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February 1, 1944  
10:32 a.m.

Operator: Here you are.

HMJr: Hello.

Operator: Here you are, sir.

HMJr: Hello.

Justice  
Byrnes: Henry.

HMJr: Good morning.

B: I told you yesterday that I'd talk to LaFollette and ring you back and I didn't get LaFollette and I simply want to explain why I did not. What do you think of the agreement as....

HMJr: Well....

B: ....to taxes passed?

HMJr: ....my ~~only~~ contact since last night has been with Patterson.

B: Yes.

HMJr: And Patterson called me up at the house last night and he's delighted.

B: I thought from -- Bob was just unduly alarmed and they did a fairly good job. How they -- you can't have everything you want in life. You've got nearly everything.

HMJr: Well, Bob Patterson says that -- I haven't talked with Paul -- he says, "I am very much pleased." And he says, "You," to me, he says, "You, Henry, have got every reason to be pleased."

B: Well, I....

HMJr: So, I said, "Well, that's good enough for me."

B: The -- the Court Review....

HMJr: Pardon?

B: The Court Review feature....

HMJr: Yeah.

B: ....and all the other features looked to me like a darn sight better than we hoped to get out of that conference.

HMJr: Well, Patterson, who has been the....

B: Yeah, he's been the active fellow.

HMJr: Active -- and if he's satisfied, why, I've got every reason to be.

B: All right, Henry.

HMJr: Now, on the other part, Jimmy, I'm meeting with my men this afternoon.

B: Yes.

HMJr: As -- to let them tell me on the tax features and after I've had that meeting, I'll most likely give you a ring.

B: Yeah, I -- I mean, I was thinking of that last night, that my judgment would be that I'd surely be slow about turning down two and a half billion, as much money as you need.

HMJr: Well, that's what I....

B: (Laughs)

HMJr: ....you remember what I told you?

B: Yes.

HMJr: I think that the President could have gone to the public....

B: Yes.

HMJr: ....and got public backing on the renegotiation.

B: Yes.

HMJr: But when the President turns down two billion, three....

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B: Yes.

HMJr: ....I think that we, here, have got to think very carefully.

B: Oh, yes.

HMJr: Of course, Paul feels quite aggressive about it, but....

B: Well, these boys who are on the firing line do....

HMJr: Yeah.

B: ....always and you can't blame them, but, God, it don't -- if you ask -- if you ask Mother for a dollar and she gives you....

HMJr: A dime.

B: ....a dime, you're not going to turn the dime down. You go back for ninety cents this afternoon.

HMJr: Well, sometime in the next twenty-four hours -- I may not be able to come to a decision this afternoon.

B: Yes.

HMJr: But sometime in the next twenty-four hours, I'm certainly going to call you up.

B: All right.

HMJr: But my inclination is that I'm going to hesitate. They've got to put up a stiff argument.

B: The burden of proof is on the boys.

HMJr: That's right.

B: All right. Bye.

HMJr: Thank you.

February 1, 1944  
10:45 a.m.

LIQUOR CONTROL

Present: Mr. Gaston  
Mr. Smith  
Mr. Sullivan  
Mr. Ireby  
Mr. Graves  
Mr. Berkshire  
Mr. Avis

H.M.JR: Who is the spokesman here?

MR. GRAVES: Mr. Berkshire. He is back from Florida.

H.M.JR: I see. "Treasury to Test Cuban, Mexican Gin."  
What is this story here (Indicating clipping from New York Times of February 1, 1944)?

MR. BERKSHIRE: That is the result of a letter. We discussed it here some time ago with Mr. Gaston, a letter to Customs to take samples of this imported Cuban and Mexican gin.

MR. GASTON: Instructions went out through Customs that no deliveries were to be made. It is to be held in Custom's custody, all that island gin, until samples have been sent to Washington and the matter has been cleared, because nine-tenths of the stuff is not gin.

H.M.JR: What is it?

MR. GASTON: It is alcohol with other flavors. They don't have the juniper berries, and it is often polluted.

MR. BERKSHIRE: It is very poor stuff, the stuff that we have been talking about here, Mr. Secretary.

H.M.JR: Go ahead with your report, please.

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MR. BERKSHIRE: Mr. Secretary, I proceeded from Kentucky to Miami, Florida, arriving there on January 17, according to instructions from Mr. Hannegan, instructions he had passed along from you, stating that you wanted us to proceed to Miami, and from Miami to Key West, and from there to West Palm Beach to clean up the black market situation in that area.

Before arriving in Miami, by telephone I had arranged for around twenty-five, I think--that is, twenty-five or twenty-six is accurate--investigators and inspectors who had preceded me there and had made their arrangements over the week end for living. We met in the Judge's courtroom in Miami on the morning of the 17th, organized a force and sent them out in pairs to work Miami and the Miami area, as we had determined from investigation of this 52-B record which discloses the sales by wholesalers, instances of disproportionate sales. That information was passed out to these investigators, and they carried that to the places in order that they might have that information and confront the retailer with the fact that he was getting more than his share of the liquor and also the fact that he was getting above ceiling prices.

It is apparent that practically all of the black market originates with the wholesaler. There are exceptions to that, but that is the rule. The wholesaler charges a bonus price, or an overcharge cash price on the side before he bills it to the retailer within the ceiling price. The retailer must then necessarily sell it in the black market in order to make any profit at all.

Now, there is no record of this overpayment--overcharge; it is usually in cash. The examination of the invoices of wholesalers and retailers has disclosed the sale price within the legitimate ceiling, so you have to break down the retailer or somebody in order to get your evidence. The logical place, of course, is the retailer. In most instances, he didn't willingly pay this overcharge; he paid it because he had to have the whisky in order to stay in business, and couldn't get it otherwise. He paid the price and passed it along to the consumer.

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In those cases where the retailer was willing to cooperate after being confronted with this, we endeavored to make a witness out of the retailer. In one case I recall, when our men went in there he recognized them. They confronted him with the fact that he had just sold a pint of whisky to a customer for five dollars. He said, "Yes, that is my price, and that is what I will charge you if you want a pint of whisky, and we aren't telling you anything." Suffice it to say, that charges were filed against the concern immediately.

We made four good cases against wholesalers in Miami within the first week.

H.M.JR: Miami wholesalers?

MR. BERKSHIRE: Out of nine wholesalers in the Miami area we made good cases against four. There are other cases against concerns, some of whom did not even have the FAA permit as required by law.

