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The memorandum from General Lang and the Zagha report are held in Mr. Pehle's secret safe. There have been instructions not to make copies, but Mr. Pehle's office is perfectly willing to make them available if they are essential.

jyd

May 20, 1944
10:45 p.m.

WAR REFUGEE BOARD

Present: Mr. Pehle

H.M.JR: Now, what is on your mind?

MR. PEHLE: Oh, a few things, Mr. Secretary, one or two of which you asked to speak to me about. You might be interested in that.

(Hands Secretary clipping concerning President's Declaration of March 24)

That is the German on one side and Norwegian on the other, version of the President's Declaration.

H.J.JR: Who's is it?

MR. PEHLE: OWI.

I think we are by Mr. Stimson. I was sort of worried about his reaction. I called him on Thursday a week ago, and I didn't get a call back for eight days. So he called me and was very apologetic, which helped. So I told him what had happened--an additional memorandum had gone and I told him the only doubt was a thousand refugees. He thought that was very good. So then I got up a memorandum to go to the three Cabinet officials. I just wanted to get your thought as to tactics, indicating the contents of what happened when I saw the President and transmitting all the documents, so that they would each be on notice.

H.M.JR: I see.

(Mr. Pehle hands the Secretary attached memorandum dated May 20, 1944)

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MR. PEHLE: Do you think it would be a good idea to send a further memorandum to the President along that line? (Hands Secretary proposed memorandum, attached:)

H.M.JR: I'll find out. It may not be necessary. Let's find out.

MR. PEHLE: All right.

Now you wanted to know what this new Hebrew Committee of National Liberation is. That is a very controversial thing, as your probably can see already. It is Bergson's latest activity. He has started and formed around himself what he calls the Hebrew Committee of National Liberation. They bought the old Iranian Legation out here. Where they got the money, I don't know. It cost them sixty-five thousand dollars. He has installed himself in there with a group of young Palestinian Jews, the same ones who have been behind the Emergency Committee.

(Secretary speaking over White House phone:)

Hello...

How are you?...

You don't sound very peppy...

No...

Is it cold up there?...

Oh, good...

Two questions: I was anxious to know whether the President had a chance to read that Pehle memorandum...

You don't think he has yet...

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And the other thing, at Cabinet I brought up this question about this memorandum I sent him, either May 10th or 11th, on the Argentine, and he didn't seem to act as though he had ever seen it or read it....

Yes, it was either May 10th or May 11th, one day or the other, a letter or a memorandum on the Argentine...

Would you look at it?...

You don't know yet when you are coming back?...

I gather you're not alone...

Oh...

Oh...

O. K. Give my regards to Dutchess County...

Thank you...

H.M.JR: She hasn't got to the one and she doesn't know. It is very difficult to get this to him. I won't know how to get it to him unless you sent it over there. Then it may get messed up. I think it is a mistake.

MR. PEHLE: All right.

H.M.JR: I mean, here is the thing like this Argentine thing.

MR. PEHLE: If he gets back here without doing it, this will be a nudge.

H.M.JR: That is all right. I wouldn't send it up to him. She said she didn't know. It might still be in the basket. At Cabinet the President acted as though he hadn't read it or seen it. And your memorandum had not yet gotten to him.

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MR. PEHLE: Bergson now, on this committee, proposes to speak.

H.M.JR: It is wonderful, the service she gives me.

MR. PEHLE: Yes.

He purports to speak for the Jews of occupied Europe. It is a very bold and daring thing. I, myself, don't see any possibility of its going over, because I don't know where he has any support. The American Jewish group are just so mad that they want to kill him. I mean, really mad. Oh, they are just fit to be tied. Doctor Goldman, Rabbi Wise, the American Jewish Committee, all the Jewish organizations are just up in arms, you see, because this man, even goes farther than Zionism. What he is, in effect, saying is the Jews of Europe owe their allegiance to the Hebrew Nation, and he proposes to speak for the Hebrew Nation. He wants a seat in UNRRA; he wants a seat in the United Nations; and he wants a seat in the peace conference.

H.M.JR: Didn't you the other day sort of give him a pound on the back, say he was all right, not to worry about it? I thought you said that.

MR. PEHLE: I don't know whether I said that. I don't remember.

H.M.JR: Didn't you or somebody connected say I didn't have to worry about Bergson, it was all right?

MR. PEHLE: I don't know whether I said that or not. I doubt it, because I worry about him constantly. He is a very controversial figure. Now, DuBois feels much more favorably disposed toward Bergson than I do. He is very convinced of his sincerity. He is a very smart person and daring. And as far as I know, he is sincere. But he always worries me because you never can tell what he is going to do next. He has not embarrassed us, at least not publicly.

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H.M.JR: Yet!

MR. PEHLE: But you never know. He is just one of the very controversial elements in this picture and Doctor Goldman, who is Rabbi Wise's colleague, was in the day before this came out. He was very disturbed about it. I mean, they are just livid with rage about this man. But it is the sort of thing you just never know what will happen. I don't see that there is any chance, but it is just possible that this man may step into a situation where he will get some place.

H.M.JR: Oh.

MR. PEHLE: You can't tell. He has only been over here three or four years and he gets tremendous public support. People like Ickes have backed him all the way through on this Emergency Committee.

H.M.JR: Oh, well, Ickes, what shall I say--I mean, on the one hand Ickes does that and on the other hand he has Mr. Davis of Standard Oil of New Jersey at sixty-five thousand dollars a year, in charge of oil.

MR. PEHLE: I would be the last person to defend his oil position.

H.M.JR: You can't just say that because Ickes does it, that is the last word. That is what I am saying.

MR. PEHLE: If you are interested in looking at the material they put out.

H.M.JR: That is all I am saying. I am very fond of Ickes and I think he has done a swell job, but he isn't always right.

MR. PEHLE: Oh, no, I didn't mean right. All I meant was that Bergson does get important support.

(Hands Secretary file of documents relating to Bergson's activities)

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H.M.JR: Can I borrow this stuff?

MR. PEHLE: Oh, yes, sir. Here are the clippings on it. You will be interested in those, because they show the rage with which this thing has been met.

(Mr. Pehle hands Secretary the file of the clippings)

H.M.JR: So far, he hasn't picked on me. I am prepared for him.

MR. PEHLE: This, you asked that I tell you what it's about.

H.M.JR: Yes.

MR. PEHLE: It is two things: one is a petition left with Stettinius while he was in London about the Hungarian situation which doesn't add anything new. The other is a little memorandum which consists of a couple of his discussions and one that Wallace Murray had with the British group on the Palestinian thing. I saw Stettinius, and I told him that (a) Wallace Murray was the worse possible person to deal with Jewish questions, as I told him before he went; and (b), that the British position there was awful. He didn't dispose to argue about it. He first seemed a little proud of what he had accomplished on that. He hadn't accomplished anything.

This, Mr. Secretary, is a very interesting document. I'll have to tell you about its background before it makes any sense to you. A man came in here about three months ago, named David Zagha, he is one of these international people who has done all sorts of things. He was in North Africa before we got in, and the Army Intelligence assures me he was an enormous help to us. He did not play along, however, with Murphy and the new crowd that came in when we went in. Consequently, he was in disfavor. But he was a great help to the Army,

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they say, and he was one of their people. He came back here. He was vouched for by Colonel Bernstein and by other people who said he was reliable. And he still works for Military Intelligence. He came in here and wanted to do some work for us in the Underground situation. He didn't ask for pay, all he wanted was a letter; and we gave him a letter. It didn't say very much, but it was a letter to any of our people abroad to be of whatever help they could. He went down to South America, to Argentina with the Army's consent, approval and help. And now he is back in North Africa. While he was in Argentina, he got in to see not only the President of Argentina, but Colonel Perron. And he had a conference with him. And this is his memorandum of the conference. It is an unbelievable document. It was sent to me through Military Intelligence and I called up Military Intelligence and said, "Have you a copy of this?" They said, "No, our man in Argentina has, but we haven't." I said, "I'll send you one."

"I am not going to send it to State. You send it to State."

They said, "Thank you, we don't want it to go to State. State will raise Cain." But this fellow Zagha, has been working with General Lang, who is the Military Attache in Argentina, and he got to see Perron and Farrell and talk to them. It's an amazing document.

(Hands document to Secretary)

H.M.JR: His family is in the Argentine?

MR. PEHLE: Yes.

H.M.JR: What is Zagha, what nationality?

MR. PEHLE: I don't know. I think he is of Balkan nationality.

H.M.JR: "In spite of provocations by Stettinius"?

MR. PEHLE: Yes, that must be one of those places where you make a face at him.

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H.M.JR: Who are they trying to kid?

MR. PEHLE: As far as I'm concerned, they are trying to kid Zagha. They think he will be taken in by all that stuff.

H.M.JR: It's a lot of claptrap.

MR. PEHLE: Isn't it though? This is what the General writes to Zagha. General Lang, he is a Military Attache.

(Hands Secretary communication from General Lang to Zagha)

H.M.JR: Well, they knew undoubtedly who he was. They weren't so dumb.

MR. PEHLE: Sure they did. He was just filling him full. They thought it would get back to the United States.

Corff has been trying to see you, as you know. I saw him and he handed me this memorandum. The memorandum deals with the Hungarian situation. It doesn't suggest anything that we aren't doing, and I just wanted to say that, so that you would be in a position of having sent the memorandum.

H.M.JR: O. K.

MR. PEHLE: I had a conference with Harriman. He was quite friendly. He seemed quite favorably disposed.

H.M.JR: Where did you see him?

MR. PEHLE: In State. He seemed quite friendly toward Russia, which I was a little surprised by. Not too well informed on some things, but other things he was very frank and friendly about. He discussed the Polish situation. He discussed--I asked him about anti-Semitism in Russia. He said in certain local situations

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there was some development of that; that in the Government itself there was none, but that due to the growing tide of nationalism and the de-emphasis of internationalism, there were fewer Jews in high places in the Government, because it was a Jewish group that was fostering--tended more to foster--international thinking on the part of the Russians. I said that there won't be any point in sending anybody there at this point. We had suggested that. When you do, not to send anybody to stay there, just send them on a mission. The minute you send them to stay there, the Russians aren't interested, but if you come in they will open their doors and will really put on a show and let you see really what is going on. He invited me to come as his guest, and he was quite nice and I think he will be helpful. We have followed it up with a memorandum asking him to do something right away on the Hungarian situation. He said Russia thought we were too soft on the neutrals and can't understand why we don't clamp down on them.

H.M.JR: All right. Anything else?

MR. PEHLE: That is all, sir.

H.M.JR: All right.

Keiner, der schuldig ist, wird seiner Strafe entgehen

DIE Vereinten Nationen kämpfen für eine Welt, in der Barbarei und Gewaltherrschaft nicht möglich sein werden. Sie kämpfen für eine Welt der Freiheit, Gleichheit und Gerechtigkeit. Sie kämpfen für eine Welt, in der alle Menschen ohne Unterschied der Rasse oder des Glaubens in Frieden, Ehre und Würde leben können.

Aber während wir noch kämpfen, wütet in Europa und Asien die Herrschaft der Folter und des Mordes. Es ist die Herrschaft der Nazis und der Japaner.

Wo immer die Nazis oder die Japaner ihre Terrorherrschaft aufgerichtet haben, haben sie unschuldige Polen, Tschechen, Norweger, Holländer, Dänen, Franzosen, Griechen, Russen und Chinesen in Hunger und Kälte zugrunde gehen lassen oder sie in Massen hingemordet.

Es ist daher angebracht, neuerdings unsere Entschlossenheit zu verkünden, dass keiner, der irgend einen Anteil an diesem Verbrechen hat, ungestraft bleiben soll. Die Vereinten Nationen haben keinen Zweifel darüber gelassen, dass sie die Schuldigen verfolgen und der Gerechtigkeit überantworten werden.

Diese Warnung gilt nicht allein für die Hauptverant-

wortlichen; sie gilt ebenso für alle ausführenden Organe in Deutschland und in den deutschen Vasallenstaaten, die diese verbrecherischen Befehle ihrer Vorgesetzten befolgen.

Alle, die an der Verschiebung von Juden in den sicheren Tod nach Polen oder von Norwegern und Franzosen in den sicheren Tod nach Deutschland mitwirken, sind im gleichen Masse schuldig wie die Henker der Verschiekten. Und keiner, der schuldig ist, wird seiner Strafe entgehen.

Hitler begeht diese Verbrechen gegen die Menschheit im Namen des deutschen Volkes.

Ich fordere jeden, der irgend einem Lande unter deutscher Herrschaft lebt, auf, der Welt durch die Tat zu zeigen, dass er mit diesem irrsinnigen Verbrechen nichts zu tun hat.

Ich fordere Sie auf, die verfolgten Opfer des Naziterrors zu verbergen, ihnen zur Flucht über die Grenzen zu verhelfen und alles zu tun, um sie vor dem Martertod der nationalsozialistischen Henker zu retten.

Franklin D. Roosevelt

Franklin D. Roosevelt
Weisses Haus, Washington

Am 24. März 1944

GI DETTE TIL EN TYSKER

KUNNGJØRING

De skyldige skal straffes

DE Forente Nasjoner kjemper for en verden hvor tyranni og overfall ikke kan finne sted, en verden bygget på frihet, likhet og rettferd, en verden hvor alle mennesker uansett rase, farve eller tro kan leve i fred med ære og verdighet.

I mellomtiden fortsetter nazistene og japanerne den systematiske tortur og mordene på sivile — menn, kvinner og barn — med usvekket kraft. I områder undertvunget av overfallsmennene, blir uskyldige polakker, tsjekkere, nordmenn, hollendere, dansker, franskmenn, grekere, russere, jesuiter, filippinere og mange andre sultet ihjel, frosset til døde eller myrdet med kaldt blod i et råhetens felttog . . .

Det er derfor passende at vi atter kunngjør vår beslutning om at ingen som deltar i disse grusomheter skal forbli ustraffet. De Forente Nasjoner har gjort det klart at de vil forfølge de skyldige og utlevere dem for at rettferdigheten kan skje fyldest.

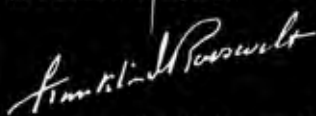
Denne advarsel appellerer ikke bare til lederne, men også til deres funksjonærer

og underordnede i Tyskland og i vasallstatene. Alle som medvitende tar del i deportasjonene av jøder til deres død i Polen eller nordmenn og franskmenn til deres død i Tyskland, er like skyldige som bødlene selv. Alle som deler skylden skal dele straffen.

Hitler utfører disse forbrytelser mot menneskeheten i det tyske folks navn.

Jeg oppfordrer hver tysker og hver mann hvor som helst under nazi herredømme til å vise verden ved egen handling, at han i sitt hjerte ikke deler disse sinnssyke forbryterske ønsker.

La ham glemme disse forfulgte ofre, hjelpe dem til å flykte over grensene og la ham gjøre hva han kan for å redde dem fra den nazistiske boddel. Jeg ber ham også å være på vakt og skrive ned de prov som en dag skal brukes til å domme de skyldige.



Franklin D. Roosevelt
Det hvite Hus, Washington

24. mars, 1944

USN-14

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EXECUTIVE OFFICE OF THE PRESIDENT

WAR REFUGEE BOARD

WASHINGTON 25, D. C.

MAY 20 1944



MEMORANDUM TO:

CONFIDENTIAL

Secretary Hull
Secretary Morgenthau
Secretary Stimson.

As you have already been informally advised, I saw the President on May 11, 1944, and handed to him the memorandum signed by each of you. A photostatic copy of this memorandum is enclosed.

The President began by saying that he had heard that the War Refugee Board was doing a very good job, particularly in his reports from occupied territory. He said that he had heard that many refugees had been very disheartened and about ready to give up before the Board was established, but the establishment of the Board and its activities had given many people new hope and that he was very pleased.

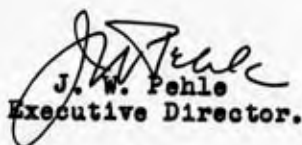
I summarized to the President the contents of the memorandum, stressing the feelings of the individual Board members with respect to obtaining Congressional approval or advice. The President was very sympathetic with the proposal. He commented that he did not like the words "free port" because he felt that these words did not indicate clearly enough that the refugees brought to the United States would return after the war; and he suggested we find a more suitable name. I mentioned to the President the possibility of using a War Relocation Authority camp at Jerome, Arkansas, soon to be vacated of Japanese. The President felt that it would be preferable to keep the refugees in the Atlantic Seaboard area and mentioned that there were a number of Army camps in this section which had been or would soon be vacated and which could be used for this purpose. He stated that the refugees could be brought to the United States in returning Army transports.

I showed the President the clippings of news items and editorial comment on the "free port" proposal and also the organizational support now behind this proposal, including the A. F. of L., the C. I. O., the Federal Council of Churches of Christ, the Y. W. C. A., and many others. The President seemed pleased at the substantial favorable publicity which the proposal

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had received. He indicated, however, that without Congressional approval he would be reluctant to issue an announcement that large numbers of refugees were to be admitted to the United States. Instead he said that if there were a specific situation involving approximately 1000 refugees he would be willing to bring the refugees into the United States and at the same time send a message to Congress indicating what he had done and the reasons for the action. He asked me to send him a further memorandum outlining any such situation and indicating how the matter could be handled.

There is attached hereto a copy of a memorandum to the President, dated May 18, 1944, which has been transmitted to him, with the documents referred to therein. These memoranda deal with an emergency situation of the type which the President apparently had in mind, arising in connection with the influx of refugees into Allied Italy and the need of additional havens for these refugees.


J. W. Pehle
Executive Director.

Enclosures

May 8, 1944

MEMORANDUM FOR THE PRESIDENT

Attached is a memorandum discussing the proposal that this Government provide temporary havens of refuge in this country for oppressed peoples escaping from Hitler - these people to be placed in camps established in this country and to remain there until the termination of the war at which time they will be returned to their homelands.

Under this proposal the refugees would be brought into the country outside the regular immigration procedure just as civilian internees of Latin American countries have been brought here and placed in internment camps. There could be no objection on security grounds any more than in the case of prisoners of war.

The overwhelming humanitarian reasons for taking this action, and the considerations involved in deciding whether this step should be taken now by Executive action or submitted to Congress, are discussed in the memorandum, which indicates the views of the Board members on this matter.

The Board has decided that, in view of the importance and urgency of this question and the great responsibility involved in reaching a final determination as to what should be done, the whole matter should be submitted to you for your consideration.

Among the possible courses of action which you will of course want to consider are:

- (1) Consultation with appropriate members of Congress with a view to Executive action.
- (2) Putting the program into effect at once by Executive action.
- (3) Presidential message submitting the matter to Congress for urgent action.
- (4) Having a bill first introduced in Congress, followed by a Presidential message urging its immediate enactment.

Cordell Hull
Secretary of State.

Henry M. Voth Jr.
Secretary of the Treasury.

Henry L. Stimson
Secretary of War.

Attachment.

**MEMORANDUM RE: Establishment of Temporary Havens
of Refuge in the United States.**

In the Executive Order creating the War Refugee Board you directed that the Board make appropriate recommendations to you to overcome any difficulties encountered in the rescue and relief of war refugees.

Although the Board has already initiated many measures which, if fully implemented, may result in saving many lives, there is one basic obstacle which lies athwart all our efforts. This is the simple fact that the United Nations have not been prepared to supply even temporary havens of refuge for substantial numbers of the persecuted peoples of Europe, particularly the Jews.

Why This Is The Main Obstacle

The following brief summary will reveal why this constitutes the basic weakness in our whole program.

(1) Our best chance of saving many people from death, particularly after recent events in the Balkans, lies in an effort to convince the Hitlerite forces, and more particularly their functionaries and subordinates, that it is in their interest to spare the lives of these people. In this connection, the statement issued by you on March 24, which is being given the widest possible publicity in German controlled territory, will of course be most helpful toward this end, especially if followed by concrete action.

(2) And there is also an opportunity to actually bring some of these people out of enemy territory. The recent developments in the Balkans may limit opportunities there, but there still remains a possibility of stimulating the flow of refugees to Spain and Switzerland.

(3) It is essential to both of these avenues of approach, however, that we and our allies convince the world of our sincerity and our willingness to bear our share of the burden. Thus, great substance would be added to our threats, and other countries would be much more ready to cooperate in aiding the escape of refugees, if we made it clear now by action that our doors are open to these people.

(4) The United Nations must not merely threaten our enemies and ask them to stop killing Jews; the United Nations must themselves offer the Jews a haven. Only in that way can the great moral issue involved be made clear.

Such a step would show the Germans clearly that our threats of punishment and promises of action are not mere words. It is even possible that after such an announcement the Germans might be prepared to release or permit the escape of these persecuted peoples.

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(5) And such a step would certainly cause the neutral countries to encourage the entry of more refugees into their territory since they would then know that they would not be required to keep all refugees until the war ends. Thus, one of the reasons why we are not meeting with any success in Spain is the fact that the Spaniards are not convinced that we will take the refugees off their hands. Although we have been stating for a long while that we are going to take the Jewish refugees in Spain to Camp Lyautey at Fedhala (near Casablanca) in North Africa, none have been moved there to date. And although several hundred are expected to be moved there shortly, under the agreement with the French authorities only 2000 refugees may be in this small camp at any one time. The Spaniards of course know of this limitation and of the reluctant attitude of the French, which attitude has been the main reason for the long delay in moving these refugees. And the inarticulate major premise of the French attitude is the conviction that such refugees are to be dumped and left in French Africa and that neither the United States nor Great Britain will receive them.

Proposed Solution

Many private organizations, as well as John Pehle and his staff, have strongly recommended that this Government act at once in this humanitarian cause and announce to the world that we will provide temporary havens of refuge in this country for all oppressed peoples escaping from Hitler - these people to be placed in camps established in this country and to remain there until the termination of the war at which time they will be returned to their homelands.

Nature and Benefits of Proposal

(1) Under this proposal the refugees would be treated in effect as prisoners of war. They would be brought into the country outside the regular immigration procedure just as civilian internees from Latin American countries have been brought here and placed in internment camps. No violation or attempt to evade immigration laws would be involved since the refugees would remain only until the termination of the war and would not come in under the quota system. There could be no objection on security grounds any more than in the case of prisoners of war.

(2) The principal United Nations involved have already agreed that each of them will receive after the war its nationals who have fled for their lives and have been given asylum in other countries. These nations have also agreed that it is a part of their settled policy to assure such conditions in enemy and enemy occupied countries as will permit the return thereto of all persons displaced

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therefrom who have sought refuge elsewhere. This agreement, already concurred in by the United States, Great Britain, the Soviet Union, Luxembourg, Yugoslavia, Norway, The French Committee, Greece, Belgium, Poland, Czechoslovakia, and the Netherlands should serve to make clear to those concerned that such refugees as may be accepted in camps here will be returned to their homelands at the end of the war.

(3) The humanitarian considerations which might be urged against the confinement of the refugees are answered by the simple fact that treating them as prisoners of war is better than letting them die.

(4) The general idea has been discussed with a number of organizations, Jewish and non-Jewish, and they have all expressed their approval. Most of them feel that it is by far the biggest step the Board can take to accomplish the purposes for which it was established.

(5) The necessity for unilateral action now by this Government lies in the fact that we cannot expect others to do what we ourselves will not do, and if we are to act in time we must take the lead.

(6) The practical effect of such a step by the United States might be tremendous. Our allies would without doubt follow our lead. That this country, which has always been a refuge for the fugitive from injustice, oppression and persecution, should take the leadership in this matter would be in keeping with our heritage and with our ideals of liberty and justice.

(7) In the hearts and minds of all peoples under Nazi domination and throughout the world such action might well have an effect very much favorable to our whole war effort and to our reputation as a nation which has always carried the torch in great undertakings.

In a report to the War Refugee Board in early March, Ira Hirschmann, the Board's representative in Turkey, concluded as follows:

"I am sure you will be gratified to learn that although still on the threshold, the work of the War Refugee Board has injected new life and hope into thousands of down-trodden, tormented refugees throughout the European continent. This is not my opinion but one that is confirmed by all of the refugees I interviewed during my visit in Istanbul. The first Jewish refugees of Turkish origin just arrived from France said to me feelingly, 'For two years there has been only one phrase on everyone's lips - when are the Americans coming?'"

(8) Even if no refugees were ever actually brought to these camps, the mere announcement of our readiness to receive them would remove the basic obstacle to our efforts to save them. In view of geographical and time factors, it is not likely that many refugees would actually come to the United States. The important thing is that we offer to receive them.

Question of Congressional Approval

Secretary Hull, Secretary Morgenthau and Secretary Stimson carefully considered this proposal at the meeting of the Board on March 21. There was no disagreement as to the potential benefits of such a program, and all the members of the Board agreed that the matter should be presented to the President.

Secretary Stimson in particular felt that it was a matter which should be presented to Congress for its approval. Secretary Stimson's views on this, in his own words, are as follows:

"The principal objection which I had to the proposal to bring these refugees into the United States was my fear that the proposal would be considered so at variance with the policy of our immigration laws that the President should not undertake it without conferring with and obtaining the consent of Congress. The reasons were as follows:

"Our present immigration laws were the result of a very deeply held feeling of our people that the future immigration of racial stocks should be so limited as to coincide with the existing ratio of such stocks already within the country. Furthermore these laws were adopted at the close of the last war by overwhelming majorities of our Congress for the purpose of preventing the entrance into this country of large blocks of immigrants who were likely to come from the very countries in which most of the present refugees with whom we are concerned now originate. Our people then showed that they strongly feared that an uncontrolled immigration from such countries would modify the proportion of the racial stocks already existing in our own population and would introduce into the United States many people who would with difficulty be assimilated into our own population and brought into conformity with our own institutions and traditions.

"I fear that your proposal would meet with a similar reaction from our people today who would feel that it was merely the beginning of a permanent immigration. This would be accentuated if it was carried through by Executive authority alone and without the assent of Congress.

"One of the considerations which faces us in attempting to obtain the consent of the European nations to take these people off our hands at the end of the war is that many of these countries are not now free to make valid commitments supported by responsible governments.

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"But even if the obtaining of such commitments were possible, I am informed that the mere introduction of these people today on such a scale and for humanitarian purposes alone would be contrary to existing American law. In this connection I am not at all clear that the war power of the President would be held to cover a transaction like this which has no direct connection with the prosecution of the war.

"For these reasons I felt then and feel now that it would be unwise to advise the President to take such a step without the consent of Congress.

"At our meeting at which this was discussed I think you stated your belief that it would be impossible to get the consent of Congress. On reflection I am not at all sure that you are right. If presented with the support of the overwhelming humanitarian reasons and with adequate safeguards for returning the refugees to their own countries, I am not at all sure that the measure could not be carried. If thus presented, the Congress would be able to take such precautions as it would deem necessary and would be consulted in regard to the financial responsibility which it is quite evident that this country must ultimately assume."

The Attorney General has informally advised the Board that if you wish to put this program into effect without Congressional approval, legal justification could be found for such a temporary arrangement. The Attorney General believes, however, that in view of the attitude of the Congress toward all immigration policies it would be unwise for you to take the proposed action without Congressional approval having been first obtained.

Secretary Hull and Secretary Morgenthau feel that before taking any action you should consult with appropriate members of Congress.

In considering whether this step should be taken now by Executive action or submitted to Congress for its approval the following points should also be borne in mind:

(1) Time is of the essence and, even assuming Congressional approval could eventually be obtained, it might be too late to do any good.

(2) If, as many believe, the immediate adoption of this program is fundamental to our efforts to save many people from death, the question arises as to whether you should not act at once, as you did in the case of the delivery of destroyers to Great Britain - taking the leadership in molding public opinion in support of the action.

(3) If the proposal were put up to Congress and Congress failed to act, the result might be to minimize the gains which have already resulted from your establishment of the War Refugee Board.

May 18, 1944

TO THE PRESIDENT

Attached are the following documents:

(1) Memorandum outlining emergency refugee situation in Italy which requires urgent solution not only to save additional lives but also to relieve the burden on military authorities. This situation more than justifies carrying out your suggestion for bringing approximately 1,000 refugees to this country to be placed in a War Refugee Center.

(2) A draft of a message to be sent to Congress at the appropriate time, informing them of the action taken.

(3) A cable from you to Robert Murphy, asking him to make immediate arrangements for the transportation to the United States from Italy of approximately 1,000 refugees of various categories.

(4) A memorandum from you to the Secretaries of War, Navy, and Interior, the Director of the Budget and the Executive Director of the War Refugee Board, requesting them to make arrangements for receiving these refugees in the United States.

(signed) J. W. Pehle

May 18, 1944

MEMORANDUM TO THE PRESIDENT

On May 11, 1944 I discussed with you a proposal of the War Refugee Board that consideration be given to the establishment in this country of temporary havens of refuge. I attach hereto the memorandum on this subject signed by the members of the Board. During the course of our discussion I emphasized the great importance of a measure of this kind to the success of the Board's program, both in its psychological aspect and in the actual evacuation of refugees from enemy territory. I also mentioned the numerous indications of a favorable public reception of such a step.

You will recall your view that if an emergency situation should arise in which it became important to bring a relatively small number of refugees to this country in order to pave the way for the saving of additional lives, you would be favorably disposed to take such a step, informing the Congress of your action.

Such a situation has now developed in Italy.

As a result of the limited facilities in that part of Italy under Allied control, the military forces have not been able, generally speaking, to encourage the escape of refugees to Italy from enemy territory, and for this reason, the escape of the largest possible number of refugees has been prevented. Moreover, the problem of the care of the fairly substantial number of refugees who have arrived in Italy by their own efforts, has constituted a considerable burden to the military authorities. Quite recently the facilities for the care of refugees in southern Italy have become so overtaxed that the military authorities have taken steps actually to discourage the escape of further refugees to that area from German occupied territories until many of the refugees now in Italy can be moved to havens of refuge elsewhere.

This situation not only prevents the rescue of people in Yugoslavia who are being indiscriminately slaughtered by the Germans, but also interferes with efforts to rescue Jews, from their desperate plight in Hungary, through Yugoslavia.

Moreover, the military authorities are now insisting that a number of refugees be taken elsewhere without delay in order to relieve the congestion. The British authorities have been and are removing many refugees from Italy to camps in Egypt. However, in order to meet the problem, some refugees must be removed promptly to other areas. The military authorities have suggested that approximately 750 refugees be taken at once from southern Italy to Camp Lyautey near Fedhala, Morocco. It is our view that such a step is not feasible for the following reasons:

(1) The UNRRA representative in charge of supervising Camp Lyautey has advised that in the present circumstances it will not be possible to care for more than the approximately 800 refugees who are being brought to the camp from Spain.

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(2) The bringing of refugees from Italy would practically exhaust the quota of 2,000 which may be taken to that camp, thus interfering with our effort to increase the number of refugees escaping from France to Spain by removing them to Camp Bayatey as soon as they enter Spain.

To insist that the British or French take additional refugees when we ourselves are taking none, would in the best of cases involve long delays and would be unsatisfactory from many points of view.

This emergency situation is, I believe, exactly the type of situation which you had in mind. We can break this bottleneck by immediately bringing to the United States approximately 1,000 refugees from southern Italy and placing them in an unused Army camp along the Eastern seaboard, where they would remain until the end of the war. This step will not only enable us actually to bring more people out of enemy territory, but will also demonstrate to the Germans and to the world that our refugee policy is being implemented by action. In this connection it should be emphasized that in view of military developments the potential escape route through Yugoslavia from Hungary and the Balkans is of primary importance and should be exploited to the full before the situation again changes.

(signed) J. W. Pehle

PROPOSED MESSAGE BY THE PRESIDENT TO THE CONGRESS

Congress has repeatedly manifested its deep concern with the pitiful plight of the persecuted minorities in Europe whose lives are each day being offered in sacrifice on the altar of Nazi tyranny.

This Nation is appalled by the systematic extermination of helpless minority groups by the Nazis. To us the unprovoked murder of innocent people simply because of race, religion or political creed is the blackest of all possible crimes. Since the Nazis began this campaign many of our citizens in all walks of life and of all political and religious persuasions have expressed our feeling of repulsion and our anger. It is a matter with respect to which there is and can be no division of opinion amongst us.

As the hour of the final defeat of the Hitlerite forces nears, the fury of their insane desire to wipe out minority groups in Europe continues undiminished. Knowing that they have lost the war, the Nazis are determined to complete their program of mass extermination of minorities. This program is but one manifestation of Hitler's aim to salvage from military defeat victory for Nazi principles - the very principles which this war must destroy unless we shall have fought in vain.

This Government has not only made clear its abhorrence of this inhuman and barbarous activity of the Nazis, but, in cooperation with other governments has endeavored to alleviate the condition of the persecuted peoples. In January of this year I determined that this Government should intensify its efforts to combat the Nazi terror. Accordingly, I established the War Refugee Board, composed of the Secretaries of State, Treasury and War. This Board was charged with the responsibility of taking all action consistent with the successful prosecution of the war to rescue the victims of enemy oppression in imminent danger of death and to afford such victims all other possible relief and assistance. It was entrusted with the solemn duty of translating this Government's humanitarian policy into prompt action, thus manifesting once again in a concrete way that our kind of world and not Hitler's will prevail. Its purpose is directly and closely related to our whole war effort.

Since its establishment, the War Refugee Board, acting through a full time administrative staff, has made a direct and forceful attack on the problem. Operating quietly, as is appropriate, the Board, through its representatives in various parts of the world, has actually succeeded in saving the lives of innocent people. Not only have refugees been evacuated from enemy territory, but many measures have been taken to protect the lives of those who have not been able to escape.

Above all, the efforts of the Board have brought new hope to the oppressed peoples of Europe. This statement is not idle speculation. From various sources, I have received word that thousands of people, wearied by their years of resistance to Hitler and by their sufferings

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to the point of giving up the struggle, have been given the will and desire to continue by the concrete manifestation of this Government's desire to do all possible to aid and rescue the oppressed.

To the Hitlerites, their subordinates and functionaries and satellites, to the German people and to all other peoples under the Nazi yoke, we have made clear our determination to punish all participants in these acts of savagery. In the name of humanity we have called upon them to spare the lives of these innocent people.

Notwithstanding this Government's unremitting efforts, which are continuing, the numbers actually rescued from the jaws of death have been small compared with the numbers still facing extinction in German territory. This is due principally to the fact that our enemies, despite all our appeals and our willingness to find havens of refuge for the oppressed peoples, persist in their fiendish extermination campaign and actively prevent the intended victims from escaping to safety.

In the face of this attitude of our enemies we must not fail to take full advantage of any opportunity, however limited, for the rescue of Hitler's victims. We are confronted with a most urgent situation.

Therefore, I wish to report to you today concerning an extraordinary step which I have just taken in an effort to save additional lives and which I am certain will meet with your approval. You will, I am sure, appreciate that this measure is not only consistent with the successful prosecution of the war, but that it was essential to take action without delay.

Even before the Allied landing in Italy there had been a substantial movement of persecuted peoples of various races and nationalities into that country. This movement was undoubtedly prompted by the fact that, despite all attempts by the Fascists to stir up intolerance, the warm-hearted Italian people could not forsake their centuries-old tradition of tolerance and humanitarianism. The Allied landings swelled this stream of fleeing and hunted peoples seeking sanctuary behind the guns of the United Nations. However, in view of the military situation in Italy, the number of refugees who can be accommodated there is relatively limited. The Allied military forces, in view of their primary responsibility, have not been able generally speaking to encourage the escape of refugees from enemy territory. This unfortunate situation has prevented the escape of the largest possible number of refugees. Furthermore, as the number of refugees living in southern Italy increases, their care constitutes an additional and substantial burden for the military authorities.

Recently the facilities for the care of refugees in southern Italy have become so overtaxed that unless many refugees who have already escaped to that area and are arriving daily, particularly from the Balkan countries, can be promptly removed to havens of refuge elsewhere, the escape of refugees to that area from German occupied territory will be seriously impeded. It was apparent that prompt action was necessary to meet this situation. Many of the refugees in southern Italy have been and are being moved to temporary refuges in the territory of other United

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and friendly nations. However, in view of the number of refugees still in southern Italy, the problem could not be solved unless temporary havens of refuge were found for some of them in still other areas. In view of this most urgent situation it seemed indispensable that the United States in keeping with our heritage and our ideals of liberty and justice take immediate steps to share the responsibility for meeting the problem.

Accordingly, arrangements have been made to bring immediately to this country approximately 1,000 refugees who have fled from their homelands to southern Italy. Such refugees will be placed in a War Refugee Center where, under appropriate security restrictions, they will remain for the duration of the war. These refugees are being brought here outside of the regular immigration procedure, just as prisoners of war have been brought here. Here they will receive the humane treatment which our civilization provides, and here they will be safe. Upon the termination of the war they will be sent back to their homelands.

The refugees, upon their arrival, will be placed in a vacated Army camp on the Atlantic seaboard. While the War Refugee Board is charged with the overall responsibility for this project, the Army will take the necessary security precautions and the actual administration of the camp will be in the hands of the War Relocation Authority.

With the cooperation of the United Nations, we are determined to insure that these and other refugees from death may live again on their own soil. To this end the principal United Nations involved have already pledged that each of them will receive after the war its nationals who have fled for their lives and have been given asylum in other countries. These nations have also made it a part of their settled policy to insure such conditions in enemy and enemy occupied countries as will permit all persons who have been forced to flee from these countries to return. These humane principles already have the support of the United States, Great Britain, the Soviet Union, Luxembourg, Yugoslavia, Norway, The French Committee, Greece, Belgium, Poland, Czechoslovakia, and the Netherlands.

It is my hope that other interested nations will also expand their already existing programs of asylum. In this way we shall have a plan and a program that will represent the triumph of the forces of decency in a war-torn world.

I am convinced that the emergency action which has been taken will make possible the saving of additional lives. I am also convinced that such action will effectively contribute to the successful prosecution of the war by inspiring in the minds of all oppressed peoples a conviction of the sincerity and effectiveness of a democracy.

It is indeed fitting that this great Nation, which by the very nature of its conception has always been a refuge for the fugitive from justice, oppression and persecution, should now furnish to those whose very lives are threatened by Hitler the sanctuary and asylum which since biblical times have been afforded the defenseless by civilized peoples.

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PROPOSED CABLE FROM THE PRESIDENT TO ROBERT MURPHY

Information available to me indicates that there are real possibilities of saving human lives by bringing more refugees through Yugoslavia to southern Italy. I am also informed that the escape of refugees by this route has from time to time been greatly impeded because the facilities in southern Italy for refugees have been overtaxed. I am advised that this is the situation at the present moment and that accordingly possibilities of increasing the flow of refugees to Italy are being lost.

Accordingly, I have decided that approximately 1,000 refugees should be immediately brought from Italy to this country, to be placed in a War Refugee Center where, under appropriate security restrictions, they will remain for the duration of the war. These refugees will be brought into this country outside of the regular immigration procedure just as civilian internees of Latin American countries and prisoners of war have been brought here. The War Refugee Center will be well equipped to take good care of these people. It is contemplated that at the end of the war they will be returned to their homelands.

In my opinion it is important that the United States indicate in this way that it is ready to share the burden of caring for refugees during the war.

Arrangements are now being made here to make available one of a number of vacant Army camps in which these refugees will be placed upon their arrival. You may assume that we will be ready to receive these refugees when they arrive. I will appreciate it therefore if you will arrange for the departure to the United States as rapidly as possible, consistent with military requirements, of approximately 1,000 refugees in southern Italy. You may call upon representatives of the War Refugee Board in Algiers to assist you in this matter. The full cooperation of our military and naval authorities should be enlisted in effecting the prompt removal and transportation of the refugees.

In choosing the refugees to be brought to the United States, please bear in mind that to the extent possible these refugees should be selected for whom other havens of refuge are not immediately available. I should however like the group to include a reasonable proportion of various categories of persecuted minorities who have fled to Italy, bearing in mind my wish for speedy action.

I understand that consideration is being given to moving 750 refugees in southern Italy to Camp Lyautey at Fedhala. In view of the fact that the facilities of this camp are limited and that to the extent that Camp Lyautey is filled with refugees from Italy it will diminish the number of refugees who can be brought from Spain, it seems desirable to meet the pressing problem in Italy by using havens of refuge other than Camp Lyautey. Accordingly, you should consider carefully the desirability of including part of these 750 refugees in the group which is to be brought to the United States.

You should also bear in mind that since these refugees are to be placed in a War Refugee Center in the United States under appropriate security restrictions, the procedure for the selection of the refugees and arrangements for bringing them here should be as simple and expeditious as possible, uncomplicated by any of the usual formalities involved in admitting people to the United States under the immigration laws.

I intend to send a message to Congress informing them of this action.

If you encounter any difficulties in arranging for the prompt departure of these refugees please let me know.

MEMORANDUM FOR: Secretary of War
Secretary of Navy
Secretary of Interior
Director of Budget
Executive Director of War Refugee Board

There is attached a cable which I have dispatched to Robert Murphy in Algiers, requesting that he make arrangements for the departure to the United States as rapidly as possible of approximately 1,000 refugees now in southern Italy.

These refugees will be brought into this country outside of the regular immigration procedure and placed in a vacant Army camp on the Atlantic seaboard. While the War Refugee Board is charged with the overall responsibility for this project, it is my desire that the Army take the necessary security precautions so that these refugees will remain in the camp and that the actual administration of the camp be in the hands of the War Relocation Authority.

Accordingly, the following steps should be taken as expeditiously as possible:

(1) The War Department and the Navy Department should send whatever instructions are necessary to the military authorities in Italy and North Africa to expedite the transportation of these refugees to the United States.

(2) The War Department should arrange to furnish and properly equip an unused Army camp on the Atlantic seaboard to receive these refugees; should arrange for their transportation from the port of arrival to the camp; and should arrange for the necessary security precautions.

(3) The War Relocation Authority should make arrangements to handle the actual administration of the camp, which will be designated as a War Refugee Center.

(4) The Bureau of the Budget should make arrangements for financing the project, using any available funds of the War Department, the War Relocation Authority and the War Refugee Board to the extent possible, and if necessary drawing upon the President's Emergency Fund.

Attachment.

May 20, 1944
11:15 a.m.

HOLDING COMPANY REGULATIONS

Present: Mr. O'Connell

MR. O'CONNELL: Good morning.

The thing I wanted to speak to you about particularly was that Wright Patman called me this morning and wanted to know how we stood on bank holding company regulations. He had been dealing with the General Counsel of the Federal Reserve Board, and he apparently has agreed with them to introduce the bill that the Federal Reserve Board has been working on for the past six months or more. I think you and Dan talked about it a little while ago.

H.M.JR: Do you know about it?

MR. O'CONNELL: Yes.

H.M.JR: Go ahead.

MR. O'CONNELL: Well, anyway, the bill, as I understand it--I haven't seen the most recent draft. Patman is going to give me a copy of it today. I think the bill, while it is very complicated, only goes so far as to freeze the existing situation, you recall, that we were always in favor of.

H.M.JR: When are you going up on the Hill?

MR. O'CONNELL: He asked me to have lunch with him today.

H.M.JR: I had better see you after the next meeting.

MR. O'CONNELL: Dan Bell isn't here. It isn't necessary that you do anything. I just wanted you to know that Patman

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is planning to do this and wants me to have lunch with him. He may not discuss it particularly.

H.M.JR: Gee whiz, I can't take a position on that. Can't you say that you haven't had a chance to discuss it with me?

MR. O'CONNELL: Oh, surely.

H.M.JR: I would want to have Dan sit in on that.

MR. O'CONNELL: I think he merely wanted to put us on notice.

H.M.JR: Is he going to freeze it?

MR. O'CONNELL: It is a bill which will freeze the existing situation in the holding company field, and we always were for a death sentence.

H.M.JR: This is bad, because what it does is, it is a beautiful thing for Eccles' banks in Idaho and Utah, because it freezes the situation for them forever.

MR. O'CONNELL: And keeps everybody else out.

H.M.JR: That is no good.

MR. O'CONNELL: I told Patman; I pointed out what the President had said in his message in '38 on holding companies. He said he was familiar with that and this bill didn't go as far as he would like to go, but he would talk to us about it after he had introduced it.

H.M.JR: He promised?

MR. O'CONNELL: He told me he had promised that he would introduce the bill.

H.M.JR: Couldn't he kind of stall on it?

MR. O'CONNELL: I might suggest it to him.

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H.M.JR: Why don't you tell him to stall on it until after the recess so we can all have a look at it? Why not tell him this is bad? My God, the people can say, "This is giving a charter in perpetuity to the Eccles family."

MR. O'CONNELL: I would like to be able to talk quite frankly to him.

H.M.JR: That is all right. It is terrible. We can't sit here and--hell, he ought not go off the deep end like that. Eccles has his nerve. I never thought he would have the nerve to do it.

MR. O'CONNELL: All right, I will tell him.

H.M.JR: It is bad business.

MR. O'CONNELL: I know it. I haven't seen the most recent draft.

H.M.JR: Stall on the damn thing until after the recess.

MR. O'CONNELL: All right.

H.M.JR: It has bad political implications.

MR. O'CONNELL: I think it would be better not to have anything other than that.

H.M.JR: He had better not start it. I have told the ABA I didn't want to start anything, but if somebody started something like Eccles, I would have to go out and fight. Tell him another thing, the banks are doing swell. This will get the banks all excited.

MR. O'CONNELL: I have to talk to him about banks, too.

H.M.JR: The banks will get all excited, and they will stop selling bonds and put their minds on this thing. Tell him--

MR. O'CONNELL: O.K.

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A couple of months ago he asked us for some information about legislation that has been helpful to the banks and the ways the Government has helped the banks in the last ten years, and Dan wanted me to go down and talk him out of the use to which he presumably is going to put it. I think he wants to use it to go after the banks.

H.M.JR: Tell him the banks are doing fine on the war bonds and to leave them alone. This will just start a whole fight. O.K.?

MR. O'CONNELL: Yes.

There is a memorandum here that I would ordinarily have sent in to you, but it is a memorandum they wrote to send to General Marshall in connection with the South American situation. I wasn't anxious to initial it, because I thought recent developments might--

H.M.JR: O.K., I will take care of it. See if you can't get him to stall on it.

MR. O'CONNELL: O.K.

May 20, 1944
11:20 a.m.

MONETARY CONFERENCE DELEGATES

Present: Mr. White

MR. WHITE: Good morning.

H.M.JR: Good morning.

MR. WHITE: We had a meeting yesterday, and we made some tentative decisions. We agreed on this draft for the invitation. (Hands the Secretary "Draft of Cable from the President to the Prime Minister, attached")

H.M.JR: All right.

MR. WHITE: That draft has been cleared by the State Department.

Here is a draft that we think is the sort of thing the President ought to send you. (Hands the Secretary "Draft of Letter from the President Appointing Secretary Morgenthau as Head of the American Delegation," attached)

H.M.JR: That is all right.

Wait until it is cleared with the State Department.

MR. WHITE: Here is another one we assume will be sent to the other delegates. (Hands the Secretary "Draft of Letter from the President Appointing other Delegates," attached) We have only cleared the first one.

H.M.JR: What other delegates?

MR. WHITE: Whatever delegates there are. There is a different one that goes to you than the one that goes to them. What we are trying to do is to make your decision on the delegates be final, that is, it isn't a question of

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voting--they will be in a sense assisting you. It is not a question of the delegates voting on this, that, and the other thing--they need your agreement; in other words, to increase the discipline of the group. And I think--they have those instructions. It is indicated that you would have that authority to be spokesman.

We discussed the delegates. On the Congressional delegates we thought, after a great deal of discussion, that the choices might be, in the Senate, Senator Wagner and Senator Vandenberg. Senator Wagner--we would like a more effective person, but you can't pass him by. He will do whatever he is asked, though there is a possibility that he might not accept because he is on the committee for drafting the program for the Democratic Convention. If he doesn't accept, we thought that Senator George, provided you had Senator George's prior acquiescence to the principles which we were uncertain of. He is a good man if he is with you, and a very dangerous man if he is against you. But if Senator Wagner accepts, it would avoid that difficulty.

Vandenberg, we thought, as among the choices of the top men, would be the best, because in the first place, his relations with you have been nice, and in the second place, he is more of a gentleman and seems to be inclined to favor the Fund, if not the Bank.

What the second choice would be, we don't know. We did think we could go to the Republicans and pick somebody we know who would be favorable and not way down the line.

The thought occurred to me and some of the others--we don't know whether we need a Republican. We may need only two.

H.M.JR: No, you need a Republican, definitely.

MR. WHITE: He was the one we thought about.

In the House we have Congressman Spence, Chairman of the Banking and Currency Committee.

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H.M.JR: He is a scintillating number!

MR. WHITE: Very. But I don't see how you can pass him by, either.

Then for the Republicans, we sort of agreed on Wadsworth.

H.M.JR: How did you get to Wadsworth rather than this man we had the other day?

MR. WHITE: This fellow Wolcott will be against it strongly. He is voting against UNRRA. He is quite political, very able, and very shrewd. He is on the same committee with Spence.

Wadsworth is on the Foreign Relations Committee, and might be a little more favorable. The assumption is that they would both have to be asked whether they would go along before you take them on, because you can't have a man in there who doesn't agree with the principles. You may have some other thought, but we weren't very happy about that. We thought of Vorys, who is a possibility.

H.M.JR: That isn't Jerry?

MR. WHITE: No, this is Vorys of Ohio, who is an able fellow, but also very political. We thought that Wadsworth might be a little less political because of his prestige and status, which are so high. I didn't know your relations with him.

H.M.JR: I don't know him well, but all my relations have been all right.

MR. WHITE: Well, we thought that we could submit, if you approved of those names, a note to the President saying that this is a suggestion.

H.M.JR: Let me get the thing cleared. I ought to see him in person again.

MR. WHITE: I think so. If you get a delegate who can make so much trouble for you in the conference, we can't afford to have a slip there. I would rather have a

- 4 -

nincompoop or somebody the Republicans don't like, it seems to me, and fight the issue afterwards, after you have agreement of all the nations and you present them with a definite proposal, than have somebody on the committee who is going to be--

H.M.JR: I think you and I and Acheson should see the President.

MR. WHITE: Now with respect to the banker, they were strong for the banker. Dean Acheson is, and the reasons are not too good. I mean, they seem good, but actually I am a little suspicious of the motives. However we felt that to have a wrong banker would be the worst thing. And there are no good ones, with the possible exception of the one which you mentioned, which I don't know. If you could get that fellow, Brown, and if he would go along, that would be fine. But if we can't get somebody who goes along, we are much better off without anybody.

H.M.JR: Ned Brown. If he tells you he will, he will. He is a very high-principled person.

MR. WHITE: Would you have to speak to the President before you sounded him out?

H.M.JR: Yes, I have to see him first.

MR. WHITE: Well, he is the only one we could think of.

Now, we have a couple of vice presidents of Federal Reserve Banks whom we will suggest as advisors, because there is a group of advisors in addition to the delegates. Those fellows will be all right, as I know them. But the only banker then you will have--and I think he is quite adequate--is Eccles. But Eccles really should accept, because if we don't have him on the bank, we have to have somebody to carry on. At what point you would want to talk to Eccles--

H.M.JR: The President will come first.

- 5 -

MR. WHITE: Then you don't want to speak about the delegates to any of these people?

H.M.JR: No.

MR. WHITE: Then there was a question of a woman on the delegation. Mrs. Roosevelt is strong for it, and others are strong for it. Do you know any woman?

H.M.JR: You give me the name of some woman. I have had this out with my wife.

MR. WHITE: You know, we have about, I think, thirty, or forty, or fifty letters. You didn't sign them all, but some of them were for your signature, in which they all designated three women. They came from a variety of sources. There must have been a meeting at which there was a resolution passed. These three women, Sarah Comstock, head of the Department of Economics at Mount Holyoke--I don't know her. She has written something about it, but for some reason or other, Pasvolsky says, "No, she has been very bad. She is a very stubborn person."

The other is Mabel Newcomer.

H.M.JR: No, she is taxes. If there were one on taxes, we would have her. She is a very able person in the tax field, knows nothing about this.

MR. WHITE: She has written a little, but doesn't know much.

The third is Miss Dulles, whom we would recommend having as one of the advisors. She works in the State Department.

H.M.JR: Who is she?

MR. WHITE: Eleanor Dulles. She is either the daughter of John Foster Dulles, this international banker--he would be a most unfortunate choice.

- 6 -

H.M.JR: At UNRRA they had women as advisors and observers, which satisfied the women.

MR. WHITE: It did?

H.M.JR: But if there was any outstanding woman in banking, I would say yes. I told this to my wife, and my wife, who is very pro-feminine on these things and feels the way Mrs. Roosevelt does about it, said, "If you just had what they did in UNRRA, had them as observers and advisors--"

MR. WHITE: We could give them two. Well, that settles that.

H.M.JR: I like Mabel Newcomer, but I don't know whether she knows anything about this.

MR. WHITE: It doesn't matter.

H.M.JR: Aren't there any women who know anything about this thing?

MR. WHITE: Very few women know the field. There are younger women who are not known. We have a couple, but none that have any--.

H.M.JR: Nobody on the West Coast?

MR. WHITE: Mabel Newcomer, Eleanor Dulles, and Sarah Comstock are the ones who are well-known in the field. You could put all three of them on as advisors.

H.M.JR: It was unfortunate, this slip in the publicity, wasn't it?

MR. WHITE: Morris Bernstein tells me this may have happened, that when they were working on the drafts of these letters--and I had some other conferences and told them--they were working in Fred Smith's office, and he said there were some reporters outside Fred Smith's office, and he thinks they may have overheard something.

- 7 -

H.M.JR: They said Fred inadvertently told it to these reporters. Has it hurt any?

MR. WHITE: No. The only ones whom it would bother would be people abroad. We are saying that there has been no definite date set.

H.M.JR: Are you all right for the moment?

MR. WHITE: Then the delegates--there is one more point--on the place, Provincetown, I spoke to John Sullivan, and he is moving heaven and earth to take care of it.

H.M.JR: Provincetown?

MR. WHITE: Portsmouth, I beg your pardon--it is within fifteen or twenty miles of his place. He is getting the head of the hotel down there--they have several hundred rooms. And there is another place four or five miles away. That is the place the President mentioned, isn't it?

H.M.JR: Yes, that is where the Russian-Japanese conference was.

MR. WHITE: Now, the only other point is the holding up of the delegates, which you will take care of as the next move.

Then the only other question, which you answered, but which I wanted to make sure of is, you are not going to talk to Eccles or Jones at this stage.

H.M.JR: No, because if you look up that dispatch, we distinctly told the President that we would consult him, and he came back and said, "I want to be consulted in advance." You look.

MR. WHITE: I will look it up. Well, that is all that has gone forward on this.

We have notified the Russians and the British that it will be sometime in July, and we will notify the Chinese. We got Smith and--

DRAFT OF CABLE FROM THE PRESIDENT TO THE PRIME MINISTER

The publication of the Joint Statement of technical experts recommending the establishment of an International Monetary Fund and setting forth the principles for such a Fund has been deeply gratifying to this Government as marking an important step toward post-war international economic cooperation. Undoubtedly your Excellency and the people of your country have been equally pleased by this evidence of the common desire of the United Nations and the nations associated with them to cooperate in meeting the economic problems of the post-war world.

I now cordially invite your Excellency to send one or more delegates to participate in a formal monetary and financial conference of the United and the nations associated with them to be held in the U. S., beginning July 6, 1944. I am pleased to inform your Excellency that the delegation of the United States to the conference will be headed by the Secretary of the Treasury. I would be grateful if your Excellency, in the event of accepting the invitation, would kindly let me know as soon as possible the names of all members of the delegation of your Excellency's Government.

- 2 -

The purpose of this conference is the formulation of definite proposals for an International Monetary Fund and possibly a Bank for Reconstruction and Development suitable for presentation to their respective governments. It should be understood that the proposals formulated at the conference would not be binding upon the governments represented but would be referred to the respective governments for adoption or rejection.

Because of my belief that the formulation of definite proposals for an International Monetary Fund and a Bank for Reconstruction and Development in the near future is a matter of vital concern to the Governments of all the United and Associated Nations, I am hoping to have your favorable reply at the earliest possible moment.

With the expression of my warm regard, believe me, my dear Mr. Prime Minister,

DRAFT OF LETTER FROM THE PRESIDENT APPOINTING OTHER DELEGATES

My dear Mr. _____:

I am pleased to inform you that I have appointed you a member of the American Delegation, headed by Secretary Morgenthau, which will participate in the monetary and financial conference of the United and Associated Nations to be held at _____, beginning July 6, 1944. A complete list of this Government's Delegation is enclosed herewith.

It is my hope that this conference will formulate for presentation to the participating governments definite proposals for an International Monetary Fund and possibly a Bank for Reconstruction and Development. In the invitation which I extended to these governments to participate in the conference, I stated that the agreement by the conference upon definite proposals will not be binding either morally or legally on the governments represented but will be referred to the respective governments for adoption or rejection. The American Delegation will, of course, be governed accordingly in its discussions and negotiations.

In formulating a definite proposal for an International Monetary Fund, both you and the other delegates will be expected to adhere to the letter and the spirit of the joint statement

- 2 -

of principles for an International Monetary Fund announced April 21, 1944. I have, however, authorized Secretary Morgenthau, as head of the delegation, after consultation with the other delegates, to agree to modifications which, in his opinion, are essential to the effectuation of an agreement and provided that such modifications do not fundamentally alter the principles set forth in the joint statement.

The American Delegation will apply the same principles in its discussions and negotiations with respect to the proposed Bank for Reconstruction and Development except that it will be governed by the principles agreed upon by the American Technical Committee on _____, 1944.

I have instructed Secretary Morgenthau, as the head of the American Delegation to the conference, to act as the principal spokesman for this country and to coordinate the activities and views of the other American delegates.

The responsibility which you, as a member of the American Delegation, will undertake is the responsibility for demonstrating to the world that international post-war cooperation is possible. I am confident that you will do your best to accomplish the purposes of the conference.

Sincerely,

HDW:FS:HMB:AFI:LGA:CRM:JJU'C:lp 5/10/44

**DRAFT OF LETTER FROM THE PRESIDENT APPOINTING
SECRETARY MORSETHAU AS HEAD OF THE AMERICAN DELEGATION**

My dear Mr. Secretary:

I am pleased to inform you that I have appointed you as head of the American Delegation which will participate in the monetary and financial conference of the United and Associated Nations to be held at _____, beginning July 6, 1944. A complete list of this Government's Delegation is enclosed herewith.

It is my hope that this conference will formulate for presentation to the participating governments, definite proposals for an International Monetary Fund and possibly a Bank for Reconstruction and Development. In the invitation which I extended to these governments to participate in the conference, I stated that the agreement by the conference upon definite proposals will not be binding either morally or legally on the governments represented but will be referred to the respective governments for adoption or rejection. You will, of course, be governed accordingly in your discussions and negotiations.

In formulating a definite proposal for an International Monetary Fund, both you and the other delegates will be expected

- 2 -

to adhere to the joint statement of principles of an International Monetary Fund announced April 21, 1944. You, as head of the delegation, are authorized, however, after consultation with the other delegates to agree to modifications which, in your opinion, are essential to the effectuation of an agreement and provided that such modifications do not fundamentally alter the principles set forth in the joint statement.

You will apply the same principles in your discussions and negotiations with respect to the proposed Bank for Reconstruction and Development except that you will be governed by the principles agreed upon by the American Technical Committee on _____, 1944.

As the head of the American Delegation of the conference, you will be the principal spokesman for this country and you will be expected to coordinate the activities and views of the other American delegates. You will, of course, work in close consultation with the Secretary of State.

The responsibility which you, as head of the American Delegation, will undertake is the responsibility for demonstrating to the world that international post-war cooperation is possible. I am confident that you will do your best to accomplish the purposes of the conference.

Sincerely,

NDW:FB:HMB:AFL:CRM:LCA:JJO'C:lv 5/19/44

May 20, 1944
11:59 a.m.

45

HMJr: Hello.

Operator: Mr. Gamble.

Ted
Gamble: Hello, Mr. Secretary.

HMJr: Ted.

G: Yes, sir.

HMJr: Do you feel all right after that little meeting?

G: Yes, sir.

HMJr: Good, I do, too. Ted, I got a letter from Bob Hannegan.

G: Yes.

HMJr: He's writing me -- he says, "I'm wondering whether you have yet had an opportunity to discuss with Mr. Gamble the matter about which I wrote you on April...."

G: Yes.

HMJr: twenty-second."

G: I got the report on it this morning and I'm writing you a memo so that you can send it to Hannegan, because this fellow Roy Vorse has done a good job and we have a Chairman up there named Major Gregory and our Chair -- I sent our Chairman in Pennsylvania out to check on this and he says it's just going to raise cane with them if we try to do anything with this fellow at this stage of the game.

HMJr: You wouldn't want to try to argue with Hannegan direct?

G: Yes, sir. I know Hannegan. I'll be delighted to talk to him.

HMJr: Would you? It would save me a little trouble.

G: It will save your having to correspond on it and save me writing the memo. I'll call him right now.

HMJr: I thank you.
G: Fine. All right, sir.
HMJr: Bye.
G: Bye.

Copies furnished to Mr. Gamble
Mr. Smith

WAR DEPARTMENT
THE CHIEF OF STAFF
WASHINGTON

May 20, 1944.

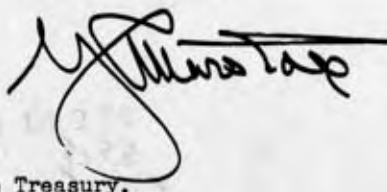
Dear Mr. Secretary:

I have your letter of May 18th asking me to participate in the opening broadcast of the Fifth War Loan Drive. As you know, I have participated in former bond drives both by radio broadcasts and published statements. No one more that I realizes the vital necessity for the successes of these drives and ordinarily I would be glad to do anything that would contribute materially to their success. However, in view of the military plans for the next few months which call for the most intensive operations on all of our fronts, I wish to avoid public statements as well as appearances.

