate the elimination of the depressed areas.
2. The reduction in German industrial capacity would eliminate German competition with British exports in the world market. Not only will England be in a position to recapture many of the foreign markets she lost to Germany after 1918, but she will participate in supplying the devastated countries of Europe with all types of consumer and industrial goods for their reconstruction needs in the immediate post-war years.
3. Transference of a large section of German shipping, both commercial and naval, and shipbuilding equipment to England will be an important item in England's program of post-war economic expansion of restitution.
4. Britain's foreign exchange position will be strengthened and the pressure on sterling reduced by the expansion of her exports and shipping services.
5. The assurance of peace and security would constitute England's greatest single economic benefit from the proposed program designed to put Germany in a position never again to wage effective war on the continent. England would be able to undertake the program for economic and social reconstruction advanced in the Beveridge plan and the Government program for full employment without having to worry about the future financial burdens of maintaining large army and huge armament industries indefinitely.
6. Britain's political stability would be reinforced by her increased ability to meet the insistent domestic demands for economic reform resulting from the assurances of security and of an expansion of her exports.

Why the resources of the Ruhr should be locked up and the equipment removed.

During the last hundred years the basis of modern German militarism has been the industrial capacity of the Ruhr. Very large resources of high quality coal that lends itself particularly well to the production of coke and a fortunate geographic location which facilitated the importation of iron ore, were the foundation of an industrial apparatus that is unique throughout the world and the development of which has been deliberately guided by military objectives.

The elimination of this industrial apparatus is indispensable to rendering renewed German aggression impossible for many years to come. No other device could serve this main objective of the United Nations with the same effectiveness. Dismemberment of Germany alone would not suffice since political developments several decades hence may make a reunion of the several German states possible. In that case the reunited German State would immediately possess a huge industrial potential unless the Ruhr industry were destroyed.

If the Ruhr industry were eliminated, new iron and steel industries would unquestionably be built up in the rest of Europe to provide for those needs in iron and steel which the Ruhr used to satisfy, and to make use of the French iron ore production. Coal would become available from the Saar, from increased production in France, Great Britain, Silesia and Poland. The elimination of the Ruhr would hence be a welcome contribution to the prosperity of the coal industry of several United Nations. Great Britain has very large reserves of coal; her proved reserves are held to represent, at the present rate of extraction, about 500 years' supply.

Britain's coal production has severely declined in the inter-war period and never again reached its maximum of 1913 (293 million metric tons). The level of production in the years preceding this was that of the turn of the century, the increase between 1900 and 1913 having been lost. The production in 1938 was 60 million tons lower than in 1913.

The new iron and steel industries which will arise in Europe to take the place of the Ruhr will have such a powerful vested interest that they will constitute a permanent and effective barrier to the re-industrialization of the Ruhr.

Controls over Development of German Economy

A long range program should be put into effect for the purpose of controlling the strategic elements in the German economy for a prolonged period, at least 20 years. The elements which should be controlled are:

1. German foreign assets, including patents and copyrights.
2. German foreign trade.
3. Clearing and trade agreements with foreign countries.
4. Capital imports and capital exports.
5. Industries producing strategic materials other than those for which special provision has been made.
6. The German commercial and fishing fleet.
7. Inland navigation, e.g., canals and rivers.

It is essential that the foregoing strategic elements in the German economy be controlled lest through their use, the Germans once again proceed to build up various aspects of their industrial and economic structure for future militaristic and aggressive purposes. Germany has been the leader in the world in using customs tariffs, trade preferences, foreign exchange control, control over transit trade, import quotas, international cartels, patents and copyrights for discriminatory and unfair trade advantages against her neighbors. It has been the focal point for many of the festering sores and competitive trade wars throughout the 1920's and 30's.

What to do about German re-education

The militaristic spirit which pervades the German people has been deliberately fostered by all educational institutions in Germany for many decades. Schools, Colleges and Universities were used with great effectiveness to instill into the children and the youth of the nation the seeds of aggressive nationalism and the desire for world domination. Re-education of the German people must hence be part of the program to render Germany ineffective as an aggressive power.

Re-education cannot be effectively undertaken from outside the country and by teachers from abroad. It must be done by the Germans themselves. The hard facts of defeat and of the need for political, economic and social reorientation must be the teachers of the German people. The existing educational system which is utterly nazified must be completely reorganized and reformed. The chief task will be to locate politically reliable teachers and to educate, as soon as possible, new teachers who are animated by a new spirit.

A United Nations Commission of Education should be created which will have supreme authority in all matters of education and organs of public opinion. All educational institutions of any type and character will be closed. Their reopening will depend (1) upon the possibility of assembling faculties in whom political confidence can be placed; (2) upon reorganization of curricula; (3) upon the completion of new text books to replace the utterly unusable books of the past. During a preliminary period only appointments to faculties of educational institution should be subject to the approval of the United Nations Commission of Education. While it may be possible to reassemble faculties for primary schools after a relatively short time, all institutions of higher learning, the chief centers of militaristic, pan-German propaganda in the past, may have to remain closed for a number of years.

September 9, 1944
11:43 a.m.

HMJr: Hopkins?

Operator: Right.

HMJr: Yes.

Operator: Go ahead.

HMJr: Hello.

Harry Hopkins: Henry.

HMJr: Yes, Harry.

H: I want to tell you what I know more about that suggestion you made about the personnel.

HMJr: Yeah.

H: First, the job was offered to Byrnes.

HMJr: Yeah.

H: He is turning it down.

HMJr: Really?

H: Yeah. Now, in between then, when I knew that

HMJr: Yeah.

H: and -- I went over to see Hull to make certain that Hull would not jump the traces.

HMJr: Yes.

H: Hull is quite agreeable and, indeed, anxious and said to me, amongst other things, "Do you think we can depend on Winant to be tough?"

HMJr: Yes.

H: I said I thought so.

HMJr: Uh huh.

H: Now -- then Hull said to me, "Well, if you'll find out from the President the lay of the land...."

HMJr: Yeah.

H: I didn't tell him that you had -- you know

HMJr: Good.

H: had been in on this. -- ".... I will speak to the President." And now, bear in mind the way it lies now

HMJr: Yeah.

H: that Jimmy is not going to take it

HMJr: Yeah.

H: although it was put up to him very badly.

HMJr: Very badly?

H: Oh, God, it was terrible.

HMJr: In what way was it "badly"?

H: Well, the Department -- State Department sent a man over to see him.

HMJr: Oh, for God's sake.

H: And, in effect, they -- to tell him what the job was about, you see?

HMJr: Yeah.

H: And they outlined to him this job which they've got on the chart

HMJr: Yeah.

H: of the European Advisory Commission chart.

HMJr: Oh.

H: Uh -- for the Economic Control Commission

HMJr: Oh.

H: which is, as I understand it, is an outfit that comes under the High Commission. See?

HMJr: I see.

H: And they didn't talk to him about the High Commissioner.

HMJr: Oh, for Heaven's sake!

H: And Hull said to me -- well, he said, "I have been assuming all along that you were going to have that job." Meaning me, see?

HMJr: Right.

H: But I had a very frank talk with Jimmy about it and told him I had thought that they had intended to offer him the job of High Commissioner and he said, "Well, that wouldn't make any difference because it would be, in effect, the same kind of a job."

HMJr: Yeah.

H: If he was High Commissioner, he'd have control of the economic business and it was the type of an administrative job that he was not going to do.

HMJr: Yeah.

H: He was appreciative of the offer.

HMJr: Yeah.

H: Now, he would take the job of Ambassador.

HMJr: To England?

H: Yeah. What?

HMJr: To England?

H: Yeah.

HMJr: He would?

H: Yeah.

HMJr: You -- you've talked to him?

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H: Certainly.

HMJr: Yes.

H: I wanted to -- if we're really going to move on this

HMJr: Yes.

H: I want to be sure that we can get home.

HMJr: Yeah.

H: He knows nothing -- I told him I have no idea what the President would say.

HMJr: Yes.

H: See? About it. But, it -- well, now, that's the way the thing lies at this minute. Now, I have not talked to the President, myself.

HMJr: Well, when are you going to talk to him?

H: Well, I thought I'd try to get a chance either right after this meeting....

HMJr: Yeah.

H: Now, you -- you're inclined to think he'll be favorable to this?

HMJr: Well, from my discussion with him, I -- I sort of gathered he kind of liked it.

H: Yeah.

HMJr: See?

H: It's the best thing I could think of; although now you realize the situation is that Byrnes is not going to take the job.

HMJr: Yeah, but

H: But the minute he doesn't take it -- uh -- you see -- and I don't think he's told the President yet. Well, God damn it, they'll come up with somebody else

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HMJr: Well, the point

H: that's far worse, you see?

HMJr: Yeah, well, the point is this, Harry: I think the President right now -- his immediate interest is to find a place for Byrnes.

H: Well, I think that's one thing and I -- I think he could be persuaded quite easily that Winant could do this job.

HMJr: Yeah.

H: That Winant has done a fine job in England and that Byrnes would do a good job.

HMJr: Yeah.

H: That Byrnes'-- uh -- relation to the Senate later

HMJr: Yeah.

H: on the peace treaty would be very helpful to him.

HMJr: That's right.

H: At some point -- and we're going to need a lot of help.

HMJr: I think it's a natural.

H: And that we could lay this out to Winant in a way that Winant would take it. Winant will do whatever the President tells him....

HMJr: Yeah.

H: to do. Now, the President may have to lay it on a little thick to Winant, but I don't care how thick he lays it on.

HMJr: Well, I hope that in doing it you'll keep it in mind that I would feel very much reassured and I

H: If Winant were the man?

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HMJr: Yeah. And if he would take a man like John Pehle with him

H: Well, I think he'd be very reasonable about taking people.

HMJr: Well, I think -- well

H: Don't you?

HMJr: Yes, but I think

H: And later -- but we can't sew that up at this moment.

HMJr: No, but I want to keep -- to have you -- have it in your mind.

H: Sure. Well

HMJr: You need a tough guy like Pehle.

H: What I thought is that as soon as we could get this settled

HMJr: Yes.

H: then we'd proceed, sort of between us, and see if we couldn't make -- suggest three or four different people that he'd take with him.

HMJr: Yeah.

H: See?

HMJr: Because -- now, you take this Colonel Chandler who has been over here on this handbook.

H: Yeah.

HMJr: I don't know whether you know him or not.

H: Yeah. He used to be LaGuardia's

HMJr: Yes.

H: counsel.

HMJr: Well, he was in here the other day and he was talking to our boys about this directive

H: Yeah.

HMJr: and what Eisenhower should say and what he shouldn't say.

H: Yeah.

HMJr: He said, "Well, after all," he said, "the German troops are disciplined. You've got to remember that. They're not like the American soldiers."

H: (Laughs)

HMJr: Now, those are the kind of people....

H: Yeah.

HMJr: in fairly important positions who are handling these directives.

H: Do you know whether -- whether Harry White has put his mind any more on the language in that Section H of that first -- thing the State Department gave him?

HMJr: That I don't know, but I've got a whole book that I'm going to give to the President. We've gone much, much further. And I'm giving each of the rest of you copies, but it's just dry now. I haven't had a chance

H: No.

HMJr: to circulate it.

H: I see.

HMJr: But this is an amazing job that the boys have done over night here.

H: Yeah. Is that the job McConnell was on?

HMJr: Well, only in part -- small part.

H: Yeah. I see.

HMJr: But

H: Yeah.

HMJr: he -- only the small part.

H: Yeah.

HMJr: But we've got a job which the President can take with him

H: Uh huh.

HMJr: and we've

H: We're

HMJr: What?

H: How far do you think we can get today -- simply an extended discussion of the other day?

HMJr: Well, what I'm hoping is that the President will turn to the four of us and say, "Will you give -- concoct for me a directive which will express the Administration's policy towards Germany?"

H: Yeah. Yeah.

HMJr: See?

H: Yeah.

HMJr: That's what I'd like to get.

H: That's as far as we get this morning?

HMJr: If we got that, that would be wonderful.. ..

H: All right.

HMJr: What do you think?

H: That's all.

HMJr: What?

H: That's as far as I'm sure we can get.

HMJr: Yeah.

H: Uh -- I hope we can get into a little discussion about ^{part-} petition this morning.

HMJr: Well, I hope so, too.

H: Irrespective of that

HMJr: Now I heard Dewey

H: On its own -- on its own merits

HMJr: Did you hear Dewey last night?

H: No, but I read it this morning.

HMJr: Well, you should have heard him.

H: Yeah.

HMJr: Now, the first twenty-five minutes that boy was good.

H: Yes.

HMJr: Then when he got into the Washington wastefulness, from then on he got straight political.

H: Yeah.

HMJr: But the first twenty-five minutes that boy was good. We've got to be "gooder".

H: Yeah. Yeah.

HMJr: A damn sight better than he was.

H: Oh, yes. All right.

HMJr: What?

H: Oh, yeah. All right.

HMJr: And he isn't giving us much time to move.

H: No.

HMJr: But that's very interesting about Jimmy.

H: Yeah. Well, now, it's, I think, it's sitting all right if the Boss will -- will go through with it and I know Hull is sitting all right about it.

HMJr: Yeah. Well, I think he will.

H: Hull doesn't want to go over there with a recommendation on this unless he's pretty sure he's going to get home.

HMJr: I think it's something that the President should offer to Jimmy himself.

H: Oh, he would. The President would handle it, but

HMJr: But you say

H: Hull ought to get in it now, see, and say, "I'd like to see this done."

HMJr: Yeah. He's very funny on these things.

H: Yeah, he is and he's got to be handled carefully.

HMJr: Yeah.

H: I don't like to have him in the position of saying, "Well, the President picked this fellow and hence I have nothing to do with it."

HMJr: Yeah.

H: You see?

HMJr: Yeah.

H: But I think, perhaps, we'd better not talk about that with all these people present.

HMJr: Oh, no.

H: Unless the President brings it up and then the thing to do is to go after it hard.

HMJr: That's right.

H: All right.

HMJr: Keep me posted.

H: Yeah. Bye.

HMJr: I thank you.

September 9, 1944
3:30 p.m.

GERMAN PARTITION

Present: Mr. D. W. Bell
Mr. Gaston
Dr. White
Mr. McConnell
Mr. Pehle
Mrs. Klotz

H.M.JR: Well, again, I don't suppose it is necessary for me to emphasize the confidential nature of these discussions, but the gist of this thing is this:

I understand Hopkins brought up the question of partition, and he seemed to be the devil's advocate for it. Hopkins did say he had had a long talk with Jimmie Dunn, who was against partition, and Isaiah Bowman, who is against partition.

Then the President said he would go along with the idea of Trusteeship for the Ruhr, the Saar, and the Kiel Canal. The President also said he is in favor of dividing Germany into three parts.

MR. McCONNELL: May I ask a question? Is that Trusteeship all the way up the Rhine to the Saar?

H.M.JR: No, just the Trusteeship for the Ruhr, the Saar, and the Kiel. Hopkins kept pressing the point about partitioning Germany, and I frankly don't know where he stands. Hopkins put the question to the President, "Would it be correct to define your position saying you agree to partition?" The President said, "Yes."

The President said, "Yes," but he is in favor of doing it now and not waiting. Then during the discussion Stimson said that we must get along with Russia; it was terribly important.

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The President kept looking through the book, wanting to know whether I had the part put in about uniforms and marching. I said it was there.

This is the most significant part of all. The President kept reading this thing, you see; this interested him very much. The President then read aloud, "It Is a Fallacy that Europe Needs a Strong Industrial Germany," and the President said, "That is the first time I have seen anybody say that." He says, "All the economists disagree, but I agree with that."

MR. GASTON: That is the most important thing in the book, in my opinion.

H.M.JR: The President says, "This is the first time I have seen this stated. Everybody seems to disagree on that point, but I agree with the idea." Then he says--get this--"Furthermore, I agree in an agricultural Germany." I don't see how he could come much further.

MR. PEHLE: He said that on reading the title?

H.M.JR: Yes, he got down as far as "Four." He read this first part, and then he said, "Oh, yes, I see you have the uniforms in Number Twelve. That is good, that is good." Then he was crazy to read this thing. Half the time the other people were talking he was reading this memorandum. When he read, "It Is a Fallacy that Europe Needs a Strong Industrial Germany," he said, "I agree, but nobody else agrees." He says, "As far as I am concerned, I'd put Germany back as an agricultural country." As far as I am concerned, he doesn't have to say any more. In other words, he has come, come, come, all the time.

MR. BELL: What does he mean by a Trusteeship for the Ruhr and Saar, and at the same time turn it back to an agricultural country?

H.M.JR: The President hasn't had a chance to read much since I gave him that original memorandum a couple of weeks ago. He read that very carefully. He hasn't had a chance to do much since then.

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DR. WHITE: He is apt to read some of the things in that book, don't you think?

H.M.JR: I have taken steps to see that the book goes with him. That has been taken care of.

Now, the other part is that Hull turned to me and said, "All I can see that is in this book is an amplification of the things you and I stand for." I said, "That is right."

MR. GASTON: Hull said that?

MR. BELL: Hull said ~~that~~ what?

H.M.JR: Yes. He said, "All this is just an amplification of what you and I stand for."

MRS. KLOTZ: What did Stimson say?

MR. PEHLE: That is an important remark.

H.M.JR: I haven't read Stimson's memorandum, ^{page 50} so I don't know what he said.

MR. WHITE: Well, do you want me to summarize it?

MR. GASTON: A new one?

H.M.JR: Yes.

MR. WHITE: What he says is your major point, namely, the complete destruction of the Ruhr, and he says that he is unalterably opposed to that and thinks it would be a serious error to deprive the people of Europe of the products that that area could produce. He says that you would go even further than that, apparently; you would extend the obliteration of industry throughout Germany, or virtually obliteration, because the way it is phrased, you speak not only of armament industries, but even those industries which might be regarded as key industries. And he said he is doubtful about partition. He has an open mind on that. And, likewise, he is willing to agree

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that the Ruhr might be internationalized, but be used for the purpose of providing reparations and products for the rest of Europe.

He went on to say that he thinks that some of your demands for treatment of criminals needs to be drastically changed; that you have to have a legal procedure which provides that individuals can make their case and be tried, and so forth.

But he bases the main argument on that he doesn't agree with you that industry needs to be, and certainly should be, greatly destroyed. He says that is unnatural.

MR. McCONNELL: He said that he agreed with you that it should be controlled, but not destroyed.

MR. WHITE: That you could obtain the same objective by controlling.

MR. BELL: He said one other thing, too, about the Saar. I don't know that he said that you suggested it, but he said that it had been suggested that the Saar be given to France. He raised some question about that. He said that he agreed that all Alsace-Lorraine should go back to France, but he didn't think that France ought to get any more territory, particularly a territory where they control minority groups and form a basis for future dissensions in war.

H.M.JR: I understand from the boys it is you (Bell) who wants to give the Saar to France.

MR. BELL: No, I want to give the Ruhr and the Saar to England, in perpetuity.

MR. PEHLE: He said France had suffered a lot from the war.

MR. BELL: It is just the other way around.

H.M.JR: We are kidding Mr. Bell.

MR. BELL: I said I didn't see where France had con-

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tributed anything in this war, and I didn't see why they should get the Saar.

(The Secretary holds a telephone conversation with Miss Grace Tully)

H.M.JR: Apropos of nothing, the train came in three-quarters of an hour late. I said to the Pullman conductor, "What are you so late for?"

He said, "We stopped out in the sticks. We have only got one conductor and we had to stop there to count noses and pick up tickets."

He said, "We lost money and I'm a stockholder of the New York Central and the stock is less than I paid for it and we are going to stop until we get it paid for."

Forty-five minutes out in the sticks they stopped to take up the tickets.

MR. WHITE: Was the President on it?

H.M.JR: No, this was just me. This was when I came down from Malone. The conductor couldn't get through the train so before we got to Malone he stopped the train for forty-five minutes to take up the tickets for fear he.... wouldn't get them.

MR. BELL: He is not only a good stockholder, but a good conductor.

H.M.JR: They gave our meeting today a much better twist on the ticker.

MR. WHITE: Did Stimson say anything?

H.M.JR: Sure, he took fifteen or twenty minutes at a time trying to get over the fact that he was answering the Treasury, and how did I know that he was going to bring in something new. So all he was trying to do was to answer something that went before.

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Hull kept saying, "Well, we will get the President to do something. So twice I tried to get the President to agree that he had asked the three of us to draw up a declaration of policy of the United States Government towards Germany, and I couldn't get anywhere. And Hull wouldn't back me up except nudging me like this (indicating) - "Go on, give the President your papers. Go on, Henry."

MRS. KLOTZ: Then you were right that Stimson would object to your bringing in these papers, but Hull didn't.

H.M.JR: Then the thing, of course, that just cooked Stimson's goose for the rest of the time he was here, the President said, "Has anybody talked about partition?"

So Stimson said, "Yes, Welles has; I have just been reading his book."

Oh boy! Anything he says from now on is no good as far as Hull is concerned. Stimson said, "I just got a copy of his book."

Another thing that seemed to upset Stimson, Hull said, "I sent you the economic report of the State Department on Germany. I'm waiting for an answer from you, Colonel Stimson."

And Stimson said, "Sir, Mr. Secretary of State, I have not received it."

Hull answered, "Colonel Stimson, I sent it to you."

I don't know what Hull is talking about. Is there a report of the State Department?

MR. WHITE: I don't know about it.

MR. PEHLE: That is an old mimeograph that they sent to Winant, probably.

MR. WHITE: He may be referring to that, I don't know. I see where the War Department is going to be busy Saturday and Sunday trying to answer those arguments.

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H.M.JR: Well, I think that is about all. But to me - we have gone inch by inch all week, and the fact that the President now believes it is a fallacy that Europe needs a strong industrial Germany--

MR. WHITE: Having read the title, he is convinced of it.

MRS. KLOTZ: Wait until he goes into it.

MR. WHITE: He won't go into it. He stops with the title because he agrees.

H.M.JR: What about a few maps and a few "filler-ins" for me?

MR. WHITE: They are making some more.

H.M.JR: Could I have a complete set? I am coming to a movie at eight o'clock tonight. Do you suppose it could be here for me?

MR. WHITE: Oh, yes.

H.M.JR: With Fitz, please.

MR. WHITE: We will make up a book like the President had, if that is what you want.

H.M.JR: I would like to take it with me on the train. I feel pretty good.

MR. GASTON: You should.

MR. PEHLE: He is going to the Conference in the right frame of mind.

MR. WHITE: Stimson isn't going to be on the train, I guess.

H.M.JR: I am only going as far as Hyde Park.

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MR. WHITE: Who is he taking with him?

H.M.JR: I will know tonight.

MR. GASTON: This doesn't mean you have written the ticket, but it certainly looks like you have given a push in that direction.

MRS. KLOTZ: Did anything happen on the appointment to Germany, do you know?

H.M.JR: No.

MR. PEHLE: Murphy saw the President just before you did.

H.M.JR: Yes, I know he did.

MR. BELL: The paper indicated he would go to the meeting with the President.

H.M.JR: Who?

MR. BELL: Murphy. It wasn't positive.

H.M.JR: I don't think so, because he asked to see me Tuesday. No, I gathered it was just his military entourage; nobody else.

MR. GASTON: Leahy?

H.M.JR: Leahy, Watson, Steve Early - just his regular military group - I suppose Admiral Brown.

Don't you feel pretty good about it, Herbert?

MR. GASTON: Yes, I do.

H.M.JR: Cheer up, McConnell.

MR. McCONNELL: You know, if you are going to include

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the Saar in your international zone, it ought to go with Lorraine.

MR. WHITE: You mean you wouldn't give Lorraine back to France?

MR. McCONNELL: No.

MR. WHITE: Start another war tomorrow.

MR. McCONNELL: They should go together.

H.M.JR: O.K.

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James Stimson to F.H.R. 50

Memorandum for the President

September 9, 1944

Our discussions relate to a matter of method entirely; our objective is the same. It is not a question of a soft treatment of Germany or a harsh treatment of Germany. We are all trying to devise protection against recurrence by Germany of her attempts to dominate the world. We differ as to method. The fundamental remedy of Mr. Morgenthau is to provide that the industry of Germany shall be substantially obliterated. Although expressed only in terms of the Ruhr, the fact of the matter is that the Ruhr and the adjacent territories which Mr. Morgenthau would include in his program constitute, particularly after the amputations that are proposed, the core of German industry. His proposition is

"the total destruction of the whole German armament industry and the removal or destruction of other key industries which are basic to military strength."

In speaking of the Ruhr and surrounding industrial areas, he says:

"This area should not only be stripped of all presently existing industries but so weakened and controlled that it cannot in the foreseeable future become an industrial area--all industrial plants and equipment not destroyed

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by military action shall either be completely dismantled or removed from the area or completely destroyed, all equipment shall be removed from the mines and the mines shall be thoroughly wrecked."

I am unalterably opposed to such a program for the reasons given in my memorandum dated September 5 which is already before the President. I do not think that the reasons there stated need again be elaborated. In substance, my point is that these resources constitute a natural and necessary asset for the productivity of Europe. In a period when the world is suffering from destruction and from want of production, the concept of the total obliteration of these values is to my mind wholly wrong. My insistence is that these assets be conserved and made available for the benefit of the whole of Europe, including particularly Great Britain. The internationalization of the Ruhr or the trusteeship of its products--I am not prepared at the moment to discuss details of method--constitutes a treatment of the problem in accord with the needs and interests of the world. To argue that we are incapable of sustained effort to control such wealth within proper channels is to destroy any hope for the future of the

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world. I believe that the education furnished us by the Germans in two world wars, plus the continuity of interest which such a trusteeship would stimulate is sufficient insurance that we can be trusted to deal with the problem. The unnatural destruction of this industry would, on the other hand, be so certain, in my judgment, to provoke sympathy for the Germans that we would create friends both in this country and abroad for the Germans, whereas now most of the peoples of the world are thoroughly antipathetic to them.

The other fundamental point upon which I feel we differ is the matter of the trial and punishment of those Germans who are responsible for crimes and depredations. Under the plan proposed by Mr. Morgenthau, the so-called arch-criminals shall be put to death by the military without provision for any trial and upon mere identification after apprehension. The method of dealing with these and other criminals requires careful thought and a well-defined procedure. Such procedure must embody, in my judgment, at least the rudimentary aspects of the Bill of Rights, namely, notification to the accused of the charge, the right to be heard and, within reasonable limits, to call witnesses in his defense. I do not

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mean to favor the institution of state trials or to introduce any cumbersome machinery but the very punishment of these men in a dignified manner consistent with the advance of civilization, will have all the greater effect upon posterity. Furthermore, it will afford the most effective way of making a record of the Nazi system of terrorism and of the effort of the Allies to terminate the system and prevent its recurrence.

I am disposed to believe that at least as to the chief Nazi officials, we should participate in an international tribunal constituted to try them. They should be charged with offences against the laws of the rules of war in that they have committed wanton and unnecessary cruelties in connection with the prosecution of the war. This law of the Rules of War has been upheld by our own Supreme Court and will be the basis of judicial action against the Nazis.

Even though these offences have not been committed against our troops, I feel that our moral position is better if we take our share in their conviction. Other war criminals who have committed crimes in subjugated

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territory should be returned in accordance with the Moscow Declaration to those territories for trial by national military commissions having jurisdiction of the offence under the same Rules of War. I have great difficulty in finding any means whereby military commissions may try and convict those responsible for excesses committed within Germany both before and during the war which have no relation to the conduct of the war. I would be prepared to construe broadly what constituted a violation of the Rules of War but there is a certain field in which I fear that external courts cannot move. Such courts would be without jurisdiction in precisely the same way that any foreign court would be without jurisdiction to try those who were guilty of, or condoned, lynching in our own country.

The above are the two main points with which I differ from the proposed program submitted by the Secretary of the Treasury.

Partition

I have an open mind on partition and although I have given the matter substantial consideration I have,

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as yet, come to no conclusion as to wisdom or method of partition. I feel we cannot deal effectively with that subject until we have had an interchange of views with the English and the Russians. I, myself, seek further light on this subject. I, certainly, would not discourage any spontaneous effort toward separation of the country into two or more groups.

Amputation

I understand that there is some general recognition of the probability of Russia or the Poles taking East Prussia and some parts of Silesia. I suggest that we interpose no objection to this but that we take no part in the administration of the area. On the Western border the primary question is the matter of dealing with the Ruhr but it has also been suggested that the Rhineland and the Saar be delivered to France. Naturally I am in favor of the automatic return of Alsace and Lorraine to France but though my mind is not irrevocably closed against it, I feel that the burden of proof lies on those who suggest giving France more territory. She will come out of this war with her Empire practically intact, with a reduced population and already possessing

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a very valuable bit of ore in the Longwy Briey area. To give her a substantial territory of German-speaking and German-bred people would create another problem in the balance of Europe. To counteract this, I would give France a share in the benefits of the internationalization of the Saar and the Ruhr and the advantage which this gives of what would in effect be an international barrier between France and Germany.

There are certain other methods of punishment affecting the personal lives of individual Germans proposed by the Secretary of the Treasury to which I am opposed as constituting irritations of no fundamental value and, indeed, of considerable danger, but these are primarily matters of administration which I think need not be discussed at this time. In some part, at least, they had best be determined by those who have the primary responsibility for the administration of the occupation.

As a suggestion, I propose that during the interim period, which is all that we can deal with at the moment, the President be recommended to approve a program generally in accord with the memorandum submitted by

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the Secretary of State at the meeting of the Cabinet Committee on Tuesday, September 5, except for a modification of subparagraph 2(h) of that memorandum and certain other conditions ^{might be made} on which I hope we can all agree, which suggested changes I append hereto.

Sir Henry A. Stimson

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*From Stimson
to F.H.B.*

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September 9, 1944

SUGGESTED CHANGES IN CABINET COMMITTEE RECOMMENDATIONS
AS STATED IN PAPER SEPTEMBER 4 1944.

To paragraph 2(a) should be added the following:

"At least for an indefinite period Germany shall be denied the means or power to manufacture or design aeroplanes or gliders of any sort whether military, commercial or private, and Germany shall have no license to operate any airlines. During this period no schools or courses for the study of air flight in any form shall be permitted.

All machines, plants and other instruments which are peculiarly adapted to the manufacture of arms and lethal weapons of any sort shall be dismantled or destroyed."

Paragraph 2(b) should be rewritten to read as follows:

"All members of the Gestapo, vis., the so-called security or political police, prominent Nazis in whatever activity they may have operated, substantially if not all members of the S.S. organizations, and others who are suspected of having taken part in or had responsibility for the perpetration of war crimes, should be apprehended and held for further disposition. Prompt and summary trials shall be held of those charged with such crimes and punishment should be swift and severe.

Studies should be instituted at once to determine

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Insert at beginning of rewrite paragraph 2 (b)

"Dissolution of the Nazi Party and all its
affiliated and associated organizations should be effected
immediately and

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the procedures to be followed in such trials, and they should be cleared with the British, Russians, and French as quickly as possible, so that they can be communicated to the appropriate occupying authorities without delay.

All laws discriminating against persons on grounds of race, color, creed, political activity or opinion, should be annulled."

To Paragraph (e) should be added the following:

"The territories of Germany which are to be ceded to other countries are understood to be all or most of East Prussia and some parts of Silesia. The question of the Rhineland and the Saar is closely connected with the treatment of the Ruhr. We recommend as the present view of the United States that a strong control over the products of this area must be maintained by means of some form of international trusteeship of its products and resources. It should not be obliterated as an industrial productive center, but it must be actively managed by others than Germans and otherwise completely taken from German domination.

On the other hand no efforts shall be made to rebuild any of the destroyed plants in Germany until permission is given by appropriate Allied or United Nations authority."

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Substitute for paragraph (h) the following:

"The primary objectives of our economic policy are: (1) the permanent elimination of German economic domination in Europe and (2) the conversion of German economic capacity in such manner that it will be so dependent upon imports and exports that Germany cannot by its own devices reconvert to war production."

SECRET

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

TO Secretary Morgenthau

September 9, 1944

FROM Fred Smith ~~FS~~

Regarding Gregory's story:

I talked to him. He figured this all out himself.

He said your father was a great humanitarian, and that you are a great humanitarian, and that you have been the leading light in the War Refugee Board. He said that obviously, the Jews abroad would have to have some reputation so that they could get restitution from the Germans for what the Germans did to them, and that this was a logical job for you to take on.

He further said that through the War Refugee Board and Foreign Funds Control, you had a complete plan for restitution, and this is evidence, to his way of thinking, that you are going to undertake the job of seeing that restitution is made.

He said that with all this evidence, he was certainly justified in assuming that he had stumbled onto a great story. He assured me that he is a friend of yours, and that he felt that securing restitution for these people was a job more important than being Secretary of the Treasury.

I think he has been reading too many bum detective stories.

Morgenthau May Head Allied Rescue of Jews

By NICHOLAS P. GREGORY
Inquirer Washington Bureau

WASHINGTON, Sept. 7.—Secretary of the Treasury Henry Morgenthau, Jr., may become head of a new world organization, supported by the United Nations, designed to use its efforts to rescue the Jews against whom the Nazis and their satellites have perpetrated some of the foulest crimes in history against any race, it was learned today.

The Secretary conferred with President Roosevelt yesterday and today and, it was learned, presented to him a blueprint of the new organization. Attending the conference yesterday were Secretary of War Henry L. Stimson and Secretary of State Cordell Hull, who together with Mr. Morgenthau constitute the War Refugee Board.

INFORMATION ON LOOTING

Preliminary work in connection with handling war refugees already has been undertaken and Mr. Morgenthau has taken the most prominent part in this field as head of the War Refugee Board. In addition, the Treasury Department has obtained extensive information with regard to the real and personal property the Nazis have looted from the uprooted Jews in Germany, Hungary, Rumania, Poland, Greece, Yugoslavia, Denmark and Holland.

Mr. Morgenthau, it is said, is determined to play an important part in a scheme to save world Jewry, which in the last 20 years has been under constant attack. With the Allied armies poised on the German borders and early occupation of Germany predicted, the need for a new organization to begin the rehabilitation of world Jewry becomes apparent.

TIME TO COLLECT FACTS

The defeat of Germany will remove the most virulent forms of anti-Semitism, and the time, it is felt, is ripe to begin to collect and establish facts concerning the actual conditions of the uprooted European Jews, and possibly to help create the necessary agencies for their resettlement.

For example, more than 500,000 Jews alone have escaped to Russia, while millions have been murdered by the Nazis and all apparent traces of their origin, wealth and possessions have been obliterated. In many cases the Nazis have stripped Jews in other countries of all their personal and real wealth. The new or-

ganization probably will demand economic, financial and resettlement reparations.

SET UP TO AID VICTIMS

The War Refugee Board which Mr. Morgenthau heads was established by executive order on Jan. 22, 1944, to take all measures possible to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war.

The functions of the board include the development of plans and programs and the inauguration of effective measures to rescue, transport, maintain and aid all of the victims of enemy oppression. It is also charged with the duty of establishing havens of temporary refuge for such victims.

HELD POST SINCE 1934

The uprooted Jews of Europe perhaps represent the largest element in forced migration.

Mr. Morgenthau has held the post of Secretary of the Treasury since Jan. 1, 1934, longer than any Secretary of the Treasury in the history of the United States.

He has never been identified with any Jewish organizations, which in recent years have been involved in disagreements over the question of resettling the Jews in Palestine.

If he takes the new post, Mr. Morgenthau may resign as Secretary of the Treasury, although this is not certain.

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE Sept. 9, 1944

TO Secretary ~~Morgenthau~~
FROM Mr. Haas
Subject Current Developments in the High-grade Security Markets

I. Taxable Treasury Bonds Strong; Partially Tax-exempt Bonds Decline During August

During the month of August, and so far this month, taxable issues of Treasury securities have been strong. Taxable issues as a whole are at or near their highs for this year. The Federal Reserve has had occasion, during this period, to dispose of about \$65 millions of taxable 2 percents in the interest of maintaining the pattern of rates.