On Thursday--I believe it was the 22nd--charges were filed against nine operators in Miami. One or two good cases have been developed since then on investigations conducted in West Palm Beach and also in Tampa. Retailers in those areas were buying from the wholesaler in Miami.

To make a long story short, Mr. Secretary, of the wholesalers operating in the State of Florida, cases were made against just about half of them. The retailers, when they bought in the black market, would involve that half, and you never heard of the others, which indicates that there were just about fifty percent of the wholesalers operating in the State of Florida who were charging these over-ceiling prices to the retailer.

H.M.JR: Now, let me just stop you a minute. All right, you find it is the wholesaler. Now, when the manufacturer sells to the wholesaler, is the manufacturer staying within legitimate prices?

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MR. BERKSHIRE: That is ordinarily the rule.

Now, what happened in Florida, and what has happened elsewhere, is that these wholesalers, not being able to get liquor in the quantity that they want from the distiller, in the case of the Florida area, three wholesalers from West Palm Beach, two from Jacksonville area, and one man from New York--we don't know who he is yet--the six of them bought Wathen Brothers Distillers Company at Louisville, Kentucky, and those six operated two large wholesale concerns, one in West Palm Beach, and one in Jacksonville. We were working this out of the Kentucky office, had special investigators from the Kentucky office over there working in conjunction with the Georgia investigators. They definitely made black market cases against both of the wholesale concerns, the one in Jacksonville, and the one in West Palm Beach, who are in turn individual owners of the Wathen Brothers Distillers Company in Louisville. Invariably, the liquor that was sold by these wholesalers to these retailers was liquor which had been bottled in the Wathen Brothers distilling plant in Louisville, Kentucky, and bore the brand name of that distillery, "Old Regards," "Old Plainsmen," and a couple of others. Whenever we found that liquor on the shelves of a retailer, we knew we had a case. There wasn't any question about it.

H.M.JR: Now, what is the penalty? What will happen to these fellows if you prove your case?

MR. BERKSHIRE: The case reports are turned over to the District Attorney. I personally conferred with Assistant District Attorneys, the Assistants who were in charge of liquor violations in these areas. They were anxious to proceed with the cases. They will be prosecuted in the Federal Court. We filed complaints against nine in Miami, and seven in Jacksonville, and complaints were being filed--

H.M.JR: You haven't answered my question. What can the penalty be, from so many months to so many years?

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MR. BERKSHIRE: These violations in themselves, the substantive violation is a misdemeanor, Mr. Secretary. But we are proposing, in the case of these wholesalers who purchased this distillery, of charging them with conspiracy to violate the Emergency Price Control Act, which would be a felony. We believe that that case will lie in the State of Kentucky, where there are a little better prosecuting conditions for us to operate under. There we think we can have a case that will probably send somebody to the penitentiary. That is what we are hoping to do.

H.M.JR: But had this developed and started that these six wholesalers that bought that distillery in Kentucky-- did they have that before you went to Miami, or subsequently?

MR. BERKSHIRE: We knew the distillery had been purchased by these men in Miami and Jacksonville, but we did not know until I went down with these investigators that these wholesalers were in the black market to the extent that we found them to be.

H.M.JR: That looks to me as though that was developing, that is, something worth while developing from the distillers who are wholesalers.

MR. GASTON: Can't we revoke permits?

MR. BERKSHIRE: Citations have been filed against every one of these wholesalers with the exception of Pan American in Miami, and that case was made in just the last few days of our investigations down there, McKesson and Robbins of New York.

H.M.JR: What do you mean, Pan American?

MR. BERKSHIRE: Pan American Distributors is the biggest distributing concern in Miami.

H.M.JR: Not the airline?

MR. BERKSHIRE: No, sir.

McKesson and Robbins have their place in New York. We are proceeding against them there; and in all cases, with the exception of those two--there may be one in Key West, Mr. Secretary--they have already been cited and they are holding hearings in the Atlanta District.

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H.M.JR: How long did it take before you revoked the license?

MR. BERKSHIRE: They are all invariably cited to appear fifteen days from citation.

H.M.JR: We will have to stop in two minutes. Is there any law which forbids us from telling the story of this group and how they operate?

MR. SULLIVAN: No. It is all a matter of public record once the citations are filed, isn't it?

MR. BERKSHIRE: Yes. There has been very good publicity in the papers down there.

MR. GASTON: I think we can tell the story there, just about as Stewart has told it, and get a good story in the local papers and on the wires.

MR. BERKSHIRE: The only question I have in my mind at all would be the distillery connection back there because they are working on a conspiracy case, although I doubt whether--

H.M.JR: That is your story.

MR. GASTON: That isn't all the story.

H.M.JR: But it is the whole thing, how these fellows bought a distillery.

MR. GASTON: You don't need to name the distillery. I think we can tell the story.

MR. SULLIVAN: Are we making arrangements to check the ownership of all other distilleries?

MR. BERKSHIRE: Those records are all available to us.

H.M.JR: Where are you going next? Excuse me, John.

MR. BERKSHIRE: Well, Mr. Secretary, we are working all over the country. We are making good cases all over the country. While I was down there, Mr. Avis here carried on elsewhere. We are having splendid success

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in these black market cases. I can say that certainly in Florida we are, and we know in other places, also.

H.M.JR: Let's start at San Diego now with a group, thirty or forty men, and work right up through that whole airplane producing district, right up to Seattle, see? I would like to start at San Diego; then go to Los Angeles, San Francisco, Seattle--

MR. BERKSHIRE: We can do that, Mr. Secretary. We probably wouldn't find as fertile a field to work in there as we have in Florida.

H.M.JR: You don't know. But, John, it comes under you, doesn't it?

MR. SULLIVAN: Yes.

H.M.JR: I want them to start with a group of thirty or forty--whatever is necessary, see--start at San Diego and work north. It will be an entirely different picture, I think. You don't know how they are working the racket there. They can't work it with the Cuban rum or alcohol. Maybe it is something quite different. They may have something from Chile.

MR. GRAVES: I think they do have Cuban rum and all that. Didn't Bill Bryan tell us that yesterday, Herbert?

MR. GASTON: Oh, yes, they have large shipments of Cuban rum and gin.

H.M.JR: This is a good start, but it is just a start. I will have to stop. You see that there is a story.

MR. SMITH: Well, shall we just make this a part of John's appearance on the Hill?

H.M.JR: Yes, that is right.

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MR. SULLIVAN: O.K., we will go in and go through the exhibit.

H.M.JR: I think if you would take the exhibit up on the Hill and make this part of your story--

MR. SMITH: Then we would have the theory and the practical side.