Confidentially, I expect during the summer that demands will be made upon the staff here in Washington, as well as the field commanders, such as we have never experienced before. In view of this, and the tremendous responsibility involved, I must ask you to excuse me from participating in the drive.

I trust you understand my position and hope you will not interpret it as a lack of interest in the tremendously important work of the Treasury Department.

Faithfully yours,



The Honorable,

The Secretary of the Treasury.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Rec'd Lusk
Date
May 20, 1944

TO Secretary Morgenthau
FROM Fred Smith *RS*

Here are your speaking dates on the Fifth War Loan
up to date:

Monday, June 12 - At Texarkana, Texas. Broadcast
probably from 9:00 to 10:00 p.m.
You are scheduled to arrive in
Texarkana late Sunday, June 11.
Broadcast under the direction of
Orson Welles.

Wednesday, June 14 - From the Hollywood Bowl in Los Angeles.
Due to arrive early Wednesday, June 14.
Broadcast under the direction of
Paul Stewart. Optional tour of Los
Angeles Harbor and Coast Guard boat
on morning of Thursday, June 15.
Return immediately to Washington.

Monday, June 19 - From Soldiers' Field in Chicago.
Broadcast under the direction of
Orson Welles.

Wednesday, June 21 - New York City. No broadcast.
Opening of Fifth Avenue as Street of
Nations.

Monday, June 26 - Combination Cavalcade and Treasury
Department broadcast from studio in
New York. 8:00 to 8:30 p.m. Broadcast
under the direction of Arthur Pryor
and Paul Stewart

Tuesday, July 4 - The broadcast in connection with the
Navy celebration. No time nor place
decided upon yet.

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5/22

Copies to: Mr. Gamble
Mr. Smith

Mercury Productions

427 NORTH CANON DRIVE

BEVERLY HILLS, CALIFORNIA

ORSON WELLES

JACKSON LEIGHTER

Mercury Theatre

Mercury Theatre on the Air

Mercury Shakespeare (Harper & Bros.)

Mercury Text Records

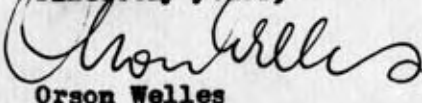
May 20, 1944

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

My dear Mr. Secretary:

This is to thank you for your gracious letter and for the great opportunity your confidence offers me. I'm working night and day on the script for the first broadcast and, of course, the organization job is time-consuming as well. But I'll be in Washington with something on paper for your consideration in the shortest order possible.

Sincerely yours,



Orson Welles

May 20, 1944

My dear General Somervell:

I am very much interested in the "Outline For Victory" and the "SOP" which you sent. It looks as though you have the job well organized.

I am sending the books along to the War Finance Committee because there may be an idea in them that we would do well to adopt for our own purposes.

Sincerely,

(Signed) H. Morgenthau, Jr.

Lieut. General Brehon Somervell
Commanding
Army Service Forces
Pentagon Building
Arlington, Virginia

FS:alf

(Note: Booklets turned over to Mr. Smith)

ARMY SERVICE FORCES
OFFICE OF THE COMMANDING GENERAL
WASHINGTON 25 D C

SPCG

12 May 1944

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

Dear Mr. Morgenthau:

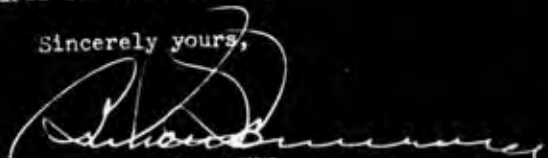
It is believed that it will be of interest to you to learn of the arrangements which are being made for handling the War Bond drives in the Army Service Forces. A great deal of interest is being displayed in these drives, not only in my headquarters here in Washington, but also throughout the Army Service Forces organization which covers the entire United States. We propose to handle the War Bond drives through our decentralized Service Command organization.

For your information, there is inclosed herewith, a small pamphlet entitled "Outline for Victory, Service Command War Bond Council, Army Service Forces", which was prepared for the guidance of the War Bond officers, and a pamphlet entitled "S O P (Standard Operating Procedures), Service Command War Bond Council", which outlines standard operating procedures, which we believe will insure uniformity in organization, training, promotion, reporting, and which will produce increased sales of bonds throughout the Army Service Forces.

We anticipate that the results attained in the next War Bond drive will be very gratifying.

With kindest regards and best wishes,

Sincerely yours,



BREHON SOMERVELL
Lieutenant General
Commanding.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE MAY 20 1944

TO Secretary of the Treasury
FROM General Counsel

A synthetic drug was invented by two employees of the Public Health Service while that activity was a part of the Treasury. An application for a patent was filed. Thereafter, the Public Health Service was transferred to the Federal Security Agency. Later, as a result of the application, patent No. 2,234,981 was issued to the Government of the United States as represented by the Secretary of the Treasury.

The Abbott Laboratories has a non-exclusive license under the patent. The license was granted, upon the recommendation of the Department of Justice, in settlement of interference proceedings which developed during the pendency of the application. Abbott Laboratories has requested a modification of the existing license arrangement.

The Department of Justice and the Federal Security Agency concur in my opinion that:

First: The administration of this patent is not among the duties and responsibilities of the Secretary of the Treasury,

Second: The nomination of the Secretary of the Treasury as representative of the Government in the application and in the letters patent is to be construed as amended by Reorganization Plan No. I, which transferred the Public Health Service to the Federal Security Agency.

Third: The records in the Patent Office should be amended to show the Federal Security Administrator rather than the Secretary of the Treasury as representative of the Government.

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Fourth: The amendment can be accomplished by completing and filing the attached form captioned "Confirmation of Transfer of Authority".

When the Patent Office records are amended accordingly, the Federal Security Administrator will be in a position to make such an arrangement with Abbott Laboratories as may be deemed feasible and proper. I, therefore, recommend that you sign the attached form.

Joseph J. O'Connell

CONFIRMATION OF TRANSFER OF AUTHORITY

WHEREAS, SANFORD M. ROSENTHAL and HUGO BAUER, employees of the U. S. Public Health Service, on January 27, 1938 made application for U. S. Letters Patent, Serial No. 187,216, for a new and useful improvement in Formaldehyde Sulphoxylate Derivatives of Diphenyl-Sulphides, -Disulphides, - Sulphoxides, and -Sulphones, and Methods of Production, which application eventuated into Patent No. 2,234,981, granted March 18, 1941, to the Government of the United States, as represented by the Secretary of the Treasury, and

WHEREAS, by assignment from the applicants to the Government of the United States executed and acknowledged January 19, 1938, and recorded in Transfers of Patents at Liber S-173, page 38, on January 27, 1938, the administration and control of the patent on behalf of the United States was reposed in the Secretary of the Treasury, and

WHEREAS, the Public Health Service was, on January 27, 1938, a part of the Treasury Department, and

WHEREAS, by Reorganization Plan No. I (53 Stat. L. 1423), prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, April 25, 1939, pursuant to the provisions of the Reorganization Act of 1939 (ch. 36, 53 Stat. L. 561, approved April 8, 1939) and which became effective July 1, 1939, by virtue of the Joint Resolution of June 7, 1939

(ch. 193, 53 Stat. L. 813), the Public Health Service was transferred from the Treasury Department to the Federal Security Agency, and

WHEREAS, Part 2, Section 205, Subsection (b) of said Reorganization Plan No. I (53 Stat. 1425) provides:

(b) All the functions of the Secretary of the Treasury relating to the administration of the Public Health Service, except those functions relating to the acceptance and investment of gifts as authorized by sections 23(b) and 137(e), title 42 U.S. Code, are hereby transferred to, and shall be exercised by, the Federal Security Administrator.

NOW, THEREFORE, in conformance with said plan, act and resolution, the Secretary of the Treasury hereby confirms and formally transfers to the Federal Security Administrator his entire authority to represent the Government of the United States in all matters pertaining to the ownership, administration and control of the aforesaid letters patent No. 2,234,981.

Dated this day of 1944, at
Washington, District of Columbia.

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Attest:

Chief Clerk

Approved:

Acting Federal Security Administrator

89

MAY 20 1944

Dear Mr. van den Broek:

This will acknowledge your letter of April 18, 1944, confirming that the exchange rate between the Netherlands guilder and the British pound sterling to apply from the day of the entry of Allied troops into the Netherlands has been fixed at 10.691 guilders to 1 pound sterling.

On the basis of this rate the exchange rate between the Netherlands guilder and the American dollar will be 2.6496 guilders to the dollar or approximately 57-7/10 United States cents to the guilder at a crossrate of \$4.035 to 1 pound sterling. I have noted your statement that your Government would have to reconsider this exchange rate for the Netherlands guilder if a long time elapses before the landing of the Allied troops or in the event of a marked deterioration in the economic situation of the Netherlands before the landing.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Honorable J. van den Broek,
Netherlands Minister of Finance,
Pimms Hall,
St. Winchester Street,
London, E. C. 2.

EDW:WHT:ke 5-19-44

MINISTERIE
VAN FINANCIEN

(Royal Netherlands Treasury)

Tel: LONDON Wall 2027

36257

PINNERS HALL

67. WINCHESTER STREET,

LONDON, E.C.2

Private and Confidential.

18th April, 1944.

Dear Mr. Morgenthau

I now have pleasure in confirming to you that the Netherlands Government have decided to fix the exchange parity of the Netherlands guilder as from the day of the entry of the Allied troops into the Netherlands at £1. 0. 0 = 10.691 guilders.

As you are aware, some time ago the Belgian and Netherlands Governments concluded a monetary agreement. In conformity with this agreement, the exchange parity between the Belgian franc and the guilder is 1.00 Belgian franc = 0.0653 guilder, which works out at an exchange parity of 176.625 Belgian francs to the £.

It goes without saying that if a very long time elapsed between now and the landing of the Allied troops, or if the volume of quite unforeseen destructions wrought in the Netherlands before the landing were so much beyond expectations that it would have a marked detrimental effect on the economic situation of our country, my Government would have to reconsider such a parity.

the Honourable
Henri Morgenthau, Jr.,
Secretary of the Treasury,
Treasury Department,
WASHINGTON, D.C.

J. van den Broek
J. van den Broek
Netherlands Minister of Finance.

Report of War Refugee Board
for Week of May 15 - 20, 1944

SITUATION IN HUNGARY

According to a communication from the American Consulate General in Istanbul, representatives of Jewish refugee organizations there report that reliable evidence is available to indicate that the extermination of Jews in Hungary along Polish patterns will begin in the near future. Certain suggestions advanced by these organizations in an effort to halt such extermination have been forwarded to us by the Consulate and are now under study.

In a cable from the U. S. Embassy in London we have been advised of the substance of a report received by the London office of the Jewish Agency for Palestine from that organization's headquarters in Geneva. This report detailed recent anti-Semitic measures in Hungary and urged a step that we have already undertaken, namely, that an attempt be made to warn the people and officials of Hungary by means of radio broadcasts against receiving confiscated property and against aiding in carrying out comparable decrees.

In pending cables to Madrid, Lisbon, Ankara, Bern, and Stockholm, we are indicating this Government's grave concern over measures looking toward the mass extermination of Jews in Hungary. Our Missions are being asked to request the authorities of the various governments to which they are accredited to obtain as soon as possible detailed information from their missions in Budapest concerning the treatment of Jews in Hungary. We are also asking Tittmann, our representative at the Vatican to approach Vatican authorities with a view to obtaining such information through the Nuncio and clergy in Hungary.

Since the lives of some 800,000 persons in Hungary may well depend on the restraint resulting from the mere presence in that country of the largest possible number of foreign observers, we are also asking our Missions in Madrid, Lisbon, Ankara, Bern and Stockholm to make representations designed to induce the various governments to which they are accredited to take immediate steps to expand their respective diplomatic and consular staffs in Hungary and to distribute such personnel as widely as possible throughout the country. Such diplomatic and consular representatives would, it is hoped, use all means available to them to persuade individuals and officials to desist from further barbarisms.

In another cable to Minister Harrison and Board Representative McClelland in Bern we are asking that the International Red Cross be advised of the persistent reports reaching us with respect to the systematic mass extermination of Jews in Hungary. Harrison and McClelland are being asked to convey to Intercross the urgent hope of this Government that the special delegation previously requested will be sent to Hungary immediately. Failing this, we are asking that Intercross be advised of our conviction that an immediate enlargement of the Intercross delegation in Budapest and throughout Hungary, especially in the localities in which Jews are being concentrated, is an elementary humanitarian obligation of that organization.

SITUATION IN SLOVAKIA

Minister Harrison has advised us from Bern of a report reaching him from Bratislava to the effect that the civil administration of eastern Slovakia has now been placed under the jurisdiction of the Slovak War Minister. This report also indicated that military authorities are deporting Jews from many declared military areas in Slovakia.

RELATIONS WITH OTHER GOVERNMENTS

A. United Nations

1. Belgian Government-in-Exile

According to word received through our Embassy in London, although the Belgian Government-in-Exile has already instructed all Belgian missions to cooperate fully in our refugee rescue and relief operations, the Belgian Foreign Office has indicated that, in response to our recent request,

- 3 -

it will communicate again with its Legation at Lisbon in order to insure complete cooperation on the part of the Belgian Convention there in connection with the evacuation to Portugal of refugees from occupied territories.

2. India

In a communication from our Mission in New Delhi it has been suggested that in view of the fact that the Indian Government recently forwarded to us a somewhat guarded statement of its refugee policy, it would be inappropriate at the moment to propose that India now issue a declaration of policy similar to that made by this Government upon the creation of the Board. Instead, it was suggested that inquiry might be made as to whether, in case the liability for 8,000 Poles suggested in the Indian Government's statement does not materialize, India would be prepared to accommodate a comparable number of other European refugees.

3. China

The Chinese Minister for Foreign Affairs, in response to the approach made by our Embassy in Chungking, has now formally pledged the complete support of the Chinese Government in our efforts to rescue and care for the victims of enemy oppression. Full protection was promised the Jews and other minority peoples of Europe "who have been rendered homeless and wandered to China." Particularly gratifying to the Chinese Government was the mention of rescue and relief for "other victims of enemy persecution," including the victims of Japanese oppression.

B. Neutrals

1. Switzerland

We have received a report from Board Representative McClelland in Bern with respect to his activities there. In addition to urging continued assistance to reliable relief organizations in Switzerland, McClelland suggested that if possible all publicity with respect to the progress made by such organizations be avoided, inasmuch as publicity might compromise the aid which neutral authorities, such as the International Red Cross and Swiss officials might be prepared to lend to rescue and relief operations from Switzerland.

- 4 -

According to McClelland's report, fairly close contacts have now been established with respect to the situation of refugees in France. McClelland indicated that he hopes to forward to us shortly reliable reports on the plight of Jews and other endangered refugees in Hungary and northern Italy, along with suggestions as to possible rescue and relief measures.

2. Portugal

Detailed reports have been received from Board Representative Dexter in Lisbon with respect to the refugee situation in Portugal, including an account of his dealings with the Portuguese representatives of various private rescue and relief agencies. These reports are now being studied by the Board.

3. Sweden

In response to the report from Board Representative Olsen in Stockholm indicating a sympathetic attitude toward the Jewish situation on the part of the new Bulgarian Minister to Stockholm, we are forwarding a detailed account of the manner in which Board Representative Hirschmann in Ankara handled a similar situation with respect to both the Rumanian and Bulgarian Ministers to Turkey.

A direct approach by Olsen to the Bulgarian Minister in Stockholm is proposed, along the lines of Hirschmann's interview with the Bulgarian Minister in Ankara. We are suggesting that in such an interview it could be pointed out that Bulgaria's failure to reply to the telegram and memorandum sent by the Bulgarian Minister in Ankara, as a result of the Hirschmann interview, has created an unfavorable impression on this Government. It is being suggested that the Bulgarian Government again be warned that such action will be taken into account in the final reckoning, for it is indicative that Bulgaria has not yet determined to turn its back on the Nazi ideology of race and minority persecution.

We are also asking that the possibility of an orderly evacuation of refugees from Bulgaria to Turkey, by land and by sea, be thoroughly canvassed.

- 5 -

In another communication to Stockholm we are indicating that the matter of financing activities of the two Swedish relief committees reportedly in need of funds has been discussed with several American organizations. Olsen is being advised of the feeling here that relief and rescue activities with respect to refugees in Rumania, Slovakia, Hungary and southern France can most effectively be handled from Switzerland, to which large sums are already being remitted regularly from this country. We are indicating, however, that certain American organizations are interested in the possibilities of accelerating rescue and relief work from Sweden in Poland and the Baltic area, and that funds will be available from these groups for such activities. Olsen is being asked to report on the possibilities and the amount needed in this connection.

Reports have been received from two private organizations in Sweden, through Olsen in Stockholm, with respect to the situation of Jews in Sweden and with respect to the position of stateless refugees in that country.

Even before the war began, Sweden is said to have supplied refuge for some 3,000 Jewish refugees. In 1942 nearly half of Norway's 1500 Jews are reported to have reached Sweden, the balance having been deported to Germany. In 1943 thousands of Danish Jews arrived.

Conditions in Sweden are said to make it possible for many refugees to obtain employment. Although the Jewish population has trebled in the past few years, little anti-Semitism is reported. The Swedish Government is described as having "constantly shown great understanding and given extensive cooperation" to private Jewish relief societies. Many non-Jewish organizations are also said to have been of great assistance.

RESCUE AND RELIEF PROJECTS

A. United Yugoslav Relief

The International Red Cross has proposed that relief be provided for some 1200 Jews interned in three camps in Yugoslavia. Intercross plans to distribute two food parcels per internee per month. Negotiations in Portugal as to price and types of products have already begun and are

- 6 -

expected to be concluded by an InterCross representative on the spot. Distribution is to be made through the Jewish community of Zabreg, which has aided these people to date and which apparently has access to the camps under InterCross supervision.

United Yugoslav Relief has been asked to finance the sending of these food parcels from Portugal, and we are now endeavoring to work out such arrangements.

B. Evacuation of Abandoned Children from France to Switzerland

We have been advised by Board Representative McClelland that to date, none of the 4,000 U. S. visas recently authorized by this Government have been issued to refugee children in Switzerland. Protracted investigations on the part of the organizations responsible for child refugees in Switzerland, for the purpose of determining eligibility for overseas emigration, are cited as one reason for the delay. In connection with efforts to obtain information as to the whereabouts of each child's near relatives, one question said to be causing concern is the advisability of certifying for emigration children whose parents have been deported to the east but who cannot at the same time be considered as deceased. It was indicated that in some cases the question therefore arises as to whether it would not be more advisable to plan for a waiting period after the cessation of hostilities, or until it can be determined whether the parents are still alive and in Europe. McClelland indicated that all children unequivocally eligible for emigration to the United States can begin receiving their visas as soon as the investigation of individual cases from this angle is completed.

Approximately 3500 refugee and emigrant children under 16 years of age, who arrived prior to 1944, are reportedly in Switzerland at the present time. McClelland stated that only about 700 to 1,000 of these children, however, can be considered as "abandoned" because of the death, deportation or disappearance of parents, and therefore eligible for part of the 4,000 U.S. visas. About 350 parentless Jewish children under 16 are said to have entered Switzerland clandestinely from France between January 1 and May 4 of this year. Approximately 125 more child refugees are reported to have entered Switzerland with parents or relatives. It is said to be progressively more difficult for rescue organizations to bring children within striking distance of the Swiss border,

- 7 -

however, since all movements of persons in France are now strictly controlled. McClelland stated that, for this and other reasons, it is doubtful if the number of children eligible from U. S. visas and able to reach Switzerland by July of this year will reach 600.

Inquiry was made as to whether it would be possible, in view of the small over-all number of refugee and emigrant children now in Switzerland and apparently eligible for U. S. visas, to consider our visas as available to all of them, rather than just to those who have entered the country since January 1.

1. Cuba

In a pending airgram to the U. S. Embassy in Havana, we are advising Ambassador Braden that, in response to his suggestion, we have obtained a commitment from the American Jewish Joint Distribution Committee to guarantee the maintenance of 1,000 refugee children who may be admitted to Cuba in accordance with the suggestions we have made to various Latin American countries. Such a program would actually be carried out by the Havana Joint Relief Committee.

2. Dominican Republic

In a cable to the Dominican Republic, we have asked our Mission to convey to the Dominican Foreign Office this Government's sincere appreciation of the Dominican Republic's offer to accept and provide maintenance for from 1,000 to 2,000 refugee children up to 16 years of age. We have also requested that our Mission ascertain whether or not the Dominican Foreign Office has instructed its mission in Bern to notify the Swiss Government of this offer. In the event Switzerland has not formally been notified, we have asked that the Dominican Foreign Office be requested to do so.

3. Ecuador

In a communication from Ecuador it has been indicated that our proposal with respect to guarantying visas for refugee children escaping to Switzerland has now been referred by the Foreign Minister to the Ecuadorian President. A decision on the matter is expected shortly.

- 8 -

4. Chile

In a cable from Santiago we have been advised that the Chilean Foreign Office has likewise reported that consideration is being given to our suggestion that Chile guarantee visas for child refugees reaching Switzerland. A definite reply has been promised as soon as the necessary study can be made.

C. Rescue of Christian Refugees from France

In view of the urgent request of Hugo Cedergren, who conferred with Board Representative Olsen in Stockholm, the American Committee for Christian Refugees has, upon our recommendation, been authorized to send an additional \$25,000 to Geneva for rescue work in France.

D. Evacuation to and through Turkey

Ambassador Winant has informed us from London of the receipt by the British Ministry of Economic Warfare of a notice from the Swedes to the effect that the "S.S. Bardalanda" is being withdrawn from Greek relief operations and on May 18 intends to leave Piraeus bound for Lisbon on her way back to Sweden. Winant reported that, because of our expressed interest in the use of the "Bardalanda" for purposes of refugee evacuation in the Black Sea area, acceptance of the Swedish notice is being temporarily withheld by the British. Winant asked that he be advised immediately as to the status of our negotiations with Sweden with respect to the possible use of this ship, in order that the British may act accordingly.

In reply we informed Winant that although we have not yet succeeded in arranging for chartering the "Bardalanda," MERV should be urged to withhold acceptance of the sailing notice pending our receipt of a final reply from Stockholm.

In a pending cable to Stockholm we are indicating that if the Swedish Government agrees to charter the "Bardalanda," it would be our intention to have the ship proceed to Istanbul to be fitted with the necessary passenger accommodations. From Istanbul the "Bardalanda" would proceed to Constanza, where there are a large but unknown number of refugees.

- 9 -

available for evacuation. We have indicated our desire to have the "Bardalanda," after embarkation of refugees at Constanza, proceed to Istanbul, where we would accept responsibility for arranging for the passengers' care until such time as they could proceed by rail to Palestine. In this connection we have asked Olsen to forward information as to the number of passengers the "Bardalanda" can carry after being fitted with passenger accommodations.

We are also asking Minister Johnson and Olsen whether they consider it more likely that the German Government would consider favorably a safe-conduct request by the Swedish Red Cross or by Intercross, for a ship chartered to either of these organizations rather than to the Board. If this should prove to be the case, we are indicating that we would agree to reimburse the Swedish Red Cross - or failing in that, Intercross - for all expenses incurred as a result of assuming the charter obligation. Olsen has been asked to conduct the necessary negotiations with the Swedish Red Cross or Intercross. To avoid delay, we are asking that the Swedish Government be requested to approach the German Government immediately for permission to divert the "Bardalanda" and for the necessary safe-conduct.

E. Rescue of Norwegians

Minister Johnson has advised us from Stockholm of further discussions with representatives in Sweden with respect to plans for operations under the Treasury license issued to American Relief for Norway. Certain operations were said to be under way at the present time with the limited funds available, including the provision of medicine, shoes, clothing, and food to persons inside Norway. About 1,000 persons awaiting transportation across the border are reportedly being kept in hiding in Norway. It was indicated that when this "bottleneck" group has been removed, many others can be evacuated.

An initial remittance of \$50,000 has been sent to Sweden for these operations. Additional financing has urgently been requested, however, and we are now working on the transfer of such additional funds.

- 10 -

F. Evacuation of Refugees from Finland

Minister Gullion has advised us from Helsinki of Finnish newspaper reports with respect to the evacuation from Finland of the 106 Jewish refugees from central Europe to whom Sweden has, at our request, granted visas. A number of these refugees are reported already to have arrived in Stockholm.

In an interview published in another Helsinki newspaper one prominent Finnish Jew is reported to have stated, in connection with the evacuation of these refugees, that the treatment of Jews in Finland in itself gives no cause for worry. Finland, according to this Jewish spokesman, is the only country fighting with Germany against Russia that has introduced no anti-Jewish laws.

G. Latin American Passports

In a cable to Madrid the State Department has indicated that in the list of nationals of the United States and other American republics approved by the Germans for exchange against a group of 60 Germans from the United States being repatriated on the "Gripsholm," there are included, contrary to previous recommendations, alien relatives of American citizens as well as persons bearing Latin American passports whose nationality has not yet been established. Ambassador Hayes has been advised that authorization for embarkation on the "Gripsholm" is to be granted only to those individuals from the list who are bona fide nationals of the American republics and whose status has been clearly established upon their arrival at Barcelona. With respect to such bona fide nationals and to alien relatives of American citizens, Hayes has been informed that non-immigrant visa requirements for all passengers not in possession of appropriate visas are being waived. After their admission on a temporary basis, those persons coming to this country as immigrants will be admitted as non-immigrants and will be able to arrange later for immigration visas. Admittance is to be granted only in transit to those aliens who are on their way to other destinations in the western hemisphere.

Inasmuch as both Nicaragua and the Dominican Republic have already indicated that admittance will be denied to certain bearers of documentation issued in the name of those two countries, and since authorization has not as yet

- 11 -

been granted for the admission of certain individuals to other Latin American countries, the State Department has indicated that authorization for embarkation on the "Gripsholm" of such individuals on the list cannot be granted. Until these particular refugees can be included in a transfer to Camp Lyautey in North Africa, Hayes has been instructed to arrange through David Blockenstaff to provide for their care at our expense.

In another communication to Madrid, now pending at State, we are advising Hayes that instructions received by him in connection with the "Gripsholm" exchange in no way modify our policy with respect to persons holding passports or other documents issued in the names of Latin American countries. Hayes is being informed that all such persons are deemed by this Government to be eligible for exchange, although unquestioned citizens of such countries are considered to be entitled to priority.

1. Colombia

In response to the inquiry from our Embassy in Colombia with respect to certain notes which the Polish Minister there proposed to dispatch, we are indicating our entire sympathy with his proposal that the Governments of Colombia, Venezuela, and Ecuador be asked to issue public declarations of their willingness to accept interned citizens of their respective countries in exchange for German nationals now in Colombia, Venezuela and Ecuador.

Copies of the circular airgrams previously despatched in this connection to other Latin American countries are also being repeated to our Embassy in Colombia for its information and action.

2. Costa Rica

In a cable from our Embassy in San Jose we have been notified the Costa Rican Government has now formally agreed to uphold the validity of all Costa Rican passports held by persons whose lives may otherwise be in danger. It was indicated that such persons may also be declared eligible for exchange, on the understanding that Costa Rica will not be expected physically to admit them.

- 12 -

3. Cuba

In a proposed airgram to our Embassy in Havana we are indicating our concern over the report that the Cuban Government would be "unable" to extend its protection in the event the German Government challenges the validity of certain of the passports issued in the name of Cuba. We are asking that Ambassador Braden approach the Cuban Government again on this score, as well as with respect to taking the affirmative actions previously requested. Cuban officials are also to be advised that in any exchange negotiations that may be entered into, it is of course understood that unquestioned citizens of Cuba will be considered by this Government as being in a category entitled to priority over others.

4. Ecuador

We have been advised by the U. S. Embassy in Quito that the Ecuadorian Minister for Foreign Affairs has indicated that his government is in full agreement with our proposals with respect to the recognition of Ecuadorian passports held by internees in Axis territory, and with respect to supporting the proposed exchange negotiations. It was reported that Ecuador is sending a telegram to the German Government, through the Swiss Government, requesting that the rights of such persons claiming Ecuadorian nationality be safeguarded. With respect to the proposed exchange negotiations, inquiry was made as to what country would bear the expense of the exchange. Consul Gantebein has reported that he replied it was his understanding that the United States would bear all of the expense insofar as the American republics are concerned.

5. Guatemala

Ambassador Long has advised us that, following a confidential discussion with the Minister for Foreign Affairs, entire agreement was indicated with our policies. Long indicated that the Government of Switzerland, as the protecting power for Guatemalan citizens, would be requested by the Guatemalan Foreign Office to assert the rights granted to interned civilians in conformity with the Geneva Convention.

- 13 -

It was anticipated that this request would be made through our Embassy in Guatemala. The Foreign Office is also said to have indicated that if it should be suspected that any of the passports were incorrect, the Guatemalan Government would maintain its right to cancel or invalidate them, but that it would take such action only after the bearers had reached places of safety. Agreement to the proposed exchange negotiations was on the basis of the understanding that the bearers of such passports who are not desirable as immigrants to Guatemala would not be admitted there.

6. Nicaragua

According to an airgram from our Embassy in Managua, the Nicaraguan Foreign Office has listed certain of its nationals to whom it proposed that priority be granted in the proposed exchange of holders of Latin American documents against German nationals in the western hemisphere. The Nicaraguan Government is also reported to have consented to support the exchange of other internees in occupied Europe, but presumably on the basis of our assurances that these persons will not actually reach Nicaragua.

7. Paraguay

In a pending cable to Ambassador Frost we are indicating our gratification over the informal agreement with our policies recently expressed by the Paraguayan Foreign Minister. We are also asking that efforts be continued to obtain more affirmative action with respect to supporting the proposed exchange negotiations and with respect to inducing Paraguay to request that Germany honor all documents issued in the name of Paraguay.

8. Uruguay

In a cable from Montevideo we have been informed that the Government of Uruguay has expressed its readiness to cooperate fully in passport recognition and in support of the proposed exchange of internees.

- 14 -

H. Reinstatement of Turkish Citizenship to Refugees in France

Ambassador Steinhardt has reported to us the substance of a recent conversation with the Turkish Minister for Foreign Affairs, in which the Turkish Minister was again urged to do everything within his power to stay the deportation from France of Jews claiming Turkish nationality. Although a considerable number of Jews claiming Turkish nationality have already arrived in Turkey, the Turkish Minister stated that their Ambassador's position in dealing with the authorities in Vichy was "none too advantageous," since over 90 percent of the Jews in France claiming Turkish nationality allegedly "have not the remotest claim thereto," their ancestors in many instances having left Turkey many years ago.

I. Recognition of Portuguese Jews in Greece

Minister Norweb has reported from Lisbon that it is difficult, at the moment, to press the Portuguese Government further on the matter of extending recognition to Sephardic Jews in Greece claiming Portuguese citizenship. Norweb has indicated that if all registered Jews are now in Thereisenstadt, as certain reports would indicate, it would be difficult if not dangerous for the Jews themselves if the Portuguese Government were to intervene in behalf of unknown claimants to Portuguese nationality who are now in hiding. It was indicated, however, that efforts to obtain agreement to repatriation in principle would be continued, and that this might apply to claimants in Thereisenstadt, if obtained.

(Signed) J. W. Pehle

J. W. Pehle
Executive Director

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Mission, Algiers
TO: Secretary of State, Washington
DATE: May 20, 1944
NUMBER: 1668

CONFIDENTIAL

Following is from Murphy and Smith.

We received the Department's confidential cable to Barcelona dated May 16, No. 33, in badly garbled condition, and it was not decoded and delivered to me until one hour before the GRIPSHOLM sailed on the 19th from Barcelona. The Embassy informed me at the same time that the necessary assurances had been given by the government of Spain that 23 Germans would be held in Spain.

In view of the cable from Ambassador Hayes in Madrid stating that he was strongly opposed to any refugees remaining in Barcelona, and in view of the Department's instructions for the GRIPSHOLM to sail on the 19th upon receipt of appropriate assurances from Spanish Government, no refugees were disembarked from the GRIPSHOLM. The Zwillenberg (Zwillenberg) family and Otto William Strauss and his wife appear to be genuine refugee cases and an attempt is being made through the War Refugee Board representative to have them disembarked at Algiers. We would like to know if the Department approves their disembarkation here. We request an urgent urgent reply.

We are cabling separately information concerning doubtful cases.

BCR:VAG:HL 5/22/44

CHAPIN

PASAPORTS OF FELISMAN RECEIVED

FROM American Representative, Legation

FOR Secretary of State, Washington

DATED May 20, 1944

NUMBER 1669

SECRET

From Murphy and Smith.

Reference is made herein to my cable of May 20, No. 1668.

Passport and citizenship information obtained from interview with individuals is submitted herewith, as follows:

Alexander Schweitzer y Quiroga. Born Mexico City May 8, 1919, of German father and Mexican mother. His father, Leo Schweitzer, lived in Mexico from 1905 until his death in 1927, and his mother, Consuelo Quiroga, now resides in Mexico City at Calle de Duranillo 46. He is bearer of Mexican passport No. 8, issued at Berlin June 26, 1942, by the Swiss Legation.

Bruno Hochs-Bandorl. This subject was born in San Salvador, October 8, 1918, of German father and Salvadoran mother. Mother, Eva Bandorl, resides Metzapas. Department of Santa Rosa. His father was born in Germany August 9, 1886, place unknown, and from 1911 to 1928 resided in El Salvador. Since 1928 subject has lived in Colagua with father and three sisters. Stating that he and three daughters were proceeding to Lisbon and thence to El Salvador, he received letter from his father dated Madrid, March 29, 1944. He alleges that a Colonel Bogado in Salvadoran Foreign Office is assisting his mother in obtaining entry of his father. While his father and sisters were free, he has been interned at Pittingning for the past 28 months. An undated Salvadoran passport, issued by the Salvadoran Consulate General at Geneva, is in his possession.

Glennine Miller Polry. This subject is the wife of Isidoro Polry and is the bearer of a Belgian passport, issued at Brussels on May 6, 1944, No. D-092.

Bernard Swillenborg. Dutch. Honorary Nicaraguan Consul at Betteman. This subject is the bearer of Nicaraguan passport No. 2/1945 including two children and wife, issued for travel "to all countries of the world" by M. Lifschitz. Nicaraguan Consul Switserland, on April 15, 1943. Separate passport, issued by same Consul on August 6, 1943, are possessed by wife and two children. Two documents, one dated January 10, 1939, and the other June 2, 1941, allegedly issued by Nicaraguan Secretary of State, Antonio Barquero, were in his possession. That both documents were sent to enable him to proceed to Nicaragua is claimed by him.

Marie Barretto.

Marie Barreto. Father, Andres Barreto Mesa, resides Calle Calles 3 42, Yca, Peru. From 1938 to 1941 he studied medicine in Germany. Since 1941 imprisoned and or interned. He is bearer of passport No. 68/415, issued by the Peruvian Consul at Hamburg September 6, 1939. He was born September 24, 1917, in Hamburg of Peruvian parents.

Julie Eisold de Valdes (Julie Eizyld de Valdes), born in Germany October 10, 1894, of Peruvian father and German mother. Parents both deceased. Her father, Juan German Valdes was born July 13, 1860, in Arelio. When an infant the subject visited Peru with his parents. He alleges that his father returned to Germany about 1897, where he resided until his death without returning to Peru. Since infancy subject has not been to Peru. He claims that the boy took up Peruvian passport in September, 1943. Has cousin, Sam Stern, Hotel Warwick, Sixth Avenue and Fifty-fourth Street, New York City and brother, Carlos de Valdes, residing 7250 Hillside Avenue, Hollywood, California. He is desirous of residing in the United States and claims that he is not fed up. In conversation he appears to be anti-Peruvian. Will transmit additional information.

Otto William Struss. This subject was born in Germany in 1892 and has naturalization certificate No. 104, issued by the Ministry of Government at Managua, March 2, 1931. From 1913 to 1921 he has been a resident of Cayr Genolas a Diaz, Nicaragua and is holder of passport No. 3/1938, issued February 10, 1938, by Nicaraguan Consul General, Hamburg. His wife, Regina Marie Kutz, was born September 18, 1892, in Frankfurt, and who is bearer of passport No. 19401, issued February 20, 1940, by Jose Vigorena, Nicaraguan Consul General at Amsterdam.

The Germans (Germans) and Grunsteins were interviewed by Miss Rodriguez, who is Secretary of the Costa Rican Legation, and who has transmitted to San Jose full particulars by cable.

Prior to the departure of the vessel, the Peruvian Consul Bardeor did not make an investigation of the status of his nationals.

CHAPTER

AIRGRAM TO AMERICAN EMBASSY, HAVANA, CUBA

Department and War Refugee Board appreciate information contained in your A-968, and are pleased to learn that the question of validity of passports at issue will not (repeat not) be raised by Cuban authorities during the period of the war.

It is felt, however, that the critical nature of the situation makes it vital that the documents in question be upheld in case their validity is challenged by Germany. Therefore, please urge the Cuban government to take the affirmative actions outlined in Department's A-738 of May 3, and to uphold its attitude in face of possible German challenge.

Department and Board can perceive no (repeat no) way in which these measures would endanger the position of bearers of regularly acquired documents. Moreover, please advise Cuban officials that in any exchange negotiations that may be entered into, it is of course understood that unquestioned citizens of Cuba will be considered by this Government as being in a category entitled to priority over others.

Your attention is again drawn to the assurances given in Department's circular airgrams of March 31 and April 11 and to stand taken by this Government regarding refugees claiming American citizenship as outlined in circular airgram of May 11.

In view of the imminent danger in which the persons concerned find themselves, you are requested to urge speedy action. Please advise Department of any developments.

May 20, 1944

11:35 a.m.

Wakins:ELSmith/gp 5/18/44

CABLE TO AMBASSADOR FROST, ASUNCION, PARAGUAY

Department and War Refugee Board gratified results reported in your A-139 of April 22. Please continue your efforts to obtain favorable action on the two points indicated therein, viz. approval of negotiations by the United States with Germany for exchange, and a request by Paraguay to Germany to honor all documents issued in Paraguay's name.

Kindly advise Department of progress.

May 20, 1944
11:35 A. M.

Baksin:jp 5/18/44

AIRGRAM

FROM

Asuncion

Date: May 20, 1944.

Rec'd: May 27 8 a.m.

STRICTLY CONFIDENTIAL

The Secretary of State,
Washington.
A-185, May 20, 9:15 a.m., 1944.

With reference to my airgram No. 148 of April 29, 10 a.m., and the Department's circular airgram No. 135, May 1, 4:40 p.m., I have the honor to report that a Note was drafted by the Paraguayan Foreign Office on May 9 to the Spanish Charge d'Affaires in Asuncion, after repeated inquiries by me, with regard to the fate of the holders in German concentration camps of Paraguayan passports. Unfortunately the Note dealt again with the legal situation created by the existence of those passports more than with the danger in which their holders were found. Accordingly I arranged, through Third Secretary Henderson, to have the Paraguayan Undersecretary of Foreign Affairs redraft the communication so that the latter should consist solely of a firm admonition to the German Government. The former Undersecretary informed me on the 11th that he had sent the Revised Note; and the new Undersecretary stated yesterday in the presence of the Foreign Minister that he had just despatched such a Note over his own signature. Which ever official signed the Note, it seems reasonably certain that a fairly sharp warning has thus been conveyed to Germany; but efforts will be continued to secure an actual copy of the communication.

The Department will have in mind the anxiety of the Foreign Minister to secure a reply regarding the case of the Macke sisters and regarding the possibility of including Dutch nationals in any exchanges of prisoners.

FROST

848.
WF/ajl

CABLE TO MINISTER NORWEB AND DEKTER, LISBON, PORTUGAL

This Government gravely concerned by reports of measures looking to mass-extermination of Jews in Hungary.

Please request Portuguese authorities to obtain as speedily as possible detailed information from Portuguese mission in Budapest concerning treatment of Jews in Hungary and to inform you of results of inquiry. Advise Department of results without delay.

THIS IS WEB LISBON CABLE NO. 30

May 20, 1944
2:30 p.m.

ISL:cc:ria:ls

5/20/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Lisbon
DATED: May 20, 1944
NUMBER: 1431

CONFIDENTIAL

Following message from J. W. Fehle, War Refugee Board to Minister Herweb.

On basis of your 1337 approving our 1208 we made commitment to Eleanor Widen on salary and per diem figures. Difficult if not impossible to change terms of offer at this time. We feel \$2000 salary and \$7 per diem fully justified, particularly in view of emergency nature of work and probability of relatively short duration. Would appreciate your reconsideration and approval as originally proposed.

THIS IS WEB CABLE TO LISBON NO. 26.

HULL

DSH-646

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

Lisbon

Dated May 20, 1944

Red'd 1:38 p.m.

Secretary of State,

Washington.

1531, May 20, 1 p.m.

Bernstein reports Lichtenstein has Spanish visa.

This our WRB 42 replying your 27. Bernstein thinks
our intervention Spanien now unnecessary.

NORWEB

LET
EDA

NO. 155.

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICABY COURIER:AMERICAN CONSULATE
Durban, Union of South Africa, May 20, 1944.

SUBJECT: Jewish Refugees in Mauritius.

THE HONORABLE

THE SECRETARY OF STATE,
WASHINGTON.

SIR:

I have the honor to refer to the Department's telegram to this office, No. 8 dated March 6, 6p.m., 1944, and this office's reply, telegram No. 9 dated March 20, 12 noon, 1944 and my despatch No. 144 dated April 15, 1944 on the above subject.

On March 8, 1944 I wrote the Colonial Secretary, Port Louis, Mauritius, copy of which is enclosed. I have today received a reply, copy of which is likewise enclosed. The Interim Report mentioned in the Colonial Secretary's letter is also enclosed.

I am taking what steps I can to check up on the correctness of this report, and as soon as I can secure further information, I shall, of course, report it to the Department.

Respectfully yours,

E. Talbot Smith
American Consul

Enclosure:

Copy of letter to Colonial Secretary.
Copy of letter from Colonial Secretary.
Interim Report.

File No. 320.

ETS?np.

Original and Hectograph to Department of State.
Copy for supervising Consulate General, Johannesburg.
Copy for preparing office.

THE SECRETARIAT,
PORT LOUIS
24th April, 1944

1165/45/K

Sir,

1 am directed to acknowledge the receipt of your letter No. 320 of the 8th March, 1944, and to forward herewith a printed copy of the latest report of the Area Commandant, Jewish Detainment Camp, which contains the information asked for about the Jewish refugees detained in Mauritius.

2. I am to express this Government's appreciation of the offer of assistance made in your letter and to inform you that as the detainees are well cared for it is not proposed at present to take advantage of your offer.

I am, Sir,
Your obedient servant,

?

Colonial Secretary

The American Consul,
American Consulate,
P.O. Box 1541, Durban,
South Africa.

320

COPY
THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN CONSULATE

Post Office Box 1541, Durban, South Africa.
March 8, 1944

Colonial Secretary,
The Secretariat,
Port Louis, Mauritius.

Sir:

I have the honor to report that I have been asked to ascertain the number of refugees now on the Island of Mauritius, and I would therefore greatly appreciate it if you would tell me how many there are and whence they came and what percentage of them are Jewish.

Anything that you may add in regard to the general conditions prevailing in the refugee camps will be appreciated. Has there been any unusual prevalence of disease or malnutrition? and if there are any special needs which we could relieve I should be very glad to have your report, as there are various organizations in the United States that might be able and willing to assist you in supplying such needs.

Thanking you in advance for whatever information you may see fit to give me, I am,

Very respectfully yours,

(Signed) E. Talbot Smith

E. Talbot Smith
American Consul

CABLE TO AMBASSADOR HAYES, MADRID, SPAIN

This Government gravely concerned by reports of measures looking to mass-extinction of Jews in Hungary.

Please request Spanish authorities to obtain as speedily as possible detailed information from Spanish mission in Budapest concerning treatment of Jews in Hungary and to inform you of results of inquiry. Advise Department of results without delay.

May 20, 1944
2:30 p.m.

LSL:sc:als

5/20/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Madrid
DATED: May 20, 1944
NUMBER: 1431

CONFIDENTIAL

This Government gravely concerned by reports of measures looking to mass-extinction of Jews in Hungary.

Please request Spanish authorities to obtain as speedily as possible detailed information from Spanish mission in Budapest concerning treatment of Jews in Hungary and to inform you of results of inquiry. Advise Department of results without delay.

HULL

CABLE TO AMBASSADOR HAYES, MADRID, SPAIN

Nothing contained in Department's 1385 of May 16, 10:00 p.m., particularly first sentence thereof is to be construed as modifying in any way the policy expressed in Department's 992 of April 10. All persons holding passports or other documents issued in the names of Latin American countries are deemed by this Government to be eligible for exchange although unquestioned citizens of such countries are considered to be entitled to priority. With reference to exchanged holders of passports or other documents issued in the names of Latin American countries not qualified for embarkation on the Gripsholm, please use your best efforts to secure their admission to the Fedhala camp, North Africa, on the same basis as other refugees arriving in Spain.

Please advise the Department promptly of any difficulties that may be encountered.

May 20, 1944
2:30 P. M.

LSLesser:als 5/20/44

CABLE TO MINISTER JOHNSON AND OLSEN, STOCKHOLM, SWEDEN

This Government gravely concerned by reports of measures looking to mass-extermination of Jews in Hungary.

Please request Swedish authorities to obtain as speedily as possible detailed information from Swedish mission in Budapest concerning treatment of Jews in Hungary and to inform you of results of inquiry. Advise Department of results without delay.

THIS IS WRB STOCKHOLM CABLE NO. 16.

May 20, 1944
2:30 P. M.

LSLesser:als 5/20/44

CABLE TO STOCKHOLM

From War Refugee Board to Johnson for Olsen

Reference your no. 1622, May 8, concerning request for funds for two Swedish committees with which Rabbi Ehrenpreis has been working. The matter has been discussed with several American organizations. Feeling here is that relief and rescue activities with respect to refugees in Rumania, Slovakia, Hungary and southern France can most effectively be handled from Switzerland to which large sums are being remitted regularly from the United States for such purposes. Would appreciate your views on this subject. In the meantime, American organizations very interested possibilities accelerated rescue and relief work from Sweden in Poland and Baltic area and funds will be available for that purpose. Please discuss again with Ehrenpreis and report possibilities and amount needed.

THIS IS WRB CABLE TO STOCKHOLM NO. 15.

May 20, 1944
2:30 P. M.

FH:lab 5/19/44
LSL

CABLE TO MINISTER JOHNSON AND OLSEN, STOCKHOLM, SWEDEN, FROM WAR REFUGEE BOARD

Reference your No. 1744 of May 16 concerning Swedish Foreign Office attitude with respect to diverting the BARDALAND for refugee evacuation in the Black Sea area.

It would be the War Refugee Board's intention if the Swedish Government agreed to charter the BARDALAND for refugee evacuation to have the ship proceed to Istanbul to be fitted with the necessary passenger accommodations. From Istanbul, the BARDALAND would proceed to Constanza where there are a large but unknown number of refugees available for evacuation. We feel satisfied that if the BARDALAND puts in at Constanza refugees will be available for as many trips as the ship can make. Meanwhile it would be helpful to know the number of passengers the BARDALAND can carry after being fitted with passenger accommodations. After embarkation of refugees at Constanza the War Refugee Board would desire to have the BARDALAND proceed to Istanbul where the War Refugee Board would accept responsibility for arranging for the passengers' care until such time as they could proceed by rail to Palestine.

If, in your opinion, the German Government is more likely to consider favorably a safe conduct request by the Swedish Red Cross or by InterCross for a ship chartered to either of these organizations rather than to the War Refugee Board, the Board would agree to reimburse the Swedish Red Cross or InterCross for all expenses incurred as a result of assuming the charter obligation. It would seem to the Board that valuable time could be saved if the BARDALAND were chartered to the Swedish Red Cross rather than InterCross as there would be no (repeat no) need to await authorizations from Geneva. In order that there be no (repeat no) delay until the Swedish Red Cross or InterCross agrees to accept the charter of the BARDALAND for refugee evacuation, please request the Swedish Government to make an immediate (repeat immediate) request to the German Government for permission to divert the BARDALAND and also for the necessary safe conduct.

It is assumed that you will conduct the necessary negotiations with the Swedish Red Cross or InterCross. Please advise us how we can aid on this end. It is assumed further that the BARDALAND charter negotiations will be conducted in Sweden. If so, the Board would expect you to act as its representative in the charter negotiations between the Swedish Government and the Swedish Red Cross or InterCross. It is presumed that no charter contract would be entered into between the Swedish Government and the Swedish Red Cross or InterCross without your prior agreement to all details.

The War Refugee Board would agree to assume responsibility for the reasonable charter costs of the BARDALAND from the time that the BARDALAND puts into Istanbul for refitting with passenger accommodations. However, before such an obligation is assumed, the Board would desire some indication that the German Government would be willing to grant a safe conduct.

Please thank the Swedish Government for its sympathetic and cooperative attitude in this humanitarian undertaking.

This is War Refugee Board's Cable to Stockholm No. 13.

May 20, 1944

10:45 A. M.

MJMarks:lek 5/20/44

CABLE TO AMERICAN LEGATION, STOCKHOLM

The War Refugee Board requests that you deliver the following message to Wilhelm Wolbe, 11 Olefsgotten Strasse, Stockholm:

QUOTE Please contact Ehrenpreis. Advise us regarding his plans for rescue and his need for funds. Also cable your detailed plans for rescue in Lithuania. Try to save religious leaders at least. Report on possibility of obtaining citizenship documents for them. Consult American Minister and Olsen regarding your projects.

Please cable Rabbi Shmulewits that he should have received from Switzerland \$5,800 and 64,350 francs. Vaad Mahatsala Emergency Committee, Rabbi Abraham Kalmanowits UNQUOTE

THIS IS WEB CABLE TO STOCKHOLM NO. 14.

May 20, 1944
2:00 p.m.

Bakvin:jp

5/19/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Stockholm
DATED: May 20, 1944
NUMBER: 967

SECRET

From War Refugee Board To Minister Johnson and Olsen

Reference your No. 1744 of May 16 concerning Swedish Foreign Office attitude with respect to diverting the BARDALAND for refugee evacuation in the Black Sea area.

It would be the War Refugee Board's intention if the Swedish Government agreed to charter the BARDALAND for refugee evacuation to have the ship proceed to Istanbul to be fitted with the necessary passenger accommodations. From Istanbul, the BARDALAND would proceed to Constanza where there are a large but unknown number of refugees available for evacuation. We feel satisfied that if the BARDALAND puts in at Constanza refugees will be available for as many trips as the ship can make. Meanwhile it would be helpful to know the number of passengers the BARDALAND can carry after being fitted with passenger accommodations. After embarkation of refugees at Constanza the War Refugee Board would desire to have the BARDALAND proceed to Istanbul where the War Refugee Board would accept responsibility for arranging for the passengers' care until such time as they could proceed by rail to Palestine.

If, in your opinion, the German Government is more likely to consider favorably a safe conduct request by the Swedish Red Cross or by Intercross for a ship chartered to either of these organizations rather than to the War Refugee Board, the Board would agree to reimburse the Swedish Red Cross or Intercross for all expenses incurred as a result of assuming the charter obligation. It would seem to the Board that valuable time could be saved if the BARDALAND were chartered to the Swedish Red Cross rather than Intercross as there would be no need to await authorizations from Geneva. In order that there be no delay until the Swedish Red Cross or Intercross agrees to accept the charter of the BARDALAND for refugee evacuation, please request the Swedish Government to make an immediate request to the German Government for permission to divert the BARDALAND and also for the necessary safe conduct.

It is assumed that you will conduct the necessary negotiations with the Swedish Red Cross or Intercross. Please advise us how we can aid on this end. It is assumed further that the BARDALAND charter negotiations will be conducted in Sweden. If so, the Board would expect you to act as its representative in the charter negotiations between the Swedish Government and the Swedish Red Cross or Intercross. It is presumed that no charter contract would be entered into between the Swedish Government and the Swedish Red Cross or Intercross without your prior agreement to all details.

-2-

The War Refugee Board would agree to assume responsibility for the reasonable charter costs of the BARDALAND from the time that the BARDALAND puts into Istanbul for refitting with passenger accommodations. However, before such an obligation is assumed, the Board would desire some indication that the German Government would be willing to grant a safe conduct.

Please thank the Swedish Government for its sympathetic and cooperative attitude in this humanitarian undertaking.

This is War Refugee Board's Cable to Stockholm No. 13.

HULL

CABLE TO MINISTER HARRISON AND McCLELLAND, BERN, SWITZERLAND

This Government gravely concerned by reports of measures looking to mass-extinction of Jews in Hungary.

Please request Swiss authorities to obtain as speedily as possible detailed information from Swiss mission in Budapest concerning treatment of Jews in Hungary and to inform you of results of inquiry. Advise Department of results without delay.

THIS IS WRB BERN CABLE NO. 24.

May 20, 1944

2:30 P. M.

LSLSerials 5/20/44

CABLE NO 222

Fred War Refugee Board to Harrison

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

"No. 27 received your 9 and 10 contact immediately
Bureau Ferrero International Red Cross Geneva for
evacuation Stop Two thousand five hundred dollars
monthly for Jewish labor cases satisfactory but that should
cover all Herzl and Oskar Solomay cases Stop De Metzger
ten thousand dollars Gurvic that is probably separate
arrangement Jewish Labor Committee Stop Give limited
assistance Eugene Augustine Stop Inform us Swiss address
Mrs. Cesare Ernesto Battisti Stop Give equivalent hun-
dred and fifty dollars Ernesto Rossi our agreement with
Salvemini and continue help Stop Cable via John V.
Pelle War Refugee Board"

The International Rescue and Relief Committee has given
us the following explanation with respect to the above message:

"Gustavo Ferrero, as you know, is a Swiss citizen and an
executive of the International Red Cross in Geneva. Prof.
Eliezer Herzl is a representative of the Jewish Labor Com-
mittee in Geneva and works with Mr. Bertholet. Mr. Oskar
Solomay is the representative of the Pelle Zion in Zurich.
Mr. Eugene Gurvic resides at 25 Rue Kluber, Geneva and has
assisted in the rescue of many people. The message on
Mr. Gurvic is merely a reply to Mr. Bertholet's inquiry
in his last cable. All the other names mentioned are those
of refugees residing in Switzerland. Professor Gustavo
Salvemini (Berkeley University, Department of History,
Berkeley, California) is the well known Italian anti-Fascist
and a friend of Ernesto Rossi in Switzerland."

THIS IS THE CABLE NO 222 NO. 222.

May 20, 1944
815 p.m.

Final 5/20/44

CABLE TO AMERICAN LEGATION, BERN

The War Refugee Board requests that you deliver the following message to Isaac Sternbuch, Postfach 128, St. Gallen, Switzerland:

QUOTE Cable whether you sent to Rabbi Shmulewits 85,500 and 64,350 francs for Shanghai refugees, and whether you got acknowledgment of receipt. Also cable information regarding proposed refugee evacuation from Shanghai. Try to obtain Swiss government's cooperation in speedily evacuating rabbinical group totalling 475 persons.

Please send messengers with funds to heads of Jewish communities in Hungary advising them to leave cities and disperse in countryside, preferably near Yugoslav and Slovak borders. Attempts will be made to provide them with food and other necessities. Vaad Mahatsala Emergency Committee, Rabbi Abraham Kalmanowits UNQUOTE

THIS IS WEB CABLE TO BERN NO. 23.

May 20, 1944
2:00 p.m.

Bakzint:jp 5/19/44

AMT

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

May 20, 1944

Midnight

AMERIGATION

RRRR

1764

AMERICAN INTERESTS - FRANCE

Department has received from reliable source a report that a very recent and additional QUOTE large UNQUOTE movement of internees from Vittel has been made or is contemplated. Please ask Swiss if movement verified to ascertain reasons. It is possible that this report refers to transfers connected with recent exchange at Barcelona or impending British-German exchange of civilians or to possible closing of Vittel and transfer elsewhere of a large proportion of the internees.

Telegraph findings urgently, in view of anxiety of American relatives of internees.

HULL
(JHK)

SWF:ABO:RR/JED

WRB

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: May 20, 1944
NUMBER: 3218

CONFIDENTIAL

Sternbuch sends the following for Union of Orthodox Rabbis.

Reference is made herewith to Department's cable of May 4, No. 1556.

It is stated in a report from Griffel that he needs \$200,000 to start, ship transportation from Rumania being already successful. It is not possible for us to examine the matter here.

HARRISON

DCR:VAG:HL 5/22/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: May 20, 1944
NUMBER: 3219

CONFIDENTIAL

Riegner transmits the following for attention of World Jewish Congress:

In regard to the evacuation of Jews from Rumania to Turkey, I received information from Fildermann Fischer, Bucharest, who welcomed promise of financial participation of World Jewish Congress in evacuation operations now proceeding by various small vessels. Considering that view blocking counter-value until end of war rate would be 33% to 40% less favorable, financing could be accomplished by applying method A (A) of license Y 2115. By applying method A (three), this could be avoided. It is proposed that you place at our disposal 100 up to 150,000 Swiss francs for this purpose at first contribution. The transfer method which should be applied should be specified. By eventually chartering special larger ship by World Jewish Congress, Bucharest especially insists that additional means of transport be made available. It is requested that you contact Barlas at Istanbul in connection with the last point. The amount we can expect from Rumania should be transmitted to us by cable.

HARRISON

CABLE TO AMBASSADOR STEINHARDT, ANKARA, TURKEY

This Government gravely concerned by reports of measures looking to Mass-extermination of Jews in Hungary.

Please request Turkish authorities to obtain as speedily as possible detailed information from Turkish mission in Budapest concerning treatment of Jews in Hungary and to inform you of results of inquiry. Advise Department of results without delay.

THIS IS WRB ANKARA CABLE NO. 41

May 20, 1944
2:30 p.m.

LS:essr:als 5/20/44

CABLE TO ANKARA

From War Refugee Board to Steinhardt

Please deliver the following message to Leon Denenberg,
c/o American Embassy, Ankara, from the International Rescue and
Relief Committee:

"No. 3 received only one cable from you eagerly awaiting
word via John W. Pohl War Refugee Board Stop Have written
you to Ankara"

THIS IS WEB CABLE TO ANKARA NO. 42.

May 20, 1944
3:15 p.m.

FM 121 5/20/44

CABLE TO AMERICAN EMBASSY, ANKARA

The War Refugee Board requests that you deliver the following message to Mr. Jacob Griffel, Hotel Continental, Beyoglu:

QUOTE Your cable concerning additional 200,000 dollars received. Believed here that difficulty consists in shortage of shipping rather than lack of money, and fear competitive bidding for shipping without increasing total of persons rescued. Therefore, necessary you submit plans to American Embassy and consult Barlas and Resnik cabling your joint recommendation through Embassy.

View Hungarian situation it is suggested here that Hungarian Jews be informed to leave cities and hide countryside near Slovakian and Yugoslav borders. Vaad Mahatzala Emergency Committee, Rabbi Abraham Kalmanowitz
UNQUOTE

For Ambassador: First paragraph of foregoing relates to 281 from Consulate General in Istanbul of May 8 and to your 848 of May 10. Would appreciate if, after hearing interested parties, you would cable us your advice.

THIS IS WEB CABLE TO ANKARA NO. 40.

May 20, 1944
2:00 p.m.

RAK:inj:jp

5/19/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Ankara
TO: Secretary of State, Washington
DATED: May 30, 1944
NUMBER: 915

SECRET

Following is Ankara no. 61, from the Ambassador for the War Refugee Board.

The Turks have not refused admission to any Jewish refugees arriving in Turkey from Greek islands or Greece without visas, insofar as I am informed. On the contrary, thus far the Turk authorities have promptly provided transportation from Izmir to Palestine for those refugees who have reached the soil of Turkey.

In the last paragraph of Department's cable of May 17, no. 440, I am at loss to understand reference to Cretzianu, who is Rumanian Minister in Ankara, and to the "release of the 30 detained persons and the granting to them of all possible opportunities to leave Rumania" as it clearly seems from same.

¹ Those 30 detained persons were arrested and are being tried in Budapest which is the capital of Hungary and not of Rumania. I ask that this be clarified in order that I may take such action in the premises as the Board wishes.

STEINHARDT

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Moscow
TO: Secretary of State, Washington
DATED: May 20, 1944
NUMBER: 1800

SECRET

In a note dated May 19 addressed to Vyshinski, we transmitted to the Foreign Office the proposals and information which were contained in the Department's cable of May 17, no. 1225.

HAMILTON

CABLE TO AMERICAN REPRESENTATIVE HAROLD H. TITTMANN, JR., VATICAN CITY

This Government gravely concerned by reports of measures looking to mass-extermination of Jews in Hungary.

Please request Vatican authorities to obtain as speedily as possible detailed information from Nuncio and clergy in Hungary concerning treatment of Jews in Hungary and to inform you of results of inquiry. Advise Department of results without delay.

May 20, 1944
2:30 p.m.

LEL:ess:als 5/20/44

AIRGRAM

FROM

Caracas

Dated May 20, 1944

Rec'd May 25 3pm

Secretary of State,
Washington.

A-453, May 20, 4:40 p.m., SECRET - BY COURIER

Department's secret circular airgram May 11, 7:30 p.m.

In conversation at Foreign Office this morning Acting Foreign Minister reiterated Venezuela's desire to be as helpful as possible in matter of assisting in protection of refugees in territory under German domination and referred to information previously furnished by Foreign Office and communicated to Department in my secret despatch No. 5881 of May 9, 1944. I then informed the Ministry of the urgency of representations in Madrid by his Government supporting representations made by our own Embassy there on the various aspects of the problem as previously explained to the Venezuelan Foreign Office. The acting Foreign Minister expressed his more sympathetic interest and promised to give this matter urgent attention. I shall continue to report developments.

CORRIGAN

FPC:JF:er

COPY NO. 11SECRETOPTEL NO. 161

For Joint Staff Mission Washington.

Information received up to 10 a.m. 20th May/44

1.