In contrast with the behavior of taxable issues, partially tax-exempt Treasury bonds not callable for five years or longer (whose prices are not greatly influenced by the approach of maturity) have declined, on the average, by about 14/32 since the end of July, although the behavior of individual issues has varied widely. One reason advanced in the press for this decline of partially tax-exempts, which hitherto have been rather strong due to their growing scarcity, is that these issues have been pushed so high in price that, for taxpayers not currently paying an excess profits tax, the price exceeds the value of the exemption, so that many such taxpayers have ceased buying, and have, in some cases, disposed of some of the partially tax-exempts they already held. Another likely reason is apprehension on the part of holders of these securities that the corporation income tax may be repealed or drastically reduced after the war, thereby wiping out or greatly curtailing the value of the partial tax-exemption privilege.

II. Excess Reserves Decline

Excess reserves of member banks reached their peak in the Fifth War Loan on July 12, when they stood at \$1,563 millions (Chart I). From that level, they have declined to \$846 millions on September 6, the latest weekly report date. Principal causes of this decline have been an increase of about \$1,090 millions in required reserves resulting mainly from the transfer of funds from war loan to private deposits, and an increase of about \$870 millions

Secretary Morgenthau - 2

in money in circulation, which, following a temporary check in July, has resumed its upward movement. Federal Reserve purchases of Government securities offset approximately \$1,210 millions of this drain.

III. Movement of Treasury Bills to Reserve Banks Resumed

The increase of war loan deposits against which no reserves are required, during the Fifth War Loan, increased the excess reserves of member banks so that they were able to increase their investments in Treasury bills, which reached a peak during July. Figures for all commercial banks reporting to the Treasury Survey of Ownership of Government Securities are shown on a month-end basis in Chart II, and reveal commercial bank holdings continuing upward to the end of July; but figures for weekly reporting member banks in 101 leading cities (which hold about two-thirds of the bills held by all commercial banks) indicate that the peak related to the Fifth War Loan was actually about July 19, when the weekly reporting banks held \$3.9 billions of bills. Since that date, the rise in required reserves, as the proceeds of the War Loan are spent and are redeposited as private deposits against which reserves are required, has resulted in a decline in the bill holdings of weekly reporting member banks of \$0.8 billion by August 30. In the same period, the outstanding bill volume increased by \$0.6 billion. These two movements were approximately balanced by an increase in the bill holdings of the Federal Reserve Banks by about \$1.5 billions.

IV. About Half of Fifth War Loan Increase of Security Loans Now Liquidated

From a pre-drive level of \$901 millions on May 31, loans of weekly reporting member banks, for the purpose of carrying Government securities, increased to \$2,817 millions on July 12. This is a rise of \$1,916 millions, or more than 200 percent. As of the latest report date, August 30, more than one-half of this increase had been liquidated and loans of weekly reporting member banks against Government securities stood at \$1,714 millions.

It is also interesting to note that practically all the activity in bank loans in recent months has been in these

Secretary Morgenthau - 3

security loans. Commercial loans of weekly reporting member banks amounted to \$5,984 millions on August 30, only \$138 millions above their low for the year which they reached on May 31.

V. About 86 Percent of September Notes Exchanged

The offer, open August 24-26, to the owners of the two issues of Treasury notes due September 15, to exchange for them an additional issue of the 1 percent Treasury note due March 15, 1946, was accepted by the holders of about 86 percent of the maturing issues. Details are shown in the following table:

Maturing issue	Amount outstanding	Amount exchanged	Percent exchanged
(In millions of dollars)			
3/4 percent taxable note	635	602	95
1 percent tax-exempt note	<u>283</u>	<u>185</u>	65
Total	918	787	86

It was, of course, to be expected that the exchange of a wholly tax-exempt note into a taxable note would be smaller than that of the taxable maturity. The exchange, however, was somewhat less than in the case of the similar transaction in March.

The March 1946 note has behaved well in the market during the operation. It is currently quoted at 100-5/32+ bid, as compared with 100-6/32+ bid on August 23, the day before the exchange was announced.

Secretary Morgenthau - 4

VI. New Corporate and Municipal Financing
Revives in August; Mostly Refunding

Following the close of the Fifth War Loan, there was a sharp rise in the volume of new bond flotations in the New York market. During the five weeks ended September 1, such offerings to the public amounted to \$191 millions, of which about \$140 millions were corporate issues and \$51 millions municipal issues. About \$144 millions, or 75 percent, of this financing, consisted of refundings and most of the new money financing was in the municipal field.

A \$65 millions offering of bonds of Armour and Company was announced on Thursday, September 7, and some large financing operations are in prospect in the near future, including \$100 millions of bonds to be offered by the Great Northern Railway Company, \$55 millions by the Oregon-Washington Railroad and Navigation Company, and \$155 millions by Commonwealth Edison Company. All of the issues named are refunding issues, and do not, therefore, indicate potential interference with Treasury war finance operations. They reflect a current ease in the money market which is favorable to the continued success of Treasury financing operations.

VII. Corporate and Municipal Bonds at
High Levels

High-grade corporate bonds are currently quoted at price levels close to their all-time peak. The Treasury average of the yields of such securities, moving inversely to prices, stood at 2.55 percent at yesterday's close, a level attained twice before (early in 1941 and in the summer of 1943), but not surpassed on either occasion. High-grade municipals are now priced slightly below their all-time highs, which were reached early in August.

CHART I

MEMBER BANK EXCESS RESERVES

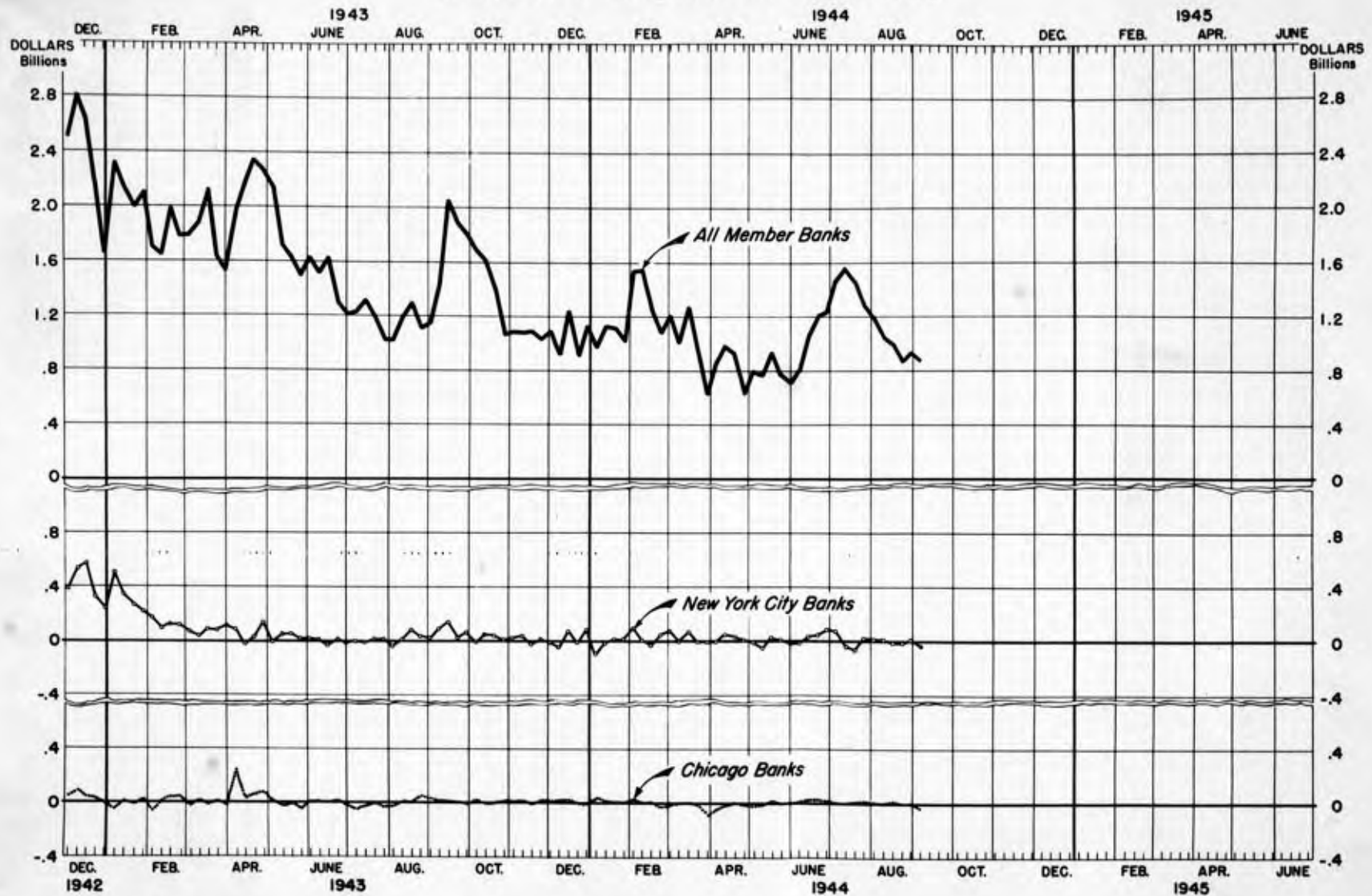
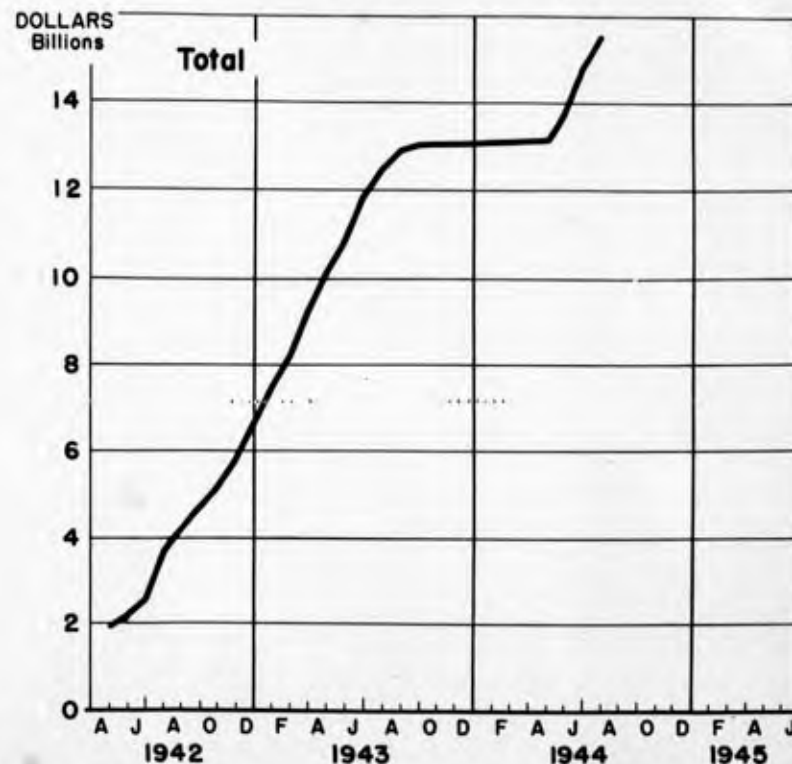
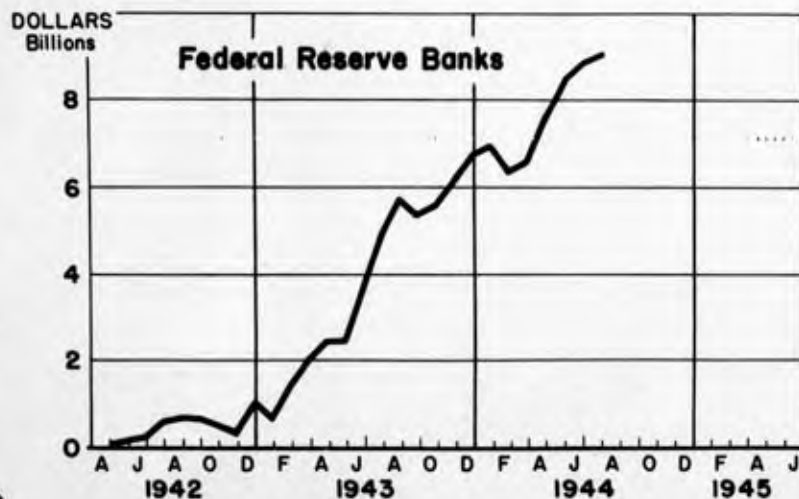
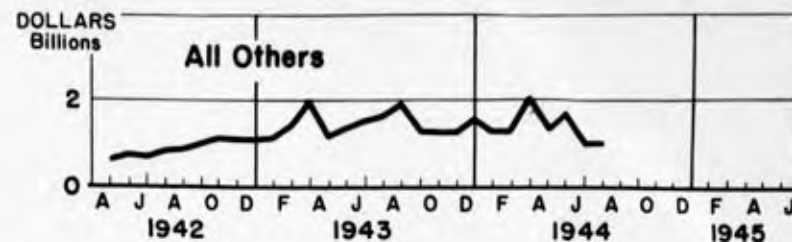
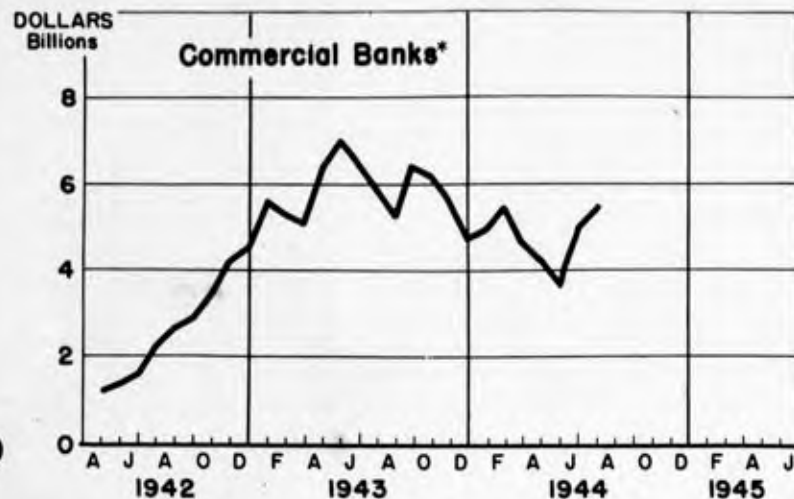


CHART II

OWNERSHIP OF TREASURY BILLS, BY TYPE OF INVESTOR

End of Month Figures



*Banks reporting to Treasury Survey

SEP 9 1944

Dear Peter:

It was good to have your letter of September 1 and I am pleased to hear that you are so favorably impressed with conditions as you find them. I have heard that you and your group are getting along very well and I am sure you will be able to make a real contribution to the situation in ETO.

I hope you have had an opportunity to talk with Major Brownley, the special service officer attached to General Doolittle's staff. He has handled a bond campaign for the Eighth Air Force with what appears to me to be great efficiency and effectiveness. He is, therefore, in a position to give you some first-hand reports on the way men react to bond promotion. I am very glad that you are having an opportunity to see conditions at first-hand in London and among our Forces. It is certainly a stimulating experience and one that those of us who have it will not soon forget.

Mrs. Morgenthau has been trying to get a few fall days on the farm, but we shall soon be back here and in the regular routine. She joins me in sending warmest regards,

Sincerely,

(Signed) Henry

Mr. Peter Odegard
c/o United States Embassy
London, England

GEF/fw 9/9/44

September 7, 1944

Dear Peter:

I have heard that you and your group are getting along very well, and I am sure you will be able to make a contribution to the situation in ETO.

I hope you have had an opportunity to talk with Major Brownley, the special service officer attached to General Doolittle's staff. He has handled a bond campaign for the Eighth Air Force with what appears to me to be great efficiency and effectiveness. He can give you some first-hand reports on the way men react to bond promotion. I am glad you are having an opportunity to see conditions at first-hand in London and among our Forces. It is excellent experience.

Mrs. Morgenthau sends her best regards.

Sincerely,

Mr. Peter Odegard
c/o United States Embassy
London, England

FS:mlf

FS



AIR MAIL

TREASURY DEPARTMENT

WASHINGTON 25

LONDON

AIR POUCH

September 1, 1944

Dear Mr. Secretary:

We have been on your trail and the fact that you were here before us has helped immensely. The men in the Eighth Air Force were particularly enthusiastic and expressed regret only that you could not stay longer. We have been working with and through General Cobbs' staff and hope within the next few weeks to have a fairly good understanding of the situation in ETO. We have hesitated to make any recommendations or any formal report until we are sure of our position. From what we have seen thus far, however, I am persuaded that we can be of considerable help.

It has been a privilege to come here and see conditions at first hand, and we are grateful to you for the opportunity. Please give my best to Mrs. Morgenthau.

Sincerely yours,

Peter H. Odegard

Peter H. Odegard

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

SEP 9 1944

My dear Mr. Mayor:

On my return to Washington after a brief absence I have read with great care your letter of August 29 in which you refer to Mr. Olrich's testimony of the previous day before a Congressional committee, and I have of course made appropriate inquiries.

It is apparent that in writing your letter you had available only inadequate reports from the morning papers and did not have before you the information which Mr. Olrich presented to the committee. I am sending you a stenographic transcript of his testimony and I think you will find that it was limited to a purely factual account of the results of an investigation of statements you made on August 22 before the Senate War Investigating Committee. If there is any error in his statements I know that he would appreciate, as I would, being informed about it.

There may of course be flaws in our pricing policy, but I feel sure that there is no warrant for the belief which you seem to consider credible that a plan is being followed of high catalogue pricing for the purpose "of discouraging sales to legitimate purchasers, then dumping to speculators." Our records certainly do not support any such suspicion, for they show a rather close correspondence between catalogue prices and actual sales.

I realize that in your Congressional appearance you were interested principally in advocating preferential treatment to state and local governments in the acquisition of surplus war materials. The controlling policy in that regard will, as you know, be settled shortly by Congress as a part of the surplus property legislation which is now in conference. I am asking Mr. Olrich,

- 2 -

as soon as we know what legislation we will have, to discuss the problem with your representatives in an attempt to have a little better understanding in the future as to our respective needs and objectives. Moreover, Mr. Clayton, who presently directs all policies as to surplus property disposal, will doubtless be interested in gaining the benefit of your views. I am therefore sending a copy of this letter to him.

Sincerely yours,

(signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The Honorable Fiorello H. LaGuardia
Mayor of the City of New York
New York, New York

TJL
HEG/mah



CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK 7, N.Y.

August 23, 1944

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

My dear Mr. Secretary:

According to the press this morning, carrying testimony of a Mr. Olrich, representing your department, I think you should know that his facts were inaccurate and his conclusions erroneous. I will ignore entirely his characterization which is typical of anyone having something to hide.

Why did Mr. Olrich refrain from giving the Committee more information concerning the Knickerbocker Building and Mortgage Company? Why did he not discuss Friedhoff and Grossman? His defense was an attack on the Mayor who was called before the Committee and who testified in the public interest.

It seems to me that the Treasury Department should be aiding reputable dealers and agencies of government and incidentally our own police department in checking sales and methods of purchasing surplus supplies, instead of resorting to abuse, misstatements and misrepresentations to gloss over a very bad situation.

I know how busy you are but I deem it necessary in the public interest that a check be made in your own department as to the methods employed, the destination of supplies and the business standing and character of individuals who seemingly have an "in" with agencies disposing of surplus supplies.

How is it possible for a concern, not usually engaged in merchandizing, to have samples when the treasury representative says that the article has not yet been released? Yet a definite offer was made and samples exhibited and delivered.

Two hundred thousand cases of milk were offered for sale. What does Mr. Olrich do with that. He simply glosses over it and says that the milk was sold for manufacturing purpose and "not for human consumption." This quote is taken verbatim from a quotation in the press. If this milk was not intended for human consumption then how is it that the government did not take the necessary precaution that it would not be peddled for human consumption.

Will Mr. Olrich testify that this milk did not find its way into ice cream? I can assure you, Mr. Secretary, it did not in New York City for we nipped it. We exposed the culprit. Instead of abusing the Mayor why did Mr. Olrich not devote a little time to trace the milk and ascertain if it was actually sold and used for human consumption. Incidentally the milk was probably sold by the War Food Administration, but it seems Mr. Olrich was not aware of that.

Cataloguing of surplus supplies by the Treasury Department, I think you should know, is so presented as to discourage legitimate purchasers; the plan being, I am informed, to roll up a record of refusals and establish a record of inability to sell and then to sell at junk value. This gives the boys on the inside an opportunity to wait and then make a killing.

For instance on August 1st, 1944 your catalogue lists, under Class 38 a new Addressograph Multigraph Machine, Model 904 B, 110-V, DC, at a price of \$174.68, F.O.B. shipping point. The Addressograph Company offers the same machine delivered at the same price, with one year guaranty, with choice of either DC or AC as required.

Then there is the April 15, 1944 offer of Automobile Wax London Coach, "Whiz" (Group 18) at 66 cents a pound, F.O.B. shipping point, while the same may be purchased from the manufacturer, R. M. Hollingshead, at 48 cents a pound delivered. This wax and other articles will eventually be sold as junk after a record is piled up of inability to sell to the legitimate trade.

I now submit a list of items offered by your Department with prices at shipping point with a comparison of market prices delivered. This is not at all accidental. It is in keeping with the plan I have indicated of discouraging sales to legitimate purchasers, then dumping to speculators on the theory that no market was available. Here is the list:

Treasury Catalog of Available Property

Region No. 2, July 1, 1944

<u>Class</u>	<u>Description</u>	<u>Shipping Point</u>	<u>Unit</u>	<u>Treasury Unit Price</u>	<u>Dept. of Purchase Unit Price.</u>
14	Toilet Tissue Rolls	Pa.	hundred	\$ 5.24	\$ 4.73
25	Clips, cable, 1" U-Shape	N.Y.	each	.25	.18
25	Nails, Flooring Cut 8D	Pa.	keg	6.55	5.25

n.y. city

	<u>Description</u>	<u>Shipping Point</u>	<u>Unit</u>	<u>Treasury Unit Price</u>	<u>Dept. of Purchase Unit Price</u>
26	Insulators, porcelain pin 5000 V. 1" thread	Pa.	each	.15	.1452
27	Insulators, Hem- ingway No. 19, Glass, Clear	Pa.	each	.07	.6899
32	Bases, Porcelain Cut-out Plug	Pa.	each	.53	.55
32	Electrolets				
	1/2" Killark, #OUB-1	Pa.	each	.34	.3149
	1" Killark, #OUB-3	Pa.	each	.55	.5117
	1 1/2" threaded Killark #OUB-4	Pa.	each	.88	.8266
	2" Killark OIL-6	Pa.	each	1.68	1.57
	2 1/2" Killark OIL-7	Pa.	each	3.50	3.28
	2 3/4" Killark OIR-7	Pa.	each	3.50	3.28
32	Lamps				
	G.E. service, clear, floodlight, 250 watt	Pa.	each	.69	.64
	Inside frost, 15 watt	Pa.	each	.06	.05
	Mogul base, 6000 watt	Pa.	each	.81	.76
65	Mercury in ironpipe vials	Pa.	lb.	2.16	2.05 (U.S.P.)
66	Polish, stove, Black Beauty	N.J.	each	.05 (2 1/2 oz. can)	.06 (6 oz. bot
75	Colanders, Retinned, 16 1/2"	N.J.	each	2.06 (used)	2.98 (new)
77	Chinaware, soup plate, white, 9"	N.Y.	dozen	2.76	2.65
51	Pots, sauce, 25 gal. etc. (The catalog de- scription is the same as L. & G. No. 72 which is the standard one bought by the Dept. of Purchase)	N.J.	each	41.06 (used)	15.90 (new)

Class	Description	Shipping Point	Unit	Treasury Unit Price	Dept. of Purchase Unit Price
14	Lens tissue	N.Y.	each	.04	.06

(Treasury charges .04 for books of 25 sheets, 3 1/4" x 5 1/4".
Department of Purchase pays .06 for books of 50 sheets, 4" x 6".)

41	Tubes				
	X-ray, Coolidge				
	Universal broad focus, 7"	N.J.	each	61.88 (used)	80.00 (new)
	X-ray, Coolidge,				
	Universal fine focus	N.J.	each	61.88 (used)	80.00 (new)

(The Treasury description is unclear. It apparently relates to bulb-type tubes on which the trade-in allowance for used tubes is \$15. Used x-ray tubes seldom give long service.)

Treasury Catalog of Available Property

Region No. 2, August 1, 1944

Class	Description	Shipping Point	Unit	Treasury Unit Price	Dept. of Purchase Unit Price
	Boards, Arch (Clip Board)	Pa.	each	.36 (used)	.275 (new)
79	Ribbons				
	Typewriter-Blue-Remington	Pa.	each	.18	.145
	Typewriter-Blue-Record	Pa.	each	.18	.1575
	Noiseless-Medium				
	Inked-L. C. Smith	Pa.	each	.18	.145
	Underwood	Pa.	each	.18	.145
38.	Dictaphone				
	Model A12	N.Y.	each	105.88 (used)	192.50 (new)
	(The Department of Purchase can buy rebuilt machines, delivered, with a one-year guarantee, for approximately \$125.)				
	(Millivoltmeters are offered by the Treasury at \$84. each while anyone can buy the same meter from Weston Electrical Instrument Corporation, according to their catalogue #12 A, page 50, for \$20. each.)				
72	Cards, guide, daily				
	1 to 31, 5 x 8", buff,				
	1/5 cut	Pa.	set	.49	.28
	(Dept. of Purchase cards are 143 lb. index bristol, the heaviest index bristol cards manufactured.)				

Now, Mr. Secretary, I know that the whole list above cited is but an infinitesimal part of a fraction of one percent of what is now declared surplus. It indicates however, how, from the method now employed abuses running into real big figures will be possible later, unless this method is immediately changed and the individuals with whom the government does business more carefully scrutinized.

I could go on indefinitely, and I will be very happy to go through all of your catalogues for similar comparisons, if that should be necessary, in order to convince you that the gentleman testifying before the House Committee yesterday was obviously, knowingly inaccurate as well as to demonstrate the unbusinesslike and destructive policy now being operated in the sale of surplus supplies.

There is no doubt in my mind that you do not countenance such practise and I feel very free to say that the quicker this condition is corrected the better it will be.

Very truly yours,



Mayor

Treasury Department
Division of Monetary Research

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Date September 9, 1944

To: Secretary Morgenthau.
From: Mr. White

You will be interested in
reading Mr. Montoulieu's letter.

SEP 9 1944

My dear Mr. President:

In accordance with your request of September 4, 1944, I am enclosing a proposed reply for your signature to the letter of Mr. Montouliou dated August 24, 1944.

Mr. Montouliou's letter is returned herewith.

Faithfully yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The President,

The White House.

Enclosures.

EMB:lr 9/8/44

Ret to Cm 5323

My dear Mr. Minister:

I am glad to have your letter of August 24, 1944, on these matters which are of so much interest to me.

I wish it had been possible for me to be present at the Harvard Club of Boston to join with you and the others in celebrating the fortieth reunion of the Class of 1904. Pressure of public business, as you understand, made it impossible this time. When the war is over, I hope I shall have the pleasure of participating again in the reunions of our college class.

It is gratifying to hear from you about the success of the United Nations Monetary and Financial Conference and your view of the importance of the International Monetary Fund and the International Bank for Reconstruction and Development. The United Nations have shown at Bretton Woods that they are determined to work together for peace and prosperity as they now fight together for freedom and democracy.

Secretary Morgenthau has informed me of the splendid spirit of cooperation that was manifested throughout the Conference. He has spoken of the excellent work of the representatives of the American Republics, and particularly of the delegations of Cuba, Mexico and Brazil. I have faith that this same spirit of cooperation will bring an era of peace and prosperity to all countries, great and small.

Sincerely yours,

Honorable Eduardo I. Montoulieu,
Republica de Cuba,
Comision de Fomento Nacional,
Havana, Cuba.

Mr. White
THE WHITE HOUSE
WASHINGTON

September 4, 1944.

MEMORANDUM FOR
THE SECRETARY OF THE TREASURY
FOR PREPARATION OF REPLY
FOR MY SIGNATURE.

F. D. R.

REPUBLICA DE CUBA
COMISION DE FOMENTO NACIONAL

Havana, August 24, 1944.

My dear Mr. President:

After attending the forty-year reunion of our Class of 1904 at Harvard, and listening to your very cordial message as read by Eddy Taft at the dinner in the Boston Harvard Club, I went to Bretton Woods as Chairman of the Cuban Delegation for the International Monetary Conference, in my capacity of Minister of the Treasury of Cuba.

It was my privilege and pleasure to cooperate with the American Delegation at every opportunity that arose and I feel confident that in its very important and lengthy deliberations the Conference accomplished the unbelievable, that is, the unanimous approval by the representatives of forty four nations of a set of rules and regulations which, when observed, will stabilize the currencies of the world and will make possible the reconstruction of devastated countries and the development of the productive resources of underprivileged countries.

By a mere coincidence, it was the Cuban Delegation that opened the Conference with the report on credentials and, also, the nation that closed its sessions by supporting the motion of thanks proposed by the Delegation from Brazil, and it was on this occasion that I had the opportunity to state that it was only your prestige that could work the miracle of making unanimous the agreement on the deliberations of these forty four nations on such difficult and technical matters.

May I not add a word of congratulation on this momentous occasion in which, besides the triumphal advance of the Allied Troops in all fronts, the United and Associated Nations signed this agreement, and your political party nominates you to again rule the destinies of the United States and, withal, inspire and guide those of the world?

Very sincerely and cordially yours,



Eduardo I. Montoulieu
Harvard, 1904

The Honorable Franklin D. Roosevelt
President of the United States
The White House
Washington, D. C.

EDM/fhs.

Regraded Unclassified

FOREIGN ECONOMIC ADMINISTRATION
WASHINGTON

September 9, 1944

Dear Secretary Morgenthau:

Thank you very much for your letter of September 8 on the question of informing the public on the Fund and the Bank.

I will be glad to talk to Harry White some more along the lines indicated in my letter of July 26.

Sincerely yours,

Oscar Cox

The Honorable Henry Morgenthau, Jr.

The Secretary of the Treasury.

Treasury Department
Division of Monetary Research

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Date 9/11/44 19

To: Mrs. McHugh

Handed to the Secretary by
Dr. Kung at 3:15, Sept. 9th.

Mr. White wanted this returned
to you; we have copies.

L. Shanahan

MR. WHITE
Branch 2058 - Room 214½

TO:

3:15

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Dr. H. Kung

T. L. Soong

Liu Chi - Minister
Plenipotentiary -
Counselor of Embassy

C. T. Chi - Asst. to
Dr. Kung

From: Mr. FitzGerald

MINISTRY OF FINANCE
NATIONAL GOVERNMENT OF CHINA

September 9, 1944.

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

Dear Mr. Morgenthau:

Since our conversations at Bretton Woods, additional information was received from China substantiating the fact that the cost of the construction of the Chengtu airfields was always regarded as constituting a separate account, which the United States Government undertook to pay. In a memorandum, No. 111, dated January 8, 1944, General Hearn referred to a reply from General Marshall to his inquiry which stated that "The United States will bear the cost of labor and material for Chengtu airdrome construction at a rate of exchange to be arrived at under negotiation now in progress." On January 12, General Stillwell transmitted to Generalissimo Chiang a telegraphic message from President Roosevelt with reference to the Chengtu airfields, part of which reads: "I'll undertake to make available the necessary fund through lend-lease appropriation if that will hasten the completion of the work on the desired schedule."

The difficulty that has prevented a settlement of the problem of regular military expenses as well as special accounts for airfields constructions of the U.S. armed forces in China is

MINISTRY OF FINANCE
NATIONAL GOVERNMENT OF CHINA

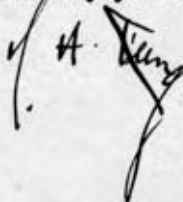
PAGE 2

the rate of conversion. Some of the advances were made by the Chinese Government and others were borrowed from the Central Bank of China. Since we cannot alter our exchange rate at present without weakening confidence in our currency and boosting up prices further, we have been trying to find other ways of settling the problem.

After considering various alternatives, it appears that the simplest way of settling the problem is for the United States Government to reimburse China according to the official rate of exchange and receive in addition a pro rata contribution from the Chinese Government the exact amount of which to be agreed upon by the two governments. Since my Government desires that I return soon to China and since one of the purposes of my trip here is to settle this problem with you personally, I will deeply appreciate it if a settlement can be made at the earliest possible moment.

With best personal regards,

Sincerely yours,

A handwritten signature in dark ink, appearing to be 'H. H. Kung', written in a cursive style.

SEP 9 1944

My dear Mr. President:

There is attached a report of Lend-Lease purchases made by the Treasury Procurement Division for the Soviet government indicating the availability of cargo for September.

The inventory of material in storage as of September 1, 1944, was 204,356 tons or 3,758 tons less than the August 1st inventory. Production scheduled for September shows an increase of 44,628 tons as compared with August.

Faithfully yours,

(Signed) H. Morgenthau, Jr.

The President

The White House

WFBrennan/jj
(9-8-44)

TREASURY DEPARTMENT - U. S. S. R.
MATERIALS AVAILABLE FROM STORAGE AND PRODUCTION DURING SEPTEMBER, 1944
 (IN 2000 LB. TONS)

COMMODITY	STORAGE SEPTEMBER 1, 1944	PRODUCTION DURING SEPTEMBER	TOTAL AVAILABLE	PRIORITY CARGOES FOR PORT AREAS SPECIFIED TO DATE FOR SEPTEMBER
ALUMINUM	4,199	1,179	5,378	829
AUTOMOTIVE EQUIPMENT AND PARTS		86	86	
BEARINGS	334	673	1,007	1,007
BRASS AND BRONZE	16,733	3	16,736	16,736
CHEMICALS	12,168	786	12,954	8,588
CLOTHING AND TEXTILES		399	399	
CONSTRUCTION MACHINERY		441	441	
COPPER IN VARIOUS FORMS	17,014	6,727	23,741	8,680
FERRO-ALLOY	203		203	
GRAPHITE PRODUCTS	435		435	
HAND AND CUTTING TOOLS		1,291	1,291	
INDUSTRIAL MACHINERY	49,075	34,830	83,905	36,810*
LEAD AND LEAD ALLOYS	13		13	
NICKEL AND NICKEL PRODUCTS	53	784	837	
NON-FERROUS METALS, OTHER	165	247	412	112
NON-METALLIC MINERALS		35	35	35
PAPER AND PAPER PRODUCTS	1,730	2,694	4,424	2,184
PLASTICS	2,941		2,941	
RUBBER	1,625	6,483	8,108	4,816
STEEL, ALLOY AND SPECIAL	7,319	7,108	14,427	14,427
STEEL, CARBON	30,659	69,047	99,706	27,720
STEEL, PIPE AND TUBING	40,231	4,211	44,442	1,556
STEEL, RAILS	13,581	229	13,810	13,810
TIN PLATE	5,854		5,854	3,696
ZINC	24		24	24
TOTAL	204,356	137,253	341,609	141,030

*In addition, all available tonnage applicable to the Oil Refinery Program is classed as priority cargo for prompt shipment to ports.

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September 9, 1944.

My dear General Wesson:

The Secretary has asked me to acknowledge your memorandum of September 5, which encloses the pamphlet entitled, "Status of the Soviet Aid Program".

He is very glad to have the facts and figures contained in the leaflet, and appreciates your sending it to him.

Sincerely yours,

Signed) H. S. Klotz

H. S. Klotz,
Private Secretary.

Major General C. M. Wesson,
Director, Division for Soviet Supply,
Foreign Economic Administration,
Washington 25, D. C.