JAN 15 1944

**Memorandum for the Secretary:**

In accordance with your request, the following additional facts are submitted relative to the black market situation in Georgia:

Investigations of wholesale liquor dealers engaged in black market transactions in the State of Georgia are being vigorously pursued, and evidence upon which suspension proceedings will be instituted, as well as for criminal prosecution, is being assembled as rapidly as possible. Approximately fifty Investigators have now been assigned for this purpose in that area. On January 1, 1944, two attorneys from the Bureau were detailed to the Atlanta district to assist in assembling the available evidence and preparing citations with the view of suspension of permits involved. This work is being expedited.

Permit suspension proceedings have already been instituted against the following six distributors in the State of Georgia:

R. H. Hogg and Company,  
Atlanta, Georgia.

United Distributing Company,  
Augusta, Georgia.

Dixie Bottle and Beverage Company,  
Atlanta, Georgia.

Memorandum for the Secretary.

Page two.

Dixie Distributors,  
Macon, Georgia.

Richmond Wholesale Liquors,  
1130 Fenwick Street,  
Augusta, Georgia.

Liberty Distributing Company,  
513 West Hull Street,  
Savannah, Georgia.

Black market investigations, as previously stated, are proceeding simultaneously in all sections of the country on an extensive scale and are being pressed with the utmost vigor. The additional regulatory measures now in effect, as well as the Bureau-sponsored self-policing program of the industry now in operation, should have a substantial deterrent effect on the black market traffic. These measures, together with the suspension of permits and the institution of prompt and vigorous criminal prosecution, will, it is believed, go a long way in bringing the black market situation under control. Every effort is being directed to that end.

As was indicated in my memorandum of January 12, 1944, nine wholesalers have been under investigation in the State of Florida, which cases have progressed to the point where permit suspension proceedings can be instituted in the very near future. Black market investigations in the State of Florida are being intensified, with particular attention being given to conditions existing in Miami, Palm Beach, and Key West, in accordance with your request.

(Signed) Robert E. Nannegan

Commissioner.

February 1, 1944  
11:00 a.m.

#### ABSORPTION OF EXCHANGE CHARGES

Present: Mr. Bell  
Mr. Gaston  
Mr. Delano

MR. BELL: This is on the bill introduced by Brown regarding regulation "Q" of the Federal Reserve Board, absorption of exchange charges by member banks.

We sent up a report on Saturday, I guess it got there Monday, because we thought Delano was going to be called. We thought Mr. Delano was going to be called Monday for a hearing, and then they thought that that was going to close the hearing, so they wanted the report in.

The report went out and got to the Chairman yesterday, and last night at home Mr. Doughton and Mr. Brown both called me - both very angry - saying that this is one of the worst things the Treasury has done - threw a lot of banks out of business.

Mr. Doughton said it seemed to him that the Administration needed all the friends it could get.

H.M.JR: May I interrupt you, just for the record? You came to me and asked if you could handle it. Is that right?

Yes, you did; you wanted to handle it. You stood right there and said, "Would you mind letting me handle it?" A day or so after Delano - you said you wanted to handle it your own way.

I said, "All right."

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MR. BELL: No, you have it wrong. I called you at the farm and you found a memorandum in your file in which I told you - I think last Thursday or Friday a week ago, that it was right on our doorstep. They were calling for a report and they told Mr. Delano that he would have to go before the Committee. So I said we were going to have to have a decision as to what our position is going to be.

I told you what this was, and that I thought we would have to say that what we were doing was in the interest of sound banking, and that that ought to be the tenor of our report.

H.M.JR: What did you say to me previous to that when you stood here?

I said I wanted, after I heard the thing my inclination was - I am trying to clarify my own mind - my inclination was to say that the law is under statute, we have to go through with it.

MR. DELANO: You said that to me. I remember that.

MR. BELL: At our first conference. Then Doughton called you.

H.M.JR: And then you came in subsequently, all alone, and said, "Do you mind just letting me handle this thing my own way," or words to that effect.

MR. BELL: I don't think so.

H.M.JR: Well, anyway, don't you remember coming in here all by yourself?

MR. BELL: No, I don't. I don't have the slightest recollection.

H.M.JR: I do. I didn't make any notes.

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MR. BELL: And I asked you to let me handle it?

H.M.JR: Yes. Well, anyway--

MR. BELL: I may have said to let the thing ride for awhile, because we weren't in the picture up to that time. That is, we had been asked for a report, but not to appear before the Committee. I am sure I said at the time that Delano was here, that I think we ought to let it drag because we ought to stay out of it if we are not asked to appear.

Then it looked as though we were going to be asked to appear.

MR. DELANO: Just supplementing that, Spence called me up on Saturday, I think it was, or maybe Friday, of the previous week and said that they were going to resume the hearings on Monday and would I stand by him and be ready to appear.

That is what I have been doing ever since, you see.

MR. BELL: Well, it was intimated last night by Spence to Brown, and it gets to Doughton, that this report hadn't yet got into the hands of the Committee. It was in the hands of Mr. Spence and he thought the Treasury ought to withdraw it.

I said, "Well, I don't know whether that could be done or not." I said I would like to talk to you about it.

I question whether that could be done, because I am sure Wilcox knows about it. He is standing around the Committee all the time. That would probably be out in the paper that we were forced to withdraw our report.

I think probably the best thing to do is to stand by it and go up and testify. They said that Brown threatened to subpoena a lot of people in the Treasury - me, and Delano - didn't mention you, but sort of intimated they would go to the top and thrash this thing out before the Committee. I think that is about the only thing we can do.

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MR. GASTON: Who is Brown?

MR. DELANO: Representative Brown of Georgia. He is the active protagonist of this whole thing.

H.M.JR: Supposing he is. I don't see how anybody - I mean, I don't know what has happened more recently, but after all, here is a law of the land. The Federal Reserve - I may not have my history right, anyway - are now saying they want the thing enforced. You are the enforcement agency.

MR. DELANO: That is right.

H.M.JR: If Mr. Brown, or Mr. Smith, or Mr. Jones doesn't like it, let them have it struck off the books.

MR. BELL: I think that is right.

H.M.JR: Every time, in ten years, I have watched, when a fellow tries to do the popular thing he gets stuck. We are an enforcement agency; that is a law. I am not saying whether it is a good or bad law. "If you don't like it, Mr. Brown, have it struck off the books."

If they say, "Well, why didn't you enforce it before?"--

MR. DELANO: We have an answer.