NAVAL

Early 19th off the Needles steam gun boats engaged and drove off five E-boats some of which were damaged. Last night three or more E-boats were intercepted off Harwich by one of H.M. Corvettes and one was probably damaged. A U.S. Cruiser on 17th and British Cruiser on 18th bombarded in support of the Army from Gulf of Gaeta. Aircraft from British and U.S. Carriers supported by Eastern Fleet attacked the Japanese Naval Base at Sourabaya after dawn 17th. Complete surprise effected and considerable damage caused including hits on ton ships aggregating about 35,000 tons including a Tanker and possibly a Destroyer some of which probably sank. Two floating docks badly damaged. An oil refinery completely destroyed and direct hit demolished the power house. Storage tanks and sheds set on fire. Amongst other Naval installations the important Braat Engineering Works was destroyed as well as 21 Japanese aircraft. One of our aircraft lost otherwise no damage or casualties.

2.

MILITARY

Italy. To noon 19th. There has been a general advance of about two miles along whole front of attack. Towns of Piedimonte, Campodinele and Itri have been captured by Polish French and U.S. Forces respectively and Pontecorvo is being threatened from South and East. Hill features between Piedimonte and Campodinele and overlooking the Hitler Line have been captured and our troops are attacking the Hitler Line just East of Aquino and Pontecorvo and are meeting strong resistance.

3.

AIR OPERATIONS

Western Front. 19th. U.S. Heavy Bombers dropped 955 tons on Berlin with fair to good results, 714 tons on Brunswick with good results and 97 tons on Kiel: provisional German casualties 53:17:14 by Bombers and 94:0:44 by supporting Fighters: 28 Bombers and 20 Fighters missing. About 1,200 aircraft of the Allied expeditionary air force were despatched mostly in the late afternoon against communications, military objectives and coastal defences in Northern France and Belgium; no reports available. Escorted Beaufighters - one missing attacked a convoy of one destroyer and four minesweepers off Ushant; the destroyer was hit by several rockets, one minesweeper was left on fire and two others probably damaged.

- 2 -

19th/20th. 890 aircraft despatched:-goods yards at Boulogne; Orleans, Amiens, Tours and Lemans total 619 - five missing two crashed; coastal batteries and an RDF Station 171 - one missing; Cologne 29 Mosquitoes, Sea Mining 28, bomber-support and leaflets 43 - one missing one crashed, bombing reported concentrated at Boulogne Orleans and Tours but somewhat scattered at Lemans; attack on Amiens abandoned owing to complete cloud conditions. ALBACORES sank one vessel and damaged another off Barfleur and sank an E-boat off Devon.

Italy. On 17th 126 aircraft attacked Viterbo and Frosinone and 724 attacked objectives in Western Italy and the battle area; six missing.

COPY NO. 11SECRETOPTEL 162

For Joint Staff Mission, Washington

(Information received up to 10 a.m. 21st May, 1944)

1. NAVAL

Yesterday 1 H.M. minesweeping trawler and a motor minesweeper were mined and sunk during swooping operations off Harwich: 18 survivors rescued.

Between 8th and 13th one of H.M. Submarines sank 4 Caiques in the Aegean.

After a 2 day hunt by U.S. destroyers with air co-operation a U-boat was sunk on 19th North-West of Algiers a few survivors picked up.

2. MILITARYItaly

To noon 20th. Marked stiffening of German resistance in Liri Valley. Piedimonte still held by enemy, a penetration West of Aquino by our troops has been repulsed and there is heavy fighting this sector. French troops have cut the Pontecorvo-Pico road. U.S. troops have entered Fondi and have captured Sperlonga on the coast, an advance of about 7 miles.

3. AIR OPERATIONSWESTERN FRONT

19th/20th. Tonnages as follows:-
 Boulogne 560; weather clear, good concentration, accurate bombing, 1 very large explosion.
 Orleans 617: Weather clear, yards well lighted by flares, bombing good, 1 very large explosion.
 Tours 518: Very thick haze but good concentration round aiming markers.
 Lemans 552: Good bombing from beneath clouds, several large explosions.
 Coastal batteries 424. R.D.F. Station 124.

20th. 4,180 offensive and Escort sorties flown. U.S. heavy bombers - 2 fortresses and 4 fighters missing. Attacked Orly airfield - 220 tons, Villacoublay Aircraft Works - 170 tons and Rheims Marshalling Yards and Aircraft Works - 300 tons. Good results reported. Enemy casualties 2:0:1 in the air and 1:0:1 on the ground. Escorted medium and light bombers - 5 aircraft missing, over Northern France and Belgium attacked 7 airfields - 515 tons, 13 Railway centres - 225 tons, 7 batteries and Coastal defences - 370 tons and 3 Military Objectives - 52 tons.

TREASURY DEPARTMENT

Regraded Unclassified

- 2 -

20th/21st. Aircraft despatched:- Mosquitoes to Dusseldorf 30, Chemical Works Reisholz 14, Bomber-support and Intruders 14, Mine laying 16, Leaflets 7. All returned safely.

Italy

18th. Total 1,828 offensive sorties flown against communications in Northern and Central Italy and in the battle areas.

19th. Among other operations, Fortresses and Liberators dropped total 1,490 tons on harbour installations at Genoa, Leghorn and Spezia, an oil refinery at Porto Marghera and on 6 railway targets in the Northern sector; 3 bombers, 2 fighters missing.

May 22, 1944
9:30 p.m.

GROUP

Present: Mr. C. S. Bell
Mr. Blough
Mr. O'Connell
Mr. Haas
Mr. D. W. Bell
Mr. Smith
Mr. Sullivan
Mr. White
Mrs. Klotz

H.M.JR: Dan?

MR. D.W. BELL: Senator George, I think, is going to try to take up the debt bill today or tomorrow and I understand he has been trying to get Senator Taft to eliminate the amendment, but there is a possibility that McCarran may offer an amendment on the cabaret tax on the floor. He indicated to the Press that George had accepted, but in a serious talk with George he said he would just agree to have it considered. So I don't know that we will have trouble on that or not. But anyhow, he is going to try to get it through this week. That is all I have.

We lost two Treasury employees over the week end.

H.M.JR: Are they with the angels?

MR. D.W. BELL: I don't know about that. I will follow through.

H.M.JR: What happened?

MR. D.W. BELL: One of Joe's men, Manning, died suddenly.

MR. O'CONNELL: Do you remember Tom Manning who used to be in the General Counsel's office sometime ago? He died yesterday after a heart attack.

-2-

MRS. KLOTZ: He has had them before.

MR. O'CONNELL: He was forty-three when he died. He had had a coronary attack before.

MR. D.W. BELL: The other man was the head of Bookkeeping and Warrants for a number of years. He hasn't been well for the last five months.

H.M.JR: As a matter of fact, with ninety thousand people, ought not one to die a day?

MR. O'CONNELL. More than that.

MR. HAAS: Depends on the age group.

MR. WHITE: We will figure it up for you.

MR. HAAS: Get the Government Actuary to give you the mortality table.

MR. BLOUGH: He would have to double the mortality table for the strain of Treasury work.

MR. WHITE: The Government Actuary will figure how many should die and we will contact the Republican Party for who should die.

H.M.JR: Anyway, I feel mighty sorry about Tom. He was a red-headed fellow.

MR. O'CONNELL: Yes.

MRS. KLOTZ: Eddie Greenbaum brought him into the Treasury.

H.M.JR: Yes, Tom Manning was a nice fellow. Didn't we send him up to New York?

-3-

MR. O'CONNELL: He was there on a very famous customs case back in the old days.

H.M.JR: Looked a bit like Tom Corcoran, didn't he?

MR. D.W. BELL: A little taller.

MR. O'CONNELL: He was Solicitor of Customs, I think. He was Special Assistant down here to the General Counsel until he had his heart attack.

H.M.JR: A very able fellow. Does he have any family?

MR. O'CONNELL: Three children and a wife.

H.M.JR: Will you write a letter, please? (To Mrs. Klotz)

Charlie, any other news?

MR. C.S. BELL: Mr. Hirschmann is to arrive this morning. Mr. Bell has agreed to let him go in his large room up the hall. He will only be here for a week--Ira Hirschmann from Turkey.

H.M.JR: Oh, you mean that Turk.

MR. C.S. BELL: He may be a Turk now!

H.M.JR: You are going to let him do what?

MR. C.S. BELL: Go in Dannie's large room. That is about the only room we have left.

H.M.JR: Did we get the consent of the Turks to let him come back? Is he going back to Turkey?

MR. C.S. BELL: I think he is.

H.M.JR: Then treat him right.

-4-

MR. C.S. BELL: Here is a sample draft deferment that you wanted to see.

H.M.JR: Tell me what it is.

MR. C.S. BELL: It is all printed. That is their form. There is nothing for us to do except certify he is in an essential industry and he is over thirty years of age. The other departments are following that same form and simply signing them and sending them out to the draft boards. Then it will be up to the board. In some cases they may defer them, that is, in ninety per cent of them they will. I don't think you will want to see these any more. There will be quite a few of them.

H.M.JR: All right, sir.

MR. C.S. BELL: That is all this morning.

H.M.JR: Harry, I hear New Hampshire has been at work.

MR. WHITE: Successfully?

MR. SULLIVAN: They worked all day yesterday until about half past three. The people came down and they seemed to think it was in pretty good shape.

MR. WHITE: Liable to put New Hampshire on the map yet.

MR. SULLIVAN: Thank you very much.

H.M.JR: A long time between peace conferences.

MR. SULLIVAN: The last one was the Russian-Japanese, I remember.

H.M.JR: Did you know they had an open-air, salt-water pool there?

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MR. WHITE: No, I didn't. Is that why the President was interested?

H.M.JR: No, it was Winant that brought it up.

MR. WHITE: I thought it was the President, but I may be mistaken.

H.M.JR: No, wasn't it Winant?

MR. WHITE: I thought it was the President.

H.M.JR: Well, it makes a much better story to say it was the President's suggestion.

MR. WHITE: I am sure it was the President's suggestion.

MR. O'CONNELL: The more you think about it!

H.M.JR: Well, I want to have Charlie Bell get in on this thing, because I don't want to rely on the State Department, see.

MR. WHITE: I quite agree with you on that.

H.M.JR: So, will you declare yourself in on the salt-water pool?

MR. C.S. BELL: All right, sir.

H.M.JR: When are you going to be ready to submit those things to the President. Has the State Department cleared them?

MR. WHITE: Do you want to submit them along with the request?

H.M.JR: Yes.

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MR. WHITE: Then, we will get them cleared today. They haven't been cleared yet.

H.M.JR: Let me find out, if I can, what the President is doing.

I thought if we went over and submitted the list to him we could do the whole thing at one time.

MR. WHITE: We will have it ready, then.

I think it would be helpful if you had a meeting with Dean Acheson here, at which time you could indicate that you want Fred Smith to be in charge of the public relations and press, and so forth, and also that you want Charlie Bell to participate in the arrangements with Kelchner who would presumably be in charge. We will also have a list of some other appointments that you would like to have various aspects of. I think that should come from you and it would be helpful if it could come early and more or less officially.

H.M.JR: Do we have to do that? Couldn't we wait until we have an appointment with the President and say, "I want to see you a half hour before that?"

MR. WHITE: Yes, that would be quite satisfactory, because in the meantime, Fred and McDermott will work together, but I think, as you think, Fred should be in charge and you should indicate that.

H.M.JR: I am glad you think that is the way I think.

MR. SMITH: Boys, boys!

MR. WHITE: I don't see how you could think otherwise, Mr. Secretary.

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H.M.JR: I am glad to have adult guidance! I hope.

MR. WHITE: That is all.

H.M.JR: It is so embarrassing to tell me in front of Smith whom I want in charge.

MR. WHITE: As a matter of fact, I thought that decision had already been made because of the memorandum you sent to me and which Fred and I had discussed and said that was the thing to do. He sent a memorandum to you and you sent it back to me. I presumed you were already familiar with it.

MR. SMITH: Now you're stuck with it. If you had just been a little coy about it.

H.M.JR: Do you know a game called shuttlecock?

MR. WHITE: There is. It's an old game.

H.M.JR: How does Smith feel about it?

MR. WHITE: I don't know. I haven't asked him yet.

MR. D.W. BELL: Joint memorandum, wasn't it?

MR. WHITE: There is the question of France with relation to this problem. We want France to be on the preparatory committee, the committee that works on the agenda and the draft. I think that by keeping the thing very informal, we don't raise any issue. It is one of the things--I don't know whether you think it should be taken up with the President. I think it should not be. I don't think he would be particularly concerned and I think we can proceed without any formality, so it would have no status and won't raise any political question. It would be most unfortunate if we raised it with the President and he said no.

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H.M.JR: Don't let's raise it.

MR. WHITE: All right.

H.M.JR: Just as long as Acheson knows about it.

MR. WHITE: Well, we'll get Acheson's approval.

H.M.JR: Anything else?

MR. WHITE: That is all.

H.M.JR: Well, now, Roy, do you have to go up on the Hill? Anybody have to go on the Hill? (No reply)

I thought if Paul was in town tomorrow, that you and he and Surrey and I might sit down together on various things, post-war stuff, and so on.

MR. BLOUGH: Good.

I don't know if he is in town, but I will find out this morning.

H.M.JR: I'll put down Blough with a question mark and allow a hour. How is that?

MR. BLOUGH: That's good. Do you have a time in mind?

H.M.JR: From three to four.

MR. BLOUGH: The bill has, you know, passed the Senate with seven Senators present, without objection. No vote, no nothing. The bill will probably not be taken up in the House today, because Doughton isn't back yet. There will hardly be a conference because there is nothing to confer about. The House will undoubtedly accept the Senate amendment. Mr. Bell has already mentioned the debt bill. If you can call Senator George without any implications with respect to the debt bill, I think it would be a good idea to thank him for pushing the tax simplification bill through, and so forth.

So far as we know, Senator Taft is going ahead with the pension trust hearing on the 26th. Alvord's shop is trying to get him not to, but as far as we know, he is.

H.M.JR: And that is as a form of a rider?

MR. BLOUGH: No, that will not be hooked onto the debt bill, because they won't really get going. Senator George has indicated that he would try to talk Taft out of trying to put it on the debt bill. I just don't see how they will get it done in time to put it on the debt bill. There are a couple of things coming over. There is probably a cocoanut oil bill coming over, extension of exemption from the import excise.

There is some sugar legislation that will probably have to come over, so there will be something to play with, which may also make it possible to hold off the cabaret tax until that time.

H.M.JR: How about the exemption on apples?

MR. BLOUGH: We have to put a tax on them first.

MR. D. W. BELL: That is an idea.

H.M.JR: Let's drop it!

MR. BLOUGH: Another matter--one of the boys who has been working in our shop the last year and a half won one of the thousand-dollar prizes in this Pabst contest for the best plan to eliminate unemployment in the post-war era. A fellow by the name of Stein over at WPB--is it? who won the first prize of twenty-five thousand dollars.

MR. WHITE: The recommendations were very mediocre--told them what they wanted to hear.

MR. BLOUGH: The fact that anybody won means nothing.

MR. WHITE: I would say, probably, it means the plan isn't worth reading.

H.M.JR: One of our boys made it?

MR. BLOUGH: Mordecai Ezekiel came in with a thousand-dollar prize.

MR. D. W. BELL: Out of the seventeen prizes, ten of them were in the Government.

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H.M.JR: Only for Government people?

MR. BLOUGH: There were thirty-four thousand entrants from all over the country. The judges were Ruml, Dykstra, Wesley Mitchell, and the screening was done by Columbia University Graduate School. Leon Keyserling, you know, won second prize of ten thousand dollars.

(The Secretary holds a telephone conversation with Senator George)

H.M.JR: There is a different attitude with him and Mr. Bob than there used to be.

MR. SULLIVAN: Very much so. Incidentally, I think Roy was probably going to tell you, but there is a bill introduced over in the Senate to repeal all the taxes on oleomargarine. That might be the very thing that he would want to throw over to Doughton.

H.M.JR: Right.

Are you all right now?

MR. BLOUGH: I thought while we were on taxes John might want to take up the question of the negotiation of the treaty with South Africa.

MR. SULLIVAN: Yes, I have that right here, Mr. Secretary. The State Department wants our fellows in London to go to South Africa to carry on the same kind of negotiations that they are now carrying on in London. South Africa wants them, too. I have a letter saying that King will be directed to go there from London.

H.M.JR: Roy could meet him in the Azores coming back?

MR. BLOUGH: It looks like that is about what will happen.

H.M.JR: It is a lovely place, the Azores.

MR. BLOUGH: That is all I have.

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MR. HAAS: Mr. Secretary, have you noticed the announcement Harrison made, that his company after June 1 would use two and a half percent interest? I think it is a recognition by the insurance companies that two and a half is probably here to stay. They have dropped down from three, I think. There are a couple of other companies that previously had gone to two and three quarters.

H.M.JR: You sent me a memo. If these memos need action, I think you should say so. You thought I ought to talk to New York about the bond market.

MR. HAAS: Yes, Dan and I have talked to Rouse. I think it is important that you talk to them, too, to really impress them. Well, right now I think if the market would rise very slightly and get a little better tone, it would put the Fifth War Loan over better. In addition to that, I think the people in New York, although they may be on their toes, you ought to make sure they are. If something should happen to this invasion, it temporarily should look rather blue; there are potentialities in that that might affect the market. People would start thinking that the debt would be a lot higher than they calculated.

H.M.JR: Are you busy around three--thirty?

MR. D. W. BELL: No.

H.M.JR: Well, Bell and Haas' gang--let's talk about the thing.

If anybody in the room wants anything in the way of action, put "action" on it.

MR. HAAS: I missed that.

H.M.JR: Anyway, three-thirty. There is no press this afternoon, is there?

MR. SMITH: I am to ask you.

H.M.JR: I have nothing this afternoon.

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MR. SMITH: Let's make it Thursday. Then Thursday you can talk about the conference.

H.M.JR: We hope! You can't talk about it until you get a clearance from the President on it. I wouldn't promise any. You come in then and bring in Murphy and the boys.

MR.HAAS: Yes, sir.

H.M.JR: Frederik?

MR. SMITH: I have nothing, except that Bruce Barton was in this morning and sends his best regards. He is going to open the Fifth War Loan in Indianapolis. He wanted some stuff.

H.M.JR: Should I worry?

MR. SMITH: No.

H.M.JR: Now this thing from Kafka to Smith. I don't know what is the matter with War Bonds. Why should something come from Kafka to Smith? It should come from Gamble to Smith, but life is so short. I came down this morning with Ted Gamble, and I understood the cables have gone.

MR. SMITH: Those came in Saturday from Kafka to me, with Gamble's initials on the original. I cut out a couple of lines and then retyped them. The original is there, though. (Refers to cables over Mrs. Morgenthau's signature concerning radio broadcasts) They want you to send these to Hull, apparently. You see, I cut out one line and retyped it. Apparently they want you to send it to Hull and have Hull send out these cables to these women.

H.M.JR: He told me this morning they had all gone. I am only repeating.

(The Secretary holds a telephone conversation with Mr. Gamble)

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H.M.JR: Have you cleared this with Mrs. Morgenthau?

MR. SMITH: No, it just came over, and they said to give it to you to write a letter.

H.M.JR: Look, will you call Mrs. Morgenthau? He says it has all been cleared with her. She would have told me that.

MR. SMITH: I question a little bit whether you should send a letter to Hull, because this all came out in the paper, you know; and if you have a letter dated a week after it appeared in the paper--

H.M.JR: Ted is in a jam. The normal way is, when the things go out over my signature to Hull and over Hull's signature on them--that is regular formality, isn't it, where he signs all the cables that go out of the State Department? It is just a formality, isn't it?

MR. D. W. BELL: It says, "From the Secretary of the Treasury," but goes out over Hull's signature.

H.M.JR: Call up Mrs. Morgenthau, and just as a matter of curiosity, let me know whether she knows about this, will you?

MR. SMITH: All right.

H.M.JR: I think you are going to find she will get quite excited about it, because she was excited that night we had that show two weeks ago. It had been out all over the United States that they had asked them. Now they get down to asking. But Ted is in a jam. We will have to get him out of it. I am perfectly willing any time this morning to sign the cable.

MR. SMITH: I was wondering if it could be done by phone instead of having a letter?

H.M.JR: No, you have to do it formally, because it will never get to his office. When you get ready and it is all right, give Mrs. Klotz the letter to me to sign. She

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will call up Mr. Brown or somebody over there.

MRS. KLOTZ: That is what we wondered.

H.M.JR: It has to be a letter. All right otherwise?

MR. SMITH: Yes.

H.M.JR: Some time today will you ask for an appointment? I'd like to see you.

MR. O'CONNELL: Wright Patman has decided not to introduce the Federal Reserve Board bill to regulate holding companies. I didn't tell Dan about it.

H.M.JR: Tell Mr. Bell about my part in it.

MR. O'CONNELL: Patman called Saturday morning and told me he was just about to introduce the bank holding company bill that we had discussed some months back with the Federal Reserve Board. He called me again a little later and asked me to have lunch with him, which gave me a chance to speak to the Secretary about the bill before I went to lunch with him.

Following the Secretary's instructions, I indicated--

H.M.JR: The amazing part about the Secretary was, he had read it and knew all about it. That was the amazing thing.

MR. O'CONNELL: It didn't surprise me a bit! In any event, I got instructions which I rather badly needed. I told Patman that the Secretary would much prefer that the bill not be introduced at all at this time, because he would feel that it would cause difficulties with the banks and also that if it were actively considered he would be forced to take the position that he was not in favor of the bill because it did not go far enough - it didn't have the death sentence, and so forth.

H.M.JR: Wait a minute. And that I had told the ABA that I would be a good boy if nobody started anything;

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but if they wanted to start something on this thing of the Federal Reserve, I'd have to get in and I wasn't going to sit still and let Mr. Eccles and his family get a charter in perpetuity on the States of Idaho and Utah, and that I'd have to fight; but I wasn't looking for any fights.

Did you tell him that?

MR. O'CONNELL: Not in those words, exactly, but I think I got the idea across.

In any event, he couldn't have been nicer. He said that if the Secretary had any inclination not to want the bill introduced, he certainly wasn't going to introduce it and was going to see if he could stop it from being introduced at this time by anyone else.

He called Dreibelbis, the General Counsel at the Fed, with whom he had been working, and of course Dreibelbis had been working--

H.M.JR: Dreibelbis and "Slobolosky"--I'll never be in Washington long enough to learn to pronounce them!

MR. O'CONNELL: Dreibelbis is a fellow "tax expert"--that is the reason he and Patman get along.

He called me back after lunch and told me he had told Dreibelbis he would not introduce the bill and suggested it would be better not to introduce it at this time, at least until after the recess; it might interfere with the War Bond Drive and get the banks excited, and so forth.

So Patman is continuing to be very friendly with us. I took up the matter that you--

H.M.JR: You might tell the ABA, if it is successful, that I had this thing postponed. It will give me a good mark.

MR. D. W. BELL: Yes.

H.M.JR: That is nice work, Joe.

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MR. O'CONNELL: It was surprisingly easy. I didn't have much confidence when I left here, though.

H.M.JR: Of all the gall or stupidity--I think it is more stupidity--for Eccles to be willing to push a bill which would give his family this permanent franchise in these two States--I just think it is stupidity, not gall. I just can't understand it.

I would. I would talk. I told him that, didn't I? I told the ABA that I would.

MR. D. W. BELL: Sure.

H.M.JR: What else? What did he want?

MR. O'CONNELL: He didn't want a thing, strangely enough. He just wanted to have lunch with me.

H.M.JR: Can I be serious now? I will bet nobody knows about the little note I dictated to you. You got my note?

MR. O'CONNELL: I just got it before I came in.

H.M.JR: Just a little bit of a paragraph that Martin Dies gave out. I wanted Fred to know about this. It was in the Washington News Friday or Saturday, in which he said that at such and such a time in June--and I think we ought to get the full story--that Mr. Dies was going to talk about the President and Mrs. Roosevelt and Members of the Cabinet. He was not going to claim Congressional immunity, and they could sue him for libel if they wanted.

MR. D. W. BELL: I understand he is going to write a book.

H.M.JR: The book was written about him. Did you hear Walter Winchell last night?

MR. D. W. BELL: No.

H.M.JR: The book is about Dies.

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Now, the thought that I had was, maybe Patman could find out what that is. Do you see? He would know who was close to Dies on the Hill. And I would also talk with Elmer Irey, because if there is something like that, and he is going to break it in June, I think we ought to try to find out what it is, see?

But I imagine that Walter Winchell must know from the way he talked last night. Ask Elmer if he knows anybody. Wasn't the Chief Counsel for Dies an FBI man? I think it is worth going into, because there are certain things that people who appeared before Dies, who handled himself very badly--he could make it very embarrassing for the President and Mrs. Roosevelt.

MR. O'CONNELL: My only hesitancy is, I am not sure enough of any of these Texans to be confident that one of them will tell you even what he knows about another Texan. They are pretty close.

H.M.JR: You have been so successful. No, it is a question of being for or against Roosevelt. I think you could approach Wright Patman.

MR. SULLIVAN: I should think Rayburn would have an interest in that matter, too.

MR. O'CONNELL: We could talk to Patman, where we couldn't talk to Rayburn.

H.M.JR: No, I wouldn't want to do that any more than I would want to call up Jesse Jones and ask him what it is all about. But I am worried about it, not for myself, particularly, because Dies and I--our paths have never crossed. There has never been any conflict between us, but I have a certain something in mind. I wouldn't say it, but anyway, you might keep your ears open, you know. I don't know whether there is any chance of stopping Dies. He is going to get a thousand dollars a night. The only way he can is to raise hell with the President and Mrs. Roosevelt.

MR. O'CONNELL: That is right.

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H.M.JR: But I thought if we could get the copy of the newspaper from where he broke this story--they most likely gave much more to the Washington News; but I don't think it is something you could pass over lightly.

MR. WHITE: Mr. Secretary, I heard something that may be of some help in this. I don't know how much there is in it. I understand that the CIO Political Action group has something on Dies, and that they were going to put it out and as a consequence of what they had, that his withdrawal from the election was the price that he paid for their not coming out with this. I don't know how much there is to this, but I heard it from a pretty good source.

H.M.JR: Could you find out?

MR. WHITE: Yes, I could find out very quickly from some of the boys.

H.M.JR: What I heard was that the CIO had registered more people in his district than there were people who had voted before, who were anti-Dies.

MR. WHITE: That was pretty generally known, but I got this from a source which should be good; it is third or fourth removed.

H.M.JR: It would be tragic if the result of this thing got him to withdraw, and then he vented his spleen on the President and Mrs. Roosevelt and other Members of the Cabinet.

MR. WHITE: I will find out.

H.M.JR: Anyway, will you talk a little bit to Elmer (to O'Connell), and you (White) talk to "Beanie."

MR. O'CONNELL: I have one more matter I would like to take up. It is strange this question never came over here before, but the Bureau sent over a request for a policy decision as to whether a Treasury employee is entitled to be considered as eligible for an informer's fee if he turns

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in a tax evasion case or the fact involved in it which resulted in a conviction of the tax evasion case. The general practice is that the Commissioner may, and in some cases does pay an informer a fee which may not exceed ten percent of the amount we recover. The regulations and the law preclude a Federal employee connected with the Internal Revenue service from participating in any such transaction. There has never been but one case in which a Treasury employee ever asked that he be considered as eligible for an informer's fee. In that case he was turned down by the Commissioner of Internal Revenue, partly because it was far from clear that he supplied the information, but partly because they thought it was bad policy. But we now have a case in which a Procurement Division employee has written to the Commissioner of Internal Revenue and wants to know whether, if he develops the fact which he apparently has now in his possession, he will be eligible for an informer's fee. I have a memorandum from the Chief Counsel of the Bureau asking that a policy decision be made as to whether this man, or any other Treasury employee, is eligible for an informer's fee. I feel pretty strongly about it myself.

H.M.JR: I do, too.

MR. WHITE: He won't inform the Government unless he gets paid. But if he gets paid, he is willing to be an informer.

MR. O'CONNELL: I can read a paragraph of the letter.

H.M.JR: I know what to do with him. Use a little Russian on him.

MR. O'CONNELL: That case--there isn't any question about this one; in fact, there is none about any of them in my mind. "If an employee of this Division, or any other Division of the Treasury Department, except Revenue, should obtain information during the course of his official duties and secure evidence on his own initiative leading to a tax evasion and fraud case, would such an individual be entitled to consideration in filing for a reward?" This fellow ought to be fired; there is no question. But I was asked to

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raise the question with respect to a man who would get the information, not in connection with his office duties. It seems to me the results should be exactly the same, but I would like to have a decision.

H.M.JR: I can give you the decision: "Any Treasury employee in or out of his official duties who has any information leading to the assistance of the Treasury proper--the main body of the Treasury--in conducting its duties must turn in that information. If he doesn't he should be fired."

MR. O'CONNELL: It is all right with me; I just wanted to get the rule.

H.M.JR: Signed "Henry Morgenthau, Jr!"

MR. O'CONNELL: That is all I have.

H.M.JR: I would like to know who that bird is.

MR. O'CONNELL: I have his name, that is all. He is Joseph Arrowsmith, Chief of the Administrative and Finance Division of the Procurement Division in Denver, Colorado. I will be glad to look him up a little more for you.

H.M.JR: If he doesn't turn it in, he should be fired.

MR. O'CONNELL: I will see to that, too.

MR. SULLIVAN: They used to have meetings of the collectors to discuss their common problems--Internal Revenue collectors used to have meetings. They haven't had one for eight years. Joe wants to hold one now, and he thought that perhaps in Milwaukee, either before or after the Convention--you see, many of those collectors will be at the convention. I indicated there was a problem there, and I think--

H.M.JR: No, if he wants to have them, let him do as the others, let him have regional meetings, let him have about a dozen regional meetings.

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MR. SULLIVAN: You don't need that many. There are only sixty-four collectors.

H.M.JR: Then have four regional meetings.

MR. SULLIVAN: All right, I will suggest that to him.

H.M.JR: I wouldn't have it around Convention time, definitely. Agreed?

MR. SULLIVAN: Yes. I felt if it was to be held anywhere around it would be much better to have it after the convention was all over.

H.M.JR: Anything else?

MR. SULLIVAN: No, that is all I have, sir, except I wanted to make sure you were with us in trying to wipe out all the oleomargarine taxes.

H.M.JR: Why?

MR. SULLIVAN: Why in the world should they impose a tax on the food of the poorest people in the country, people who haven't money enough to buy butter?

H.M.JR: What is the political angle on it, Mr. Sullivan?

MR. SULLIVAN: I am right.

MR. HAAS: The strongest lobby on the Hill is on the other side--the milk people. It is really a tariff.

H.M.JR: I sold my dairy!

MR. SULLIVAN: I think we have a chance, and we ought to take a good lusty swing at it.

H.M.JR: For the thirty-percent tax and against the tax on oleo?

MR. SULLIVAN: That is right.

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MR. BLOUGH: I wouldn't go out too far on the tax on oleo. I am opposed to the tax on oleo, but George is right, it is a political steam-roller.

MR. SULLIVAN: It isn't as much of a steam-roller here as it used to be. Miller, Russell, and Ellender are for repeal. If that isn't a packed committee!

H.M.JR: If we have to write a letter, if we have to go on record, then I am "agin it."

MR. SULLIVAN: We are going on record.

H.M.JR: Just remember about that tax on apples, now.

MR. SULLIVAN: We should have put that in with the tax on cut flowers and potted plants!

May 22, 1944
9:49 a.m.

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HMJr: Hello.

Operator: Senator George.

HMJr: Hello.

Senator George: Hello.

HMJr: Henry talking.

G: Yes, Henry, this is Walter George.

HMJr: Walter, I want to congratulate you, the way you got through that tax simplification bill.

G: Well, we got through. Had a little trouble but just unexpected kind of things will happen. We've got a little more trouble on the debt-limit bill but I'll get on to it during the week and hope to iron it out.

HMJr: What is that, Walter?

G: Oh, they want to put on some amendments on the cabaret tax and something on pension trusts.

HMJr: Yeah.

G: Senator Taft, you know, has been worried about that for a long time.

HMJr: Do you think you'll be able to keep off any riders to that bill?

G: Well, I hope so, because I don't think the House people will want to take any riders on that bill.

HMJr: Yeah.

G: But you know how it is. We -- they can't originate the things over here and they just put them on anything.

HMJr: Yeah.

G: And I can't keep them from offering them. I just -- unless I can talk them out of it....

HMJr: Well, you're pretty good at that.

G: Well, I'm going to try it again.

HMJr: Our staff worked all right with your people?

G: Fine, yes, fine, Henry. They're doing fine. Everything's all right.

HMJr: Well, that's -- that's good.

G: Yeah, doing fine, and I am anxious to get this debt-limit bill out.

HMJr: Yeah.

G: Now, I think I'll get over and ask Mr. Bob to bring on some other little old bill of some sort on which they can put these other amendments.

HMJr: I see.

G: Then if we don't like them, why, we can fuss about them for a long time, you know.

HMJr: I see.

G: But we can't -- we can't hold up on the debt limit.

HMJr: That's right.

G: You'll be embarrassed if you don't have that.

HMJr: Yes, sir. I'd like to get it out of the way before the Fifth War Loan.

G: Sure. Sure. I think it might hurt it somewhat if you didn't.

HMJr: I'm sure it would.

G: While, of course, we'll get the debt limit raised, but at the same time I hate to see these riders put into....

HMJr: Yeah.

G:into a bill like that.

HMJr: That's right.

G: Yeah.

HMJr: Well, thank you.
G: All right, Henry, I'll keep you advised.
HMJr: If you would.
G: All right.
HMJr: Thank you.

May 22, 1944
9:57 a.m.

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HMJr: I thought you said this morning these cables to these various women

Ted
Gamble: That is correct.

HMJr: had gone.

G: Yes, sir.

HMJr: Well, I've got them on my desk this morning.

G: You've got them on your desk?

HMJr: Sure, from Kafka to Smith

G: Well, they must have been held up, Mr. Secretary.

HMJr: to me.

G: They should not have been -- you should not have even been bothered with them.

HMJr: Well, Smith brings them in here this morning.

G: Well, I expect we've made it so tough on our people for letting anything escape here that they probably thought with these, maybe, we'd better clear your desk, too.

HMJr: Well, I mean, it just goes to Smith and Smith isn't going to send something to Mr. Hull without taking it up with me.

G: Yes.

HMJr: Now,

G: Oh, those are dif -- if this is Mr. Hull -- a wire to Mr. Hull

HMJr: What?

G: that's another wire.

HMJr: What?

G: If this is a wire to Mr. Hull, that's another wire.

HMJr: No, it's this thing from -- to Madame Molotov, Madame Chiang Kai-shek and Winston Churchill, signed by Mrs. Morgenthau.

G: Yes.

HMJr: Has anybody spoken to her about it?

G: Oh, yes. Mrs. Morgenthau has approved the wire, Mr. Secretary.

HMJr: Well, there is no indication here that she has.

G: Well, she went over it and approved it and even took a copy to Mrs. Roosevelt and asked her about it.

HMJr: Well....

G: I'm sure

HMJr: anyway, look, in the future, let's get -- try to get this thing straight. Now, there's no sense Kafka sending anything to Smith. It should come from you.

G: Well, those were sent out of my office, Mr. Secretary, with the idea that they were going to be sent from here.

HMJr: Well, the message that I've got on my desk -- Smith's here with me -- it's a memorandum from Kafka to Smith.

G: Yeah.

HMJr: Now, I've got to do it. It always ends up that way.

G: Well, these should not -- you should not have even been bothered with this because after Mrs. Roosevelt and Mrs. Morgenthau cleared them

HMJr: How are you going to get the cable sent if I don't ask Hull?

G: Sir?

HMJr: How are you going to get the cable sent?

G: Well, I presumed that there was enough authority vested in War Finance Division to send it if the people involved had approved it.

HMJr: Well, evid

G: They may have been

HMJr: Here's Kafka's note:

G: Yes.

HMJr: He said, "The three enclosed cables," and suggests -- "I have received from the State Department as follows -- that Secretary Morgenthau address a note to Secretary Hull.....

G: Well, then, maybe they sent them back, Mr. Secretary.

HMJr: "...in which he would explain the fact that these three ladies have been requested to appear at this broadcast along with Mrs. Morgen -- Mrs. Roosevelt and Mrs. Morgenthau."

G: Yes, sir. Well, probably what happened, they went there and were sent back and that we didn't carry enough weight to get them through.

HMJr: Well, this is dated May 18th.

G: Yes. Well, that's probably what happened.

HMJr: Frankly, Ted, I don't think they've kept you posted. At least, that's the way it looks.

G: Yeah, well, that's probably

HMJr: Please check the whole thing once more and find out where it stands in your shop. This is dated May 18th.

G: Yes.

HMJr: And then contact Fred on it.

G: Yes, sir.

HMJr: Will you do that, please?

G: Yes, sir. I'll do that.

HMJr: Thank you.

G: All right.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date
May 22, 1944

TO Secretary Morgenthau

FROM Fred Smith *FS*

The Story on Mrs. Morgenthau's cables:

- (1) Gamble turned them over to Kafka, since it was a radio matter.
- (2) Kafka checked with the State Department and found that you should send them directly to Secretary Hull.
- (3) He then sent them to me to submit to you.
- (4) He had checked them with Mrs. Morgenthau at an earlier date.
- (5) I have re-checked them with Mrs. Morgenthau.

Mr. Smith does not think Secy M should write a letter to Secy Hull, in view of fact that there has been publicity on these cables. Thinks Secy might prefer to phone Secy Hull.

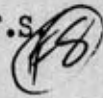
TO:

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Secretary Morgenthau

These are cables inviting
Mrs. Churchill and others to
participate in Mrs. Morgenthau's
Bond program.

F.S.



Fred Smith
Room 2904

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5/22/44

first draft

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MME. MOLOTOV

IN THE INTEREST OF THE UNITED STATES FIFTH WAR LOAN DRIVE
A SPECIAL WOMENS RADIO PROGRAM IS PLANNED FOR SOME TIME
THE WEEK OF JUNE EIGHTEEN STOP ~~IF BROADCAST FACILITIES~~
~~CAN BE ARRANGED~~ I WOULD BE HONORED TO HAVE YOU ^{JOIN} ~~APPEAR ON~~
~~IT WITH~~ MRS. ROOSEVELT AND MYSELF STOP I AM ALSO INVITING
MRS. CHURCHILL AND MME. CHIANG KAI-CHEK TO APPEAR WITH US
STOP WE BELIEVE SUCH A PROGRAM IN ADDITION TO HELPING BOND
DRIVE WILL DEMONSTRATE TO THE WORLD THE SOLIDARITY OF THE
WOMEN OF THE UNITED NATIONS STOP WOULD APPRECIATE AN EARLY
REPLY.

MRS. HENRY MORGENTHAU, JR.



MRS. WINSTON CHURCHILL

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MRS. HENRY MORGENTHAU, JR.



Joe O'Connell
Secretary Morgenthau

May 22, 1944

In Saturday night's news Dies has announced that he is going to give out an expose of high officials, the President, Mrs. Roosevelt and Cabinet Officers. I wonder if I write our friend Wright Patman to tell you what it's all about, he might make the effort to find out. *Finished -*

May 23, 1944
10:10 a.m.

MINNEAPOLIS AND ST. LOUIS RAILWAY HOLDING COMPANY

Present: Mr. D. W. Bell

MR. BELL: This morning, supposedly, five planes left at five o'clock for Russia with the eight tons of material that the Bureau of Engraving and Printing got together. It was supposed to be ready at five o'clock this morning. They said they would be ready with trucks to get them. They are Army planes.

H.M.JR: Five planes?

MR. D. W. BELL: They are going to Montana--that is the first stop--and across through Alaska, I guess. Yes, it took five planes.

H.M.JR: They haven't Henry Wallace tucked in with them?

MR. D. W. BELL: I suppose not. Henry probably went the other way.

The Minneapolis and St. Louis Railway Company is a holding company. It has all of the stock of the railroad company, and we own about thirty-four hundred shares, I think, or thirty-five hundred shares of that. That grew out of the last war. They want to merge them, and they are going to have a stockholders meeting on Thursday to vote on the merger. There really is nothing to the merger other than saving about seventy-five thousand dollars of administrative expense. It is virtually one organization as it is. They haven't gotten enough proxies to be sure of the merger, and they asked us for our proxy, and we told them no, it was our policy not to vote our stock. We thought we could get along without entering into the stockholders meeting. But they come back and say that it is quite important that they have this merger. They are not sure, and they would like to have

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our proxy. We don't think there is any harm in giving our proxy in this merger, and we could even send somebody to the meeting to vote it, if it is necessary. If it is not necessary, just keep it back. We could do either one, but I do recommend we vote.

H.M.JR: I think somebody should go to the meeting.

MR. D. W. BELL: Two people, Heffelfinger and Tietjens, have been handling it. Either could go, probably Tietjens.

H.M.JR: I think somebody from the General Counsel's office should go. How smart is Tietjens?

MR. D. W. BELL: I think he is an able fellow. He has good judgment.

H.M.JR: Has he? All right.

MR. D. W. BELL: Well, I will go ahead with that.

May 22, 1944
12:45 p.m.

REDUCTION OF CRITICAL MATERIALS TO GERMANY

Present: Mr. O'Connell
Mr. Luxford

H.M.JR: This is in regard to this memorandum for General Marshall, which I have read. In the first place, I think if I said anything like that, my hunch is I ought to send it to Mr. Stimson. (Refers to attached memorandum)

MR. LUXFORD: I got Arnold interested in the other one, Mr. Secretary, in the Swedish matter. Patterson, in particular, would be helpful on this.

H.M.JR: I still think I ought to send it to Mr. Stimson. I have reasons for wanting to do that. And the only thing that bothers me is, it is so vague. Do you know for sure that platinum is going out?

MR. LUXFORD: That came out of the G-2 report, everything that is in there.

H.M.JR: It goes back as far as that?

MR. LUXFORD: That is right, December, 1943.

H.M.JR: Oh, you are just digging it up now?

MR. LUXFORD: That was in the report they sent us. We had to call their attention to it.

H.M.JR: Well, I think I would address it to Mr. Stimson.

MR. LUXFORD: How about a copy to Mr. Crowley, too?

H.M.JR: That would be all right.

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MR. LUXFORD: It is kind of a combined operation.

H.M.JR: That would be all right.

MR. O'CONNELL: Of course, I was a little reluctant about initialing it, not because it was addressed to Marshall, but it wasn't clear to me whether it was entirely proper at this stage of the game to approach this problem again around another corner, attempting to put more pressure on the President and the State Department.

MR. LUXFORD: I think there is a very strong analogy in the case of Sweden. For two years we and FEA have been pushing to get action on those ball bearings, and the President has turned us down. We kept on.

H.M.JR: Another way, let's address it to the President.

MR. LUXFORD: We have that other note which I just haven't finished typing now.

H.M.JR: What would be the matter with sending this at the same time with the other one?

MR. O'CONNELL: I think the theory of this is a little different. I think the theory of this one is to attempt to interest Marshall or someone in the War Department with a view to getting the same sort of action that we got out of the War Department in SKF.

H.M.JR: Well, if they go to Stimson, he will say, "What do you want me to do with this thing?" I think it is a mistake to write to Marshall.

MR. LUXFORD: All right.

H.M.JR: I think the letter should be addressed to either the President or Stimson. Stimson did nothing at Cabinet the other day on the Argentine. If you are going to address it to Stimson, you ought to send it to the Secretary of the Navy, too.

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MR. O'CONNELL: I just had a little feeling that the result of the Cabinet meeting the other day was--I thought it would not be quite proper to address this to anybody in the War Department. I wouldn't mind having it sent to the President, but I thought that last week--

H.M.JR: Supposing he got this and the other thing together?

MR. LUXFORD: I would be a little troubled, if Joe's point has merit to it; that is, he may say, "What are you doing raising this with me again?" This certainly would be raising it with the President again.

H.M.JR: I tell you, let's see what the President does on sending this the second time. Maybe he will act. After all, I thought you told me you had something new.

MR. LUXFORD: No, sir, you asked the other day at staff meeting--I wasn't here--that we get up a memorandum to Marshall on these two items.

H.M.JR: Let's hold this. I am sending this thing up to the President. Let's see what happens. Can I do that by two o'clock?

MR. LUXFORD: You will have it by one. You said you wanted it by one. I am putting "copy" on that, Mr. Secretary, and dating it the same as it was before.

H.M.JR: That is all right. Do you want to take it back?

MR. LUXFORD: Yes.

SECRET

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MEMORANDUM FOR GENERAL MARSHALL

I am very interested in the attempts now being made to shorten the war and reduce American casualties by depriving the German war machine of critical materials obtainable only through neutral sources. As you are no doubt aware, the measures taken to stop exports of ball bearings from Sweden to Germany give promise of success. The facts stated below have caused me to wonder whether the German war machine cannot also be deprived of platinum and industrial diamonds. It is my understanding that this hemisphere is a primary source of supply to Germany of both of these materials.

Platinum is produced in Russia, Colombia, Canada, the United States, Union of South Africa and, to a limited extent, in Malaya. Since the Malayan platinum is not enough for Japanese needs, the only platinum obtained by Germany is that smuggled from Colombia. There is no effective substitute for this metal, which is essential to the ignition systems of aircraft, tanks and automotive equipment of all kinds, as well as radio and aviation materials. Available information indicates that the German stock of this material is very low.

As in the case of platinum, South America is one of the few sources of industrial diamonds open to Germany. Because of the importance of industrial diamonds in cutting and grinding operations, their vital role in war production cannot be overemphasized.

The German war machine is able to obtain these two critical materials from this hemisphere by virtue of two important considerations: (1) the

- 2 -

physical fact that important quantities of these materials have little bulk, which facilitates smuggling operations; and (2) the fact that Argentina, as a result of its refusal to install adequate controls, offers the facilities necessary to the operation of the German agents charged with the responsibility for obtaining these materials and serves as the point at which the materials can be collected in Latin America and from which they can be shipped to Germany. Available information indicates that Argentina is the channel through which these critical materials pass from this hemisphere to the German war machine.

I am not sure that this Government has applied itself to this problem with the same vigor that has characterized our handling of the Swedish situation, and I should be glad to discuss with you or your representatives ways and means of closing this gap and to use all of the facilities of the Treasury Department that might be helpful in carrying out any program that may be decided upon.

Secretary of the Treasury

SECRET

OASchmidt:eps 5-18-44

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE May 22, 1944

TO Secretary Morgenthau
FROM R. E. McConnell

In this war the United States has reached its peak industrial production from its own raw material resources. Henceforth, by reason of the simultaneous depletion of a number of the essential strategic raw materials this country will have to depend more and more upon imports of these important raw materials from other countries. Of primary importance, our iron ore, oil reserves, bauxite and zinc deposits are approaching exhaustion and will not suffice for another generation's requirements. This continent has been thoroughly prospected and there is not much difference among the well informed as to the potentialities of future discoveries.

There is a long list of strategic materials of secondary importance which have never been found in sufficient supply in this country. Manganese, chrome ore, tin, mica, industrial diamonds, quartz crystals, etc., are examples.

Not only the actual safety of the country is dependent upon the proper arrangements for an ample future supply of such materials at reasonable cost, but our future prosperity and standard of living will be dependent on such arrangements.

As the tendency toward nationalism throughout the world becomes more pronounced, it will be more difficult to gain access to ample supplies of such materials. It would seem desirable to enlist the services of the most able men in the several raw material industries to study the world situation as it affects this country's future, to discuss such studies and evolve a plan or series of plans to meet future requirements, and to have such dependable advice available for the high authorities as peace discussions progress.

It is suggested that such a group be brought together now as a unit or section, under the proper Government authority, to be charged with the responsibility of formulating a national raw-material policy. So far as is known, little has been done officially on this problem with the exception of the letter from the Assistant Secretary of State, dated May 13, copy of which is attached.

R. E. McConnell

Some Elements to be Considered

Reappraisal of our mineral position, in view of the recent heavy depletion and rapidly expending needs of industry, to see what additional supplies must be assured from abroad, and from where. Now under way by Geological Survey and Bureau of Mines.

The implementation of the promise in the Atlantic Charter of equality of access to raw materials. This will require careful consideration of all phases of international flow of minerals as affected by tariffs, trade treaties, cartels, closed door legislation, anti-trust laws, etc. This remains to be organized in any comprehensive way.

The control of metals and minerals to prevent rearmament of the Axis powers. The problem is an immediate one, starting with military occupation, and is already under consideration by groups working with Brookings Institute, the Army, and other agencies.

A less immediate objective of the disarmament program, but one of over-shadowing importance for the future, is the conservation of the world's minerals through limitation of armaments. World Wars I and II have burned up these resources at a rate never before imagined, and definite limitations are beginning to loom for some of them.

How to cut back or liquidate our vast war commitments in foreign minerals, involving purchase contracts, over-all agreements, "Good Neighbor" measures, without interfering with good international relations. This problem is already before us in several quarters.

International problems involved in post-war stockpile program for defense.

Post-war policy on liquidation of excess stocks not needed for defense. This has international complications.

Specific programs for individual minerals to be worked out in accordance with an over-all mineral policy.

What international machinery to set up for minerals, if any. The place of cartels.

C
O
P
Y

DEPARTMENT OF STATE

Washington

In reply refer to
CD

May 13, 1944

My dear Dr. Leith:

Mr. Haley, Chief of the Commodities Division, has told me of his conversations with you with regard to the desirability of utilizing the services of interested minerals specialists in the study of problems of international economic policy respecting minerals. It seems to be an established fact that the interdependence of nations in regard to minerals supplies is rapidly growing with the expanded needs of industry, with depletion of reserves, and with advances in technology. This raises many international questions, such as that of the application of the principle of equality of access to sources and markets, on which our Government needs sound advice with a view to formulating a general minerals policy broadly based on national needs.

I agree with you and with Mr. Haley that it would be helpful to the State Department to have the very best possible expert advice with regard to these and related problems. If you would be willing personally to bring together such a group of experts I can assure you that this Department will give careful attention to any recommendations you and your associates might prepare. Although I believe it would be desirable for such a group to carry on its work quite independently of the Department's auspices, I assure you that interested officials in the Department would be glad to give your group any assistance possible, as we would any other independent group of experts that wished to serve the public interest by studying problems of such great concern to this Department.

Mr. Haley recently discussed this matter also with Dr. Moulton of the Brookings Institution, who not only expressed personal interest in the study, but also suggested that if the Brookings Institution could assist you and your associates in any way, such as by placing facilities at your disposal, it would be glad to do so.

Sincerely yours,

(S) Dean Acheson
Assistant Secretary.

TREASURY DEPARTMENT *SA*

INTER OFFICE COMMUNICATION

Date
May 22, 1944TO Secretary Morgenthau
FROM Fred Smith *FS*

You will be interested to know that the AP and the UP already know all there is to know about the Conference, including the date. They say now that they had this information the morning that they wrote the story about the President's calling a Conference. They say they didn't get it at the Treasury, but will not say where it came from.

Their source is obviously a leak rather than an authoritative person, because they are not confident that their information is wholly accurate. However, it is.

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE May 22, 1944

TO: Secretary Morgenthau

FROM: Ralph G. Engelsman

Mr. (RGE)

Ted Gamble said that you would like to see some of the responses we are getting to your telegram to the plants.

This is this morning's first batch.

We are all encouraged by the responses.

Thank you very much for your help.

Ret'd to Mr Gamble 5/22/44.

May 22, 1944

Dear Dick:

I have checked over my schedule for speaking during the Fifth War Loan, and I find that it is already too tight to accommodate another engagement in Poughkeepsie. I am sorry, because I would like to have done it. The last time I was there marked a high spot in the campaign for me.

Thank you very much for inviting me, and I will try to make it in the Sixth War Loan.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Richmond F. Meyer
Chairman
War Finance Committee
P.O. Box 1216
Poughkeepsie, New York

FS:mlf

FS



OFFICE OF STATE CHAIRMAN

P. O.
Box 1216

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TREASURY DEPARTMENT

WAR FINANCE COMMITTEE

District 6
Poughkeepsie, New York



May 15, 1944

Honorable Henry Morgenthau, Jr., Secretary
United States Treasury Department
Washington, D. C.

Dear Mr. Secretary:

Agreeable with your suggestion I write this letter to confirm the invitations of the Orange County and Dutchess County War Finance Committees requesting that you participate in one or both of the rallies which will be held at Poughkeepsie and at Newburgh in connection with the stops of the Navy Barge which will tour from Buffalo to New York during the Fifth War Loan.

When I discussed this proposition with you last Saturday the tentative dates for the rallies in question were June 29th and June 30th, but I was advised this morning that the Poughkeepsie date has been changed to June 27th and the Newburgh date has been changed to Wednesday, June 28th. Everyone here sincerely hopes that you can arrange your schedule so that it will be convenient for you to favor us with your presence at one or both of these programs.

We know that you come to Dutchess County to rest and so we are reluctant to suggest that your participation in these programs be such as to require extensive preparation and formality on your part. However, if you or your associates decide that it might be well for you to make a formal appearance, I can assure you that the committees would be most happy to build their programs accordingly.

Again I want to thank you and Mrs. Morgenthau for the very nice visit and delicious lunch which I enjoyed with you last Saturday.

My best wishes to you.

Respectfully yours,

Dick Meyer

Richmond F. Meyer, Chairman

RFM:JR

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ARMY SERVICE FORCES
OFFICE OF THE COMMANDING GENERAL
WASHINGTON 25, D. C.

22 MAY 1944

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

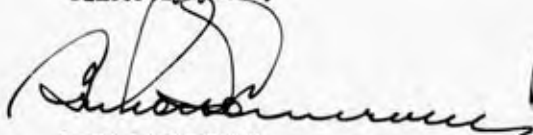
Dear Mr. Secretary:

This will acknowledge your letter of 16 May in which you commend Brigadier General Joseph W. Byron and Pfc George R. Carley for their services rendered in informing the troops about America's War Loan effort.

It gives me great pleasure to receive this comment on personnel of my command, and I am having your letter made a part of their official records.

Thank you for your interest,
and with best wishes to you, I am

Sincerely yours,



BREHON SOMERVELL,
Lieutenant General,
Commanding.

Charles S. Bell
Secretary Morgenthau

May 22, 1944

We've been told that O.P.A. has special ration stamps with which you can buy food to send overseas. I wish you would inquire and let me know. *See Bells*

Memo - 6/2 -

May 22, 1944

Harry White
Secretary Morgenthau

The economist or statistician that you recommended for Mr. Olrich, if he decides not to take him, please speak to me about it today because I may want to take him on myself. Thank you. *Finished -*

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

CONFIDENTIAL

DATE May 22, 1944

TO Secretary Morgenthau

FROM Mr. Hays

Subject: The Business Situation,
Week ending May 20, 1944.Summary

Cost of living: The BLS cost-of-living index rose 0.6 percent last month, but the index continues within the narrow range of the past year. Higher excise taxes, an upward revision in furniture price ceilings, and higher prices for fresh fruits and vegetables were largely responsible for the rise in the index.

Commodity prices: Moving irregularly lower last week, commodity futures have shown a noticeable decline for the past seven weeks and are at the lowest level in more than five months. The substantial improvement in the wheat crop prospects and uncertainty over war developments have promoted bearishness in the futures markets, particularly in grains. Spot prices, however, have been relatively stable, and the BLS index of 28 basic commodities last week gained 0.3 percent.

Stock market: Stock prices strengthened slightly last week on increased trading activity, although continuing invasion uncertainties and other factors limited the net gain in the Dow-Jones average of 65 stocks to about 1 percent. Railroad securities were bolstered by Southern Pacific's action in declaring an extra dividend and in calling for redemption of unmaturing bond issues amounting to nearly \$26 millions. During the week the Dow-Jones averages of Higher Grade and Second Grade railroad bonds advanced to new highs for the entire war period.

Steel supplies: An unusually tight pinch in steel supplies is now anticipated in the third quarter of this year. As a result of an expected manpower shortage in the steel industry, and increased steel requirements for heavy guns and shells, the WPB is reported to be reducing steel allocations to civilian goods industries for the quarter.

Retail trade: Stimulated by Mother's Day gift buying, department store sales in the week ended May 13 rose 31 percent above last year's levels. Sales thus far in 1944 have been 6 percent higher than in the corresponding period last year.

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Cost of living somewhat higher

The BLS cost-of-living index rose 0.6 percent last month. Despite this rise, however, the index continues within the narrow range of the past year. It now stands 0.3 percent above that of a year ago, but is 0.5 percent below the peak reached in May 1943.

Increased excise taxes which accounted for one-half of the increase, an upward revision in furniture price ceilings, and higher prices for fresh fruits and vegetables were largely responsible for the rise in the index last month. While household furnishings and miscellaneous costs have shown a steady rise during the past three years, the 1.7 percent increase in April was the largest since October 1941. (See Chart 1.) The increase in furniture price ceilings, permitted by the OPA with the return to production of steel spring furniture, bolstered household furnishings prices, and the effect of the 100 percent increase in the tax on admission prices largely accounted for the noticeable rise in miscellaneous charges. The food component, after having declined for five consecutive months, rose 0.4 percent. Retail clothing prices rose very slightly.

Rising clothing prices threat to stable cost of living

Price Administrator Bowles told the House Banking and Currency Committee last week that clothing prices were the greatest single threat to the cost of living. The clothing component of the BLS cost-of-living index has shown a steady rise during the past ten months, and now stands 7 percent above that of a year ago. The substitution of higher-priced items for cheaper types which are no longer available has been an important factor in the advance in clothing costs. Furthermore, the OPA has raised ceiling prices on some items in an effort to increase production. The Price Administrator indicated, however, that the OPA expects to get clothing prices under better control in the next six months, apparently through increasing production of lower-priced items by means of WPB directives, together with some adjustments in price ceilings.

Cost of living trend contrasts sharply with
that of World War I

Although some items in the cost of living have risen markedly during the past year, living costs in the aggregate have shown a high degree of stability. This is in sharp contrast to the trend of living costs in World War I. (See Chart 2, upper section.)

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Thus, while the BLS cost-of-living index during the past year has held practically unchanged, the index in the comparable period of the first World War rose over 16 percent. (During the first war, however, the period included four post-war months, since the war lasted about 52 months, while the present war has been in progress over 56 months.)

The success in stabilizing living costs during the past year has been due to a reduction in food prices, which has offset increases in other costs. In contrast, food prices in World War I rose sharply, except for temporary declines, throughout the entire war and for more than a year and a half after the Armistice was signed. (See Chart 2, lower section.) In the 56 months of this war the cost-of-living index has risen only 26 percent, as compared with the 63 percent rise during the comparable period of the first World War.

Commodity futures decline

Commodity futures have declined noticeably during the past seven weeks, with the Dow-Jones futures index reaching the lowest level in more than five months. (See Chart 3.) While the index moved irregularly last week, at the end of the week it was 0.6 percent below the level of a week earlier, and was 3.2 percent below the peak reached at the end of March. This decline reflects a weakness in the later futures months, principally for grains but also for cotton. Wheat and oat futures have declined around 7 and 6 cents, respectively, since the end of March, while rye futures are off 17 cents. The decline in cotton futures has been relatively small.

The substantial improvement in wheat crop prospects and the uncertainty surrounding war developments have been important factors in the decline in commodity futures. On the other hand, spot prices have remained comparatively stable since March, as indicated by Moody's spot index in Chart 3, although a slight rise was registered last week.

Basic commodity index higher

The index of 25 basic commodities last week broke out of the narrow range of the past two months and advanced 0.3 percent to a new high, 81.5 percent above the August 1939 average. (See Chart 4.) Rosin prices rose sharply for the second successive week, reflecting a very tight supply situation and a delay in the movement of the new crop to market. Wool top and steer prices were noticeably higher and cotton showed a moderate gain.

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Since all of the commodities in the basic commodity index except cotton and rosin have been brought under some form of price control, the breakdown of the index into controlled and uncontrolled commodities has recently had little significance. Consequently, the Bureau of Labor Statistics has discontinued the compilation of these two components, effective last week.

The BLS all-commodity index declined slightly in the week ended May 13, due largely to seasonal declines in prices of fresh fruits and vegetables, together with lower ceiling prices for heavy hogs. At 103.6 percent of the 1926 average, the index is 0.2 percent below that of the corresponding week last year, although it is 38.1 percent above the pre-war level of August 1939.

Stock market slightly higher

Stimulated by a number of favorable dividend actions, stock prices and trading activity rose slightly last week. Industrial, railroad and utility shares participated in the improvement, but invasion uncertainties served to restrain the upswing and the net gain in the Dow-Jones average of 65 stocks for the week was about 1 percent. (See Chart 5.) Industrial stock prices in London eased slightly, but renewed strength at the end of the week carried prices up to within a fraction of the war-time high reached on May 11.

Stock trading on the New York Exchange rose above 900,000 shares on Thursday for the first time this month, as an extra dividend declaration by Southern Pacific Railroad bolstered speculative sentiment. In addition to the surprise dividend action, Southern Pacific also called for redemption 2 unmaturing bond issues amounting to nearly \$26 millions, utilizing cash funds for the purpose. This action imparted further strength to railroad bond prices, and the Dow-Jones averages of Higher Grade and Second Grade railroad bonds rose to new peaks for the year in the most active trading since March 28. At the close on Thursday the Second Grade rail average was 70 percent above the 1942 low. Nevertheless, the average would have to show a further rise of more than 17 percent to equal the 1937 high.

Farm machinery output improved

Another favorable dividend action of the past week was a moderate increase in the usual quarterly dividend of the International Harvester Company. The company's president indicated that the increased dividend was not based on current or anticipated earnings gains, but rather on the outlook for greater stability in operations, as war output of the company

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is diminishing and civilian output is expanding rapidly. Earlier this month the company reported that in the six months ended April 30 its production of farm tractors, implements and parts was more than double year-earlier levels.

While the output of farm machinery as recently as February was lagging 23 percent behind schedule, the Chairman of the WPB reported last week that the farm machinery production program has improved considerably in the past several months. Production during the current month is rising, and is now reported to be moving at a faster rate than in any peace-time year. Further gains are expected in June, but despite anticipated improvement, output by the end of next month will still be about 10 percent short of schedule.