GEF/dbs

FOREIGN ECONOMIC ADMINISTRATION

WASHINGTON 25, D. C.

September 5, 1944

MEMORANDUM

To: The Honorable Henry Morgenthau

From: Maj. Gen. C. M. Wesson *Cmw*
Director, Division for Soviet Supply

Subject: Status of the Soviet Aid Program

Attached hereto is your copy of the Status of the Soviet Aid Program as of June 31, 1944. This report sets forth the performance of the United States in fulfilling its obligations under the Third Soviet Protocol and summarizes the aid furnished the U.S.S.R. during the period of the three Protocols, October 1, 1941 to date.

SECRETCopy TRA

STATUS OF THE SOVIET AID PROGRAM
AS OF JUNE 30, 1944

Prepared for the President's Soviet Protocol Committee
by the Foreign Economic Administration
August 30, 1944

STATUS OF THE SOVIET AID PROGRAM

THIRD PROTOCOL PERFORMANCE

The Third Soviet Protocol which went into effect on July 1, 1943 terminated on June 30, 1944. During the twelve month period the United States exceeded its shipping commitment by aiding in the shipment from North America to the U.S.S.R. of 5,899,000 long tons of cargo, 1,346,000 long tons or 30 percent in excess of protocol promises and 57 percent of the total cargo shipped under the first three protocols, October 1, 1941 to date.

In nearly all instances U. S. commitments to make supplies available for shipment were met in full. In some instances the increase in shipping allowed increases in production beyond the quantities promised.

Stocks on hand on June 30, 1944 amounted to approximately 815,000 long tons of cargo as compared with stocks estimated at 1,100,000 long tons on June 30, 1943.

Cargo shipped during the Third Protocol period and during the month of June 1944 is summarized as follows:

	June 1944		July 1, 1943 to June 30, 1944	
	Long Tons	Percent	Long Tons	Percent
U. S. SUPPLIES				
Trucks and Other Vehicles	64,100	12	679,100	12
Metals	122,600	23	1,009,500	17
Chemicals and Explosives	27,800	5	441,500	8
Petroleum Products *	88,100	16	606,900	10
Machinery and Equipment	60,500	11	488,300	8
Food	81,800	15	1,734,000	29
Other U. S.	43,200	8	602,400	10
U.S. TOTAL	488,100	90	5,561,700	94
BRITISH AND CANADIAN SUPPLIES	55,400	10	337,500	6
TOTAL	543,500	100	5,899,200	100

* Includes clearance through the Persian Corridor of 21,000 long tons in June and 153,500 long tons July 1943 through June 1944 of Petroleum Products supplied by the U.K. at Abadan and replaced to U.K. areas by the U.S.

Noteworthy among the individual items shipped during the Third Protocol were: 5,763 Aircraft, 1,758 Medium Tanks, 4,137 Other Combat Vehicles, 1,138 Ordnance Service Trucks, 143,065 Cargo Trucks including 21,012 Jeeps, 12,716 Motorcycles, 2,610 Artillery Tractors, 162,069 tons of Explosives exclusive of Ammunition, 339 Locomotives, 1,640 Flat Cars, 3,213 Marine Engines, 1,760,750 short tons of Foodstuffs, \$442,445,000 of Machinery and Equipment, 85,236 short tons of Aluminum, 142,718 short tons of copper and its basic products, 784,254 short tons of Steel and 302,981 short tons of Chemicals.

Of the 5,763 U.S. manufactured Aircraft sent to the U.S.S.R. during the period 3,233 were flown from Fairbanks, Alaska, 306 were shipped by water to North Russia, 1,732 were shipped by water to the Persian Gulf for assembly at Abadan, 463 left Miami for flight-delivery via North Africa and Abadan and 29 were Navy Patrol Bombers flown from the U.S. by Soviet crews. Of the total departed 1,732 were in fulfillment of U.K. Protocol commitments.

Aid to the U.S.S.R. continues without interruption in accordance with schedules formulated for a proposed Fourth Protocol to run from July 1, 1944 to June 30, 1945.

PERFORMANCE UNDER THE FIRST THREE PROTOCOLS
OCTOBER 1, 1941 TO JUNE 30, 1944

From the beginning of the Moscow (First) Protocol period October 1, 1941 to the end of the Third Protocol period a total of 10,386,000 long tons of cargo have been shipped from North America to the U.S.S.R.

First Protocol	1,564,000
Second Protocol	2,923,000
Third Protocol	5,899,000
Total	10,386,000

Over 90 percent of the cargo shipped was comprised of supplies made available by the U.S. in fulfillment of its Protocol obligations.

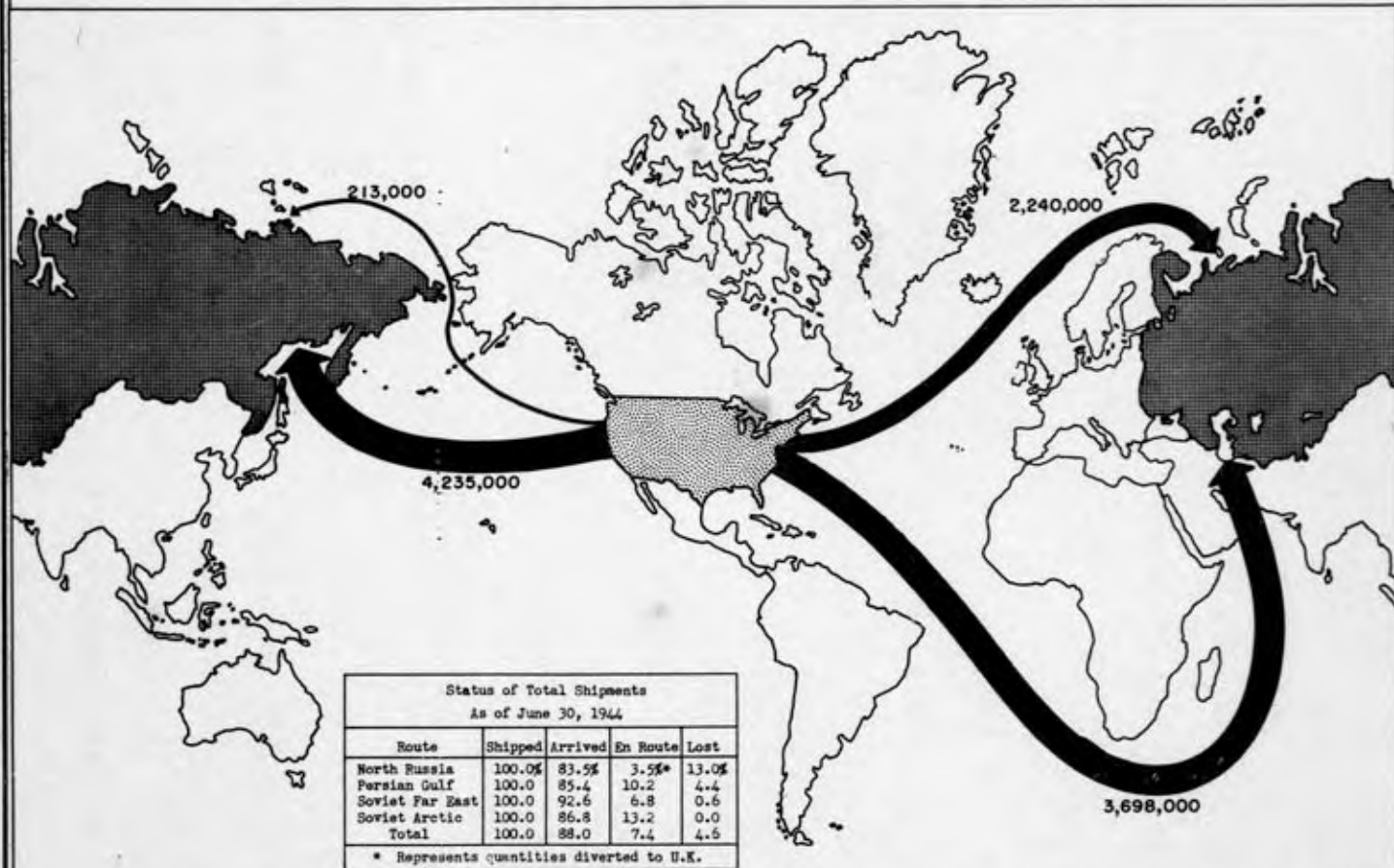
Notable among the individual items shipped during the period of the three Protocols were: 10,890 Aircraft, 4,986 Tanks, 5,382 Combat Vehicles, 1,518 Ordnance Service Vehicles, 279,951 Cargo Trucks including 43,462 Jeeps, 24,116 Motorcycles, 4,503 Artillery Tractors, 246,020 tons of Explosives exclusive of Ammunition, 339 Locomotives, 1,640 Flat Cars, 4,800 Marine Engines, 3,079,689 short tons of Foodstuffs, \$655,589,000 worth of Machinery and Equipment, 294,000 short tons of Copper and its basic products, 155,761 short tons of Aluminum, 1,694,978 short tons of Steel and 460,411 short tons of Chemicals.

Of the 10,890 U.S. manufactured Aircraft shipped, 4,307 were flown from Fairbanks, Alaska, 1,483 were shipped by water to North Russia, 4,036 were shipped by water to the Persian Gulf for assembly at Abadan, 1,035 left Miami for flight-delivery via North Africa and Abadan and 29 Navy Patrol Bombers were flown from the U.S. by Soviet crews. Of the total departed, 2,727 were in fulfillment of U.K. Protocol commitments and 176 were for reimbursement to U.K. account for planes diverted to U.S. Forces.

Foreign Economic Administration
AUGUST 30, 1944

SHIPMENTS TO U. S. S. R.

(FIGURES SHOW GROSS LONG TONS SHIPPED TO JUNE 30, 1944)



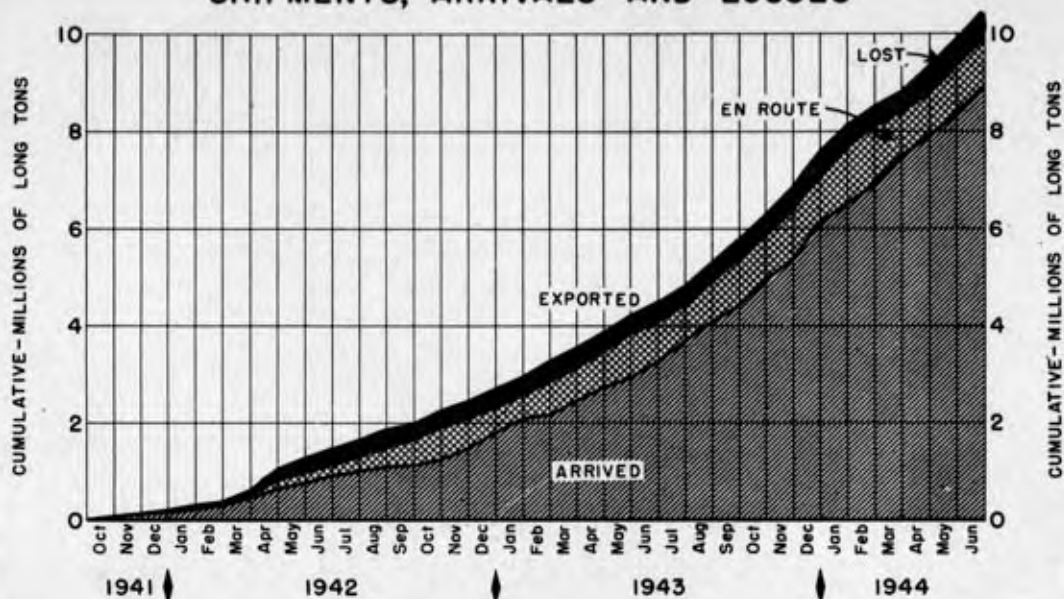
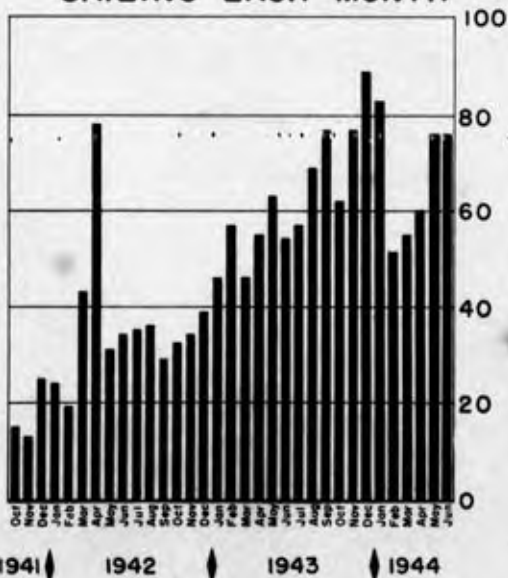
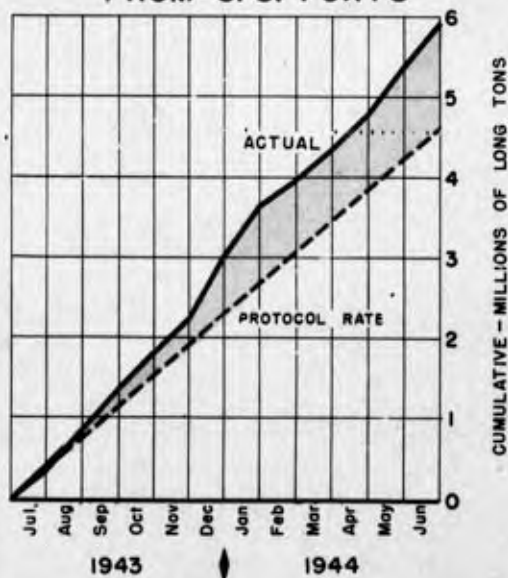
NOTE: SHIPMENTS TO THE PERSIAN GULF ARE MADE BY SEVERAL ROUTES. THE TONNAGE SHOWN IS THE TOTAL FOR ALL ROUTES.

SECRET

8-2177

SHIPMENTS TO U. S. S. R.

SHIPMENTS, ARRIVALS AND LOSSES

NUMBER OF SHIPS
SAILING EACH MONTHTHIRD PROTOCOL CLEARANCES
FROM U. S. PORTS

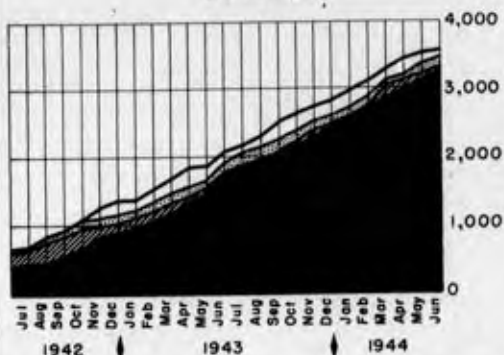
EXPORTS AND AVAILABILITY OF SELECTED ITEMS

CUMULATIVE SINCE OCTOBER 1, 1941

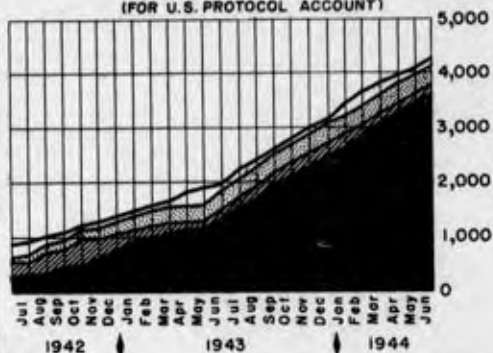
Exported
Lost
En Route
Arrived

Quantity made available at
U.S. centers of production

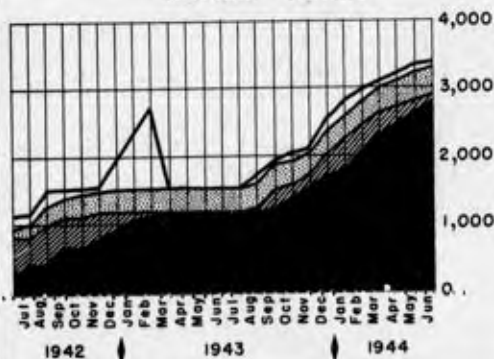
BOMBERS



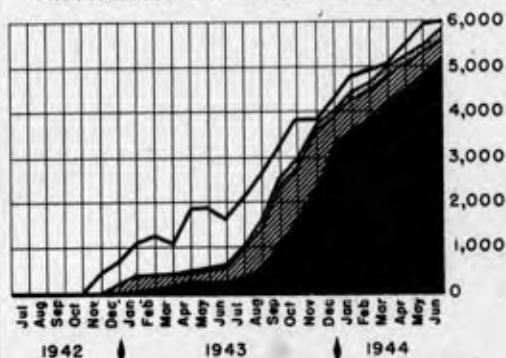
PURSUIT PLANES (FOR U.S. PROTOCOL ACCOUNT)



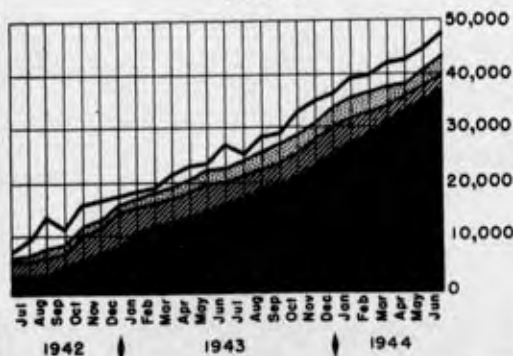
MEDIUM TANKS



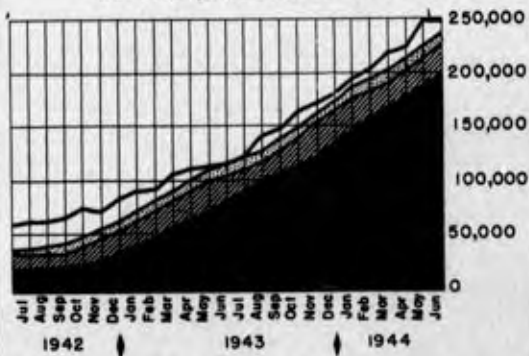
ANTIAIRCRAFT GUNS 37 & 40 mm



JEEPS



TRUCKS (EXCLUDING JEEPS)



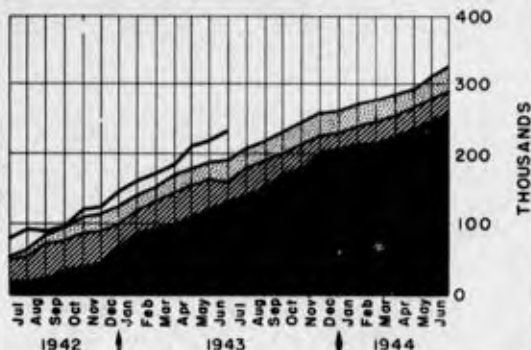
EXPORTS AND AVAILABILITY OF SELECTED ITEMS

CUMULATIVE SINCE OCTOBER 1, 1941

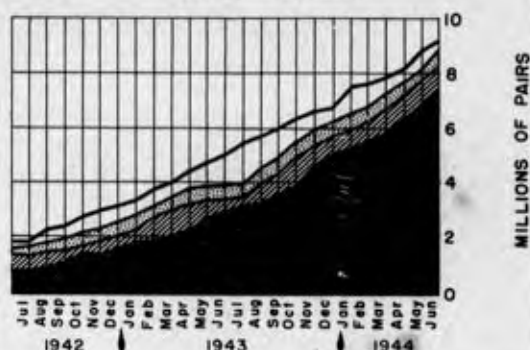
Exported
Lost
En Route
Arrived

Quantity made available at
U.S. centers of production

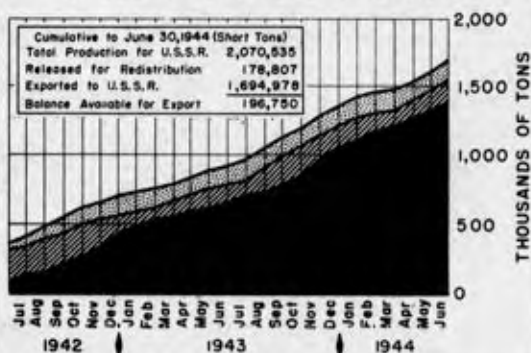
FIELD TELEPHONES



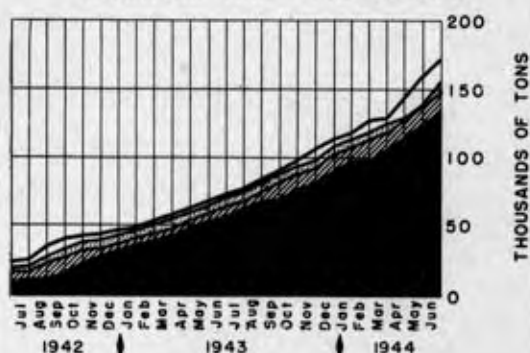
ARMY BOOTS



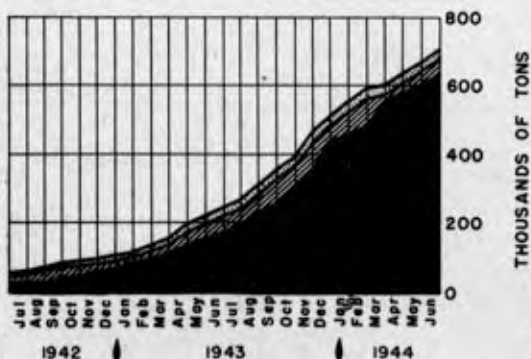
STEEL AND STEEL PRODUCTS



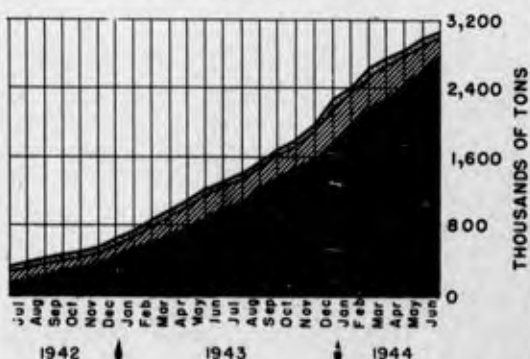
ALUMINUM AND DURALUMINUM



CHEMICALS AND EXPLOSIVES



FOODS



PROGRESS OF INDUSTRIAL PROJECTS FOR THE U.S.S.R.

As of June 30, 1944

TIRE PLANT This \$10,000,000 project, approved for procurement in November 1942, was designed to permit the production of a minimum of 1,000,000 military tires a year from U.S.S.R. supplies of synthetic rubber and natural rubber obtained from shrubs. To utilize idle American equipment, the tire plant of the Ford Motor Company was purchased. The basic elements of the Ford plant have been supplemented with new equipment necessary to complete the production cycle for large size military tires. A power plant to supply the necessary steam and electrical power has been supplied at a cost of \$1,204,000.

Tire production equipment valued at approximately \$8,500,000 has been made available by suppliers, of which approximately \$7,255,000 has been exported.

PETROLEUM REFINERY PROJECT This project, approved in September 1942, was developed to replace Soviet refining facilities destroyed by the German Army. It was designed to produce aviation gas, motor gas, and lubricating oils. The entire project is valued at \$39,600,000, nearly all of which has been exported. Nineteen U.S. engineers are now in the U.S.S.R. aiding in construction. Additional equipment is being supplied as requested by the engineers.

Orders have gone forward for additions to supplement the facilities already supplied. This additional equipment, approved in April 1944, is valued at \$27,140,000. Contracts for the additions have been placed and fabrication has begun.

R.R. BLOCK SIGNAL SYSTEM This project, approved in January 1943, is to permit automatic signal operation of a portion of the U.S.S.R. railroad system. When installed it will increase the carrying capacity of existing rail facilities without increase of rolling stock. The system, valued at \$10,961,000, will provide signal and signal operating equipment for 3,000 Km of track. Equipment valued at \$6,464,000 has been made ready for shipment of which \$2,415,000 has been exported.

In addition, 42 power plants of 40 KW each, all valued at \$434,000, have been furnished to provide the necessary electricity to operate the system. Most of the power plants have been exported.

POWER PROGRAM Under the Second Protocol program 320,000 KW of stationary steam generating equipment has been made available. This includes nine units with a total capacity of 40,500 KW furnished with the petroleum refinery project, and two units totalling 11,000 KW furnished with the tire plant. The remaining units of the Second Protocol program totalling 268,500 KW are rated from 250 KW to 35,000 KW and are for installation as power utility plants. Over 90% of this equipment has been exported.

Diesel generating equipment totalling 162,000 KW and 59 industrial steam boilers have been made available for export.

Power equipment approved under the Third Protocol is now being made available. The program consists of generating equipment as follows:

Stationary Steam Generating Equipment	166,500 KW	Mobile Diesel Generating Equipment	32,000 KW
Mobile Steam Generating Equipment	217,000 KW	Hydro-Electric Equipment	68,150 KW
Stationary Diesel Generating Equipment	106,925 KW	Total	590,575 KW

Thirty-two industrial steam boilers and transmission equipment valued at \$5,000,000 are also being supplied.

ROLLING MILLS An aluminum rolling mill to supply aluminum sheet for the U.S.S.R. aircraft industry was approved for procurement in December 1941. Of the total valued at \$6,377,000, equipment valued at \$6,305,000 has left manufacturers and \$5,040,000 has been exported.

An 18" merchant mill valued at \$3,620,000 was placed in procurement in November 1942. Equipment valued at \$2,982,000 has been made ready for shipment but none has been exported.

A pipe fabricating mill was approved in February 1943, at a cost of \$1,252,000. Equipment valued at \$600,000 has been manufactured but none has been exported.

A blooming mill, rail and structural mill, and a R.R. tie plate and splice bar mill, all estimated to cost \$14,000,000, were placed in production in November 1943. None of this equipment has been made available to date.

STEEL EXPANSION PROGRAM Since December 1942, auxiliary equipment for expansion of existing U.S.S.R. steel facilities has been approved for procurement. The equipment, when installed in the U.S.S.R., is expected to increase Soviet production of carbon steel ingots by 2,500,000 tons a year.

To date, equipment valued at \$13,300,000 has been placed in production, \$3,768,000 has been made available at suppliers and \$925,000 has been exported.

OTHER PLANTS

	Date Approved	Cost	Made Available in U.S.	Exported
Wall Board Plant	11/17/42	\$ 537,000	\$ 524,000	0
Glass Bulb and Tubing Plant	3/17/43	1,468,000	75,000	0
Voltol Pilot Plant	4/22/43	73,000	73,000	73,000
Nitric Acid Plant	11/27/42	528,000	447,000	394,000
Hydrogen Gas Plant	5/29/42	532,000	532,000	67,000
Hydrogen & Catalyst Plants	11/ 9/42	2,617,000	1,157,155	0

Note: Above data have been adjusted to eliminate estimated costs of engineering and services.

STATEMENT OF VESSELS SAILED TO U.S.S.R.

As of June 30, 1944

Date of Sailing	Number of Vessels Sailing					Arrived	En Route as of June 30	Cargo Disch. in U.K.	Lost	Losses by Month
	For North Russia	For Persian Gulf	For Soviet Arctic	For Soviet Far East	Total					
1941 Oct	10	-	-	5	15	14	-	-	1	-
Nov	9	1	-	3	13	12	-	-	1	-
Dec	14	7	-	4	25	22	-	-	3	1
1942 Jan	20	-	-	4	24	19	-	1	4	3
Feb	13	2	-	4	19	16	-	-	3	1
Mar	31	6	-	6	43	32	-	4	7	9
Apr	62	6	-	10	78	46	-	13	19	-
May	14	10	-	7	31	21	-	4	6	6
Jun	8	11	6	9	34	27	-	-	7	6
Jul	2	5	16	12	35	34	-	-	1	16
Aug	11	5	1	19	36	33	-	-	3	1
Sep	4	8	-	17	29	29	-	-	-	10
Oct	-	13	-	19	32	32	-	-	-	-
Nov	-	8	-	26	34	32	-	-	2	3
Dec	4	11	-	24	39	38	-	1	-	-
1943 Jan	12	12	-	22	46	38	-	8	-	-
Feb	23*	7	-	28	58	36	-	20	2	1
Mar	1	19	-	26	46	44	-	1	1	2
Apr	-	18	-	37	55	54	-	-	1	1
May	-	15	4	44	63	62	-	-	1	-
Jun	-	4	5	45	54	54	-	-	-	2
Jul	-	17	16	24	57	57	-	-	-	-
Aug	-	24	7	38	69	67	-	-	2	2
Sep	-	27	-	50	77	77	-	-	-	-
Oct	10	25	-	27	62	61	-	-	1	-
Nov	20*	25	-	32	77	76	-	-	1	1
Dec	29*	21	-	39	89	87	-	-	2	-
1944 Jan	30	26	-	27	83	82	-	-	1	3
Feb	17**	16	-	19	52	51	-	-	1	1
Mar	16	21	-	18	55	52	1	-	2	1
Apr	-	35	-	25	60	59	-	-	1	3
May	-	36	-	40	76	49	27	-	-	-
Jun	-	24	9	43	76	9	67	-	-	-
Total Oct. 1941 to June 30, 1944	360	465	64	753	1,642	1,422	95	52	73	73

* Includes one tanker from U.K. for U.S. Protocol Account.

** Includes two tankers from U.K. for U.S. Protocol Account.

Of the 1,642 sailings from October 1, 1941 to June 30, 1944, 781 were made by American vessels, 533 by Soviet vessels, 302 by American vessels transferred to Soviet registry, 25 by British vessels and 1 by a Swedish vessel. In addition to the 1,566 sailings, there were 107 ships that loaded partial cargoes in the U.S. for the U.S.S.R. In addition to the 73 ships shown above as lost, several ships have been sunk on their return voyages.

ACTUAL SHIPMENTS COMPARED WITH PROTOCOL SHIPPING OBJECTIVES

 July 1943 - June 1944
 FIGURES IN LONG TONS

	Atlantic Route	Pacific Route	Total
Protocol Objective	2,142,852	2,410,716	4,553,568
Shipments	3,310,200*	2,589,000	5,899,200
Shipments in % of Objective	154.5%	107.4%	129.5%

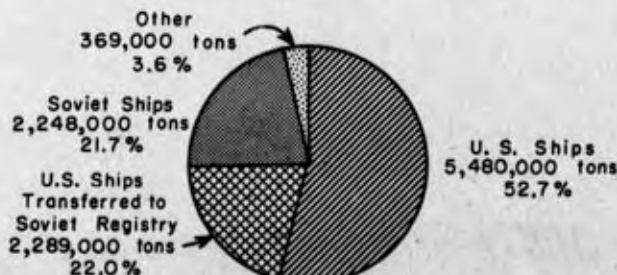
* Includes 154,000 tons of petroleum products from Abadan for U.S. Protocol account, the material being replaced to U.K. from the U.S.

STATEMENT OF CARGO SHIPPED TO U.S.S.R.
As of June 30, 1944
 (Thousands of Gross Long Tons)

	For North Russia	For Persian Gulf			For Soviet Arctic	For Soviet Far East		Total	Arrived	En Route as of June 30	Cargo on Hand or Diverted in U.K.	Lost	Losses by Month
		Full Cargoes	Partial Cargoes	From Abadan		Full Cargoes	Partial Cargoes						
1941 Oct	48	-	-	-	-	17	-	65	62	-	-	3	-
Nov	41	3	-	-	-	14	-	58	55	-	-	3	-
Dec	50	10	-	-	-	11	-	71	63	-	-	8	3
1942 Jan	63	-	-	-	-	26	-	89	72	-	1	16	9
Feb	66	4	1	-	-	20	-	91	76	-	-	15	5
Mar	171	17	1	-	-	25	-	214	163	-	5	46	42
Apr	376	21	-	-	-	38	-	435	267	-	40	128	-
May	92	79	8	-	-	33	-	212	141	-	19	52	38
Jun	55	84	7	-	18	31	-	195	139	-	-	56	55
Jul	13	39	25	-	46	59	1	183	174	-	-	9	114
Aug	69	40	25	-	2	83	-	219	197	-	-	22	7
Sep	28	63	9	-	-	79	-	179	179	-	-	-	65
Oct	-	109	12	-	-	108	-	229	229	-	-	-	2
Nov	-	66	5	-	-	106	1	178	165	-	-	13	17
Dec	29	83	9	-	-	123	-	244	237	-	7	-	2
1943 Jan	73	83	4	-	-	98	-	258	210	-	48	-	2
Feb	173	40	-	-	-	129	-	342	178	-	150	14	8
Mar	9	131	-	-	-	123	-	263	246	-	9	8	16
Apr	-	138	5	-	-	194	-	337	330	-	-	7	7
May	-	112	9	-	13	216	-	350	343	-	-	7	-
Jun	-	25	4	-	16	229	1	275	275	-	-	-	15
Jul	-	116	10	9	58	152	-	345	345	-	-	-	-
Aug	-	173	4	7	32	261	-	477	463	-	-	14	14
Sep	-	194	4	8	-	313	-	519	519	-	-	-	-
Oct	66	187	6	11	-	181	-	451	442	-	-	9	-
Nov	145	194	1	10	-	229	-	579	571	-	-	8	9
Dec	214	167	-	10	-	262	-	653	639	-	-	14	-
1944 Jan	222	202	-	11	-	176	-	611	608	-	-	3	22
Feb	127	114	-	13	-	100	-	354	346	-	-	8	3
Mar	110	152	-	15	-	91	-	368	347	7	-	14	8
Apr	-	275	-	19	-	134	-	428	424	-	-	4	18
May	-	287	-	20	-	264	-	571	347	224	-	-	-
Jun	-	187	-	21	28	307	-	543	77	466	-	-	-
Total Oct. 1941 to June 30, 1944	2,240	3,395	149	154*	213	4,232	3	10,386	8,929	697	279	481	481

* Petroleum products by rail ex Abadan for U.S. account, replaced to U.K. from U.S..

**DISTRIBUTION OF TONNAGE SHIPPED TO JUNE 30, 1944
 BY REGISTRY OF SHIPS**



DATA ARE GROSS LONG TONS

SECRET

AIRCRAFT DELIVERIES TO U.S.S.R. October 1, 1941 to June 30, 1944

Protocol requirements are filled upon delivery of aircraft from factories.

Departure points from North America are: U.S. ports for water shipments, Fairbanks for flight-deliveries via the Alaskan Siberian Ferry Route, and Miami, Florida or adjacent fields for flight-deliveries via the South Atlantic. Planes shipped by water to North Russia are considered delivered upon arrival at Murmansk or Archangel. Planes shipped by water to the Persian Gulf are assembled at Abadan and with planes arriving there over the South Atlantic Ferry Route are delivered at Abadan to U.S.S.R. pilots. Alaskan-Siberian Ferry Route planes are delivered to Soviet pilots at Fairbanks.

With the exception of 99 P-40 fighters shipped from U.S. ports in September, 1941 and arrived in North Russia in November and December 1941, this schedule includes all aircraft departed from the U.S. for direct delivery to the U.S.S.R. Aircraft shipped from the U.S. intended for use in the United Kingdom but retransferred from the United Kingdom to the U.S.S.R. are not included.