MR. BELL: I think we have a pretty good record on it, because joint regulation wasn't issued until '37. We sent our first case to the Board in '38, and didn't get a ruling until September, '43. In the meantime many other cases had piled up. In the meantime many of the banks, on their own, had thought the regulation was right and had eliminated the charges.

H.M.JR: Well, I wouldn't worry about it. The fact that Walter George is sore at us - I think he has been sore at us now for months--

- 5 -

MR. BELL: Yes, this just comes on top of all that. That is the unfortunate part about it. They said the Treasury is not gaining any friends at a time when they need them, making the people sore that give you their money. They went into a long rigmarole.

MR. DELANO: That is just the vociferous minority talking. It is Brown; and of course, Spence is wobbling all over the place. He really is a pretty inarticulate old man. Do you know Spence, who is Chairman of the Committee now - succeeded Steagall?

MR. GASTON: No.

MR. DELANO: He is sick and non compos mentis part of the time.

MR. GASTON: Regulation "Q" is a regulation of the Federal Reserve Board?

MR. DELANO: Yes, against absorption of exchange by member banks.

MR. BELL: This is one short paragraph that went up, if you want to read it. (Refers to letter to Mr. Spence, January 29, 1944, signed by Mr. Bell as Acting Secretary)

H.M.JR: Did I sign it?

MR. BELL: No, I signed it. It came through for your signature and came back late Saturday evening and I signed it as Acting.

H.M.JR: All right. I am not going to get in this. There are too many other things.

MR. BELL: I thought that is the way you would view it, but I wanted you to know what is happening and we may be called up.

H.M.JR: O.K. Thank you, that is all.

February 1, 1944  
12:13 p.m.

HMJr: Yes.

Ted  
Gamble: One: Today is the halfway mark of our Drive.  
We shall report tonight our first Corporate  
sales.

HMJr: Yes.

G: I thought it would be appropriate to get out a  
very good statement for you....

HMJr: Yes.

G: ....commenting on what individuals have done  
up to now.

HMJr: Yes.

G: The fact that we have fifteen more days to go  
on individuals.

HMJr: Yes.

G: And patting the people on the back and compli-  
menting favorably the results up to now.

HMJr: Good.

G: Because they are going to be good. But I....

HMJr: Well, will you work it out with Fred Smith?

G: Yes, sir. But I wanted your "green light".

HMJr: You've got it.

G: Fine. The second thing: Burgess has talked to  
me from time to time about the possibilities of  
an informal visit from you during this Drive and  
I know of our talk the other afternoon and I have  
hesitated to bring it to your attention.

HMJr: No, I don't think I'm going to be able to do it,  
Ted. I'll know now, in a day or two, what I'm  
going to do. See?

G: Fine.

- 2 -

HMJr: But I doubt very much that I'm going to do any more than be able to do the round-up for you.

G: Right. Well, I -- I've given him no encouragement but I....

HMJr: Well, I....

G: ....just wanted to advise you in case he did call you. At least we would have chatted about it.

HMJr: Well, I appreciate that but I -- I -- I certainly can't do the -- a day in New York. The boys would want me -- talking about a radio program on the 15th of February.

G: Yes.

HMJr: I might be able to do that but that -- that's only -- well, one chance in four.

G: Fine.

HMJr: But I can't go through again getting my script at -- just before I go on.

G: Well, I agree with you, sir.

HMJr: And, although the one that we did ourselves was all right.

G: Turned out fine, but you can't....

HMJr: The one with the Gulf -- I mean to get the stuff that -- well, some of the stuff at seven o'clock.

G: Yes.

HMJr: But the one that I did -- I mean, the Treasury handled was beautifully handled.

G: Yes.

HMJr: But anyway, you go ahead and you and Fred fix me up me up a statement.

G: Fine. We'll do that.

HMJr: I'll be around here until around four and if it's available, I'd like to see it.

- 3 -

G: We'll see that you do see it.

HMJr: And on New York -- spending a day in New York, you'll just have to stall on that.

G: Yes, well, I'm doing that but I wanted to bring you up to date on it.

HMJr: Thank you so much.

G: All right, sir.

HMJr: Good bye.

February 1, 1944.

MEMORANDUM FOR THE FILES:

Secretary of War Stimson had a luncheon in his office today attended by the following: Secretary Morgenthau, Secretary Stimson, Assistant Secretary of War McCloy, Mr. Bundy of the War Department and Mr. Pehle of the Treasury.

During the luncheon Secretary Morgenthau explained that he had asked that this meeting be held in order to bring Secretary Stimson and his assistants up to date on what the Treasury has been doing on war refugee matters. He asked Pehle to summarize for Secretary Stimson the items in the attached memorandum dealing with accomplishments to date. Most of the items included in this list were subject to discussion by those present. Mr. Bundy asked for an explanation of the British attitude as reflected in its recent cables and particularly whether the British were "dragging their heels" because of the impact of the evacuation question on the Palestine problem. It was explained that there seemed to be every indication that the Palestine problem was at least one of the basic reasons why the British had been reluctant to take effective action to evacuate Jews from occupied Europe. Mr. Pehle is sending to Mr. Bundy some of the background cables on the British attitude for his information.

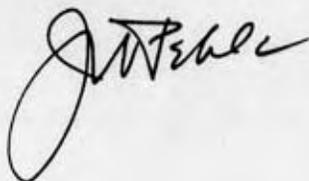
During the meeting, as an example of the attitude of some of the private organizations and their willingness to cooperate with the War Refugee Board, Secretary Morgenthau read the letter of January 24 from Charles R. Joy, Acting Executive Director of the Unitarian Service Committee. Mr. Pehle also summarized for Secretary Stimson the various committees and intergovernmental organizations set up to deal with this problem and the persons appointed by the President to work on such problems, including James G. McDonald, Myron C. Taylor, George Rublee, etc. The attached chronological memorandum gives some of the details with respect to the committees set up by this Government.

Secretary Morgenthau mentioned the \$100,000 contribution by the Hebrew Sheltering and Immigrant Aid Society. Mr. Stimson agreed that these funds should not be used for administrative expenses but should be used for relief or evacuation operations.

Following this discussion, Secretary Morgenthau asked Pehle to step out while he discussed the problem of getting an executive director. Secretary Morgenthau told Mr. Stimson that if Frank Graham was not available he would like to have Pehle take over the job. Stimson said that it would be agreeable to him if Frank Graham was not available to have Pehle take over the job on a two or three

- 2 -

month's trial basis and Secretary Morgenthau might advise the President accordingly,

A handwritten signature in black ink, appearing to read "J. Edgar Hoover". The signature is written in a cursive, flowing style with a large initial "J" and "E".