Steel allocations for third quarter cut

Recent optimism over the progress of the farm machinery program, however, may have to be tempered somewhat as a result of downward revisions in third-quarter steel allocations now reported to be under way. According to the latest WPB analysis, steel supplies in the third quarter are expected to fall substantially short of demand, due to an anticipated manpower shortage in the steel industry and to increased steel requirements for heavy artillery purposes. As a result, the WPB is now in the process of reducing third quarter steel allocations, with merchant shipbuilding, agriculture, and other civilian industries slated to feel the first effects of the cuts.

In connection with the current heavy demand for steel, the Iron Age last week reported that "the steel industry finds itself close to a period of tightness never before reached. Requirements for the third quarter will tax the complete facilities of the industry. There is no chance, however, that war needs which are to support the invasion will be behind schedule." The pinch in steel supplies is especially noteworthy in view of the sustained high level of production thus far in 1944. Steel ingot production in March broke all previous records, and after allowance for the shorter month, was maintained virtually unchanged in April. Steel operations last week were scheduled at 99.2 percent of capacity.

Cold storage freezer space somewhat easier

While cold storage freezer space continues to be very tight in some areas, the seasonal peak in occupancy appears to be past and an easing in the over-all space requirements is evident. Freezer space occupancy in public cold storage warehouses declined to 85 percent on May 1 from 88 percent a month earlier, according to the May 1 cold storage report

- 6 -

of the WFA. Cooler occupancy, however, increased seasonally during April and on May 1 amounted to 82 percent, the highest on record. A month earlier cooler occupancy was 80 percent and a year earlier was only 64 percent. Much cooler space not ordinarily used at this time of year is now occupied with the large seasonal production of eggs, lard, and other products.

Heavier-than-normal withdrawals of frozen fruits and of vegetables, butter, and frozen poultry were noted, but stocks of shell and frozen eggs rose sharply and lard stocks increased substantially. The greatest changes during the month were in apples (decreased 59 percent) and in shell eggs (increased 57 percent.) Stocks of all items except apples on May 1 were appreciably higher than last year. (See Table I.)

Despite the improvement in the over-all cold storage freezer situation, the tightness in space in some areas is causing considerable difficulty. The New York market last week was reported to be swamped with eggs, and Government buyers were unable to find storage space for the eggs they purchased. Moreover, practically no storage space for eggs was reported to be available in Philadelphia, and in Chicago storage space was critically short. Due partly to lack of storage space, slaughterers in some areas have been unable to handle the heavy hog marketings recently and large carryovers have resulted. The WFA cold storage report indicated that freezer space in meat packing establishments in numerous states was 100 percent occupied.

Industrial sugar allocations raised

Sugar allocations to twelve classes of non-baker industrial users were restored last week to 80 percent of that used during the corresponding month of 1941, following a reduction to 70 percent on April 1. The restoration becomes retroactive to April 1. (Bakers' allocations had remained at 80 percent.) An improvement in the shipping situation has enabled the increased allocation.

Imports of sugar have increased substantially in recent months, and in April were almost 42 percent above those of a year ago. As a result, the decline in sugar stocks has been stopped, and stocks increased over 50 thousand tons last month, according to confidential estimates of the Department of Agriculture. The estimated stocks on April 30, however, were still about 400 thousand tons below those on the corresponding date last year.

An encouraging factor in the sugar picture this year is the huge Cuban crop, which, according to press reports, may total almost 5,600,000 tons. The Cuban crop last year was

- 7 -

only 3,225,000 tons. The effect of this large crop on the supply situation in this country will, of course, depend upon shipping conditions.

Department store sales rise

Swelled by Mother's Day gift buying, department store sales in the week ended May 13 attained the largest volume since Easter week, and exceeded last year's level by 31 percent. (See Chart 6.) The gain was accentuated by the fact that Mother's Day occurred one week earlier last year. However, it should be noted that in the week ended May 6 sales also ran above 1943 levels although the gain was only 9 percent. In view of the fact that varying holiday dates and other temporary factors have caused rather wide fluctuations in year-to-year sales comparisons, it is interesting to note that cumulative department store sales thus far in 1944 have been 6 percent higher than in the corresponding period of 1943. All districts have shared in the sales gains, although the Atlanta and Dallas districts have made the strongest showing with increases of 20 percent and 17 percent, respectively.

In the face of increased sales and shortages of merchandise in some lines, the dollar value of department store stocks continues to run above year-earlier levels. Although nationwide data for April are not yet available, department store stocks in New York City at the end of last month were 14 percent higher than a year earlier, while stocks of department stores for the entire New York Federal Reserve District were 12 percent higher.

Table I

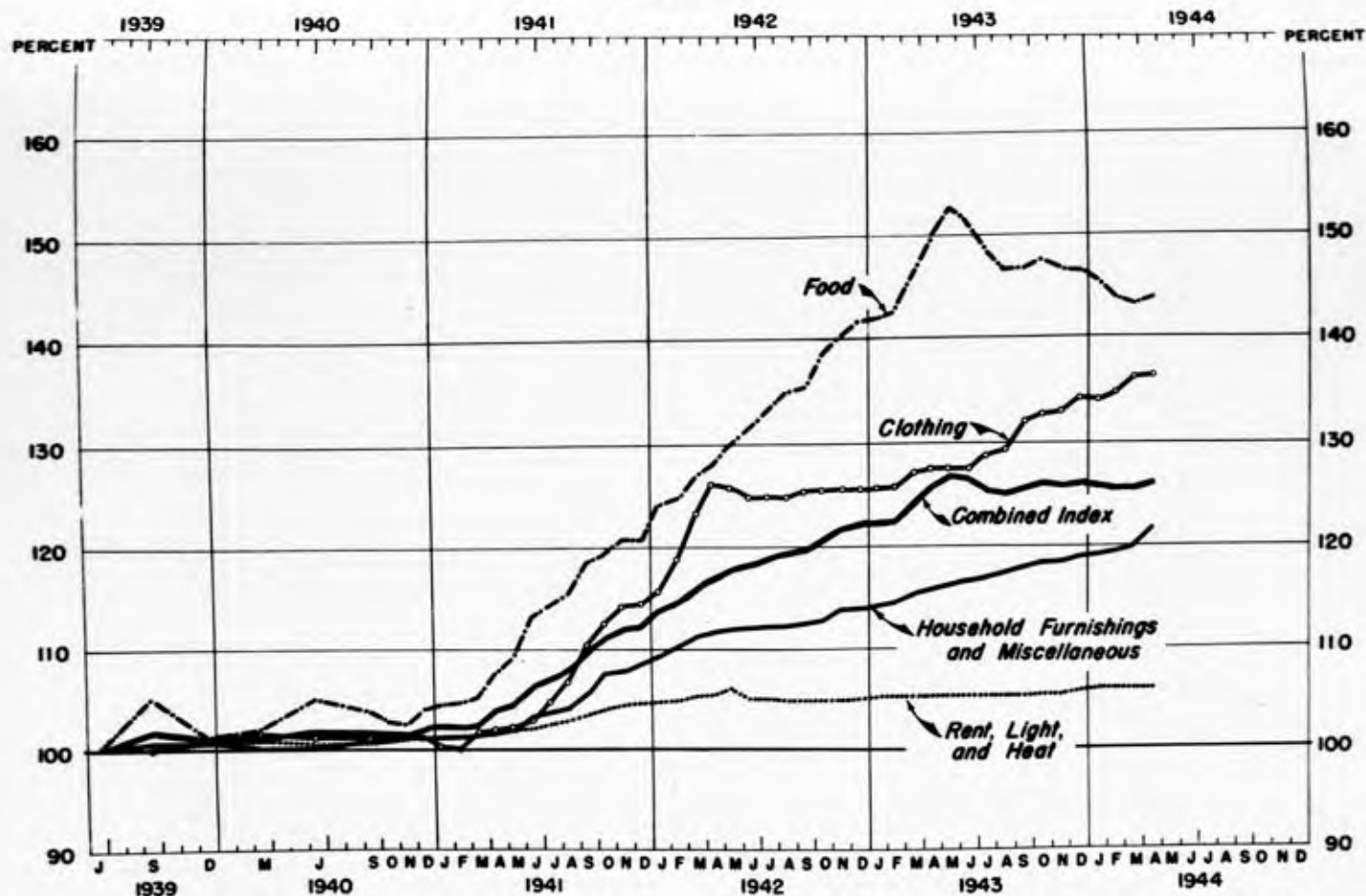
Percentage change in cold storage holdings May 1, 1944
from May 1, 1943 and May 1, 1939-43 average

	May 1, 1944 over May 1, 1943	May 1, 1944 over May 1, 1939- 1943
	(Percent)	
Frozen poultry	+300	+68
Lard	+229	+133
Butter	+130	+110
Cheese	+92	+39
Frozen and cured meats	+70	+56
Frozen fruits and vegetables	+47	+70
Frozen eggs	+27	+82
Shell eggs	+14	+70
Apples	-51	-50

Source: War Food Administration data.

COST OF LIVING AND SELECTED ITEMS

June 1939=100



Office of the Secretary of the Treasury
Division of Research and Statistics

Source: B. L. S.

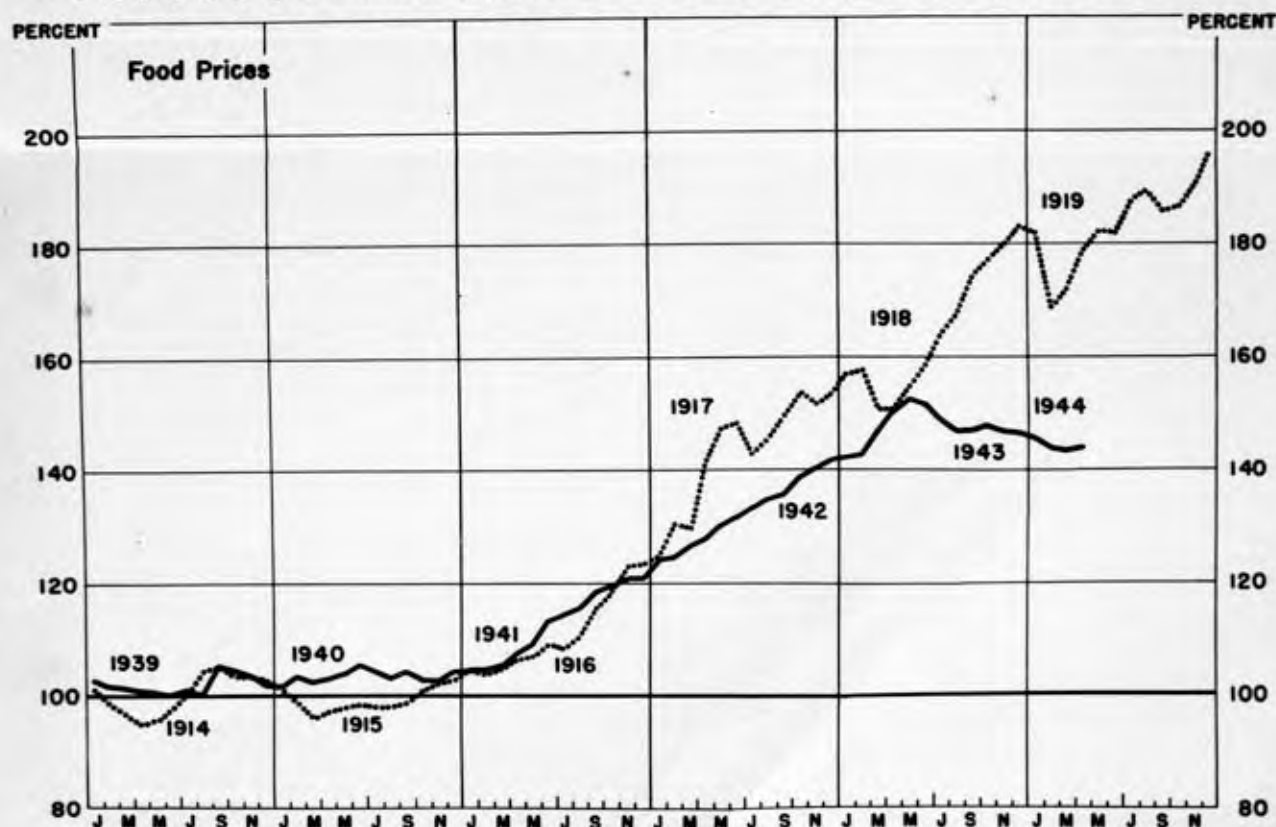
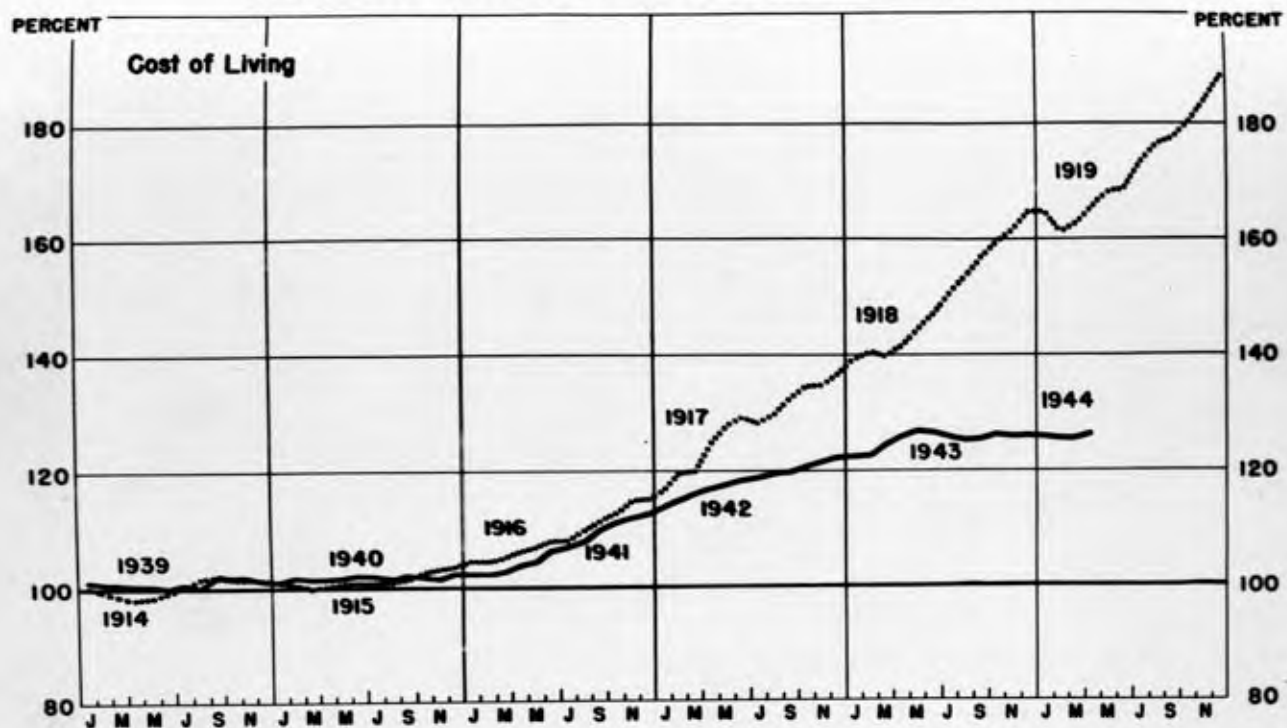
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Chart 1
173

Regraded Unclassified

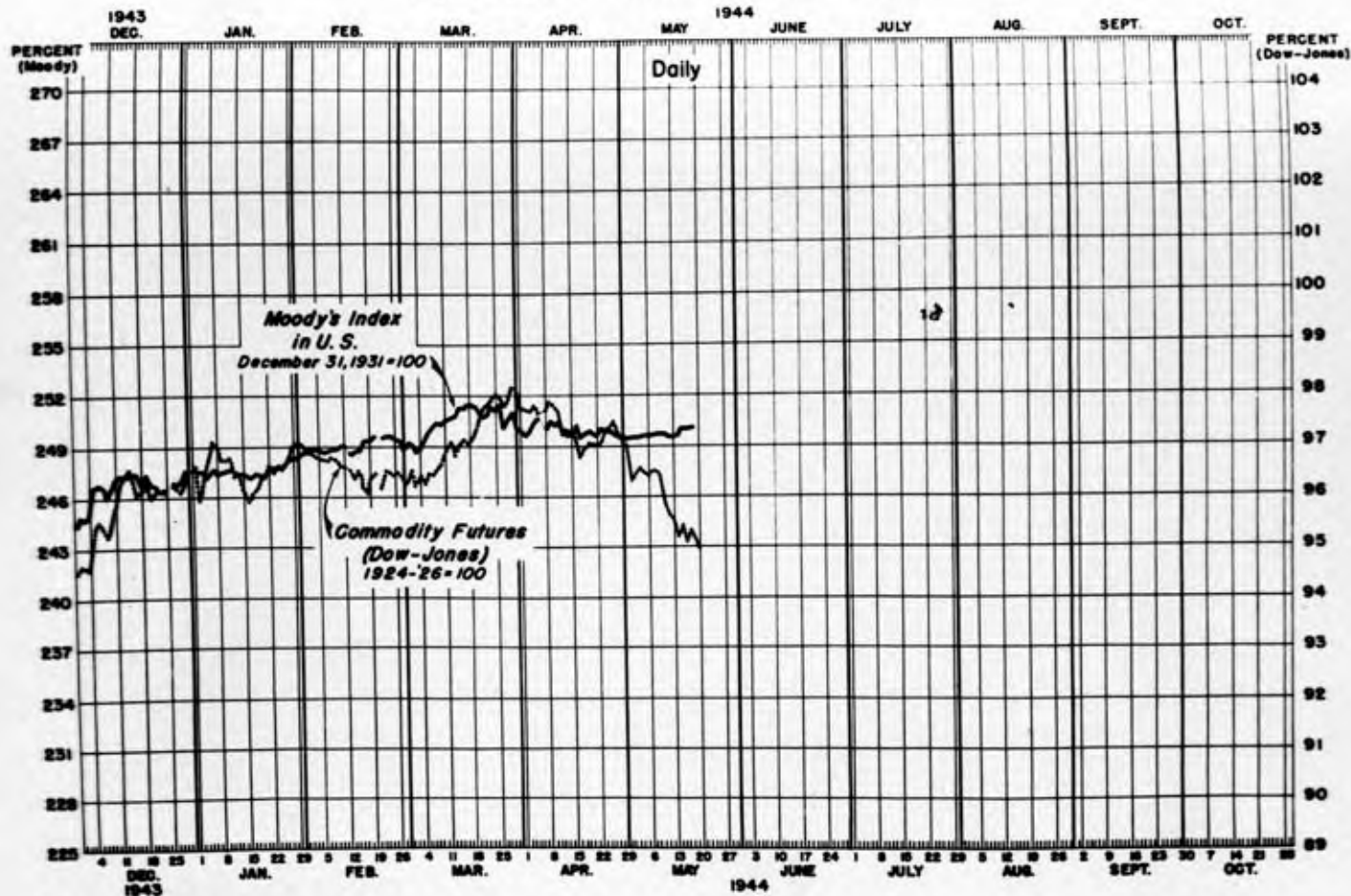
COST OF LIVING AND RETAIL FOOD PRICES IN TWO WAR PERIODS

July 1914=100 World War Period; Aug.1939=100 Present Period

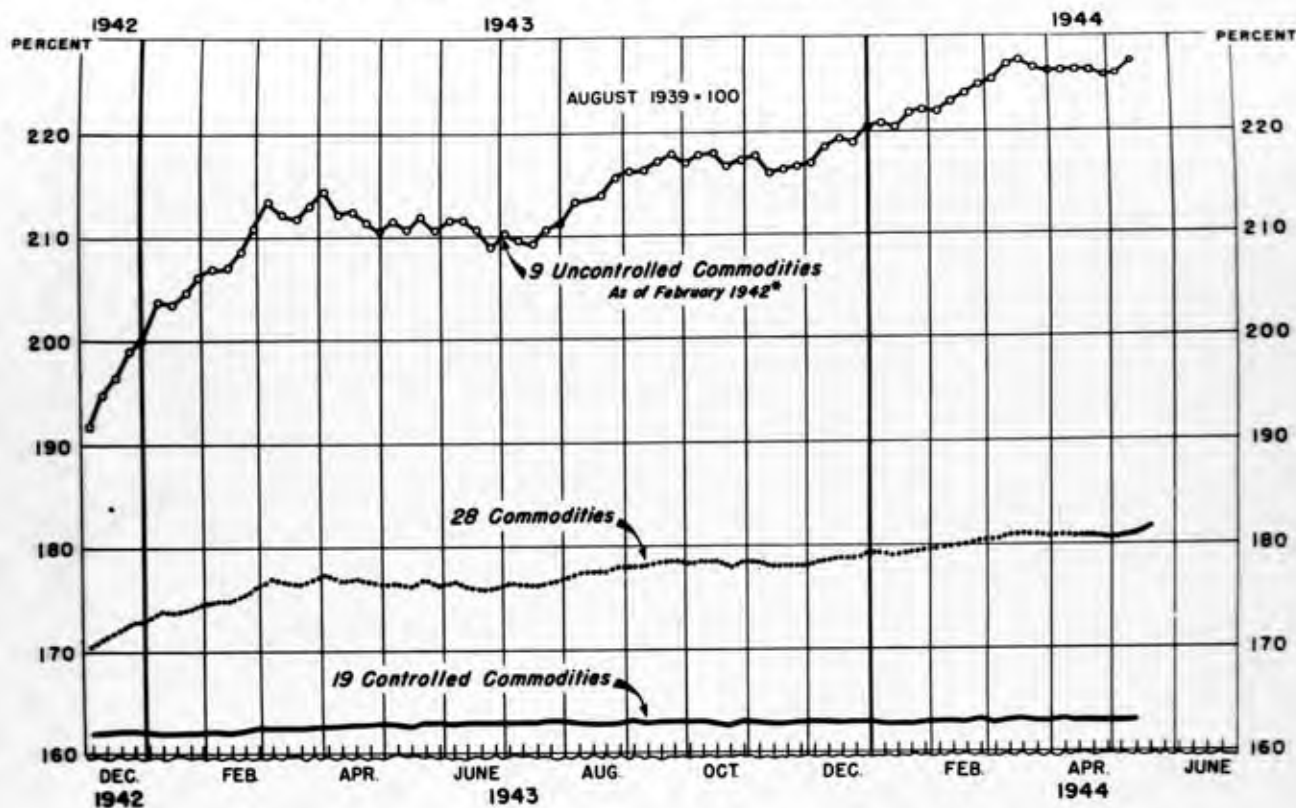


Source: B. L. S.

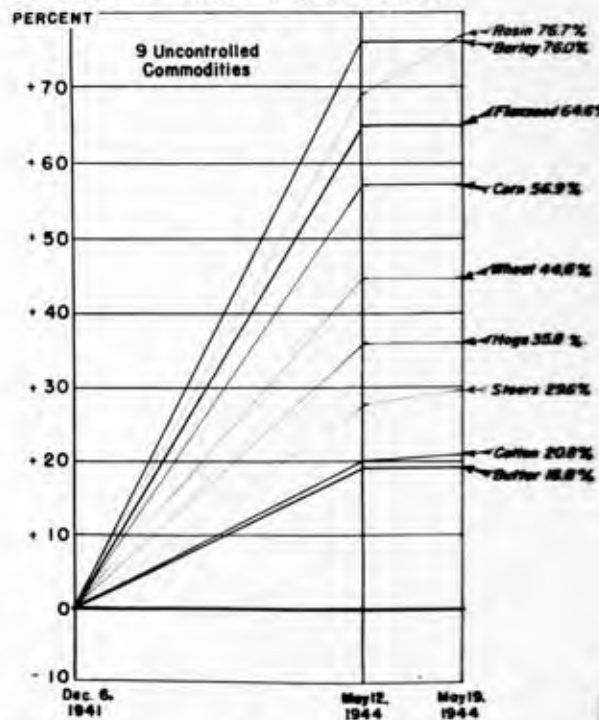
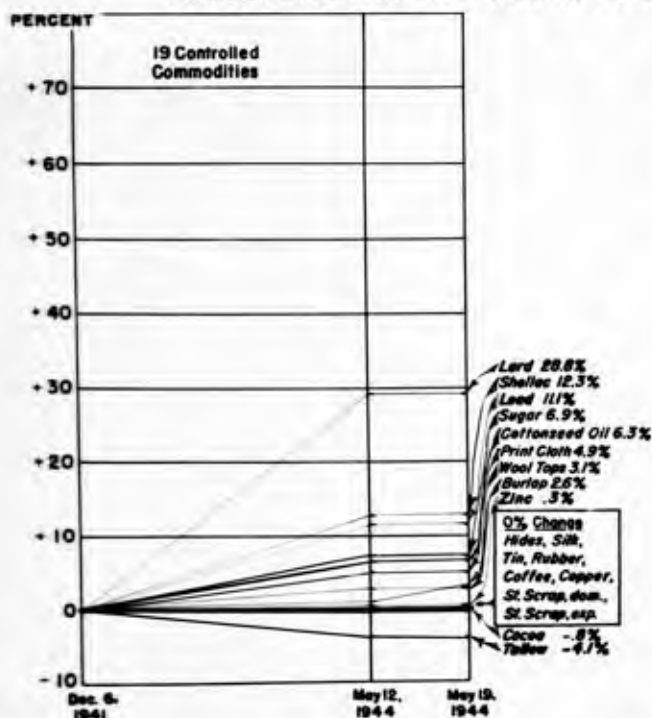
COMMODITY PRICE INDEXES IN U.S.



MOVEMENT OF BASIC COMMODITY PRICES



PERCENTAGE CHANGE DEC. 6, 1942 TO MAY 12 AND May 19, 1944

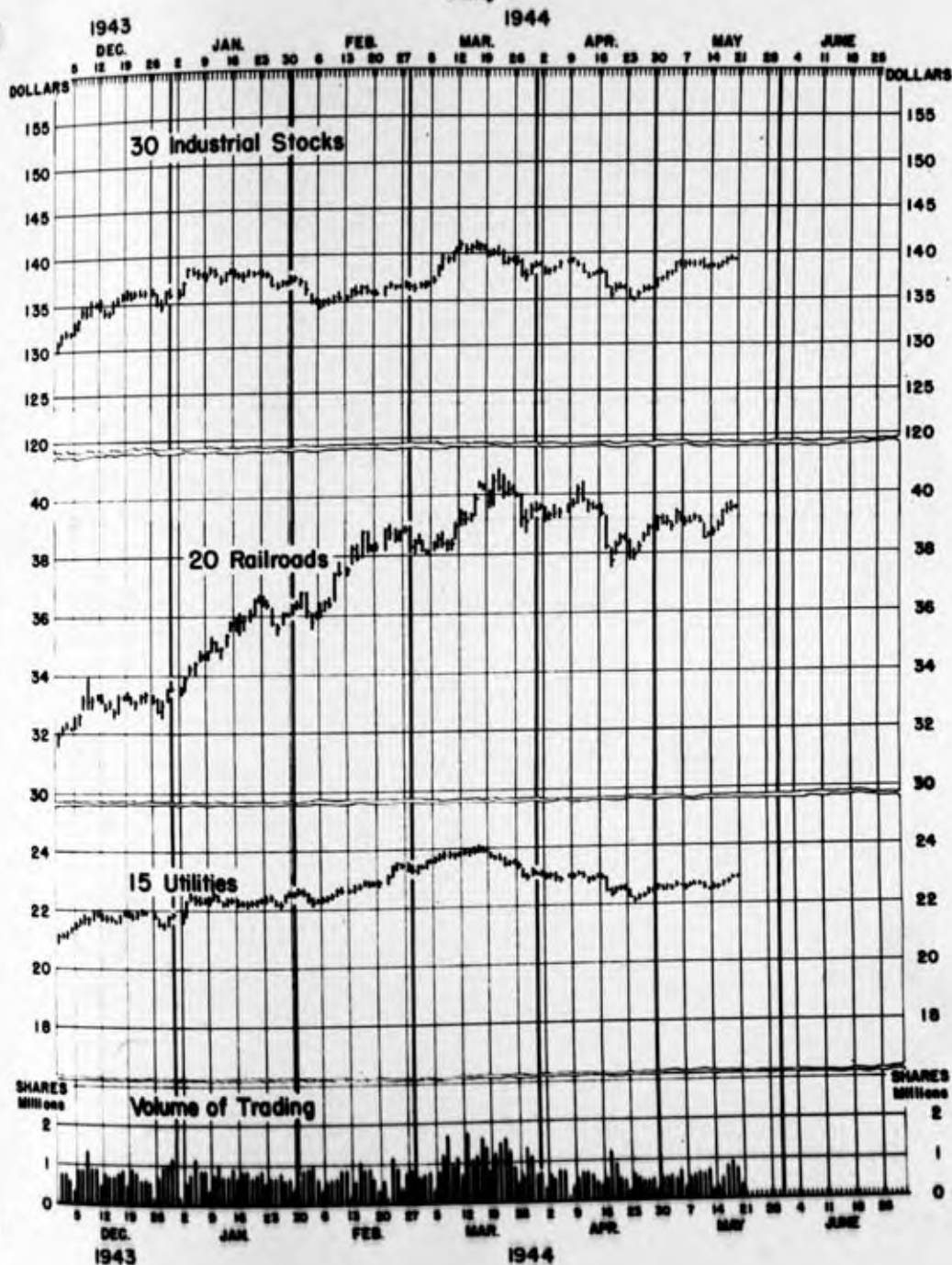


*All commodities in index are now under some form of price control, except rice and cotton.

STOCK PRICES, DOW-JONES AVERAGES

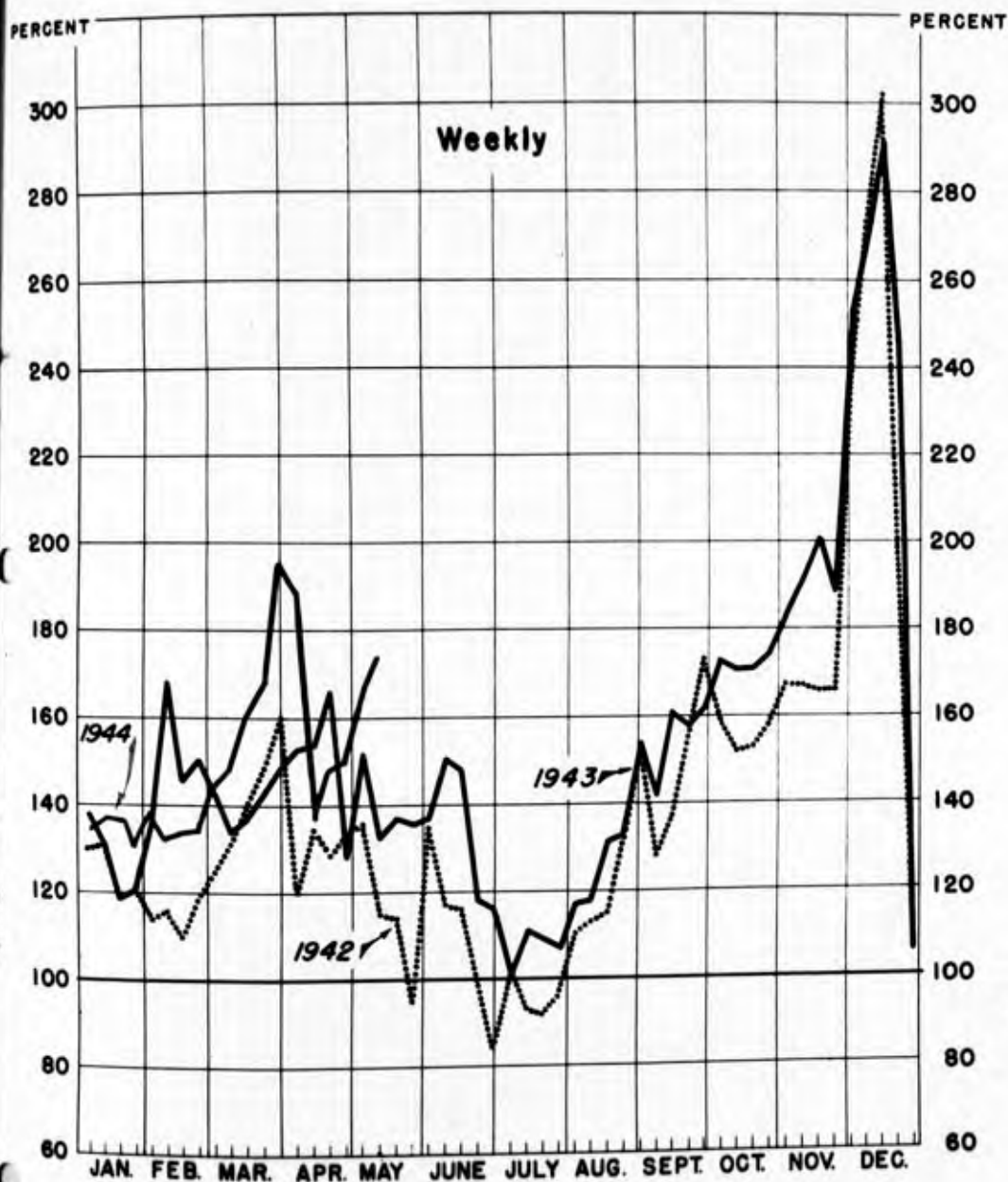
Chart 5 177

Daily



DEPARTMENT STORE SALES

1935-'39 = 100. Unadjusted



**FIFTEENTH REPORT TO CONGRESS
ON LEND-LEASE OPERATIONS**

For the Period Ended March 31, 1944

CONFIDENTIAL: To be held in **STRICT**
CONFIDENCE and no
portion, synopsis, or intimation to be published or given out
until the **READING** of the President's Message transmitting
this report has begun in the Senate or the House of Represent-
atives, which is expected to be at 12 NOON, MONDAY, MAY
22, 1944. Extreme care must therefore be exercised to avoid
premature publication.

STEPHEN EARLY,
Secretary to the President.

.....

FIFTEENTH REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended March 31, 1944

.....

"The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose."

[From Section 5, subsection b, of "An Act to Promote the Defense of the United States" (Public Law No. 11, 77th Congress, 1st Session).]

For sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.
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PRESIDENT'S LETTER OF TRANSMITTAL

TO THE CONGRESS OF THE UNITED STATES OF AMERICA:

I am submitting herewith the Fifteenth Report on Lend-Lease Operations for the period ending March 31, 1944.

United Nations forces are now about to strike new and mightier blows at Nazi-occupied Europe from offensive bases in the West, the South, and the East. The fighting men of many nations have been banded together in combined operations. They are armed with the most powerful weapons that the combined resources and ingenuity of the United Nations can produce. They are ready to bring to bear their strength to continue the crushing process against the Nazis and the German war machine.

Our American forces will go into battle side by side with the men of Britain, France, Norway, Poland, Czechoslovakia, Netherlands and our other allies. At sea, warships flying many United Nations flags will escort the fleets. In the skies, the R. A. F. will join with the United States Army Air Forces in blasting the paths for our troops and in protecting them from air attack.

For this great undertaking, the United Nations fighting partnership has been made far stronger by lend-lease and reverse lend-lease. Through lend-lease we have made certain that every man in the forces of the other United Nations who goes into battle beside an American fighting man has what he needs to hit the common enemy as hard as possible. Through reverse lend-lease, the American Forces have been similarly aided by our allies with everything they had that we needed.

On the eastern European front also, arms and other war supplies provided by the United States and the British Commonwealth, will continue to strengthen the Soviet Armies for the new blows that will be timed with our advances.

In the Far East and the Pacific our offensives in New Guinea, in Burma, and against the Japanese fortress islands in the Central Pacific are proof that the battle for Japan is not waiting upon the successful conclusion of the battle against Nazi Germany. China is being helped to the utmost of our ability.

Decisive battles are ahead. Now, more than ever, it is vital to our own American Army and Navy and Air Forces, as well as to the forces of the other United Nations, that we continue to provide our fighting partners with the additional war supplies they need to supplement their own resources. Congress has again recognized this fact by its overwhelming vote to extend the Lend-Lease Act.

Only by uniting our full strength with the full strength of the other free peoples of the world have we moved from the defensive to the offensive, from defeats to victories. By maintaining our unity now we shall certainly achieve final victory. By continuing our unity after the war we can assure a peace in which mankind can live and work and worship in peace, freedom, and security.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
May 22, 1944.

Chapter 1

MUTUAL AID

Lend-Lease Totals

With United Nations offensives already underway in the air, on land and by sea, and greater offensives now impending, the United States provided to its allies in the first three months of 1944, the record-breaking total of more than four billion dollars worth of lend-lease aid. This consisted of planes, tanks, and other war supplies transferred, and shipping, repair, and other services rendered under the Lend-Lease Act to strengthen the fighting power of the allied armed services fighting side by side with American forces against our common enemies. About 97 percent of all lend-lease aid has gone to the British Commonwealth, the Soviet Union and China.

In the first sixty days of 1944 alone over 2,100 lend-lease planes, almost 2,000 tanks, and over 60,000 other military motor vehicles were sent from the United States to the forces of the other United Nations fighting the Germans and the Japanese.

Since the beginning of the lend-lease program on March 11, 1941, we have sent a total of more than 30,000 planes, about 25,000 tanks and over 800,000 other military motor vehicles to the forces of our allies. Of these totals over 23,000 of the planes, over 23,000 of the tanks and almost 550,000 of the other motor vehicles went under lend-lease. The others were paid for in cash by our allies.

Over half of all lend-lease aid has consisted of fighting equipment—planes, tanks, guns, ships, bombs and other finished munitions. The other supplies transferred under lend-lease—the industrial materials and products and the

food—have been just as essential in the fighting. A bar of steel from Pittsburgh sent to Britain ends up, for example, in a blockbuster bomb dropped by a Lancaster on Frankfurt; or pork from a hog raised in Indiana ends up in a lend-leased can of "Tushonka" eaten by a Soviet soldier just before the final attack on Odessa. Supplies for the production of munitions and foodstuffs are also weapons of war.

The balance of lend-lease aid consists of services: The cost of shipping the supplies and ferrying the planes to battle fronts around the world; servicing and repairing damaged allied men-of-war and merchant ships; factories built in the United States with lend-lease funds to produce lend-lease equipment; and the cost of such other services as the allied pilot-training program.



FOREIGN ECONOMIC ADMINISTRATION

Chart 1

TOTAL LEND-LEASE AID

March 1941 through March 31, 1944

	Amount	% of Total
Goods Transferred:		
Munitions.....	\$12,942,271,000	53.4
Industrial Materials and Products.....	5,106,296,000	21.1
Agricultural Products.....	3,131,684,000	12.9
Total Transfers.....	21,180,251,000	87.4
Services Rendered:		
Servicing and Repair of Ships, etc....	432,311,000	1.8
Rental of Ships, Ferrying of Aircraft, etc.....	1,902,945,000	7.9
Production Facilities in U. S.....	617,465,000	2.5
Miscellaneous Expenses.....	91,834,000	0.4
Total Services.....	3,044,555,000	12.6
Total Lend-Lease Aid.....	24,224,806,000	100.0
Consignments to Commanding Generals...	*590,461,000	

*Goods consigned to United States commanding generals for subsequent transfer in the field to lend-lease countries. The value of such goods transferred is not included in the lend-lease aid total of \$24,224,806,000. Further information on consignments to commanding generals is given in Table 13, page 46.

Table 1

The total amount of lend-lease aid shown in Table 1 includes all the aid reported to April 1, 1944 that has been provided to other countries under the terms of the Lend-Lease Act by all Government departments. It includes all supplies transferred and services rendered with funds appropriated for lend-lease purposes to the President, as well as all supplies transferred and services rendered with funds appropriated to the War and Navy Departments and to the Maritime Commission under transfer authorizations specifically written into Appropriation Acts for these agencies by the Congress. The amounts of the various appropriations and authorizations are shown in Table 10 on page 42.

Mutual Benefits

The volume of lend-lease aid has been great, but what we have spent on lend-lease has been only 14 cents of every dollar spent by the United States for war purposes. The other 86 cents of each war dollar have been used for our own fighting men and our war production. By far the greater proportion of everything we have produced to fight this war has gone to the United States armed forces. But what we have provided under lend-lease to our allies is equally helping the men in our own Army and Navy and Air Forces. For our allies use the supplies we send against the same enemy our men are fighting. Our allies as well as we have one primary purpose—to defeat our common enemies as effectively and speedily as possible.

Millions of Germans and Japanese will never fight against Americans because they have been killed or captured by our allies with the help of lend-lease supplies. Lend-lease is working for America on the Russian front—in Africa and Italy—in the skies over Germany—in Burma and China and New Guinea—just as surely as it is working for the other United Nations.

United States forces and our merchant marine overseas are also receiving great quantities of supplies and services as reverse lend-lease aid, provided by our allies without payment by us. By the first of this year the aid provided to us by the nations of the British Commonwealth since June 1, 1942, totalled over \$2,000,000,000 and the rate of aid was approaching \$2,000,000,000 a year.

Just as our allies benefit from the other 86 percent of our war expenditures, so we benefit in turn from all of their war expenditures, whether they are for reverse lend-lease and mutual aid or not. In the case of the Soviet Union and China, for example, virtually all of their resources are needed for fighting the invaders of their own soil and it is essential to the success of our own military operations that their resources be so used. This is a United Nations war. The total fighting and productive power that each of the United Nations can put into our combined operations to defeat our common enemies is of benefit to all the others.

The allocation of supplies among the theatres of war and among the forces of the United Nations is governed by combined military strategic decisions. Whether supplies produced in one nation are transferred to another of the United Nations under lend-lease or mutual aid, or whether they are retained, the guiding principle is always the same—how can they be used most effectively to bring about the defeat of the enemy?

All the experience and information that we have available indicate that in proportion to their available resources our principal allies are putting into this war fully as much as we are, including our lend-lease aid. This is true in terms of the percentage of their manpower in uniform, in terms of the percentage of gross national production each is devoting to war purposes, and in terms of their increased taxes and increased national indebtedness in relation to national income.

There is no way, of course, by which a statistical balance sheet of the contributions made by the various United Nations to the winning of the war can be drawn up. The millions who have given their lives in many lands—the homes destroyed—the sacrifices and the courage—all these are vital and human factors which cannot be adequately measured but are essential for our ultimate victory along with planes, tanks, guns, and ships, and dollars, pounds, and rubles.

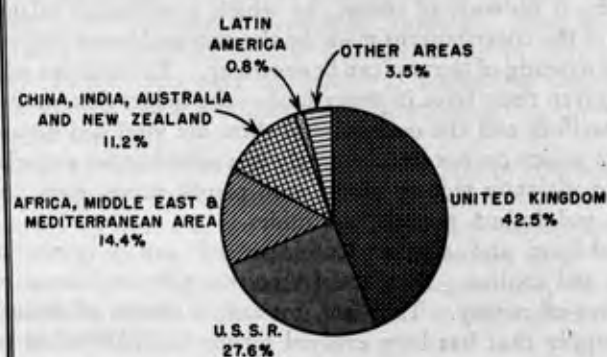
Lend-lease and reverse lend-lease are not a system of debits and credits. They involve neither gifts, nor loans or transfers of money. They are, instead, a system of mutual war supply that has been evolved by the United Nations to make possible the effective combined operations by which we are fighting and winning the war. The benefits which we and all of the United Nations have already mutually received from this system are beyond price.

Before we had found how to strengthen each other through mutual aid and had become United Nations, the forces of aggression and tyranny were well on the way to the conquest of the world. It was less than three years ago that defeat and disaster or the imminent threat of disaster were the daily portion of each and all of the peace-loving nations of the world. Now it is the United Nations who are winning the

battles; it is we who have mobilized the tremendous striking power that can bring ultimate victory.

We are on the eve of new and greater offensives. When our men go into the battles that lie ahead they will be part of a United Nations fighting team that has been made infinitely stronger through lend-lease and mutual aid. They will have fighting shoulder to shoulder with their friends whom we aided in adversity and who now aid us. We shall win final victory far sooner, and the cost in lives will be far less, because we have learned to work together—as free peoples—to our mutual benefit.

DISTRIBUTION OF LEND-LEASE EXPORTS BY AREA OF DESTINATION MARCH 1941-FEBRUARY 1944



FOREIGN ECONOMIC ADMINISTRATION

Chart 2

LEND-LEASE EXPORTS TO ALL COUNTRIES

Thousands of Dollars

	Mar. 1941- Feb. 1942	Mar. 1942- Feb. 1943	Mar. 1943- Feb. 1944	Total
Ordnance and Ammunition.....	118,951	1,037,422	1,563,632	2,720,005
Aircraft and Parts.....	95,707	1,015,324	1,911,438	3,022,469
Tanks and Motor Vehicles.....	146,504	870,247	2,222,892	3,239,643
Watercraft.....	13,185	95,997	283,219	392,401
Total Munitions.....	374,347	3,018,990	5,981,181	9,374,518
Industrial Materials and Products.....	296,556	1,477,176	2,639,836	4,413,568
Agricultural Products.....	439,629	1,092,315	1,875,587	3,407,531
Total.....	1,110,532	5,588,481	10,496,604	17,195,617

Table 2

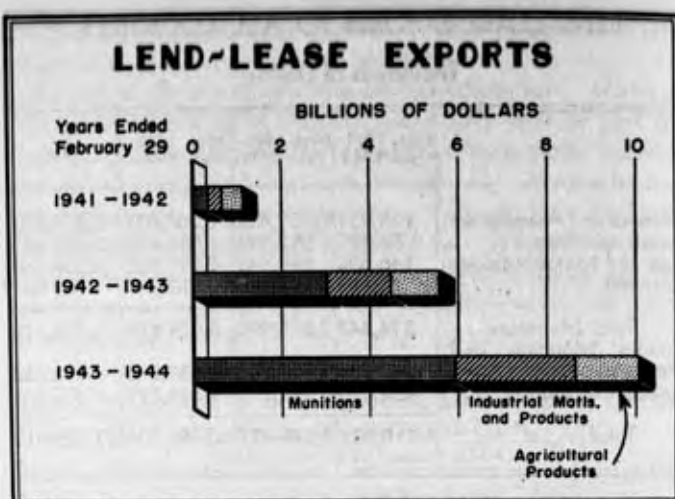
Lend-Lease Exports

Lend-lease exports—the supplies actually shipped to our allies—totalled over \$17,000,000,000 between March 11, 1941, and March 1, 1944.

The difference between the dollar figures reported for lend-lease aid up to April 1, 1944, and the total of lend-lease exports is made up of the following factors:

1. The value of supplies transferred under the Lend-Lease Act which were exported during March. These export figures have not yet been tabulated.
2. The value of supplies transferred and awaiting export.
3. The value of supplies transferred for use in this country.
4. The value of lend-lease services (these totalled over \$3,000,000,000 up to April 1, 1944).
5. The value of ships leased for the duration of the war, which are included in transfers but are not listed as

LEND-LEASE EXPORTS



FOREIGN ECONOMIC ADMINISTRATION

Chart 3

exports (these totalled over \$1,900,000,000 up to March 1, 1944).

6. The value of supplies purchased outside the United States and transferred under lend-lease.

Because export figures show the theatres of war to which lend-lease supplies have actually been sent, they are used in the succeeding chapters of this report.

CHAPTER 2

THE UNITED KINGDOM

Three years ago, on March 11, 1941, Great Britain stood alone between the United States and the tide of Axis aggression that had swept across Western Europe. The German air force, infinitely superior in numbers to the RAF at that time, smashed at Britain's cities from the air. At sea, German submarines and surface raiders cut and jabbed at the lifelines which brought from overseas the food and other supplies without which Britain could not live. And always imminent was the threat of invasion from across the English Channel by German armies far stronger and far better equipped than the forces in Britain.

LEND-LEASE EXPORTS TO UNITED KINGDOM

Thousands of Dollars

	Mar. 1941- Feb. 1942	Mar. 1942- Feb. 1943	Mar. 1943- Feb. 1944	Total
Ordnance and Ammunition..	39,537	316,285	682,469	1,038,291
Aircraft and Parts.....	31,752	307,749	694,054	1,033,555
Tanks and Motor Vehicles....	33,482	120,803	758,113	912,398
Watercraft.....	8,066	63,902	113,423	185,391
Total Munitions.....	112,837	808,739	2,248,059	3,169,635
Industrial Materials and Products.....	222,693	656,586	973,629	1,852,908
Agricultural Products.....	420,719	755,826	1,107,307	2,283,852
Total.....	756,249	2,221,151	4,328,995	7,306,395

Table 3

Three years later, in the spring of 1944, Britain has become the mightiest military base in the history of the world. From hundreds of airfields American, British, and other allied planes roar out by the thousands day and night to pound the industrial centers of Nazi Germany, to smash at the heart of Nazi air power, Nazi communications, and Nazi defenses, and to drive the German fighters from the skies. At sea the U-boat campaign has been virtually defeated. On the crowded British Isles is assembled a gigantic United Nations striking force of men and equipment, ready to strike at the hour appointed for the invasion of Europe.

Lend-lease aid to Britain since March 11, 1941, has had an important part in this transformation. In three years of lend-lease operations we have shipped to the United Kingdom over seven billion dollars worth of lend-lease supplies. Britain, of course, produces herself by far the greater part of the war equipment that she needs, but these supplies have been a vital supplement to her own resources. Sixty percent of them were shipped in the past year—between March 1, 1943, and March 1, 1944.

Over a billion dollars of the total consists of airplanes, plane engines, and spare parts. Britain's Lancasters and Halifaxes and most of her fighters are produced in her own factories but RAF Mitchell and Douglas A-20 bombers, RAF Thunderbolts and Mustangs and other American-made fighters and bombers flown by allied pilots are daily joining with the USAAF in attacking German invasion defenses in the occupied countries. At sea, additional thousands of lend-lease carrier-based fighter planes and dive bombers and long-range patrol bombers have helped to knock out the U-boat offensive and bring 99 out of every hundred ships in convoys safe to port.

Over a billion dollars' worth of ordnance and ammunition and almost a billion dollars worth of tanks and other military motor vehicles have been shipped to the United Kingdom under lend-lease—three-quarters of them in the past year. Many of the demolition and incendiary bombs that the RAF has rained on German cities were included in lend-lease shipments of ordnance and ammunition.

Much of the fighting equipment that was sent to the United Kingdom in the first two years of lend-lease went on to Egypt and North Africa for the twin drives that began at El Alamein and Algiers and ended with the expulsion of the Axis from Africa. Now lend-lease tanks and trucks and guns by the thousands, the tens of thousands and the hundreds of thousands are strengthening the attacking power of the British and allied forces who will join with our own troops in the coming invasions.

The export figures show not quite \$200,000,000 worth of watercraft sent to the United Kingdom. That is the cost of the landing barges, the PT boats and other fighting craft small enough to be shipped aboard cargo vessels. We have also leased to the British over 30 convoy-escort aircraft carriers and many more destroyer escorts and corvettes, in addition to merchant ships. Ships that are leased and sail away under their own power are not included in the export figures. We have leased to the British most of the 1,400 naval craft so far turned over to the forces of our allies. All warships and merchant ships leased under the Lend-Lease Act are leased for the duration of the war. Title remains with the United States.

With the aid of these reinforcements from our shipyards the British Navy has continued to carry a major share of the burden in the Atlantic and the Mediterranean, with important assistance from our own Navy and from Canadian, as well as from Polish, Norwegian, Dutch, Greek, and French naval units, while the main force of the United States Navy has been directed against the Japanese in the Pacific.

The industrial materials and products shipped to the United Kingdom under lend-lease are also directly connected with the air offensive now under way, with the land offensives to come and with the war at sea.

Britain is a war production arsenal of the United Nations second only to the United States. From the beginning of the war to the first of this year her factories turned out 90,000 planes, 83,000 tanks, armored cars and carriers, and over 1,000,000 trucks, besides vast quantities of other arms. Over three-quarters of all the new planes provided in 1943 to the

RAF and the Royal Navy were produced in British factories. Toward this great war production record lend-lease industrial materials and products have made a substantial contribution by supplementing Britain's own resources.

We have shipped 5,750,000 tons of steel and over 500,000 tons of other metals. These metals have come out of British factories fabricated into millions of additional tons of guns, shells, planes, tanks, fighting ships, and other weapons that Britain could otherwise not have produced. We have shipped hundreds of thousands of tons of explosives to be made into the bombs that the RAF drops on Berlin. We have also sent machinery and tools and component parts needed for British war production. We have sent hundreds of millions of gallons of petroleum products, including much of the aviation gasoline that powers the 2,000-plane RAF attacks.

Shipments of food and other agricultural products to the United Kingdom have also been of vital importance to British war production and British fighting power. These shipments,

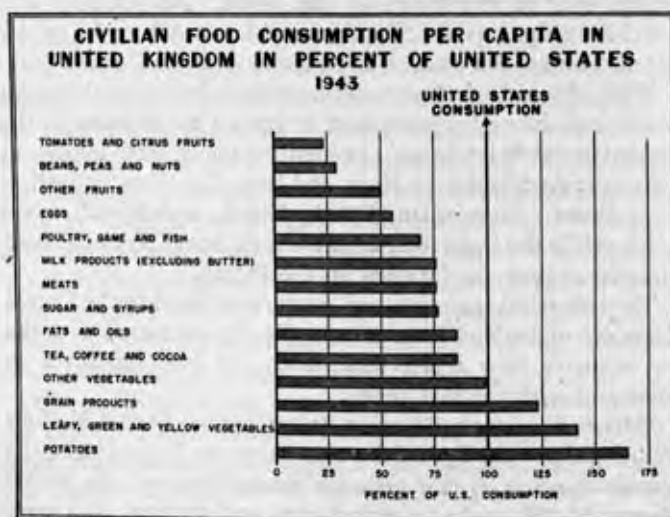


Chart 4

ESTIMATED FOOD SUPPLIES, IN POUNDS PER CAPITA PER YEAR, MOVING INTO CIVILIAN CONSUMPTION

Item	Supplies, pre-war		Supplies, 1943 ¹		Percentage change, 1943 compared with pre-war		Per capita supplies in United Kingdom, 1943, as percentage of per capita U.S. supplies
	United States	United Kingdom	United States	United Kingdom	United States	United Kingdom	
Milk and milk products, excluding butter, total milk solids (fat and non-fat).....	Lb. 55.0	Lb. 38.3	Lb. 64.4	Lb. 49.2	Pct. +17	Pct. +28	Pct. 76
Meats, including cured, canned, and edible offal (as carcass weight).....	134.9	136.4	141.3	107.3	+5	-21	76
Poultry, game, and fish (edible weight).....	26.1	30.6	27.6	18.8	+6	-39	68
Eggs (fresh equivalent).....	35.6	24.4	41.2	22.9	+16	-6	56
Oils and fats (fat content).....	45.1	45.6	44.5	38.4	-1	-16	86
Sugars and sirups (sugar content).....	105.3	94.5	84.0	65.0	-20	-31	77
Potatoes and sweetpotatoes.....	142.7	177.0	155.1	255.8	+9	+45	165
Pulses (beans, peas, and lentils) and nuts (weight without shell).....	15.8	9.5	19.3	5.6	+22	-41	29
Tomatoes and citrus fruits (fresh fruit equivalent)...	88.3	46.8	103.0	23.2	+17	-50	23
Other fruits and fruit products (fresh equivalent)...	151.3	93.5	104.1	52.0	-31	-44	50
Leafy, green, and yellow vegetables.....	85.7	99.3	93.4	132.7	+9	+34	142
Other vegetables.....	62.3	48.6	65.4	64.4	+5	+33	98
Grain products.....	200.7	211.0	201.2	247.4		+17	123
Beverages (tea, coffee, cocoa).....	16.0	13.5	14.3	12.3	-11	-9	86

Source: Report of a special Joint Committee set up by the Combined Food Board published by the U. S. Department of Agriculture.

¹ Including Victory garden production.

Note: The figures in the above table are national averages and should not be taken to represent the actual supply received by each individual consumer.

Table 4

although constituting only about 10 percent of Britain's overall food supply, have provided a much higher proportion of some of the most essential caloric and protective foods needed to maintain the rations of Britain's armed forces and war workers. Coupled with a great increase in Britain's home food production they have made it possible for the war workers and fighting forces of the British Isles to have enough to eat to sustain an intensive war effort that is now in its fifth year.

Even with the help of lend-lease foods, however, this result has been attained only by very strict rationing. The British people eat far less well than the people of the United States. Compared to the average American civilian the average Britisher in 1943 was able to obtain only 76% as much milk and milk products, 76% as much meat, 68% as much poultry and fish, 56% as many eggs (and in Britain's case these were almost entirely dried eggs), 23% as much citrus fruit and tomatoes, and 50% as much other fruits and fruit products. The only important foods the British civilian gets more of than the American civilian are potatoes, such vegetables as carrots and cabbage, and bread.

Reverse Lend-Lease Aid

Besides the benefit we receive from the lend-lease aid which we provide to the United Kingdom, because of what British fighting men are able to do toward defeating our common enemies with the supplies we send, United States forces in the United Kingdom have received a very large volume of supplies and services from the British as reverse lend-lease aid, without payment by us.

By the first of this year the dollar value of goods, services, and facilities provided by the United Kingdom to United States Army, Navy and Air Forces and to our Merchant Marine totalled \$1,526,170,000. Almost all of this aid was provided in the British Isles themselves. Not counting construction materials, reverse lend-lease supplies provided on the spot in Britain already amounted to about three million ships' tons by January 1, 1944. These figures do not reflect the value of the vital information on military equipment freely turned over

LEND-LEASE AND REVERSE LEND-LEASE HELP IN THE BOMBING OF EUROPE



WE HAVE FURNISHED TO THE ROYAL AIR FORCE -

Thousand of Fighters and Bombers
Incendiary and Demolition Bombs
Explosives for Making More Bombs
Aviation Gasoline for Lancasters and Halifaxes
Materials and Tools for Plane Production
Food for Pilots and Aircraft Factory Workers

THE UNITED KINGDOM HAS FURNISHED TO OUR AIR FORCE -

Construction of Airfields, Supply Bases, Housing
Planes, Bombs and Other Supplies
Special Equipment for Long Range Fighters
High Altitude Clothing for Bomber Crews
Repair Shops, Factories and Civilian Labor
Home Grown Fresh Foods

Chart 5

to us by the British, who had over 2 years of battle experience before we entered the war. No financial valuation can be, or is, of course, placed on this type of aid, either by the British or ourselves.

One-third of all the supplies and equipment currently required for our very great forces in the United Kingdom are provided by the United Kingdom and are provided as reverse lend-lease, without payment by us. The cost of this aid to the United Kingdom, including shipping, averaged about \$90,000,000 a month in the last three months of 1943.

The 8th and 9th United States Air Forces have received reverse lend-lease aid particularly vital to the success of their operations. Following is a list of a few of the many thousands of different types of reverse lend-lease supplies, equipment, and services, as reported by our Air Forces up to the end of 1943, which gives some indication of the extent and variety of this aid:

Bomber and fighter airfields and air bases, advanced airports, combat crew replacement centers, barracks, repair depots, warehouses, and storage facilities, etc., which cost the British \$355,000,000 through the end of 1943 to build and equip for us. Ten thousand civilian employees with an annual pay roll of \$12,000,000 have been employed on the construction program for United States forces, principally on airfields and air bases.

452,000 tons of equipment and supplies have been furnished. Some of the items of aid:

- 1100 Spitfires and other planes.
- 1,357,000 sq. ft. of steel and light alloy sheets for repair and adaptation needs in our plane depots.
- 235,000 synthetic rubber shock absorbers.
- 32,000 bombs of various sizes.
- 7,000 sets of armor plate for heavy bombers.
- 5,000 collapsible rubber dinghies with devices for the release of parachutes at the time of hitting water.
- 10,600 aircraft tires.
- 35,000 108-gallon belly tanks for fighter aircraft.

9,600 pieces of protective body armor.

9,300 bullet proof glass panels for aircraft.

43,000 easily jettisoned lightweight gas tanks for long-range fighters. It is planned to produce these at the rate of 22,000 per month with 4,000 persons employed on this task.

43,000 electrically heated muffs for gunners.

2,000 parachutes.

1,750,000 pairs of socks.

1,500,000 pairs of knitted woolen gloves and substantial quantities of other types of clothing.

44,500,000 yards of Sommerfeld track.

60,000 aircraft, warship, and armed vehicle recognition devices.

All requirements for aircraft engine spark plugs.

12 factories working solely on production of transformers for U. S. Air Forces.

50 mobile repair shops for the repair of American bombers forced to make crash landings in the United Kingdom.

625 British-type fighter gun sights.

Special photographic equipment, for one out of each three aircraft in bomber squadrons, to take pictures of the target during the bomb run.

Large quantities of specially heated winter flying clothing. Various types of specialized radio equipment.

Chapter 3

THE SOVIET UNION

During the past winter the armies of the Soviet Union have driven the Nazis from almost all of the Ukraine and the Crimea, from the Leningrad and Kalinin regions, and from large areas of White Russia. They have advanced into Rumania and Czechoslovakia. Odessa and Sevastopol have fallen. These magnificent winter and spring drives have climaxed over a year of almost continuous offensive action since the fall of Stalingrad—action in which over three-quarters of the invaded soil of the Soviet Union has been liberated and Hitler's armies have suffered millions of casualties and vast losses in vital war equipment. Now the Soviet Union is preparing new blows to be struck from the east while the forces of the United States, Great Britain, and the other allies strike new blows from other directions.

The fighting on the eastern front and the fighting on the west have been and will continue to be closely interrelated. We are all fighting the same enemy—Nazi Germany. What the Soviet Army has done to Hitler's war machine on the eastern front—what the combined American, British, and allied forces have done in the Mediterranean campaigns and in the tremendous air offensive against Germany—these actions have supplemented each other. Together they have greatly reduced the power that Hitler can summon for the Nazis' final defensive stand. Together the coming combined blows of the Soviet, British, American, and other United Nations fighting forces will destroy the Nazis and completely break the war-making power of Germany.