	Delivered at Factories	In North America June 30, 1944	Lost in North America	Departed North America	Lost After Departure	Diverted to Others	En Route N. A. to Destination 6/30/44	Arrived at Destination	Delivered to U.S.S.R. at Destination
		In U.S.	In Canada and Alaska	In U.S.	In Canada and Alaska				
BY ROUTES									
Alaskan-Siberian Ferry Route	4,774	230	132(62)*	60	45	4,307	0	0	4,307
South-Atlantic Ferry Route to Abadan	1,055	4	0	16	0	1,035	43	1	987
Water to North Russia	1,483	0	0	0	0	1,483	310	3	1,169
Water to Persian Gulf Assembly at Abadan	4,093	56	0	1	0	4,036	236	0	3,654
Total	11,405	290	132(62)*	77	45	10,861	589	2	9,857
BY TYPE OF PLANE									
Pursuit Planes									
P-40 Alsib	50	0	0	0	2	48	0	0	48
P-40 North Russia, Water	1,149	0	0	0	0	1,149	248	1	900
P-40 Persian Gulf, Water	872	15	0	0	0	857	54	0	797
P-40 Persian Gulf, Water-U.K. Account	300	0	0	0	0	300	0	0	300
P-39 Alsib	895	43	32(14)*	8	13	799	0	0	799
P-39 Alsib-U.K. Account	1,637	52	41(26)*	28	17	1,499	0	0	1,499
P-39 Alsib-Reimbursement Account	30	0	0	0	3	27	0	0	27
P-39 North Russia, Water	57	0	0	0	0	57	7	0	50
P-39 North Russia, Water-U.K. Account	35	0	0	0	0	35	5	0	30
P-39 North Russia, Water-Reim. Acct.	28	0	0	0	0	28	0	0	28
P-39 Persian Gulf, Water	1,051	0	0	0	0	1,051	38	0	1,003
P-39 Persian Gulf, Water-U.K. Acct.	893	0	0	0	0	893	53	10	830
P-39 Persian Gulf, Water, Reim. Acct.	121	0	0	0	0	121	0	0	121
P-47 Alsib	3	0	0	0	0	3	0	0	3
P-47 North Russia, Water	3	0	0	0	0	3	0	0	3
P-47 Persian Gulf, Water	197	41	0	1	0	155	12	60	83
P-63 North Russia, Water	3	0	0	0	0	3	0	0	3
P-63 Alsib - U.K. Account	85	58	27(18)*	0	0	0	0	0	0
P-63 Alsib	63	52	11(2)*	0	0	0	0	0	0
Total Pursuit Planes	7,472	261	111(60)*	37	35	7,028	417	1	6,464
Light Bombers									
A-20 Alsib	1,297	23	18(0)*	22	9	1,225	0	0	1,225
A-20 South Atlantic	927	4	0	16	0	907	39	1	863
A-20 North Russia, Water	165	0	0	0	0	165	39	0	126
A-20 Persian Gulf, Water	637	0	0	0	0	637	79	0	558
Total Light Bombers	3,026	27	18(0)*	38	9	2,934	157	1	2,772
Medium Bombers									
B-25 Alsib	387	1	2(1)*	0	1	383	0	0	383
B-25 South Atlantic	128	0	0	0	0	128	4	0	124
B-25 North Russia, Water	5	0	0	0	0	5	0	0	5
Total Medium Bombers	520	1	2(1)*	0	1	516	4	0	512
Heavy Bombers									
B-24 Alsib	18	0	0	0	0	1	0	0	1
Cargo Planes									
C-47 Alsib	326	1	1(1)*	2	0	322	0	0	322
Observation Planes									
O-52 North Russia, Water	30	0	0	0	0	30	11	0	19
Advanced Trainers									
AT-6-C North Russia, Water	8	0	0	0	0	8	0	0	8
AT-6-C Persian Gulf, Water	22	0	0	0	0	22	0	0	22
Total Advanced Trainers	30	0	0	0	0	30	0	0	27
Patrol Bombers									
PBH Patrol Bombers	48	19	0	0	0	29	-	-	-

- * At Fairbanks.
 a/ Water shipments received at Abadan washed out before delivery to U.S.S.R. pilots.
 b/ One heavy bomber carrying a U.S. Mission became stranded in Siberia and was transferred to the Soviet Government.
 c/ As of June 30, 1944, 1,399 A-20's, 926 P-40's, 1,884 P-39's were reported departing Abadan with U.S.S.R. pilots.
 d/ One B-25 previously refused by U.S.S.R. at Fairbanks and returned to Great Falls for adjustments now enroute to Fairbanks.
 e/ One B-25 previously refused by U.S.S.R. at Fairbanks and returned to Great Falls for adjustments now returned to Fairbanks.
 f/ Not included in totals above. No information available after departure from North America.

EXPORTS AND AVAILABILITY As of June 30, 1944

SECRET
Sheet 1

Item	Third Protocol Performance July 1, 1943 - June 30, 1944		Exported		Cumulative Performance - 1st, 2nd, and 3rd Protocols October 1, 1941 to June 30, 1944											
	Third Protocol Offering a	Made Available To Date b	During June, 1944	7/1/43- 6/30/44	Made Available c	Exported	Arrived d	Lost	Diverted After Export	In U. S. Awaiting Forwarding e	Balance Enroute 6/30/44 f					
I AIRCRAFT AND EQUIPMENT f																
Aircraft																
(For U.S. Protocol Account)																
I 1A Pursuit Planes	2,400	2,396	157	2,337	4,343	4,125	}									
1B Light Bombers	1,200	1,205	61	1,212	3,026	2,934										
1C Medium Bombers	300	300	34	310	520	516										
1D Heavy Bombers	0	0	0	0	1	1										
1E Transport Planes	240	246	12	239	326	322										
1F Flying Boats, PBW	0	48	21	29	48	29										
1G Observation Planes	0	0	0	0	30	30										
1H Advanced Trainers	0	0	0	0	30	30										
(For U.K. Protocol Account) (Under Reciprocal Agreement)																
I 1A Pursuit Planes	1,800	1,800	168	1,732	2,950	2,727	}									
(For Relabourment Account)																
I 1A Pursuit Planes	0	0	0	0	179	176	}									
I 6A Link Trainers	0	10	0	5	10	5						}				
6B Aircraft Landing Mats (1000 sq. feet)	0	3,293	0	3,293	3,293	3,293										
See Detailed Schedule																
II MILITARY SUPPLIES f																
Combat Vehicles																
II-1A1 Light Tanks	0	0	0	0	1,680	1,680	1,237	443	0	0	0					
II-1A2 Medium Tanks	2,000	1,814	52	1,758	3,350	3,306	2,816	405	0	0	85					
II-1B1 Self-Propelled Guns, AT 76 mm.	0	5	0	5	5	5	5	0	0	0	0					
II-1B2 Self-Propelled Guns, AT 57 mm.	0	650	0	650	650	650	650	0	0	0	0					
II-1B3 Self-Propelled Guns, AT 3"	0	50	0	50	52	52	52	0	0	0	0					
II-1B4 Self-Propelled Guns, AA .37 mm.	0	100	0	100	100	100	74	0	0	0	26					
II-1B5 Self-Propelled Guns, AA .50 Cal.	0	1,000	3	1,000	1,000	1,000	997	0	0	0	3					
II-1C Half Tracks	600	462	1	411	797	760	664	54	0	0	22					
II-1D Armored Scout Cars	4,500	2,641	171	1,921	3,568	2,835	2,436	218	0	0	181					
Universal Carriers	0	0	0	0	0	0	0	0	0	0	0					
Total	7,100	6,722	227	5,895	11,202	10,368	8,931	1,120	0	0	317					
Ordnance Service Vehicles																
II-2A Field Repair Trucks	0	683	*48	800	1,183	1,104	1,067	3	0	0	34					
II-2B Tank Recovery Units	0	136	0	136	136	130	130	0	0	0	0					
II-2C Tank Transporters (204 40 ton)	0	276	8	208	276	284	256	20	0	0	8					
Total	0	1,095	56	1,138	1,695	1,518	1,453	23	0	0	42					
Trucks																
II-3A1 Jeeps (1/2 ton 4x4)	24,000	19,262	215	18,214	44,394	40,662	34,676	3,657	1,378	0	951					
II-3A2 Jeeps, Amphibian		3,010	625	2,798	3,012	2,800	2,763	0	0	0	437					
II-3B1 Trucks, 1/4 ton	132,000	13,326	1,817	10,992	18,130	15,640	12,000	78	598	0	2,931					
II-3B2 Trucks 1/2 ton		53,607	4,112	56,388	113,050	110,619	92,773	6,316	1,826	1,466	8,258					
II-3B3 Trucks, 3/4 ton		55,913	4,290	53,304	115,289	108,768	93,612	4,176	704	3,418	6,866					
II-3C Trucks, 5 ton and over		0	0	0	54	54	54	0	0	0	0					
II-3D Trucks, Special Purpose		630	58	517	651	538	468	0	0	0	62					
II-3E Trunk Tractor Trailers	0	906	214	852	906	870	498	6	0	2	364					
II-3F (Engines for Trucks)	0	(2,977)	(238)	(3,065)	(3,500)	(3,432)	(3,332)	(0)	(0)	(0)	(100)					
Total Trucks	156,000	146,654	11,331	143,065	295,486	279,951	236,477	14,233	4,506	4,866	19,869					
Other Vehicles & Truck-Laying Tractors																
II-4A1 Motorcycles	12,000	14,232	485	12,716	26,332	24,116	20,018	1,770	1,100	0	1,228					
II-4B1 Tractors, Prime Mover Type	2,400	2,559	86	2,610	5,607	4,503	3,971	242	0	0	290					
Artillery and Ammunition																
II-5A1 AA Guns, 90 mm.	0	120	0	136	224	224	196	8	0	20	0					
II-5A2 AA Guns, 40 mm.	0	5,401	0	5,320	5,581	5,395	4,815	196	0	0	364					
II-5A3 AA Guns, 37 mm.	0	0	0	0	424	424	340	16	0	68	0					
II-5A4 AA Machine Guns, 50 Cal.	0	1,200	0	1,125	2,000	1,925	1,525	0	0	400	0					
II-5A7 AA Guns, 4.7"	0	4	4	4	4	4	4	0	0	0	4					
II-5B1 AT Guns, 37 mm.	0	0	0	0	63	63	35	28	0	0	0					
II-5B2 AT Guns, 37 mm.	0	0	0	0	0	0	0	0	0	0	0					
II-5C1 Submachine Guns, 45 Cal.	0	5,055	0	2,850	140,122	135,633	111,593	23,190	0	0	1,150					
II-5D1 Pistols and Revolvers	0	7,500	500	13,000	13,000	13,000	11,000	1,500	0	0	500					
II-5F Mortars	0	0	0	0	30	30	30	0	0	0	0					
II-5G Smoke Pots	0	941,355	49,218	866,539	946,355	871,539	777,521	0	0	0	94,018					
II-5H Rocket Launchers	0	0	0	0	3,000	3,000	3,000	0	0	0	0					

Notes: a U.S.S.R. selections from U.S. offerings were in excess of the aggregate of shipping commitments and necessary stocks. Although shipping exceeded commitments, production control provisions of the Protocol were exercised and reduced quantities made available below offerings in some instances.
b From production or assignments in addition to quantities made available but not exported at the end of the Second Protocol period and after deductions of quantities repossessed or diverted before export.
c From production or assignments (Lend-Lease and cash purchases) after deductions of quantities repossessed or diverted before export.
d Includes shipments for clearance through the Persian Corridor reported arrived in the Persian Gulf.
e Data on discharge operations in U.S. incomplete.
f Armament, spare parts and other equipment supplied in accordance with U.S. standards.

Item	Third Protocol Performance July 1, 1943- June 30, 1944		Exported		Cumulative Performance - 1st, 2nd, and 3rd Protocols October 1, 1941 to June 30, 1944						
	Third Protocol Offering a	Made Available To Date b	During June, 1944	7/1/43- 6/30/44	Made Available c	Exported d	Arrived e	Lost f	Diverted After Export g	In U. S. Awaiting Forwarding h	Balance Forward 6/30/44 i
II MILITARY SUPPLIES (cont.)											
Explosives (tons)											
II-641 Smokeless Powder	72,700	88,721	1,420	81,844	135,225	119,977	109,137	4,910	0	0	5,930
II-642 Stick Powder		2,083	377	1,509	2,083	1,509	1,078	0	0	0	531
II-643 Other Powder		**	0	**	**	**	**	**	**	**	**
II-644 Cordite Powder	35,840	100	0	100	919	636	0	0	0	0	0
II-645 T.N.T.		**	4,123	64,668	**	98,336	85,021	3,849	250	0	9,216
II-646 Ammonite, (Dynamite)		12,346	0	12,306	22,173	18,617	18,617	0	0	0	0
II-647 Picric Acid	697	0	0	1,028	1,486	1,385	1,147	92	0	0	145
II-648 Colloxylin, (Nitrocellulose in Alcohol) (\$1000)	0	0	357	694	8,136	5,460	3,505	1,339	86	69	461
II-649 Detonators, Blasting Supplies, etc.) (\$1000)	**	0	0	0	**	0	0	0	0	0	0
II-650 (Other Explosives and Components)	**	0	0	0	**	0	0	0	0	0	0
Total Explosives	108,540	103,947	6,277	162,069	**	246,000	219,141	10,190	336	69	16,284
Wireless Communication Equipment											
II-741 Radio Stations over 1 KW, Marine	61	**	0	**	**	**	**	**	**	**	**
II-742 Radio Stations over 1 KW, Other		22	1	11	**	11	11	0	0	0	0
II-743 Radio Stations 1 KW and Under, Marine		**	0	**	**	**	**	**	**	**	**
II-744 Radio Stations 1 KW and Under, Other	2,230	15,728	2,478	15,338	**	27,034	24,578	821	32	0	1,603
II-745 Radio Receivers, Marine		**	0	**	**	**	**	**	**	**	**
II-746 Radio Receivers, Other		3,291	386	3,169	**	3,626	2,974	19	0	0	633
II-747 Radio Locators, Marine	0	**	0	**	**	**	**	**	**	**	**
II-748 Radio Locators, Ground		16	9	31	**	36	25	0	0	0	11
II-749 Radio Locators, Aircraft		**	0	**	**	**	**	**	**	**	**
II-750 Radio Direction Finders	150	113	32	64	**	64	32	0	0	0	32
II-751 Radio Altimeters	0	10	0	0	**	0	0	0	0	0	0
II-752 Radio Beacons	0	288	29	276	**	276	202	25	0	0	49
II-753 Radio Tubes (1000 units)	2,400	2,434	**	**	**	**	**	**	**	**	**
II-754 Radio Components, Parts & Access. (\$1000)	3,000	1,008	174	1,285	**	2,576	2,453	5	0	0	118
II-755 Radio Meas. & Test. Equip. (\$1000)	0	1,015	225	816	**	1,010	836	2	0	0	172
Construction Machinery (\$1000)											
II-84 Road and Airport Construction Equip.	0	526	33	526	606	606	429	108	0	0	69
II-85 Tractor Mounted Construction Equip.	0	531	6	417	557	417	411	0	0	0	6
II-86 Mixers and Pavers	0	362	3	163	670	323	323	0	0	0	0
II-87 R.E. Construction Equipment	0	26	55	491	635	609	502	0	0	0	107
Total	0	1,445	97	1,597	2,468	1,955	1,665	108	0	0	182
R.E. Transportation Equipment											
II-941 Steel Locomotives	500	601	60	339	601	339	273	6	0	0	60
II-942 Flat Cars	10,000	2,756	216	1,640	2,756	1,640	1,352	54	0	0	234
II-943 Dump Cars	0	370	20	50	370	50	20	0	0	0	30
II-944 Tank Cars	0	30	0	97	100	97	97	0	0	0	0
Total	10,500	3,757	296	2,126	3,827	2,126	1,742	60	0	0	324
Medical Supplies (\$1000)											
II-10 Medical Supplies (Protocol Items Only)	12,000	13,962	**	**	**	**	**	**	**	**	**
Other Military Items											
II-11A Cableway Bridges	0	15	0	15	15	15	15	0	0	0	0
II-11B Portable Pipeline	0	2	0	2	2	2	2	0	0	0	0
II-11C Flashlights/ Dry Cells	0	45,000	15,000	75,000	100,000	100,000	100,000	0	0	0	0
III NAVAL AND MARINE EQUIPMENT											
Ships, Except Combat											
III-1A Dry Cargo Vessels, Transferred	-	8	2	8	60g	60g					
1B Tankers, Transferred	-	5	(-) 1	5	12h	12h					
1C Icebreakers, Transferred	0	1	0	1	1	1					
1F Steam Schooner	0	1	1	1	1	1					
1G Pneumatic Pontoon	0	0	0	0	3,000	3,000	3,000	0	0	0	0
Combat Ships											
III-2A Submarine Chasers, 110'	0	23	11	23	23	23					
2B Submarine Chasers, 65'	0	63	0	47	63	47	45	2	0	0	0
2C Torpedo Boats	0	96	0	49	88	61	45	3	7	0	6
2D Minisubmersibles	10	10	0	10	10	10					
2E Landing Craft	0	40	0	30	40	30	30	0	0	0	0
Marine Propulsion Machinery, etc.											
III-3A Marine Diesel Engines	773	1,320	200	972	1,670	1,321	1,062	9	0	0	230
3B Marine Gasoline Engines	156	1,787	300	2,241	3,640	3,479	3,048	46	0	65	320
3C Outboard Motors	0	1,100	0	750	1,300	900	900	0	0	0	0
3E Shafting and Ship Propellers (\$1000)	0	69	53	69	69	69	16	0	0	0	53
3F Steering Gears (\$1000)	0	0	0	43	43	43	43	0	0	0	0
3G Storage Batteries for Submarines	15	6	0	7	22	22	20	0	0	2	0
3I Parts and Equip. for Marine Propulsion Mach. (\$1000)	0	430	134	430	573	573	385	13	0	0	175

Notes: All tons are short tons (2000 lbs. each) net weight.

** Data not available.

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b From production or assignments in addition to quantities made available but not exported at the end of the Second Protocol period and after deductions of quantities repossessed or diverted before export.

c From production or assignments (Lend-Lease and cash purchases) after deductions of quantities repossessed or diverted before export.

d Includes shipments for clearance through the Persian Corridor reported arrived in the Persian Gulf.

e Data on discharge operations in U.S. incomplete.

f Ammunition, spare parts and other equipment supplied in accordance with U.S. standards.

g 66 Dry cargo vessels transferred of which 6 were returned to the U.S. during Third Protocol period.

h 16 Tankers transferred of which 4 were returned to the U.S. during Third Protocol period.

Item	Third Protocol Performance July 1, 1943- June 30, 1944		Exported		Cumulative Performance - 1st, 2nd, and 3rd Protocols October 1, 1941 to June 30, 1944						
	Third Protocol Offering a	Made Available To Date b	During June, 1944	7/1/43- 6/30/44	Made Available c	Exported	Arrived d	Lost	Diverted After Export	In U. S. E. Awaiting Forwarding e	Balance Enroute 6/30/44 f
III NAVAL AND MARINE EQUIPMENT											
(cont.)											
Special Ship Equipment											
III-4A Salvage Stations and Diving Gear (\$1000)	(40 units)	841	3	729	841	729	719	2	0	0	8
4B Jettying Apparatus (\$1000)	(20 sets)	112	0	109	112	109	44	0	0	0	65
4C Submarine Rescue Chambers	1	1	0	1	1	1	1	0	0	0	0
4E Distilling Apparatus (\$1000)	0	36	0	36	36	36	36	0	0	0	0
4G Misc. Special Ship Equip. (\$1000)	0	3	0	3	3	3	3	0	0	0	0
2D Trawling Equip. for Mine- sweepers (\$1000)	0	122	122	122	122	122	0	0	0	0	122
Naval Artillery and Ammunition											
III-5A 3"/.50 Cal. D.D. Guns	200	523	15	447	523	523	421	6	0	36	60
5B 5"/.38 Cal. D.D. Guns	0	50	0	144	150	144	132	6	0	0	6
5C .50 Cal. Machine Guns	0	1,348	300	1,100	1,574	1,108	408	0	0	0	700
5F Orlikon Guns	500	900	0	1,118	1,900	1,898	1,487	111	150	0	150
5H Ammunition, Naval			Furnished with Armament								
IV FOODSTUFFS, ETC. (tons) f											
IV-1A Wheat		26,465	0	26,465	55,713	55,713	55,113	600	0	0	0
1B Wheat Flour		294,822	9,883	294,822	532,614	532,614	506,603	8,547	5,062	0	12,362
1C1 Other Grains		2,208	0	2,208	5,362	5,362	5,362	0	0	0	0
1C2 Other Flour		16,181	6,560	16,181	27,522	27,522	21,222	0	0	0	6,300
1C3 Other Basic Grain Mill Prods.		8,335	150	8,335	22,954	22,954	22,683	130	0	0	141
1C4 Other Finished Cereals and Prods.		32,463	2,084	32,463	86,268	86,268	82,615	1,065	528	0	2,060
1D Dried Peas and Beans		107,048	1,998	107,048	219,175	219,175	186,155	7,905	23,138	0	1,977
1E1 Seeds, Lent-Beans		8,148	0	8,148	16,644	16,644	16,626	18	0	0	0
1E2 Seeds, R.W.R.		(346)	(22)	(346)	(2,056)	(2,056)	(2,035)	(0)	(0)	(0)	(23)
Total		500,000	495,670	20,675	495,670	966,252	896,379	18,305	28,728	0	22,840
IV-2A Sugar from U.S.		112,000	245,972	13,691	245,972	416,921	361,797	16,481	12,364	0	26,279
2B Sugar from Other Sources		224,800	49,856	0	49,856	76,373	66,323	0	0	0	10,050
IV-3A Dehydrated Meat		6,994	378	6,994	7,672	7,672	7,052	0	0	0	619
3B Tushonka		145,554	11,084	145,554	150,649	150,649	129,597	1,446	0	0	19,606
3C Other Canned Meats		120,040	5,440	120,040	350,675	350,675	305,024	17,426	14,842	581	12,802
Total		207,345	272,588	16,902	272,588	508,995	443,673	18,872	14,842	581	33,027
IV-4A Lard		102,755	1,539	102,755	172,535	172,535	146,164	7,098	16,846	0	2,427
4B1 Fat Cuts		119,373	2,500	119,373	210,089	210,089	202,025	3,198	4,142	0	724
4B2 Smoked Meats		4,328	75	4,328	16,389	16,389	15,569	499	302	0	19
4B3 Sausage & Meat Preparations		99	5	99	263	263	236	0	0	0	27
4C1 Butter	(39,200)	39,558	44	39,558	51,356	51,356	49,567	1,010	735	0	44
4C2 Butter Oil		961	961	961	961	961	0	0	0	0	961
4C3 Carters' Spread		9,014	1,986	9,014	9,014	9,014	6,233	37	0	0	2,744
4D Other Animal Fats and Oils		8,122	168	8,122	23,500	23,500	22,173	637	539	0	151
Total		347,200	284,210	7,278	284,210	484,107	441,967	12,479	22,564	0	7,097
IV-5A1 Vegetable Oil in Bulk		166,703	16,440	166,703	277,357	277,357	260,245	672	0	0	16,440
5A2 Vegetable Oil in Drums		3,980	195	3,980	13,010	13,010	12,801	37	0	0	172
5B Shortening		13,317	75	13,317	25,537	25,537	23,035	286	2,140	0	76
5C Oleomargarine		36,050	33	36,050	40,813	40,813	39,414	537	0	0	862
Total		222,760	220,050	16,743	220,050	356,717	335,495	1,532	2,140	0	17,550
IV-6A Canned Milk		7,105	430	7,105	12,404	12,404	11,720	282	0	0	402
6B Dried Milk		33,025	597	33,025	50,004	50,004	44,118	896	4,394	0	596
6C Dried Eggs		38,836	1,233	38,836	69,839	69,839	57,300	4,675	5,296	0	2,568
6D Cheese		15,935	582	15,935	19,656	19,656	18,764	295	0	0	597
6E1 Soy Flour		36,616	510	36,616	39,010	39,010	36,947	1,442	0	0	621
6E2 Soy Grits		17,948	0	17,948	18,108	18,108	18,108	0	0	0	0
6F Fruit & Veg. Pastes & Purees		3,233	154	3,233	3,659	3,659	3,518	0	0	0	141
6G Concentrated Juices		1,347	4	1,347	1,723	1,723	1,722	0	0	0	1
6H Dried Fruits		366	66	366	1,049	1,049	983	0	0	0	66
6I Dried & Dehydr. Vegetables		3,776	422	3,776	4,333	4,333	3,917	0	0	0	416
6J Dried Soups		6,594	168	6,594	6,865	6,865	6,691	105	0	0	69
6K Concentrated Cereals		6,551	43	6,551	7,691	7,691	7,596	95	0	0	0
Total		177,000	171,332	4,231	171,332	234,341	211,384	7,990	9,690	0	5,477
IV-7A Soap		1,454	184	1,454	6,258	6,258	6,019	111	0	0	128
7B Soap Stock		0	0	0	322	322	0	0	322	0	0
Total		11,200	1,454	184	1,454	6,580	6,019	111	322	0	128

Notes: All tons are short tons (2000 lbs. each) net weight.

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- From production or assignments (Lend-Lease and cash purchases) after deductions of quantities repossessed or diverted before export.
- Includes shipments for clearance through the Persian Corridor reported arrived in the Persian Gulf.
- On discharge operations in U.S. incomplete.
- Foodstuffs made available as exported.
- Seeds forwarded by Russian War Relief, Inc. not considered in fulfillment of Protocol commitments omitted from totals.
- By agreement commitment for "Wheat, Flour, Cereals, etc." increased by 100,000 tons offsetting reduction of "Sugar, from Other Sources".
- By agreement commitment reduced by 2.17 tons for each ton of dehydrated meat shipped.
- Commitment for vegetable oil reduced by 2240 short tons by transfer to the U.S. under Article V of the Third Protocol. U.S. to supply 2240 short tons of coconut oil.

Item	Third Protocol Performance July 1, 1943- June 30, 1944		Exported		Cumulative Performance - 1st, 2nd, and 3rd Protocols October 1, 1941 to June 30, 1944						
	Third Protocol Offering a	Made Available To Date b	During June, 1944	7/1/43- 6/30/44	Made Available c	Exported	Arrived d	Lost	Diverted After Export	In U. S. Awaiting Forwarding e	Balance Enroute 6/30/44 f
IV FOODSTUFFS, ETC. (tons) (Cont.)											
IV-8a Canned Fruits		18	0	18	349	349	349	0	0	0	0
8b Canned Vegetables		614	32	614	1,419	1,419	1,386	0	0	0	33
9c Fresh Fruit		60	9	60	64	64	55	0	0	0	9
9d Fresh Vegetables		1,171	160	1,171	1,241	1,241	1,100	0	0	0	141
9e Vitamins		278	44	278	546	546	460	5	36	0	45
9f Yeast		529	39	529	838	838	687	0	112	0	39
9g Tea		254	6	254	876	876	871	0	0	0	5
9h Coffee		4,053	1	4,053	6,817	6,817	6,256	0	560	0	561
9i Salt		590	269	590	2,126	2,126	1,894	0	0	0	232
9j Spices		1,154	1	1,154	1,225	1,225	1,224	0	0	0	1
9k Flavoring Extracts		28	13	28	200	200	185	2	0	0	13
9l1 Meat Wts From Turkey		3,638	0	3,638	3,638	3,638	3,638	0	0	0	0
9l2 Other Wts		1	0	1	58	58	58	0	0	0	0
9m Other Foodstuffs		1,604	7	1,604	2,404	2,404	2,395	1	0	0	8
9n Feed		5,626	2,344	5,626	7,602	7,602	5,258	0	0	0	2,344
Total		19,618	2,905	19,618	29,403	29,403	25,816	8	708	0	2,871
Total Foodstuffs (short tons)	1,802,305	1,760,750	82,609	1,760,750	3,079,689	3,079,689	2,786,853	75,578	91,358	581	125,319
V MACHINERY AND EQUIPMENT (\$1000) f											
V-1 Engines & Turbines, General Purpose		3,603	79	4,921	8,345	6,992	5,948	883	0	0	161
V-2a Compressors, Marine		248	0	79	356	127	127	0	0	0	0
V-2b Compressors, Other		5,132	258	5,760	8,316	7,964	6,529	340	0	0	1,095
V-3a Pumps, Marine		1,069	81	639	1,131	639	605	0	0	0	34
V-3b Pumps, Other		5,171	377	4,393	7,059	6,162	4,843	193	0	0	1,126
V-4 Crushing & Mixing Machinery & equipment		4,109	459	4,256	6,142	5,203	4,167	83	0	0	953
V-5 Conveyors & Conveying Systems		998	184	505	1,315	611	387	0	0	0	254
V-6a Winches, Marine		283	0	213	316	229	151	-	0	0	78
V-6b Cranes, Derricks & Hoists, Other		11,550	1,060	8,052	13,808	9,871	8,420	55	0	0	1,396
V-7 Industrial Trucks & Tractors		2,000	211	1,991	4,084	3,984	3,429	64	0	11	480
V-8a Fan and Blower Equipment, Marine		90	5	489	513	513	484	0	0	0	29
V-8b Fan and Blower Equipment, Other		802	32	506	839	509	286	0	0	0	223
V-9 Mech. Power Transmission Equipment		19	0	36	55	55	55	0	0	0	0
V-10 Bearings		10,834	1,181	9,755	15,651	13,484	12,311	233	0	0	940
V-11 Valves and Steam Specialties		3,964	10	2,399	5,207	3,601	3,611	58	0	0	82
V-12 Miscellaneous General Purpose Industrial Machinery		3,062	450	2,404	3,702	2,713	2,381	4	0	0	328
V-13a1 Electric Rotating Equipment, Marine		1,364	561	1,035	1,370	1,039	313	0	0	0	726
V-13a2 Electric Rotating Equipment		5,789	807	8,093	11,065	10,971	9,929	349	3	0	690
V-13b1 Generator Sets, Military	4,000	13,980	904	9,520	23,500*	23,414	21,785	490	0	0	1,339
V-13b2 Generator Sets, Marine		3,474	1,514	3,474	4,869	4,869	3,413	0	0	0	1,456
V-13b3 Generator Sets, Other		44,786	3,481	35,778	59,823	40,910	37,498	74	0	0	3,338
V-14 Primary Electric Power Transmission Equipment		1,665	336	2,074	2,947	2,479	2,362	6	0	0	111
V-15 Power Conversion Equipment		2,390	55	982	2,445	1,038	714	270	0	0	54
V-16a Secondary Distribution Equipment, Marine		67	33	67	67	67	67	0	0	0	0
V-16b Secondary Distribution Equipment, Other		344	30	496	1,015	956	945	7	0	0	4
V-17 Motor Starters & Controllers		110	1	187	663	651	574	33	23	0	21
V-18 Electric Lamps		15	1	71	103	87	87	-	0	0	0
V-19 Miscellaneous Electric Equipment		1,600	91	1,366	2,055*	1,758	1,572	3	0	15	168
V-20 Food Products Machinery		57	39	257	660	285	243	4	0	0	38
V-21 Textile Industries Machinery		190	10	252	995	957	837	109	0	0	11
V-22 Pulp & Paper Industry Machinery		0	124	318	365	341	212	5	0	0	124
V-23 Printing Trades Machinery & Equip.		44	0	0	44	44	44	0	0	0	0
V-24a Tire Plant		3,918	391	3,918	7,345	7,345	6,946	5	0	0	394
V-24b Rubber Working Machinery		0	0	0	0	0	0	0	0	0	0
V-25 Woodworking Machinery		576	24	293	684	373	356	12	0	0	5
V-26 Metal Melting & Heating Furnaces		8,403	1,269	8,763	15,728	13,824	11,270	625	0	0	1,929

Notes: All tons are short tons (2000 lbs.) net weight.

a U.S.S.R. selections from U.S. offerings were in excess of the aggregate of shipping commitments and necessary stocks. Although shipping exceeded commitments, production control provisions of the Protocol were exercised and reduced quantities made available below offerings in some instances.

b From production or assignments in addition to quantities made available but not exported at the end of the Second Protocol period and after deductions of quantities repossessed or diverted before export.

c From production or assignments (Lease-Lend and cash purchases) after deductions of quantities repossessed or diverted before export.

d Includes shipments for clearance through the Persian Corridor reported arrived in the Persian Gulf.

e Date on discharge operations in U.S. incomplete.

f Reclassification of Protocol items includes detailed measurement of fulfillment of individual commitments.

	Third Protocol Performance July 1, 1943- June 30, 1944		Exported		Cumulative Performance - 1st, 2nd, and 3rd Protocols October 1, 1941 to June 30, 1944						
	Third Protocol Offering a	Made Available To Date b	During June 1944	7/1/43- 6/30/44	Made Available c	Exported	Arrived d	Lost	Diverted After Export	In U.S. Awaiting Forwarding e	Balance Enroute 6/30/44 f
V MACHINERY AND EQUIPMENT (\$1000) (cont.)											
V-27 Blast & Reverberatory Furnaces	/	1,652	29	657	1,667	667	669	0	0	0	8
V-28 Foundry Equipment	/	378	152	348	976	657	518	15	0	0	124
V-29 Spec. Ind. Furnaces, Kilns & Ovens	/	3	0	5	94	5	3	0	0	0	2
V-30A Petroleum Refinery Plants	/	38,248	1,216	39,803	49,232	43,235	40,207	263	0	0	2,765
V-30B Petroleum Refinery Machinery	/	186	0	106	197	110	108	0	0	0	2
V-31 Spec. Machinery for Glass Industry	/	212	0	198	249	198	174	0	0	0	24
V-32 Spec. Machinery for Chem. Mfg. Ind.	/	587	501	641	755	641	147	0	0	0	494
V-33 Gas Generating & Prod. Apparatus	/	7,019	731	3,230	8,446	3,696	3,215	0	0	0	481
V-34A Misc. Spec. Industry Machines	/	4,207	896	2,301	5,085	3,120	1,989	5	0	0	1,126
V-34B Cartridge Manufacturing Lines	/	12,946	2,736	14,265	29,418	26,681	23,845	110	0	0	2,726
V-35 Machine Tools	/	113,800	15,664	162,421	275,000*	246,022	209,669	8,094	0	92	28,167
V-36 Rolling Mills & Auxiliary Equip.	/	7,376	259	1,330	12,691	5,469	5,465	0	1	0	3
V-37 Drawing Machines	/	1,117	-	202	1,117	202	202	0	0	0	0
V-38 Other Primary Metal Forming Machinery & Equipment	/	243	30	304	304	304	304	0	0	0	0
V-39 Secondary Metal Forming Machinery & Equipment	/	25,100	6,436	25,809	56,000	38,685	30,558	966	27	0	7,134
V-40 Welding Machinery, Marine & Other	/	3,598	140	3,991	4,884	4,664	3,861	59	0	0	744
V-41 Testing & Measuring Equip.	/	1,245	228	895	1,561	1,211	985	25	0	0	201
V-42 Misc. Metal Working Equipment	/	109	-	4	109	109	101	8	0	0	0
V-43 Portable Metal Working Machines and Tools	/	1,581	38	1,516	2,447	2,343	2,308	4	0	0	31
V-44A Cemented Carbide Cutting Tools	/	2,010	287	1,780	3,456	2,856	2,607	11	0	0	238
V-44B Metal Cutting Tools	/	10,824	1,628	10,349	26,473	24,742	23,458	55	0	0	1,229
V-45 Cutting and Forming Tools	/	12	0	0	12	0	0	0	0	0	0
V-46 Attach. & Access. for Mach. Tools	/	1,692	285	1,272	2,313	1,845	1,561	47	0	0	237
V-47 Tool Room Spec. of Other Attachs.	/	23	0	0	23	0	0	0	0	0	0
V-48 Agri. Mach. & Implements	/	406	253	406	566	409	168	0	0	0	241
V-49 Mining & Quarrying Machinery	/	356	128	420	733	496	368	0	0	0	128
V-50 Earth & Rock Boring & Drilling Machinery and Accessories	/	3,375	43	3,988	6,371	5,155	4,115	48	0	0	992
V-51 Well & Blast Hole Drilling Mach.	/	1,387	202	3,615	6,044	5,271	4,978	0	0	0	293
V-52 Excavating & Dredging Machinery	/	7,602	1,365	8,998	19,560	17,311	13,218	362	1,005	0	2,726
V-53 Misc. Construction Equipment	/	705	0	682	1,011	773	773	0	0	0	0
V-54 Office Machines	/	50	0	-	50	48	48	0	0	0	0
V-55 Misc. Machinery	/	605	225	557	1,134	742	515	2	0	0	225
V-56B Teletype Apparatus	/	663	148	934	1,239	956	753	6	0	0	197
V-56C1 Field Telephones	/	4,620	643	6,187	15,540	15,073	12,291	1,754	26	0	1,002
V-56C2 Field Telephones (Units)	/	(106,508)	(15,914)	(137,246)	(337,832)	(325,537)	(259,360)	(37,328)	0	0	(28,848)
V-56C2 Other Tel. & Tel. Equipment	/	9,130	1,737	7,799	9,990	8,141	5,437	48	0	0	2,676
V-58D Sound Equipment	/	214	2	214	486	486	476	4	0	0	6
V-58E Automatic Mook & Signal System	/	0	1,999	2,080	6,030	2,080	765	0	0	0	1,315
V-59A Ind. Type Locom. Cars & Parts	/	325	0	618	1,146	1,074	1,047	25	0	0	2
V-59B Mine Type Locom., Rail Cars & Parts	/	99	0	74	138	74	74	0	0	0	0
V-60 Passenger Vehicles and Parts	/	133	-	19	195	173	169	3	0	0	1
V-61 Airconditioning & Refrig. Equip.	/	42	0	42	42	42	42	0	0	0	0
V-62A Lighting Fixtures, Marine	/	409	54	409	409	409	358	0	0	0	51
V-62B Lighting Fixtures, Other	/	61	3	70	256	253	219	33	0	0	1
V-63 Photographic Equipment	/	463	21	593	1,806	1,546	1,058	75	0	992	21
V-64A Opt., Ind., Record., & Control Inst.	/	2,100	192	1,696	3,768	2,983	2,700	52	0	0	231
V-64B Navigation Instruments	/	21	0	21	48	48	48	0	0	0	0
V-65 Professional & Scientific Instru.	/	566	228	560	928	877	617	38	0	0	222
V-66 Misc. Equipment	/	185	1	138	431	381	346	34	0	0	1
V-67 Hand Tools, Non-Powered	/	851	12	745	2,179	2,063	2,035	17	0	0	11
V-68 Mechanic's Measuring Tools	/	1,607	263	1,625	1,974	1,905	1,700	1	0	0	204
V-69A Power Rollers, Marine	/	11	6	11	18	18	7	0	0	0	11
V-69B Power Rollers, Industrial	/	8,145	2,342	5,235	9,290	5,245	2,903	0	0	0	2,342
Total Machinery & Equipment	460,000 f	420,005	55,201	442,445	786,033	655,589	561,903	16,069	1,085	510	76,022

Notes: All tons are short tons (2000 lbs.) net weight.
a U.S.S.R. selections from U.S. offerings were in excess of the aggregate of shipping commitments and necessary stocks. Although shipping exceeded commitments, production control provisions of the Protocol were exercised and reduced quantities made available below offerings in some instances.
b From production or assignments in addition to quantities made available but not exported at the end of the Second Protocol period and after deductions of quantities reprocessed or diverted before export.
c From production or assignments (Lend-Lease and cash purchases) after deductions of quantities reprocessed or diverted before export.
d Includes shipments for clearance through the Persian Corridor reported arrived in the Persian Gulf.
e Data on discharge operations in U.S. incomplete.
f Includes estimates of costs of Marine and Naval Equipment.