January 31, 1944 }

Accomplishments to date

1. We have worked out with the World Jewish Congress a program to evacuate refugees from France into Spain, Switzerland and North Africa and from Rumania. Appropriate licenses have been granted authorizing the necessary operations.
2. We have worked out with the JDC a program to evacuate 5,000 to 6,000 abandoned children from France and to sustain their lives, pending evacuation. Licenses have been granted permitting these operations up to a total cost of \$600,000 for the next six months. An initial remittance of \$200,000 has been sent to the JDC representative in St. Gall, Switzerland, and operations are now under way.

While some of these children may be evacuated to Spain, the majority will probably have to be evacuated to Switzerland. Before Switzerland will agree to admit the children, it requires receipt of assurances from some other government that the children will be reevacuated after the war. The Treasury is working on a method whereby the necessary assurances can be given by this Government.

3. We have worked out a program to evacuate Jews from Poland to Hungary. The Union of Orthodox Rabbis of the United States and Canada has been authorized to communicate with and to send funds to persons in Hungary who are in a position to assist refugees across the Hungarian borders into Hungary where a Jewish community of over 1,000,000 people is ready to help and absorb the refugees into the Hungarian economy. \$100,000 has been sent to Switzerland to cover these operations. With State's approval, direct transfers of free exchange into enemy or enemy-occupied territory have been authorized for this program, if it is impracticable to obtain the necessary local currency in Switzerland or in Hungary against payment after the war from a blocked account. Thus we have obtained State's approval of a practical and effective method to finance underground operations.
4. We have sent a message to our representative in the Vatican giving the necessary assurances that funds will be forthcoming for the immediate relief of destitute Jews in Rome. This will enable relief activities on behalf of these Jews to begin at once.

- 2 -

5. We worked out the financial details of a program handled by the JDC for the purpose of evacuating refugees from Spain to Palestine. 750 of these refugees have already left Lisbon on the "Nyassa."
6. We worked out with the JDC a program to bring relief to refugees in Transnistria. Funds have been sent by the JDC to the International Red Cross delegate in Ankara for the purchase of 250 tons of foodstuffs in Turkey, to be distributed among the internees by the International Red Cross. We are presently working on an expansion of this program so as to provide food distributions to internees in Thereisenstadt, Yugoslavia and Greece.
7. We have sent an urgent message to the International Red Cross, Geneva, stating that the War Refugee Board is prepared to see that funds are made available at once to the International Red Cross to provide food and medicines to persecuted groups in German-occupied areas who are denied the facilities available to the rest of the population.
8. We are working with the World Jewish Congress on a program to evacuate Jews from Transnistria to Rumania in order to move them from the path of the retreating German army. It is believed that thousands of Jews can be saved from death in Transnistria. In fact, we have just received a report that 6,400 internees, including 400 children, have already been evacuated from Transnistria to Bucharest and that 500 more are expected to be moved in the next few days. In addition, 200 Polish refugees have been moved from Bessarabia to Bucharest. These operations appear to have been handled with the cooperation of the Rumanian Government.
9. \$100,000 has been received by the Treasury, as private contributions for the work of the War Refugee Board.
10. At our suggestion, the Department of State has sent very strong instructions to our Missions in the four neutrals, London and Turkey, repeated to all other Missions, informing them of the new Board and requesting full cooperation in effecting the policy of the Government as stated by the President.
11. We have furnished the War Department with suggested instructions to the appropriate Theater Commanders asking the latter to do

everything possible, consistent with the successful prosecution of the war, to effectuate the Government's policy to take all measures to rescue the victims of enemy persecution.

- 12. The Secretary of the Treasury has sent messages to the Treasury representatives in London, Stockholm, Ankara, Lisbon, Cairo and Algiers asking them to do everything possible to assist their Missions in carrying out the policy of immediate rescue to the victims of enemy persecution.
- 13. A cable to London has been drafted and is pending in the State Department requesting Ambassador Winant to discuss the situation with the British and suggest to them that they send instructions to their Missions along the same lines as the instructions to our Missions.
- 14. We have been in touch with the following organizations who are working out specific operations and programs with us:

- World Jewish Congress
- American Jewish Joint Distribution Committee
- American Jewish Conference
- American Jewish Committee
- Jewish Labor Committee
- Unitarian Friends Service Committee

- 15. We are working with UNRRA on the problem of making use of the Fedhala camp in North Africa which has room for several thousand refugees.
- 16. We are submitting to the War Department today a program for the rescue of some 1,500 refugees on the Adriatic Island of Rab.
- 17. We have made all necessary arrangements with Budget for the allocation of \$1,000,000 from the President's Emergency Fund to the War Refugee Board.

LIAM EMERSON, Chairman  
H T. GANO, Vice-Chairman

EDWARD B. WITTE, Treasurer<sup>27</sup>  
ALFRED F. WHITMAN, Secretary

UNITARIAN SERVICE COMMITTEE  
25 Beacon Street, Boston 8, Mass.  
TELEPHONE CAPITOL 3660

ERT C. DEXTER  
Executive Director

Registered with the President's  
War Relief Control Board

RIES R. JOY  
Acting Executive Director

Endorsed by National War Fund  
Through Refugee Relief  
Trustees, Inc.

January 24, 1944

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

Dear Mr. Morgenthau:

The appointment by the President of a War Refugee Board consisting of the Honorable Secretaries of the Departments of State, Treasury and War and directed to take all measures within their power "to rescue the victims of enemy oppression who are in immediate danger of death", is an act of wise charity and clear vision. The Unitarian Service Committee, which has for years considered the rescue, transportation, maintenance and relief of such persons its major responsibility, is profoundly interested. Working with a carefully chosen and competent American personnel in Czechoslovakia, Switzerland, France and Portugal and cooperating closely with other American and foreign relief agencies in these and other foreign countries, it has helped thousands of endangered refugees to escape from the clutches of their persecutors. It has worked with the Governments in Exile, the High Commissioner for Refugees under the Protection of the League of Nations and all other authorities concerned with these unfortunate persons and has had wide experience in solving their problems.

Since, by the terms of your mandate, you may accept the services or contributions of any private persons or organizations, the Unitarian Service Committee feels impelled to offer you any assistance within its power. Generously supported by the National War Fund of which it is a participating member, operating on a wholly unsectarian basis, and dedicated to the service of the racial, religious and political minorities of Europe, the Committee is now ready to place itself entirely at the disposal of your Board to assist you in any possible way. Our personnel, our resources, our experience, are at your command.