LEND-LEASE EXPORTS TO U. S. S. R.

Thousands of Dollars

	Mar. 1941- Feb. 1942	Mar. 1942- Feb. 1943	Mar. 1943- Feb. 1944	Total
Ordnance and Ammunition . .	5,092	262,372	364,752	632,216
Aircraft and Parts	26,223	347,342	488,428	861,993
Tanks and Motor Vehicles	20,335	355,673	542,125	918,133
Watercraft		17,081	102,732	119,813
Total Munitions	51,650	982,468	1,498,037	2,532,155
Industrial Materials and Products	15,374	387,763	938,312	1,341,449
Agricultural Products	3,241	263,917	598,637	865,795
Total	70,265	1,634,148	3,034,986	4,739,399

Table 5

The Soviet Union has supplied its armies for their part in these combined operations principally from its own factories. But in the fighting on the eastern front there have also been large quantities of American equipment that in Russian hands has done heavy damage to the German war machine and brought its final defeat much closer. Great Britain and Canada, too, have sent large quantities of supplies for the Soviet war effort.

The United States has sent to the Soviet Union since the beginning of the lend-lease program almost four and three-quarter billion dollars worth of war supplies. Two-thirds of that amount was shipped in the twelve months between March 1, 1943, and March 1, 1944.

Up to March 1, 1944, we sent to Russia 8,800 planes, more than we had sent under lend-lease to any other military theatre. These included light and medium bombers, pursuit planes, and transport planes. In the first sixty days of 1944 alone we sent more than 1,000 combat planes. The Soviet Air Force has shown a preference for Airacobra P-39 fighters, Douglas A-20 attack bombers, and B-25 Mitchell mediums and

LEND-LEASE ON THE EASTERN FRONT



WE HAVE SENT TO THE U.S.S.R., TO MARCH 1, 1944:

8,800 planes	200,000 tons of explosives
4,500 tanks	7,000,000 pairs of army boots
190,000 trucks	840,000 tons of petroleum products
66,000 other vehicles	1,450,000 tons of steel

WITH THE HELP OF LEND-LEASE WEAPONS AND MATERIALS THE SOVIET ARMY HAS:

Eliminated millions in the Nazi armies including 500,000 in the last two months alone.

Destroyed in one year 14,000 Nazi aircraft, 25,000 tanks and 40,000 guns.

Driven Hitler's armies back 800 miles toward the German borders.

FOREIGN ECONOMIC ADMINISTRATION

Chart 6

many Russian fliers have made outstanding combat records flying these planes against the Nazis. The Russians are now also getting Thunderbolt P-47's.

More than 4,000 of the planes sent to Russia have been flown all the way from factories in the United States to the battle fronts.

Mobile equipment sent to the Soviet Union from the United States includes over 190,000 military trucks, 36,000 jeeps, 5,200 tanks and tank destroyers, and 30,000 other military motor vehicles, including several thousand artillery prime movers of the fast tractor type, ordnance service trucks, huge tank transporters, and motorcycles. General Sherman tanks manned by Soviet crews have been in the thick of the fighting alongside tanks produced in Soviet factories as the Red Army liberated the Ukraine and the Crimea and recaptured Odessa. American trucks have been essential to maintaining the rapidly lengthening supply lines of the Soviet forces in the face of deep spring mud and the destruction of railroads and bridges by the retreating Germans.

To assist in rebuilding and expanding railroads leading to the advancing front, the United States has sent under lend-lease over 350,000 tons of railroad rails, locomotive and car wheels and axles. A program for supplying completed locomotives and freight cars was also undertaken late in the fall of 1943. Over 200 locomotives and 1,000 flat-cars have already been shipped. Many more will be sent. As the Soviet Army advances farther and farther toward the German border, the magnitude of the transportation and supply job to the front lines will increase. American equipment will continue to help maintain that mobility of the Soviet forces that has already been so unpleasant a surprise to the German high command.

Another important United States contribution to the Red Army's communications has consisted of 275,000 field telephones and 850,000 miles of field telephone wire.

Substantial as shipments of American fighting equipment to the U. S. S. R. have been, by far the greater part of the equipment used by the Red Army has been produced in Soviet

factories. Shipments of industrial materials and products from the United States, however, have been of important assistance to the Soviet's own production. We have sent, for example, 1,450,000 tons of steel, 420,000 tons of aluminum, copper, nickel, zinc, brass and other non-ferrous metals, 200,000 tons of explosives and almost \$200,000,000 of machine tools.

In addition to almost 7,000,000 pairs of Red Army boots, we have sent 35,000 tons of leather for production in Soviet factories of additional army boots, together with almost 30,000,000 yards of woolen cloth, and 60,000,000 yards of cotton cloth for Soviet Army uniforms.

Lend-lease shipments of food to maintain Soviet Army rations totalled 2,600,000 tons to March 1, 1944. Food shipments have included wheat, flour, and other cereal products; dried peas and beans; canned, cured and dehydrated meats, principally pork; lard, pork fat and vegetable oils, powdered milk, dried eggs, and dehydrated vegetables.

The liberation of the Ukraine has not yet, of course, relieved the serious food shortages suffered by the people of the Soviet Union for almost three years. Very severe rationing continues and it will be many months—years perhaps—before agricultural production in the devastated and pillaged Ukraine is fully restored. Lend-lease food shipments, which have provided the thin margin necessary to maintain the Soviet Army rations, will be as important as ever in the months of decisive battles that lie ahead. In the meantime, to help increase Russia's production of her own foods as fast as possible, particularly in the Ukraine, we have also shipped almost 13,000 tons of seeds. Of these, 3,700 tons were shipped in the first two months of 1944 alone.

Because the Soviet Union has not had sufficient refining capacity to meet the tremendous demands of this war for petroleum products, we have sent 840,000 tons of aviation gasoline, high-grade lubricating oils and other similar petroleum products needed by the Red Air Force and the Red Army. We have also shipped almost \$50,000,000 worth of petroleum refinery equipment to the Soviet Union. This is now being

installed in the U. S. S. R. under the direction of American engineers. In the meantime Soviet engineers, technicians and operators have come to this country to study American refinery methods so that they can operate the plants in Russia after they have been erected. When this project is completed the Soviet will be able to meet a greatly increased share of its war requirements for aviation gasoline and other products from its own sources of crude petroleum.

Aid From Britain

The British, also, have provided the Soviet Union with very substantial aid. They have sent 5,031 tanks, of which 3,803 were produced in British factories and 1,223 were Canadian built. They have sent over 4,100 planes produced in Britain; over 150,000,000 rounds of ammunition for anti-tank and other guns; 2,487 Bren guns and other ordnance and munitions items.

In addition to military equipment, the British have sent large quantities of raw materials and machine tools for Soviet war production. These shipments have included over 300,000 tons of aluminum, copper, rubber, jute, sisal, tin, wool and graphite from British Commonwealth and Colonial Empire sources, together with over \$80,000,000 worth of machine tools and other manufacturing equipment.

Chapter 4

THE PACIFIC AND FAR EAST THEATRES

Almost two billion dollars worth of lend-lease war supplies have been shipped to the Pacific and Far East theatres for the war against Japan. Approximately three-fifths of these supplies have consisted of fighting equipment for the Australian, New Zealand, Chinese, Dutch, British, and Indian army, air, and naval forces fighting beside the United States forces. Almost all of the remaining shipments have consisted of industrial materials and products for the production of fighting equipment, food, and strategic raw materials in Australia, New Zealand, and India.

The rising offensive power of United Nations forces in these theatres—as elsewhere—has been accompanied by a rising flow of lend-lease supplies. Shipments in the 12 months ending March 1, 1944, were more than 60 percent greater than in the preceding year. They have included thousands of planes, thousands of tanks, and tens of thousands of trucks and other military motor vehicles.

India and China

While the United States Navy is striking through the central Pacific in the direction of Japan from the west and combined United States-Australian-New Zealand-Dutch forces are moving up from the south in the direction of the Philippines, other combined Chinese-Indian-British-United States forces have been attacking from the east.

India is the base for operations against the Japanese in Burma. These allied operations are aimed at reopening a land route to China. Lend-lease equipment has had an important role in the Burma campaign this year. The Chinese 22nd and 38th Divisions, which include a Chinese tank corps, have made up a major part of the forces under General Stilwell that have advanced down the Hukaung and Mogaung valleys in upper Burma, killed thousands of Japanese, retaken 7,500 square

miles, and are now over half-way to the Chinese frontier. These divisions were trained and equipped in India under lend-lease. Fighting in cooperation with American veterans of Guadalcanal, they have been using American tanks, guns, and trucks with notable success. As they advance toward the borders of China, American Army engineers are building the Ledo Road behind them. To the south, air-borne British jungle veterans have been cutting Japanese communications lines, while other British and Indian troops have fought back

LEND-LEASE EXPORTS TO INDIA AND CHINA

Thousands of Dollars

	Mar. 1941- Feb. 1942	Mar. 1942- Feb. 1943	Mar. 1943- Feb. 1944	Total
Ordnance and Ammunition...	16,163	117,367	92,733	226,263
Aircraft and Parts.....	9,068	56,160	126,475	191,703
Tanks and Motor Vehicles....	26,294	108,922	127,280	262,496
Watercraft.....	106	2,669	22,287	25,062
Total Munitions.....	51,631	285,118	368,775	705,524
Industrial Materials and Products.....	13,671	86,476	205,261	305,408
Agricultural Products.....	365	24,068	28,831	53,264
Total.....	65,667	395,662	602,867	1,064,196

Table 6

a Japanese counter-thrust in the Kohima-Imphal area. These forces are also making use of lend-lease arms, in addition to equipment produced in India and Britain.

In the air over Burma the RAF and Indian Air Force are using American as well as British planes in combined operations with the USAAF. In the Bay of Bengal powerful task forces built up in recent months have already struck at Sabang in Japanese-occupied Dutch Sumatra. Most of the warships in this fleet are British, but most of the planes that took off from aircraft carriers in that operation were American. They included lend-lease Grumman Hellcats and Corsairs.

From the northeastern Indian Province of Assam runs the air line which has been our only direct connection with China since the Burma Road was cut two years ago. It was established in April 1942. Although this air line crosses wild jungle country with mountains rising to 15,000 feet and has been subject to attack by Japanese fighter planes, it has now, after many months of intensive effort, become probably as busy as any air-supply line in the world. Day in and day out great numbers of transport planes make the trip. How many planes are flying this route cannot be revealed, but it can be said that the monthly tonnage of supplies carried into China each month "over the hump" is now fifteen times what it was a year ago and our shipments are increasing from month to month.

These planes carry into China all the aviation gasoline and bombs, and many of the other supplies needed for General Chennault's 14th U. S. Air Force and the Chinese Air Force squadrons inside China that have been equipped with lend-lease planes and are manned by Chinese flyers trained under lend-lease in the United States and India. The transport planes also carry in lend-lease equipment for the Chinese Army and for the Chinese arsenals. Although new air supply records have been established on the route "over the hump," the total tonnage that can be carried by air transport anywhere is, of course, small compared to the quantities that can be shipped by land or sea. Therefore, the great majority of lend-lease shipments to the India-China theater have, of necessity, so far gone only as far as India and Burma. Eventually direct communications with China will be reestablished, not only on land, but by sea as well. When that time comes—as it certainly will—we shall be able to pour lend-lease supplies into China in the volume needed to enable the Chinese forces, combined with the other Allied forces, to achieve the final and complete defeat of Japan.

The industrial materials and products shipped to India under lend-lease have had four principal purposes—all directly connected with the fighting now under way and with the greater

operations to come: first, equipment to increase the capacity of Indian docks, railroads, and highways so that they can be adequate to military transport and supply needs; second, equipment to build airfields and military roads at strategic locations; third, machinery, tools, and materials for the production of military equipment in India's important munitions industry; fourth, supplies needed to increase India's production of such strategic materials as mica, jute, and shellac which are essential to war production in the United States.

Reverse Lend-Lease

The volume of reverse lend-lease aid provided to United States forces in India has gone up by leaps and bounds. In January and February of this year alone American troops received over \$35,000,000 worth of supplies. This was as much in two months as we had received in the entire year of 1942 and half as much as we had received in the entire year of 1943.

Reverse lend-lease aid furnished to the United States in India up to March 1, 1944, totalled almost \$150,000,000. This came to us without payment on our part and saved many thousands of tons of shipping space. Petroleum products, including aviation gasoline from the British refinery at Abadan for the United States Air Forces in India, make up a large part of the total.

Other supplies received in the two months of January and February 1944 alone, included:

- 6,800,000 pounds of vegetables,
- 170,000 pairs of socks,
- 300,000 yards of cloth,
- 175,000 pairs of trousers,
- 700,000 gallons of Diesel oil,
- 200,000 sets of underwear,
- 4,000,000 pounds of meat and fish,
- 2,000,000 pounds of fruit,
- 1,000,000 pounds of beverages,
- 500,000 pounds of bread,
- 700,000 dozens of eggs.

Australia and New Zealand

Australia, with a total population of 7,172,000, has had almost 860,000 enlistments in her armed services since the beginning of the war. A comparable percentage for the United States would have put 16,000,000 men into our armed services. The Royal Australian Air Force alone numbers more than 75,000 men. New Zealand, in proportion to her population, has made similarly striking contributions to the United Nations fighting forces.

Some of the Australian and New Zealand forces are still engaged in the European theater. Many more have joined with the American forces in the Southwest and South Pacific theatres under over-all United States command against the Japanese. While American ground forces have predominated in the Solomons campaign, New Zealand troops are also participating and Australian divisions have carried on a very large share of the tough jungle fighting in New Guinea. The Australian and New Zealand air forces and their navies,

LEND-LEASE EXPORTS TO AUSTRALIA AND NEW ZEALAND

Thousands of Dollars

	Mar. 1941- Feb. 1942	Mar. 1942- Feb. 1943	Mar. 1943- Feb. 1944	Total
Ordnance and Ammunition..	2,086	72,667	45,347	120,100
Aircraft and Parts.....	10,488	55,597	125,489	191,574
Tanks and Motor Vehicles...	1,357	80,001	116,512	197,870
Watercraft.....		1,674	3,420	5,094
Total Munitions.....	13,931	209,939	290,768	514,638
Industrial Materials and Products.....	10,267	109,683	198,763	318,713
Agricultural Products.....	3,119	8,774	16,295	28,188
Total.....	27,317	328,396	505,826	861,539

Table 7

which include numbers of cruisers and destroyers, have effectively reinforced the predominantly American air and naval forces in the operations in this theatre. Netherlands units equipped under lend-lease, are also fighting both in the air and on the ground, in the campaign that is now moving northward toward the Philippines. Some of these Dutch fighting men, who escaped from the Japanese-occupied Indies, are participating in the action at Hollandia, the first piece of Netherlands East Indies territory recovered from the Japanese.

To supplement the equipment for these combined forces furnished from British and Australian war production, the United States has shipped them under lend-lease almost \$200,000,000 worth of aircraft and another \$200,000,000 worth of tanks and other military motor vehicles. Shipments of ordnance and ammunition have also bulked large.

Raw materials, machine tools and component parts shipped under lend-lease from the United States have had an important role in the greatly increased production of military equipment for use against the Japanese that has been achieved by Australian factories since 1941. Despite manpower shortages, Australia and New Zealand have also been able, with the help of lend-lease shipments of seed, fertilizer, farm equipment, tin plate, and canning equipment, to increase substantially the production and processing of food for American forces in the Pacific.

Reverse Lend-Lease

Australia and New Zealand are providing food at the rate of a billion pounds a year to United States Forces. In the Southwest Pacific almost all the food for our troops is provided as reverse lend-lease. Our forces in the South Pacific receive large quantities as well.

The 1944 reverse lend-lease program in Australia and New Zealand calls for between \$200,000,000 and \$250,000,000 worth of food alone, including several hundred million pounds of meat. Up to the first of this year we had already received such quantities as:

Almost 250,000,000 pounds of beef and other meats,
 Almost 34,000,000 dozen eggs,
 Over 175,000,000 pounds of fresh fruits and vegetables,
 Over 27,000,000 pounds of butter,
 Over 55,000,000 pounds of sugar,
 Over 100,000,000 pounds of canned vegetables and other
 canned goods.

Reverse lend-lease from Australia and New Zealand is by no means limited to food, however. By January 1, 1944, the supplies, facilities, and services our forces had received as reverse lend-lease had cost these countries over \$450,000,000 and the rate of reverse lend-lease aid was rising. Besides the bases, barracks, airfields, hospitals, and other facilities built for our forces, the fighting equipment, the spare parts, and repair services that have been furnished, Australian and New Zealand factories are producing many hundreds of thousands of uniforms and we expect to receive a million pairs of Army boots alone in 1944.

Of special importance to our combined offensive operations this year in the direction of the Philippines is the construction in Australian and New Zealand shipyards of large numbers of landing craft, barges, and other small boats for American forces in amphibious island operations. Australia is now engaged in building \$40,000,000 worth of these craft, besides turning over fleets of trawlers, launches and small coastal steamers previously built. By the first of this year New Zealand had already spent \$6,500,000 on its part of the ship construction program.

Chapter 5

OTHER AREAS

Africa, Middle East, and Mediterranean

Seventy-five percent of all lend-lease shipments for the war in the Mediterranean-African-Middle East theatre has consisted of fighting equipment—planes, guns, tanks, military trucks, landing boats, and other munitions items. This equipment has been used by the British and allied fighting men who have continued to make up the majority of all the United Nations forces engaged in this theatre and are now fighting

LEND-LEASE EXPORTS TO AFRICA, MIDDLE EAST, AND MEDITERRANEAN AREA

Thousands of Dollars

	Mar. 1941- Feb. 1942	Mar. 1942- Feb. 1943	Mar. 1943- Feb. 1944	Total
Ordnance and Ammunition..	41,009	213,864	299,147	554,020
Aircraft and Parts.....	3,880	139,472	304,764	448,116
Tanks and Motor Vehicles...	62,807	175,074	548,926	786,807
Watercraft.....	4,549	9,161	23,521	37,231
Total Munitions.....	112,245	537,571	1,176,358	1,826,174
Industrial Materials and Products.....	29,313	206,104	274,253	509,670
Agricultural Products.....	4,947	37,593	106,833	149,373
Total.....	146,505	781,268	1,557,444	2,485,217

Table 8

shoulder to shoulder with American forces in Italy—the British, French, New Zealanders, Australians, Greeks, Jugoslavs, Poles, Indians, and others.

General Sherman tanks paced Montgomery's men in the break-through at El Alamein and American trucks helped keep the 8th Army rolling 1,500 miles across Lybia, Cyrenaica, and Tripolitania to Tunisia. There the 8th Army joined with other British forces, the American forces, and the French in driving the Germans from Africa, in the conquest of Sicily and the invasion of Italy.

With North Africa as a base, powerful French army, navy, and air forces have been re-created and provided with American equipment under lend-lease. The French are fighting and flying beside our men in Italy; they have retaken and garrisoned Corsica, which is close to northern Italy and southern France; their warships, reconditioned and equipped in American shipyards, are hitting at the Nazis in the Mediterranean and the Adriatic. Many additional French troops are preparing to join in the greater operations to come for the liberation of their homeland. Over \$300,000,000 worth of equipment and supplies have been consigned to the American commanding general in the field for lend-lease transfer to the French forces, in addition to lend-lease shipments made direct from the United States.

Civilian supplies shipped to French Africa under lend-lease are paid for at full landed cost. With the help of these shipments production of food and other materials needed for the United Nations war effort is being increased. We have sent to Tunisia and Morocco, for example, equipment to increase production at the phosphate mines. The fertilizer produced by these mines is needed both for the United Kingdom's intensive food-production program and for the restoration of food production in the liberated areas of occupied Europe. Seeds, insecticides, farm tools, parts for agricultural machinery, binder twine and other supplies have been sent to increase the production in North Africa of food needed by our forces. Railroad equipment has been sent to West Africa and Equatorial Africa so that greater quantities of peanut and palm oils, cocoa, mahogany, tin, copper, jute and other strategic materials and commodities needed by the United Nations can be brought out from the interior to the coast.

Lend-lease shipments to the Middle East have consisted almost entirely of munitions and of equipment and supplies essential to military transport and communications. Small quantities of supplies needed for local production of food and war materials have also been sent to this area. The great majority of civilian supplies sent to the countries of the Middle East from the United States have gone through cash purchase channels.

Reverse Lend-Lease

Substantial amounts of foodstuffs, especially cereals and fresh vegetables, have been furnished by the French to our armed forces in the Mediterranean area under reverse lend-lease, in addition to other supplies and services. This aid to the United States already totalled about \$30,000,000 by the first of this year.

Lend-lease and reverse lend-lease aid in French North and West Africa are furnished under an agreement between the United States and the French Committee of National Liberation. Under this agreement we furnish military aid on a straight lend-lease basis and we receive cash payment for essential civilian supplies. In addition, the French under reverse lend-lease make available to us munitions, food, and other war supplies.

South and Central American Countries

Lend-lease shipments to the other American Republics have consisted entirely of airplanes, tanks, guns, and other munitions, together with some naval patrol craft and a small amount of materials and equipment for use in arsenals and shipyards producing military equipment. These shipments are sent under the direction of the Joint Chiefs of Staff as part of the hemisphere defense program. No civilian supplies of any kind have been supplied to any other American Republic under lend-lease. No lend-lease aid has been provided to Argentina and the defense requirements of Panama are met by our own Panama Canal defenses.

Up to March 1, 1944, actual lend-lease shipments to the other American Republics had a total value of less than

LEND-LEASE EXPORTS TO LATIN AMERICA*

Thousands of Dollars

	Mar. 1941- Feb. 1942	Mar. 1942- Feb. 1943	Mar. 1943- Feb. 1944	Total
Ordnance and Ammunition		6,465	16,795	23,260
Aircraft and Parts	557	26,691	26,676	53,924
Tanks and Motor Vehicles	26	15,973	21,083	37,082
Watercraft		146	612	758
Total Munitions	583	49,275	65,166	115,024
Industrial Materials and Products	70	3,487	17,216	20,773
Agricultural Products		15	46	61
Total	653	52,777	82,428	135,858

*The 20 other American Republics.

Table 9

\$136,000,000, while lend-lease transfers in the same period totaled \$169,000,000. This was less than 1 percent of lend-lease exports to all areas. Two-thirds of these military supplies went to Brazil. In 1943 lend-lease exports to Latin America amounted to less than 12 percent of all United States exports to this area. Over 88 percent of our exports to Latin America were paid for in cash and went almost entirely through commercial channels. The dollar volume of United States commercial exports to Latin America in 1943 was, in fact, almost 50 percent higher than the average of our exports in the pre-war years 1936-1938.

Thirteen of the American Republics receiving lend-lease aid have either declared war on the Axis or have announced a state of belligerency and are members of the United Nations. The others have broken diplomatic relations with the Axis. These nations have given us military, economic warfare, and political aid through joint anti-submarine patrols on sea and in the air, permission to establish United States military, naval, and air bases and to fly United States planes over their

territory, the severance of trade with the Axis, and active cooperation in the suppression of Axis subversive activities.

The American Republics have also cooperated with us in developing the production of raw materials absolutely essential to the war industry of the United States. We are receiving from Latin America a billion dollars worth a year of such strategic commodities as copper, lead, tungsten, tin, quinine, rubber, quartz crystals, mercury, rope fibers, vegetable fats and oils, and many others. Without the alloys supplied to us by the other American republics we would have been greatly handicapped in our production of alloy steel needed for our munitions production. Without the 99 percent of our quartz crystals that come from South America we could not have produced the radio-location and other communications equipment so vital to all our air and naval operations.

Other Shipments

Lend-lease exports totalling \$603,013,000 are listed as going to other countries. These consist principally of supplies and equipment exported to Canada. These exports include military equipment and its components for re-export from Canada to the United Kingdom or other United Nations either directly or after further fabrication in Canadian factories. Such goods are transferred by the United States under lend-lease, not to Canada, but to the countries of ultimate destination. Other lend-lease exports to Canada have included trainer planes and small quantities of other supplies for the use of Norwegian, Polish, and other United Nations units in training on Canadian soil. The balance of lend-lease exports to Canada consists of supplies Canada has purchased for cash in this country for her own war effort, using the lend-lease procurement machinery.

Canada has her own mutual aid program under which she is supplying, without payment, to the United Kingdom, the Soviet Union, Australia, New Zealand, and other United Nations, \$2,000,000,000 of additional war supplies produced in her own factories and shipyards.

Chapter 6

STATISTICAL TABLES AND CHARTS

AMOUNTS OF LEND-LEASE AID AUTHORIZED

The amount of lend-lease aid that may be provided under the various acts is summarized as follows:

I. Lend-Lease Appropriations to the President

First Lend-Lease Appropriation	\$7,000,000,000
Second Lend-Lease Appropriation	5,985,000,000
Third Lend-Lease Appropriation (Fifth Supp. 1942)	5,425,000,000
Fourth Lend-Lease Appropriation	6,273,629,000
Total	24,683,629,000

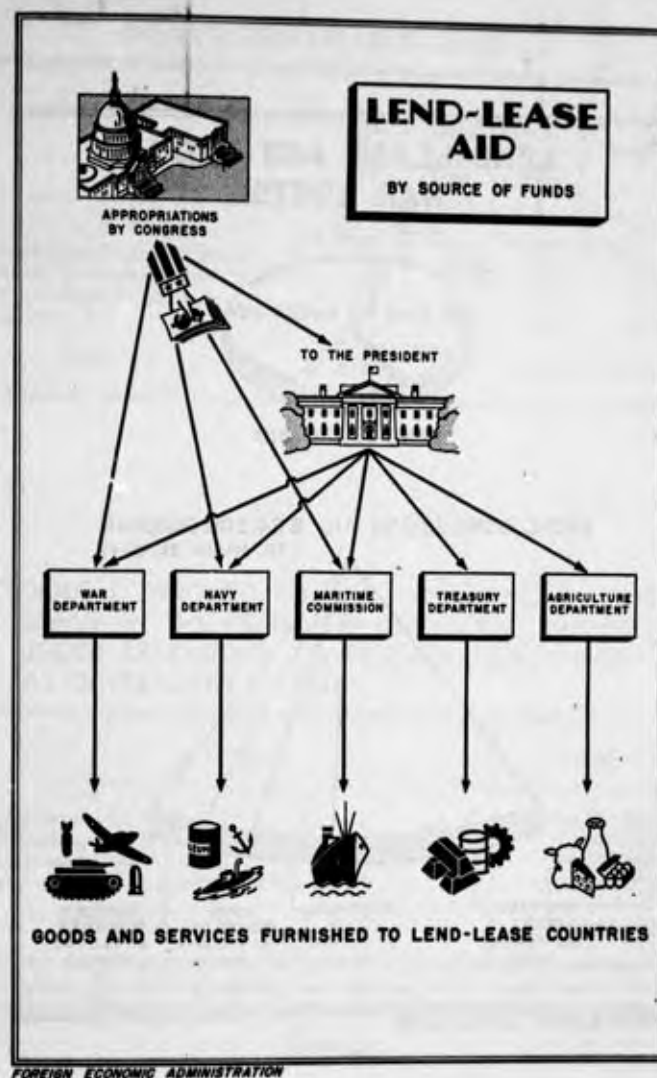
II. Transfers Authorized From Other Appropriations

Direct appropriations have been made to the War and Navy Departments and to the Maritime Commission for the procurement of items which are in the main common to the uses of our own armed forces and those of our allies. These items when produced can be used, in other words, by our armed forces or those of our allies in the manner in which they can be most effective in defeating our common enemies. It is not until they are ready for distribution that they are allocated by the military experts in accordance with the strategic needs. The Appropriation Acts in question authorize transfers to our allies up to stated amounts under the Lend-Lease Act. That does not mean that transfers up to the stated amounts will necessarily be made. All that it means is that there is sufficient flexibility for the military authorities to assign the supplies where they will do the most good in winning the war.

War Department:	
Third Supplemental, 1942	\$2,000,000,000
Fourth Supplemental, 1942	4,000,000,000
Fifth Supplemental, 1942	11,250,000,000
Sixth Supplemental, 1942	2,220,000,000
Military Appropriation Act, 1943	12,700,000,000
Navy Department: Second Supplemental, 1943	3,000,000,000
Departments other than War: Third Supplemental, 1942	800,000,000
Total	35,970,000,000

In addition to the foregoing, Congress has with certain limitations authorized the leasing of ships of the Navy and merchant ships constructed with funds appropriated to the Maritime Commission without any numerical limitation as to the dollar value or the number of such ships which may be so leased. (See for example, Public Law 1, 78th Cong., approved February 19, 1943, and Public Law 11, 78th Cong., approved March 18, 1943.)

Table 10



FOREIGN ECONOMIC ADMINISTRATION

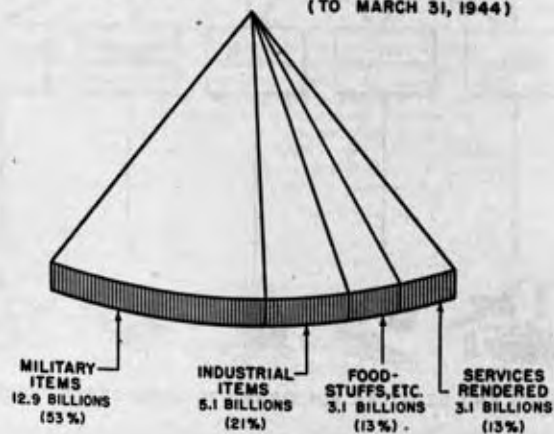
Chart 7

LEND-LEASE AND TOTAL WAR COSTS



LEND-LEASE AID

TOTAL LEND-LEASE AID \$24,200,000,000
(TO MARCH 31, 1944)



FOREIGN ECONOMIC ADMINISTRATION

Chart 8

BREAK-DOWN OF LEND-LEASE AID

	Mar. 1941- Mar. 1942	Apr. 1942- Mar. 1943	Apr. 1943- Mar. 1944	Total
Munitions (Including Ships)	Percent 27.8	Percent 50.8	Percent 59.4	Percent 53.4
Industrial Materials and Products	22.1	21.8	20.5	21.1
Agricultural Products	22.4	12.8	11.3	12.9
Services	27.7	14.6	8.8	12.6
Total	100.0	100.0	100.0	100.0

Table 12

GOODS CONSIGNED TO U. S. COMMANDING GENERALS, IN THE FIELD, FOR SUBSEQUENT TRANSFER UNDER LEND-LEASE TO FOREIGN GOVERNMENTS AS OF FEBRUARY 29, 1944

Category	Amount
Ordnance	\$214,855,000
Aircraft and Parts	28,080,000
Tanks and Other Vehicles	229,782,000
Miscellaneous Equipment and Supplies	102,449,000
Total	575,166,000

Virtually all of these supplies have been consigned for the Chinese forces in India, Burma, and China, and for the French forces in the Mediterranean theater.

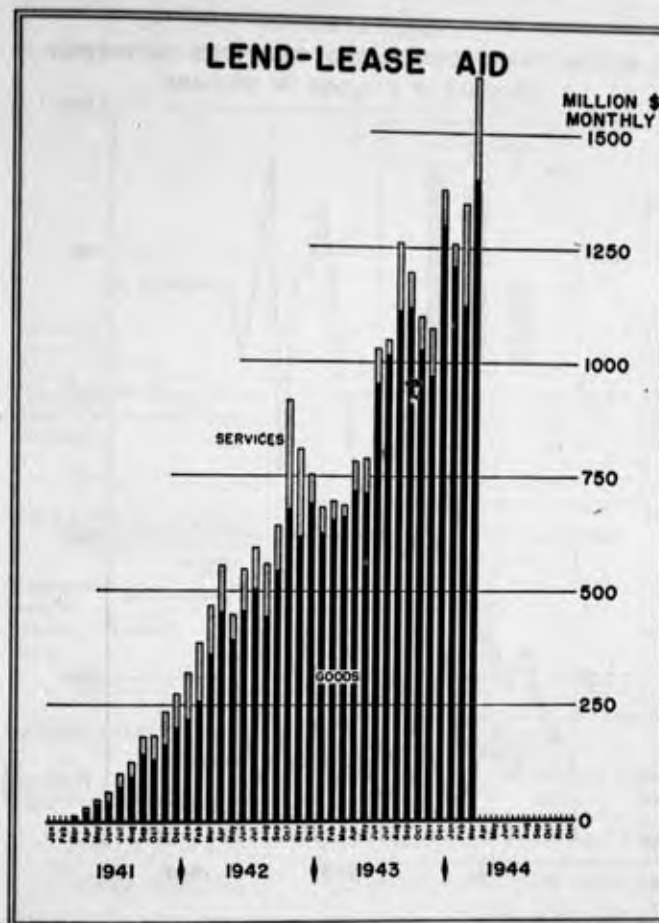
Table 13

LEND-LEASE AID

Millions of Dollars

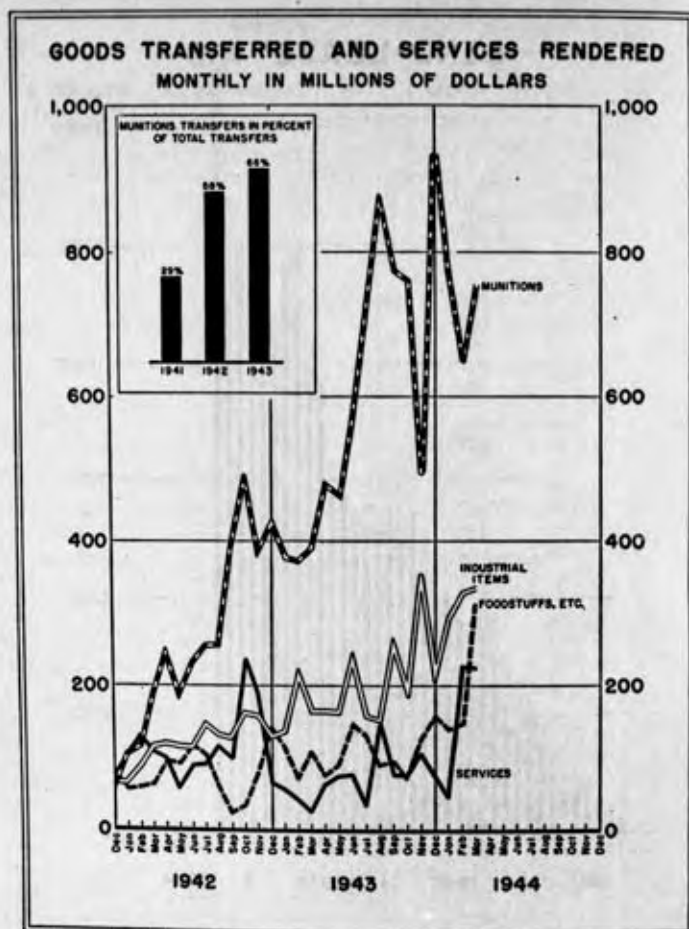
	Monthly			Cumulative		
	Goods	Services	Total	Goods	Services	Total
Jan. 1941.....						
Feb.....						
Mar.....	6	4	10	6	4	10
Apr.....	20	8	28	26	12	38
May.....	35	10	45	61	22	83
Jun.....	41	22	63	102	44	146
Jul.....	73	28	101	175	72	247
Aug.....	95	31	126	270	103	373
Sep.....	144	37	181	414	140	554
Oct.....	132	50	182	546	190	736
Nov.....	164	70	234	710	260	970
Dec.....	200	74	274	910	334	1,244
Jan. 1942.....	220	102	322	1,130	436	1,566
Feb.....	260	128	388	1,390	564	1,954
Mar.....	362	106	468	1,752	670	2,422
Apr.....	455	99	554	2,207	769	2,976
May.....	394	55	449	2,601	824	3,425
Jun.....	459	89	548	3,060	913	3,973
Jul.....	504	91	595	3,564	1,004	4,568
Aug.....	446	114	560	4,010	1,118	5,128
Sep.....	544	99	643	4,554	1,217	5,771
Oct.....	680	235	915	5,234	1,452	6,686
Nov.....	620	190	810	5,854	1,642	7,496
Dec.....	694	63	757	6,548	1,705	8,253
Jan. 1943.....	627	55	682	7,175	1,760	8,935
Feb.....	656	41	697	7,831	1,801	9,632
Mar.....	663	24	687	8,494	1,825	10,319
Apr.....	720	63	783	9,214	1,888	11,102
May.....	716	74	790	9,930	1,962	11,892
Jun.....	954	77	1,031	10,884	2,039	12,923
Jul.....	1,018	32	1,050	11,902	2,071	13,973
Aug.....	1,114	148	1,262	13,016	2,219	15,235
Sep.....	1,121	76	1,197	14,137	2,294	16,431
Oct.....	1,028	73	1,101	15,165	2,368	17,533
Nov.....	971	105	1,076	16,136	2,473	18,609
Dec.....	1,300	77	1,377	17,436	2,550	19,986
Jan. 1944.....	1,214	45	1,259	18,650	2,595	21,245
Feb.....	1,124	226	1,350	19,774	2,821	22,595
Mar.....	1,406	224	1,630	21,180	3,045	24,225

Table 11



FOREIGN ECONOMIC ADMINISTRATION

Chart 9



FOREIGN ECONOMIC ADMINISTRATION

Chart 10

LEND-LEASE EXPORTS

March 1941 through February 29, 1944

Millions of Dollars

	United Kingdom	U. S. S. R.	Africa, Middle East, and Mediterranean Area	China, India, Australia, and New Zealand	Other Countries	Total
MUNITIONS						
Ordnance	328	238	239	145	77	1,027
Ammunition	710	394	315	202	72	1,693
Aircraft and Parts	1,034	862	448	383	295	3,022
Tanks and Parts	587	280	452	154	84	1,557
Motor Vehicles and Parts	325	638	335	306	79	1,683
Watercraft	185	120	37	30	20	392
Total	3,169	2,532	1,826	1,220	627	9,374
INDUSTRIAL MATERIALS AND PRODUCTS						
Machinery	387	507	111	156	27	1,188
Metals	602	485	153	198	19	1,457
Petroleum Products	518	34	65	124	2	743
Other	346	315	181	147	37	1,026
Total	1,853	1,341	510	625	85	4,414
AGRICULTURAL PRODUCTS						
Foodstuffs	1,825	782	142	52	24	2,825
Other Agricultural Products	459	84	7	29	4	583
Total	2,284	866	149	81	28	3,408
TOTAL EXPORTS	7,306	4,739	2,485	1,926	740	17,196

Table 14

LEND-LEASE EXPORTS TO ALL COUNTRIES

Thousands of Dollars

	Mar. 1941- Feb. 1942	Mar. 1942- Feb. 1943	Mar. 1943- Feb. 1944	Total
United Kingdom.....	756,249	2,221,151	4,328,995	7,306,395
U. S. S. R.....	70,265	1,634,148	3,034,986	4,739,399
Africa, Middle East and Mediterranean Area.....	146,505	781,268	1,557,444	2,485,217
China, India, Australia and New Zealand.....	92,984	724,058	1,108,693	1,925,735
Latin America.....	653	52,777	82,428	135,858
Other Countries.....	43,876	175,079	384,058	603,013
Total.....	1,110,532	5,588,481	10,496,604	17,195,617

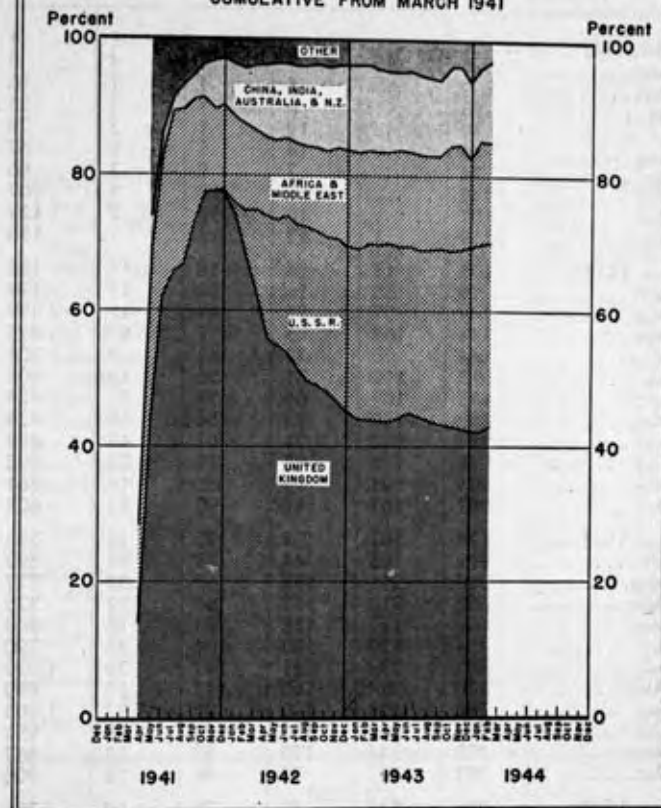
Percentage Distribution

	Mar. 1941- Feb. 1942	Mar. 1942- Feb. 1943	Mar. 1943- Feb. 1944	Total
United Kingdom.....	68.1%	39.7%	41.2%	42.5%
U. S. S. R.....	6.3	29.2	28.9	27.6
Africa, Middle East and Mediterranean Area.....	13.2	14.0	14.8	14.4
China, India, Australia, New Zealand.....	8.4	13.0	10.6	11.2
Latin America.....	0.1	0.9	0.8	0.8
Other countries.....	3.9	3.2	3.7	3.5
Total.....	100.0	100.0	100.0	100.0

Table 15

LEND-LEASE EXPORTS PERCENTAGE DISTRIBUTION BY COUNTRY

CUMULATIVE FROM MARCH 1941



FOREIGN ECONOMIC ADMINISTRATION

Chart 11

LEND-LEASE EXPORTS—MONTHLY

Millions of Dollars

	United Kingdom	U. S. S. R.	Africa, Middle East, and Mediterranean Area	China, India, Australia, and New Zealand	Other Countries	Total
Mar. 1941					1	1
Apr.	1				4	5
May	9		5	1	1	16
Jun.	26		6	1	2	35
Jul.	49		19	1	3	72
Aug.	46		14	5	2	67
Sep.	74		7	2	3	86
Oct.	142		12	12	1	167
Nov.	107		10	18	2	137
Dec.	119	1	23	12		155
Jan. 1942	105	15	24	18	13	175
Feb.	79	55	26	22	12	194
Mar.	149	97	25	47	11	329
Apr.	144	164	45	55	17	425
May	144	70	37	47	8	306
Jun.	210	110	35	36	14	405
Jul.	175	103	66	59	21	424
Aug.	152	150	58	56	18	434
Sep.	214	102	71	67	18	472
Oct.	222	128	98	82	32	562
Nov.	204	191	95	55	16	561
Dec.	207	167	112	97	25	608
Jan. 1943	178	167	93	75	22	535
Feb.	222	185	44	49	28	528
Mar.	310	211	132	67	57	777
Apr.	353	210	117	68	27	775
May	400	177	152	83	36	848
Jun.	424	139	100	101	26	790
Jul.	401	232	221	147	32	1,033
Aug.	370	324	165	113	27	999
Sep.	398	303	190	81	33	1,005
Oct.	364	263	165	128	32	952
Nov.	272	344	120	88	33	857
Dec.	353	345	77	96	35	906
Jan. 1944	311	285	58	75	59	788
Feb.	372	201	63	62	69	767
TOTAL EXPORTS	7,306	4,739	2,485	1,926	740	17,196

Table 16

LEND-LEASE FOOD SHIPMENTS IN RELATION TO SUPPLY AND TO U. S. CIVILIAN POPULATION

	Exports in Percent of Supply		Exports in Ounces per Week per United States Civilian	
	Year 1943	1st Quarter 1944	Year 1943	1st Quarter 1944
All Meats (Dressed Weight Basis)	9.5	8.2	5.6	5.5
Beef and Veal	1.3	1.3	0.3	0.4
Lamb and Mutton	11.1	17.1	0.3	0.4
Pork	15.4	7.1	5.0	4.7
All Milk Products (Fluid Milk Equiv.)	3.8	2.8	11.3	8.3
Dry Whole Milk	13.7	9.5	0.04	0.04
Dry Skim Milk	41.9	6.1	0.6	0.1
Condensed and Evaporated Milk	12.8	6.0	1.3	0.7
Butter	3.8	1.3	0.2	0.07
Cheese	14.3	16.6	0.4	0.5
Eggs	12.4	11.1	2.4	2.2
Edible Fats and Oils	16.3	9.2	2.7	1.6
Canned Fish	26.8	4.9	0.6	0.1
Fruits:				
Canned Fruits and Juices	6.9	5.8	0.8	0.7
Dried Fruits	20.3	17.9	0.7	0.6
Vegetables:				
Canned Vegetables	1.5	2.2	0.3	0.4
Dried Beans	11.4	8.9	0.8	0.7
Dried Peas	9.9	17.4	0.3	0.5
Corn and Corn Products (Grain Equiv.)	0.1	0.1	0.9	0.5
Wheat and Wheat Products (Grain Equiv.)	1.0	1.5	3.1	3.7

Table 17

STATUS OF NATIONS
Lend-Lease Countries and United Nations

Country	Declared Eligible for Lend-Lease Aid	Lend-Lease Agreement Signed	Reciprocal Aid Agreement Signed	United Nations Declaration Signed	Earliest Date of Existence of State of War With Any Axis Power	Earliest Date of Severance of Diplomatic Relations With Any Axis Power
Argentina	May 6, 1941					Jan. 26, 1944
Australia	Nov. 11, 1941	(¹)	Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	
Belgium	June 13, 1941	June 16, 1942	Jan. 30, 1943	Jan. 1, 1942	May 9, 1940	
Bolivia	May 6, 1941	Dec. 6, 1941		Apr. 27, 1943	Apr. 7, 1943	Jan. 28, 1942
Brazil	May 6, 1941	Mar. 3, 1942		Feb. 6, 1943	Aug. 22, 1942	Jan. 28, 1942
Canada	Nov. 11, 1941	(¹)		Jan. 1, 1942	Sept. 10, 1939	Jan. 20, 1943
Chile	May 6, 1941	Mar. 2, 1943				
China	May 6, 1941	June 2, 1942		Jan. 1, 1942	Dec. 9, 1941	
Colombia	May 6, 1941	Mar. 17, 1942		Jan. 17, 1944	Nov. 27, 1943 ²	Dec. 8, 1941
Costa Rica	May 6, 1941	Jan. 16, 1942		Jan. 1, 1942	Dec. 8, 1941	
Cuba	May 6, 1941	Nov. 7, 1941		Jan. 1, 1942	Dec. 9, 1941	
Czechoslovakia	Jan. 5, 1942	July 11, 1942		Jan. 1, 1942	Dec. 9, 1941	
Dominican Republic	May 6, 1941	Aug. 2, 1941		Jan. 1, 1942	Dec. 8, 1941	
Ecuador	May 6, 1941	Apr. 6, 1942				Jan. 29, 1942
Egypt	Nov. 11, 1941					Sept. 3, 1939
El Salvador	May 6, 1941	Feb. 2, 1942		Jan. 1, 1942	Dec. 8, 1941	
Ethiopia	Dec. 7, 1942	Aug. 9, 1943		July 28, 1942	Dec. 1, 1942	
French Committee of National Liberation ³	Nov. 11, 1941		Sept. 3, 1942		Sept. 3, 1939	
Greece	Nov. 13, 1942	Sept. 25, 1943	Sept. 25, 1943			
Guatemala	Mar. 11, 1941	July 10, 1942		Jan. 1, 1942	Oct. 28, 1940	
Haiti	May 6, 1941	Nov. 16, 1942		Jan. 1, 1942	Dec. 8, 1941	
Honduras	May 6, 1941	Sept. 16, 1941		Jan. 1, 1942	Dec. 8, 1941	
	May 6, 1941	Feb. 28, 1942		Jan. 1, 1942	Dec. 8, 1941	
Iceland	July 1, 1941	Nov. 21, 1941				
India	Nov. 11, 1941			Jan. 1, 1942	Sept. 3, 1939	
Iran	Mar. 10, 1942			Sept. 9, 1943	Sept. 9, 1943	Sept. 8, 1941
Iraq	May 1, 1942			Jan. 16, 1943	Jan. 16, 1943	June 7, 1941
Liberia	Mar. 10, 1942	June 8, 1943	Apr. 10, 1944	Jan. 27, 1944	Jan. 27, 1944	Oct. 2, 1942
Luxembourg				Jan. 1, 1942	May 10, 1940	
Mexico	May 6, 1941	Mar. 18, 1943		June 5, 1942	May 22, 1942	Dec. 19, 1941
Netherlands	Aug. 21, 1941	July 8, 1942	June 14, 1943	Jan. 1, 1942	May 10, 1940	
New Zealand	Nov. 11, 1941	(¹)	Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	
Nicaragua	May 6, 1941	Oct. 16, 1941		Jan. 1, 1942	Dec. 8, 1941	
Norway	June 4, 1941	July 11, 1942		Jan. 1, 1942	Apr. 9, 1940	
Panama	May 6, 1941			Jan. 1, 1942	Dec. 7, 1941	
Paraguay	May 6, 1941	Sept. 20, 1941				Jan. 28, 1942
Peru	May 6, 1941	Mar. 11, 1942				Jan. 24, 1942
Philippines				June 10, 1942		
Poland	Aug. 28, 1941	July 1, 1942		Jan. 1, 1942	Sept. 1, 1939	
Saudi Arabia	Feb. 18, 1943					Date uncertain.
South Africa	Nov. 11, 1941			Jan. 1, 1942	Sept. 6, 1939	
Turkey	Nov. 7, 1941					
United Kingdom	Mar. 11, 1941	Feb. 23, 1942	Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	
United States				Jan. 1, 1942	Dec. 7, 1941	
U. S. S. R.	Nov. 7, 1941	June 11, 1942		Jan. 1, 1942	June 22, 1941	
Uruguay	May 6, 1941	Jan. 13, 1942				Jan. 25, 1942
Venezuela	May 6, 1941	Mar. 18, 1942				Dec. 31, 1941
Yugoslavia	Nov. 11, 1941	July 24, 1942		Jan. 1, 1942	Apr. 6, 1941	

¹ No Master Lend-Lease Agreement has been concluded with either Australia or New Zealand; but in the Reciprocal Aid Agreements entered into with these countries, they accepted the principles of the Lend-Lease Agreement with the United Kingdom as applicable to their lend-lease relations with the United States.

² Colombia declared a state of belligerency.

³ Territory under the jurisdiction of the French National Committee was declared eligible to receive lend-lease aid on November 11, 1941, and a reciprocal aid agreement was entered into with the Committee on September 3, 1942. French North and West Africa were declared eligible to receive lend-lease aid on November 13, 1942. On September 25, 1943, a Lend-Lease Modus Vivendi Agreement governing lend-lease aid and reciprocal aid was entered into with the French Committee of National Liberation, successor to the French National Committee and to the Haut Commandement en Chef Civile et Militaire established in French North and West Africa after the events of November 1942.

⁴ In an exchange of notes dated November 30, 1942, Canada accepted the underlying principles of Article VII of the Master Agreement.

Table 18

BUTTER

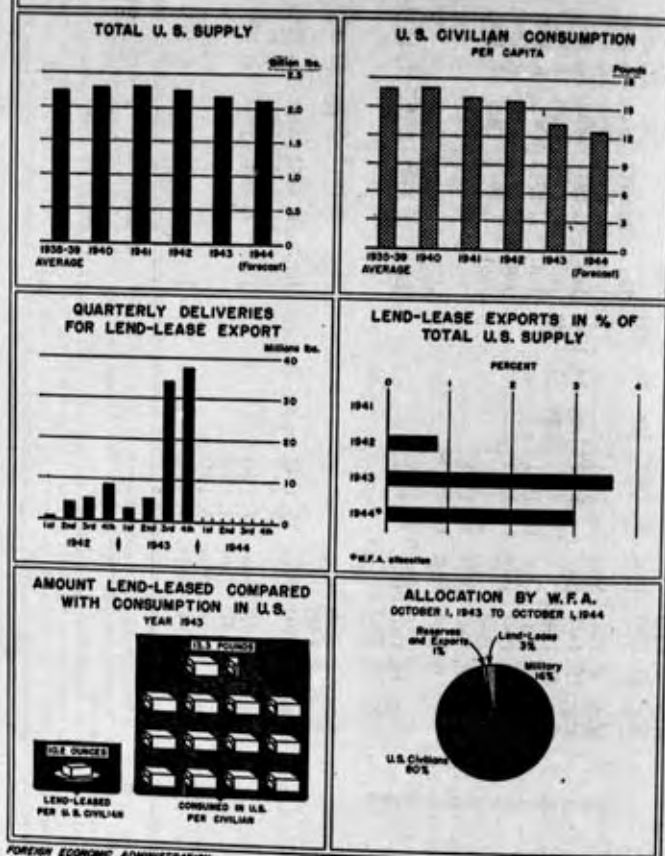


Chart 12

MEAT

(Dressed weight basis)

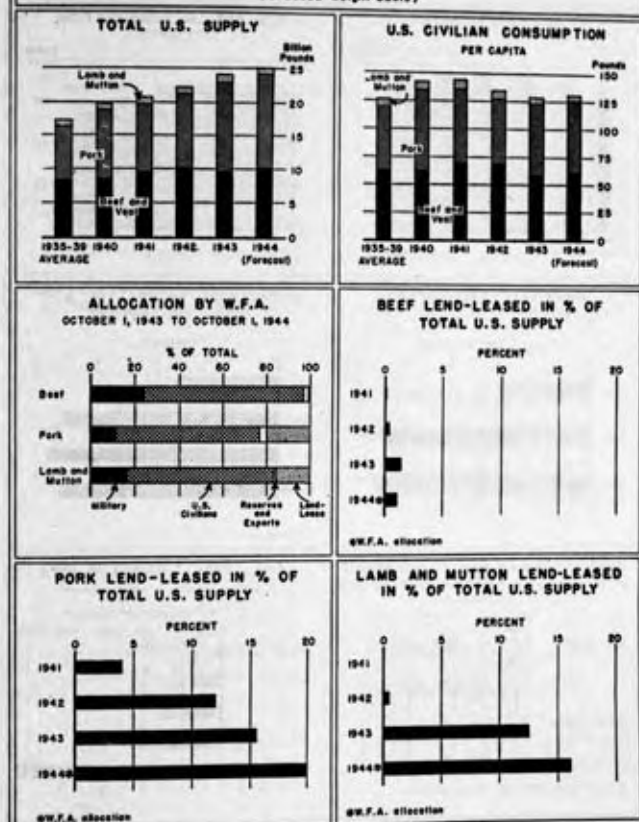


Chart 13

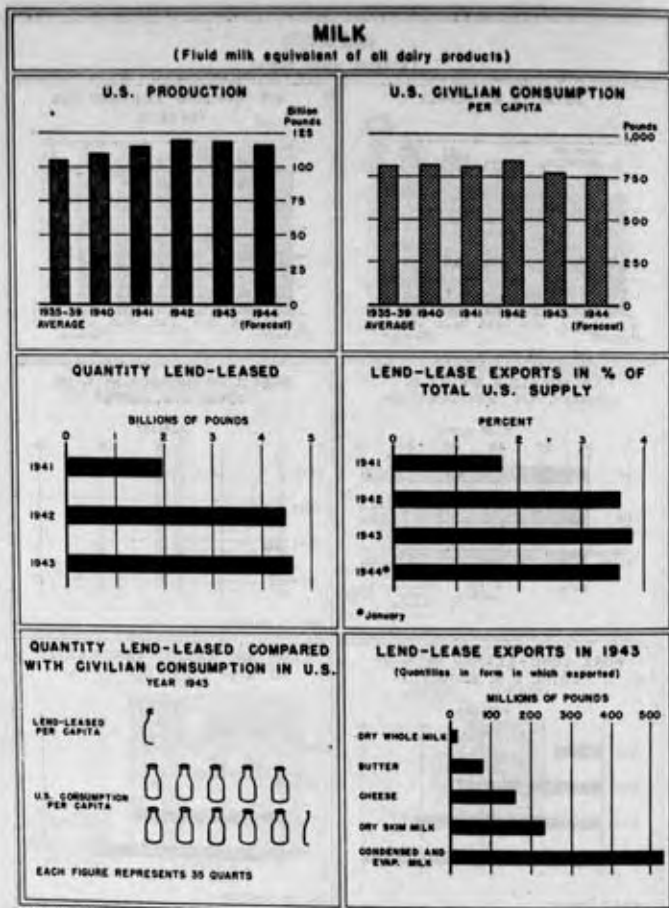


Chart 14

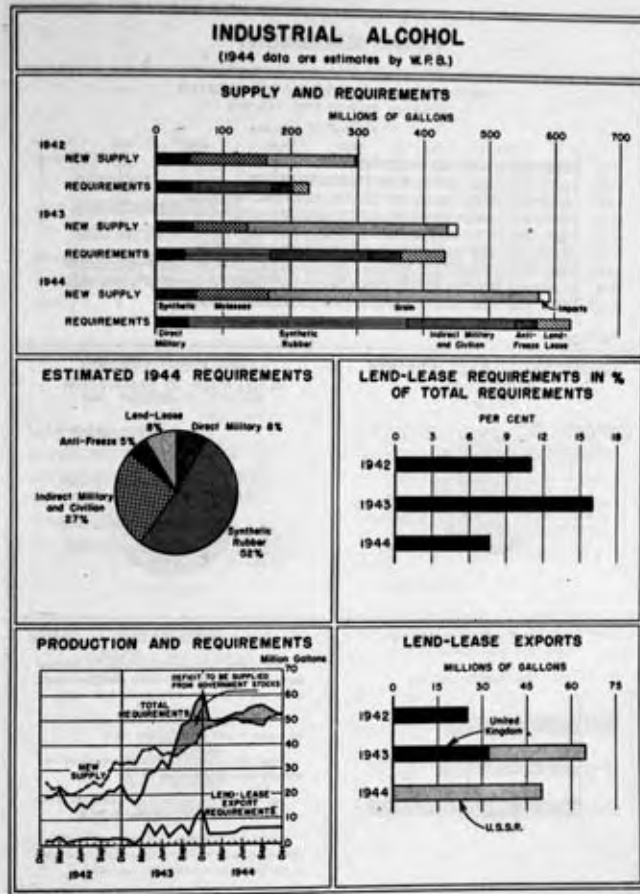


Chart 15

FARM MACHINERY

PRODUCTION IN THE UNITED STATES EXCLUDING CRAWLER-TYPE TRACTORS



*Estimated

WHERE LEND-LEASE EXPORTS HAVE GONE 1941-1943



LEND-LEASE EXPORTS IN RELATION TO PRODUCTION MARCH 1941-DECEMBER 1943



LEND-LEASE EXPORTS



COMMENTS

Lend-lease farm machinery instead of additional food has resulted in a substantial saving in shipping space and in a smaller drain on our food supply.

Increased food production in allied countries has been used in part for U.S. forces.

Allies' farm machinery plants were converted to ordnance production early in the war.

Lend-lease farm machinery has aided the British in increasing their farm production by 70%.

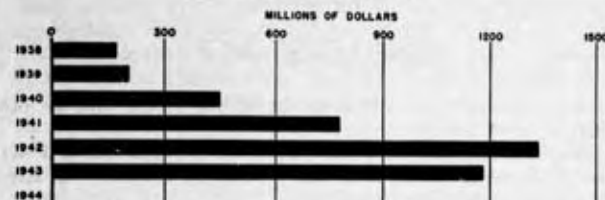
Lend-lease shipments have been kept at the absolute minimum necessary for our allies' production of the food essential to our joint war effort.

FOREIGN ECONOMIC ADMINISTRATION

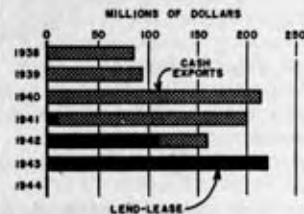
Chart 16

MACHINE TOOLS

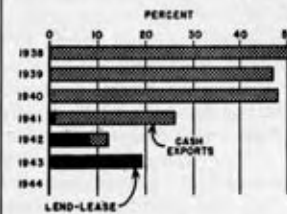
UNITED STATES PRODUCTION



VALUE OF EXPORTS



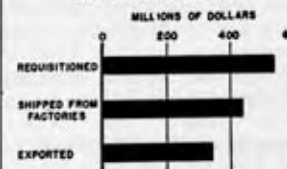
EXPORTS IN % OF PRODUCTION



WHERE MACHINE TOOLS HAVE GONE UNDER LEND-LEASE MARCH 1941-DECEMBER 1943



LEND-LEASE MACHINE TOOL PROGRAM AS OF DECEMBER 31, 1943



FOREIGN ECONOMIC ADMINISTRATION

Chart 17

APPENDICES

Appendix I

LEND-LEASE ACT

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States."

Section 2

As used in this Act—

(a) The term "defense article" means—

- (1) Any weapon, munition, aircraft, vessel, or boat;
- (2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;
- (3) Any component material or part of or equipment for any article described in this subsection;
- (4) Any agricultural, industrial or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

Section 3

(a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

- (1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any

country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government, any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed \$1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency, or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.

(c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

Section 4

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense articles or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

Section 5

(a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President, from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

Section 6

(a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

Section 7

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall, in all contracts or agreements for the disposition of any defense article or defense information, fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owner and holders of such patents.

Section 8

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

Section 9

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

Section 10

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

Section 11

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

APPROVED, MARCH 11, 1941.

☆ ☆ ☆

On March 11, 1943, after affirmative votes of 407-6 in the House of Representatives and 82-0 in the Senate the President signed the Act extending the Lend-Lease Act until July 1, 1944.

On April 19, 1944, by vote of 344-21, the House of Representatives voted to extend the Lend-Lease Act until July 1, 1945, with the following amendment to Section 3 (b) of the Act as follows (new matter in italics):

"The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory: *Provided, however, That nothing in this paragraph shall be construed to authorize the President in any final settlement to assume or incur any obligations on the part of the United States with respect to post-war economic policy, post-war military policy, or any post-war policy involving international relations except in accordance with established constitutional procedure.*"

On May 8, 1944, by vote of 63-1, the Senate also voted to extend the Act, with the same amendment as that adopted by the House except for deletion of the words "in any final settlement." On May 12 the House concurred in this change made by the Senate. On May 17 the President signed the Act.