Item	Third Protocol Performance July 1, 1943- June 30, 1944		Exported		Cumulative Performance - 1st, 2nd, and 3rd Protocols October 1, 1941 to June 30, 1944						
	Third Protocol Offering a	Made Available To Date b	During June, 1944	7/1/43- 6/30/44	MtAs Available c	Exported	Arrived d	Lost	Diverted After Export	In U. S. Awaiting Forwarding e	Balance Enroute 6/30/44 f
VI MATERIALS AND PRODUCTS											
Steel (tons)											
VI-1-10 Manganese	/	11,671	2,279	24,027	30,961	29,568	21,900	968	0	0	6,700
VI-1-14 Armor Plate	/	0	0	0	8,951	8,951	5,787	2,897	267	0	0
VI-1-16 Polished Drill Rods	/	235	33	268	492	457	411	2	0	0	44
VI-1-17 High Speed Tool Steel	/	4,778	54	4,591	9,748	9,161	8,490	579	22	1	69
VI-1-18 Tool Steel	/	14,285	212	14,174	29,174	27,315	24,893	1,219	48	107	1,048
VI-1-19 Cold Finished Bars	/	25,805f	1,603	48,559	131,800f	119,458	105,682	6,724	671	509	5,872
VI-1-20 H.R. Aircraft Steel	/	58,296f	7,546	103,952	171,632f	165,168	145,376	2,830	0	292	16,660
VI-1-21 Cr. St. Mn. Billets	/	49f	2,253	4,499	96,282f	83,785	68,190	9,705	509	1,918	3,463
VI-1-22 Cold Rolled Sheets	/	1,187f	1,819	2,507	86,929f	83,251	49,360	29,653	1,709	396	2,133
VI-1-22A Cold Rolled Strip	/	(-)26,705f	149	8,477	75,909f	72,939	59,184	11,339	798	311	1,307
VI-1-23 Stainless Steel	/	3,890	3	3,625	9,404	7,410	7,185	98	0	0	127
VI-1-24 Tinplate	/	46,628	9,321	35,224	125,590	110,938	81,873	11,274	2,871	0	14,920
VI-1-25 Steel Wire	/	(-)23,388f	3,769	31,278	89,596f	87,051	74,904	5,082	673	38	6,354
VI-1-26 Wire Rope	/	4,337f	1,746	12,087	29,908f	26,482	24,886	789	0	29	778
VI-1-27 Steel Alloy Tubes	/	29,821	848	26,862	51,474	34,753	31,769	336	53	0	2,595
VI-1-28 Stainless Steel Wire	/	449	3	341	2,867	2,644	2,493	94	13	0	44
VI-1-31 Barbed Wire & Staples	/	(-)6,582f	123	2,566	52,498f	48,331	37,230	10,538	203	99	261
VI-1-32 Pipe and Tubing	/	41,632f	4,869	55,008	165,977f	115,708	88,937	16,189	1,654	0	8,928
VI-1-33 H.R. Sheets & Plates	/	61,525f	21,329	88,122	239,299f	199,762	155,268	19,180	2,357	1,041	21,946
VI-1-34 Wire Nails and Tacks	/	3,329	1,234	3,862	9,711	7,097	6,384	43	0	0	670
VI-1-101 H.R. Nails and Accessories	/	206,691	17,017	244,860	370,911	355,937	299,209	23,072	1,421	0	32,235
VI-1-102 Mounted Sets, Wheels & Axles	/	0	867	22,027	24,330	24,149	22,241	90	0	0	1,818
VI-1-103 Car Axles	/	0	0	15,979	36,306	35,554	30,248	1,367	0	164	3,778
VI-1-104 Locomotive & Car Wheel Tires	/	9,184	1,055	16,184	22,162	21,767	17,664	53	0	0	4,030
VI-1-105 Rolled Steel Car Wheels	/	10,692	3,035	15,034	19,264	16,868	11,991	0	0	0	4,877
VI-1-107 Locomotive Axles	/	0	0	141	253	252	252	0	0	0	0
VI-1-108 Electric Locomotive Axles	/	0	0	0	300	222	222	0	0	0	0
Total Steel		500,000	477,759	81,177	784,254	1,891,728	1,694,978	1,382,049	154,172	13,269	140,584

Notes: f The following quantities released from U.S.S.R. export stocks for redistribution have been deducted from amounts made available.

	July 1943 to June 30, 1944	Oct. 1941 to June 30, 1944		July 1, 1943 to June 30, 1944	Oct. 1941 to June 30, 1944
Cold Finished Bars	945	956	Wire Rope	350	430
H.R. Aircraft Steel	409	482	Barbed Wire and Staples	6,585	17,127
Cr. St. Mn. Billets	0	18,102	Pipe and Tubing	(-)15,669	60,197
Cold Rolled Sheets	382	3,342	H.R. Sheets and Plates	1,152	17,396
Cold Rolled Strip	28,414	28,414			
Steel Wire	32,361	32,361	Total Released (tons)	54,929	178,807

Notes: All tons are short tons (2000 lbs.) net weight.

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c From production or assignments (Lend-Lease and cash purchases) after deductions of quantities repossessed or diverted before export.

d Includes shipments for clearance through the Persian Corridor reported arrived in the Persian Gulf.

e Data on discharge operations in U.K. incomplete.

Item	Third Protocol Performance July 1, 1943- June 30, 1944		Exported		Cumulative Performance 1st, 2nd and 3rd Protocols October 1, 1941 to June 30, 1944							In U.S. Smelting Forwarding a	Balance Exports 6/30/44 e
	Third Protocol Offering a	Made Available To Date b	During June 1944	7/1/43- 6/30/44	Made Available c	Exported d	Arrived d	Lost d	Diverted After Export				
VI MATERIALS & PRODUCTS (Cont.)													
Ferro Alloys (tons)													
VI-2A Ferro-Silicon	9,408	94	112	4,121	8,117	8,078	6,532	1,049	0	28	169		
VI-2B Ferro-Chromium	5,376	0	0	2,155	4,113	4,102	3,644	484	0	0	0		
VI-2C Ferro-Phosphorus	///	0	0	0	4	4	0	0	0	0	0		
VI-2D Ferro-Vanadium	///	223	0	223	225	225	225	0	0	0	0		
VI-2E Ferro-Tungsten	///	571	0	573	573	573	573	0	0	0	0		
VI-2F Ferro-Molybdenum	///	1,142	0	1,071	1,142	1,071	1,071	0	0	0	0		
VI-2G Manganese Metal	///	0	0	11	11	11	11	0	0	0	0		
VI-2H Other Ferro Alloys	///	0	0	0	0	0	0	0	0	0	0		
Total Ferro Alloys	14,784	2,030f	112	8,152	14,185	14,102	12,362	1,543	0	28	169		
Non-Ferrous Metals (tons)													
VI-3A1 Copper, Electrolytic	—	14,360	7,640	14,389	15,506	15,392	2,152	0	0	0	13,240		
VI-3A2 Copper Tubes, etc.	15,000	13,342	152	11,876	31,472	26,249	23,488	1,194	36	62	1,469		
VI-3A3 Copper Base Alloys	107,520	123,868	1,032	113,759	276,790	246,948	213,489	17,014	0	125	16,320		
VI-3A4 Bare Copper Cable & Wire	20,000	3,849 g	615	2,694	6,638	5,438	4,266	0	0	0	1,052		
VI-3B1 Aluminum Ingots & Wire Bar.	35,760	71,998	13,986	64,996	110,423	102,476	85,233	5,294	0	14	11,949		
VI-3B2 Fabricated Aluminum	0	29,740	3,027	20,840	62,865	53,285	47,731	2,393	0	0	3,147		
VI-3B3 Aluminum Foil	0	64	0	64	158	158	158	0	0	0	0		
VI-3C Magnesium	4,032	4,035	629	4,221	6,052	5,787	5,338	0	0	0	449		
VI-3D1 Pig Nickel	3,600	4,400	150	3,612	9,122	8,114	7,286	828	0	0	0		
VI-3D2 Monel Scrap	952	415 h	338	413	415	413	413	0	0	0	0		
VI-3D3 Nichrome Wire & Strip	538	510	44	514	1,239	1,222	1,062	115	0	0	45		
VI-3D4 Other Nichrome Basic Shapes	—	267	107	267	762	695	563	0	0	0	132		
VI-3D5 Nickel Foil	0	3	0	3	5	5	5	0	0	0	0		
VI-3D6 Other Pure Nickel Shapes	—	153	11	140	240	246	222	13	0	0	11		
VI-3E1 Tin	0	0	0	8	10	10	10	0	0	0	0		
VI-3E2 Tin Foil	0	0	0	0	52	52	49	3	0	0	0		
VI-3E3 Babbitt	0	131	5	54	237	156	86	20	0	0	50		
VI-3F Zinc	13,440	15,012	1,348	15,012	54,272	54,272	49,652	2,323	0	0	2,297		
VI-3G Lead	0	0	0	34	43	43	43	0	0	0	0		
VI-3H1 Cadmium	112	112	37	112	313	313	313	0	0	0	0		
VI-3H2 Cerium	0	0	0	4	18	18	18	0	0	0	0		
VI-3H3 Cobalt	81	120	26	110	288	255	255	0	0	0	0		
VI-3H4 Mercury	0	0	0	30	895	895	895	0	0	0	0		
VI-3H5 Sodium	0	391	0	341	1,493	1,444	1,168	258	0	0	18		
VI-3H9 Misc. Non-Ferrous Metals	0	12	1	10	12	10	10	0	0	0	0		
Total Non-Ferrous Metals	201,035	282,782	29,148	252,903	579,340	523,876	444,005	29,455	36	201	90,179		
Other Metals and Products													
VI-4A Molybdenum Concentrates (tons)	4,000	3,842	297	3,842	12,313	12,313	10,586	1,430	0	0	297		
VI-4B Misc. Metallic Ores, Tailings & Concentrates (tons)	—	0	0	0	3	3	3	0	0	0	0		
VI-5 Pig Iron (tons)	—	5,673	729	3,360	8,188	5,264	4,535	0	0	0	729		
VI-6A1 Marine Cable (miles)	746	401	116	441	1,462	1,364	977	129	0	0	258		
VI-6A2 Submarine Cable (miles)	373	74	0	255	839	833	783	50	0	0	0		
VI-6A3 Field Telephone Wire (miles)	186,000	182,356	12,684	255,655	934,016	934,016	775,411	127,617	197	3,754	27,037		
VI-6A4 Other Insulated Wire & Cable (\$1000)	(12,000m)	21,451 g	3,784	29,733	45,120	39,484	30,857	756	0	0	7,871		
VI-6A5 Copper Magnet Wire (\$1000)	—	23	—	48	148	111	108	0	0	0	3		
VI-6B1 Wire Cloth & Screen (\$1000)	1,000	737	108	611	1,713	1,405	1,335	7	0	0	63		
VI-6B2 Wire Netting & Fencing (tons)	—	86	0	170	328	278	278	0	0	0	0		
VI-6C Fab. Structural Iron & Steel (tons)	—	2,275	0	1,021	2,991	1,736	1,736	0	0	0	0		
VI-6D Chains & Attachments (tons)	—	—	73	1,392	—	1,810	1,745	0	0	0	65		
VI-6E Bolts, Nuts, Screws, Washers, Rivets, etc. (tons)	—	1,486	516	1,830	5,230	2,526	2,010	0	0	0	516		
VI-6F Other Fabricated Metal Basic Products (\$1000)	—	105	0	101	143	139	139	0	0	0	0		
VI-6G Special Fine Wires, Strip, etc. (tons)	269	188	56	188	411	411	351	4	0	0	56		
VI-6H Sucker Rods (tons)	—	419	0	419	1,072	1,072	1,072	0	0	0	0		
VI-7A Anchors (tons)	—	—	0	220	—	349	339	0	0	0	10		
VI-7B Other Metal End Products (\$1000)	—	753*	13	477	1,357	770	696	6	0	0	68		

Notes: All tons are short tons (2,000 lbs.) net weight.

* Estimated

** Not available.

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c From production or assignments (lend-lease and cash purchases) after deductions of quantities repossessed or diverted before export.

d Includes shipments for clearance through the Persian Corridor reported arrived in the Persian Gulf.

e Data on discharge operations in U.S. incomplete.

f Ferro-Vanadium, Ferro-Tungsten and Ferro-Molybdenum substituted in smaller quantities for Ferro-Silicon and Ferro-Chromium.

g Production reduced to reduce unreasonably large stocks.

h Full offering not desired by U.S.S.R.

Item	Third Protocol Performance 7/1/43-6/30/44		Exported		Cumulative Performance 1st, 2nd and 3rd Protocols October 1, 1941 to June 30, 1944						
	Third Protocol Offering a	Made Available to Date b	During June 1944	7/1/43- 6/30/44	Made Available c	Exported d	Arrived e	Lost f	Diverted After Export g	In U.K. Smuggling Forwarding h	Balance Enroute 6/30/44 i
VI MATERIALS AND PRODUCTS (cont.)											
Petroleum Products & Additives (tons)											
VI-9A Aviation Gas over 99 Octane	/	/	11,652	68,103	/	152,228	120,223	0	20,789	0	11,216
VI-9B Aviation Gas over 87 Octane through 99	/	/	0	1,077	/	81,695	69,828	2,069	9,310	0	488
VI-9C Aviation Gas 87 Octane & Under	/	/	0	1,089	/	1,976	1,976	0	0	0	0
VI-9D Automotive Gas	/	/	12,566	35,794	/	83,051	58,803	0	11,682	0	12,566
VI-9E Gasoline Blending Agents	/	/	33,685	292,639	/	419,633	348,775	17,068	12,373	0	41,437
VI-9F Kerosene	/	/	905	3,285	/	76,048	7,058	0	0	0	888
VI-9G Fuel Oils	/	/	7,437	49,582	/	7,946	67,440	0	0	0	8,608
VI-9H Lubricating Oils & Greases	/	/	2,773	11,940	/	34,631	30,209	1,678	0	0	2,744
VI-9I Petroleum Waxes	/	/	669	1,886	/	5,634	4,401	204	199	0	830
VI-9J Chemical Additives	/	/	667	1,826	/	4,353	2,982	0	81	0	1,290
VI-9K Other	/	/	0	3	/	80	80	0	0	0	0
Sub Total	/	/	70,354	466,754	/	867,275	711,775	21,019	54,434	0	80,047
From U.K. for U.S. Account (Replacement to U.K. from U.S.)	-	-	0	18,293	-	28,489	28,489	0	0	0	0
Aviation Gas over 99 Octane	-	-	0	18,293	-	28,489	28,489	0	0	0	0
Total	360,000	485,047 f	70,354	485,047	895,764 f	895,764	740,264	21,019	54,434	0	80,047
From stocks for U.S. Account (Replacement to British from U.S.)	120,000	23,520 f	23,520	171,920	171,920 f	171,920	171,920	-	-	-	-
Aviation Gas over 99 Octane	-	-	-	-	-	-	-	-	-	-	-
Gasoline Blending Agents	-	-	-	-	-	-	-	-	-	-	-
Shipments from U.K. to U.S.S.R. as Replacements	-	-	-	-	-	-	-	-	-	-	-
Aviation Gas over 99 Octane	-	-	-	-	-	-	-	-	-	-	-
Aviation Gas 87 through 99	-	-	-	-	-	(17,148)	(14,719)	-	-	-	-
Additional U.S. Allocation to U.S.S.R. at U.K. Expense as Replacement for Diversion to U.K.	-	-	-	-	-	-	-	-	-	-	-
Aviation Gas over 99 Octane	-	-	-	-	-	(20,789)	-	-	-	-	-
Gasoline Blending Agent	-	-	-	-	-	(9,182)	-	-	-	-	-
Chemicals											
Basic Inorganic (tons)											
VI-10A1 Ammonium Chloride	/	/	(-1,808)	0	75	2,997	726	0	0	0	0
VI-10A2 Ammonium Nitrate	/	/	(-2,406)	0	0	3,394	3,394	2,602	113	0	610
VI-10A3 Ammonium Sulphate	/	/	0	0	0	3	3	0	0	0	0
VI-10A4 Barium Peroxide	/	/	0	0	25	131	131	0	0	0	0
VI-10A5 Boric Acid	/	/	(-201)	784	10	1,103	516	168	0	0	419
VI-10A6 Calcium Carbide	/	/	420	644	1,243	621	482	0	0	0	42
VI-10A7 Calcium Chloride	/	/	356	313	334	816	726	0	0	0	90
VI-10A8 Caustic Soda	/	/	262	313	621	816	726	0	0	0	6,683
VI-10A9 Phosphorus	/	/	40,320	35,598	39,174	63,097	55,631	706	0	0	0
VI-10A10 Potassium Carbonate	/	/	(-448)	0	590	2,850	2,555	2,070	485	0	0
VI-10A11 Potassium Chlorate	/	/	392	224	728	728	504	0	0	0	224
VI-10A12 Potassium Dichromate	/	/	162	0	457	1,344	900	0	0	0	40
VI-10A13 Potassium Nitrate	/	/	424	13	478	872	838	825	0	0	13
VI-10A14 Potassium Sulfate	/	/	(-1,051)	0	1,014	2,560	2,178	2,041	0	0	137
VI-10A15 Potassium Tetraoxide	/	/	(-1,246)	0	175	580	580	535	0	45	0
VI-10A16 Soda Ash	/	/	21	205	0	450	420	409	11	0	0
VI-10A17 Sodium Cyanide	/	/	802	363	1,229	2,191	1,863	1,500	0	0	363
VI-10A18 Sodium Bromide	/	/	528	105	360	328	360	180	0	0	180
VI-10A19 Thorium Nitrate	/	/	(-337)	0	142	2,138	1,812	1,420	334	43	0
VI-10A20 Sodium Dichromate	/	/	0	0	12	12	6	0	0	0	15
VI-10A99 Misc. Inorganic Chemicals	/	/	537	157	736	1,137	1,062	826	54	0	0
	/	/	563	152	650	1,190	1,084	908	17	0	182
Basic Organic (tons)											
VI-10B1 Acetone	/	/	6,720	5,287	640	4,870	6,288	5,776	4,070	527	0
VI-10B2 Aniline Oil	/	/	(-2,191)	0	0	3,521	3,521	2,466	927	0	1,179
VI-10B3 Anthracene	/	/	0	0	0	9	9	9	0	112	0
VI-10B4 Butyl Acetate	/	/	1,769	392	1,825	1,828	1,222	96	0	0	0
VI-10B5 Butyl Alcohol	/	/	2,628	772	2,628	2,628	2,628	1,607	103	0	510
VI-10B6 Camphor	/	/	330	34	330	330	330	214	0	0	1,118
VI-10B7 Casals	/	/	2,244	24	1,947	2,244	1,947	1,923	0	0	24
VI-10B8 Citric Acid	/	/	560	0	560	2,096	1,096	1,040	56	0	0
VI-10B9 Cresols	/	/	0	0	0	441	292	231	61	0	0
VI-10B10 Diethyl Phthalate	/	/	466	124	4,868	5,706	4,868	3,796	899	70	143
VI-10B11 Diethylene Glycol	/	/	184	0	352	552	526	526	0	0	0
VI-10B12 Dimethyl Aniline	/	/	0	0	126	2,510	2,302	1,797	120	0	0
VI-10B13 Diphenylamine	/	/	0	0	3	2,080	1,489	1,233	256	0	85
VI-10B14 Diphenylguanidine	/	/	135	28	222	380	337	273	0	0	64
VI-10B15 Ethyl Acetate	/	/	1,314	196	1,314	1,316	1,316	843	0	0	474
VI-10B16 Ethyl Alcohol from U.S.	/	/	143,372	9,288	143,372	161,524	161,524	147,586	199	0	13,779
Ethyl Alcohol from U.K. for U.S. Account Replacement to U.K. from U.S.	-	-	107,520	20,187	0	20,187	20,187	20,187	0	0	0

Notes: All tons are short tons (2000 lbs.) net weight.

a U.S.S.R. selections from U.S. offerings were in excess of the aggregate of shipping commitments and necessary stocks. Although shipping exceeded commitments, production control provisions of the Protocol were exercised and reduced quantities made available below offerings in some instances.

b From production or assignments in addition to quantities made available but not exported at the end of the Second Protocol period and after deductions of quantities repossessed or diverted before export.

c From production or assignments (Lend-Lease and cash purchases) after deductions of quantities repossessed or diverted before export.

d Includes shipments for clearance through the Persian Corridor reported arrived in the Persian Gulf.

e Data on discharge operations in U.K. incomplete.

f Petroleum products made available as exported.

Item	Third Protocol Performance July 1, 1943- June 30, 1944		Exported		Cumulative Performance 1st, 2nd and 3rd Protocol October 1, 1941 to June 30, 1944						
	Third Protocol Offering a	Made Available To Date b	During June 1944	7/1/43- 6/30/44	Made Available c	Exported	Arrived d	Lost	Diverted After Export	In U.S. Awaiting Forward- ing e	Balance Through 6/30/44 f
VI MATERIALS & PRODUCTS (Cont.)											
Chemicals											
Basic Organic (Tons)											
VI-10817 Ethylene Chlorohydrine	3,360	200	0	220	231	231	231	0	0	0	0
VI-10818 Ethylene Dichloride		(-12,550)	0	293	2,065	2,042	2,042	0	0	0	0
VI-10819 Ethylene Glycol		1,795	3	4,134	8,744	8,665	8,116	189	0	0	360
VI-10820 Formaldehyde		0	0	0	560	494	432	62	0	0	0
VI-10821 Formalin		300	49	299	300	299	229	0	0	0	30
VI-10822 Glycerine from U. S. Glycerine, Lead Lease	6,720	2,152	358	3,522	11,818	10,679	10,000	301	0	0	358
VI-10823 Glycerine, Lead Lease		0	0	0	0	0	0	0	0	0	0
VI-10824 Methanol	6,720	5,478	0	5,478	5,478	5,478	5,478	0	0	0	0
VI-10825 Naphthalene (Dinitrophenyl)	6,720	6,374	351	6,727	14,450	12,245	11,315	357	195	31	347
VI-10826 Naphthalene Acid	6,720	3,374	220	5,246	20,575	18,584	14,067	3,242	371	495	409
VI-10827 Potassium Butyl Xanthogenate	11,160	9,146	564	10,525	27,025	25,000	21,858	1,732	170	72	1,188
VI-10828 Resorcin	40,320	633	280	756	1,529	1,297	921	56	0	0	280
VI-10829 Rhodamine		0	90	51	120	111	71	0	0	0	40
VI-10830 Saccharin		191	40	178	378	363	345	10	0	0	8
VI-10831 Starchin Oxalate		0	0	60	96	88	84	4	0	0	0
VI-10832 Toluol		21,254	0	27,350	63,124	63,124	57,764	3,192	399	415	1,394
VI-10833 Trichloroethylene	28	28	160	252	252	224	0	0	0	28	
VI-10834 Paraphenylidene & Para-nitrochlorobenzal	215	40	371	424	424	356	0	0	0	68	
VI-10835 Misc. Organic Chemicals	1,412	242	1,401	2,257	1,780	1,535	25	0	0	230	
VI-10836 Gases, Compressed & Liquefied	25	0	—	32	7	7	0	0	0	0	
Paints, Pigments, etc.											
VI-10837 Paints, varnishes, Lacquers, etc.	0	531	137	397	878	628	498	0	0	0	130
VI-10838 Carbon & Lamp Black		2,456	196	209	2,449	2,447	2,251	0	0	0	196
VI-10839 Other Pigments		1,835	170	690	2,508	1,324	1,156	52	0	0	116
VI-10840 Dyes, etc.		5	0	5	0	0	0	0	0	0	0
VI-10841 Fertilizers		0	0	12	12	0	12	0	0	0	12
VI-10842 Insecticides	0	0	0	0	0	0	0	0	0	0	
Plastics											
VI-10843 Phenol Formaldehyde Resins	0	—	22	374	1,218	1,188	1,087	79	0	0	22
VI-10844 Vulcanized Fiber		1,479	254	2,732	4,597	4,368	3,274	457	3	39	556
VI-10845 Cellulose Film Base		297	40	251	470	392	335	0	0	0	57
VI-10846 Other Plastics		24	0	4	82	71	71	0	0	0	0
Misc. Chemicals including Industrial											
VI-10847 Ammonia Rubber Paste	0	145	119	160	476	476	357	0	0	0	119
VI-10848 Ethyl Cellulose		1,130	0	1,084	1,802	1,592	1,592	0	0	0	0
VI-10849 Methyl Cellulose		933	234	576	1,444	960	766	0	0	0	234
VI-10850 Potassium Nitrate		480	163	438	480	438	253	22	0	0	163
VI-10851 Trichloroethylene		224	0	402	731	619	619	0	0	0	0
VI-10852 Potassium Sulphate		112	16	81	151	120	104	0	0	0	16
VI-10853 Potassium Permanganate		198	6	66	266	245	395	44	0	0	6
VI-10854 Other Chemicals		9,200	—	—	—	—	—	—	—	—	—
VI-10855 Offering Misc. Chemicals		236,781	267,256	23,157	302,981	479,420	460,411	409,679	15,221	1,272	1,233
VI-10856 Total Chemicals		236,781	267,256	23,157	302,981	479,420	460,411	409,679	15,221	1,272	1,233
Notes: The following all of which have been released during the Third Protocol Period from U.S.S.R. export stocks for redistribution have been deducted from amounts made available.											
VI-10857 Ammonium Chloride	1,828 (Tons)		VI-10858 Aniline Oil	2,191 (Tons)							
VI-10859 Ammonium Nitrate	2,406		VI-10860 Dibutylphthalate	149							
VI-10861 Strontium Peroxide	201		VI-10861 Diphenylguanidine	13							
VI-10862 Phosphorus	1,027		VI-10862 Ethylene Dichloride	866							
VI-10863 Potassium Nitrate	1,051		VI-10863 Ethylene Glycol	7							
VI-10864 Potassium Sulphate	1,246		VI-10864 Methanol	622							
VI-10865 Sodium Bromide	765		VI-10865 Toluol	10,091							
VI-10866 Potassium Permanganate	11		VI-10866 Ethyl Cellulose	20							
Total Chemicals Released 22,434 *											
Textiles											
VI-111 Cotton Cloth (1000 yds)	26,045	f (-) 368	15,199	63,610	f 89,520	83,878	64,803	2,662	0	0	26,413
VI-112 Woolen Cloth (1000 yds)	18,000	f 13,886	1,928	27,245	f 48,168	36,457	30,426	1,258	0	0	4,773
VI-113 Webbing (1000 yds)	12,000	f 17,706	413	13,368	61,356	35,055	29,112	2,427	0	0	3,510
VI-114 Tarpaulin (1000 yds)	3,000	f 3,465	—	—	f 11,456	—	—	—	—	—	—
VI-115 Other Cloth (1000 yds)	—	—	—	—	—	—	—	—	—	—	—
VI-116 Cordage & Twine (tons)	4,480	7,647	101	5,988	8,421	6,990	6,853	90	0	0	47
VI-117 Other Basic Textiles (\$1000)	—	2,584	513	2,288	2,665	2,297	1,671	0	0	0	626
VI-118 Fish Nets (tons)	—	668	27	430	800	489	428	0	0	0	81
VI-119 Other Textile Products (\$1000)	—	3,913	287	2,777	6,009	3,887	2,941	206	0	0	740
Leather											
VI-120 Leather (tons)	18,000	18,147	2,765	18,303	45,450	41,578	37,752	4,797	469	0	2,600
VI-121 Leather Products (\$1000)	—	61	2	18	73	29	27	0	0	0	3
Rubber											
VI-122 Crude Rubber (tons)	—	0	—	0	0	0	0	0	0	0	0
VI-123 Vulcanized Rubber (tons)	—	395	92	440	687	648	545	27	0	0	96
VI-124 Other Synthetic Rubber (tons)	—	0	0	34	324	304	204	0	0	0	0
VI-125 Shock Absorber Gird (yds)	0	31,383	0	5,000	229,732	171,111	166,111	5,000	0	0	0
VI-126 Other Rubber Materials (\$1000)	—	2,348	379	3,095	3,868	3,529	3,191	68	0	0	270
VI-127 Tires (1000 units)	—	1,385	112	1,466	2,643	2,623	2,300	96	61	0	166
VI-128 Tubes (1000 units)	—	1,409	112	1,475	2,732	2,580	2,258	94	63	0	167
VI-129 Rubber Shoes (\$1000)	—	3,826	439	4,687	6,113	5,504	4,688	155	0	0	861
VI-130 Other Rubber Products except Apparel (\$1000)	—	9,367	2,154	10,238	13,600	12,375	9,535	176	0	0	2,666

Notes: All tons are short tons (2000 lbs.) net weight.

a Data not available.

b U.S.S.R. selections from U.S. offerings were in excess of the aggregate of shipping commitments and necessary stocks. Although shipping exceeded commitments production control provisions of the Protocol were asserted and reduced quantities made available below offerings in some instances.

c From production or assignments in addition to quantities made available but not exported at the end of the Second Protocol period and after deductions of quantities reprocessed or diverted before export.

d From production or assignments (Lead-Lease and cash purchases) after deductions of quantities reprocessed or diverted before export.

e Includes shipments for clearance through the Persian Corridor reported arrived in the Persian Gulf.

f Data on discharge operations in U.S. incomplete.

g The following all of which have been released during the Third Protocol period from U.S.S.R. export stocks for redistribution to others have been deducted from amounts made available.

VI-131 Cotton Cloth (1000 yds.) 17,418

VI-132 Woolen Cloth (1000 yds.) 1,275

VI-133 Tarpaulin (1000 yds.) 215

SECRET

Item	Third Protocol Performance 7/1/43-6/30/44		Reported		Cumulative Performance 1st, 2nd and 3rd Protocols October 1, 1941 to June 30, 1944							
	Third Protocol Offering a	Made Available to Date b	During June 1944	7/1/43-6/30/44	Made Available c	Exported	Arrived d	Lost	Diverted After Export	In U.K. Awaiting Forwarding e	Balance Enroute 6/30/44 e	
VI MATERIALS AND PRODUCTS (cont.)												
Footwear												
VI-19A Army Boots (1000 prs.)	3,600	4,074	703	4,887	9,142	8,835	7,364	570	6	0	895	
VI-19B Ski-Boots (1000 prs.)		100	0	154	225	213	209	0	0	0	4	
VI-19C Rubber Boots and Shoes (\$1000)		-	134	15	670	1,062	930	907	0	0	0	23
VI-19D Other Boots and Shoes (\$1000)		-	1,973	173	1,063	2,489	1,537	1,307	14	0	0	216
Apparel except Footwear												
VI-20A Leather Jackets (units)	0	35,286	**	**	175,000	**	**	**	**	**	**	
VI-20B Leather Belts (1000 units)	0	255	31	1,099	2,635	2,430	2,175	193	0	0	62	
VI-20C Misc. Leather Apparel (\$1000)	-	**	**	**	**	**	**	**	**	**	**	
VI-20D Rubber Apparel (\$1000)	-	**	**	**	**	**	**	**	**	**	**	
VI-20E Other Apparel (\$1000)	-	7,194	393	7,034	12,342	10,408	8,146	70	0	0	2,192	
Abrasives												
VI-21A Abrasive Grain (tons)	4,000	7,606	1,512	7,878	10,264	9,255	6,288	91	0	0	2,876	
VI-21B Abrasive Products (\$1000)	4,000	3,876	452	4,183	10,399	10,291	8,469	958	33	0	831	
Carbon and Graphite												
VI-22A Graphite Powder (tons)	1,120	1,950	179	1,656	2,984	2,387	2,011	201	0	0	175	
VI-22B Graphite & Carbon Electrodes (tons)	5,757	6,523	998	6,409	15,963	14,561	11,954	1,470	25	0	1,112	
VI-22C Other Graphite Materials (\$1000)	(1,619 tons)	512	15	379	1,411	1,285	1,144	100	0	0	41	
Paper and Paper Products												
VI-23A Parchment Paper (tons)	1,680	0	176	1,743	2,658	2,530	2,354	0	0	0	176	
VI-23B Map Paper (tons)	0	3,497 f	653	3,412	3,497	3,412	2,012	265	0	0	1,135	
VI-23C Cigarette Paper (tons)	336	0	139	543	1,042	935	708	68	0	0	139	
VI-23D Condenser Paper (tons)	146	109	36	117	264	254	218	0	0	0	36	
VI-23E Other Pulp, Paper, etc. (tons)	-	104	**	**	106	**	**	**	**	**	**	
VI-24 Paper Products (\$1000)	-	39	**	**	41	**	**	**	**	**	**	
Photographic Materials												
VI-25A1 Photographic Film & Paper (\$1000)	-	**	**	**	**	**	**	**	**	**	**	
VI-25A2 Reproduction Paper Stock (\$1000)	-	**	**	**	**	**	**	**	**	**	**	
VI-25B Finished Pictures, etc. (\$1000)	-	**	**	**	**	**	**	**	**	**	**	
VI-25C Misc. Photographic Materials (\$1000)	-	**	**	**	**	**	**	**	**	**	**	
Asbestos												
VI-26A Asbestos (tons)	-	0	0	0	0	0	0	0	0	0	0	
VI-26B Asbestos Materials (\$1000)	-	86	18	125	207	200	186	4	0	0	10	
Other												
VI-27 Buttons (\$1000)	-	554	25	673	1,012	701	627	49	0	0	25	
VI-28 Other Crude Materials (\$1000)	-	-	**	**	4	**	**	**	**	**	**	
VI-29 Other Basic Materials (\$1000)	-	23	**	**	80	**	**	**	**	**	**	
VI-30 Other End Products (\$1000)	-	**	**	**	**	**	**	**	**	**	**	

Notes: All tons are short tons (2000 lbs.) net weight.

a Estimated

b Not available

c U.S.S.R. selections from U.S. offerings were in excess of the aggregate of shipping commitments and necessary stocks. Although shipping exceeded commitments, production control provisions of the Protocol were exercised and reduced quantities made available below offerings in some instances.

d From production or assignments in addition to quantities made available but not exported at the end of the Second Protocol period and after deductions of quantities repossessed or diverted before export.

e From production or assignments (Lend-Lease and cash purchases) after deductions of quantities repossessed or diverted before export.

f Includes shipments for clearance through the Persian Corridor reported arrived in the Persian Gulf.

g Data on discharge operations in U.K. incomplete.

h Substituted for parchment paper.