COPY  
- 2 -

March 28, 1938.

President Roosevelt Inquires of the governments of refuge and settlement

The Committee would welcome the opportunity to discuss with you the areas of possible cooperation.

intergovernmental committee which would seek to introduce laws which would migration of political refugees from central

Respectfully yours,

/s/ Charles R. Joy

May 14, 1938.

CRJ:DRF

The President's Advisory Political Refugees Inquiries Commission

meeting, the following were in attendance: James G. McDonald, Hamilton Fish Armstrong, Paul Bauerwald, Joseph P. Chamberlain, Saml. Harris, James H. Spears, and Nathl. Stephen El. Hest. Mr. McDonald heads this Committee.

Acting Executive Director

July 8, 1938.

Representatives of thirty-three governments met at Evian. The United States was represented by Myron C. Taylor, assisted by Robert Hall and George Brandt of the State Department.

September 1938.

George Rathlow, takes on his duties in London as director of the Intergovernmental Committee set up at Evian. He was named to this post by the President, and continued as director until February 1939, when he was succeeded by Sir Herbert Morrison.

October 17, 1938.

Officers of Intergovernmental Committee meet at White House. Lord Winterston, chairman, Myron C. Taylor, vice chairman and James G. McDonald, chairman of the Advisory Committee are among those present.

January 1941.

Intergovernmental Committee meets at Guided Trujillo, Dominican Republic. Among those addressing the meeting are

COPY

- March 23, 1938. President Roosevelt inquires of the governments of refuge and settlement whether they would be willing to join the United States in setting up an Intergovernmental Committee which would seek to introduce order into the forced migration of political and religious refugees from central Europe.
- May 16, 1938. The President's Advisory Committee on Political Refugees holds its first meeting, the following being in attendance: James G. McDonald, Hamilton Fish Armstrong, Paul Baerwald, Joseph P. Chamberlain, Basil Harris, James M. Speers, and Rabbi Stephen S. Wise. Mr. McDonald heads this Committee.
- July 6, 1938. Representatives of thirty-three governments meet at Evian. The United States was represented by Myron C. Taylor, assisted by Robert Pell and George Brandt of the State Department.
- September 1938. George Rublee, takes up his duties in London as director of the Intergovernmental Committee set up at Evian. He was named to this post by the President, and continued as director until February 1939, when he was succeeded by Sir Herbert Emerson.
- October 17, 1939. Officers of Intergovernmental Committee meet at White House. Lord Winterton, chairman, Myron C. Taylor, vice chairman and James G. McDonald, chairman of the Advisory Committee are among those present.
- January 1941. Intergovernmental Committee meets at Ciudad Trujillo, Dominican Republic. Among those addressing the meeting are

- 2 -

George Warren, representing the  
Advisory Committee.

March 27, 1943.

The U. S. and British Governments  
agree to meet at Bermuda to consider  
the refugee problem.

April 19, 1943.

Bermuda conference opens. U. S.  
delegation consists of Harold Willis  
Dodds (president of Princeton  
University), Senator Scott Lucas (Ill.),  
Representative Sol Bloom (N.Y.), and  
R. Bordon Reams (State Department)

May 19, 1943.

Bermuda conference terminated. Details  
of determinations are considered con-  
fidential.

FEB 1, 1944

## MEMORANDUM FOR SECRETARY OF WAR STIMSON

Re: Making Funds Available to Refugees on Island of Rab.

I wish to preface my discussion by saying that in December the Joint Chiefs of Staff were approached at the instance of the Intergovernmental Committee on Refugees with a comprehensive project to rescue refugees from the Island of Rab. This plan would have necessitated direct assistance upon the part of the military authorities involving questions of transport, etc. On this basis the Commanding General in the North African Theater of Operations decided that the military situation did not permit the operation contemplated. However, since the proposal which I am about to make is entirely different and much simpler than that rejected by the Commanding General, and in view of our Government's policy with respect to refugees announced at the time of the establishment of the War Refugee Board, I recommend the following for your urgent consideration.

Information we have received indicates that there are presently some 1500 refugees, mostly Jewish, on the Island of Rab in the Adriatic off the Dalmatian coast. They apparently were taken there some time ago by Yugoslav Partisans after being freed from internment. The Island has changed hands several times, but it is understood to be again in the possession of the Partisans.

It is believed that many of such refugees might be able to hire boats to bring them to Italy if they had the necessary funds. Similar escapes apparently have been arranged by Yugoslav refugees now in Italy. Funds are available to the War Refugee Board, and probably also from private organizations for this purpose and, if possible, should be sent to these refugees as soon as possible.

As a method of accomplishing the foregoing, I suggest the following possibility. If means of communication exist between our armed forces and the Yugoslav Partisan leaders, it is suggested that you or the Theater Commander transmit a message to the latter requesting -

- 2 -

(a) that the Partisans furnish local currency to refugees on the Island of Rab so that the latter may by their own efforts arrange escape to Italy, it being understood that such expenditures will be reimbursed in U. S. dollars or in such other money as the Partisans request;

(b) That the Partisans, in the event they cannot furnish necessary local currency, aid the refugees in arranging escape by guaranteeing to the boat owners and other persons assisting in the escape that payment will be made to them by the American military authorities upon arrival of the refugees in Italy.

(c) That the Partisans keep the appropriate American military authorities advised of their operations in this field.

It will, of course, be necessary for the Theater Commander to make arrangements for payments in Italy in certain cases to persons bringing refugees there from the Island of Rab, and possibly for certain other financial transactions. It is also essential that the Theater Commander continue his policy of caring for any refugees who may be able to reach Italy as the result of their own efforts. Such other assistance as he may be able to give will, naturally, be extremely valuable. It may be made perfectly clear that the War Refugee Board assumes full financial responsibility for the expenses of evacuating the refugees from Rab and will reimburse all outlays.

If you think that the procedure indicated is feasible, I am sure that you will agree that it should be executed as promptly as possible in view of the uncertainty of the continued possession of the Island of Rab by the Partisans.

This has been cleared with Mr. Stettinius who is in agreement.

/s/ H. Morgenthau, Jr.

(Carried by Secret Service Agent)  
2-2-44

COPY

THE UNDER SECRETARY OF STATE  
WASHINGTON

February 1, 1944

Dear Mr. Secretary:

The Department has had under consideration and has discussed with the British a project for assisting Jewish and other refugees now located in France and Rumania. While these plans have not taken definite form, it is proposed that efforts be made to enable the persons in question to leave Rumania and France and be transferred to places of temporary residence in the colonies formerly occupied by the Italians. The Department has been informed that there are at the present time in North Africa partially abandoned cities where buildings and water supply exist and where food could presumably be supplied by the United Nations Relief and Rehabilitation Administration. This plan, to be successful, would, of course, require the close cooperation of the military authorities.