Appendix II

BRITISH MASTER AGREEMENT

Agreement Between the Governments of the United States of America and of the United Kingdom on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, Authorized and Provided for by the Act of March 11, 1941.

Whereas the Governments of the United States of America and the United Kingdom of Great Britain and Northern Ireland declare that they are engaged in a cooperative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;

And whereas the President of the United States of America has determined, pursuant to the Act of Congress of March 11, 1941, that the defense of the United Kingdom against aggression is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the United Kingdom aid in resisting aggression;

And whereas it is expedient that the final determination of the terms and conditions upon which the Government of the United Kingdom receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the United Kingdom and will promote the establishment and maintenance of world peace;

And whereas the Governments of the United States of America and the United Kingdom are mutually desirous of concluding now a preliminary agreement in regard to the provision of defense aid and in regard to certain considerations which shall be taken into account in determining such terms and conditions and the making of such an agreement has been in all respects duly authorized, and all acts, conditions and formalities which it may have been necessary to perform, fulfill or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of the United Kingdom have been performed, fulfilled or executed as required;

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

Article I

The Government of the United States of America will continue to supply the Government of the United Kingdom with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

Article II

The Government of the United Kingdom will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities of information as it may be in a position to supply.

Article III

The Government of the United Kingdom will not without the consent of the President of the United States of America transfer title to, or possession of, any defense article or defense information transferred to it under the Act or permit the use thereof by anyone not an officer, employee, or agent of the Government of the United Kingdom.

Article IV

If, as a result of the transfer to the Government of the United Kingdom of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Government of the United Kingdom will take such action or make such payment when requested to do so by the President of the United States of America.

Article V

The Government of the United Kingdom will return to the United States of America at the end of the present emergency, as determined by the President, such defense articles transferred under this Agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

Article VI

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the United Kingdom subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

Article VII

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the United Kingdom, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 12, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

Article VIII

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington in duplicate this 23d day of February, 1942.

For the Government of the United States of America:

[SEAL]

SUMNER WELLES,
Acting Secretary of State of the
United States of America.

For the Government of the United Kingdom
of Great Britain and Northern Ireland:

[SEAL]

HALIFAX
His Majesty's Ambassador Extraordinary
and Plenipotentiary at Washington.

☆☆☆

Identical Master Lend-Lease Agreements have been signed with the following countries: Belgium, China, Czechoslovakia, Ethiopia, Greece, Liberia, The Netherlands, Norway, Poland, Union of Soviet Socialist Republics, and Yugoslavia. Australia and New Zealand have accepted the principles of the Master Agreements.

Appendix III RECIPROCAL AID AGREEMENTS

Reciprocal aid agreements with United Kingdom, Australia, New Zealand, and Fighting France were concluded September 3, 1942, by the following exchanges of notes. The first three agreements were signed in Washington and the agreement with Fighting France was signed in London.

Agreement With United Kingdom

THE HONORABLE CORDELL HULL,

*Secretary of State, United States Department of State,
Washington, D. C.*

SIX: In the United Nations declaration of January 1, 1942, the contracting governments pledged themselves to employ their full resources, military or economic, against those nations with which they are at war and in the Agreement of February 23, 1942, each contracting government undertook to provide the other with such articles, services, facilities, or information useful in the prosecution of their common war undertaking as each may be in a position to supply. It is further the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the general principle to be followed in providing mutual aid as set forth in the said Agreement of February 23, 1942, is that the war production and the war resources of both Nations should be used by the armed forces of each and of the other United Nations in ways which most effectively utilize the available materials, manpower, production facilities, and shipping space.

With a view, therefore, to supplementing Article 2 and Article 6 of the Agreement of February 23, 1942, between our two Governments for the provision of reciprocal aid, I have the honour to set forth below the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland of the principles and procedures applicable to the provision of aid by the Government of the United Kingdom of Great Britain and Northern Ireland to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services which each Government may authorize to be provided to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

It is accordingly the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to the United Kingdom. The Government of the United Kingdom will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorizes in accordance with the Agreement of February 23, 1942.

3. The Government of the United Kingdom will provide the United States or its armed forces with the following types of assistance as such reciprocal aid, when it is found that they can most effectively be procured in the United Kingdom or in the British Colonial Empire:

(a) Military equipment, munitions, and military and naval stores.

(b) Other supplies, materials, facilities, and services for the United States forces, except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Government of the United Kingdom as specified in paragraph 4.

(c) Supplies, materials, and services needed in the construction of military projects, tasks, and similar capital works required for the common war effort in the United Kingdom or in the British Colonial Empire, except for the wages and salaries of United States citizens.

(d) Supplies, materials, and services needed in the construction of such military projects, tasks, and capital works in territory other than the United Kingdom or the British Colonial Empire or territory of the United States to the extent that the United Kingdom or the British Colonial Empire is a more practicable source of supply than the United States or another of the United Nations.

4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities. Requests by the United States Government for such aid will be presented by duly authorized authorities of the United States to official agencies of the United Kingdom which will be designated or established in London and in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.

5. It is the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that all such aid, as well as other aid, including information, received under Article 6 of the Agreement of February 23, 1942, accepted by the President of the United States or his authorized representatives from the Government of the United Kingdom will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter.

I have the honour to be, with the highest consideration, Sir, your most obedient, humble servant,

September 3, 1942

HALIFAX.

His Excellency the Right Honorable The Viscount HALIFAX, K. G.,
British Ambassador.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of the United Kingdom of Great Britain and Northern Ireland to the armed forces of the United States of America.

In reply I wish to inform you that the Government of the United States agrees with the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland as expressed in that note. In accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

CORDELL HULL,
Secretary of State of the United States of America.

September 3, 1942

Agreement With Australia

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: As contracting parties to the United Nations Declaration of January 1, 1942, the Governments of the United States of America and the Commonwealth of Australia pledged themselves to employ their full resources, military and economic, against those nations with which they are at war.

With regard to the arrangements for mutual aid between our two Governments, I refer to the agreement signed at Washington on February 23, 1942, between the Governments of the United States of America and the United Kingdom on principles applying to mutual aid in the present war authorized and provided for by the Act of Congress of March 11, 1941, and have the honour to inform you that the Government of the Commonwealth of Australia accepts the principles therein contained as governing the provision of mutual aid between itself and the Government of the United States of America.

It is the understanding of the Government of the Commonwealth of Australia that the general principle to be followed in providing such aid is that the war production and war resources of both nations should be

used by the armed forces of each, in the ways which most effectively utilize available materials, manpower, production facilities, and shipping space.

I now set forth the understanding of the Government of the Commonwealth of Australia of the principles and procedure applicable to the provision of aid by the Government of the Commonwealth of Australia to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is my understanding that the general principles to be applied to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services which each Government may authorize to be provided to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

It is accordingly my understanding that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to Australia. The Government of Australia will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorizes in accordance with the principles enunciated in this note.

3. The Government of Australia will provide as reciprocal aid the following types of assistance to the armed forces of the United States in Australia or its territories and in such other cases as may be determined by common agreement in the light of the development of the war.

(a) Military equipment, ammunition, and military and naval stores.

(b) Other supplies, materials, facilities, and services for the United States forces except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Australian Government as specified in paragraph 4.

(c) Supplies, materials, and services needed in the construction of military projects, tasks and similar capital works required for the common war effort in Australia and in such other places as may be determined, except for the wages and salaries of United States citizens.

4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities. Requests by the United States Government for such aid will be presented by duly authorized authorities of the United States to official agencies of the Commonwealth of Australia which will be designated or established in Can-

berra and in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.

5. It is my understanding that all such aid accepted by the President of the United States or his authorized representatives from the Government of Australia will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter.

I have the honor to be with the highest consideration, Sir, your obedient servant,

OWEN DIXON.

September 3, 1942.

The Honorable Sir OWEN DIXON, K. C. M. G.,

Minister of Australia.

SIR: I have the honor to acknowledge receipt of your note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of the Commonwealth of Australia to the armed forces of the United States of America.

In reply I have the honor to inform you that the Government of the United States of America likewise accepts the principles contained in the agreement of February 23, 1942, between it and the Government of the United Kingdom as governing the provision of mutual aid between the Governments of the United States and of the Commonwealth of Australia. My Government agrees with the understanding of the Government of the Commonwealth of Australia as expressed in your note of today's date, and, in accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accepts, Sir, the renewed assurances of my highest consideration.

CORDELL HULL,

Secretary of State of the United States of America.

September 3, 1942.

Agreement With New Zealand

The Honorable CORDELL HULL,

Secretary of State,

United States Department of State,

Washington, D. C.

SIR: As contracting parties to the United Nations Declaration of January 1, 1942, the Governments of the United States of America and New Zealand

pledged themselves to employ their full resources, military and economic, against those nations with which they are at war.

In the Agreement of February 23, 1942, between the Governments of the United Kingdom and of the United States of America, the provisions and principles of which the Government of New Zealand considers applicable to its relations with the Government of the United States, each contracting Government undertook to provide the other with such articles, services, facilities, or information useful in the prosecution of their common war undertaking as each may be in a position to supply.

It is the understanding of the Government of New Zealand that the general principle to be followed in providing such aid is that the war production and war resources of both nations should be used by each, in the ways which most effectively utilize available materials, manpower, production facilities, and shipping space.

I now set forth the understanding of the Government of New Zealand of the principles and procedure applicable to the provision of aid by the Government of New Zealand to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is my understanding that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services to be provided by each Government to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

It is accordingly my understanding that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its production made available to New Zealand. The Government of New Zealand will provide on the same terms and as reciprocal aid so much of its production made available to the United States as it authorizes in accordance with the principles enunciated in this note.

3. The Government of New Zealand will provide the United States or its armed forces with the following types of assistance, as such reciprocal aid, when it is found that they can most effectively be procured in New Zealand.

- (a) Military equipment, munitions, and military and naval stores.
- (b) Other supplies, materials, facilities, and services for the United States forces, except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Government of New Zealand as specified in Paragraph 4.

(c) Supplies, materials, and services needed in the construction of military projects, tasks, and similar capital works required for the common war effort in New Zealand, except for the wages and salaries of United States citizens.

(d) Supplies, materials, and services needed in the construction of such military projects, tasks, and capital works in territory other than New Zealand or territory of the United States to the extent that New Zealand is a more practicable source of supply than the United States or another of the United Nations.

4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities.

5. It is my understanding that all such aid accepted by the President of the United States or his authorized representatives from the Government of New Zealand will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this agreement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter.

I have the honour to be, Sir,

Your obedient servant,

WALTER NASH,
Minister of New Zealand.

September 3, 1942

The Honorable WALTER NASH,
Minister of New Zealand.

SIR: I have the honor to acknowledge receipt of your note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of New Zealand to the armed forces of the United States of America.

In reply I have the honor to inform you that the Government of the United States of America likewise considers the provisions and principles contained in the agreement of February 23, 1942, between it and the Government of the United Kingdom as applicable to its relations with the Government of New Zealand. My Government agrees with the understanding of the Government of New Zealand as expressed in your note of today's date, and, in accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

CORDELL HULL,

Secretary of State of the United States of America.

September 3, 1942

Agreement With French National Committee

TEXT OF NOTE TO GENERAL DAHLQUIST FROM FRENCH NATIONAL COMMITTEE

The French National Committee sets forth below its understanding of the principles governing the provision of reciprocal aid by the United States of America to Fighting France and by Fighting France to the United States:

1. The United States of America will continue to supply Fighting France with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

2. Fighting France will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities, or information as it may be in a position to supply.

3. The fundamental principle to be followed in providing such aid is that the war production and war resources of Fighting France and of the United States of America should be used by the armed forces of each in the ways which most effectively utilize available materials, manpower, production facilities, and shipping space. While each retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

4. As to financing the provision of such aid, within the fields mentioned below, it is the Committee's understanding that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services to be provided by each to the other shall be in the form of reciprocal aid.

It is accordingly the Committee's understanding that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to Fighting France. Fighting France will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorized in accordance with the principles enunciated in this note.

5. Within the territories under the control of Fighting France, or within the same theater of operations, the National Committee will provide the United States or its armed forces with the following types of assistance, as such reciprocal aid, when it is found that they can most effectively be procured in territory under the control of Fighting France:

- (a) Military equipment, munitions, and military and naval stores.
- (b) Other supplies, materials, facilities, and services for the United States forces, except for the pay and allowances of such forces, adminis-

trative expenses, and such local purchases as its official establishments may make other than through the official establishments of Fighting France as specified in paragraph 6.

(c) Supplies, materials, and services, except for the wages and salaries of United States citizens, needed in the construction of military projects, tasks, and similar capital works required for the common war effort in territory under the control of Fighting France, or in the same theater of operations, to the extent that such territory is the most practicable source of supply.

6. The practical application of the principles formulated in this note, including the procedure by which requests for aid are made and acted upon, shall be worked out by agreement as occasion may require through the appropriate military or civilian administrative authorities. Requests by the United States forces for such aid will be presented by their duly authorized authorities to official agencies of Fighting France which will be designated or established in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.

7. It is the Committee's understanding that all such aid accepted by the President of the United States or his authorized representatives from Fighting France will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each.

If the Government of the United States concurs in the foregoing, the present note and a reply to that effect will be regarded as placing on record the understanding in this matter.

TEXT OF NOTE TO FRENCH NATIONAL COMMITTEE FROM GENERAL DAHLQUIST

The Government of the United States of America agrees with the understanding of the National Committee, as expressed in the English text of the Committee's note of today's date, concerning the principles and procedures applicable to the provisions of aid by Fighting France to the armed forces of the United States of America and, in accordance with the suggestion contained therein, that note and this reply will be regarded as placing on record the understanding in this matter.

September 3, 1942

Appendix IV

MODUS VIVENDI ON RECIPROCAL AID IN FRENCH NORTH AND WEST AFRICA

The Government of the United States and the French Committee of National Liberation, desirous of lending each other the reciprocal aid necessary to the prosecution of the joint war effort, are agreed upon the following provisional Modus Vivendi which will, following signature, be applicable in French North and West Africa:

I. With reference to supplies and services urgently needed to maintain the French war effort, which the United States has furnished to the French authorities and will continue to furnish, within limitations of need and supply, it is understood that:

(a) Military aid, including supplies for railroads, docks, public utilities, and other facilities to the extent that such supplies are determined to be military aid is made available on a straight Lend-Lease basis, in the light of the considerations set forth in Paragraph V. Such aid does not include the pay and allowances of French forces. The United States reserves the right to require the return of any articles furnished under this paragraph and not lost, destroyed or consumed,

(i) if at any time it is decided that such restitution would be an advantage in the conduct of the war, or

(ii) if at the end of the present emergency as determined by the President of the United States, the President shall determine that such articles are useful in the defense of the United States or of the Western Hemisphere, or to be otherwise of use to the United States.

(b) For all civilian supplies imported from the United States, the French authorities will pay upon the basis of prices to be agreed. Payment will be made, currently at convenient intervals, in dollars, to an appropriately designated account in the United States.

(c) The distinction between civilian and military aid, supplies and services, where such distinction may be necessary, will be made by agreement.

(d) All aid furnished under Paragraph I (a) and I (b) will be made available by the United States under the authority and subject to the terms and conditions provided for in the Act of Congress of 11 March, 1941, as amended (P. L. 11, 77th Congress, 1st Session).

II. With reference to supplies and services urgently needed to maintain the United States war effort, which the French authorities have furnished

to the United States and will continue to furnish, within limitations of need and supply, it is understood that:

(a) The French authorities undertake to make available to or for the use of the armed forces and other governmental agencies of the United States, as reverse Lend-Lease aid to the United States, on a straight Lend-Lease basis, when it is found that such aid can most effectively be procured in territory under their control.

(i) military equipment, munitions, and military and naval stores;

(ii) other supplies, materials, facilities and services for United States forces, including the use of railway and port facilities, but not including the pay and allowances of such forces nor the administrative expenses of American missions;

(iii) supplies, materials, facilities and services, except for the wages and salaries of United States citizens, needed in the construction of military projects, tasks and similar capital works required in the common war effort, to the extent that French North or West Africa is the most practicable source of such supplies, materials, facilities or services;

(iv) such other supplies, materials, services or facilities as may be agreed upon as necessary in the prosecution of the war, but not including exports of civilian supplies to the United States from North and West Africa.

While the French authorities retain, of course, the right of final decision subject to the obligations and arrangements they have entered into for the prosecution of the war, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

(b) All civilian supplies exported from French North and West Africa to the United States will be paid for on the basis of prices to be agreed. Payment will be made currently, at convenient intervals, in dollars, to an appropriately designated account in the United States.

(c) The distinction between civilian and military aid, supplies and services, where such distinction may be necessary, will be made by agreement.

(d) In order to obtain the supplies and services included within the scope of Paragraph II (a), duly authorized United States officers or other officials will submit their requests to the official services duly designated by the French authorities. These services will be established in Algiers, Casablanca, Oran, Tunis, Dakar, and other places where it may be found practicable and convenient to establish organizations for facilitating the transfer of reciprocal aid.

(e) For use in those exceptional cases, and particularly in cases of local procurement of supplies, in which it is agreed to be more practicable to secure such reverse Lend-Lease supplies, facilities and services by direct purchase, rather than by the method of procurement set forth in Paragraph II (b), it is agreed that the French authorities establish a franc account in convenient banking institutions and in the name of a designated officer of the United States to facilitate the provision of reverse Lend-Lease aid as con-

templated by Paragraph II (a). The French contributions to this account will be mutually agreed upon from time to time in the light of the changing needs of the American forces, and other appropriate factors. Such an account will not be used for the payment of wages and salaries of American military or civilian personnel, nor for administrative expenses of American missions. Estimates of the franc requirements of the United States will be submitted to designated French authorities from time to time, as may be found convenient. The French authorities will be kept fully and currently informed of all transactions in this account.

III. In exceptional cases, and when they deem it preferable, the American military forces, or other agencies of the United States Government, may continue to use their present practice of acquiring francs against dollars from the French authorities.

IV. Adequate statistical records will be kept of all goods and services exchanged as mutual aid under paragraphs I and II above.

V. The provisions of this *modus vivendi* correspond to a desire to reduce to an appropriate minimum the need of either party for currency of the other party. Provisions which call for payments in dollars have been decided upon in view of the special situation arising from accumulated dollar balances and availabilities of dollar funds due to the presence of United States troops in French North and West Africa. Revision of the payment provisions of this *modus vivendi* will be made should the situation require.

Signed at Algiers this 25th day of September, A. D. 1943.

For the Government of the United States of America:

/s/ ROBERT MURPHY

For the French Committee of National Liberation:

/s/ MASSIOLI

/s/ JEAN MONNET

September 25, 1943.

Appendix V

EXECUTIVE ORDER ESTABLISHING FOREIGN ECONOMIC ADMINISTRATION

By virtue of the authority vested in me by the Constitution and the statutes of the United States, as President of the United States and Commander in Chief of the Army and Navy, and in order to unify and consolidate governmental activities relating to foreign economic affairs, it is hereby ordered as follows:

1. There is established in the Office for Emergency Management of the Executive Office of the President the Foreign Economic Administration (hereinafter referred to as the Administration), at the head of which shall be an Administrator.

2. The Office of Lend-Lease Administration, the Office of Foreign Relief and Rehabilitation Operations, the Office of Economic Warfare (together with the corporations, agencies, and functions transferred thereto by Executive Order No. 9361 of July 15, 1943), the Office of Foreign Economic Coordination (except such functions and personnel thereof as the Director of the Budget shall determine are not concerned with foreign economic operations) and their respective functions, powers, and duties are transferred to and consolidated in the Administration.

3. The Administrator may establish such offices, bureaus, or divisions in the Administration as may be necessary to carry out the provisions of this order, and may assign to them such of the functions and duties of the offices, agencies, and corporations consolidated by this order as he may deem desirable in the interest of efficient administration.

4. The powers and functions of the Administration shall be exercised in conformity with the foreign policy of the United States as defined by the Secretary of State. As soon as military operations permit, the Administration shall assume responsibility for and control of all activities of the United States Government in liberated areas with respect to supplying the requirements of and procuring materials in such areas.

5. All the personnel, property, records, funds (including all unexpended balances of appropriations, allocations, or other funds now available), contracts, assets, liabilities, and capital stock (including shares of stock) of the offices, agencies, and corporations consolidated by paragraph 2 of this order are transferred to the Administration for use in connection with the exercise and performance of its functions, powers, and duties. In the case of capital stock (including shares of stock), the transfer shall be to such agency, corporation, office, officer, or person as the Administrator shall designate. The Administrator is authorized to employ such personnel as may be necessary in the performance of the functions of the Administration and in order to carry out the purposes of this order.

6. No part of any funds appropriated or made available under Public Law 139, approved July 12, 1943, shall hereafter be used directly or indirectly by the Administrator for the procurement of services, supplies, or equipment outside the United States except for the purpose of executing general economic programs or policies, formally approved by a majority of the War Mobilization Committee in writing filed with the Secretary of State prior to any such expenditure.

7. All prior Executive Orders insofar as they are in conflict herewith are amended accordingly. This order shall take effect upon the taking of office by the Administrator, except that the agencies and offices consolidated by paragraph 2 hereof shall continue to exercise their respective functions pending any contrary determination by the Administrator.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, September 25, 1943.

Appendix VI

EXECUTIVE ORDER ESTABLISHING OFFICE OF LEND-LEASE ADMINISTRATION

By virtue of the authority vested in me by the Constitution and statutes of the United States, and particularly by the Act of March 11, 1941, entitled "An Act further to promote the defense of the United States and for other purposes" (hereafter referred to as the Act), and by the Defense Aid Supplemental Appropriation Act, 1941, approved March 27, 1941, and acts amendatory or supplemental thereto, in order to define further the functions and duties of the Office for Emergency Management of the Executive Office of the President in respect to the national emergency as declared by the President on May 27, 1941, and in order to provide for the more effective administration of those Acts in the interests of national defense, it is hereby ordered as follows:

1. There shall be in the Office for Emergency Management of the Executive Office of the President an Office of Lend-Lease Administration, at the head of which shall be an Administrator, appointed by the President, who shall receive compensation at such rate as the President shall approve and, in addition, shall be entitled to actual and necessary transportation subsistence, and other expenses incidental to the performance of his duties.

2. Subject to such policies as the President may from time to time prescribe, the Administrator is hereby authorized and directed, pursuant to Section 9 of the Act, to exercise any power or authority conferred upon the President by the Act and by the Defense Aid Supplemental Appropriation Act, 1941, and any acts amendatory or supplemental thereto, with respect to any nation whose defense the President shall have found to be vital to the defense of the United States: *Provided*, That the master agreement with each nation receiving lend-lease aid, setting forth the general terms and conditions under which such nation is to receive such aid, shall be negotiated by the State Department, with the advice of the Economic Defense Board and the Office of Lend-Lease Administration.

3. The Administrator shall make appropriate arrangements with the Economic Defense Board for the review and clearance of lend-lease transactions which affect the economic defense of the United States as defined in Executive Order No. 8839 of July 30, 1941.

4. Within the limitation of such funds as may be made available for that purpose, the Administrator may appoint one or more Deputy or Assistant Administrators and other personnel, delegate to such Deputy or Assistant Administrators any power or authority conferred by these orders, and make provision for such supplies, facilities, and services as shall be necessary to

carry out the provisions of this Order. Insofar as practicable the Office of Lend-Lease Administration shall use such general business services and facilities as may be made available to it through the Office for Emergency Management.

5. Executive Order No. 8751 of May 2, 1941, establishing the Division of Defense Aid Reports and defining its functions and duties, is hereby revoked.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

October 28, 1941.

(5/25/44)

Original to Dr. White

THE SECRETARY OF THE TREASURY
WASHINGTON

May 22, 1944

MEMORANDUM FOR THE PRESIDENT

Re: Printing of additional French currency
to implement anti-inflationary
program in France.

During his current discussions here, M. Mendes-France, Commissioner of Finance of the French Comité, has outlined the measures which the French believe necessary in order to penalize collaborators, to impose effective taxation on war profiteers, and to combat the threat of a runaway inflation in France after liberation. This program is modeled upon the program which we got the French to adopt in Tunisia and which they subsequently repeated in Corsica. Similar programs are already being planned by the Dutch, Belgians and Norwegians.

This program requires the issuance of a new distinctive currency throughout France after liberation and the calling in of all outstanding notes issued during the German occupation as well as those issued during our military operations in France.

In order to be able to put this program into effect, it is necessary to start printing this currency at once and the Treasury has been asked to handle the job.

The Comité understands that the new issue of currency must not bear inscriptions or symbols which will raise political issues and they are prepared to accept this decision. They also understand that the new notes will remain under the control of this Government until such time as this Government is prepared to release the notes to whatever French authorities are finally determined to be responsible for civil affairs administration in France.

This matter has been taken up with the U.S. side of the

Combined Civil Affairs Committee which has agreed to the French request, subject to your approval.

We feel that under the conditions outlined above the French request does not involve any present political considerations. We think that it is a reasonable request and recommend that you give it your approval.

Henry M. Nathan Jr.
Secretary of the Treasury

Cordell Hull
Secretary of State

APPROVED:

Franklin D. Roosevelt

5-24-44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington

TO: AMREP, Algiers

DATED: May 22, 1944

NUMBER: 1594

SECRET

From War Refugee Board to Ackermann

Please deliver the following message to Howard Brooks,
% American Consulate, from William Emerson of the Unitarian
Service Committee:

"Medical mission negotiations here with General
Ledantec proceeding satisfactorily. Suggest you in-
vestigate situation there and report."

THIS IS WRB ALGIERS CALBE NO. 13.

HULL

AIRGRAM

FROM:

Bogota

Date: May 22, 1944

Rec'd: May 30 8 am

Secretary of State,
Washington.
A 492, May 22, 6 pm

I have informed the Minister of Poland of the substance of the Department's confidential telegram no. 659 of May 17, 8 pm, regarding measures which might be taken for the protection of certain internees at Vittel, France. The Minister seemed to find the Department's policy in this matter an entirely reasonable one, and indicated he would refrain from sending his proposed notes to the Governments of Colombia, Venezuela and Ecuador; but would refer the matter back to his government which in turn might consider the Department's suggestion that the Polish Government consult the Inter-American Emergency Advisory Committee for Political Defense in regard to the matter.

In the absence of further developments or instructions I do not contemplate taking any further action in the matter.

DANIELS

840.1
PCD/hl

SECRET BY COURIER

A-183

1:31

SENT BY SECRET AIRGRAM

AMEMBASSY,

HABANA (CUBA).

FOR THE PERSONAL AND CONFIDENTIAL INFORMATION OF THE
AMBASSADOR.

The Department and the War Refugee Board appreciate the information contained in your A-968, and are pleased to learn that the Cuban authorities will not, during the duration of the war, raise the question at issue of the validity of passports.

The critical nature of the situation makes it vital however that the documents in reference should not be considered as open to challenge. Please urge the Cuban Government therefore to take the positive actions outlined in the Department's A-738 of May 3, and to uphold its attitude in the face of possible German challenge.

It is understood that, in any exchange negotiations which may be entered into, unquestioned citizens of Cuba will be considered by this Government as being in a category entitled to priority over others. Please so advise Cuban officials.

Your attention is again drawn to the assurances given in the Department's circular airgrams of March 31 and April 11 and to the stand taken by this Government regarding refugees claiming American citizenship as outlined in the circular airgram of May 11. You are requested to urge speedy action, in view of the imminent danger in which the persons concerned find themselves. Please inform the Department of any developments.

HULL
GLWWRB:MMV:KG
5/22/44

CCA

SECRET BY COURIER

A-835

10:25

May 22, 1944

AMEMBASSY,

HABANA.

FOR THE PERSONAL AND CONFIDENTIAL INFORMATION OF THE
AMBASSADOR.

Pursuant to the information contained in your no. 892 of April 25, the War Refugee Board has just been informed by the Joint Distribution Committee that it is prepared to guarantee the maintenance of 1,000 children who, in accordance with the suggestions contained in the Department's circular airgram of April 15, may be admitted to Cuba. The guarantee would be made effective through a welfare program, under the auspices of the Habana Joint Relief Committee.

HULL

GLW

WRB:MMV:KG
5/20/44

CCA

RECT

PLAIN
May 22, 1944AMEMBASSY,
LONDON.

4046, twenty-second.

FROM CROWLEY AND STONE, FEA.

American Friends Service Committee.

The American Friends Service Committee is requesting approval of the transfer of (1) \$25,000 to its representative at Lisbon for the purchase in Portugal and Spain of foodstuffs to be despatched to Secours Quaker in France for distribution by the latter, under Intercross supervision, to particularly needy displaced persons and refugees in France, some of whom are detained in camps while others who are at liberty are in many cases aided through workshops operated by Secours Quaker, and (2) \$25,000 to its representative in Switzerland for the purchase in Switzerland of foodstuffs for the same purpose as described above.

The War Refugee Board recommends strongly that both proposals be approved and we concur on condition that the proposed purchases in Portugal and Spain be subject to the usual controls as to kinds of goods procured and firms or intermediaries to be dealt with, and that the proposed exports from Switzerland comply with current instructions to legations at Bern. Please support before Relief Sub-Committee for immediate action.

HULL
(GHK)

DGR:RLH:ATM

WtStone
Liaison:
BA-813-HSKiaer
5/19/44
cc: Gordon

A-158

SECRET BY COURIER

6:15 p.m.

SENT BY SECRET AIRGRAM

May 22, 1944

AMEMBASSY,

ASUNCION (PARAGUAY).

FOR THE PERSONAL AND CONFIDENTIAL INFORMATION OF THE
AMBASSADOR.

The Department and the War Refugee Board are gratified by the results reported in your A-139 of April 22. Please continue your efforts to procure favorable action on the two points indicated therein: a request to Germany by Paraguay to honor all documents issued in the name of Paraguay, and approval of the negotiations by the United States with Germany for exchange.

Please inform the Department of progress made.

HULL

HULL
(GBW)WRB:MMV:KG
5/22/44

RPA

CABLE TO AMBASSADOR NORWEB AND DEXTER, LISBON, PORTUGAL

1. Please represent to the Portuguese government that, according to persistent and seemingly authentic reports, systematic mass-extermination of Jews in Hungary has begun. The lives of 800,000 human beings in Hungary may well depend on the restraint that may result from the presence in that country of the largest possible number of foreign observers. To this end, please urge appropriate authorities in the interest of most elementary humanity to take immediate steps to increase to the largest possible extent the numbers of Portuguese diplomatic and consular personnel in Hungary and to distribute them as widely as possible throughout the country.

It is hoped, of course, that all such diplomatic and consular representatives will use all means available to them to persuade individuals and officials to desist from further barbarisms.

Please inform Department forthwith of extent to which Portuguese government is cooperating in this matter.

2. Reference is made to Department's 713 of March 7, and 1013 of April 22 and to your 779 of March 11 and 1150 of April 18. Please advise promptly whether Hungarian channels still available and effective.

3. The following for David P. Joffe, Palace Hotel.

Please advise War Refugee Board through Embassy whether you are in communication with Islambek Khan. If not, please advise whether you deem it practical for Board to request him directly at your suggestion to assist in connection with Hungarian problem.

4. For Dexter:

If Joffe not familiar with Hungarian problem, please advise him as above.

THIS IS WRB LISBON CABLE NO. 31.

May 22, 1944
11:30 a. m.

Bakzin
LS:Gee 5/20/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Lisbon
DATED: May 22, 1944
NUMBER: 1457

CONFIDENTIAL

Following is to Dexter

We authorize you to transmit at sender's expense via War Refugee Board messages referring the relief and rescue of refugees and related matters from Fritz Lichtenstein, Tivoli Hotel, Lisbon, To Israel Mereminski, New York. Lichtenstein and Mereminski represent the General Jewish Labor Federation in Palestine.

The following message is from Israel Mereminski, 510 West 112 Street, New York, to Fritz Lichtenstein:

"Please cooperate with Dexter, American Embassy, Lisbon special representative of War Refugee in Portugal. To avoid delay, you may ask Dexter to transmit your messages for me through War Refugee Board. Awaiting your detailed report rescue possibilities activities achievements figures refugees willing go everywhere and only Palestine also. Answer your recommendation concerning Palestine certificates from Jewish Agency, London. I cabled Histadruth your request certificates."

THIS IS WRB LISBON CABLE NO. 28

HULL

CABLE TO AMBASSADOR HAYES, MADRID, SPAIN

Please represent to the Spanish government that, according to persistent and seemingly authentic reports, systematic mass-extirmination of Jews in Hungary has begun. The lives of 800,000 human beings in Hungary may well depend on the restraint that may result from the presence in that country of the largest possible number of foreign observers. To this end, please urge appropriate authorities in the interest of most elementary humanity to take immediate steps to increase to the largest possible extent the numbers of Spanish diplomatic and consular personnel in Hungary and to distribute them as widely as possible throughout the country.

It is hoped, of course, that all such diplomatic and consular representatives will use all means available to them to persuade individuals and officials to desist from further barbarisms.

Please inform Department forthwith of extent to which Spanish government is cooperating in this matter.

May 23, 1944
11:30 a.m.

RAK:ia :jp 5/20/44
LH:ecar

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Madrid
TO: Secretary of State, Washington
DATED: May 22, 1944
NUMBER: 1777

CONFIDENTIAL

I certainly have no objection to the visit of my friend James G. McDonald, suggested in your cable of May 19, No. 1422, although I am reasonably confident that the existing Embassy machinery, in conjunction with the Elickson-staff organization, can serve adequately the proper purposes of the War Refugee Board. I welcome, in fact, the opportunity of his familiarizing himself at firsthand with the position here as he will return to report to the Department and the War Refugee Board.

It is neither necessary nor desirable that he be accredited to the Spanish Government, but during his visit here, he can rest assured that it will be my pleasure to ensure that he will receive every consideration and courtesy.

HAYES

CABLE TO MINISTER JOHNSON AND OLSEN, STOCKHOLM, SWEDEN

Please represent to the Swedish government that, according to persistent and seemingly authentic reports, systematic mass-extermination of Jews in Hungary has begun. The lives of 800,000 human beings in Hungary may well depend on the restraint that may result from the presence in that country of the largest possible number of foreign observers. To this end, please urge appropriate authorities in the interest of most elementary humanity to take immediate steps to increase to the largest possible extent the numbers of Swedish diplomatic and consular personnel in Hungary and to distribute them as widely as possible throughout the country.

It is hoped, of course, that all such diplomatic and consular representatives will use all means available to them to persuade individuals and officials to desist from further barbarisms.

Please inform Department forthwith of extent to which Swedish government is cooperating in this matter.

THIS IS WED STOCKHOLM CABLE NO. 17.

May 22, 1944
11:30 a.m.

RAKzin :jp 6/30/44
LH:ccccr

CABLE TO MINISTER JOHNSON FOR OLSEN FROM WAR REFUGEE BOARD.

1. Reference your 1738 to Department, your 14 to War Refugee Board, May 16, 1944.

Program Estonian rescue and similar Lithuanian and Latvian projects excellent, provided it is borne in mind that Board is concerned with rescuing victims of enemy persecution in imminent danger of death, regardless of race or creed. With respect to funds there follows a message to H. Lindroth, Goodyear Gummi Fabriks, Norrkoting, Sweden:

QUOTE War Refugee Board desires purchases 209,500 kroner for local use Sweden - consult foreign exchange office and cable if they approve your effecting sale this amount from your surplus funds equivalent \$50,000 being credited your account our books Akron. Signed Thure Melander. Unquote.

If this message unsatisfactory to you do not deliver and cable Board your suggestions. If you deliver it, advise Lindroth he may reply through you.

2. Reference your 1688 to Department, your 12 to War Refugee Board, May 12, 1944.

American relief for Norway has remitted via banks equivalent of dollars 50,000. Additional funds to follow promptly if Goodyear channel effective.

THIS IS WRB STOCKHOLM CABLE NO. 18

May 22, 1944
3:45 p.m.

LS:esseri:als 5/22/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
 TO: American Legation, Stockholm
 DATED: May 22, 1944
 NUMBER: 982

SECRET

From War Refugee Board to Minister Johnson and Olsen

Reference your 1626 of May 8 concerning the sympathetic attitude of new Bulgarian Minister to Stockholm toward the Jewish situation.

For your confidential information, a similar situation was exploited by Hirschmann, the War Refugee Board attache in Ankara, with regard to the Rumanian Minister to Turkey, who in addition to being sympathetic on the Jewish questions was reputedly close to Marshal Antonescu. With Ambassador Steinhardt's approval two personal interviews were arranged between Hirschmann and Minister Gretsianu at the home of the Intercessor representative at Ankara with whom Hirschmann is personally friendly. It was felt by Ambassador Steinhardt and Hirschmann that a direct approach of this type would make a much greater impression on the Rumanian Government than an indirect approach.

Following is an account of Hirschmann's interviews with Gretsianu. At outset of interview Hirschmann made it clear that his sole function in Ankara was as representative of the War Refugee Board to deal with refugee problems, that the discussion was to be confined exclusively to this subject, and that any other interpretation placed upon the conversation either by Gretsianu or his Government would be a deliberate distortion. Hirschmann then outlined to Gretsianu the outraged feeling of the Government of the United States at the brutal treatment which was being accorded the Jewish minorities and other refugees in Rumania and the United States' determination to do everything in its power to rescue such unfortunates who are in imminent danger of death and to find havens of refuge for them. Hirschmann warned that our Government would keep in mind in the future any continuation by the Rumanian Government of the execution of these policies of Hitlerite persecution, and that the Rumanian Government would be well advised in its own interest to take advantage of such opportunities as may be available to it in the future to permit refugees to depart across its borders. Gretsianu was invited by Hirschmann to report the substance of the above interview to his Government. Gretsianu assured Hirschmann that provided the Germans had not taken over from Rumania the administration of Transnistria, which was directly in the path of the retreating German army and where many thousands of Jews were held in Rumanian concentration camps, no bodily harm would come to any of the many Jews in Transnistria. Gretsianu also gave Hirschmann a definite assurance that on arrival of evacuation vessels at Constanta to embark up to 5000 Jewish refugee children, the necessary transportation and exit visas would be provided promptly. Lastly Gretsianu promised to send an urgent telegram to Bucharest recommending in the strongest terms that efforts be made at once to transfer the Jewish refugees held in Transnistria to Rumania proper.

A few days later Gretsianu requested a second interview with Hirschmann in which.....

in which Hirschmann was advised that the Rumanian Government had decided to transfer the Jews in Transilvania to Romania proper and that the transfer had already commenced. Since then approximately 40,000 Jews have been removed from Transilvania, and some of these have been evacuated to Palestine through Germany.

Because of the conspicuous success of this direct approach to the Rumanian Government, Hirschmann with Ambassador Steinhardt's approval decided to make a similar approach to the Bulgarian Government. An interview was arranged on or about March 20 between Hirschmann and Minister Balabanoff of Bulgaria at the home of the Interpress representative at Ankara. Hirschmann opened this interview in the same fashion as the interview with Crostianu. Balabanoff was advised by Hirschmann that the reports of the brutal treatment accorded to the minorities in Bulgaria, especially the Jews, had outraged the Government and people of the United States and that Bulgaria in the near future would be called upon to answer therefor. After advising Balabanoff of this Government's determination to save refugees, Hirschmann stated that any continuation of the execution of these policies of Nazi presentation would be borne in mind by our Government in the future and that the Bulgarian Government would be well advised in its own interests to take advantage of such opportunities to permit refugees to depart across its borders as might be available to it in the future. It was suggested to Balabanoff that he report Hirschmann's remarks to his Government.

In reply Balabanoff stated that the maltreatment of minorities in Bulgaria had resulted from the policies of Gorbunski, the former Minister of Interior, who Balabanoff asserted had been a tool of the Germans and was no longer a member of the Government. Balabanoff stated that of late the Jews had been given much better treatment in Bulgaria and that he had reason to believe the pressure against them would continue to relax. Hirschmann suggested that Balabanoff dispatch at once an urgent cable to his Government recommending that the same treatment as that received by other minorities in citizens be accorded henceforth to the "one and all other minorities in Bulgaria, that the deplorable conditions under which the Jews and other minorities are living in concentration camps be ameliorated at once and finally that the Bulgarian Government take immediate steps to authorize the granting of visas and to provide transportation for all refugees who wish to leave for Turkey or Palestine.

On or about April 6 Hirschmann arranged a second interview with Balabanoff. The latter apparently had received no reply to the telegram and long memorandum which he claimed to have dispatched to his Government after the first interview. Balabanoff claimed however to have received word indirectly that the Bulgarian Government was relaxing its attitude toward minorities and particularly the Jews and that Jews were being permitted to leave Bulgaria by both ship and train. He referred to the banking of Sofia as the possible reason for his not having heard from his Government. Balabanoff stated further that Christoff was one of the leaders of his Government, had expressed himself in letters to him as sympathetic with the Jewish refugees. Since the above dated nothing further has been heard from Balabanoff.

If in your opinion the newly appointed Bulgarian Minister to Stockholm appears sincere in his attitude toward the "alien" refugee problem, it is suggested that a direct approach be made along the lines of Hirschmann's interview with Balabanoff. In such an interview it could be pointed out that the Bulgarian.....

Bulgarian Government's failure to reply to Balabanoff's telegram and memorandum has created an unfavorable impression on this Government and that such action will be taken into account in the final reckoning, for it is indicative that Bulgaria has not yet determined to turn its back on the Nazi ideology of race and minority persecution. Following is quotation from nation wide radio broadcast made by John Pehle on May 14. Referring to satellite nations, Pehle stated:

"We can bring about a more liberal attitude toward the refugees by making it crystal-clear to these countries that the United States and the United Nations will bear in mind their treatment of minorities when the time for final settlement comes." If the Bulgarian Government is sincere in its claim made through Balabanoff to have relaxed its attitude toward minorities and particularly the Jews, there is no better way of manifesting such a changed attitude than by permitting Jews and other refugees to depart to Turkey and Palestine by both rail and ship. No such organized exodus has yet come to the attention of the War Refugee Board despite Balabanoff's claim to the contrary.

The possibility of an orderly evacuation of refugees from Bulgaria to Turkey by land should be thoroughly canvassed. In addition the Bulgarian Government may find it to its advantage to press Bulgarian ships into evacuating refugees from Bulgarian ports by sea. Such ships would be protected by a safe conduct from the Russian, British and American Governments which the War Refugee Board would undertake to obtain. Furthermore the ship owners would not be expected to operate their ships without fair compensation. In this connection see our No. 825 of May 12, indicating that certain ships flying the Bulgarian flag may perhaps already have taken some very limited advantage of this type of arrangement. It is the War Refugee Board's desire to start an exodus of refugees from Bulgaria similar to the one which took place from Constantza during April and which it is hoped will continue. Alternatively the Board would desire to increase evacuations from Constantza by the use of additional Bulgarian shipping. Inasmuch as the Bulgarian ships mentioned in our No. 825 have apparently operated without benefit of a German safe conduct, this may be a solution to German delay tactics in granting safe conducts which have immobilized the TARI to date.

Further developments should be sent to us promptly.

This is War Refugee Board Cable No. 12.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
 TO: Secretary of State, Washington
 DATED: May 22, 1944
 NUMBER: 1820

SUMMARY

Following is Stockholm's No. 20 for the War Refugee Board.

We have completed discussions with the Lithuanian and Latvian groups mentioned in our WHB No. 14 (Legation's message of May 16, No. 1738) regarding evacuating certain groups from these two countries. Prospects seem fair for rescuing six or seven intellectual, racial and political refugees from each country although operations are dangerous and complicated. An important factor is the time element of initiating such operations in the immediate future. The plans have been checked as carefully as possible and Olsen has discussed them on a highly secret basis with the appropriate official in the Swedish Foreign Office, who was sympathetic and cooperative and believes that the programs have good prospects of success.

The funds to carry out these operations will approximate same as Estonian plan. As it is urgent that the preparations get under way, please advise as soon as possible of the likelihood of financial support being made available for these operations.

JOHNSON

DGR:VAG:EL 5/24/44

CONNECTION ON
PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
DATED: May 22, 1944
NUMBER: 1620

SECRET

In line 5, instead of "six or seven", read "six or seven hundred." That sentence should then read "Prospects seem fair for rescuing six or seven hundred intellectual, racial and political refugees from each country although operations are dangerous and complicated."

CABLE TO MINISTER HARRISON AND McCLELLAND, BERN, SWITZERLAND

Please represent to the Swiss government that, according to persistent and seemingly authentic reports, systematic mass-extermination of Jews in Hungary has begun. The lives of 800,000 human being in Hungary may well depend on the restraint that may result from the presence in that country of the largest possible number of foreign observers. To this end, please urge appropriate authorities in the interest of most elementary humanity to take immediate steps to increase to the largest possible extent the numbers of Swiss diplomatic and consular personnel in Hungary and to distribute them as widely as possible throughout the country.

It is hoped, of course, that all such diplomatic and consular representatives will use all means available to them to persuade individuals and officials to desist from further barbarisms.

Please inform Department forthwith of extent to which Swiss government is cooperating in this matter.

THIS IS WRB BERN CABLE NO. 26.

May 22, 1944
11:30 a. m.

Bakula :JP 5/20/44
ISLasser

CABLE TO MINISTER HARRISON AND McLELLAND, BERN, SWITZERLAND

Reference is made to Department's 1023 of March 27 and your 2312 of April 12.

Please represent to Intercess that according to persistent and seemingly authentic reports, systematic mass-extermination of Jews in Hungary has begun. The lives of 800,000 human beings may well depend on the restraint that may result from the presence in Hungary of the largest possible number of international observers. It is difficult to believe that measures designed to check such slaughter directly or indirectly can be considered by Intercess as QUOTE intruding into domestic policy UNQUOTE Within the meaning of your 2312. If the measure suggested is unprecedented, so is the emergency.

Please convey to Intercess the urgent hope of the Government of the United States that the special delegation requested in our 1023 will be sent forthwith to Hungary. Failing this, it is felt that a considerable and immediate enlarging of Intercess delegation in Budapest and throughout Hungary, especially in the localities in which Jews are being concentrated, is an elementary humanitarian obligation of Intercess in face of this man-made disaster.

Confident that Intercess will rise to the emergency, this Government would appreciate receiving prompt information as to the number and distribution of Intercess delegates in Hungary and as to the extent to which they are able to observe the treatment of Jews in that country.

THIS IS WBS BERN CABLE NO. 27

May 22, 1944
11:30 a.m.

Rabin
Lester:als 5/20/44

202

DECLASSIFICATION OF RECORDS RECEIVED

FROM American Legation, Bern

TO: Secretary of State, Washington

DATE: May 22, 1944

NUMBER 2276

ENCLURE

I was informed by the Foreign Minister in a personal interview May 19, regarding the steamship FATH and the request of the Department that the Swiss Government associated itself with representations requesting issue of safe-conduct by Germany for the vessel, that he had learned that such a démarche had been made by the Swedish Government and that it had not been productive nor had the German Government received it well. M. Pilot Golaz had also been informed that the representative of the War Refugee Board in Ankara had requested the government of Turkey to approach the German Government in case and that when the Turkish Foreign Office approached the German Ambassador Von Papen answered that intervention of the Turks would receive consideration but would result in delay. It was further intimated by Von Papen that favorable action by the Germans on request of IHC Committee could otherwise have been expected. It was stated by the Foreign Minister that he has been in close touch with President Hahner concerning the matter and that from information he has now received it is indicated that fears of IHC had proved correct, namely that government interference might occasion unfavorable results.

foregoing has reference to my message of April 14, No. 2345.

HARRISON

DDEN VAL:EL 5/27/44

CABLE TO AMBASSADOR STEINHARDT, ANKARA, TURKEY

Please represent to the Turkish government that, according to persistent and seemingly authentic reports, systematic mass-extermination of Jews in Hungary has begun. The lives of 800,000 human beings in Hungary may well depend on the restraint that may result from the presence in that country of the largest possible number of foreign observers. To this end, please urge appropriate authorities in the interest of most elementary humanity to take immediate steps to increase to the largest possible extent the numbers of Turkish diplomatic and consular personnel in Hungary and to distribute them as widely as possible throughout the country.

It is hoped, of course, that all such diplomatic and consular representatives will use all means available to them to persuade individuals and officials to desist from further barbarisms.

Please inform Department forthwith of extent to which Turkish government is cooperating in this matter.

THIS IS WRB ANKARA CABLE NO. 43.

May 22, 1944
11:30 p. m.

Baksin
ISL:ccur:jp 5/20/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Consulate, Istanbul
DATED: May 22, 1944
NUMBER: 276

SECRET

We authorize you to transmit at sender's expense via War Refugee Board messages referring to relief and rescue of refugees and related matters from Yehud Shind, Galata, Yaziei Victoria, to Israel Mereminski, New York. Shind and Mereminski represent the General Jewish Labor Federation of Palestine.

The following message is from Israel Mereminski, 510 West 112 Street, New York to Yehud Shind:

"Cable immediately concrete proposals facilitating and speeding transportation ships and overland and other problems arising in your work, also information rescue possibilities and influence on local populations by broadcasts from here. To avoid delay, you may ask American Consulate General to transmit your messages for me through War Refugee Board."

HULL

CABLE TO TURKEY

From War Refugee Board to Ambassador Steinhardt, Ankara, Turkey

Reference our SVS of April 26 concerning use of the RANDALAND for evacuation of refugees.

Word has been received from Ambassador Winant that the British have no (repeat no) objection to use of RANDALAND for refugee evacuation. On May 12 we cabled Minister Johnson in Stockholm requesting him to ask the Swedish Government whether in view of the British action it would be willing to make the RANDALAND available to the War Refugee Board. We suggested that if the Swedish Government were so willing as a preliminary step the Swedish Government should sound out the German Government's willingness to grant the RANDALAND safe conduct for such an evacuation operation.

On May 15 Minister Johnson replied that the Swedish Foreign Office appeared distinctly cooperative and that if all details were worked out it would be willing to charter the RANDALAND for refugee evacuation. According to Minister Johnson the RANDALAND is being withdrawn from Greek relief primarily because it is badly in need of overhauling. However Minister Johnson feels that the vessel must be sufficiently seaworthy for refugee evacuation operations in view of the fact that after May 18 it was scheduled to depart for Lisbon and across the Atlantic to pick up cargo. The Swedish Foreign Office has wired the master of the RANDALAND inquiring whether he considers the vessel sufficiently seaworthy for refugee evacuation operations.

After advising that the RANDALAND is a cargo vessel of 4575 deadweight tons with virtually no accommodations for passengers Minister Johnson asked to know the number of trips anticipated, the number of refugees involved, between what ports the ship would operate, and the organization which would assume responsibility for the refugees until they reach their final destination. Minister Johnson suggested that the German Government would be more likely to act favorably on a safe conduct request and a request for diversion if the RANDALAND were chartered to some neutral agency such as Intercessions rather than the War Refugee Board. Finally Minister Johnson advised that on May 18 the RANDALAND would be released from its charter to the Swedish Red Cross costing between 2000 and 4000 kroner a day and inquired whether the War Refugee Board would be willing to assume the charter liability as of that date even if the charter negotiations ultimately proved unsuccessful.

We are cabling Minister Johnson as follows:

Quote: It would be the War Refugee Board's intention if the Swedish Government agreed to charter the BARNDAALD for refugee evacuation to have the ship proceed to Istanbul to be fitted with the necessary passenger accommodations. From Istanbul, the BARNDAALD would proceed to Constanta where there are a large but unknown number of refugees available for evacuation. We feel satisfied that if the BARNDAALD puts in at Constanta refugees will be available for a many trips as the ship can make. Meanwhile it would be helpful to know the number of passengers the BARNDAALD can carry after being fitted with passenger accommodations. After embarkation of refugees at Constanta the War Refugee Board would desire to have the BARNDAALD proceed to Istanbul where the War Refugee Board would accept responsibility for arranging for the passengers' care until such time as they could proceed by rail to Palestine.

If in your opinion, the German Government is more likely to consider favorably a safe conduct request by the Swedish Red Cross or by Interrosses for a ship chartered to either of those organizations rather than to the War Refugee Board, the Board would agree to reimburse the Swedish Red Cross or Interrosses for all expenses incurred as a result of assuming the charter obligation. It would seem to the Board that valuable time could be saved if the BARNDAALD were chartered to the Swedish Red Cross rather than Interrosses as there would be no (repeat no) need to await authorizations from Germany. In order that there be no (repeat no) delay until the Swedish Red Cross or Interrosses agrees to accept the charter of the BARNDAALD for refugee evacuation, please request the Swedish Government to make an immediate (repeat immediate) request to the German Government for permission to divert the BARNDAALD and also for the necessary safe conduct.

It is assumed that you will conduct the necessary negotiations with the Swedish Red Cross or Interrosses. Please advise us how we can aid on this end. It is assumed further that the BARNDAALD charter negotiations will be conducted in Sweden. If so, the Board would expect you to act as its representative in the charter negotiations between the Swedish Government and the Swedish Red Cross or Interrosses. It is presumed that no charter contract could be entered into between the Swedish Government and the Swedish Red Cross or Interrosses without your prior agreement to all details.

The War Refugee Board would agree to assume responsibility for the reasonable charter costs of the BARNDAALD from the time that the BARNDAALD puts into Istanbul for refitting with passenger accommodations. However, before such an obligation is assumed, the Board would desire some indication that the German Government would be willing to grant a safe conduct.

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Please thank the Swedish Government for its sympathetic and cooperative attitude in this humanitarian undertaking. UNQUOTE

We hope that our suggestion that the RANDALAND put in at Istanbul to be fitted with the necessary passenger accommodations is a satisfactory arrangement insofar as the Turkish Government is concerned. Of course, the information in Minister Johnson's cable concerning the RANDALAND's equipment merely confirms what you had earlier advised us in your No. 397 of March 8. If the above arrangement is not (repeat not) satisfactory to the Turkish Government we would much appreciate an alternative suggestion from you.

You will note we are suggesting that Istanbul rather than Haifa be made the final destination of the proposed voyage of the RANDALAND. This was done on the urgent recommendation of a representative of the War Shipping Administration who suggested that the obtaining of the safe conduct from Constanza to Haifa would be extremely difficult and would be certain to entail much delay. He did not (repeat not) anticipate as great difficulties in obtaining safe conduct for a voyage whose ultimate destination would be Istanbul. This representative stated also that the alterations necessary to prepare the RANDALAND for the short run between Constanza and Istanbul would be relatively simple and quickly installed particularly in comparison to the alterations necessary to prepare the RANDALAND for the run between Constanza and Haifa which would be a major undertaking. For the latter run not only would greater attention have to be given to the minimum comfort of the passengers, but also fairly extensive feeding and sleeping facilities would have to be installed. In this representative's opinion many more and perhaps even twice as many passengers could be carried on the shorter Istanbul run. He stated that even more could be carried on the Constanza-Istanbul run if weather conditions in the Black Sea area permit passengers to be carried on the open deck.

Reference our 334 April 13 April-44 concerning the time when the TARI charter should be signed in view of German delay in taking action on TARI safe conduct.

Please advise the date as of which the War Refugee Board became liable for penalty payments under the TARI charter agreement.

Reference your 768 of May 3 concerning arrival of SS MILKA. Please advise present status of shipping out of Constanza. Specifically what are the dates of the most recent sailings of the MILKA, MARITZA, and HELLACITTA and what are the plans for their future sailings?

This is War Refugee Board cable to Ankara No. 44

May 28, 1944
2:45 p.m.

KJMark:tnh 5/28/44

SECRET

OPTL No. 163

Information received up to 10 A.M. 22nd May 1944.

1. NAVAL

On 19th/20th, 2 M.T.B.'s torpedoed two German tank landing craft South-East of BARPLEUR.

On 18th/19th in ADRIATIC, Coastal forces sank an E-Boat and damaged three other craft. One M.T.B. received serious damage. Destroyers escorting a local convoy sank a U-Boat by gun-fire off South East ITALY yesterday, prisoners were taken.

2. MILITARY

Italy Satisfactory progress continues. Polish forces have driven the Germans out of Piedmonte after bitter fighting. Indians South-West of CASSINO have made some progress while U.K. and Canadian troops are maintaining close contact with the enemy in prepared positions. The French have pressed on along the whole of their sector; the part of PONTECORVO south of the river has been won and a height beyond the town also South of the river captured. Elements have reached PICO and MONTE APPIOLA $4\frac{1}{2}$ miles southwest of PICO has been seized. U.S. Forces have taken MONTE PASSIGNANA - 1 mile North-east of FONDI and the village of MONTE SAN GIAGIO - 4 miles West South West of FONDI. Total prisoners now 6,000.

Burma ARAKAN. On 19th/20th Japanese attacked and captured the crest of a hill 5 miles West South West of BUTHIDAUNG; our counter attacks regained all lost ground and threw the enemy back in confusion.

Imphal Same night our forces occupying positions astride the IMPHAL-TIDDIM Road, 15 miles South of BISENPUR beat off two Japanese attacks killing 226: our casualties slight.

Upper Burma MYITKYINA railway station has been occupied but enemy is still holding part of the town.

Salween On 19th Chinese captured HPTMAW 12 miles west of LUSHUI in SALWEEN Valley. Japanese recaptured PINGKA which was subsequently again captured by Chinese.

3. AIR OPERATIONS

Western Front 21st. 1,570 fighters - 51 missing were sent against railway rolling stock in FRANCE, LOW COUNTRIES and GERMANY; 135 locomotives destroyed and 181 damaged; enemy casualties reported 20:0:2 in the air and 102:0:7 on the ground. Escorted heavy bombers dropped 365 tons on military objectives PAS DE CALAIS.

21st/22nd. 723 aircraft despatched: DUISBURG 532 (29 missing - one crashed); HANOVER 25 Mosquitoes; Airfield COURTRAI 8; Bomber support and Intruders 51; Sea mining 107 (3 missing). Over DUISBURG thick cloud into which flares tended to disappear and most aircraft bombed blind.

6 German aircraft made brief incursions over North East Scotland, East and South-east England. A single bomb on Air Ministry property KINGSWORTH, KENT killed 3 and seriously wounded 16 service personnel.

Italy 20th. Bad weather restricted operations. 247 fighters - 6 missing attacked objectives in the battle area and West and Central Italy.

Burma 19th. 178 aircraft attacked Japanese positions and communications in the IMPHAL-MYITKYINA areas.

May 23, 1944
10:00 a.m.

FINANCING

Present: Mr. Haas
Mr. D. W. Bell
Mr. Lindow
Mr. Murphy
Mr. Tickton

H.M.JR: You were asking what George sent me. It has an orange slip.

MR. BELL: I got this. I said I hadn't seen it yesterday morning and didn't know what it was all about for yesterday morning's meeting. I didn't know when you were talking to George yesterday morning what it was all about. I didn't know there was any worry about the market.

H.M.JR: What is the worry about the market?

MR. HAAS: I just wanted to say a few words about it. I think it is a good idea that Dan calls up the people up there and once in a while Rouse calls me, but I think the situation now is important enough that you talk to Sproul. I don't think--I think they have done a magnificent job if you look at Henry's chart of holding the pattern. They are off a little bit. But nevertheless, I think you should call them as a precautionary measure. The question of this invasion; they may be all set up there, but the market has been going along nicely and usually people aren't, so I think as a precautionary measure you should talk to them. Some people in New York are jittery about it and feel if the invasion wasn't initially successful, that people may start thinking of the debt, instead of in the neighborhood of three hundred, after the war, maybe five or six hundred. It may have an effect on the market and I think they should be prepared not to let the market slip at all.

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H.M.JR: (Referring to chart) Where is May 20, 1944?

MR. MURPHY: We always compare the present with the base date of September 19, 1942. The reason we use that date is, you originally talked to Mr. Sproul and asked him to hold the market of March 19, 1942 and you asked this chart be set up. The market has declined a little in prices. It has gained a little in prices in here. (Pointing) The Exchange, considering the period of elapse, has held remarkably well.

H.M.JR: You remember your speech, Mr. Haas? We will give you a chance. Go ahead.

MR. HAAS: I think you should be prepared and you should tell them so, that if the market should get in a selling or weak mood, they shouldn't give an iota on it, because the whole confidence in the market is confidence that the thing will be held. If they get in the attitude, "Well, we are going to let it decline", it will be terrific to put this back together again. It's a question of whether it could be. So a break shouldn't occur at all. They should be prepared as far as the invasion goes.

Now, with the question of the Fifth War Loan coming up, I think the tone of the market could be improved. Now, maybe Rouse and Sproul have that in mind. It wouldn't hurt to tell them just how to do that specifically, that it's a trial and error proposition. You can't tell them specifically. What looks to us as though it might help the situation out by doing something on the long end-- that is the weakest part of it. That is about all there is to it. I might say that they work hard up there, no doubt, and I think once in a while it is well to hear from the sponsor.

H.M.JR: Well, before I answer your reaction, I'd like to next hear from the Honorable Daniel Illinois Bell.

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MR. BELL: Well, I see no harm in your calling up Allan or Bob. I think they have got the situation well in hand. I talked to Bob Rouse almost every day about the market and he tells me of his conversations with the dealers and has even gotten over now into the stock exchange people. He says no one has the jitters in New York, everyone feels fine. I talked to him last night just before he went home. He said, "I just had a conversation with Devine, and he said that everybody is feeling fine about this market and about the Fifth War Loan." The only thing we talked about last week that we might have to do, we thought maybe people would be offering the long two and a half's, in other words, to get some money to invest in the Fifth War Loan. I told him if he needed any help from me that I thought I could dig up ten or twenty million dollars of investment funds.

H.M.JR: Who said that?

MR. BELL: I did. He said, "Well all right, I'll watch it." He told me yesterday that very little had come into the market on the long two and a half's. He said, "It may take care of itself, but I am still watching it and if I need the funds, I'll let you know."