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY

September 9, 1944

CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended August 30, 1944, showing dollar disbursements out of the British Empire and French accounts at the Federal Reserve Bank of New York and the means by which these expenditures were financed.

EMB

Federal Reserve Bank
of New York

September 8, 1944.

CONFIDENTIAL

Dear Mr. Secretary: Attention: Mr. H. D. White

I am enclosing our compilation for the week ended August 30, 1944, showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Very truly yours,

/s/

H. L. Sanford
H. L. Sanford,
Assistant Vice President.

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

Enclosure

C O P Y

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

Week Ended **August 30, 1944**

Strictly
Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)									BANK OF FRANCE			
	DEBITS				CREDITS					Net Incr. (+) or Decr. (-) in £ Funds (d)	Total Debits (e)	Total Credits (e)	Net. Incr. (+) or Decr. (-) in £ Funds (d)
	Total Debits	Gov't Expendi- tures (a)	Transfers to Official Canadian Account	Other Debits	Total Credits	Proceeds of Sales of Gold	Securities (Official) (5)	Transfers Official Australian Account	Other Credits (c)				
First year of war (g)	1,793.2	605.6	20.9	1,166.7	1,828.2	1,356.1	52.0	3.9	416.2	+ 35.0	866.3(f)	1,095.3(f)	+ 299.0
War period through December, 1940	2,782.3	1,425.6	20.9	1,335.8	2,793.1	2,109.5	108.0	14.5	561.1	+ 10.8	878.3	1,098.4	+ 220.1
Second year of war (h)	2,203.0	1,792.2	3.4	407.4	2,189.8	1,193.7	274.0	16.7	705.4	- 13.2	38.9	8.8	- 30.1
Third year of war (i)	1,235.6	904.8	7.7	223.1	1,361.5	21.8	5.5	57.4	1,276.8	+ 125.9	18.5	4.4	- 14.1
Fourth year of war (j)	764.0	312.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 308.3	10.3	1.0	- 9.3
<u>1943</u>													
September	42.4	16.8	10.6	22.0	86.2	-	-	15.0	71.2	+ 36.8	-	-	-
October	38.2	16.0	-	22.2	115.4	-	-	40.5	74.9	+ 77.2	-	-	-
November	65.9	42.4	5.9	17.6	89.0	-	-	3.5	85.5	+ 23.1	-	-	-
December	98.1	16.3	-	81.8	134.5	-	-	36.5	98.0	+ 36.4	-	-	-
<u>1944</u>													
January	44.8	23.2	10.6	12.0	127.5	-	-	1.0	126.5	+ 52.7	-	-	-
February	143.6	14.3	2.1	127.4	144.5	-	-	29.0	115.5	+ 0.7	-	-	-
March	152.9	71.1	12.5	69.3	133.3	-	-	24.5	108.8	- 19.6	-	-	-
April	134.8	14.9	-	119.9	122.2	-	-	27.5	94.7	- 12.6	-	-	-
May	125.1	28.8	8.1	88.2	164.7	-	-	37.0	127.7	+ 39.6	-	-	-
June	101.9	24.1	-	77.8	95.7	-	-	26.0	69.7	- 6.2	-	-	-
July	150.9	12.3	7.3	131.3	85.9	-	-	10.0	75.9	- 65.0	-	-	-
August													
<u>Week Ended</u>													
August 9, 1944	10.0	3.2	1.1	5.7	7.3	-	-	-	7.3	- 2.7	-	-	-
August 16, 1944	7.5	5.9	-	1.6	5.0	-	-	-	5.0	- 2.5	-	-	-
August 23, 1944	58.8	2.5	-	56.3	9.4	-	-	-	9.4	- 49.4	-	-	-
August 30, 1944	4.6	2.5	-	2.1	24.7(k)	-	-	-	24.7(k)	+ 20.1	-	-	-

Average Weekly Expenditures Since Outbreak of War

France (through June 19, 1940) \$19.6 million
 England (through June 19, 1940) \$27.6 million
 England (through June 20, 1940 to March 12, 1941) \$54.9 million
 England (since March 12, 1941) \$21.5 million

See attached sheet for footnotes.

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (k) below.
- (d) Reflects net change in all dollar holdings payable on demand or maturing in one year.
- (e) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (f) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (g) For monthly breakdown see tabulations prior to April 23, 1941.
- (h) For monthly breakdown see tabulations prior to October 8, 1941.
- (i) For monthly breakdown see tabulations prior to October 14, 1942.
- (j) For monthly breakdown see tabulations prior to September 29, 1943.
- (k) Includes \$ 7.4 million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports, and \$13.8 million in connection with the expenses of our armed forces abroad.

ANALYSIS OF CANADIAN AND AUSTRALIAN ACCOUNTS
(In Millions of Dollars)

Week Ended **August 30, 1944**

Strictly
Confidential

PERIOD	BANK OF CANADA (and Canadian Government)									COMMONWEALTH BANK OF AUSTRALIA (and Australian Government)						
	D E B I T S			C R E D I T S						D E B I T S			C R E D I T S			
	Total Debits	Transfers to Official British A/C	Others Debits	Total Credits	Proceeds of Gold Sales	Transfers from Official British A/C	For Own A/C	For French A/C	Other Credits	Net Incr. (+) or Decr. (-) in \$Rnds (e)	Total Debits	Transfers to Official British A/C	Other Debits	Total Credits	Proceeds of Gold Sales	Other Credits
First year of war (a)	321.0	16.6	306.4	504.7	412.7	20.9	38.7	32.4	+ 181.7	31.2	3.9	27.3	36.1	30.0	6.1	+ 4.9
War period through December, 1940	477.2	16.6	460.6	707.4	534.8	20.9	110.7	41.0	+ 230.2	57.9	14.5	43.4	62.4	50.1	12.3	+ 4.5
Second year of war (b)	460.4	-	460.4	462.0	246.2	3.4	123.9	88.5	+ 1.6	72.2	16.7	55.5	61.2	62.9	18.3	+ 9.0
Third year of war (c)	525.8	0.3	525.5	566.3	198.6	7.7	-	360.0	+ 40.5	107.2	57.4	49.8	112.2	17.2	95.0	- 5.0
Fourth year of war (d)	723.6	-	723.6	958.8	47.1	170.4	-	741.3	+ 235.2	197.0	155.1	41.9	200.4	-	200.4	+ 3.4
1943																
September	47.2	-	47.2	70.1	-	10.6	-	59.5	+ 22.9	16.8	15.0	1.8	20.0	-	20.0	+ 3.2
October	32.1	-	32.1	71.3	-	-	-	71.3	+ 39.2	42.8	40.5	2.3	26.5	-	26.5	+ 16.3
November	15.4	0.1	15.3	95.1	-	5.9	-	89.2	+ 79.7	6.6	3.5	3.1	18.2	-	18.2	+ 11.6
December	146.8	0.3	146.5	55.1	-	-	-	55.1	- 91.7	39.7	36.5	3.2	27.0	-	27.0	- 12.7
1944																
January	32.3	-	32.3	78.5	-	10.6	-	67.9	+ 46.2	6.0	1.0	5.0	11.3	-	11.3	+ 5.3
February	25.4	-	25.4	110.5	23.1	2.1	-	93.3	+ 93.1	31.3	29.0	2.3	28.6	-	28.6	- 2.7
March	30.3	0.5	29.8	88.6	15.0	12.5	-	61.1	+ 58.3	27.6	24.5	3.1	29.9	-	29.9	+ 2.3
April	181.6	-	181.6	96.7	-	-	-	96.7	- 86.9	29.5	27.5	2.0	39.4	-	39.4	+ 9.9
May	154.2	-	154.2	86.3	-	8.1	-	78.2	- 67.9	42.6	37.0	5.6	39.6	-	39.6	- 3.0
June	100.1	0.1	100.0	63.3	-	-	-	63.3	- 36.8	31.4	28.0	3.4	21.8	-	21.8	- 9.6
July	43.7	-	43.7	73.2	-	7.3	-	65.9	+ 28.5	20.4	10.0	10.4	20.6	-	20.6	+ 0.2
August																
Week Ended																
August 7, 1944	1.3	-	1.3	10.8	-	1.1	-	9.7	+ 3.5	1.7	-	1.7	0.7	-	0.7	- 1.0
August 16, 1944	3.9	-	3.9	6.3	-	-	-	6.3	+ 2.4	0.2	-	0.2	0.4	-	0.4	+ 0.2
August 23, 1944	2.5	-	2.5	7.3	-	-	-	7.3	+ 4.8	0.3	-	0.3	3.6	-	3.6	+ 3.5
August 30, 1944	13.8 (f)	-	13.8	7.4 (f)	-	-	-	7.4 (f)	- 4.4	1.4	-	1.4	0.1	-	0.1	- 1.3

Average weekly expenditures for

First year of war 6.2 million.
Second year of war 8.9 million.
Third year of war 10.1 million.
Fourth year of war 13.9 million.
Fifth year of war (through August 30, 1944) 16.1 million.

- (a) For monthly breakdown see tabulations prior to April 23, 1941.
(b) For monthly breakdown see tabulations prior to October 8, 1941.
(c) For monthly breakdown see tabulations prior to October 14, 1942.
(d) For monthly breakdown see tabulations prior to September 29, 1943.
(e) Reflects changes in all dollar holdings payable on demand or maturing in one year.
(f) Does not reflect transactions in short term U. S. securities.
(g) Includes \$ 3.1 million deposited by War Supplies, Ltd.
and \$ 6.0 million received from New York accounts of Canadian Chartered Banks.

CABLE TO WINANT AND MANN, LONDON, FROM WAR REFUGEE BOARD.

Reference your no. 7191, September 2, 1944, concerning
License W-2258.

Information given you by Poles incorrect (repeat incorrect).
Remittances to finance operations envisaged by License W-2258 will be
made by Polish War Relief of USA, Inc. through regular banking channels
to Jan Kwapinski and/or Jan Stanczyk and/or Ludwik Grosfeld and/or
Emanuel Scherer, London.

Use of dollar currency is an acceptable way of implementing
third method specified in license.

THIS IS WRB CABLE TO LONDON NO. 2

4:30 p.m.
September 9, 1944

FH:lab 9/8/44

DSH-693
Distribution of
true reading only by
special arrangement.
(SECRET W)

Caserta

Dated September 9, 1944

Rec'd 10:24 p.m.

Secretary of State,

Washington.

US URGENT

338, September 9, 6 p.m.

Ackerman's 108.

Head of OSS mission Bucharest, just returned here, received communication from International Red Cross that Germans intend to arrest the 300,000 Jews still free in Hungary and commence another mass deportation to Germany. Raymond Courvoisier of Inter-cross who was in Hungary three weeks ago urged all immediate steps be taken to expedite emigration to Palestine. OSS also urges that a WRB representative go to Bucharest soon as possible not only to aid above movement but also to give assistance to 2000 to 3000 Jews now in Rumania who are destitute and to aid approximately 500 American citizens also in Rumania. \$5000 fund requested by OSS will not be used by it since problem is too great for it to handle. However Colonel Rodrigo of OSS spent \$650 to aid five Hungarian and three Polish families to get to Constanza en-route Palestine. He asks that money be refunded by payment to his account OSS Washington. He is also trying to get transport plane assigned for flights from Bucharest to Istanbul. If decided that Hirschmann should go to Bucharest he should immediately contact OSS mission Istanbul to ascertain whether plane has been secured and to arrange passage. More complete address mission will be cabled later.

Correction Rodrigo's funds were personal and should be deposited his account Riggs Bank.

Repeated to Ankara.

JMS
NPL

KIRK

CABLE FROM WAR REFUGEE BOARD TO MINISTER NORWEB FOR DEXTER, LISBON, PORTUGAL.

Please refer to your 2657 of August 29, concerning the projects which remain to be carried out by the Board from Portugal.

Since, in your opinion, the problems outlined by you can within three and possibly two months be brought to the stage where the regular Legation staff can carry on the functions still remaining, it is suggested that you plan to conclude within that time, and in any case as rapidly as possible, your operations in Portugal as Special Representative of the War Refugee Board.

In regard to your recommendation that a representative be sent to France under the auspices of the War Refugee Board, reference is made to our of indicating that the Board's activities should be strictly limited to the rescue and relief of refugees in enemy occupied territory and that refugee problems in liberated areas are not regarded as being within the Board's functions. At the present time, the military situation in the West is too fluid to make feasible the use of France as a base for rescue and relief operations in enemy territory.

Pursuant to your suggestion, the Unitarian Service Committee is being advised that you and Widen may soon be free to return to your previous employment if the Committee desires your services.

Pehle expresses his appreciation and thanks for the services you have rendered the Board.

THIS IS WRB CABLE TO LISBON NO. 88

#130 p.m.
September 9, 1944

MJMarks:hmd
9/8/44

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

September 9, 1944

5 p.m.

AMEMBASSY,

LISBON

2408

The following for Dexter is WRB 86.

A communication from Amembassy, Caracas, August 22, states that the Venezuelan Government has authorized its legation at Lisbon to visa the passports of Jewish refugees, especially children, who are traveling to the American continent, even though they may not be proceeding to Venezuelan territory.

You may find the foregoing helpful in inducing Portuguese authorities to grant large numbers of transit visas to Jews in Hungary and other German-controlled territories. Please consult Venezuelan Legation and Portuguese authorities and advise of opportunities in this respect.

HULL
(CHW)

WRB:MMV:KG
9/1/44

WE

SE

BOL

Miss Chauncey (For the Sec'y), Abrahamson, Akzin, Cohn, DuBois, Drury, Friedman, Gaston, Hodel, Laughlin, Lesser, Mannon, Marks, McCormack, Pehle, Sargoy, Standish, Weinstein, Cable Control Files

CABLE TO AMEMBASSY, MADRID, SPAIN

Department and Board are advised that there are in camp Belsenbergen near Hanover about 155 Sephardic Jews having Spanish passports whose entry into Spain has been promised by the Spanish government and for whom, it is understood, exit permits are now available.

In view of imminent danger to lives of these persons, you are requested immediately and vigorously to intercede with Spanish government to bring about their release and admission into Spain. Assurances previously given regarding speedy evacuation of refugees from Spanish territory fully apply to these persons.

Should transportation be impossible in view of military developments, Spanish government should be urged to exercise greatest possible vigilance in safeguarding the lives of these persons, by placing them under direct protection of Spanish diplomatic or consular personnel and by all other appropriate methods.

4:30 p.m.
September 9, 1944

BAkzinsar 9/8/44

RP-686

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

Stockholm

Dated September 9, 1944

Rec'd 9:31 p.m.

Secretary of State

Washington

3582, September 9, 9 p.m.

Latest cables received. (Following is for Rabbis Aron Kotler and Abraham Kalmanowitz of Vaad Hatzalah Emergency Committee from Rabbi Wolbe and is our No. 78 for WRB). On account of renewed deportations Swedish Ambassador and all other neutral Ambassadors visited Horthy and received promise that Hungarian Government will do everything to end deportations.

The Swedish Government has sent a special representative to Budapest to handle all problems in connection with the rescue of Jews. It is planned to buy houses for account Swedish Legation under Swedish extraterritorial rights and in which Jews should live.

Our authorities are granting immigration visas, letters of protection, provisional passports and citizenships. We have agreed to some expenses in this connection to which we hope you will agree. Following your cable advice, I visited Professor Ehrenpreis. He says that more than has already been undertaken cannot be done and no special arrangements can be undertaken even for children. A renewed appeal to King is absolutely impossible. Also we have presently no possibilities for the group in Bergen Belsen. Only food parcels could be sent from here. It is hoped by next week that general licenses will be effectuated for food parcels principally granted for Jews in Germany. Please also inform Jacob Rosenheim about this. With regard to Lithuania, it is still impossible to obtain connections and therefore we have not been able to obtain contact with the camp at Krotingen.

JOHNSON

EDA

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: September 9, 1944
NUMBER: 3120

SECRET

FOR MCCLELLAND.

Reference is made to your 5579 of August 26, paragraph one. You may draw attention of Intercross to text of this Government's reply to Intercross of August 11 (see Department's 2657 of August 2) in which it undertook to arrange for the care of all Jews permitted to leave Hungary under the present circumstances, who reach neutral or United Nations' territory, and to find for them temporary havens of refuge. Nothing in that reply implied limitation to Jews in possession of Palestine certificates or planning to go to Palestine.

Furthermore, you may draw attention of Intercross to special provisions made in favor of persons to whom American immigration visas were issued or authorized after July 1, 1941 (Department's 2605 of August 1); to extension of children's visa facilities to Jewish children from Hungary (Department's 2877 of August 21); to provisions in favor of close relatives of American citizens and alien residents (Department's 2918 of August 24); and to assurances obtained by this Government from Ireland and Honduras in favor of children from Hungary (Department's 2978 of August 29, WRB 1515 to Bern). In addition, Nicaragua has agreed to admit 100 children from Hungary, and Mexico has expressed its willingness to give emergency shelter to refugees from enemy territory for duration of war.

The cooperation of Switzerland, Sweden, Spain, Portugal, and Turkey has also been requested by this Government in respect of admission of any Jews who would be permitted to leave Hungary, and these requests have been partly successful. Spain alone has authorized 2,000 visas. Sweden is reported to have agreed to admit children, numerous adults, and persons to whom American visas were issued or authorized after July 1, 1941. Rumania is also cooperating, but current events on Hungarian-Rumanian border presumably preclude evacuation via Rumania.

Pointing out the foregoing to Intercross, you may reiterate this Government's refusal ever to limit its undertakings with respect to the emigration of Jews from Hungary to any number or particular category of Jews or to Jews going to any particular country and its protest against the attempt of German and Hungarian authorities to introduce such arbitrary limitations.

Recommendation contained in last paragraph of your 5579 is appreciated and is being acted upon.

THIS IS WRB CABLE TO BERN NO. 158

CABLE TO MINISTER HARRISON AND MCCLELLAND, BERN, SWITZERLAND

1. Reference is made to your 5689 of August 31.

In replying to Swiss notice of August 26, please ask Swiss political department to emphasize that the German arguments notwithstanding, this Government is unable to recognize any right of the German authorities to pass upon the validity of documents issued in the name of other sovereign governments. Furthermore, none of the American republics upon whose documents this German procedure is being practiced can, in justice to their own proper interests, allow that practice to go unquestioned. Accordingly, this Government insists on the stand taken by it in Department's 2490 of July 21 paragraph two and rejects as irrelevant any attempt by German officials to question the validity of Latin American documents whether on the basis of antecedents of Jews involved or of the type of identity papers or on any other basis.

It should be emphasized in this connection that German attitude was at first to doubt the eligibility of persons involved for exchange and the acceptance of documents involved by issuing governments. Now that eligibility for exchange has been confirmed and the several issuing governments have notified Germany through protecting powers that the document holders must be protected notwithstanding any doubts as to the validity of the documents, German officials introduce new excuses for their failure to comply. All these excuses are emphatically rejected by this Government and the attention of German officials involved is drawn to the serious consequences of their attitude.

In this connection, please advise whether you have been able to convey to proper quarters the message contained in paragraph three of Department's 2490 of July 21. It is believed that in the light of the military situation it is possible to sway German officials by confronting them with a sufficiently emphatic statement of this Government's position.

With reference to lists of bearers of Latin American documents suggested in ultimate and penultimate paragraphs of your 5689, disturbed war conditions have interfered with communications between Latin American governments and their European missions, resulting in incomplete records which make the compilation of such lists difficult. However, to assist the Swiss in this matter it is believed that the Legation should endeavor to obtain with the aid of McClelland and the local representatives of organizations that have records on the subject, lists which are as complete as possible with a view to transmitting them to the Swiss authorities. The Department will suggest to various Latin American governments the urgency of confirming to Swiss authorities the authenticity of such lists. It is hoped, however, that in view of the humanitarian considerations involved and of this country's status as Power handling exchange of persons whose eligibility would be established by being placed on the list, Swiss officials will agree to transmit the lists

to Germany even without such confirmation. You may include in such lists the persons envisaged in Department's 2407 of July 13 paragraph numbered six.

Precaution should be taken, however, to inform Swiss and German authorities that such lists cannot (repeat not) be considered complete. Should Germany inquire of Swiss Legation or government whether any particular individual not (repeat not) appearing on such lists is protected by Switzerland, it is suggested that an answer along the following lines would be both substantially correct and calculated to save human lives: Owing to wartime conditions, Swiss records regarding citizens of countries under Swiss protection are incomplete and so are records of several Latin American legations in Bern; if Germany would inform Switzerland of the claimed nationality of the person involved, inquiry will be made of the government of the country concerned; and the Swiss will consider it understood that pending receipt of an answer to such inquiry such person will be treated as and accorded all the rights and privileges of a citizen of the country whose nationality he claims.

2. The following information received from Ambassadors in various countries is transmitted for McClelland's information and guidance in connection with protection of victims of enemy persecution, representation in Hungary, and shelters for Jewish children from Hungary:

Portuguese government is in agreement in principle to admit for temporary refuge Hungarian Jewish refugees, preferably in lots of three to four hundred. Portuguese government has already informed Hungarian government of its interest in such people. It has persuaded Hungarian government to issue exit visas and has itself given Portuguese visas to a number of them, but Germans have refused to permit them to leave as yet. Some of these persons are now in asylum in the Portuguese legation in Hungary. The Hungarian government is thus aware of the Portuguese interest in this problem.

Venezuelan government has authorized its legation in Lisbon to visa the passports of Jewish refugees, especially children, who are traveling to the American continent, even though they may not be proceeding to Venezuelan territory. It has also requested the Swiss Political Department to extend the protection of Venezuelan interests to Hungarian territory and other countries of Central and Eastern Europe for the purpose of aiding the bearers of Venezuelan passports in those regions.

President Vargas of Brazil has approved the plan to bring 500 refugee children to Brazil, provided that the Brazilian Government would not incur the expenses of transportation to and maintenance in Brazil. He has accordingly charged General Ivo Soares, Chairman of the Brazilian Red Cross, with making suitable arrangements with appropriate Jewish welfare agencies in Brazil to take care of them. Official announcement is to follow shortly.

Government of Uruguay has agreed to the admittance of 500 refugee children.

3. With reference to Department's 2485 of July 21, Haitian Legation in Bern was instructed on July 31 to request the Swiss to present to

- 3 -

the German Government the following declaration of the Haitian Government:

QUOTE Inasmuch as a certain number of individuals of the Jewish race naturalized as Haitians abroad in pursuance of the Decree-Law of May 29, 1939, were living in territories controlled by Germany and Italy; that they have been detained there continuously for reasons of force majeure since the declaration of war by the Republic of Haiti until this date, the Haitian Government declares: that the persons in the above-mentioned category have been unable to comply with the Decree-Law of February 4, 1942, enjoining, under penalty of the loss of Haitian nationality, all those who had acquired Haitian naturalization abroad to return to Haiti before August 5, 1942. Consequently, it is hereby made known to whom it may concern that the said persons are not affected by the Decree-Law of February 4, 1942. UNQUOTE

In this connection, the Board's attention has been called to the test case of Mrs. Zelman Solowiejczyk, age 42, and Miss Sephora Solowiejczyk, age 7, whose last known address was Jacob Jacobs Street 37, Antwerp, Belgium, and who are the wife and daughter of Zelman Solowiejczyk, now residing in New York City. Under the foregoing declaration, these women, whose Haitian naturalization is said to have been promulgated in the Moniteur of Haiti on December 23, 1939, retain their Haitian nationality. Please take all appropriate action to insure that these women, if still in German hands, be treated as Haitian nationals. Consult with Haitian Minister if you deem it advisable.

The Haitian Legation has also been instructed not to question at present the validity of Haitian passports held by persons who are now in occupied territories and who could be the object of persecution by the enemy until such persons arrive in a place of safety and to inform the Federal Department of these instructions.

THIS IS WRE CABLE TO BERN NO. 164

9:20 p.m.
September 9, 1944

Miss Chauncey (For the Sec'y), Abrahamson, Cohn, DuBois, Friedman, Hodel, Laughlin, Lesser, Mannon, McCormack, Cable Control Files.

Cable TO MINISTER HARRISON AND MCCLELLAND, BERN, SWITZERLAND

Please deliver the following message from Vaad Hahatzala to Sternbuch, St. Gallen:

QUOTE Please detail your rescue activities in Hungary and Slovakia to McClelland.

Please also communicate to McClelland names and addresses of trusted leaders of rescue work in Hungary and Slovakia. It is hoped that this will enable these persons to obtain financial assistance for rescue activities through WRB. UNQUOTE

The following is for McClelland from WRB:

Upon receipt of names and addresses please cable them at once to WRB.

THIS IS WRB CABLE TO BERN NO. 165

9:20 a.m.
September 9, 1944

Miss Chauncey (For the Sec'y), Abrahamson, Cohn, DuBois, Friedman, Hedel, Laughlin, Lesser, Mannon, McCormack, Cable Control Files.

BAksin:LSLesser:ar 9/7/44

CABLE TO HARRISON, BERN, FOR MCCLELLAND FROM DEPARTMENT AND WAR
REFUGEE BOARD.

Please report at once on Saly Mayer negotiations of
September 4 and 5.

For your information, Ambassador Nerweb has cabled that
Hungarian Charge d'Affaires, Lisbon, states he has received telegram
from his Government dated September 3, substance of which is as follows:

His Government has no knowledge of and no part in
any conversations which the Gestapo with or without
representatives of the Hungarian Jewish community is
carrying on with any other persons private or official
or with any allied body. All deportations from Hungary
were stopped completely some weeks ago and no incident
concerning Jews has occurred in Hungary since the
beginning of August when an incident caused by an inferior
Gestapo agent was sharply complained about by the Hun-
garian Government. The government takes the position that
it absolutely excludes any interference in Hungarian
Jewish affairs by any Germany authority.

THIS IS WRB CABLE TO BERN NO. 166

1:55 p.m.
September 9, 1944

PH:lab 9/9/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: September 9, 1944
NUMBER: 5971

CONFIDENTIAL

From McClelland for WRB.

With reference to Department's message of September 7, No. 3091, the suggestions of the World Jewish Congress with regard to "camps" whose inclusion in 300,000 parcel program is urged by them will be discussed by me with ICRC unofficially. However, since at least nine-tenths of sites mentioned are quite inaccessible to ICRC (which would not be able to enforce even remotely the minimum necessary control as to allocation and reception of parcels); I cannot be very sanguine as to possible outcome.

HARRISON

DCR:GPW

9-11-44

DSH-634

This telegram must be
paraphrased before being
communicated to anyone
other than a Government
Agency. (RESTRICTED)

Ankara

Dated September 9, 1944

Rec'd 6:52 p.m.

Secretary of State,

Washington.

1695, September 9, 4 p.m.

FROM AMBASSADOR STEINHARDT AND HIRSCHMANN TO WAR
REFUGEE BOARD.

Ankara's 152.

It is reported here that a royal decree issued by
the Government of Rumania restores equal rights to all
Rumanians without regard to race or religion. We are
informed further that all royal decrees based on
differentiation of race or religion have been abolished.

STEINHARDT

EMB

NOT TO BE RETRANSMITTEDSECRETOPTEL No. 294

Information received up to 10 A.M. 9th September 1944.

1. NAVALHome Waters 7th. Large convoys of coasters arrived DIEPPE.Mediterranean 5th. First liberty ships berthed at TOULON. During 6th and 7th. British ships shelled enemy position near RIMINI.2. MILITARYN.W. Europe Operations of 3rd. U.S. Army hindered by lack of fuel and in consequence enemy have re-occupied NANCY and METZ. U.S. troops retain bridgehead in vicinity PONT A MOUSSON. First U.S. Army have occupied LIEGE and VERVIERS. Second British Army has widened and deepened bridgehead over ALBERT Canal. First Canadian Army have reached THIELT, ROULERS and DIXMUDE.Southern France French forces have reached within 22 miles of Belfort. U.S. Forces are encountering some opposition in attacks on BESANCON while French Army operating further West are within three miles of BEAUNE.Italy Heavy fighting continues in ADRIATIC Sector. Little change in our forward positions and a number of enemy counter attacks repulsed.Burma In CHINDWIN area our troops have occupied SITTAUNG 20 miles E of TAMU. NORTH BURMA. Allied forces advancing S. from MYITKYINA have consolidated KHAZU, 20 miles S. of MYITKYINA and exploited eastwards as far as BURMA-CHINA border. In MOGAUNG area HOPIN, 33 miles S.W. of MOGAUNG has been reached.3. AIR OPERATIONSWestern Front 8th. Bomber Command dropped 516 tons on targets at HAVRE with good results. E Escorted Allied bombers (20 missing) dropped 900 tons on Chemical Works LUDWIGSHAFEN, 527 tons on railway targets KARLSRUHE, 486 tons on diesel works near MAINTZ and 340 tons on ordnance depot MAINTZ; results good to excellent. Medium bombers dropped 97 tons on gun positions BOULOGNE area with fair to good results. Fighter bombers attacked road and railway transport in W. GERMANY destroying or damaging 80 locomotives, over 170 wagons and ten aircraft on ground.

8th/9th. Sixty three Mosquitoes despatched, of which 45 attacked NUREMBERG, without loss.

Yugoslavia 8th. Heavy bombers (three missing) dropped 518 tons on railway centres BROD, SARAJEVO and NIS, 220 tons on railway bridges BROD and SAVA. Results good to excellent. Mustangs (three missing) attacked ILANDZA, 35 miles N.E. BELGRADE destroying 36 enemy aircraft on ground.China 4th. 194 medium and fighter bombers (three missing) attacked military targets in HANYANG-LUNGLING area causing much damage and casualties to personnel and horses.

NOT TO BE RETRANSMITTEDSECRETOPTEL No. 295

Information received up to 10 A.M. 10th September 1944.

1. MILITARY

N.W. Europe U.S. troops of Ninth Army have made slight advances against BREST. U.S. Third Army has formed new bridgeheads across MOSELLE against moderately strong opposition. Elements of U.S. First Army have reached MAASTRICHT. On the Second British Army Front more armoured units have crossed ALBERT CANAL. ANTWERP is completely in our hands. Troops of First Canadian Army are closing in on CALAIS, BOULOGNE, DUNKIRK and generally mopping up enemy in coastal belt.

Southern France French troops continue to encounter stiff enemy resistance south of BELFORT. U.S. troops have captured BESANCON and advanced Northwards to a point approximately seven miles southwest of VESOUL. French forces have captured CEAUNE.

Italy No change in our position on ADRIATIC Coast where enemy counter attacks have been driven back at several points. In West our patrols have reached southern outskirts of PISTOIA without opposition.

Russia Russians report progress north and northwest of SIBIU (100 miles northwest PLOESTI), a thrust to a point 60 miles southeast of RUSTCHUK and the capture of BURGAS.

2. NAVAL

East Indies August 22nd. A British submarine torpedoed and probably sank 3,000 ton ship off PORT BLAIR. Anti-submarine operations 9th. A British Corvette made very promising attack on U-Boat off Northwest coast of IRELAND.

Mediterranean 6th/7th. Coastal forces damaged an enemy minelayer off RIMINI. 7th/8th. Coastal forces sank an E-boat off the DALMATIAN Coast. Allied ships on patrol off the south coast of FRANCE unsuccessfully attacked by explosive motor boats five of which were sunk and one probably sunk.

3. AIR OPERATIONS

Western Front 9th. Escorted Heavies dropped 841 tons on MANNHEIM. 534 tons on DUSSELDORF, 515 tons on GUSTAVSBURG (near MAINZ). 183 tons on LUDWIGSHAFEN and 156 tons on other targets. Pathfinder technique used in all cases. Medium and light bombers dropped 87 tons on strong points BOULOGNE. Fighters destroyed or damaged 98 locomotives, nearly 500 MT and other vehicles. 807 Dakotas and 5 Ansons carried supplies to NORTHERN FRANCE while 68 Fortresses dropped supplies in SOUTHERN FRANCE. Enemy casualties 17.3.9. for 23 Bombers, including 21 Heavies and 9 Fighters.

9th/10th. 228 aircraft despatched including 137 ton MUNCHEN GLADBACH. Attacks carried out visually without loss.

Mediterranean 6th/7th. Bombers dropped 157 tons on railway centre BOLOGNA. 17 Wellingtons laid mines in DANUBE. 7th. Adverse weather prevented operations in ITALY. 93 aircraft attacked communications and other targets in YUGOSLAVIA and ALBANIA.

8th. Fighters bombers attacked bridges over PO, transport communications, and close support targets in Italian battle area. Also locomotives and MT in FRANCE. Liner REK attacked by eight Beaufighters at TRIESTE, reported listing and on fire.

Burma 8th. 225 aircraft flew offensive sorties against railway and other targets with good results.

CORRECTED COPY

MS-198

This telegram must be paraphrased before being communicated to anyone other than a Government agency. (RESTRICTED)

Ankara

Dated September 10, 1944

Rec'd 12:30 p.m., 12th

Secretary of State,

Washington.

1700, September 10, 6 p.m.

FROM HIRSCHMANN TO WRB, ANKARA's No. 153.

Reference is made to Ankara's 148. I have had further talks with Denenberg regarding the relief activities his committee in Turkey. He has now agreed that the expenditures which have thus far been made by him will be financed from other sources. He now proposes that the entire \$5000 be transferred to a committee composed of scholars and former labor and political leaders from Central European and of the Bank of England now resident in Istanbul for administration under a relief program to be conducted on behalf of the IIRC. We have approved this project as the committee appears to be reliable and have so advised Denenberg.

STEINHARDT

WSB



TREASURY DEPARTMENT

WASHINGTON 25

September 11, 1944



MEMORANDUM TO THE SECRETARY

I am attaching a memorandum prepared by Mr. Clayton's office for members of the Surplus War Property Policy Board. While it occupies a number of pages I believe it makes worthwhile reading.