We were just on the point of communicating with the Joint Chiefs of Staff to obtain an expression of opinion from them regarding locations in North Africa which might be made available for this purpose and also as to whether there might be any valid military objections to such an undertaking.

In connection with this plan, the problem of transportation is, of course, an important one since refugees might arrive out of France into Spain or out of Rumania into Turkey in considerable numbers. We had also intended to raise with the Joint Chiefs of Staff the question of transportation to determine whether or not the military might be able to make shipping available for this purpose. Our experience would seem to indicate that complete dependence could not be

The Honorable  
Henry Morgenthau, Jr.,  
Secretary of the Treasury.

(Original to Mr. Friedman - 2/7/44)

-2-

placed on the utilization of neutral shipping for this purpose. As you know, neutral shipping has been used in the past especially from Portugal to African destinations, but it seems doubtful that a considerable volume of refugees could be handled through that means alone.

In view of the creation of the War Refugee Board, it would seem more appropriate to us that this proposal now be made by the Board to the Joint Chiefs of Staff, if the Board decided to pursue the project, particularly as the War Department is represented on the Board. Several members of our staff are quite familiar with the details of the preliminary discussions and studies which have taken place on this matter in the past and will, of course, be glad to confer with representatives of the Board on the matter.

With best wishes,

Sincerely yours,

/s/ E. R. Stettinius, Jr.

COPYDEPARTMENT OF STATE  
THE UNDER SECRETARY

February 1, 1944

Dear Mr. Pehle:

I am attaching herewith a copy of the telegram to the Embassy in London regarding the War Refugee Board which we discussed over the telephone yesterday.

/s/ HAYDEN RAYNOR

Hayden Raynor  
Special Assistant

U:IJ

COPY

TELEGRAM SENT

PLAIN

January 31, 1944

AMEMBASSY  
LONDON

774 - Thirty-first.

The following telegram is sent at the request of the President's War Refugee Board:

Refer to Department's cable 634 of January 25 concerning the President's Executive Order establishing the War Refugee Board and declaring the policy of this Government.

In discussing this matter with the British Foreign Office, you are requested to make it clear that the establishment of the War Refugee Board represents this Government's determination to effectively carry out without delay the policy heretofore agreed upon by the two Governments to take all possible measures for the speedy rescue and relief of the refugees of Europe.

Although this Government on its part intends to take all possible action with all possible speed, we hope that this effort will not be unilateral and we wish to make it clear that it continues to be the policy of this Government to encourage and participate in effective cooperative efforts with other governments.

As the President has stated, the Board of course will cooperate fully with the Intergovernmental Committee and other interested international organizations.

You are requested to make clear to the British Government the position of this Government and our desire for its cooperative action. You should explore with the appropriate officials of the Foreign Office the possibility of implementing such cooperation through the issuance by the British Government of a declaration of policy similar to that made by the President and the issuance by the Foreign Office of instructions to its representatives in other countries comparable to the instructions contained in the Department's telegram 634.

Please keep us informed of the attitude of the British on this matter.

U:HR

BC

HULL(ES)

2/1/44-

NAMES RECOMMENDED BY MR. PAUL BAERWALD

Cleveland Dodge, Phelps, Dodge & Co.

Frank Adetot, Princeton

Harry Fosdick

Paul Hoffman, Studebaker Company

Eric Johnston, U.S. Chamber of Commerce

Mr. Rublee

Earle Harrison, Commissioner of Immigration

Allan Warwell

Homer Folks

John Foster Dulles

Sosthenes Behn, International Telephone

Basil Harris

Herbert Stanley, International Nickel

NAMES RECOMMENDED BY DR. WISE

James D. MacDonald

Hamilton Fish Armstrong

Rufus Jones

Clarence Pickett

Frank Graham

John Pehle

NAMES RECOMMENDED BY MORRIS ERNST

Russell Leffingwell  
Stassen of Minnesota  
Bill O'Dwyer  
Frank Graham  
Raymond Gram Swing  
Walter Lippmann  
Learned Hand  
Sumner Pike  
Governor Edison  
Jerome Frank  
Charlie Poletti  
Henry Wallace  
Leon Henderson  
Bill Douglas

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Walter Lippmann  
Learned Hand  
Sumner Pike  
Governor Edison  
Jerome Frank  
Charlie Poletti  
Henry Wallace  
Leon Henderson  
Bill Douglas

TREASURY RECOMMENDATIONS

James Landis

Frank Graham

Wendell Wilkie

Harold Stassen

Sumner Welles

Lloyd K. Garrison

Leon Henderson

Joseph L. Davies

Eugene Meyer

Col. Charles Poletti

George Norris

Joseph Baldwin

Charles Edison

Clarence Dykstra

Charles Taft

Josephine Roche

Jonathan Daniels

Gov. M. S. Szymanski

William O. Douglas

James Gerard

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE FEB 1 1944

TO Secretary Morgenthau

FROM J. W. Pehle

I think you will want to look at the attached statement of Congressman Celler in which he comments at length on Breckinridge Long's testimony before the House Committee on Foreign Affairs.



**Entrance of Refugees Into the  
United States**

**SPEECH**

**OF**

**HON. EMANUEL CELLER**

**OF NEW YORK**

**IN THE HOUSE OF REPRESENTATIVES**

*Monday, January 24, 1944*

Mr. CELLER. Mr. Speaker, Mr. Breckenridge Long, Assistant Secretary of State, appeared before the House Foreign Affairs Committee on November 26, 1943, and testified concerning House Resolution 350 and House Resolution 362. His testimony has been printed, and in reading that testimony I find therein so many faults and errors with reference to the subject matter of the resolutions in question that I deem it incumbent to point them out and highlight them. They indicate a culpability that cannot go by unnoticed. They must be corrected, because they caused grave and erroneous impressions in the minds of the committee members, and false notions in the minds of the public generally. They seem to indicate not only a lack of appreciation of the subject matter of the resolutions but seem to indicate that the gentleman, in questions in his testimony, went pretty far afield in

his desire to bolster his forced and false conclusions. A little research would have told him of his blunders. He deserves condign criticism. It indicates that he is no longer entitled to hold sway over refugees and visas. For example, he said, in his testimony as it appears on page 32, as follows:

We have been interested in refugees, and I think there has been some indisposition on the part of some officers to accept a thought that the American Government ought to specialise and make it particularly direct that we are interested only in the Jews. We have felt from the start that we could not exclude their persons from our governmental and social activities.