He feels very good about the market and I think Allan does too. The people with whom they converse feel very good about it. Of course, there may be people who have the invasion jitters. There are a lot in Washington and a lot in New York, no doubt. I have talked to him a number of times about the possibilities of what the market might do on invasion. He has talked to the dealers. The dealers don't think that they will have any difficulty with invasion, one way or the other. They might have to purchase some securities, though he doesn't think it will be a large volume. They think people are pretty well shock-proof. That is a matter of judgment and they can be wrong.

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H.M.JR: Where is the two and a half's in this book?

MR. MURPHY: Right at the end, Mr. Secretary. (Mr. Murphy points them out)

MR. BELL: The closer you get to the Drive, why you're two and a half's are going to be par, because no one is going to buy them at premium.

H.M.JR: Here is the thing, George, If I call up, see, the Federal Reserve today and say, "Now look, when the invasion comes, I want you to do that and this and this," it will spread all over that the invasion was going to be tomorrow. They would take it for granted that I know. Do you see?

MR. HAAS: I see.

H.M.JR: "The Secretary called up--you know. It must be around the corner." And I personally think it would be inadvisable. After all, when the thing comes, now Eisenhower has gotten out his Second Directive. I suppose there will at least be three, I don't know. But certainly the second one is today, and I suppose there will be another one.

MR. BELL: I do have this understanding with Bob, that he won't go away any place.

(Miss McCathran enters office)

H.M.JR: Miss McCathran, you talked to somebody over in the War Department.

MISS MCCATHRAN: Major Ruby.

H.M.JR: Ask him if, in the Second Directive, which General Eisenhower gave out yesterday to the Underground in France, whether he said publicly when the Third was to come. When he gave the first one he said at the end the next will come Monday. Did he say at the end of this one when the next one will come?

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(Miss McCathran leaves the office)

MR. BELL: Bob won't go any place that he can't get back.

H.M.JR: Don't you think I am right? Oh, sure I'm right. I don't have to ask.

MR. HAAS: I think--

H.M.JR: I mean, supposing Mr. Stimson calls me up and says, "Are you all right on your financial market? Are you all ready for invasion?" I'd take that as a tip the thing was around the corner. Wouldn't you?

MR. BELL: Yes, if Secretary Stimson did that, I certainly would.

H.M.JR: Well, they don't expect Stimson to call, but if I called New York--well I don't know. I know within a given period when it's coming. But I don't know the date.

MR. HAAS: Well you have two places--one is, you have this Fifth War Loan coming up. You can call them on that.

H.M.JR: George, you can't sell me a bill of goods. Thank you for bringing it to my attention. It's part of your job to do that.

MR. HAAS: I thought it is always better to worry before than after.

H.M.JR: But there is this whole question of military secrecy. Look, the thing, let's say it starts tonight or tomorrow or the night after. We will all hear it on the radio. It's going to be at night, I take it. I don't know, I just guess it will be at night.

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MR. HAAS: Would you consider this, when it's known publicly when it starts, to call him and tell him to hold that market absolutely, not letting it go at all?

H.M.JR: Sure.

MR. HAAS: Like Dan says, be sure nobody takes a vacation up there.

MR. BELL: I have already taken care of that. Nobody is going. Even if Bob goes off Saturday, he stays around the house where he can be gotten within five minutes.

MR. MURPHY: I think what Mr. Haas is trying to avoid is the descent in depth of the Government Bond Market. He believes more in the matter of holding the front line.

H.M.JR: I'll make you fellows a bet, that the first day of the invasion the bond market doesn't drop.

MR. HAAS: I don't know how the other boys feel, I wouldn't want to bet, but I think you have to take every precaution.

H.M.JR: O. K. I'll hear it. I think too you could do a little dressing up for the Fifth War Loan. Yes, but I don't want to call them down.

MR. BELL: I am constantly in touch with them. There isn't a day I don't talk to New York.

H.M.JR: Do you think it has to be dressed up?

MR. BELL: No, I think, along here, I may buy a few of the long two and a half's, like we did before we went into the Fourth, about ten million dollars of the two and a half's and the Federal Reserve, I think, bought ten, just before we went into the Fourth. I think we might do the same thing here. But they are not on the market in any volume. The market is just hanging there.

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H.M.JR: And the excess reserves are up from six to nine million. O. K. Let's worry about something worth while worrying about. What the hell!

MR. BELL: I am not worried yet.

H.M.JR: George, you keep on worrying, don't get sick on the day of invasion.

MR. HAAS: Tell me which day it is.

H.M.JR: All right, school is over.

May 23, 1944
10:30 a.m.

EMPLOYEE RELATIONS

Present: Mr. C. S. Bell
Mrs. Doyle
Mrs. Klotz

H.M.JR: How do you do?

What I want to ask you people is this: If I were running a munitions factory, I would all the time have somebody working with my employees on morale, to keep them interested, to keep their production up, let them know what the war is about. I spend all the time telling other factories how to do it, working with Colonel Gow. We sit up nights telling other people how to do it, but I wondered what we do with our own employees to keep up their morale, their incentive, their efficiency. Now, what is the answer?

MR. BELL: Locally we do a whole lot more than we do in the field. That is because, I guess, we are living closer with the Washington group than we do with the field. The field employees go through the bureaus and out into the field.

Generally, the pattern out for Washington is the pattern the bureau chiefs are guided by in doing it for the field. There are a number of things that we do here. We look after the employees' welfare. We loan them money. If they have illness at home, we send them home. If they can't pay their bills, we pay them. There is just a variety of little things like that, that the Treasury does. There is no one that can get into a scrap or a jam in the Treasury through no fault of his own who wouldn't be helped.

H.M.JR: We did that in peacetime.

MR. BELL: I think that goes back quite a long ways.

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H.M.JR: I say, we used to do that. That is nothing new.

MR. BELL: That is right.

H.M.JR: That is the old procedure which we had, I think, from the time I was here.

MR. BELL: Over two years ago we started filling gasoline tanks for all Treasury employees. That has been a terrific burden. We have carried all the way through to OPA and gotten clearance for their gasoline. We have built up a car-sharing plan for all Treasury employees. There isn't an employee of the Treasury Department but what can get a ride to work if they are willing to contribute their own car to the pool. We have handled that in our own central office until now, but it has gotten so voluminous now that we have to decentralize that.

H.M.JR: Now, what do they do in Chicago or New York along those lines?

MR. BELL: What I said to start out with, Gene Sloan would pick up the pattern from Washington and attempt to put in those same measures in Chicago.

H.M.JR: Has he?

MR. BELL: I doubt whether he has gone as far as we have, but with the car-sharing plan, I would say they have.

H.M.JR: Have they in New York?

MR. BELL: I think you will find all over the country the gasoline rationing and the car-sharing plan. I don't know positively, but it all originated out of OPA, and they get the same circulars we get.

H.M.JR: I have a definite recommendation I am going to make.

Well, that is one thing. That helps them to get to work, but it is the question of incentive. Let's take a

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tough one; let's take the Bureau of Engraving, where they only turn out so many pieces a day, and when the day is over they loaf the last half hour.

MR. BELL: Nothing.

H.M.JR: Well, it is the biggest printing plant in the country.

MR. BELL: I don't think we are doing anything in the Bureau of Engraving and Printing to build up the morale of the employees beyond giving them a good hot lunch.

MRS. DOYLE: It seems to me what you have in mind is this: Are we doing something more to approach particular problems that have resulted from the war than was done in peacetimes? And we are.

H.M.JR: May I interrupt you? That isn't quite what I have in mind. If we were in the money-making business, which we are not--but it is tax-paid money--and if I had a printing plant, I would be trying all the time to get out increased production at lower costs.

MRS. DOYLE: Some of the things you would want to do would be like this, wouldn't it?

H.M.JR: That would be my incentive.

MR. BELL: Have peace-work rates, and a premium on production.

H.M.JR: I have a lot of union people over there, see? We have to get out so many bonds and so much French currency, and so much this, and that. What have we done to get it in these people's minds that this isn't a manufacturing of a non-war thing, that this is directly connected with the war, that they are paid so much by the year, most of them. And this idea that they can't produce but so much a day and when that is finished, they stop--bring the idea that they are closely related to the war effort home so we can get a little more production out of them. They are not on a peacetime basis. Appeal to their patriotism, and so forth,

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and so on, to get increased production out of them.

MR. BELL: I don't think we would get a whole lot of increase through appealing to their patriotism.

H.M.JR: You think you would?

MR. BELL: No, sir.

H.M.JR: Has anybody talked to the union leaders?

MRS. DOYLE: Mr. Hall was up here for lunch, and we talked about this very problem down there. He puts it in a very striking way, I think, of his many, many efforts to keep the production up. There are two problems, one is these plate printers, of which there are five hundred and sixty-five, who earn very high wages. The absenteeism is less on the day they get time and a half than it is on the day they get ordinary rates.

Then we have a great many colored girls who are their assistants, and they are girls who are now getting between eighteen hundred and twenty-two hundred, if I remember correctly. They were domestics who never got over twelve dollars a week at the very most before the war. And it is practically a case of having one day off a week to spend the money.

Now, to meet that, first, in regard to the women, we have an employee relations girl down there who tries to meet these special people. The nursery school--the supervised play program has been put in, which is one of the devices that factories are using. We are doing that full tilt down there. I took the young lady around to the nursery schools. Mr. Long and Mr. Hall have authorized putting up one hundred and twenty-eight bulletin boards on the nursery school programs.

Supervised play--I have this out to catch the ones who might resign when school is out. I have just gotten it out to all the play grounds in the city. I have also arranged to have a representative go to the homes of the people and explain the program, to stop these July 1 resignations.

We are just now, Mr. Secretary, starting the new health program down there, so as to be in a position to say to anyone

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that we are trying to give them more in the health way.

H.M.JR: I may have an erroneous impression, and no one has been talking to me. This has been kind of burning inside of me for quite a while, that here we are, ninety thousand Government employees--

This is the impression that I form. I keep thinking all the time, what are we trying to do with General Motors and this and that and the other.

How many employees are there in the Bureau of Engraving?

MR. BELL: Are there eleven thousand?

H.M.JR: All right. There ought to be a hundred people on welfare work.

MRS. DOYLE: As a matter of fact, since I have been here I do think it would be a good idea to have spot people all over. I have been talking this particular work around, myself. I took Internal Revenue yesterday. I think it is a good idea to have a monthly get-together of these people in each department and discuss these problems. We are doing a lot in recreation for them.

H.M.JR: You say one person for eleven thousand. There ought to be a hundred.

MRS. DOYLE: The supervisors should be Employee Relations people, and they are very fine people. If you just had someone, as we are trying to do, to get the thought around, then have the regular supervisors act with their own group. And it is sometimes a mistake to bring outsiders in if you can educate the ones you already have.

MR. BELL: The attitude of the Bureau of Engraving employees is very bad, to begin with. They will start in, as Mrs. Doyle points out, on a Monday and you have twenty-five percent absenteeism. And that tapers until the end of the week, Saturday, when they get time and a half and will all be there.

H.M.JR: Mr. Swope made a chart of that over there. It was very shocking. Of course, I have never felt that Mr. Hall

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is very aggressive in his ideas on employee relations. I may be wrong, but I have always had that impression, that he is kind of old-fashioned.

But I didn't call this meeting to pick on Mr. Hall. I was thinking of the whole Treasury. The thing I had in mind was, I thought that Mrs. Doyle and maybe somebody from your (Mr. Bell's) office might take a little swing around the country and visit some of these offices - get away from Washington to New York or Chicago.

MR. BELL: And come up with ideas. That is what Mrs. Doyle did in Chicago, and she came up with good ideas.

H.M.JR: Get a little bit more away. We don't really know enough. As I say, I'd like more suggestions than just automobile sharing. Get down to the unions, and through the unions what you can do. Absenteeism - let's concentrate on that.

MRS. DOYLE: Mr. Hall said that the union has put on drives within their own members to get the plate printers to work. He told us that the other day. They have done it themselves within their meetings.

H.M.JR: I would be very pleased if you had to find some plate printers--. If that is the toughest, I'd like to have a meeting with the union's heads in the Bureau of Engraving, myself--over there, not here. I'd like to go over there and sit down.

MRS. KLOTZ: Wasn't that the meeting you had the other day?

MRS. DOYLE: Yes, Miss Nelson of the CIO.

H.M.JR: Isn't that office workers?

MRS. DOYLE: Yes, it is not the Bureau. I talked to her and she is going away for ten days and is going to send somebody to see me tomorrow.

H.M.JR: That is office workers; that is entirely

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different.

MRS. KLOTZ: Isn't that the Bureau of Printing and Engraving?

MRS. DOYLE: No.

H.M.JR: No, this is the oldest AF of L union in America. Think about it, do you see?

MR. BELL: It is a pleasure to deal with them.

MRS. DOYLE: Now, with this new health program beginning, I think we can say we have done everything we can.

H.M.JR: Supposing you go up to New York. I know we have this enormous operation in Internal Revenue in New York. Have you been in New York?

MRS. DOYLE: No.

H.M.JR: I'd go up there and spend as long as is necessary. How many thousand employees do you suppose we have in New York--ten or fifteen thousand?

MR. BELL: I think we'll possibly go over that. Mrs. Doyle was going to New York at the end of the month. The Civil Service Assembly are having their annual meeting there. She and Mr. Jordan are going. I suggest she might contact the Internal Revenue offices, there are three of them there, and go through them in much the same manner as Chicago.

H.M.JR: Plus this special office where the checks come back for refund. That is the big operation up there--the refunds to people who pay too much on their income tax.

MR. BELL: The Collector's offices.

H.M.JR: I imagine it will take you a week, but I'd

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like to get more of this thing of--I don't want to use the word "commercial"--the private capital attitude.

MR. BELL: We are going ahead with a number of those plans. One is music brought in for the workers. When I was in New York, I went over to a plant in New Jersey just for that purpose.

H.M.JR: I suggested that.

MR. BELL: I think so. It works out very successfully.

H.M.JR: Mr. Olrich has the right idea. He comes in and says, "I want you to know about this, so if somebody asks you, you know." I know too little about this. You people don't bring it to me. It is like drawing teeth out of you to get it.

MR. BELL: I think we kind of figure you are very busy.

H.M.JR: I am very interested, and I have to draw it out of you like teeth.

MR. BELL: The canned music is on its way to you, but until we get estimates, and so forth, we don't want to bring it up to you.

MRS. DOYLE: This is a report I wrote in Chicago, to show you what they have in mind. In the punch office there the little girls get very small pay. To make them feel they are as much a part of the war effort as the boy behind the gun, they got out this. (Hands illustrated pamphlet to the Secretary) I brought it back. That is to show to them--it explains the whole filing system, that they are winning the war as much as anybody is. Mr. Sloan got that out. He also is trying to get the music in. It is all in this report.

H.M.JR: Let me take it. I tell you what sort of stimulated me. I had Ambassador Winant at the house last night. I had never seen him in better form. He was talking about General Montgomery's success. He explains

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down to the Second Lieutenant level what his plans of campaign will be. And that was the greatest success in Africa--that everybody, every single officer, knew what the plan of battle was going to be.

Now, I don't know how we can get that same spur here. I am sure that Danny Bell talked about, for instance--it is a secret of how they shipped so many tons of inks and this and that, going out on five planes today to Russia. Now, why shouldn't Hall get on the loud speaker system and say, "You people who are working this thing, I want you to know about it."

Bring the Russian Ambassador down and let him talk on the loud speaker system to these people: "I want to thank you for what you have done. The Secretary of the Treasury and I have a bet. He says the Russian soldiers will cross the German border before we can print this stuff, but with the help you have given us, I think he is going to lose the bet and we'll print this money first."

Give them a little interest. "He said we can't do it. He has more confidence in the Russian soldier than he has in the printer over in Russia. I am going to let you know what happens in this thing."

You know the story about Larry Bell. He got all these planes in Russia. The State Department wouldn't let him. So he sat down and wrote a letter:

"Dear Mr. Stalin: I am sending you an oil painting of the Bell aircraft. Can I send three mechanics so we can see what is going on at the front?"

In ten days he got an answer, "I'll be delighted." It took him three months to get cleared, but he did it--the first men to go to the front to see the planes.

But follow through with that kind of thing. The Russian Ambassador could go down and speak to eleven thousand employees, if we have a loud speaker system: "I want to thank you. This means that when we get to Germany we have the money, and you people helped us to make this money so that when we get to Berlin it will be American ink spent

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by Russian soldiers."

Wouldn't that interest you, if you didn't know anything about it?

MRS. KLOTZ: I was under the impression there was an awful lot of secrecy attached to this particular thing you are talking about. That was my impression.

H.M.JR: The secrecy is over. It is that kind of thing that I am talking about, so that these people who sit at this particular little thing, make this particular little screw or stamp, that somebody goes over there and tells them what part it plays in the whole picture.

MRS. DOYLE: I understand perfectly what you mean. That is what he is trying to do. Mr. Riley wrote pleasantly about what the Treasury is doing.

MR. BELL: Did you see the Riley release?

H.M.JR: No.

Well, I am asking to be told, and I am going to keep after you good people.

MRS. DOYLE: Oh, my! I'd be running in here every day.

H.M.JR: And I want to meet some of the tough boys and girls who don't show the right spirit, personally. I haven't enough to do!

(Mr. Bell hands the Secretary the Riley release)

H.M.JR: This is good.

MR. BELL: That is a guinea pig. That will go all over the country.

H.M.JR: Is that the one we sent out?

MR. BELL: Yes, sir.

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We give our own men the opportunity in those blank spaces to give themselves a little publicity! (Hands Secretary memorandum attached)

H.M.JR: Good.

MR. BELL: And all of that came from Mrs. Doyle's report that she just handed you.

H.M.JR: Good, I'll read it. You push me up to the point where I say, "For God's sake, don't push me any more!"

MR. BELL: We'll have an estimate this week on canned music in the Treasurer's office.

H.M.JR: All right.

I don't think I ever saw this report. (Mrs. Doyle's report)

MRS. DOYLE: No, it was just when Mr. Thompson died.

H.M.JR: We have a good start, but let's do more.

MR. BELL: I think we have made a pretty good start.

H.M.JR: A good start; now let's do more.

MR. BELL: All right, sir.

City _____ State _____ Date _____
 (_____) (_____) (_____): When the Treasury transferred the Savings Bond activities of the Bureau of the Public Debt, which now embraces 7,600 employees and the largest file in the world, from Washington to the heart of the Middle West in Chicago, it accomplished one of the most important decentralization moves of the Government, (_____ Name _____), (_____ Title _____) observed today.

This step is one of many inaugurated by Secretary Morgenthau to decentralize affairs of his Department, Mr. (_____) said. Observing the excessive delays in income tax adjustments through servicing in Washington, he set up a group of regional offices to which disgruntled taxpayers could file their claims. This resulted in a savings of much time and expense in the adjustment of these claims.

Gratified at the success of this initial venture, he since has established regional offices for the servicing of Foreign Funds Control problems, as well as problems arising in the Salary Stabilization Unit of the Department, which permits these decentralized offices to settle most problems on the spot without recourse to Washington headquarters.

Savings Bond activities of the Bureau of the Public Debt were moved out of Washington in the summer of 1942 when the pinch of space and personnel shortages forced this rapidly-growing agency to find quarters outside the District, Mr. (_____) said. In Chicago it is spread over nine floors of the Merchandise Mart, three floors of the Furniture Mart and the Nash Building, the entire organization occupying 850,000 square feet of space. An idea of the size of the Chicago operations can be gained by a comparison with the Main Treasury Building in Washington, which contains approximately 283,700 square feet of space.

Cubicles that once displayed every variety of furniture and merchandise have been reconstructed to make light, airy workrooms in which the records of all War Bonds purchased are classified, sorted, filed, and microfilmed. Here, too, all War Savings Stamps are checked and disposed of, and redeemed bonds are audited and retired. Three hundred million punch cards, flowing at the rate of one million a day, was the file record of 1943.

The Bureau has taken a leaf from big business in providing working conditions conducive to high individual output, Mr. (_____) observed. Its 7,600 employees, of whom 1,000 are negroes, include 6,500 women.

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To relieve the tension from monotonous work Eugene W. Sloan, deputy commissioner in charge of the Chicago office, has instituted 15-minute rest periods and is beginning to introduce radio music at lunch time in the building canteens. Working conditions are studied meticulously with a view to their improvement consistent with efficient work requirements.

To expedite recruitment a Civil Service Commission representative has been installed on the premises to process new appointments. New employees are met at the train and taken to living quarters which the Bureau has helped them find. All employees devote their first day and a half to an orientation course and after 60 days they are invited to return to the Recruitment Section for advice and to make suggestions.

In-service training classes in typing and stenography are given qualified employees, and special courses in the art of writing concise and friendly letters are given to those who handle the Bureau's correspondence.

The Employee Relations Section is working on the problem of care of children of working mothers, and a special committee is concerned with the basic causes of absenteeism. Both problems have been of vital concern to Secretary Morgenthau.

Among the special activities which knit the large Bureau into a closely-working whole was an organized campaign for Christmas V-mail letters to all former employees now in the service. The answers reflect the appreciation of the men and women of the Public Debt who are now overseas, Mr. () said.

-oOo-

May 23, 1944
2:49 p.m.

HMJr: Hello.

J. E. Brown: Hello, Mr. Secretary.

HMJr: Is Mr. Hull ill?

B: Well, he has a slight cold, Mr. Secretary....

HMJr: Oh.

B:that he's finishing off. He thought he'd better stay at home to get it properly

HMJr: Oh.

B:killed or cured up before he comes back in again.

HMJr: I see. Well, I will

B: But I understand that he's really feeling quite well, but he wants to

HMJr: Yes.

B: be sure to put the cold under.

HMJr: Good. Is this Mr. Brown?

B: Yes.

HMJr: I want to see -- uh -- the President in regard to this invitation that's going out on this International Monetary Conference.

B: Yes.

HMJr: Also on the delegates because the President said when we got ready, he wanted to be consulted.

B: Uh huh.

HMJr: Now, I've asked to see him when he gets back. I don't know when he's going to get back.

B: Uh huh.

HMJr: And I didn't know whether Mr. Hull wanted to go over with me or whether he would want Mr. Acheson to represent him.

B: Yes, I see.

HMJr: But I would appreciate it if within the next twenty-four hours you could advise me.

B: I'll be very glad to do that, sir.

HMJr: Please.

B: All right, sir.

HMJr: Now, I'm going to take -- when I go, I'm taking Mr. White with me.

B: I see.

HMJr: But I've got a request in to see the President as soon as he gets back so we can get those invitations out.

B: Yes. Yes. All right, sir, I'll pass that word along.

HMJr: I thank you.

B: All right, sir. Good bye.

May 23, 1944.

My dear Mr. Basaglia:

Yesterday, May 22nd, Messrs. Regelio Munoz Velez and Antonio Lalena, Jr. called to deliver to me your letter of January 10th, in which you requested me to instruct the officials of the Internal Revenue Bureau to accord these two gentlemen every opportunity to become acquainted with our Internal Revenue organization, system and rulings.

Unfortunately, I was unable to see them. However, I am happy to report to you that yesterday, after conference with the officials of the Bureau here in Washington, they left for New York City. In New York City, they will first inspect the offices of Collectors of Internal Revenue. Then they will inspect the Revenue Agents offices and the offices of the Technical Staff. When they have completed their work in New York City, they will return to Washington where they will spend some time in the Internal Revenue Bureau familiarizing themselves with the entire workings of the organization.

I am happy that you have sent these men to us, and I assure you we will do everything to make their visit enjoyable as well as profitable.

Sincerely yours,

(Signed) H. Morganthau, Jr.

Honorable Rafael Basaglia,
Treasurer of Puerto Rico,
San Juan, Puerto Rico.

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5-23-44

F. Form No. 10

THE PEOPLE OF PUERTO RICO
DEPARTMENT OF FINANCE
OFFICE OF THE TREASURER

Address all Official
Communications to the
TREASURY OF PUERTO RICO
San Juan, P. R.

San Juan, Puerto Rico,
January 10, 1944.

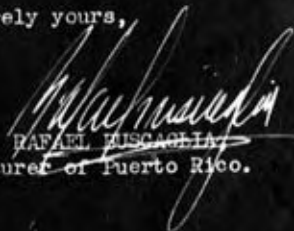
Hon. Henry Morgenthau Jr.,
Secretary of the Treasury,
WASHINGTON, D. C.

Sir :

Our Treasury Department has for a long time contemplated sending two of its men to Washington for two or three months to get acquainted with the Internal Revenue organization, system, rulings, etc., for the adoption of those methods which may raise our Internal Revenue and Income Tax Bureaus to a better standard of efficiency, and has made arrangements for Messrs. Rogelio Muñoz Veloso and Antonio Laloma, Jr. to visit Washington.

This Department would appreciate it very much if you would instruct the parties concerned in Washington, to give all facilities and cooperation possible to the above mentioned gentlemen.

Sincerely yours,



RAFAEL MUCAGALIA
Treasurer of Puerto Rico.

MAY 23 1944

Dear Mr. Rodriguez:

This is with reference to conversations recently held with you concerning the Federal tax treatment of Puerto Ricans who have invested in United States War bonds or who have other income bearing investments in the United States.

In general, Puerto Ricans are subject to a 30 percent tax upon their income derived from sources within the United States. This is required under the provisions of the Internal Revenue Code, as enacted by Congress. Section 252(a) provides, as follows:

"Any individual who is a citizen of any possession of the United States (but not otherwise a citizen of the United States) and who is not a resident of the United States, shall be subject to taxation under this chapter only as to income derived from sources within the United States, and in such case the tax shall be computed and paid in the same manner and subject to the same conditions as in the case of other persons who are taxable only as to income derived from such sources."

This section was first enacted in the Revenue Act of 1918 and has been a part of our income tax laws ever since. The purpose of this section was to do equity and fairness to the citizens of our possessions; it was designed, as is clearly apparent from its language, to free the citizens of our possessions from the burden of our general tax

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laws. By virtue of this section, Puerto Ricans are not subjected to any tax at all in respect of income earned (or derived from sources) outside the United States; but with respect to income from sources within the United States, Puerto Ricans are treated in the same manner as all others who are not subject to Federal taxation upon all their income from whatever source derived. Were it not for this section, citizens of Puerto Rico would have to pay the full Federal income tax on all their income (whether earned within the United States or not) unless they meet the limited requirements of section 251, because of the fact that they are indeed United States citizens. It has seemed just, however, that Puerto Ricans be not required to pay taxes to the United States Government except upon income derived from sources within the United States. It is true that this puts some of our citizens (those who are United States citizens by reason of their being citizens of the possessions of the United States) in the same category for tax purposes as other persons who are generally not required to pay Federal income taxes, namely non-resident aliens. But such treatment does not constitute any unfair discrimination against these citizens. You realize that if Puerto Ricans were taxed in the same manner as United States citizens residing in the United States they would be subjected to a somewhat heavier tax.

This section 252 does not derogate from the principle that there can be only one kind of United States citizenship. Its object is solely to lay down an equitable rule whereby the citizens of our possessions will not be held liable to the Federal income tax except as to income from sources within the United States; the citizens of two of our possessions (Puerto Rico and the Philippines) have their own income tax provisions to which they are primarily responsible. It is

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interesting to recall that at the time when section 252 was first enacted, Puerto Rico and the Philippines were given the unfettered authority to provide their own income tax laws and to administer them independently of the United States. Section 252 is a natural concomitant of this taxing power.

Puerto Rico, as you know, has provisions corresponding to those contained in the Federal law; it imposes a flat 28 percent tax on non-residents. This means that United States citizens living in the United States will pay this tax on their income from Puerto Rican investments. Our 30 percent tax is slightly higher. However, through the operation of section 23(a) of the Puerto Rican Income Tax Act of 1924, the 30 percent Federal tax which is withheld in respect of income derived from sources within the United States is allowed as a credit against the Puerto Rican income tax. Thus, this Federal tax may not be said to be an additional tax, for it actually goes to reduce proportionately (within certain limits as set forth in section 23(a)(5)) the tax imposed under the Puerto Rican statute.

I hope that in view of the foregoing discussion of our tax provisions, you are in agreement with me that there is actually no discrimination whatsoever against our citizens who are also citizens of Puerto Rico.

Sincerely yours,

(Signed) Henry Morgenthau, Jr.

Secretary of the Treasury

Mr. J. A. E. Rodriguez
President of the
Manufacturers' Association
Box 708
San Juan 4, Puerto Rico
VHKirby:hps
5/20/44

May 23, 1944

Dear Henry:

I have felt that your services as a liaison between the Treasury Department and the Mutual Savings Banks adequately filled an important post. I should like for you to continue in that capacity.

I am well aware of your constant interest and the good relations that you have helped establish because of that interest. Your recent address before the Mutual Savings Banks about which I wrote you, has been an added indication of your cooperation and effectiveness.

With all good wishes, I am

Sincerely yours,

(Signed) Henry

Mr. Henry Bruere, President,
The Bowery Savings Bank,
110 East 42nd Street,
New York 17, New York.

TRG:ecb

THE BOWERY SAVINGS BANK

110 EAST 42ND STREET

NEW YORK

17, N. Y.

HENRY BRUERE
PRESIDENT

May 18, 1944

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

Dear Henry:

Thank you for your nice note. I
appreciate it very much indeed.

For three years I have continued
to call myself, on occasion, liaison officer
between Mutual Savings Banks and the Treas-
ury. Should that go on? If you think so
you might drop me a line to that effect.

Sincerely yours,

Henry Bruere
President

HB

Led Gambe:

*Please prepare a letter
saying "yes" if you
agree. MZ.*



MUTUAL BROADCASTING SYSTEM *Inc.*

New York Office: 1440 Broadway

PENNSYLVANIA 6-9600

May 23, 1944

Secretary Henry Morgenthau, Jr.
Treasury Department
Washington, D. C.

Dear Mr. Secretary:

I am writing to thank you most sincerely for the pleasant opportunity of lunching with Mrs. Morgenthau and yourself last Friday.

I enjoyed every minute of our association and want to assure you that the Mutual Network is very desirous of doing everything in its power to make the "Fifth the finest."

I would consider it a great personal honor if you will give me an opportunity to assist in making this drive the success it needs be.

Very cordially yours,

Tom Slater
Director, Special Features
and Sports

TS:js

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE May 23, 1944

TO Secretary Morgenthau
FROM Charles Bell *mb*

Herewith report submitted by Dr. Haas covering work being carried on in the Division of Research and Statistics. For your convenience I am submitting below a summary of the contents of this report as follows:

General financing problems:

Studies on the maintenance of present interest rates; review of factors influencing prices and yields; reports for the Under Secretary on pending financial legislation; cooperation with Dr. White on preparation of tax and fiscal policy "White Paper."

Fifth War Loan:

Assistance on reporting procedures and miscellaneous details related to quotas; preparation of savings tables for distribution to State War Finance Chairmen; improvement of allocation quotas to "other corporations" in anticipation of Sixth War Loan; developing tabular statistics on sales of U.S. Savings Bonds; analysis of sources of funds based on gross national product and income flow; maintenance of current data on such principal elements as liquid savings and ownership of Federal securities.

Matters relating to demobilization:

Meetings on contract termination financing; reports on proposed legislation affecting demobilization financing.

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Postwar problems:

Basic economic studies on the reconversion period, predicated on assumptions regarding the duration of the war.

Revenue estimates:

Specific estimates for Tax Research as requested; continuing revision of yield estimates for the guidance of the Fiscal Service; revision of forecasting method to accommodate tax-free transportation factor applicable to Service personnel.

Actuarial matters:

Studies on pension trusts and related legislation; analysis of means for coordinating Civil Service Retirement system with Social Security; Social Security Report and proposed legislation in the field is under study, as well as Service benefit legislation.

Miscellaneous and continuing assignments:

Current study of general business conditions; regular editing and revising of material for Bulletin and Annual Report; preparation of reports, memoranda, articles, correspondence, surveys, and speeches on specific topics as requested by various Departmental officials; analysis of a wide variety of proposed legislation affecting financial matters.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE May 20, 1944

TO Secretary Morgenthau
FROM Mr. Haas *CH*

In response to your request on May 17, I am submitting herewith a report on the work of the Division of Research and Statistics.

In the first part of the memorandum is listed the work on which members of the staff are now engaged. The items are grouped under subject headings. In the second part of the memorandum, under corresponding subject headings, are listed jobs which were completed during the past month, i.e., from April 15 to May 16.

I. Work in Process on May 17

FINANCING

General financing problems

1. Work is continuing on the subject of the means of providing an adequate amount of Federal Reserve and member bank credit to maintain the present pattern of interest rates. In this connection, consideration is being given to the course of the Federal Reserve ratio and possible methods to improve it. Discussions on the general subject have been held recently with Under Secretary Bell and members of the staff of the Federal Reserve System and the New York Federal Reserve Bank.
2. Report is being prepared at the request of Under Secretary Bell regarding means for extending the secondary market in United States obligations which are restricted as to ownership by banks by permitting banks to hold such securities for trading purposes.
3. Draft is being prepared, at the request of the General Counsel, of the Treasury Department's report on S. 1892, a bill introduced by Senator Thomas of Oklahoma which would permit banks and other financial institutions

Secretary Morgenthau - 2

to carry United States obligations on their books at par value, and to provide for Federal Reserve Bank loans on, or purchases of, such securities at par. This bill supersedes an earlier bill (S. 1769) introduced by Senator Thomas, providing only for the carrying of the securities at par. Comments on the new bill were prepared for the Under Secretary.

4. Proposal for legislation to permit the tax-free exchange of securities issued in Treasury refunding operations is being looked into at the request of Under Secretary Bell.

5. Past and present opportunities for securing a high return from Government securities by "rolling down the curve" are reviewed periodically.

6. Study of the relative interest cost of short- and long-term borrowing is being continued.

7. The effect of the maturity, call period, coupon, premium, size of issue, and class of holder on the prices and yields of Government securities is reviewed periodically.

8. Cooperation is being given to the Division of Tax Research in preparation of a "White Paper" on the wartime tax and fiscal policy of the Administration.

Fifth War Loan

While the major part of the Division's work in preparation for the Fifth War Loan has been completed, questions are continually coming up with respect to details of reporting procedure, allocation of sales credits, basis of quota assignments, etc. These are straightened out as they arise, frequently by a brief telephone conversation, so that the reporting machinery may function more smoothly than ever when the Drive opens.

Summary tables on the Federal fiscal situation, savings by individuals and corporations, and the sources of Federal borrowing are being prepared for distribution to the State War Finance Chairmen in response to requests for information of this kind.

Secretary Morgenthau - 3

Quotas

In anticipation of quotas for the Sixth War Loan, work is being done to improve the method of allocating quotas to "other corporations". The present method, based on estimated business deposits in commercial banks as derived from a Federal Reserve Board survey of the ownership of bank deposits, is not considered entirely satisfactory, particularly in view of the magnitude of the quota to be allocated (\$7.1 billions in the Fifth War Loan). Data are therefore being compiled from the 1940 Census on the volume of business done by corporations in each State, and other data, with the view of developing a better quota basis. In all such work on methods of allocating quotas, considerable work must be done of a tentative or experimental nature.

The income estimates by States, used in allocating quotas for E bonds and F and G bonds, are being brought up to date with April figures on bank debits.

Statistics on sales of United States savings bonds

1. The regular monthly data on sales of Series E, F, and G bonds by States, and on sales and redemptions by denominations, are being prepared for Mr. Coyne, War Finance Division, for distribution to State War Finance Chairmen.

2. As part of a detailed historical record, tabulations of savings bond sales by counties for the last quarter of 1943 and cumulated through that quarter, prepared by the Bureau of the Public Debt in Chicago, are being reviewed in relation to other sales data.

3. Analysis of operation of the payroll savings plan likewise is being kept up to date.

4. Revisions are being made in some of the charts included in the graphic analysis of the savings bond program which is maintained in the Chart Room.

5. Tables and charts indicating, with various breakdowns, the number of persons purchasing savings bonds are being prepared for Mr. Gamble, on the basis of further data which have recently become available from the Bureau of the Public Debt in Chicago.

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6. Revisions are being made in methods of reporting savings bond sales by Post Offices to Federal Reserve Banks.

Sources of funds

The broader phases of the gross national product and gross income flow, which are under continuous study, provide an over-all picture of the flow of funds in the economy, with the end result of estimating the total amount of liquid savings and accumulations available for Federal borrowing at any given time.

Approached from another point of view, liquid savings are measured by analysis of available data on accumulations in different forms, such as insurance, debt repayment, time deposits, demand deposits, currency, Federal Government securities, and other securities; accumulations by different classes of investors, such as private individuals, insurance companies, other corporations, etc.; savings which are being made by families or individuals at different income levels or in different areas; and savings under different incentives.

Data on the specific absorption of Federal Government securities are studied in relation to indications of available funds as derived from the above studies.

A more detailed description of the work being carried on in these fields is given below.

1. Broader phases of gross national product and gross income flow.

(a) A source book of information and data relating to gross national product is kept up to date currently.

(b) The June revision of gross national product and gross income flow estimates is under way. Basic historical tables have been set up and certain data have been assembled from the Department of Commerce.

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(c) The study of manpower in its relation to gross national product analysis is being continued, with respect to both current and postwar developments.

2. Liquid savings and accumulations.

(a) A survey in Louisville, Kentucky, of why people are saving in the form of currency is being made by Dr. Likert, at the request of the Treasury Department. The Division is keeping in close touch with the progress of this survey, and a member of its staff participated with Dr. Likert in discussions of the survey at the Bureau of the Budget. Field work on the survey has now been completed and tabulation of the results is in process.

(b) A study of savings in peacetime as compared with those in wartime is being made, which it is expected will be applicable to further studies of transition and postwar financing problems.

(c) Detailed studies are being carried on of the asset structure of various classes of investors, with particular reference to Federal securities absorbed, as follows:

- (1) State and local governments.
- (2) Life insurance companies.
- (3) Mutual savings banks.
- (4) Fraternal benefit societies.
- (5) Savings and loan associations.
- (6) Nonfinancial corporations.

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(d) Ownership of bank deposits is being analyzed by reference to special studies by the Federal Reserve Board and Securities and Exchange Commission, and to other available data.

(e) A study is being made of the derivation of funds available for Federal borrowing during the first World War, for comparison with the present situation.

(f) Changes in domestic corporate securities outstanding are being analyzed on the basis of new material available from the Securities and Exchange Commission.

(g) Analysis is being made of Federal Reserve Board figures on types of consumer credit, in order to derive estimates of credit by investor classes, 1939-date, for use in the sources of funds analysis.

3. Ownership of Federal securities.

(a) Absorption of the increase in the public debt is estimated monthly by means of a detailed analysis of gross purchases, redemptions and maturities by type of security and by class of investor. In addition, market transactions in Federal securities among the various investor groups are analyzed. Finally the material is summarized and related to the debt outstanding and to estimates arrived at for the ownership of the total debt.

(b) Improved methods are being worked out for estimating, on the basis of the monthly survey of bank holdings, total figures for all commercial banks, classified by type of security. Regular monthly data on holdings by reporting banks and insurance companies are supplied by the Bureau of the Public Debt.

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(c) Review of current material related to ownership and absorption of Federal securities by dealers and brokers. In this connection, arrangements are under way for increasing the coverage of daily reports now being received on United States security portfolios of dealers and brokers. A letter was prepared from Under Secretary Bell to Mr. Sproul, President of the New York Federal Reserve Bank, requesting additional information. These reports provide part of the information on ownership and absorption of Government securities.

Contract termination and other matters relating to demobilization

1. Meetings of the Sub-Committee on Termination Financing of the Joint Contract Termination Board are being attended as they are held, at the request of Under Secretary Bell.

2. Analysis is being made, at the request of Mr. Bell, of a Navy Department plan for interim financing under S. 1718.

3. At the request of the General Counsel, study is being made of suggestions by the Smaller War Plants Corporation that it be authorized, by amendments to S. 1718, to insure loans made to small war plants, secured by contract termination claims, and to purchase claims held against insolvent contractors.

4. A voluntary report is also being considered, at the request of the General Counsel, on H. R. 4695 -- to provide credit for the purpose of reestablishment in civilian employment those persons who served in the armed service of the United States during the present war, and for other purposes.

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Postwar problems

1. Outlook for Federal expenditures, and their relation to the economy, in the immediate postwar period, is being developed at your request. Specific data are being prepared under various assumptions with respect to the reconversion period.

As a result of preliminary studies, memoranda and sets of tables have been prepared outlining probable Federal expenditures and their impact on the economy under three sets of assumptions as to the timing of the war's end in Europe and in the Pacific, and the production cut-backs in the intermediate period. The first assumption is that the war in Germany will end in September 1944, and will be followed by moderate production cut-backs until the end of the war with Japan, sometime after December 1945. The second assumption is that sharp production cut-backs will occur after the end of the war in Europe in September 1944, with the war in the Pacific again continuing beyond December 1945. The third assumption is that the end of the war in Europe in September 1944 will be followed by a rapid victory over Japan by the end of this year. Various other assumptions as to the smoothness of the reconversion period are also being considered. Analyses under other basic assumptions are being developed.

In this connection also, a project is under way to estimate prices of certain important commodities on the basis of supplies of those commodities and the aggregate volume of consumer spending. Studies have been made of the probable outlook for each important industry after the war, as a basis for estimating employment and other business factors.

2. Postwar effect of a large volume of demand debt of the Federal Government is being studied. Some aspects of the matter were discussed in the Annual Report for 1943.

3. Effects of the excess-profits tax on banks and on the market for Government securities in the postwar period are being studied at the request of Under Secretary Bell. The study was suggested by Mr. Rouse, of the New York Federal Reserve Bank.

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4. Participation with other divisions of the Treasury in the formulation of a recommendation concerning the Treasury's attitude with respect to unemployment insurance in the postwar emergency. This matter is being considered pursuant to a request made to Mr. Blough by the Social Security Board. (Senator George has asked the Social Security Board to submit its recommendations on this matter to his committee within ten days.)

5. At the request of the Division of Tax Research, material on the outlook for postwar expenditures in relation to possible postwar taxation is being reviewed.

Miscellaneous matters relating to financing

1. Report on proposed increase in the lending rate of Federal Intermediate Credit Banks is being prepared at the request of Under Secretary Bell.

2. Material is being prepared for use in a speech to be made by Assistant Secretary Gaston in St. Paul on June 14.

3. At the request of Mr. Fred Smith, an article is being prepared for the Encyclopedia Americana on the operations of the Treasury Department during the fiscal year 1944.

4. Methods are being developed for presenting in concise and readily understandable form the technical information which explains the how and why of the war financing program.

5. At the request of the Division of Tax Research, comments are being prepared on a proposed constitutional amendment for a 25 percent limitation on income taxes.

6. At the request of Mr. Gamble, information is being assembled on methods used by the British in selling government securities to small and large investors.

7. Information is kept up to date on the financing practices of belligerent nations.

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8. Report is being prepared, at the request of the General Counsel, on S. 1777 -- a bill to establish a small-business finance insurance administration in the Department of Commerce, to aid in financing small business enterprises, in insuring loans to and purchases of stock in such enterprises, and for other purposes.

9. Report is being prepared, at the request of the General Counsel, on H. R. 4384 -- to provide credit service to farmers through an expansion of the powers of the Farmers Home Corporation and abolish the Farm Security Administration and the Regional Agricultural Credit Corporation.

10. Meetings of the Inter-agency Advisory Committee on Needs for Financial Data are attended as held by a representative for the Treasury Department, the most recent meeting having taken place on May 12.

11. Meetings of the Commerce Department Committee of Interdepartmental Advisors on Industrial Statistics also are attended as held by a representative for the Treasury Department. A meeting of this Committee was held on May 17.

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REVENUE ESTIMATES

Revised Budget estimates for the fiscal year 1944

The regular month-to-month revision is being made of the estimates of yield of the various taxes so as to keep the Fiscal Service informed as to the current expectations of the flow of revenue into the Treasury. Since no revision of the estimated receipts for the fiscal year 1945 has been released by the President since the passage of the Revenue Act of 1943, we are getting ready to make revisions of these estimates which in any event are necessary for internal use and which we can provide for a Budget release if we are called upon to do so.

Renegotiation of contracts

Active study is being given to the corporation incomes and tax liabilities in the light of the latest published corporation reports and other business data as they become available, in order to estimate the levels of corporation income, taxes, dividends, and net income to be retained by the corporations after renegotiation of contracts under the Sixth Supplemental National Defense Appropriation Act, Public Law 528, 77th Congress, as amended.

Pension trusts

Study is just beginning of the revenue effects of proposed changes in the pension trust legislation, on which hearings are to be held within a week or so.

Revision of forecasting method

The method of forecasting revenues from the tax on transportation of persons is being revised to make a different allowance for tax-free transportation of service men and women.

Specific revenue estimates

At the request of the Division of Tax Research, specific estimates of revenue are being made, as follows:

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- (1) For the transition year 1944 and (2) for a year after transition, (a) the number of married couples in noncommunity property States eligible to file W-2 returns where both spouses have income; and (b) the number of such married couples (1) where either spouse has under \$550 of income and (2) where both spouses have over \$550 of income; and (c) the number of married couples under (b) (2) that have no dependents.

ACTUARIAL MATTERS

Pension Trust Regulations

1. For several months the Government Actuary has been devoting a considerable portion of his time to studying pension plans which have been submitted to the Bureau of Internal Revenue for rulings under Section 165(a) of the Internal Revenue Code. In recent weeks, he has worked with Mr. Surrey and Mr. DeWind, and also with members of the Bureau of Internal Revenue on pension trust problems in general. The group has recommended a number of changes in the existing regulations.

Recently Senator Taft introduced an amendment to H. R. 4464 (a bill to increase the debt limit of the United States) which would require material changes in our present pension trust regulations. It is the understanding that hearings on the bill will be held beginning May 26. Between now and May 26, most of the time will be spent in getting ready for these hearings.

2. At the request of the Division of Tax Research, suggestions are being made on a tentative transcript card for purposes of accumulating and analyzing basic data on pension trusts, derived from Bureau of Internal Revenue data.

Civil Service Retirement System

1. At the request of Under Secretary Bell, study is being given to means of coordinating Social Security and the Civil Service Retirement System.

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2. Consideration is being given to the preparation of a voluntary report on H. R. 4684 -- to extend certain benefits under the Civil Service Retirement Act to employees with not less than five years' service who are voluntarily separated from the Service.

District of Columbia Government Retirement Funds

Actuarial valuation of the Policemen's and Firemen's Relief Fund of the District of Columbia Government is largely completed. A preliminary report has been submitted, and advice is being given on technical actuarial aspects of legislation which is being drafted.

Social Security

1. The fourth annual report of the Board of Trustees of the Federal Old Age and Survivor's Insurance Trust Fund, prepared by the Social Security Board, is under review in the Division, and a number of revisions are being made.

2. At the request of the General Counsel, a report is being prepared on H. R. 4018 -- to extend certain benefits of the Social Security Act to employees employed in connection with commercial processing and packaging of dried fruits and raisins.

3. Pursuant to a request from the General Counsel, considerable work has been done toward a report on H. R. 2861 and S. 1161 -- companion bills to create a Unified National Social Insurance System. Completion of the report awaits determination of the Department's policy with respect to the matter.

4. At the request of the General Counsel, a report is being prepared on H. R. 4499 -- to extend the benefits of the Social Security Act to certain legally adopted children.

Service benefits

1. Consideration is being given to preparation of a voluntary report on H. R. 4770 -- to amend the National Service Life Insurance Act, 1940, as amended.

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BUSINESS CONDITIONS

1. For use in connection with revenue estimates, it is necessary to keep abreast of the effect of the war and other developments on the industries subject to tax -- distilled spirits, tobacco, gasoline, automobile tires, etc. It is necessary also to keep up with revisions in the business series which are forecast as a basis for our revenue estimates, such as the FRB production index, the BLS indexes of wholesale prices and living costs, the BLS index of factory payrolls, the Commerce series on salaries and wages, and others.

2. A project is under way to measure the effect of supplies of important individual commodities, and of the aggregate volume of consumer spending, on the prices of those commodities. It is believed that this will provide important information on the trend of inflationary (or deflationary) pressure. It may be tied in with estimates of national income, which include estimates of the volume of consumer spending and thus (after allowance for changes in commodity supplies) provide a clue to price trends. Price studies are being worked out on a quarterly basis for hogs, steers, butter, eggs, potatoes, truck crops (as a group), apples, and oranges.

3. A project is also under way to estimate the trends of business activity, employment, prices, and other business factors on two assumptions as to the end of the war, for use in connection with postwar studies already mentioned.

BULLETIN AND ANNUAL REPORT

1. In connection with the regular editing of the Treasury Bulletin, certain new or revised material is being prepared, as follows:

(a) Comparison of "Statement of Cash Income and Outgo" prepared by Treasury Department with that shown in the 1945 Budget.

(b) New tables on the Treasury survey of ownership of United States Government securities by banks and insurance companies showing (1) reclassification of data on banks for period

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November 30, 1943 through February 29, 1944;
(2) holdings by New York and Chicago Central
Reserve City banks as of December 31, 1943.

(c) Revised tables on Treasury survey of
ownership by banks and insurance companies
to include nonmarketable securities.

(d) New summary tables (cumulative and by
calendar years) on sales and redemptions of
United States savings bonds and stamps and
Treasury savings notes.

(e) Table showing "Corporate Net Income,
Income Taxes, and Dividends, 1936-1944".

(f) New tables on offerings of marketable
issues of Treasury bonds, notes, and cer-
tificates.

(g) New tables on the estimated ownership
of United States Government securities by
all classes of investors.

(h) An article, with tables and maps, pre-
senting data on the distribution of bank
deposits by counties. This information was
obtained primarily to aid in distributing
the Fifth War Loan quotas by counties.

2. Preliminary work is being done toward preparation
of the Annual Report of the Secretary for the fiscal year
1944.

MISCELLANEOUS ASSIGNMENTS

1. In response to your request, a survey has been
made of the Procurement Division's surplus property dis-
posal program, with a view to assisting in the establish-
ment of detailed statistical records and reports. Con-
ferences have been held with Procurement Division officials,
analytical reports have been prepared on surplus property
inventory, a series of charts has been prepared setting
forth the situation with respect to disposal of various

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items of surplus property, and a dummy form has been prepared of a proposed weekly report on the operations of the Unit. Conferences have also been held with respect to arrangements for obtaining information on prices paid for various items purchased by the Procurement Division since 1941, and with respect to disposal of automobiles owned by the Reconstruction Finance Corporation.

2. In response to your request, a survey is being made of the operations of the Salary Stabilization Unit in the Bureau of Internal Revenue, in order to provide a statistical analysis of the progress of its work. Conferences have been held with officials of the Unit, and a memorandum is in preparation.

3. In response to your request, an investigation is being made with respect to sewer construction approved by the War Production Board in 1943. A memorandum was prepared on the volume of public works, particularly sewers, being constructed by State and local governments and approved by the War Production Board. Further information on sewer and other public works projects during 1943 has been requested from the War Production Board, and data received from the Board are being analyzed. A memorandum was prepared with particular reference to the question of sewer construction in Bristol, Pennsylvania.

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II. Work Completed April 15 - May 16

FINANCING

General financing problems

1. In connection with the proposal to increase the weekly offering of Treasury bills, a number of conferences were attended, and a memorandum was prepared in answer to the Federal Reserve Board's suggestions.

2. At the request of Under Secretary Bell, for use in connection with Hearings on raising the limit on the Federal debt, a variety of tables and charts relating to the financial situation were assembled. A representative from the Division was on hand at the Hearings before the House Ways and Means Committee on May 8, and the Hearings before the Senate Finance Committee on May 16.

3. A letter was prepared for Under Secretary Bell's signature to Representative Frederick C. Smith, comparing the use of bank credit for carrying United States securities in World War I and World War II.

4. A letter was prepared for Under Secretary Bell's signature to Mr. Abner Ferguson, Commissioner of the Federal Housing Administration, analyzing a plan which he had submitted for linking bond purchases now with home purchases in the postwar period.

5. At the request of the General Counsel, a report was prepared on H. R. 4687, relating to the issuance of postal notes.

6. A press release regarding investment by life insurance companies in savings bonds was checked at the request of Private Carley.

7. The regular monthly table of estimated cash withdrawals from the Treasury was prepared for the Bureau of Accounts.

8. A memorandum on current developments in the high-grade securities market was prepared.

9. Tables showing bill tenders by Federal Reserve districts through April 1944 were prepared for the Under Secretary.

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10. Daily tables on Federal Reserve operations in Government securities and on over-the-counter quotations on Government securities were prepared.

Fifth War Loan

1. A letter to commercial banks was prepared for the signature of Under Secretary Bell, explaining the Treasury's position with respect to speculative loans and transfer of funds during the Fifth War Loan.

2. A letter to the New York Stock Exchange was prepared for the signature of Under Secretary Bell covering the Treasury's position with respect to a ruling against speculative subscriptions during the Fifth War Loan.

3. A letter to the Federal Reserve Banks was prepared for the signature of Under Secretary Bell covering the Treasury's position with respect to purchases by dealers and brokers during the Fifth War Loan.

4. A memorandum to the Bureau of Internal Revenue was prepared for the signature of Under Secretary Bell asking for information on the treatment of Government securities and cash in valuing estates, with reference to the relation of such treatment to possible bond purchases, for prospective distribution of the information to War Finance Chairmen.

5. The text of a campaign booklet, proposed to be put out by the American Bankers' Association, was discussed with Mr. Gamble and Mr. Hall.

6. A survey of newspaper coverage in 20 large cities during the Fourth War Loan was made for Mr. Gamble as a guide to prospective coverage in the Fifth War Loan.

7. An article regarding the Fifth War Loan, to be published in Banking Magazine, was checked at the request of Under Secretary Bell.

8. Sets of gross income flow charts were supplied to Mr. Gamble and Mr. Hall, together with accompanying tables and notes on presentation of the material.

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Quotas

1. Quotas for the Fifth War Loan were prepared, by States, by classes of investors, and by issues, and these data were supplied to Mr. Gamble. Tables showing the derivation of these quotas from pertinent statistical series, and a statement in explanation of the derivation of the quotas, were prepared.
2. Conferences were held with War Finance officials on problems of constructing county quotas, and at the request of Mr. Coyne, breakdown of State quotas by counties was prepared. Quotas for the Possessions also were worked out with War Finance officials.
3. A telegram to the State War Finance Chairmen was prepared for Mr. Gamble explaining to them the basis on which the State quotas had been prepared.
4. Quotas of a number of the States were explained to the War Finance Committees of those States at the request of the Committees, by telephone or in conferences.
5. Forecasts of income payments by States were brought up to date on the basis of March bank debit figures. The income forecasts are used in allocating War Loan drive quotas for E bonds and F and G bonds, and for allocating the regular monthly quotas for E bonds.
6. Data from a Federal Reserve Board survey of the ownership of demand deposits in commercial banks as of February 29, 1944, were tabulated and analyzed as a basis for allocating quotas to "other corporations" and for "other securities" to individuals in the Fifth War Loan.
7. A study was made of seasonal fluctuations in E bond sales in the various States (in percentage of the national total) for possible use in allocating quotas.

Statistics on sales of United States savings bonds

1. The statistical reporting system for the Fifth War Loan was set up.

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- (a) Instructions on statistics to be reported during the drive were prepared for the Federal Reserve Banks, the Postmaster General, the Treasurer of the United States, the Treasury Disbursing officials, the Chicago office of the Bureau of the Public Debt, the Division of Loans and Currency, and the War Finance Committees of Alaska and Hawaii.
- (b) A letter to the State War Finance Chairmen explaining the statistical reporting system for the Fifth War Loan was prepared for Mr. Coyne.
- (c) An outline of the statistical reporting system was prepared for incorporation in the "War Finance Campaign Handbook," at the request of Mr. Coyne.
- (d) "Beam charts" for the Fifth War Loan were prepared for the country as a whole, and for 16 selected States, for Mr. Gamble.

2. The Fourth War Loan sales statistics were completed.

- (a) A booklet containing the final tables and charts on the Fourth War Loan was prepared for distribution to the State War Finance Chairmen.
- (b) Letters to the Federal Reserve Banks transmitting copies of the Fourth War Loan booklet were prepared for the signature of Under Secretary Bell.
- (c) Information on the Fourth War Loan was prepared for Representative Voorhis.
- (d) An analysis by size classification was made of subscriptions received during the Fourth War Loan.
- (e) Data on county sales of war bonds in California during the Fourth War Loan were prepared for the California War Chest, at the request of Mr. Gamble.

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- (f) An estimate was prepared for Mr. Coyne of the total number of bonds of all types issued in each of the four War Loans.
- (g) Information on War Loan subscriptions was prepared for Representative O'Neal.
- (h) A letter to the National War Fund on county quotas during the Third and Fourth War Loans was prepared for the signature of Under Secretary Bell.
- (i) A letter to the Under Secretary of the Interior on sales in Puerto Rico was prepared for the signature of Under Secretary Bell.
- (j) A letter on sales in Rhode Island during previous War Loans was prepared for Mr. Coyne.

3. The regular savings bonds sales statistics were maintained.

- (a) Letters regarding post office reporting of sales were prepared with respect to reports in Alaska, Massachusetts, and Tennessee.
- (b) Arrangements were made for allocating Army and Navy sales credits to the various States.
- (c) A conference was held with officials of the Federal Reserve Bank of Richmond to settle various problems in connection with their reports to the State Chairmen.
- (d) Allocation of geographical credit for payroll savings sales made to railroad employees was discussed with officials of the War Finance Division, and of certain Federal Reserve Banks, and with the State Chairmen of Maryland, Virginia, and Florida. Letters to the Chairmen of these States were prepared for Mr. Coyne.
- (e) Tables were prepared for Mr. Coyne on sales of Series E Savings Bonds by counties and on sales of war savings stamps by States and denominations.

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Ownership of Federal securities

Specific material on the ownership of Federal securities was prepared in answer to requests, as follows:

- (a) A table showing holdings of Federal securities as of December 1943, February 1944, and March 1944, and net absorption of Federal securities between December 1943 and March 1944, by classes of investors, was prepared for your use at a conference with the Editor of the Washington Post.
- (b) A table showing holdings of Federal securities by Government corporations as of February 1944 was prepared at the request of Private Carley.
- (c) A table showing sales of Federal securities during War Loan drives, plus sales under the savings bond program, May 1941 to April 1944, was prepared for Private Carley.
- (d) Data on total purchases of Federal securities by nonbank investors, and net absorption by individuals for the period May 1, 1941, through March 31, 1944, were prepared at the request of Mr. Gamble's office.
- (e) Material on the ownership of Federal securities in recent years, and on increases in currency and bank deposits was prepared for Under Secretary Bell at the request of Mr. Moore.
- (f) Tables on the increase in the Federal debt and on the absorption of the debt by bank and nonbank sources for the period from May 1941 to March 1944 were prepared at the request of Mr. Mager, of the War Finance Division.
- (g) Tables relating to the holdings of Federal securities by all operating insured commercial

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banks in Tennessee, as of December 1939 and December 1943, and the net absorption of Federal securities by these banks for the calendar years 1940, 1941, 1942, and 1943, were prepared at the request of Mr. Gamble.

Contract termination

A memorandum was prepared to Mr. Lynch discussing the interest rate on terminated war contracts proposed to be set in H. R. 4382 -- a bill "to facilitate the settlement of claims arising from terminated war contracts of the Navy Department, and for other purposes".

Miscellaneous matters relating to financing

1. A memorandum was prepared for Under Secretary Bell discussing the policies of foreign and central banks with respect to loans to industry.
2. A speech on inflation and credit control was prepared for Representative Patman, pursuant to his request to you of April 4. The speech was delivered by Representative Patman to the Academy of World Economics on May 5, and was reprinted in the Congressional Record.
3. There was prepared jointly with the office of the Comptroller of the Currency a letter for the signature of Under Secretary Bell to Representative Patman, in reply to his request for a statement "showing legislation that has passed that has helped the banks, also showing the different investments of Government funds that have been helpful to the banks, and the rules and regulations of the Treasury Department, especially concerning the sale of Government bonds, that have been helpful to the banks".
4. A memorandum to you was prepared at the request of Under Secretary Bell regarding the advisability of eliminating all currency above the denomination of \$20.
5. A memorandum on Swedish Government methods of borrowing small savings was prepared for Under Secretary Bell.

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6. A meeting called by the Division of Tax Research for discussion of incentive taxation with Abba Lerner of the New School for Social Research was attended.

7. Material for a proposed speech to be delivered by Mr. Hall before the Tennessee Bankers' Association was discussed with Under Secretary Bell.

8. A speech to be made by Mr. Sullivan at the meeting of the National Committee of the American Legion was checked.

9. Draft of a proposed speech by Mr. G. E. Bigge to be given before business men's clubs was checked at the request of Mr. Shaeffer.

10. Material for use in the publication, Facts and Figures, was checked at the request of Mr. Melcher of the War Finance Division.

REVENUE ESTIMATES

Tax simplification

During the past month the work on the revenue estimating has been largely directed toward providing revenue estimates in connection with the "Individual Income Tax Bill of 1944". Our basic estimates were used by the Ways and Means Committee in its deliberations and in its report to the House on the Bill, and the estimates were concurred in by the staff of the Joint Committee on Internal Revenue Taxation.

While no public hearings were held by the Ways and Means Committee, the Senate Finance Committee did hold what they called "Executive Hearings" (that is no public witnesses allowed) at which they heard testimony from members of the staff of the Joint Committee on Internal Revenue Taxation and the staff of the Treasury. Newspaper reporters were present, a transcript of the record was made of the more important of the hearings, and several of our tables of estimates were put into the testimony.