E. J. Olrich
E. J. Olrich
Assistant to the Secretary

Attachment

OFFICE OF WAR MOBILIZATION
SURPLUS WAR PROPERTY ADMINISTRATION

OFFICE OF ADMINISTRATOR

811 VERMONT AVENUE NW.
WASHINGTON 25, D. C.

September 2, 1944

MEMORANDUM FOR MEMBERS OF SURPLUS WAR PROPERTY
POLICY BOARD

Subject: Monthly Status Report, July, 1944

The disposal agencies were requested, on August 4, 1944, to submit each month to SWPA certain statistics on the acquisition, disposition and inventories of surplus war property.

Transmitted herewith for your information is a summary analysis of the data submitted thus far by the disposal agencies. This is a first attempt to summarize the status of surplus war property. We hope to improve the form and content of the analysis as more complete data become available and as the period of experience lengthens.

Your comments and suggestions are invited.

W. L. Clayton
Administrator

SURPLUS WAR PROPERTY ADMINISTRATION**Monthly Status Report for****July, 1944****Acquisitions, Dispositions and Inventories****of Surplus War Property**

25 2 5 4 0
August 31, 1944
Washington, D. C.

Acquisitions, Dispositions and Inventories
of Surplus War Property

Summary

The status of surplus war property, according to reports submitted by five disposal agencies, may be summarized as follows for the period beginning May 15, 1944, when SWPA Regulation No. 1 became effective:

	July 1944	May 15 to Aug. 15, 1944 (Millions)
Surpluses held by disposal agencies, beginning of period	\$150	\$ 63
Property declared surplus by owning agencies	99 249	288 351
Disposed of by disposal agencies	16	38
Balance on hand, end of period	233	313

Thus far, SWPA has received statements on surplus war property from the following authorized disposal agencies:

Procurement Division, Treasury Department
Reconstruction Finance Corporation
Maritime Commission
Foreign Economic Administration
War Food Administration

Other agencies do not report to SWPA the surplus property which they themselves sell. Our present statistics therefore do not include certain quantities of surplus property, for example, contract termination inventories, and scrap and salvage disposed of by the so-called "owning agencies".

Origin of surpluses.

By the end of July more than 170 million dollars of surplus, or 85 per cent of the total of 200 million dollars of property declared surplus to the five disposal agencies, was reported by the War Department alone. These surpluses consisted principally of aircraft and aircraft equipment (67 million dollars), motor vehicles (50 million dollars), medical supplies (21 million dollars), and radio tubes and parts (15 million dollars). The Navy Department made declarations of surplus amounting to 17 million dollars, or about 9 per cent of the total reported up to July 31. These consisted in large part of small craft, aircraft and parts, and a wide variety of materiel in small lots.

Growth.

Inventories, though still moderate in magnitude, are growing rapidly, having increased from 63 million dollars on May 15, 1944, to more than 313 million dollars on August 15, 1944.^{1/} All disposal agencies contributed to the growth in inventories, although not proportionately. Inventories of RFC represented 66 per cent of the total at the beginning of June, and increased to 75 per cent at the end of July. In contrast, the share represented by the inventories of Procurement Division, Treasury Department, declined from 34 per cent to 24 per cent during the same interval.

Rates of acquisition and disposal.^{2/}

Inventories of surplus property are growing rapidly, because surplus property reported to the disposal agencies in both June and July substantially exceeded the aggregate value of the property dispositions. Acquisitions of surplus property were about 97 million dollars in June and 99 million dollars in July, whereas dispositions amounted to only 14 million dollars and 16 million dollars in the corresponding months.

^{1/} The dollar value at which inventories of surplus property are reported is the original cost of the property, except for Procurement Division of Treasury Department, for which a part of the inventory ("confirmed inventories") represents the appraised value of the property.

^{2/} The term "acquisition" means the declaration or report of surplus property received by the disposal agencies. The property customarily remains in possession of the reporting owning agency.

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Because of the limited period covered by our data, we are not yet able to determine a wholly satisfactory indication of the rate at which the agencies are disposing of their surpluses. However, by comparing total dispositions during the month with beginning inventories plus acquisitions during the month, we obtain the following "rates of disposal" for July:

	<u>Per cent</u>
Procurement Division, Treasury Department	16.9
Reconstruction Finance Corporation	
Aircraft and Related Equipment	1.4
Other Property	4.7
Maritime Commission	4.2
War Food Administration	0.6
Total, all disposal agencies	<u>4.1</u>

Clearly, at this early stage in the disposition of surplus war property, the "rates of disposal" shown above may not be significant inasmuch as wide variations may be expected to occur over a longer period and as between the different agencies. Nevertheless, the differences indicate that certain types of surplus property move much more rapidly than others. Certain types of items, for example, fighter planes and numerous other munitions, cannot be disposed of in their existing state and may require modification or even scrapping before disposal is possible.

Realizations

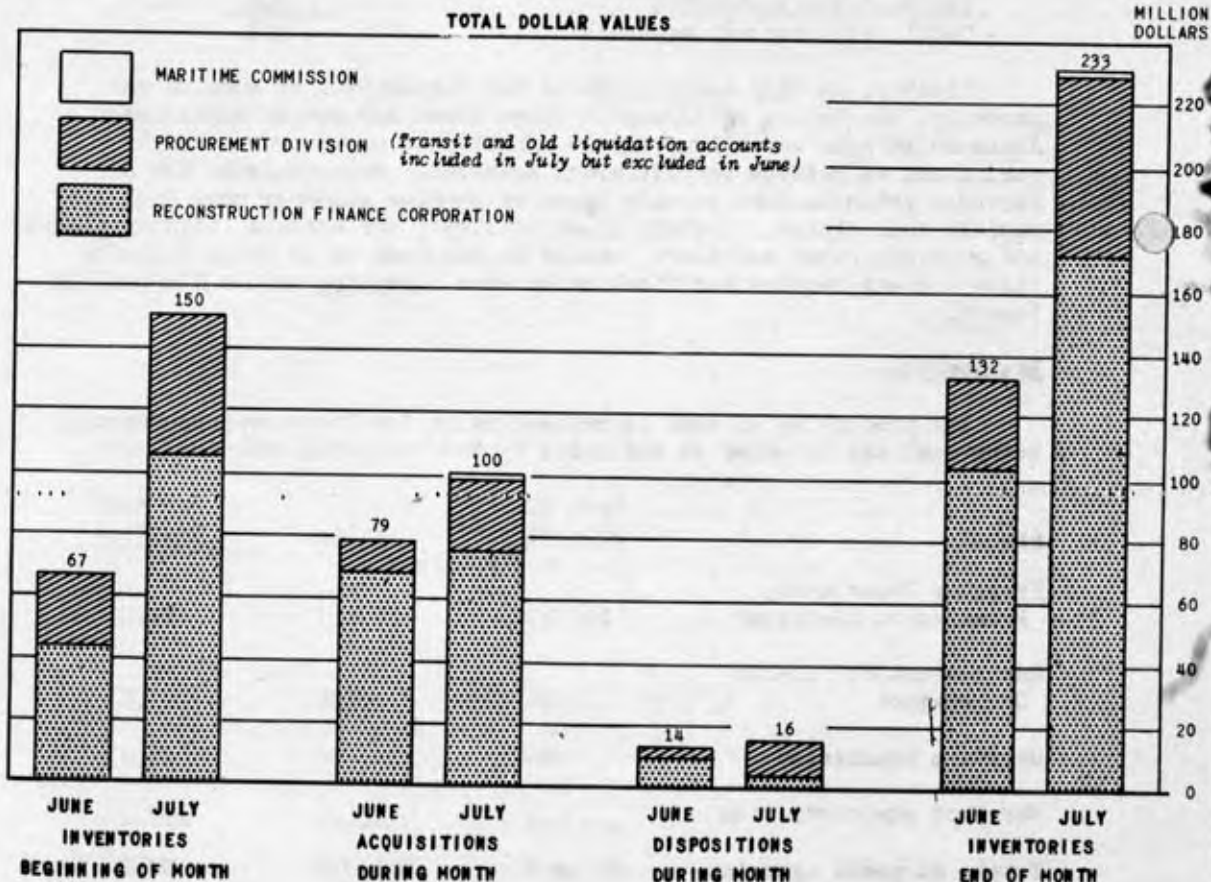
The proportion of cost (appraised value for Treasury-Procurement) being realized by sales is indicated by the following data for July:

<u>Agency</u>	<u>Cost of Property</u> (Thousands)	<u>Sales</u>	<u>Per cent Realized</u>
Treasury Department, Procurement Division*	\$9,013	\$7,617	84.5
Reconstruction Finance Corporation	4,976	4,130	83.0
Maritime Commission	60	28	46.6
War Food Administration	<u>1</u>	<u>1</u>	<u>100.0</u>
Total, disposal agencies	\$14,050	\$11,776	83.8

*Confirmed inventory only.

Current rates of realization may be higher than it is possible to maintain, inasmuch as present sales probably consist of better quality items that are readily disposable. After sales have continued for a longer period, it is probable that a larger part of the undisposed surpluses will consist of lower quality or less desirable items, which are likely to be sold at a smaller proportion of cost.

SURPLUS WAR PROPERTY
SUMMARY OF
ACQUISITIONS, DISPOSITIONS AND INVENTORIES
JUNE AND JULY 1944



SWPA - AUGUST 29, 1944

- 5 -

Activities of Principal Disposal AgenciesReconstruction Finance Corporation

Inventories. On August 15, RFC had on hand 228 million dollars of surplus property, compared with 175 million dollars at the end of July, and only 44 million dollars at the end of May. Nearly 80 per cent of the balance on August 15 consisted of property declared surplus by other owning agencies. The largest single category of surplus consisted of airplanes, gliders and aircraft parts (149 million dollars on August 15). Other leading surpluses on August 15 were:

Plants and miscellaneous real estate (21 million dollars), construction materials (18 million dollars), communications equipment (16 million dollars), and machine tools (4 million dollars).

Dispositions. July dispositions totalled \$4,976,000, the total reported cost of property sold. In the predominant categories of surplus property the disposals were not large, the principal during July being \$1,665,000 of machine tools, \$1,536,000 of airplanes, and \$783,000 of construction materials. It is notable that 94 per cent of total dispositions in July consisted of RFC-owned surplus property, the small remainder (6%) being surplus declared to RFC by other agencies.

Plants. Thus far, 17 industrial plants have actually been declared surplus, of which 5 were subsequently reclaimed by the owning agencies. 1/ One plant, producing altimeters at Binghamton, New York, which cost \$239,500 has been sold for \$175,000 (reproduction cost less depreciation).

In the construction of the DPC plants unusually heavy costs were incurred, due to the necessity for speed, such as overtime pay, delays in obtaining materials, construction under unfavorable weather conditions, inability to get sufficient skilled labor, and similar causes. Additional costs will also be incurred in the way of depreciation and necessary alterations to prepare the plants for peace-time operations. The RFC will make allowance for these unusual items in setting prices on these plants.

Detailed engineering surveys are being made of all DPC-owned plants to obtain the information required to determine their post-war potentialities. Furthermore, detailed studies are being made of large individual plants to determine the possibilities of by-products, conversion to other

1/ Plants actually declared surplus are not to be confused with DPC-owned properties sold to lessees who choose to exercise their option included in the operating contract. 11 such plants, sold at a total price of 23 million dollars, have thus far been disposed of through the exercise of options, almost all of them on the basis of original cost to DPC.

types of output, and the development of complementary plants. For example, RFC is studying the development of new methods for producing by-products at several magnesium plants and is also exploring the possibilities of converting some of the larger industrial plants into "multiple-use" facilities corresponding, for example, to Bush Terminal.

550 DPC plants have been canvassed by DPC engineers to arrange quick clearance when contracts are terminated and to discuss the possibilities of options being exercised and equipment in the plants being purchased.

Machine Tools. The United States Government owns between 500,000 and 600,000 machine tools, the equivalent, it is estimated, of 25 years' normal pre-war production in the United States. 4,595 machine tools out of a total of 5,215 declared surplus up to August 15 have been disposed of.

In order to make it easy for small concerns to buy machine tools, the RFC will sell tools for 15% cash down, the balance to be paid in monthly installments over a period of five years at 4% interest. There will be a limit of \$100,000 on these terms to any one buyer.

SWPA Regulation No. 3, August 9, 1944, which established the price policy for standard general-purpose machine tools, provides monthly schedules of depreciation rates to be applied to the original price of the manufacturer of the tool. The schedules provide a 5-point premium in price for tools sold to the lessee, compared with sales to others, inasmuch as the user of the tools knows their past maintenance and current condition better than other prospective buyers.

Aircraft. Aviation surpluses declared to RFC by the Army and Navy up to August 15 represent an aggregate cost of 145 million dollars. 8,234 aircraft and gliders are included, of which only one has been sold. The others are expected to go on sale shortly.

In addition to military aircraft, 5,315 surplus training planes, owned by DPC and used in the War Training Service program of the Civil Aeronautics Administration, have been in process of disposition. 4,037 planes were sold up to August 15 at an average of 60 per cent of cost.

Several programs of aircraft disposal have been launched. One being conducted at Vandalia, Ohio, with the cooperation of the Army Air Forces and the Civil Aeronautics Administration, is for the purpose of determining if military aircraft likely to be declared surplus can be assigned civil licenses or can be used for specialized industrial or private use. The possibilities of disposing of surplus aircraft for ground training purposes are also being explored through an educational program involving more than 30,000 schools and colleges in the United States.

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Procurement Division, Treasury Department.

Inventories. Surpluses on hand August 15 totalled 75 million dollars, compared with 56 million dollars at the end of July and 23 million dollars at the end of May. More than one-half of the total inventory is composed of property in "transit account" which has not yet been appraised for disposal. Surpluses ready for disposal on August 15 totalled 33 million dollars (appraised value) and consisted of a wide variety of products, those exceeding 1 million dollars each, being motor vehicles, furniture and fixtures, leather, fabricated textile products (not including apparel), metal industry products, apparel (not including footwear), and fabricated metal basic products.

Dispositions. Surplus property appraised at 11 million dollars was disposed of in July compared with 4 million dollars in June.

Approximately 4,800 motor vehicles, appraised at \$4,300,000, were on hand August 15. Thus far, more than 23,000 trucks have been declared to the Procurement Division, and 30,000 more surplus trucks are expected to be received soon. Generally, trucks are disposed of quickly after being inspected and listed for disposal. Dispositions of motor vehicles have been large compared with recent acquisitions; during July and the first half of August the Procurement Division acquired motor vehicles appraised at \$3,883,000 whereas dispositions totalled \$6,254,000.

The Procurement Division of Treasury Department has placed surplus trucks on the market as quickly as possible because of the acute current demand, particularly on the part of farmers who need trucks to save their crops. The extent to which farmers have benefited by recent sales of surplus trucks is indicated by the attached letter from the War Food Administration (see page 9).

The distribution of trucks geographically has been made according to information obtained from the Office of Defense Transportation indicating those areas of the country most critically in need of truck transportation. Sales have been made in such areas through hundreds of dealers. For example, in the Boston region, 850 trucks were distributed through 125 dealers; in the New York region, 2,300 trucks went to more than 600 dealers; and in Texas, 2,041 trucks went to 500 dealers. An effort has been made to limit sales to not more than 5 trucks per dealer, although special circumstances sometimes have made it advisable to vary this. Sales thus far have averaged less than 2 trucks per dealer per month.

Furniture and fixtures, consisting largely of used bed mattresses, have not been readily sold. Inventories had an appraised value of \$2,990,000 on August 15 and during the preceding 45 days dispositions totalled only \$360,000.

Fabricated textile products (except apparel) on hand August 15 were valued at \$2,270,000, and dispositions during the previous 45 days totalled \$650,000. This category consists in large part of mosquito nets and bars, and comforters.

Inventories of leather, composed principally of sheep shearlings declared surplus by Army Air Forces, were appraised at \$2,320,000 on August 15. Dispositions totalled \$845,000 in the previous 45 days, and it is expected that existing balances will be used by Foreign Economic Administration. It is also expected that Lend-Lease will account for a substantial part of the disposition of apparel (excluding footwear) which was valued at \$2,100,000 on August 15 and consisted in large part of Army clothing.

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WAR FOOD ADMINISTRATION
Office of Materials and Facilities
WASHINGTON

August 22, 1944

Mr. William L. Clayton
Administrator, Surplus War
Property Administration
811 Vermont Avenue, N. W.
Washington, D. C.

Dear Mr. Clayton:

At the request of Mr. Ernest L. Olrich, Assistant to the Secretary of the Treasury, I am sending you the following list of typical examples illustrating the efficiency and success of the surplus truck disposal program:

<u>State</u>	<u>Number of Surplus Trucks Moved into Area</u>	<u>Description of Use Made of Surplus Trucks</u>
Texas	55	Saved 4 million bushels Milo Maize in southern Texas.
	30 (approx.)	Assisted movement of wheat harvest in Nueces County.
Tennessee	100	Transport limestone to farmers for soil conservation.
North Carolina	250	Move tobacco crop and transport limestone.
Virginia	90	Forty trucks originally scheduled for sale in Maryland and Delaware diverted to Charlottesville, Virginia to save peach crop in area. Remainder sold to farmers.
Georgia	35	To save peach crop in northern part of State.
Colorado	25 (approx.)	Assisted in movement of potato crop.

As a result of the over-all program, approximately 7 thousand surplus trucks have been sold in the last 8 or 10 weeks to farmers or haulers of agricultural products in critical need of transportation facilities.

Sincerely yours,
/s/ J. W. MILLARD
J. W. Millard
Director

CHANGE IN INVENTORIES (a)

TREASURY DEPT.
PROCUREMENT DIVISION

OF SURPLUS WAR PROPERTY REPORTED BY DISPOSAL AGENCIES

Month of
JULY 1944

1944 SEP 4 AM 10 51

	(thousands of dollars)						
	Proc.Div. of Treas. Dept. (b)	Recon. Finance Corp.	Mari- time Comm.	Foreign Economic Admin.	War Food Admins.	Other Disposal Agencies	TOTAL
<u>Month of July, 1944</u>							
1. Balance beginning of month	45,957	103,717	380	-	128	No	150,182
2. Acquired during month	21,663	76,487	1,046	2	28		99,226
3. Disposed of during month	11,418	4,976	60	-	1	reports	16,455
4. Net Increase during month	10,245	71,511	986	2	27		82,771
5. Balance end of month	56,202	175,228	1,366	2	155	re- ceived.	232,953
6. Rate of disposal-%	16.9	2.8	4.2	-	.6		4.1
7. Sale Price	7,617(c)	4,130	28	none	1	none	11,776
8. Sale Price % of Cost (d).	84.5	83.0	46.6		100		83.8

- (a) All amounts are cost of property reported by owning agencies, except that "Confirmed" inventory of Procurement Division is on basis of appraised values.
- (b) Includes "Transit" inventory (items awaiting appraisal) and "Old Accounts" (Liquidation of W.P.A. and N.Y.A. and F.P.U.B. warehouses in New York and Chicago).
- (c) Confirmed Inventory only.
- (d) Appraised value for confirmed inventory of Procurement Division.

TREASURY DEPT.
PROCUREMENT DIVISION

PLAIN

London

Dated September 11, 1944

Rec'd 10:46 p.m.

Secretary of State,
Washington.
7455, Eleventh.

Next meeting Executive Committee IGO October 5.
Please reply Embassy's 7053, August 29.

WINANT

MEM

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
TO: Secretary of State, Washington
DATED: September 11, 1944
NUMBER: 7473

SECRET

THE FOLLOWING MESSAGE WENT FROM MANN.

At the request of Maleg, Chief of Foreign Office's Refugee Department, Brown and I attended a meeting at his office this evening, at which meeting Sir Herbert Emerson was present also. Following is the substance of a cable received Saturday from British Minister in Bern which was read by Masen:

From the German Government it is understood by the Swiss Government that the Germans are not ready to permit a party of 2100 Jews to leave Hungary if they are to go to Palestine, as they do not wish to have the Arabs disturbed. However, they would view their departure more favorably if the group were to have a destination in American or British territory.

Furthermore, it has been requested by the German Ministry of Foreign Affairs that the Swiss Legation at Budapest should hand to the German Legation there a nominal list stating that on security grounds they cannot permit the departure of the group until an examination has been made for each individual case.

- 2 -

The Government of Switzerland desires to know whether they should send to the Legation at Budapest instructions to this effect.

No indication was given that information regarding this message had been given McClelland.

Inasmuch as this German move rejects to offer to place Jews coming from Hungary in neutral and United Nations territory and substitutes in its place American or British territory excluding Palestine, this move cuts at the very heart of the joint declaration of the British and American Governments. Although the composition of the 2100 people is unknown, the assumption is that they are principally holders of Palestine certificates and if the offer were accepted as made, it would place the British and American Governments in a position of invalidating, at least temporarily, Palestine certificates even if the condition were accepted only while the war lasts. If we fail to accept the German conditions with concrete offer, it will put the Germans in a position to state that they would permit the Jews to leave but they would not be accepted by us. It is also possible that if we accept conditions in this case, they will be made applicable to all others who are trying to escape. The purpose of the German maneuver presumably is to embarrass the Governments of Great Britain and the United States.

It is proposed by the British to give their Minister in

Bern instructions to reply to the Swiss Government somewhat as follows:

We assume that the security check is for the purpose of expediting the departure of Jews and not delaying it. With that understanding, which should be emphasized by the Swiss, we have no objection to giving the Germans such a list if the Swiss first make sure that such list will not be used by the Germans for the purpose of victimizing the prospective evacuees. We assume that the list will show that Palestine certificates are held by the persons named thereon. There is no intention on the part of the British Government to take action which would make such certificates invalid. You are requested to ascertain from the Swiss whether they are prepared to give the group temporary haven with the maintenance guarantees given previously until such time as evacuation can be carried out. Should they be willing to do so, they should inform the Germans that they have agreed to give the 2000 refugees a temporary haven.

The proposed reply obviously does not meet the conditions laid down by the Germans. The reply might stand some small chance of being successful. It is altogether possible, however, that the Germans would inquire as to the final destination of the Jews or that in the absence of a statement to the contrary, that British position with regard to Palestine certificates

would be taken for granted. In view of public and Jewish opinion, the British understandably feel that the validity of Palestine certificates must be preserved by them.

Attempts have been made by Brown and me to determine what the possibilities were of removing the 2100 to British or American soil from Switzerland. No suggestions could be obtained by us from Mason, who stated that he would have to consult with the Colonial Office to determine whether there is any available British soil. Therefore, it is safe to say that if the conditions laid down by the Germans were accepted even temporarily, British or American soil, apart from the other complications, means only American soil. We were continually asked by Sir Herbert if we were prepared to open more camps such as the one at Oswego.

It is difficult to make recommendations until I know how far our Government is prepared to go in this matter. It is felt by me that the best solution to the problem would be to make an offer of the nature of that resulting in the Fort Ontario camp, making it clear that such refuge was for the duration of the war only and that following the war these refugees might return to their own land or to a land of their own choosing which is willing to receive them. It appears doubtful that the 2100 could be evacuated before the termination of the war, but it is possible that such could be done. Furthermore, problems with the military might be raised by their evacuation through

-5-

France.

It is requested that you reply urgently, giving the views of the Department and the Board on the suggested reply or any alternative proposals which our Government might desire to present to the British. No reply will be made by them until receipt of your views. If the suggested reply is acceptable, the reply should not be transmitted until agreement has been reached by the two Governments regarding answer to be given if the Germans should insist on knowing the group's destination. The proposed reply by the British and their stand on Palestine certificates is agreed to by Emerson. It is felt by him to be most important that agreement be reached by the two Governments on all action to be taken before making any reply.

It is requested that McClelland be instructed to repeat to me any important messages to the Board, and if the Board would repeat to me their replies, it would be greatly appreciated.

WINANT

DOR:IHB:FB 9/12/44

FBM-110
Distribution of true
reading only by special
arrangement. (SECRET-W)

Caserta

Dated September 11, 1944

Rec'd 1:55 a.m., 12th.

Secretary of State,

Washington.

355, September 11, 5 p.m.

FOR WAR REFUGEE BOARD FROM ACKERMANN, NO. 109.

I have always been cognizant of limitations on board's authority and activities noted in your 106 of September 7. However I approved of and confirmed message sent by Offie on September 3 since I knew of no organization in Rumania ready to act in emergency and felt that you would pass request on to one of the many private organizations you maintain contact with. UNRRA under its charter cannot go in the British American military have no plans therefor and it may be a long time before private organizations can enter. I still believe it is essential that belief be forwarded in some manner. The OSS says problem is too great for it to handle but perhaps JDC (repeat JDC) or other United States organization has a local representative to whom funds can be sent possibly through here or perhaps Turkey.

KIRK

WSB

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Tangier
TO: Secretary of State, Washington
DATE: September 11, 1944
NUMBER: 284

CONFIDENTIAL

Following is for War Refugee Board.

It is now stated by Reichmann that food parcels cannot be sent for Hungary through France and Switzerland, but she is attempting to ship through the International Red Cross from Sweden. She will again attempt to send to Birkenau and Theresienstadt but is of the opinion that Jews have been deported from Goraljowhily.

The foregoing has reference to the Department's cable of August 31, No. 122.

CHILDS

Paraphrase: DCR:VAG:MEM 9/12/44

2491
9/11/44 132

CABLE TO AMBASSADOR NORWEB AND DEXTER, LISBON, PORTUGAL

Department and Beard delighted with success reported in your 2594 of August 22. Please convey to Portuguese officials this Government's appreciation.

While the actual passage of Jews from Axis areas through Portugal may perhaps be rendered unnecessary by military developments, neutral visas and permission for unobstructed exit of beneficiaries of such visas are still of great importance in safeguarding the lives of Jews in such areas. It is hoped, therefore, that Portuguese government will continue to press Hungarian and German authorities for decent treatment and unobstructed exit of beneficiaries of Portuguese visas.

THIS IS WEB CABLE TO LISBON NO. 89

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

September 11, 1944

9 p.m.

War Refugee Board

AMEMBASSY

LISBON

2491

The following for Dexter is WRB 89.

Department and Board delighted with success reported in your 2594 of August 22. Please convey to Portuguese officials this Government's appreciation.

While the actual passage of Jews from Axis areas through Portugal may perhaps be rendered unnecessary by military developments, neutral visas and permission for unobstructed exit of beneficiaries of such visas are still of great importance in safeguarding the lives of Jews in such areas. It is hoped, therefore, that Portuguese government will continue to press Hungarian and German authorities for decent treatment and unobstructed exit of beneficiaries of Portuguese visas.

HULL
(GLW)

WRB:MMV:KG
9/11/44

2518
SEPT. 11, 1944

134

CABLE TO AMEMBASSY, MADRID, SPAIN

Reference is made to your 3044 of September 5. Department's 2331 to Lisbon dated August 24 was limited to rescue activities out of France and does not cover situation in areas still under German control.

With regard to Department's 2361 of August 24 to you, while the actual passage of Jews from Hungary and other Axis areas through Spain may perhaps be rendered unnecessary by military developments, neutral visas and permission for unobstructed exit of beneficiaries of such visas are still of great importance in safeguarding the lives of Jews in such areas, and you are requested to continue your efforts in this respect.

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

September 11, 1944

9 p.m.

AMEMBASSY

MADRID

2518

The following is from War Refugee Board.

Reference is made to your 3044 of September 5.

Department's 2331 to Lisbon dated August 24 was limited to rescue activities out of France and does not cover situation in areas still under German control.

With regard to Department's 2361 of August 24 to you, while the actual passage of Jews from Hungary and other Axis areas through Spain may perhaps be rendered unnecessary by military developments, neutral visas and permission for unobstructed exit of beneficiaries of such visas are still of great importance in safeguarding the lives of Jews in such areas, and you are requested to continue your efforts in this respect.

HULL
(GLW)

WRB:MMV:KG
9/11/44

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

September 11, 1944

10 p.m.

War Refugee Board

AMEMBASSY

MADRID

2519

Department and War Refugee Board are advised that there are in camp Bergenbelsen near Hanover about 155 Sephardic Jews having Spanish passports whose entry into Spain has been promised by the Spanish Government and for whom, it is understood, exit permits are now available.

In view of imminent danger to lives of these persons, you are requested to intercede with Spanish government to bring about their release and admission into Spain. Assurances previously given regarding speedy evacuation of refugees from Spanish territory fully apply to these persons.

Should transportation be impossible in view of military developments, please urge Spanish Government to exercise greatest possible vigilance in safeguarding the lives of these persons, by placing them under direct protection of Spanish diplomatic or consular personnel and by all other appropriate methods.

HULL
(GLW)

WRB:MMV:KG

WE

NMC-118
Distribution of
true reading only by
special arrangement
(SECRET W)

Stockholm

Dated September 11, 1944

Rec'd 3:44 a.m., 12th.

Secretary of State,

Washington.

3564, September 11, 10 p.m.

FOR WEB

Our No. 79

Please advise whether it is likely that funds will be made available for program outlined in no. 35 (Legation's 2224 of June 20, 8 p.m.) Funds are needed particularly to commence educational program for refugees here.

Also would appreciate advice whether assistance will be supplied to Czech group here as outlined in our no. 36 (Legation's 2239, June 21, 9 p.m.) The Czech group is seriously handicapped by lack of funds and if Board agrees Olsen is prepared to make available the small amount involved out of funds he has at his discretion.

Also would appreciate early advice as to whether anything is contemplated with respect to Polish relief as outlined in our no. 48 and 55 (Legation's 2569 of July 11, 9 a.m. and 2668 of July 18, 9 p.m.) We are being pressed for decision of these matters particularly in view of the country wide drive on in Sweden this week in behalf of Polish relief which is receiving extensive publicity.

JOHNSON

RR

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington

TO: American Legation, Bern

DATED: September 11, 1944

NUMBER: 3141

SECRET

With reference to Nicaraguan interests in Hungary, we give you below airgram of August 19, No. A-361 (see your cable of July 14, No. 4510)

You are referred to circular airgram of August 5, 1944 from the Department concerning representation by Switzerland of Nicaraguan interests in Hungary.

In a note dated August 17, 1944, L/No. 189, the Foreign Office of Nicaragua recognizes the advisability of having representation in Hungary for Nicaraguan interests, selects Switzerland as protecting power, and asks the United States Government to ascertain if the representation of Nicaraguan interests in Hungary will be assumed by Switzerland.

In addition, the Government of Nicaragua asks that the Government of Switzerland be instructed in line with the suggestions contained in Department's reference airgram, in the event it accepts.

The suggestions referred to above are as follows:

Please ask the government to which you are accredited to direct the protecting power substantially as noted below, in the event it agrees to this measure:

(1) That recognition and confirmation are accorded passports and other papers issued in its name to individuals in Hungary subject to persecution; (2) that advice to this effect be given Hungarian Government and that it is anticipated that the rights, treatment, immunities and privileges of nationals of the government to which you are accredited will be given to individuals holding such passports and other papers; and (3) that negotiations by the United States for the exchange of such individuals are authorized.

Will you ask the Government of Switzerland to accept representation of Nicaraguan interests in Hungary, advising it of the above, and stating that, if so desired, the Government of the United States is willing to act as communication channel?

HULL

SWP:ABC:ams Paraphrased: DCR:GHW 9/14/44

COPY NO. 11

NOT TO BE RE-TRANSMITTEDSECRETOPTEL No 296

Information received up to 10 A.M. 11th September 1944.

1. NAVAL

Hcme Waters 10th. A British Battleship and Monitor bombed enemy positions at HAVRE.

2. MILITARY

Northwest Europe Troops of the U.S. third army have made slight withdrawal in NANCY area. U.S. First Army have liberated LUXEMBOURG city and further north enemy salients have been reduced and line straightened. Considerable opposition is being encountered by British forces in BRUGES-GHENT-ST. NICOLAS area.

Southern France On RIVIERA Coast, patrols in contact with enemy near FRANCO ITALIAN Frontier north of MENTONE. Further north French formations have made further advances in direction of DIJON and also occupied AUTUN (thirty miles northwest CHALON SUR SAONE).

Italy In SANSIPOLORO-BIBBIENA sector enemy have withdrawn to Gothic Line, followed by Tenth Indian Division who have drive in outposts.

Burma Continued advance southwards on IMPHAL TIDDIM Road, our troops were twenty miles south of ASSAM BURMA Frontier on ninth. At SITTAUNG we crossed CHINDWIN and are established on Eastern Bank.

3. AIR OPERATIONS

Western Front 9th/10th 610 tons dropped on MUNCHEN GALDBACH and 55 tons on BRUNSWICK. 10th. Heavy bombers dropped 4885 tons in two attacks on HAVRE defences. Obtaining good concentrations and also a total of 2520 tons on objectives in Southern GERMANY generally with good results. Medium bombers dropped 185 tons on strongpoints and railway bridges near NANCY. Enemy casualties reported 6 aircraft destroyed in combat and 113 on ground. 13 Allied bombers, 17 fighters missing, 1 bomber crashed.

10th/11th. 79 aircraft despatched including 47 Mosquitoes to BERLIN. All returned.

Mediterranean 9th. 240 fighters attacked targets in NORTHERN ITALY and in BYLFORT area. Medium bombers and R.P. Beaufighters operated against military targets and communications in YUGOSLAVIA and GREECE.

10th. Escorted Fortresses and Liberators dropped 730 tons on oil refineries and industrial targets VIENNA area and 160 tons on port installations TRIESTE. 16 Bombers, two fighters missing.

SECRET

140 ✓

THE WHITE HOUSE
WASHINGTON

12 September 1944

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

The following message was received in the White House Map Room at 5:37 p.m. today:

"FROM: THE PRESIDENT
"TO : SECRETARY MORGENTHAU

PLEASE BE IN QUEBEC BY THURSDAY, 14 SEPTEMBER,
NOON.

"ROOSEVELT"

Henry W. Putnam

HENRY W. PUTNAM,
Captain, A.C.,
White House Map Room.

SECRET

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

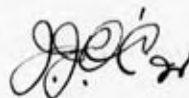
DATE

TO Mrs. Klotz
FROM Mr. O'Connell

September 19, 1944

At the 10 o'clock group meeting this morning, the subject matter of the attached memorandum was discussed, and the Secretary approved the suggestion that we send a Foreign Funds Control man to Paris to look into the situation in the Chase Bank and in Morgans.

No further action is required with regard to this matter at this time.



TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

SEP 12 1944

TO Secretary Morgenthau

FROM J. J. O'Connell, Jr., H. D. White

You will recall that sometime ago Foreign Funds Control reported to you that an examination of the correspondence between Ford, United States, and its French subsidiary, from the date of the fall of France until July 1942, disclosed that: (1) the business of the Ford subsidiaries in France substantially increased; (2) their production was solely for the benefit of the Germans and the countries under its occupation; (3) the Germans have "shown clearly their wish to protect the Ford interests" because of the attitude of strict neutrality maintained by Henry Ford and the late Edsel Ford; and (4) the increased activity of the French Ford subsidiaries on behalf of the Germans received the commendation of the Ford family in America.

Substantially the same pattern of behavior was pursued by the Paris office of the Chase Bank during German occupation. An examination of the correspondence between Chase, New York, and Chase, France, from the date of the fall of France to May 1942, discloses that: (1) the manager of the Paris office appeased and collaborated with the Germans to place the Chase banks in a "privileged position;" (2) the Germans held the Chase Bank in "very special esteem....owing to the international activities of our (Chase) head office and the pleasant relations under which the Paris branch has been maintaining with many of their (German) banks and their (German) local organizations and higher officers;" (3) the Paris manager was "very vigorous in enforcing restrictions against Jewish property, even going so far as to refuse to release funds belonging to Jews in anticipation that a decree with retroactive provisions prohibiting such release might be published in the near future by the occupying authorities;" and (4) the New York office despite the above information, took no direct steps to remove the undesirable manager from the Paris office since it "might....react against our (Chase) interests as we are dealing, not with a theory, but with a situation..."

- 2 -

These two situations convince us that it is imperative to investigate immediately "on the spot" the activities of subsidiaries of at least some of the larger American firms which were operating in France during German occupation, particularly if we expect the French and the other Allied nations to adopt vigorous anti-collaborationist programs in their respective countries. Furthermore, even if the French conduct a vigorous "cleansing" program they will probably not investigate the American firms within their jurisdiction.

It is urgent that we begin immediately with an investigation of the French subsidiaries of the American banks (Chase, Morgans, National City, Guaranty, Bankers, and the American Express), since these banks have been pressing us for the past two weeks for permission to send their own agents to Paris to reorganize their offices. It is our feeling that no such permission should be given until we have had a chance to make this investigation.

The job should not take too long since it appears from the Chase correspondence referred to herein that Morgans and Chase were the only two American institutions which continued their Paris offices during German occupation. If you approve, we have available four or five trained persons for the job. Their activities should be restricted to investigating the banks at the outset; and not until we have had a chance to evaluate the results of these studies should we tackle the job of investigating other American firms in France.

I Approve:

Joseph J. Connors
H.D. White

SEP 12 1944

TO: Mr. White
FROM: Mr. Pehle

I am somewhat troubled about the Treasury's program on Germany. As far as it goes I agree with it, but it seems to me it stops short of a complete program.

As nearly as I can put my finger on it, the missing element is this: We have carefully constructed a program designed to keep the German people down - to make Germany a second or third rate power politically and industrially - and there we stop.

It seems to me that we cannot stop there. Since we do not subscribe to theories involving blood taint, we cannot ignore the problem of the millions of Germans who will be born in the next 15 years and who cannot be said to be guilty of any anti-social action. We cannot put ourselves in a position where someone can honestly think our program is based on retribution. Nor can we ignore the dangers of a situation in which an embittered German population deprived of its former goals and ambitions has nothing to contemplate for the future except complete frustration. There must be developed alternative goals as well as the prospect of rejoining the society of nations if Germany behaves and if the member nations consent.

It seems to me that a program can be designed which Germany can follow - if she is so inclined - and which will let her live in peace and in some measure of prosperity.

On this score our present program seems to me to be entirely negative. It should be augmented by a carefully constructed plan for the rehabilitation of Germany after she has been largely stripped of industry. This rehabilitation should take place over a long period of time and should be so designed as to avoid any possibility of Germany becoming so industrially and politically strong as to menace the peace of the world in the next 25 years.

For example on the question of partitioning I think it might be very well to hold out the hope to Germany that, at the end of a 25-year period, with the permission of the World Security Organization and if approved by the majority of the German population in the various partitioned areas, these areas may again unite as one country. Further, I think it should be made clear that Germany has a chance, conditional on good behavior for 25 years and the vote of the members to join the World Security Organization.

On the question of the feeding of the German population, if we are going to strip Germany of industry and accordingly the where-with-all to purchase from abroad, I think we might as well plan to use some of the food surpluses that apparently are going to plague the world to feed the German population until they can make the necessary adjustments toward a new economy. During this period of readjustment encouragement should be given to migration, particularly of skilled workers to other areas whose industries are being expanded, such as Poland, France, etc.

As a further small example of what I have in mind, our program emphasizes that the higher institutions of learning in Germany shall be closed and will have to remain closed for a long time. I agree with this, but I feel that our program should call for the reopening, as soon as possible, of the German medical schools so that the contribution which Germany has to offer in this field, which can be substantial, will not be lost to the world and Germany will be in a position to continue to be proud of the contribution which she is able to make. I also believe that our program ought to make it clear that Germans who have not been thoroughly indoctrinated with the Nazi philosophy because of their age will be encouraged and helped in continuing their education outside Germany until German schools can assume this burden. I am not impressed with the argument that it is dangerous to send Germans outside Germany for education since this will result in the spread of Nazi doctrines.

As a final point, I am not convinced that it wouldn't be more advisable to leave the Ruhr area in Germany under an international trusteeship than to separate this area from Germany in an international zone. I should think that such a trusteeship ought to have definite limitations as to its responsibilities and that the feeding of the unemployed population be left to the German authorities.

I should also add that I think we should avoid over-emphasizing the point that Hitler and the other Nazi ringleaders are put to death. Any disproportionate insistence on this item is likely to be misunderstood and to make the reader feel that we think the punishment of selected war criminals is an all-important end in itself. To me this tends to emphasize the philosophy of those who are inclined to blame Germany's difficulties on a relatively small group instead of dealing with the whole problem of an entire people who through environment as well as temperament constitute a potential recurring menace.

In short, I wonder whether without compromising at all on the objective of obtaining a permanently demilitarized Germany, we cannot follow through and suggest a program which will permit of some hope in Germany for a chance to participate in the affairs of the world on a fair basis.

September 12, 1944

Mr. Frederick W. Gehle
New York, New York

Dear Mr. Gehle:

You are hereby appointed Chairman of the War Finance Committee, State of New York, with compensation at the rate of \$1.00 per annum, payable from the appropriation, "Expenses of Loans, Act of September 24, 1917, as Amended and Extended." This appointment is to be effective September 12, 1944, and continue for the duration of the war, unless sooner terminated.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury



TREASURY DEPARTMENT

WASHINGTON 25

September 12, 1944



MEMORANDUM TO THE SECRETARY

Some two months ago at a staff meeting in your office the statement was made to you by Mr. Thurman Hill that a contract had been made with the Cardinale Export Company for the sorting, packing and handling of certain shoes for European relief and rehabilitation at a price disadvantageous to the Treasury. On checking the contract I found that it permitted a renegotiation of cost after the contract had been operated for sufficient time for the contractor and ourselves to determine a fair cost.

As a result of renegotiations which were permissible in the original contract, the cost of operation has been reduced by 58 percent. In other words, if we had been billed on the original basis the charge against us would have been \$723,000; based on the amended contract the charge is \$310,785, a saving to the Government of \$412,255. Sufficient funds were withheld from the contractor by Mr. Mack to preclude overpayment and settlement will now be made with the contractor on the basis of the adjusted price as above stated.

E. L. Olrich
E. L. Olrich
Assistant to the Secretary



TREASURY DEPARTMENT
WASHINGTON 25



148

September 12, 1944

MEMORANDUM TO THE SECRETARY

I am enclosing a list of the
special items valued in excess of \$50,000
as of September 11, 1944.

A handwritten signature in dark ink, appearing to read "E. L. Olrich", is written over the typed name.

E. L. Olrich
Assistant to the Secretary

Enclosures

PROPERTY FOR DISPOSAL

SPECIAL ITEMS, COST TO GOVERNMENT IN EXCESS OF \$50,000

AS OF SEPTEMBER 11, 1944

QUANTITY UNIT COST COST TO GOVT.

1. Automotive Products

TIRES AND TUBES, NEW AND USED

60,298 units are being assigned as an additional issue to the prior releases made to manufactures on Aug. 14th. Balance are miscellaneous assortment of new and obsolete tires which will require physical segregation before definite assignment can be made - some tires are from 10 to 15 years old, and are odd sizes.

80 000

587 000

AUTOMOTIVE PARTS, NEW

Recent declarations of parts in varying quantities in many locations. As distinct from previous declarations these parts are new, small parts; not obsolete and used bodies, tanks, etc., such as we have had before. Clerical and inspection personnel lacking to handle large quantities of paper and material.

6 700 000

6 300 000

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
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SPARE PARTS, AUTOMOBILE, NEW AND USED

Majority are used parts, taken from used motors and put in stock. The bulk of the new parts are obsolete, or are parts for discontinued military vehicles. Inspection, boxing and listing by manufacturers is going forward prior to offering them to manufacturers.

2 000 000

DISC WHEELS FOR GUN CARRIAGES

We have authorized release of 477 at \$13.75 each. We have authorized the sale of 4967 at \$10 each and are arranging to sell 300 at \$10.

8 800

\$ 28

246 400

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
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2. Textiles and Wearing Apparel

All textiles and clothing in the hands of disposal agencies have been temporarily frozen to enable the Army to make selections for use in a program for occupied countries.

W.A.C. CAPS

No interest can be aroused anywhere.

76 712	\$ 2 20	168 766
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GLOVES, RUBBER, ANTI-GAS

Gauntlet type. We have been advised unofficially by Army that they are withdrawing this item.

742 000	1 00	742 000
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HATS, ARMY SERVICE

The old-style, broad brimmed campaign hat. Of original amount of 91,000, half have been sold. Negotiations in process for balance.

45 928	3 00	137 784
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QUANTITYUNIT COSTCOST TO GOVT.MOSQUITO BARS, WITH RODS

Rectangular tents of mosquito netting. About 300,000 reported as new turned out to be used and patched. Export deal for used items is being worked on. If successful, this will take care of 50% of the lot. Domestic sales at \$1.50 are continuing in small lots.

669 000

\$ 5 90

3 947 100

BELT POCKET FOR CARTRIDGE CLIPS

Web pocket with fastener. Radio advertiser is taking quantities under option as requests from program develop. Price received \$0.06

1 000 000

10

100 000

MAGAZINE BELTS

Samples received - very little interest shown.

55 369

130 325

APRONS, IMPERMIABLE

Rubber coated apron, with sleeves, designed like an operating gown. Has very little use, except to cut up to salvage the material. Sample has been received and shown to possible purchasers

79 449

5 00

174 800

<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
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SLIDE FASTENERS

Manufacturers will probably repurchase at cost price. Inventories have been received and have been distributed to original manufacturers.

8 500 000	\$ 0 19	1 615 000
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LEGGINGS

World War I stock, good only for salvage. Now being authorized for sale by Regions.

213 280 pr		109 833
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3. MachineryCONSTRUCTION MACHINERY, HEAVY

General inventory of used machinery, most of it in very poor condition. Sales are being made regularly but inventory mounts.

4 809	1 000 (average)	4 809 000
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ICE GROUSERS, NEW

Ice gripping shoes to be attached to special rubber tired treads of high speed military tractors. Each weighs 6 lbs. A tractor needs 296 pieces. There is no known application on standard machines; no market, except for scrap.

76 726 pieces	2 70	207 160
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153

<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
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GROUSERS

Reported as new grouzers for tractors, i.e. shoes to be bolted to the flat tracks of crawler tractors. Inspection proved that they were simply short pieces of mild steel (structural) angle iron with punched holes. They were made as an improvisation for use in the soft going in Burma but were impractical.

43 853	\$ 3 00	131 559
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4. FurniturePILLOWS, NEW AND USED

Some cotton, some feather, some mixed.
120,144 new, 650,800 used.

770 944	73	562 781
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MATTRESSES, NEW AND USED

227 new; 593,827 used. Used mattresses are sold only to salvage the materials. An appreciable quantity of used mattresses have been sold and will be used in the manufacture of paper.

821 427	5 50	4 517 848
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<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
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BED PARTS

Springs, heads, feet, and side rails; un-assembled. Negotiating with bed mfrs. regarding repurchase.

65 000

5. HardwareCHINAWARE

Vitrified china with Medical Corps insignia. One-third of original quantity has been sold, or withdrawn by Army. Other government agencies and tax-supported agencies show interest. Sales will be started within a week.

1 000 000	\$ 0 17	170 000
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SPURS, NEW AND USED

Publicity release is being prepared for issue this week, as purchases for use as novelty give-a-way by radio advertiser are relatively small.

261 000 pr.	1 40 average	365 400
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<u>QUANTITY</u>	<u>UNIT PRICE</u>	<u>COST TO GOVT.</u>
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IMPRINTING MACHINES, NEW

An Addressograph-plate press, portable, designed for Army Medical Corps identification purposes. Original manufacturer is developing a proposal for our consideration in regard to re-purchase.

52 636	\$ 21 95	1 052 720
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SCABBARDS, BOLO

Obsolete item. No quantity of bolos available - a short, curved, heavy blade-knife. Many inquiries have come from department stores as a result of publicity.

114 290	1 60	190 864
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MARKERS, MINE FIELD

Web fabric carrying case containing 30 metal pins (18 inch) with 4" x 4" metal flag marked "Danger". Pocket contains 2 rolls of narrow, yellow tape. Bureau of Mines is examining kits to determine possible use. We are also contacting state highway commissions.

11 378 sets	6 85	77 937
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QUANTITYUNIT COSTCOST TO GOVT.RAFTS, PNEUMATIC, 5 MAN

As of Aug. 31 Fort Worth had sold 93 out of 176 on hand, and reports response is good. San Francisco reports 35 units sold. Chicago reports that sales have been hurt by offerings of similar rafts for \$69.50 retail (with 3 pieces of equipment) by a large department store - these are supposed to be "rejects" sold by Goodyear. This Division will hold to established price of \$84.50 (to wholesalers) and \$99.50 (to retailers).

2 000	\$ 2 00	400 000
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SNOWSHOES, USED

Serviceable, trail and bear paw type snowshoes. Inspection report awaited.

11 745	9 00	105 654
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SNOWSHOES, EMERGENCY

Paratroopers' special type, of no value for sport purposes. We have offer for 1000 pr. at \$1.00 each. Sears Roebuck offer for lot at 50¢ a pair was turned down.

22 837 pr.	4 25	96 915
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<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GO</u>	<u>DVT.</u>
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COVERS AND SEALS, RUBBER

Includes 3/4 ton seals, which are round rubber washers about 1 inch in diameter. There are 27 tons of new "covers" which are 2 in. lengths of black rubber hose - thin wall, about 1 inch in diameter.

27 3/4
tons

169 245

HOSE, RUBBER, USED, 25 FT.

27,840 lengths hose, 2 inch and 2 1/2 inch inside diameter, plus 312,000 short lengths ranging from 2 inches long to 4 feet - mostly pieces a few inches long. We are contacting Rubber Manufacturers Ass'n members for possible outlet.

27 840
plus short lengths

984 893

PLATFORM TRUCKS, STEEL, NEW

Steel trucks on casters, designed to move airplane engines undergoing repairs. Bids are in at several regions and sales are being made.

13 287 \$ 75

996 525

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
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LANTERNS, OIL BURNING

Reported as "deck" lanterns by Navy, but are similar to typical farmer's or railroad lantern, with carrying bail - red globes. We are attempting to get Army Ordnance to use these in place of some they have on order.

	34 460	\$ 3 00	107 316
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SMOKE GENERATOR PARTS (VEHICULAR)

Small metal parts (valves, fittings). Many are special and new uses will have to be found. A large chain expresses interest in the entire quantity and will examine material tomorrow. Bids due today.

			277 000
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SMOKE GENERATORS

Obsolete, individual smoke pots with chimneys. Has been on bid with no offer over \$0.11 each. They consume too much oil and make too much smoke for use as smudge pots for agricultural use. Recent deal fell through. National publicity has been released in effort to stir up interest in this "jonah".

	67 600	3 50	236 600
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<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
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WOOD SCREWS, BRASS, NEW

Only 4 bids received - none for complete lot. All rejected and screw industry is being circularized again at its own request. Results of this circularization have been requested from regional office.

300 tons		
1 634 items		357 000

BOLTS, MISCELLANEOUS

All sizes and kinds. We have "frozen" individual items where large quantities of one size or kind, if thrown on market, would disrupt the industry. When tabulations are complete foreign purchasers will be contacted with view of exporting some items. Smaller quantities will be put up for domestic sale.

8 103 482		2 053 399
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SIRENS, NEW

Hand warning device for combat use. In canvas case with shoulder strap. Have had offer of \$2.00 each - refused because too low.

28 638	6 00 approx.	174 569
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QUANTITYUNIT COSTCOST TO GOVT.INCINERATORS, NEW

Designed for human excretia but can be used for burning lower-water content material by remodeling at cost of \$1000 each. News release has brought in several offers which were considered too low. We have representative today in manufacturer's office attempting to effect disposal.

34

\$ 9 818

333 812

6. Medical and Hospital SuppliesSURGICAL & DENTAL INSTRUMENTS,
MEDICINES & SUPPLIES

Mostly non-standard, obsolete, or deteriorated, Includes \$52,228 in N. Y. Depot, \$250,000 in Louisville Depot, and \$100,000 dental supplies at Perry Point, Md. Disposal policy for non-standard items is being formulated.

1 846 000

MEDICINES AND ANTISEPTICS

This listing covers many declarations recently declared by Army. It is made up of various preparations of highly technical nature, in great quantities. All are on new declarations. Samples are being obtained. Will be tested to determine quality.

5 800 000

161

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT:</u>
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DRESSINGS, FIRST AID PKGS.

Samples awaited. About 1,600,000 are known to be a commercial product. Regions have been advised to arrange for withdrawal of all material that may be of Red Cross manufacture.

34 000 000

4 000 000

SUTURES, SILK AND CATGUT

For sewing after surgical operations. All government hospital agencies and the Red Cross have been advised of availability. Government agencies not interested. Will be offered to original manufacturers.

11 611 000

1 960 000

tubes

FLASK, WITH CUP

Laboratory equipment. Samples awaited.

200 000

33

66 000

PETRI DISHES, WITH COVER

Laboratory dish for making germ cultures. Sample awaited.

230 000

27

62 100

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>TEST TUBES, GLASS</u>			
Samples awaited	4 670 000	\$ 0 03	140 100
<u>STERILIZERS, NEW AND USED</u>			
Considered unsafe for medical department use by Army. Negotiations with manufacturer in process.	1 381	300 (av.)	495 037
<u>BANDAGES, MUSLIN</u>			
Samples have not yet arrived.	134 584 doz.		128 034
<u>BOXES, TABLET</u>			
500 boxes in a carton. Believed to be World War I stock. Samples awaited.	320 000 cartons	40	128 000
<u>FLOSS, SILK</u>			
Samples awaited.	510 000 spools		173 400

QUANTITYUNIT COSTCOST TO GOVT.7. General ProductsCAMERAS, AIRCRAFT

Each camera has great variety of collateral equipment. Obsolete type. Physical inspection being made. Informal negotiations with Fairchild Camera Co. in process.

96

307 386

BATTERIES, DRY CELLS AND PACKS

Overage for Army use. New declarations come in and sales are reported regularly.

150 000

CRATES, WOOD, USED

Have been used for packing guns. Awaiting inspection and appraisal report.

129 540

\$ 1 50

220 319

AMMUNITION BOXES, NEW, METAL

Hinged metal boxes for carrying small arms ammunition into combat. We have prospective purchaser for entire quantity for over-counter sale as utility box.

103 373

55

56 855

Sold 9/12/44

QUANTITYUNIT COSTCOST TO GOVT.DRUMS, 55 GALLON, USED :

130,000 declared by Army cannot be located physically. Scattered throughout country. Survey being made on condition of drums.

54 000

\$ 2 50

135 000

GASOLINE CANS, 5 GALLON :

One million are "Jerricans" made after German model with spout that farmers like better than our regular Blitz can.

1 600 000

2 00

3 200 000

8. Paper, and Office EquipmentPAPER, FILTER

Special filter paper made for wrapping the cannister in a gas mask. In narrow rolls (5½ and 6½" wide). Tearing strength practically nil. Paper is very absorbent. Disintegrates in contact with water. Cannot be used as pulp. Very poor chance of reconversion to other uses.

51 835

 Total \$ 53 622 271

SURPLUS MOTORCYCLE REPORT
For 7 Days and Period Ended, Sept. 9, 1944
(Period Began January 1, 1944)

	<u>7 Days to Sept. 9, 1944</u>	<u>Period to Date</u>
Total Motorcycles Declared	<u>3240</u>	<u>12008</u>
Less Declarations withdrawn	<u>4</u>	<u>7</u>
Less Loans to Other Federal Agencies	<u>0</u>	<u>0</u>
Less Transfers to Other Federal Agencies	<u>0</u>	<u>210</u>
	<u>4</u>	<u>217</u>
Net Motorcycles Declared for Sale	<u>3236</u>	<u>11791</u>
Less Motorcycles Sold	<u>184</u>	<u>5324</u>
Balance of Motorcycles on hand		<u><u>6467</u></u>

ANALYSIS OF INVENTORY

Inspected and ready for sale	<u>1433</u>
Not Inspected	<u><u>5034</u></u>

ANALYSIS OF DISPOSAL ACTIVITY

	<u>DECLARATIONS</u>	<u>DISPOSALS</u>	<u>INVENTORY END OF PERIOD</u>	<u>INVENTORY CHANGE</u>
Period Ending July 1st	4518	4102	416	
4 Weeks Ending July 28th	1126	636	906	± 490
4 Weeks Ending Aug. 26th	1938	577	2267	±1361
7 Days Ending Sept. 2nd	1186	38	3415	±1148
7 Days Ending Sept. 9th	3240	188	6467	±3052

SURPLUS USED TRUCKS REPORT

For 7 Days and Period Ended, Sept. 9, 1944

(Period Began January 1, 1944)

	<u>7 Days to Sept. 9, 1944</u>	<u>Period to Date</u>
Total Used Trucks Declared	<u>7137</u>	<u>34631</u>
Less Declarations withdrawn	<u>30</u>	<u>1009</u>
Less Loans to Other Federal Agencies	<u>0</u>	<u>145</u>
Less Transfers to Other Federal Agencies	<u>12</u>	<u>2836</u>
	<u>42</u>	<u>3990</u>
Net Used Trucks Declared for Sales		<u>7095</u>
Less Used Trucks Sold		<u>662</u>
Balance of Used Trucks on hand		<u>12696</u>

ANALYSIS OF INVENTORY

Inspected and ready for sale	<u>3440</u>
Not Inspected	<u>9256</u>

ANALYSIS OF DISPOSAL ACTIVITY

	<u>Declarations</u>	<u>Disposals</u>	<u>Inventory End of Period</u>	<u>Inventory Change</u>
Period Ending July 1st	20311	10300	10011	
4 Weeks Ending July 29th	1738	5308	6441	- 3570
4 Weeks Ending Aug. 26th	1877	5067	3251	- 3190
7 Days Ending Sept. 2nd	3568	556	6263	+ 3012
7 Days Ending Sept. 9th	7137	704	12696	+ 6433

SURPLUS USED CARS REPORT

For 7 Days and Period Ended Sept. 9, 1944
(Period Began January 1, 1944)

	<u>7 Days to Sept. 9, 1944</u>	<u>Period to Date</u>
Total Used Cars Declared	<u>2598</u>	<u>6603</u>
Less Declarations withdrawn	<u>1</u>	<u>105</u>
Less Loans to Other Federal Agencies	<u>0</u>	<u>19</u>
Less Transfers to Other Federal Agencies	<u>1</u>	<u>557</u>
	<u>2</u>	<u>681</u>
Net Used Cars Declared for Sale	<u>2596</u>	<u>5922</u>
Less Used Cars Sold	<u>108</u>	<u>2502</u>
Balance of Used Cars on hand		<u>3420</u>

ANALYSIS OF INVENTORY

Inspected and ready for sale	<u>462</u>
Not Inspected	<u>2958</u>

ANALYSIS OF DISPOSAL ACTIVITY

	<u>Declarations</u>	<u>Disposals</u>	<u>Inventory End of Period</u>	<u>Inventory Change</u>
Period Ending July 1st	2864	2013	851	
4 Weeks Ending July 29th	624	610	865	± 14
4 Weeks Ending Aug. 26th	284	363	786	- 79
7 Days Ending Sept. 2nd	233	87	932	± 146
7 Days Ending Sept. 9th	2598	110	3420	± 2488



OFFICE OF THE DIRECTOR

TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON 25



September 12, 1944

SECRET

MEMORANDUM TO THE SECRETARY:

There is submitted herewith the weekly report of Lend-Lease purchases.

Requisitions have been received for 4,500 Farm Type Tractors and 4,000 tons of Binder Twine for agricultural purposes in the U.S.S.R.

Clifton E. Mack
Clifton E. Mack
Director of Procurement
ew

Attachment

SECRET

SECRET

LEND-LEASE
 TREASURY DEPARTMENT, PROCUREMENT DIVISION
 STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
 DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS
 AS OF SEPTEMBER 6, 1944
 (In Millions of Dollars)

	<u>Total</u>	<u>U. K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Miscellaneous & Undistributed</u>
Allocations	\$5522.1 (5522.0)	\$2627.1 (2627.0)	\$2257.3 (2257.3)	\$133.9 (133.9)	\$15.9 (15.9)	\$487.9 (487.9)
Requisitions in Purchase	\$ 154.2 (176.5)	\$ 28.2 (63.1)	\$ 55.4 (40.2)	\$ 2.4 (2.3)	- -	\$ 68.2 (70.9)
Requisitions not Cleared by W.P.B.	\$ 102.3 (109.7)	\$ 32.8 (26.8)	\$ 62.4 (73.2)	\$.2 (.1)	- -	\$ 7.4 (9.6)
Obligations (Purchases)	\$3974.8 (3955.1)	\$1975.2 (1971.8)	\$1633.0 (1621.4)	\$ 62.5 (62.5)	\$13.9 (13.4)	\$290.2 (286.0)
Deliveries to Foreign Governments at U. S. Ports*	\$2358.7 (2327.7)	\$1442.9 (1429.4)	\$ 840.7 (823.3)	\$ 24.5 (24.5)	- -	\$ 50.6 (50.5)

*Deliveries to foreign governments at U. S. Ports do not include the tonnage that is either in storage, "in-transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.

Note: Figures in parentheses are those shown on report of August 30, 1944.

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



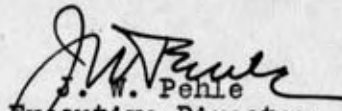
OFFICE OF THE
EXECUTIVE DIRECTOR

SEP 12 1944

My dear Mr. Secretary:

I am pleased to send you herewith a
copy of the report of the War Refugee Board for
the week of August 28 to September 2, 1944.

Very truly yours,


J. W. Pehle
Executive Director

The Honorable,

The Secretary of the Treasury.

Enclosure.

Report of the War Refugee Board
for the week of August 28 to September 2, 1944

SITUATION IN HUNGARY

Despite the broad measures which have been taken to effectuate the declaration of the United States and British Governments with respect to the Hungarian offer, we have as yet received no indication that Jews are actually emigrating or escaping from Hungary, except in small clandestine movements. From reports received from the Board's representatives in Bern and Ankara, there is an evident tendency on the part of the Hungarian Government to "relax on its laurels," while passively submitting to German pressure for further deportations of Jews, including Hungarian nationals. McClelland and Hirschmann recommended sustained pressure on the Hungarian Government in broadcasts and Hungarian-language pamphlets, repeating warnings of punishment for those who share the German guilt by participation or acquiescence, and appeals to Hungarians "of good will" to oppose Jewish persecutions.

McClelland advised us that the International Red Cross feels that a proposal which would evade German disapproval of emigration to Palestine based on their alleged wish not to jeopardize their good relations with the Arabian Mufti might have a better chance of success than present offers. The International Red Cross has accordingly recommended that this Government, in concert with the British, indicate to the Government of Hungary its willingness to transport to some specified haven of refuge in Allied territory 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. It was McClelland's opinion that the proposal has sufficient merit to justify a trial.

The Venezuelan Government has authorized its Legation in Lisbon to visa the passports of Jewish refugees, especially children, who are travelling to the American continent, even though such persons may not be proceeding to Venezuelan territory. We advised Board Representative Dexter of this action and requested him to consult the Venezuelan Legation and the Portuguese authorities with a view to inducing the latter to grant large numbers of transit visas to Jews in Hungary and other German-controlled territories.

Report of the War Refugee Board
for the week of August 28 to September 2, 1944

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- 2 -

Reports on Conditions in Hungary

The Hungarian Foreign Ministry, in submitting supplemental information to the Swiss Legation in Budapest concerning the treatment of Jews in Hungary, differentiated between "Shutzhaft" and internment by stating that Jews claiming foreign nationality are detained under "Shutzhaft" in their own interest, because Hungarian authorities are unable to guarantee their security without assembling them under police control. It was further stated that, as contrasted with conditions of internment, Jews placed under "Shutzhaft" are permitted to leave the place of detention unaccompanied by police when it is necessary for them to attend to private or professional affairs. Those having the means to do so are allowed to buy foodstuffs, but since no ration cards are issued to them, such purchases must be made on the black market. Those without resources are cared for by the Jewish Council.

The persons detained under "Shutzhaft" are lodged in two vast premises, one for men and one for women, at a deaf and dumb institute at Festetich-Utca in Budapest. Sleeping accommodations consist of mattresses and bedding, some placed on iron frames, some on the floor. In a recent inspection by a Swiss Legation representative and the International Red Cross delegate, sanitary installations were found to be insufficient in number and poorly cared for and the subsistence provided by the Jewish Council was found to be inadequate, especially for children, who receive no milk. The Red Cross delegate stated that, although the inmates are permitted to leave the premises for exercise in the courts, he regarded the conditions there as the worst he had encountered recently among European civilian internees. He and the Swiss Legation representative agreed that it is impossible to distinguish between "Shutzhaft" and internment except for the freedom to leave the premises in the case of the former. The situation was believed to be due to the attitude of the authorities and local functionaries, who are so convinced that conditions at Festetich-Utca are excellent compared with other Hungarian camps that it is difficult to persuade them to take steps to improve the situation. The Red Cross and the Swiss Legation are, nevertheless, making every effort to alleviate these conditions.

Included among the persons detained under "Shutzhaft" are seven American citizens entitled to protection, and thirty persons affected by "rules," as well as alien relatives of American citizens. It was also reported that a number of American citizens who were released from ghettos in the provinces following intervention by the Swiss Legation are now held in local prisons but must be transferred to Budapest shortly.

- 3 -

Arrangements have been made by the Red Cross delegate to deliver parcels of food weekly to all internees having rights to Swiss protection.

Visas for Refugee Children

Our Embassy in Managua advised us that the Nicaraguan Foreign Office has no objection to the 100 Nicaraguan visas authorized for refugee children being issued to either Hungarian or French children.

We advised Minister Harrison and Representative McClelland of similar recently reported action by the Irish and Honduran Governments and suggested that the information be submitted to Hungarian authorities through official Swiss or International Red Cross channels, if he believed it would be helpful.

SITUATION IN BULGARIA

Board Representative Hirschmann advised us of a report received on reliable authority that the Bulgarian Anti-Jewish laws have been set aside by a decree of the Regents. Effective as of August 28, 1944, all Jews may practice any profession and may circulate as freely as the rest of the population. Since the Bulgarian Parliament had originally passed the decrees, it was expected that they would be confirmed pro forma when the new Parliament meets. A Commission has been appointed in the Ministry of Finance to study the property question with the view of restoration of property to original owners, insofar as that is possible.

FOOD PARCELS PROGRAM

Representative McClelland reported that the International Red Cross has begun making into 2½ kilo parcels 50 tons of salvaged "Christina" cargo. It expects to forward the first shipment of approximately 11,000 parcels within two weeks to civilian internees in camps in Hamburg, Natzweiler, Ravensbrueck, Dachau, Sachsenhausen, Buchenwald, and the Mauthausen penitentiary.

EVACUATIONS THROUGH TURKEY

Ambassador Steinhardt advised us that, in addition to all other refugees reported as having transited Turkey en route to Palestine, approximately 800 Jewish refugees from Greece and the Greek Islands bound for Palestine have entered Turkey during the past few months through small ports on the Aegean without Turkish visas or other documents. While not formally consenting to the movement, the Turkish authorities have, nevertheless, assisted in the prompt transportation of these refugees to Palestine.

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EVACUATIONS TO SOUTHERN ITALY

Following its request for information as to what accommodations might be found in liberated Italy for refugees from Northern Italy, the British Foreign Office received a report from Sir Noel Charles, the British High Commissioner in Rome, indicating that an additional 5,000 refugees could be accommodated. The report also suggested the use of North African camps. While it is the understanding of the Foreign Office that there are considerably more than 5,000 refugees north of the battle line, it believes that the military situation is changing so rapidly that the problem of accommodating the additional 5,000 will not arise. It therefore feels that assurance of accommodation without numerical limitation can safely be given. Sir Noel is being instructed to ascertain whether the Pope has made an appeal to the German authorities to permit the rescue of these people. If not, he is to request the Pope to do so, with assurance that the persons rescued will be received and cared for by Allied authorities; if an appeal has been made, Sir Noel is to suggest that this assurance be repeated by the Pope. We cabled this information to Myron Taylor and requested that he join with his British colleague in taking the steps indicated. At the same time we advised Board Representative Ackermann and Ambassador Winant of our action and requested the latter to inform the British Foreign Office accordingly.

RECOGNITION OF LATIN-AMERICAN PASSPORTS

Our Embassies in La Paz and Asuncion were advised of a report which we had received from our Embassy in Madrid to the effect that the Spanish Government has not yet received representations from the Governments of Bolivia and Paraguay with respect to the proposed arrangements for an exchange on Spanish territory of German nationals in those countries for persons in German-occupied territories bearing Bolivian and Paraguayan documentation. We requested that Bolivian and Paraguayan officials be urged to take speedy action to enable Spain to conclude the exchange arrangements, and that assurances be repeated that the physical admission of the persons involved into those countries is not expected.

A report from our Legation in Bern indicating that Spanish representation of Paraguayan interests in German territory has not been energetically pursued was relayed to our Embassies in Asuncion and Madrid with requests that appropriate action be taken in an effort to obtain a more satisfactory attitude on the part of Spanish officials in Madrid and in Berlin in the discharge of the humanitarian duty voluntarily undertaken by Spain. Our Embassy in Madrid was also asked to support the Paraguayan Government's request to the Spanish Government to seek permission for commissioners of the International Red Cross to visit concentration camps in German territory where

- 5 -

persons claiming Paraguayan nationality are held and to which the International Red Cross has in the past had little or no access.

Another report from our Legation in Bern concerned an individual born in Warsaw, Poland, and claiming Cuban nationality. In view of the possibility that German authorities will consider him a stateless Polish Jew and condemn him to deportation and death, our Embassy in Havana was asked to endeavor to have the Cuban Foreign Office request the Swiss authorities to demand for the individual in question, as well as any other persons similarly situated, treatment to which Cuban nationals are entitled.

The Guatemalan and Salvadoran Governments have requested Swiss representation of their interests in Hungary, primarily for the protection of persons in Hungary holding passports and documents issued in the names of the Governments of Guatemala and El Salvador. They have also authorized the United States Government to negotiate for the exchange of such persons. The Government of Guatemala has, however, reserved the right to investigate the legality of the documents in question, and to refuse entry to persons whose documentation is not satisfactory.

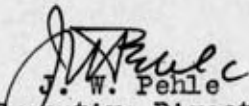
Our Embassy in Haiti advised us that the Haitian Government had transmitted to the Swiss Federal authorities instructions regarding the status and treatment of holders of Haitian documents in German-controlled territory. It is hoped that this action will serve to safeguard individuals affected by the decree-law of February 4, 1942, pursuant to which persons naturalized abroad forfeited Haitian nationality if they did not return to Haiti before August 5, 1942.

The Government of Honduras has forwarded to this Government for transmittal to the Government of Switzerland a communication protesting the removal of certain holders of Honduran passports from the civilian internment camp at Vittel and urgently requesting information concerning the present whereabouts and welfare of the persons named as well as the names, whereabouts, and welfare of any other persons to whom documents have been issued in the name of the Government of Honduras and who may have been similarly removed from or who are detained at other than civilian internment camps. The communication further demands the immediate transfer of all such persons to civilian internment camps where they may be readily available for exchange, and reiterates the determination of the Government of Honduras not to permit the validity of any documents issued in its name to be questioned by Germany and the expectation of the Honduran Government that the holders of such

- 6 -

documents shall be accorded the same treatment which the German Government hopes to obtain for its nationals in Honduras.

The Venezuelan Government has requested the Swiss Federal Political Department to extend its protection of Venezuelan interests to Hungarian territory and other countries of Central and Eastern Europe for the purpose of aiding the bearers of Venezuelan passports in those regions.


J. W. Pehle
Executive Director