The following are the tables which were included in the Printed Proceedings in Executive Session before the Committee on Finance, United States Senate, on H. R. 4646, May 9, 1944:

- (a) Comparison of receipts in respect of calendar year 1943 liabilities with estimated calendar year 1943 liabilities.
- (b) Estimated number of civilian income recipients incurring regular net income tax, their net income, surtax net income, and regular net income tax under the Revenue Act of 1943, at levels of income estimated for the calendar year 1944, classified by family and net income classes.
- (c) Estimated number of civilian income recipients incurring Victory tax, their Victory tax net income, and Victory tax under the Revenue Act of 1943, at levels of income estimated for the calendar year 1944, classified by family and net income classes.
- (d) Estimated number of civilian income recipients incurring surtax or alternative tax, their net

income, surtax income and combined surtax and alternative tax under H. R. 4646, as passed by the House of Representatives May 5, 1944, at levels of income estimated for the calendar year 1944, classified by family and net income classes.

- (e) Estimated number of civilian income recipients incurring normal tax, their normal tax net income, and normal tax under H. R. 4646, as passed by the House of Representatives May 5, 1944, at levels of income estimated for the calendar year 1944, classified by family and net income classes.
- (f) Breakdown of the \$60,000,000 revenue loss under H. R. 4646 as reported by the Committee on Ways and Means on April 24, 1944, by net income classes.
- (g) Comparisons of revenue effect of H. R. 4646 with present law, by family classes and by type of tax.

Specific estimates supplied at the request of the Division of Tax Research during consideration of the measure were as follows:

- (a) Estimate of the additional number of declarations that would result under H. R. 4646 by reason of the change in the definition of farmers.
- (b) Estimate, in connection with the treatment of partially tax-exempt interest under H. R. 4646, at levels of income estimated for the calendar year 1944, of the amount of partially tax-exempt interest received by taxable individual income recipients.

Other specific revenue estimates

1. At the request of Representative Donald McLean, an estimate was supplied of the number of income recipients in each surtax net income bracket under the Revenue Act of 1943.

2. At the request of the General Counsel, there were supplied for Senator McCarran the estimates of the yield of the cabaret tax which were made during the consideration of the Revenue Act of 1943.

3. At the request of the Division of Tax Research, an estimate was made of the number of income recipients incurring liability for surtax and the amount of surtax net income, distributed by surtax net income brackets, under the Revenue Act of 1943 at levels of income estimated for the calendar year 1944.

4. At the request of the Division of Tax Research, an estimate was prepared of the revenue effect of the enactment of H. R. 4687, with respect to postal rates, for each of the rates provided in the bill: (1) 5 cent rate, (2) maximum rate of 6 cents, and (3) minimum rate of 3 cents.

5. At the request of the Division of Tax Research, an estimate was prepared of the revenue effect if cabaret tax rates were 10 percent; 15 percent; and 20 percent.

Forecasting methods and background material

Following the excise tax estimates made last December for the fiscal years 1944 and 1945, used in the President's budget message, memorandums were prepared explaining how each estimate was derived, and estimates of the monthly distribution of revenues from each tax were prepared for internal Treasury use. Work has since been done to improve the forecasting methods for several important taxes, and to take into account revisions in certain business series, in preparation for a possible request from the Budget Bureau for a revision of the revenue estimates on the basis of the new tax law.

Specific jobs completed during the past month were as follows:

(a) The last of 53 memorandums were completed justifying and detailing the method used in estimating revenue from each of the excise taxes in the January 1944 budget.

(b) The following revenue estimate studies were brought up to date, revised, or improved: wines,

Secretary Morgenthau - 28

cigarettes, cigars, toilet preparations, jewelry, furs, telephone and telegraph, local telephone service, transportation of persons, and transportation of property.

(c) A thorough study was made of the sections in the Revenue Act of 1943, as finally passed, which affect the excise taxes, and an analysis was made of changes in rates, coverages, etc.

(d) Detailed data covering a revision in the national income estimates and components for the years 1939-1943 were obtained from the Department of Commerce, and the revisions were incorporated in certain revenue estimating studies.

(e) Current information on industry developments affecting various excise taxes was added to the information files for these taxes.

(f) Work was begun on improving our forecasts of the monthly distribution of our tax estimates.

ACTUARIAL MATTERS

Pension Trust Regulations

The nature of the work and the time involved in recent months have been indicated in the first part of this memorandum.

Service benefits

1. Suggestions were made, from the angle of benefits proposed, with respect to any report which might be made by the Department on S. 1523 - a bill to establish an Office of War Mobilization and Adjustment.

2. The question was reviewed of making a voluntary report on S. 1767 - to provide Federal Government Aid for the readjustment in civilian life of returning World War II veterans.

Secretary Morgenthau - 29

BUSINESS CONDITIONS

1. The regular weekly memoranda on the business situation were prepared, outlining current developments in the field of industrial production, commodity price trends, employment, and related fields. Information and analyses for these and future memoranda were carried forward.

2. A proposed statement to be given out by Representative Patman, regarding the pros and cons of price control, was checked at the request of Mr. Fred Smith.

3. A memorandum on the wheat supply in the United States and Canada was prepared at the request of the General Counsel.

4. A study was made of prices at New York for a selected group of bonds of Axis-occupied countries in Eastern and Western Europe, as an indication of trends in sentiment regarding the liberation of those areas. This information was presented in chart form.

5. Study was completed of a report by the Truman Committee regarding unemployment in industry after the cessation of the war.

BULLETIN

Special features were prepared and included in the April Bulletin, as follows:

- (a) Article on "Plans for the Fifth War Loan" (including table showing a comparison of various features of the securities to be offered).
- (b) Article on "Treasury Market Financing."
- (c) Table showing yields of long-term Treasury and high-grade corporate bonds weekly from 1933.
- (d) Revisions of all tables showing guaranteed obligations to reclassify the RFC notes, Series X-A, X-B, and X-C.
- (e) Revisions of "Maturity Schedule" tables to include information on issue date of each security.

Secretary Morgenthau - 30

GRAPHIC WORK

A statistical summary of the work done in the Graphic Section during the past month is as follows:

Drafting

New statistical charts	77 charts
New exhibits, etc.	6 projects
Included booklets, charts, diagrams, maps, etc., involving 182 colored slides and 40 miscellaneous drawings	
Bond books completely redone - 3 copies	60 charts each
Bulletin layout, ruling, splicing, spotting, etc.	89 pages
Charts brought up to date	195 charts
Bond books brought up to date daily - 3 books	25 times
2 sets of maps brought up to date	25 times
Tabular material laid out and ruled	45 tables
Charts colored, mounted, and miscellaneous jobs	145 charts

Photographic

Photographs	59 jobs
Involves 250 films, 371 enlargements, 658 contact prints, 111 plates (zinc), 15 transparencies, and 182 slides	
Photostats	199 jobs
8,000 copies of all sizes	

CORRESPONDENCE

During the month of April, 565 letters on technical matters were handled in the Division, either by preparation of replies, or by review of replies prepared elsewhere in the Treasury Department.



TREASURY DEPARTMENT

WASHINGTON 25

May 23, 1944



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MEMORANDUM TO THE SECRETARY:

Clothing in the amount of \$1,069,696.90 and comforters and blankets in the amount of \$295,964.00 were sold to F.E.A. for ultimate distribution abroad for relief purposes.

Rowland D. Schell has been hired as Regional Sales Manager for the Cincinnati Office. He will report to our office here next Monday and remain long enough to become acquainted with our policies and procedures.

Schell is 39 years old. His experience has been as follows:

1921-25 A.B. Stove Company, Detroit,
Assistant to Advertising and Sales Mgr.

1925-27 Real estate business in Detroit.

1927-32 Organized and managed R.D. Schell Mortgage
and Contract Company, Detroit.

1932-42 Detroit, Michigan Stove Company,
Detroit, Michigan.

1942-44 Regional Rent Executive of OPA Region 3,
consisting of Ohio, Michigan, Indiana,
West Virginia, and Kentucky.

R. D. Schell
Assistant to the Secretary



TREASURY DEPARTMENT

WASHINGTON 25

May 23, 1944

MEMORANDUM TO THE SECRETARY: *MA*

Mr. Lee Moran has agreed to head our automotive division. He is an automobile dealer from Pittsburgh, with many years of experience in both the truck and passenger car fields. He has been highly recommended by the National Automobile Dealers Association. He will join our organization on or about June 7. A detailed statement of his experience will be sent to you later this week.

Talked with B. F. Burdick, Chief of Office, The Panama Canal, about the feasibility of co-operating with his organization in disposing of surplus property in Panama. Further talks will be held in an effort to arrive at a practicable working arrangement between them and us.

Met with representatives (either Regional Director or Property Utilization Division Chief) of each Regional Office in a general session in order to acquaint them with our broad plans, particularly as they affect the Regional Office set-up.

E. L. Olrich
Assistant to the Secretary

May 23, 1944

MEMORANDUM FOR THE PRESIDENT

Answering your memorandum of May 20, 1944, I think you should sign the Executive Order authorizing the Dies Committee to examine tax returns.

This committee has been given the same authority by Executive Order on three prior occasions, has used it only slightly and has abused it not at all. Furthermore, the grant of authority is the same as that given Congressional committees by Executive Order for many years and almost without exception (the committee investigating the Federal Communications Commission, formerly headed by Congressman Cox, is the only case of which I am aware in which the authority requested has not been granted).

We gave considerable thought to this particular case before submitting it to you. In fact, I spoke to Justice Byrnes about it and he agreed with me that under all the circumstances the preferable course would be to give them the authority requested.

I am sorry my letter of May 17 did not address itself directly enough to your point. It certainly was not any too clear.

(Signed) H. Morgenthau, Jr.

JJO'C:lgb

THE WHITE HOUSE
WASHINGTON

May 20, 1944.

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

I have your letter about the Executive Order for the Dies Committee but I still don't know whether you want me to sign it or not.

F. D. R.

THE WHITE HOUSE
WASHINGTON

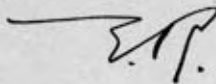
*photostat
to me* C. 66-275

May 23, 1944

Dear Henry:

Thank you for your letter of
May 18. I would very much appreciate
your having the reply which you have
drafted sent to Mr. Tope.

Affectionately,



Dear Mr. Tope:

Further reference is made to your letter of May 2, 1944, requesting that you be furnished with the amount of expense money reimbursed Mrs. Roosevelt for trips to South America, Central America, the Caribbean Area, and England, and inquiring further whether Mrs. Roosevelt received a salary from this Government while traveling in England.

As indicated to you in our letter of May 12, signed by the Assistant Commissioner of Accounts, the records of the Treasury Department reveal that no disbursement of funds was made to Mrs. Roosevelt for either travel or salary in connection with these trips. We have now been advised by Mrs. Roosevelt that any expense arising in connection with the above travel was borne by her personally.

I trust that this adequately covers your inquiry.

Very truly yours,

Administrative Assistant
to the Secretary.

Mr. Harry E. Tope,
619 South Main Street,
Mt. Pleasant, Michigan.

CHS:HN:mg

MAY 18 1944

Dear Eleanor:

I have your note of May 15th, enclosing a proposed reply to Harry E. Tope in answer to his inquiry concerning expenses for your travel abroad.

I do not feel that Mr. Tope is entitled to a personal explanation from you on this subject. Since his inquiry is directed to the Treasury Department and purports to be of a routine nature, I feel that your purpose can best be served by having Mr. Tope furnished with a direct answer through my administrative office. Accordingly, I have had a reply prepared, and if you agree to this method of handling inquiries of this character, the attached letter will be mailed at once.

Affectionately,

(Signed) Henry

Mrs. Franklin D. Roosevelt,

The White House.

CSB:em
5-17-44

THE WHITE HOUSE
WASHINGTON

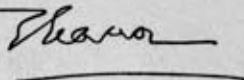
May 15, 1944.

Dear Henry:

I am enclosing a letter from
Mr. Harry E. Tope and my reply
thereto.. I will appreciate their
return if you approve of my answer.

I think the Treasury should
say I collected nothing from them and
receive no government salary.

Affectionately,


A handwritten signature, likely "Eleanor", is written in cursive and underlined with a horizontal line.

THE WHITE HOUSE
WASHINGTON

May 15, 1944

Dear Mr. Tope:

The Secretary of the Treasury has sent me your letter of May 2d and I must say I cannot understand such a complete ignorance of facts.

The trips I have taken have not cost the United States Government or anyone anything.

On my trip to England I went over in a commercial plane and paid my own fare. I came back in an Army plane which was making the trip to bring back a bomber crew and there were two seats available. I had paid for my return fare, but as the commercial planes were returning through Portugal and Africa, it was felt that my presence on board might be discovered by the enemy, and the plane and the other passengers and crew might be in jeopardy. I could not cause others to risk their lives.

While I was in Great Britain I paid my own expenses.

On my trip to the Southwest Pacific I had one seat in a plane which carried mail, special cargo, and military personnel. I was asked by the Red Cross to make a report for them and therefore I saved them the expense of sending someone, to whom they would probably have had to pay a salary and expenses.

I paid my own expenses wherever I could and I paid for my Red Cross uniforms. In addition,

the money which came to me from my column and articles was divided equally between the Red Cross and the American Friends Service after deducting the income tax, so instead of the Treasury paying me anything, an additional amount of income tax accrued to them.

People like you do not seem to realize that the authorities responsible for prosecuting the war have to make trips to the various war theatres, that Red Cross nurses and USO personnel have to be transported, so planes go fairly regularly and are not sent especially for me.

Very sincerely yours,

Blanche Forsythe

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TREASURY DEPARTMENT

FISCAL SERVICE

WASHINGTON 25

ACCOUNTS
COMMISSIONER

MAY 12 1944

Miss Malvina Thompson
White House
Washington, D. C.

Dear Miss Thompson:

There is enclosed for your consideration, a letter addressed to the Secretary of the Treasury dated May 2, 1944, from Mr. Harry E. Tope, 619 So. Main Street, Mt. Pleasant, Michigan, concerning the expenses of Mrs. Roosevelt's recent trip to South America, Central America, and the Caribbean Area and her trip to England.

The writer has been informed of this reference of his letter.

Very truly yours,



Joseph Greenberg
Assistant Commissioner of Accounts

Enclosure

MR. HARRY E. TOPE
619 SO. MAIN STREET
MT. PLEASANT, MICHIGAN
May, 2nd, 1944.

ack
5-13

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

Will you kindly give the amount of expense Mrs Franklin Roosevelt collected from the Treasury on her trip to South America, Central America, and the Caribbean Area, on March 28th, the Chief Executive said that she made the trip at his suggestion,

Also her trip to England how much expense money also was she on a salary at the same time, of our Government,

Yours Sincerely,

Harry E. Tope
Harry E. Tope.

H

Platform with but
single plank . . .
WIN THE WAR--
WIN THE PEACE

Re-elect
CLAUDE PEPPER
TO A SECOND FULL TERM AS A HARD WORKING MEMBER OF THE
U. S. SENATE

Bring back home
our sons to their
beloved families in
the quickest time

CAMPAIGN HEADQUARTERS: GRANT BLDG.

TELEPHONES 668 & 2313

TALLAHASSEE, FLORIDA

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

May 23, 1944

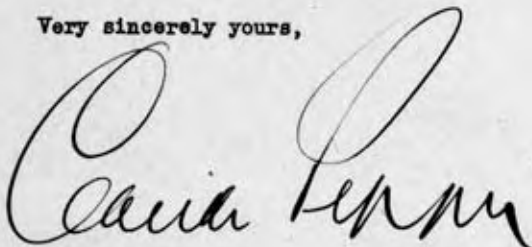
My dear Mr. Secretary:

You were most generous to write me as you did on May fifth and I apologize for my tardy acknowledgment.

Ours was a tough fight. It is regrettable to see how bitter and how shortsighted the opposition is, but there is great encouragement in the fact that we won. I hope our victory will help along those great causes you and I have been fighting.

I anticipate with great pleasure continued service with you.

Very sincerely yours,



P:C

Claude Pepper has fought in the Senate for Florida. His experience has been of value to Florida in all Departments of Government. His experience and his sincerity are growing assets for Florida in the Senate. His knowledge of Florida problems, his help on the Senate Committee, his sincerity in Service make him more able than ever to serve Florida. As a member of the Relations Committee he will help make the Peace. As a member of the George Senate Committee on Post War Planning, Senate's Small Business Committee, he will help Florida through the difficult period after the War.

(Not printed at Government expense)

United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 78th CONGRESS, FIRST SESSION

A Summons Against the "Kiss of Death"

EXTENSION OF REMARKS

HON. LISTER HILL

OF ALABAMA

IN THE SENATE OF THE UNITED STATES

Thursday, December 16 (legislative day
of Wednesday, December 15), 1943

Mr. HILL. Mr. President, I ask unanimous consent to have printed in the Appendix of the *Record* an article entitled "A Summons Against the 'Kiss of Death,'" written by the Senator from Florida (Mr. Pepper) and published in the New York Times Magazine for December 12, 1943.

There being no objection, the article was ordered to be printed in the *Record*, as follows:

A SUMMONS AGAINST THE "KISS OF DEATH"

(By CLAUDE PEPPER, Senator from Florida)

The commanding officer of a big military installation was looking over a long, elaborate report of attempted sabotage in his unit. Glancing down the index, his eye lit on this item:

"Private Quirk, his great mind . . . page 122."

Now, it was Private Quirk who, while on sentry duty, had allowed the would-be saboteur to slip in. The C. O. was therefore a bit startled by the reference to Private Quirk's "great mind." Curious, he turned to page 122, and there read:

"Private Quirk testified that he had a great mind to stop the intruder but was too sleepy to realize the situation."

There have been obstructionists of our war effort and there will be obstructionists of our struggle to win the peace. Whether these latter succeed will depend on how many of us turn out to be Private Quirks—that is, with a "great mind" to join other peoples of the world in seeing that the peace is kept, yet "too sleepy to realize the situation" when those who would destroy the peace are at work.

These forces which would frustrate peace are preparing their attack now. The recent Moscow agreement dealt them a stiff comeuppance, but while it served to clear the air internationally, it did not fumigate where we need it most.

We who saw the League of Nations emasculated and peace dealt a death blow in 1920 can observe today, even as our country pays with the life of her youth and the heart-break goes on, these same forces at work. This same hand raised and ready to strike. To let ourselves be lulled by the Moscow agreement, or by the endorsement of it by the

United States Senate, would be doing our country a disservice as serious as that of a sleeping sentry.

It is well to remember that when the Senate overwhelmingly approved the resolution embodying the gist of the Moscow agreement, no sooner had the vote been taken than a leader of the isolationist forces was on his feet to block unanimous consent for a proposal that the resolution be conveyed to the President in the nature of advice.

Getting away from the language of Capitol Hill, what does this mean?

In the business of treaty-making, to "advise" the President and to "consent" to his negotiations with foreign powers are constitutional functions of the Senate. They require a two-thirds vote of the Members present and voting. The isolationist leader was quick to remind us that despite the 85-5 approval of this resolution, a two-thirds vote had not been asked, and therefore this was not "advice" in the constitutional sense. It was, he said, merely an "expression of opinion." He wanted that understood. And he refused to give consent to anything more than that.

Now, it would be natural to expect that a Senator who was so careful to prevent this resolution from taking on any legal or constitutional weight would be among those who had voted against it. Why vote for a measure and then insist that it have no real application? Yet you will find the name of this Senator, not among the 5 who voted nay on the resolution, but among the 85 yea. You will find, also, among those 85 yea, a number of other names that look out of place in that column, names of men who before the war had opposed our getting into it and after we were in it, did not cease to attack either the administration or our allies.

To those of us who are determined that the American people shall not be caught asleep at the switch in 1943 as they were in 1920, this vote-for-and-act-against strategy in the Senate was worth noting, and, I suspect, worth watching from this time on.

In the light of past word and deed, one cannot assume that the isolationist Senators who voted approval of the Moscow agreement did so of personal conviction. No enlightening angel has fluttered down out of the sky and touched them one and all, giving them to see the light.

It is harsh, perhaps, to point this out. But when the lives of future American boys are in the balance of what we decide now, I can see no reason why we should speak less than the full truth about those who endanger the peace, whether we find them on the soap box or in the Senate. It is only the fair and accurate to assume that in this sudden turn-about after the Moscow Conference,

the bloc which had been traditionally and consistently isolationist gave its approval to the Moscow agreement only because it had suddenly become politically unsafe not to do so.

This is important, because if we understand this we shall be on guard against any attempt by these same isolationists to sidestep their answerability to the people when the time comes to make a treaty and build a peace. We shall not accept political strategy for statesmanship. We shall not be beguiled by techniques. If we can look into their parliamentary legerdemain in advance, by exposing it perhaps we can prevent it from coming to pass.

With the way open at last toward the peace that we have so long sought, how can we safeguard it from this minority strategy, these obstructionist techniques?

Our attack on the problem must be both direct—that is by legislative reform—and indirect, through full expression of the popular will.

The direct attack, long needed in our democracy, is to put an end to the two-thirds rule whereby one more than one-third of the Senators present and voting can prevent ratification. As 49 Senators constitute a quorum, a bloc of only 17 have in their hands the power to negate any peace this Nation may negotiate.

In a democracy issues must be decided vote for vote. There can never be democratic rule where one vote of "no" counts for two of "yes." That is rule of the minority over the majority, and by no stretch of reasoning can the meaning of democracy be made to embrace such rule.

Approval or rejection of a treaty, therefore, should be decided by simple majority, and because these agreements with other nations are the supreme law of our land and are of primary importance to our people, the vote deciding them should be as broadly representative of the popular will as the machinery of one government can make it.

Hence both Houses of Congress should share equally in the exercise of this power, with a simple majority of the membership of each House carrying the decisive weight. Surely it is not too much to ask that the House of Representatives, the vote of which is essential to a declaration of war, should have a part in the making of peace.

The two-thirds rule was workable and valid at the time it was included in the law of our land. The treaties which our forefathers were called upon to ratify were bilateral and the purpose in most cases was to effect some temporary agreement—an alliance, trade pact, or the settlement of a border or fishery dispute.

Today, as in 1820, the treaty which will embody the peace of the world will be multilateral—that is, a settlement and agreement

not between two nations but many. When America was asked to sign the Versailles Treaty by other nations were already signatory. So all-pervasive was it in the world of international politics, so deep in its application to our own life as a nation, that the older, earlier conception of a treaty, the conception that made a two-thirds rule seem wise, scarcely could encompass it.

The Senate received the Versailles Treaty on July 10, 1919, and held it until March 19, 1920—over 8 months, while 26 other nations waited for peace and our own Army of Occupation waited for orders to come home.

In the United Nations coalition there are now some 35 nations. When victory comes, we shall be dealing with several other world powers on an equal footing with us. In any task of statecraft so large in import, so broad in the scope of interests involved, so burdened with almost endless ramifications, the odds that one-third of the membership of the United States Senate present and voting will find one reason or another for opposing it are almost overwhelming.

In a peace settlement of this sort, several elements that should not intrude themselves always do so. Party politics tries to make political capital of the situation in any way possible; intolerance and prejudice add their burden of obstruction. All these magnify the task of ratification—to say nothing of the more honest objections which occur to the legal mind, or the habit of some lawyers among whom it is almost traditional to disagree. The sum total of all these sources of opposition will almost always equal one-third.

But if one-third of the Members in the United States Senate are to be the arbiters of American foreign policy, then it becomes practically impossible for America to have a foreign policy. The objecting minority, when foreign negotiations come up for ratification, will shift in identities and interests, but so often will it exceed one-third on the most important issues that the end result is no foreign policy.

In this split-second world we live in, the time required for this Nation to set under its present handicap places not only our own country but all others with whom we would negotiate at an intolerable disadvantage. In the formation of a world agreement, our neighbor nations are unable to take our position into account in forming their own, for too often we can take none.

To make this change in our law a constitutional amendment is required. This means either that two-thirds of the Senate and House of Representatives must vote to propose the change, subject to ratification by three-fourths of the States, or that two-thirds of the States through their legislatures must require the Congress to call a convention for proposing the amendment.

The Senate cannot be expected to give up voluntarily its exclusive power under the law as it now stands; therefore the feasible course is to see if two-thirds of the States, through their legislatures, will require Congress to submit the change to a convention.

Whether through this tedious procedure a change in the law can be brought about in time to meet the needs of the world crisis that is ahead of us, no one can now predict. But certainly that is no cause for resigning ourselves to an undemocratic decision of the present Senate or democracy will face in our time. The thing to do is to try, and the time to start trying is now.

The indirect attack on isolationism—through the voting of the popular will and the constant hammering of that will into the consciousness of our public servants—must go on at the same time that we are trying to change the law. We must see to it that these public servants do not, by virtue of an ancient constitution not yet corrected in our law, attempt to assert themselves as our masters. We must see to it that they do not dare.

What can a Senator do, how can he kill something which he knows the majority of the people want and at the same time escape the political consequences of his act?

There are several techniques. Sometimes, for this or that Senator, the sectional interest of his constituency solves the problem. In the case of a peace treaty which embodies the hope and ideal of civilized man, the tried and true method is not to oppose it but to marry it, embrace it, smother it with words, and bury it in counsels of perfection.

Is this how the isolationists intend to deal with an organization of nations and its aim of lasting peace? When the time comes to say yes or nay to the age-old aspiration of mankind, will there be those in the United States Senate who will neither openly approve nor oppose, but in saying they approve, attempt to stifle it with fine protestations? Will they kiss it to death?

What is what happened in 1920. The so-called irreconcilables—those in the Senate who would under no circumstances vote for a treaty embodying the League of Nations and who said so in so many words—were not the men responsible for the final failure. They were not enough in number.

No; the Versailles Treaty was taken up in the loving embrace of men who were not its outspoken enemies and there gently strangled to death. The mailed fist strikes no blow so deadly as the caress of friendship demanding perfection.

When, against the will of the American people, this country was maneuvered into the isolationist position in 1920, the one mind that had most to do with directing the strategy in the Senate was that of the late Senator Henry Cabot Lodge. Senator Lodge, leader of the Republican majority and chairman of the Senate Foreign Relations Committee, more than any other figure of his time killed the chance of American participation in the League. Yet never once, in public utterance, did Senator Lodge place himself openly on record as opposed to either the League of Nations or to ratification of the Versailles Treaty. All that he required was perfection.

An unpublished prize thesis which is now held in the library of Harvard University gives some interesting details on Senator Lodge's role and his attitude. It is entitled "The Treaty of Versailles in the United States Senate," by John McCook Root, who interviewed many Senators and other leaders on this subject.

After Senator Borah had made his attack on the League Covenant, on February 21, 1919, Senator Lodge, according to this paper, said to him: "My dear fellow, I agree with you absolutely, absolutely, but we can't beat the thing. Eighty-five percent of the Senate are for it. The best we can do is to get changes that will emasculate it as much as possible."

Again, Senator James M. Watson of Indiana, in his book *As I Knew Them*, tells of an occasion when Lodge asked him (Watson) to lead the organization of the Senate against the League. Watson thought the League could not be defeated. He told Lodge so. "Eighty percent of the people are for it," Senator Watson said. "Fully that percentage of the preachers are right now advocating it, churches are very largely favoring it, all the people who have been burdened and oppressed by this awful tragedy of war and who imagine this opens a way to world peace are for it, and I don't see how it is possible to defeat it."

To this Senator Lodge is reported to have answered: "Ah, my dear James, I do not propose to try to beat it by direct frontal attack, but by the indirect method of reservation."

Amendment and reservation. In other words, to kiss it to death. Why, one might

ask, should not those who are opposed to a peace treaty come out and say so? The Members of the United States Senate are honorable men. Why say they are for it when they would act to kill it?

There are three reasons: First, it is difficult if not impossible to justify an act by the elected representatives of the people if that act runs counter to the popular will. If the people say, "Let us try, let us go out to the other peoples of this world and join forces for peace," the Senate cannot well answer, "That is what you want, but we know it will not work. Therefore, we are denying you your will to try." No minority in its senses tries to say this to the majority, for if the minority, through some legislative technicality, really has the power of enforcing its will, it is doing and saying what the ruling cliques in Germany and Japan do and say: "We know better than the people. Our will must prevail over theirs." That is one of the tenets of fascism. Senators are honorable men. They do not resort to the tenets of fascism.

The second reason for kissing the peace to death instead of coming out in battle formation against it is the political price. In an issue as important as this, few Senators, even in the isolationist bloc, are willing to face the music. This was true 24 years ago and it remains true today. In a letter to George Harvey about the Republican platform in 1920, Senator Lodge wrote:

"I want to get the convention to give a full approval of all that the Republican Senators did, drawing no distinctions between their differing opinions as to the final result. That is, I seek to make my speech, and I hope the platform, so broad that those of us who have fought the treaty for a year in the Senate can all stand upon it (the platform) without any difficulty."

The third reason for an isolationist approach to the peace treaty "by way of amendment and reservation" is that by amending and "reserving" the very life and meaning out of any treaty which originally embodied real peace, by hedging and mutilating it so that it must finally be unacceptable to the administration which has initiated it, the responsibility for rejecting the finished product is thus shifted from the wreckers to the wrecked. In 1920 the party opposition wanted the satisfaction of seeing President Wilson kill his own creature. If a treaty is so altered as to subvert the peace rather than insure it, then it is the Executive who must reject the treaty. Thus, today, the minority in the legislative branch which has done the real damage hopes to crawl out from under.

The enlightened electorate of America must not let this happen again. Much depended on its not happening a generation ago—how very much, we are learning in the tragic terms of blood, sweat, and tears today. Too much, a generation hence, depends on its not happening now.

I am confident of our electorate. I do not think our people will allow the isolationist minority to get away with it again. I do not think any of the old tricks are going to work.

But to prevent, we shall have to keep hammering away, to confront that isolationist bloc again and again with the strong, simple mandate of a people whose minds are made up. We shall have to let our Senators know that they will be held accountable, "yes" or "no"; that none of them can escape that clear-cut test by dodging into realms of perfectionism; that "amendment and reservation" are not avenues of subterfuge, and that any attempt to use them as such will be recognized and punished accordingly.

We, the American people, have "a great stake" in our war. To that, let us now add an unshakable will and a strong eye.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE MAY 23 1944

TO Secretary Morgenthau
FROM Mr. Hane
Subject: Sewer Projects Approved by War Production Board
in 1943.

In accordance with your request, we have been checking over the data on sewer projects authorized by the War Production Board in 1943, submitted by Mr. Donald Nelson. Our analysis of these data have brought forth the following facts:

- (1) There were 480 applications for sewer projects approved by the War Production Board in 1943.
- (2) Of these, 453 applications covered projects that were located in areas listed by the Office of Price Administration as defense-rental areas (that is, areas where defense activities have resulted or threaten to result in increases in housing rents) or by the War Manpower Commission as areas having critical labor shortages. Presumably a case could be made for a sewer project in any such area by maintaining that new sewer facilities, or the expansion of old facilities, were required to take care of factors characteristic of such areas -- such as new housing developments, increased population in old housing units, shifts in population, etc. Accordingly, it would seem that a further investigation of these projects would not be likely to produce the type of information you had in mind.
- (3) Of the remaining projects, one was located in Canada, one in the Virgin Islands, seven could not be identified, and eighteen were in areas not listed as critical with respect to either housing or labor. A list of these twenty-five items arranged in the order of

Secretary Morgenthau - 2

the largest project first is attached to this memorandum. All of these items are of relatively small amounts. In view of these circumstances, do you think it advisable to pursue the matter further?

Attachment

Sewer Projects Approved by War Production Board
in 1943 Which Were Not in Defense-rental Areas or
Critical Labor Shortage Areas

<u>Location</u>	<u>Amount</u>
Bossier Parish, Louisiana	\$124,750
Billings, Montana	90,000
Browerville, Minnesota	27,643
Winona, Minnesota	25,480
Ventnor City, New Jersey	19,800
Redding, California	15,200
Colfax, Louisiana	14,500
Fargo, North Dakota	8,622
Albert Lea, Minnesota	8,500
Jefferson City, Missouri	7,000
Franklin, Minnesota	6,960
Alexandria, Minnesota	4,368
Caldwell, Idaho	4,000
Roanoke, Virginia	2,753
Goshen, Virginia	2,700
Breckenridge, Minnesota	2,550
Appleton, Minnesota	2,063
Augusta, Maine	2,000

Sewer Projects Approved by War Production Board in 1943,
the Location of Which Could Not Be Identified

Benton, New Hampshire	38,000
Craddock, Virginia	35,725
Greenmont, Oregon	27,700
Geneva, Maryland	27,000
Greenmont, Oregon	8,610
Delhi Top, Michigan	3,572
Hannibal, Maryland	230

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date 5/23/44

TO Secretary Morgenthau

FROM Mr. O'Connell

For your information

As a further step in bringing pressure on the Swedes, the State Department yesterday took the unusual step of announcing in advance the names of 38 Swedish individuals and firms which will be included in the next supplement to the Proclaimed List to be issued on June 2, 1944. It was also indicated that active consideration is being given to the Proclaimed Listing of other Swedish firms. It is my understanding that 12 additional names have been tentatively agreed upon but will not be specifically mentioned at this time.

This step is being taken jointly with the British and a similar statement was to be made yesterday in the British Parliament.

In order to prevent possible depletion of the assets in the United States of such persons, we are depriving them of the privileges of pertinent general licenses, thereby making their transactions subject to specific applications which will be dealt with in a manner consistent with our Proclaimed List policy.

Since the uncertainty created by the State Department announcement may cause Swedish firms generally to attempt to transfer their assets out of the United States, we have asked the Office of Censorship to refer to us, prior to release, incoming instructions from Sweden ordering the transfer of significant amounts. This may give us important leads concerning those Swedish firms who feel that their activities may be objectionable to the Allies.

SKF Sweden was not included on the list announced. In fact it is our understanding that the names announced were confined solely to firms and individuals which will be included in the next supplement to the Proclaimed List regardless of the outcome of the current negotiations.

CONNECTION OF AIRGRAM SENT

5/22/44

A-183

1:51

SENT BY SECRET AIRGRAM

AMEMBASSY,

HAWAII (OURA)

FOR THE PERSONAL AND CONFIDENTIAL INFORMATION OF THE

AMBASSADOR.

The serial number of this cable should be changed
from "A-183" to "A-842".

CABLE TO AMERICAN EMBASSY, PORT-AU-PRINCE, HAITI

Your A-244 of May 3 and A-248 of May 4 received.

Please inform Haitian Foreign Minister of this Government's disappointment. This Government has often expressed its disapproval of laxity in the authorization of passports and in no (repeat no) way condones irregularity in their issuance. Nevertheless, where human lives hang in the balance, this Government takes the view that it must act in the interest of saving lives. You may also advise him that Honduras, Venezuela, Ecuador, Guatemala, Uruguay, Nicaragua and Costa Rica have already expressed themselves as being in full accord with us on this subject, and the other countries concerned have given indications that they will do likewise momentarily.

Your attention is drawn in this connection to the step taken by this Government with regard to refugees in German-controlled territory and referred to in Department's circular airgram of May 11, 7:30 p.m. In line with our own attitude, please impress upon Haitian authorities our confidence that they will speedily reconsider their attitude and act to protect the persons concerned from almost certain death. You will reiterate the assurances given in our circular airgrams of March 31 and April 11.

Since unquestioned Haitian citizens would be entitled to priority, Department does not (repeat not) believe that the cooperation of Haiti could possibly prejudice the interests of unquestioned Haitians.

Haiti's suggestion that this Government act to obtain the desired objectives without the Haitian Government taking any position is not (repeat not) practicable. Unless Haiti informs Switzerland directly or authorizes United States to inform Switzerland that Haitian documents must be honored, the desired objectives cannot (repeat not) be attained.

Accordingly, it is hoped that Haitian authorities will agree to (a) request Germany to honor all documents issued in Haiti's name until advised to the contrary by Haiti; (b) postpone adverse determination of the validity of such documents until the time when such determinations will no (repeat no) longer expose claimants to death; and (c) approve of exchange negotiations between United States and Germany on Haiti's behalf, for which such holders will be eligible.

May 23, 1944
10:35 a.m.

Bakini:LSL:esserals 5/20/44

Enclosure No. 1 to Despatch, Polish Series,
No. 222, May 22, 1944

**DECLARATION BY THE POLISH GOVERNMENT
PASSED BY THE COUNCIL OF MINISTERS
ON 26th APRIL, 1944:**

The Polish Government welcomes with all appreciation the creation under a decree of the President of the United States of America of a War Refugee Board, the object of which is to give organized assistance to all victims of persecution and to all those threatened by death, irrespective of nationality, race or creed.

Whereas it is in full solidarity with the declaration of March 24, 1944, in which President Roosevelt once again defended the rights of all those who are oppressed and tortured, the Polish Government desires at the same time to point out that in the past it has more than once drawn the attention of the civilized world to the inhuman atrocities committed by the Germans. In no country is the number of persons - both Christians and Jews - who are tortured to death so great, nowhere the persecution so terrible as in Poland. To give help to the persecuted is the constant concern of the Polish authorities whether acting in Poland itself or in other countries.

The Polish Government is prepared to give its full support to every endeavour of the United States in this connection and to give the closest cooperation to the newly-formed War Refugee Board in carrying aid and rescue to Polish citizens, whether in or outside Poland.

LONDON, May 23, 1944

**SUBJECT: WAR REFUGEE BOARD--Declaration of
Polish Government.**

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

1/ Referring to the Department's telegram to the London Embassy of March 24, 1944, No. 2273, and to previous correspondence regarding the War Refugee Board, I have the honor to enclose a copy of a declaration made by the Polish Government and passed by the Council of Ministers on April 28, 1944, in which the Polish Government declares that it is prepared to give full support to every endeavour made by the United States to implement the work of the War Refugee Board and that it will give its closest cooperation to the Board in carrying aid and rescue to Polish citizens.

Respectfully yours,

André E. Schoenfeld
Chargé d'Affaires ad interim

To the Department in Original
and Hectograph.

Enclosures:

1/ as stated

MEC:GMO

AIRGRAM

FROM

LISBON

Date: May 23, 5:30 p.m.

Rec'd: May 29, 2 p.m.

THE SECRETARY OF STATE,

WASHINGTON.

A-395, May 23, 5:30 p.m.

FOR WAR REFUGEE BOARD:

WRB Airgram No. 1.

Dr. James Bernstein, European director of Hicem, applied at Consular Section May 22 for validation for passport to enable him to visit Casablanca, Algiers, and Tunisia. Purpose of visit is to inspect branches of Hicem and endeavor to enhance their usefulness. Believe trip would be useful for aims and purposes WRB and suggest WRB support his request with Passport Division.

Sent to Department.

Repeated to AMREP, Algiers.

NORWEB

RCD/hsb

cc - AMREP, Algiers (by courier)

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Lisbon
DATED: May 23, 1944
NUMBER: 1458

CONFIDENTIAL

From War Refugee Board to Newweb

Please deliver the following message to Dr. Joseph Schwartz and Mr. Robert Filpel, Lisbon, from Moses A. Leavitt of the American Jewish Joint Distribution Committee:

"Happy learn arrival Jeffreykin Spain. Do not understand why Resnik left Istanbul unless requested do so by you since many important matters make it imperative remain Istanbul and await your arrival there. Please instruct Resnik in accordance urgent request Intercess no publicity should be given parcel program from Turkey or any other parcel service under their supervision. Jack Delub unavailable London post we continuing search suitable candidate. Please reply soonest regarding Arthur Greenleigh for post Italy."

THIS IS WEB CABLE TO LISBON NO. 29.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Lisbon
DATED: May 23, 1944
NUMBER: 1459

SECRET

Following is for Minister Norweb and Dexter

This Government gravely concerned by reports of measures looking to mass-extermination of Jews in Hungary.

Please request Portuguese authorities to obtain as speedily as possible detailed information from Portuguese mission in Budapest concerning treatment of Jews in Hungary and to inform you of results of inquiry. Advise Department of results without delay.

THIS IS WEB LISBON CABLE NO. 20.

HULL

THIS IS WEB

THIS IS WEB

HMOS-330
Distribution of true
reading only by special
arrangement. (SecretSW)

Lisbon

Dated May 23, 1944

Rec'd 9:40 a.m.

Secretary of State,
Washington.

1553, May 23, noon.

WEB 44.

Weissman reports that the 12 children he was expecting this week have met with disaster. His frontier organizers and several of his guides have been arrested in Spain. He maintains that this is due to influence of JDC. Seven of 12 children have been taken in charge by Jeint in Barcelona; fate of other five so far unknown.

NOEMEB

JT
MJH

BE-362
Distribution of true
reading only by special
arrangement. (SECRET W)

Lisbon

Dated May 23, 1944

Rec'd 11:13 a.m.

Secretary of State

Washington

1554, May 23, Noon

JDC 2, WRB 43 FROM SCHWARTZ FOR LEAVITT, NEW

YORK

Date departure refugees from Spain to Camp Fedhala now announced by British at Algiers as June 7. Hopeful announcement of definite date will remove demoralization among those chosen who have become skeptical of project. 770 expected to leave from Cadiz. Important that permission for additional groups be pushed with French as none promised so far. Otherwise admission new people to Spain, especially Sephardics, will be secured with difficulty, if at all.

NORWEB

JT RR

BE-427

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

Lisbon

Dated May 23, 1944

Rec'd 2:41 p.m.

Secretary of State

Washington

1555, May 23, Noon

WAR BOARD

While in Spain discussed with Ambassador Hayes special license W-2155 and wish inform you all remittances sent thereunder utilized paying services Spanish guides bringing children and adults over mountains. They always paid in pesetas hence purchase foreign funds in Spain not required nor contemplated for present. Ambassador apparently has no objection our using money sent for this purpose to Sequerre in Barcelona.

This WRB 45 JDC 3 from Schwartz for Leavitt. Had long conference with Ambassador Hayes regarding WRB and program of rescue with which he is in hearty accord. He indicated his desire and we concur therein that for the present it would be best for the Board to designate David Blickenstaff as the representative in Spain. Blickenstaff we believe could do this and at the same time carry on present work which seems to us most important for rescue and relief. Should work develop so that WRB needed his full time the Ambassador is ready to make or consider other suggestions but I think combination of offices will not hurt either. Blickenstaff's offices now being used by all private agencies permitted operate in Spain so that from my point of view see no conflict. I understand Blickenstaff would be willing accept appointment under conditions outlined above.

Repeated to Madrid by courier.

NORWEB

HTM

MRE - 399
Distribution of true
reading only by special
arrangement. (SECRET W)

Lisbon

Dated May 23, 1944

Rec'd 1:43 p.m.

Secretary of State

Washington

1556, May 23, Noon

WRB 50, JDC 5 FROM SCHWARTZ FOR LEAVITT,

WAR BOARD

JDC representative France now Maurice Brenner formerly
Jefroykin's associate. Money sent Sequerra under license
2155 all used or allocated. Important prevent delay rescue program
you transfer at once another 500,000 pesetas to him.

NORWEB

REP
RR

BE-363
Distribution by true
reading only by special
arrangement (SECRET W)

Lisbon

Dated May 23, 1944

Rec'd 11:17 a.m.

Secretary of State

Washington

155W, May 23, Noon

WAR BOARD

WRB 47/JDC 6.

Reference Leavitt's telegram May 16 from Schwartz
for Leavitt.

Schwartz left May 22 for Algiers. Arranging
meet Robert Murphy and go with him to Italy. Hence
impossible await coming Patriet Malin. Regarding
request for \$25,000 for 150 stateless evacuees
from Finland now in Sweden have asked Mossiska
Foersamlingen to give information.

NORWEB

REP RR

DSH-436

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

Lisbon

Dated May 23, 1944

Rec'd 3:21 p.m.

Secretary of State,

Washington,

1558, May 23, noon,

This WRB 48. JDC 7. SCHWARTZ FOR LEAVITT.

Received report from Shanghai indicating number on relief increased to 7,400. Giving these bread and one hot meal per day. Second meal given aged, undernourished and ill may have to be discontinued for lack money. Some receive cash in place meals. Five camps being managed by committee who supply soap, baths and operate hospital, medical and dental clinics, also aid patients in isolation and insane hospitals and give aid toward funerals. Minimum required monthly budget 140,000 Swiss francs. Borrowing locally no longer feasible. Committee set up by Margolis still carrying on.

Think it possible arrange Lisbon through International Red Cross for buying food here and Azores for Yugoslavian work camps. Request you apply license making it possible for us to do so.

Requesting Salymayer find out whether \$200,000 payment may be blocked Switzerland to be paid end of war. Will advise soon as possible.

NORWEB

EJH
EDA

GAR-402

Distribution of true
reading only by special
arrangement. SECRET W.

Lisbon

Dated May 23, 1944

Rec'd 1:55 p.m.

Secretary of State

Washington

1559, May 23, 1 p.m.

WAR BOARD

WRB 49, JDC 8 FROM SCHWARTZ FOR LEAVITT

25 additional adults arrived in Spain and are now being cared for by JDC in sort, close to border. Seven new children have been brought into Spain through our organization and are being supported in Barcelona. This makes total number children from France in our care 13 and in all including adults over 200 newcomers. Have recently improved organization especially through addition Jefroykin who is completely familiar with problem. Expect number incoming children to increase but reiterate large numbers impossible because physical and other difficulties. Will advise you progress. During last three months 500 children came to Switzerland from France.

Regarding Spanish program it takes much effort to legalize newcomers and so prevent their going camps and prisons. JDC offices Madrid and Barcelona busy on this and have been able to stop all but a few going Miranda. From newcomers 53 have arrived in Barcelona legalized and another 44 at Merida awaiting permission to go Barcelona.

NORWEB

REP BB

NYB-623

PLAIN

Lisbon

Dated May 23, 1944

Rec'd 11:52 p.m.

Secretary of State,
Washington.

1560, May 23, 1 p.m.

THIS WEB 46 JDC 4 FROM SCHWARTZ FOR LEAVITT.

Barlas advises fifth boat MARITZA arrived Istanbul
carrying 389 refugees from Rumania leaving by train
for Palestine immediately.

NORWEB

END

CABLE TO STOCKHOLM

From War Refugee Board to Johnson for Olsen

According to present arrangements and understandings, general problems mentioned in your no. 1819, May 15, (WEB no. 18) will be handled by military authorities, UNHRA and IGO, all of whom have had discussions and made plans. At present WEB has no assigned jurisdiction in general fields mentioned.

THIS IS WEB STOCKHOLM CABLE NO. 19

May 25, 1944
10:05 a.m.

Abrahamson:FE:lab 5/22/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Stockholm
DATED: May 23, 1944
NUMBER: 984

SECRET

To Johnson Per Olsen From War Refugee Board

Reference your No. 1632, May 8, concerning request for funds for two Swedish committees with which Rabbi Ehrenpreis has been working. The matter has been discussed with several American organizations. Feeling here is that relief and rescue activities with respect to refugees in Rumania, Slovakia, Hungary and southern France can most effectively be handled from Switzerland to which large sums are being remitted regularly from the United States for such purposes. Would appreciate your views on this subject. In the meantime, American organizations very interested possibilities accelerated rescue and relief work from Sweden in Poland and Baltic area and funds will be available for that purpose. Please discuss again with Ehrenpreis and report possibilities and amount needed.

THIS IS WED CABLE TO STOCKHOLM NO. 15.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Stockholm
DATED: May 23, 1944
NUMBER: 993

CONFIDENTIAL

The War Refugee Board requests that you deliver the following message to Wilhelm Wolbe, 11 Olefagotten Strasse, Stockholm:

"Please contact Ehrenpreis. Advise us regarding his plans for rescue and his need for funds. Also cable your detailed plans for rescue in Lithuania. Try to save religious leaders at least. Report on possibility of obtaining citizenship documents for them. Consult American Minister and Olsen regarding your projects.

Please cable Rabbi Shmulevitz that he should have received from Switzerland 15,500 and 64,350 francs. Vaad Hahatzala Emergency Committee, Rabbi Abraham Kalmanowitz."

THIS IS WRB CABLE TO STOCKHOLM NO. 14.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: May 22, 1944
NUMBER: 1785

SECRET

To American Representative Harold E. Tittman, Jr., Vatican City

This Government gravely concerned by reports of measures looking to mass-extermination of Jews in Hungary.

Please request Vatican authorities to obtain as speedily as possible detailed information from Nuncio and clergy in Hungary concerning treatment of Jews in Hungary and to inform you of results of inquiry. Advise Department of results without delay.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: May 25, 1944
NUMBER: 1786

SECRET

For Minister Harrison and McClelland, Bern, Switzerland

This Government gravely concerned by reports of measures looking to mass-extermination of Jews in Hungary.

Please request Swiss authorities to obtain as Speedily as possible detailed information from Swiss mission in Budapest concerning treatment of Jews in Hungary and to inform you of results of inquiry. Advise Department of results without delay.

THIS IS WED BERN CABLE NO. 24.

HULL

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ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: May 23, 1944
NUMBER: 1787

CONFIDENTIAL

From War Refugee Board to Harrison

Please deliver the following message to Issac Sternbuch,
3 Teufener Strasse. St. Gallen, from Rabbi A. Kalmanowitz of the
Vaad Hahatzala Emergency Committee:

"Remitted 64,350 Swiss francs to you through Polish
Ministry of Finance for transfer to Rabbi Shmulewicz with
instructions for distribution among Rabbis and scholars.
Please reply when arranged and also if previous remittance
of 85,800 Swiss francs arranged."

THIS IS WRB CABLE TO BERN NO. 21.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: May 23, 1944
NUMBER: 1793

CONFIDENTIAL

From War Refugee Board to Harrison

Please deliver the following message to Adolph Freudenberg,
41 Avenue de Champel, Geneva, from Dr. Leland Rex Robinson and
Mr. Henry Leiper of the American Committee for Christian Refugees:

"Cabling \$25,000 immediate use refugees France
under Treasury license. Contact Cedergrens upon
arrival also Henri Johano."

THIS IS WRB CABLE TO BERN NO. 22.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Ankara
DATED: May 23, 1944
NUMBER: 458

CONFIDENTIAL

This Government gravely concerned by reports of measures looking to Mass-extirmination of Jews in Hungary.

Please request Turkish authorities to obtain as speedily as possible detailed information from Turkish mission in Budapest concerning treatment of Jews in Hungary and to inform you of results of inquiry. Advise Department of results without delay.

THIS IS WRB ANKARA CABLE NO. 41.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Ankara
DATED: May 23, 1944
NUMBER: 460

CONFIDENTIAL

Please deliver the following message to Leon Denenberg,
c/o American Embassy, Ankara, from the International Rescue and
Relief Committee:

"No. 3. Received only one cable from you. Eagerly
awaiting word via John W. Pehle War Refugee Board. Have
written you to Ankara."

THIS IS WRB CABLE TO ANKARA NO. 42.

HULL

SECRET BY COURIERA-30
6:30 P. M.

May 23, 1944

SENT BY SECRET AIRGRAM

AMERICAN CONSULATE

ISTANBUL (TURKEY).

Please deliver the following message from Dr. Leon Kubowitzki, World Jewish Congress, 1834 Broadway, New York 23, New York, to Mr. Barlas, Pera Palace, Istanbul, Turkey:

QUOTE We strongly recommend for the granting of Palestine certificates the following outstanding Hungarian people selected by a special sub-committee:

Dr. Imre Gyorki-Member of House of	Representatives & Wife	Budapest	
Mane Buchinger	"	"	V. Honved-u 16
Dr. Erno Brody	"	"	XIV. Nurnberg-u 29
Dr. Bela Fabian	"	"	I. Ferry Oskar-u 78
Dr. Geza Desi	"	"	VI. Terez-korut 43
Dr. Lajos Szabolcsi-Editor	"	"	V. Bathory-u 5
Dr. Hugo Csargo-Writer	"	"	I. Trombitas-ut 16
			VII. Sio-uca 12/ Pesti
			Israelia Mitkoszeg
			Szekhaza
Jozsef Buchler-Journalist	"	"	VII. Nepssinhas-u 21
Dr. Mihaly Revesz-Editor	"	"	IX. Ulloi-ut 63
Jeno Walless "	"	"	XIV. Americai-ut 74
Mano Abrahamsen-Cantor	"	"	VII. Rombach-u 9
Abraham Freudiger de Obuda	"	"	VI. Isabella-u 51
Denes " " " "	"	"	VI. Andrassy-ut 128
Fulop " " " "	"	"	V. Csaky-u 9
J. Lipot " " " "	"	"	VI. Andrassy-ut 128
Karoly " " " "	"	"	VI. Podmanicsky-u 35
Samuel " " " "	"	"	V. Nador-u 31
Dr. Henrik Endrei	"	"	VII. Ersebetkorut 26
A. Emil Dinner	"	"	VII. Dob-u 18
Dela Fulop	"	"	VI. Sainnyi Merse-u 1
Kalman Donath	"	"	V. Pannonia-u 8
Bela Revesz-Writer	"	"	VI. Szondy-u 93
Lajos Land Dr.-Senator	"	"	V. Deak Ferenc-u 16-18
Andor Glucksthal-Advocate	"	"	I. Naphegy-ter 3
Karoly Kelati/28 Years/Wife Eva 23 Years/ Daughter Judia 1 Yr./			Budapest Kiraly-
			kiraly ut3/o
Lasslo Hirechler	Wife Klara	Son 3 yrs.	Budapest, Dobany-u 30
Klein Issakne, 52 yrs. and 5 children, Satoraljanjhely, Karolyi ucca, 18, Hungary			

ISTANBUL A-30

-2-

Katz Teres, 50 yrs. and 5 children, Kisvarda, Hungary
 Lemberger, Erno, rabbi, 37 yrs. and 4 children, Szerencs, Hungary
 Lefkovits Lipotne, 42 yrs. and 7 children, Kisvarda, Hungary
 Ostreicher Rosa, 43 yrs. and 4 children Huszt, Hungary
 Perlstein Kati, 56 yrs. and 4 children, Szatmarnemeti, Tompa ucca 15, Hungary
 Pollak Erno, 28 yrs., c/o Lemberger Rabbi, Szerencs, Hungary
 Pollak, Jeno, 27 yrs., c/o Lemberger Rabbi, Szerencs, Hungary
 Pollak Jenone, and 2 children, Kisvarda, Hungary
 Rottenberg Israel, 63 yrs., and wife, Mezokassony, Hungary
 Shonfeld, Marton, Rabbi, 32 yrs. and 2 children, Ermihelyfalva, Hungary
 Schuck Soma Rabbi, 40 yrs. wife and 2 children, Budapest Istvan ucca 20, Hungary
 Spitzer Miksa, Hajduboszormeny, Pecs ucca 20-Czechoslovak
 Stern Daniel, 51 yrs. and 5 children, Kisvarda, Hungary
 Engel Jozsef, 38 yrs. wife and 3 children, Szerencs, Hungary
 Ehrenfeld Samuel, 49 yrs. and wife, Nagysurany, Hungary
 Frankl Lazar, Rabbi, wife and 5 children, Salgotarjan, Hungary
 Friedman Samunne, 50 yrs. and 3 children, Nyirbator, Piacster, Hungary
 Fleishman Hermin, 30 yrs. and 3 children, Mako, Deak, Ferencz ucca, Hungary
 Fruchtner Fani Feige, 56 yrs. and 2 children, Maramaros Sziget, Hungary
 Gruber Lazar, 55 yrs. wife and 5 children, Budapest, Hungary
 Teitelbaum Joel, 58 yrs. and wife, Szatmarnemeti, Hungary
 Teitelbaum Zalman Leb, 35 yrs. wife, Maramaros Sziget, Hungary
 Engel Mor, 65 yrs. and wife, Szerencs, Hungary
 Weinstock Lina, 51 yrs. and 5 children, Deas, Hungary

World Jewish Congress, Leon Kubowitzki

HULL

HULL
ghwWRB:MMV:KG
5/22/44

NE

SE

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Consulate, Istanbul
DATED: May 23, 1944
NUMBER: 277

CONFIDENTIAL

Please deliver the following message from the War Refugee Board to David Schweitzer, Pera Palace Hotel, Istanbul, Turkey:

"Yours eighth concerning situation Hungary we informed Ira Hirschmann received no special information from Joseph Levy. Suggest you cable us details for submission War Refugee Board. Signed, HIAS Asofsky."

HULL

FROM: American Embassy, Ankara
TO: Secretary of State, Washington
DATED: May 23, 1944
NUMBER: 941

SECRET

Following is Ankara No. 62 from the Ambassador for the War Refugee Board.

For one reason or another, in order not to subject the Board to demurrage of 5,000 Turkish pounds daily pending definite advices from the Inter-Red Cross or Turkish Foreign Office as to whether the German Government would grant a safe-conduct, I have avoided signing the charter party for the SS TARI, although the Director General of State Steamship Lines has been pressing me to sign same since my message of April 19; No. 711, paragraph Four. I was informed this morning by the Director General, exasperated at the delay of over two months during which time the vessel has been idle, that he had referred the matter to the Foreign Minister. I thought it advisable therefore, to advise the Minister today of the various reasons for my failure to sign the charter party to date and to ask him about the prospects for a German safe-conduct. It was stated by Numan that although he had made four requests of Von Papan for a safe-conduct for the TARI, he was convinced now that it would not be forthcoming, especially as political relations between Turkey and Germany are undergoing a severe strain as a result of the decision on chrome.

Then I proposed to Numan that he allow the TARI to sail for a Bulgarian port without a German safe-conduct for the purpose of bringing refugees to Istanbul where they might remain on board the vessel, pending their gradual transportation to Palestine at the rate of about 200 per week, this being the estimated capacity of the railroad over and above the movement of refugees arriving by so-called illegal boats and rail. I pointed out to Numan that the risk of a German attack on the TARI in the Black Sea would be considerably less than on a voyage from Istanbul to Haifa, where at times the TARI would be compelled to pass within five or six miles of German coastal batteries, submarine and airplane bases on flight naval craft. Numan answered that my proposal would be taken under consideration if I could secure a Bulgarian safe-conduct and permission for the TARI to enter a Bulgarian port. In accordance therefore, today I have requested Simond to press the Bulgarian Minister for a safe-conduct and permission to enter a Bulgarian port.

A reply may be delayed by the resignation of the Bulgarian Cabinet, which reply however, should be favorable unless the only two available Bulgarian ports of Burgas and Varna are under such complete German control as to cause the request to be referred to Berlin in which event a Bulgarian safe-conduct probably will not be forthcoming.

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Numan clearly implied in the course of my discussion with him today that even though I had not as yet formally signed the contract, he considers the Tari under charter to the board. Therefore, we must anticipate eventual difficulties with the State Steamship Lines in determining the amount to be paid for the TARI. In this connection and solely for my guidance, advices from the board as to the maximum obligation, it is prepared to incur for the TARI whether or not the vessel is ultimately available, will be appreciated by me.

STEINHARDT

DCR:VAGEL 5/27/44

CABLE TO AMBASSADOR DAWSON, MONTEVIDEO

The War Refugee Board requests that you deliver the following message to Rabbi Aaron Milefsky, 896 Soriano, Montevideo, Uruguay:

QUOTE Our committee in Switzerland confidentially reports possibilities exist for rescue larger number European Jews through grants of passports and citizenships from South American countries. Definite proofs ~~many~~ lives already saved through these documents. Urgently request you and other appropriate persons intercede in name humanity and justice with governments Uruguay, Paraguay, Bolivia and Chile grant such passports and to inform their respective consulates in Switzerland place such documents at disposal our committee headed by Isaac Sternbuch who would utilize documents save those in greatest danger, in most cases Rabbis and other leaders. We unconditionally guarantee these passports will be used only to save lives and will be returned to the countries of issue when such purpose is achieved. Ready to refund your committee all expenditures incurred. Advise us through Embassy. Vaad Hahatzala Emergency Committee, Rabbis Israel Rosenberg, El Silver, Aaron Kotler, Jacob Levinson, Abraham Kalmanowitz UNQUOTE

For Ambassador: In connection with foregoing, reference is made to circular cables of January 25 and February 29 and to circular airgram of May 1, 7:35 p.m. outlining this Government's attitude.

May 23, 1944
10:35 a.m.

BAksin:jp 5/20/44

NOT TO BE RE-TRANSMITTEDSECRETCOPY NO 11OPTEL No. 165

Information received up to 10 A.M. 23rd May.

1. NAVAL

On 19th/20th Allied destroyers off ALBANIA engaged 5 R-Boats, one of which was sunk and 2 possibly damaged. Following night an F-Lighter was damaged and driven ashore.

2. MILITARY

Italy Hard fighting has continued all along the front of attack. Polish troops have captured a hill 1 1/2 miles S.E. of MONTE CAIRO. Fighting in PIEDEMONTE continues. Canadians have penetrated the forward defences of the Hitler line east of PONTECORVO. French troops have re-captured a height 3 miles west of PONTECORVO and still hold PICO after a number of GERMAN counter-attacks and have captured LENOLA against very strong resistance. U.S. troops have advanced further towards TERRACINA and have captured several heights about 7 miles N.W. of FONDI.

3. AIR OPERATIONS

Western Front 21st/22nd. DUISBURG. 845 tons H.E. and 1,357 incendiaries. Thick cloud prevented assessment of results and bombing considered scattered; considerable fighter activity.

22nd. Escorted U.S. heavy bombers dropped 556 tons on KIEL under conditions moderate cloud with fair to good results, and 300 tons on a military construction PAS DE CALAIS. About 1,100 medium and fighter bombers supported by 750 fighters were sent against various objectives in NORTHERN FRANCE and BELGIUM. Preliminary reports state 250 tons dropped on coastal defences, R.D.F. installations and an airfield. German casualties 28:4:8. Ours 5 heavy bombers, 18 fighters.

22nd/23rd.	1,062 aircraft despatched:	DORTMUND	375 (18 missing)
		BRUNSWICK	235 (13 missing)
	Railway Centres	LE MANS	133 (2 missing)
		ORLEANS	128 (1 missing)
		LUDWIGSHAFEN	26
	Airfield	COURTRAI	9
	Intruders, bomber support and leaflets		102 (1 missing)
	Sea-mining		54.

40 German aircraft operated over south coast, 4 over EAST ANGLIA and 2 over SCOTLAND; 4 were destroyed by fighters. Only 3 fatal casualties reported.

Italy 21st. About 350 fighters - 3 missing and 50 medium and light bombers attacked bridges and other objectives in CENTRAL ITALY and the battle area. Enemy casualties 8:1:1.