On page 45 appears the following as Mr. Long's testimony:

The State Department's policy, I think, must be that we cannot exclude persons from our sympathy and our sympathetic attention if they are not Jews.

No one asked Mr. Long or anyone connected with the State Department to exclude non-Jews. I think it is degrading and shameful that an official of our administration should imply, much less aver, that we intend to withhold aid from non-Jews. We are in favor of aid to all persons, but beyond that, and not as a substitute, we want a special and an extraordinary aid concomitant with special and extraordinarily cruel treatment of Jews and all others threatened with death. No minority people are treated as cruelly as the Jew. All others are in a prison, but the Jew is in a death chamber. All others may with victory ultimately breathe free, but the Jew is in a charnel house—most of them already are in a sepulcher.

The gentleman from California [Mr. Rogers], who is present in the Chamber, has offered one of the aforesaid resolutions providing extraordinary treatments for those who are being extraordinarily and cruelly treated. It calls for the establishment of a special board appointed by the President to find havens and refuge for the victims of Nazi tyranny. The President in his wisdom Saturday last, by Executive directive, set up the War Refugee Board, similar to the authority the gentleman from California [Mr. Rogers] advocated, and the President stressed in an accompanying statement to his directive the very details that are embodied in the so-called Rogers resolution, and he asked directly and by inference that special treatment be accorded the Jews, who are being heinously tortured and pillaged and plundered by Hitler and his quislings.

Further, on page 23 of the testimony of Mr. Long we find the specific statement:

The point is made that the historic attitude of the United States in providing a haven to the oppressed has not been stopped. The State Department has kept the door open. It is perfectly screened. The door is open. \* \* \* There are vacancies on the list of quotas.

That is an astonishing statement and does not square with the facts. The "door is not open." It is as a tiny, a very tiny crack. For example, fewer immigrants entered during the past fiscal year than entered during the last 60

years. Not since 1863 have less immigrants come to our country. At a time when mass murders in Festung Europa were greatest, in 1943, when the doors of refuge should have been kept open, they were deliberately, practically closed. Only 5.9 percent of all immigrants admissible came in in that year. Nobody is asking for any change in the immigration statutes. We are asking changes in the impossible conditions and cruel, cold-blooded regulations that are laid down as to "screening" by the Department of State, and particularly by Mr. Long.

However, because of the richly deserved criticisms brought against Mr. Long, I am happy to state that those in authority in the Department of State are about to decree that Mr. Long shall no longer be in charge of refugees and visas. As proof positive of the blunder made by Mr. Long when he undertook to state what he thought was the attitude of the State Department with reference to refugees, we find a member of the Cabinet in a different Department, Mr. Biddle, the Attorney General, taking issue with him. Mr. Biddle emphatically and scorchingly took issue with Mr. Long. You can see how serious was the mischief. It is rare that a Cabinet officer challenges the statement of any Assistant Secretary. It is only done when a serious and dreadful error has been made.

Mr. Long has sought to give the impression that we had received in 10 years 580,000 immigrants and that most were Jewish refugees. The 580,000 mentioned by Long include visas authorized for quota, nonquota persons, and those in transit. Often a visa authorized is not issued. One issued is frequently not even used. Mr. Long, without even so much as "by your leave," bunched transients, visitors, and nonquota entrants and ordinary immigrants with refugees. He thus gave the impression that we gave sanctuary to 580,000. That was utterly false. Mr. Biddle explained that within the last 10 fiscal years the average number of quota and nonquota immigrants was only 26,647, although the annual quota was 153,774, and that in the year ending June 30, 1943, only 23,725 persons entered the country, 13,000 of them being nonquota. Mr. Biddle added:

During the same 10-year period the annual average number of persons emigrating from the United States was 24,000, leaving a net increase of 22,287 immigrants. Moreover, while in 1920 the aliens constituted 6.9 percent of the population in the United States, at the present time they comprise little more than 3 percent of the population.

In contrast to Mr. Long, Mr. Biddle gives facts, not fancy.

It is one thing for the Congress to pass acts with reference to immigration, and it is another thing for those in charge of the administration of the statute so to administer it as to deny the intent of Congress as embodied in the statute. Mr. Long, for example, set up all manner and kinds of conditions and restraints with reference to the applications for entering of immigrants, and among them he said that no one

shall be permitted entrance if the person intending to enter has relatives in Axis-controlled Europe, and he laid down as a condition precedent to entrance that the Interdepartmental Visa and Control Committee cannot permit entry if the intended immigrant has such a relative in Nazi-controlled Europe. The fact, that regulation cut off well-nigh 90 percent of all potential refugees from Europe. Be advised that most refugees have some relatives in Axis-controlled Europe. That regulation in and of itself cut down immigration to the bone. Mr. Long had the hardihood to say that he was still adhering to the historic attitude of the United States as a haven for the oppressed. Frankly, the Statue of Liberty in New York Harbor is supposed to hold up a light beside a golden door to welcome the tempest-tossed of all lands. If Mr. Long has his way, that light will have to be blotted out and the Statue of Liberty can no longer welcome in immigrants to this country.

Mr. Long ruled that the Interdepartmental Visa Control Committee could not give a reason for rejection of an application for a visa for a refugee. It takes months for applications to be acted upon. Five departments must report on each sponsor and each immigrant, whether the latter be in Europe or in this country or wherever he may be. The Departments involved are the State, War, Navy, and Justice Departments, and the F. B. I. Each Interdepartmental Visa Committee is composed of representatives from each of these five entities. It takes at least 6 months before the investigation is completed. A hearing is held. The sponsor for the immigrant or his lawyer appears and pleads. It takes months for a decision to be reached. Then no reason is given for a rejection of the application. If national security is involved, of course, no reason should be given, but if that is not in the case, why should not a reason for the turn-down be set forth so that, if possible, the causes of refusal of entrance might upon a renewed application be removed.

Further, no application can be renewed until 6 months have elapsed. If finally, in many instances the application, after all these vicissitudes, is granted, it is granted for a corpse. In every court a reason is given for an adverse decision. But before Mr. Long and his set-up everybody is kept in complete darkness. Furthermore, 50 percent of the judgments of the Interdepartmental Committees, the visa-control committees, have been reversed by the Presidential Board of Appeals, clearly indicating that in at least 50 percent of the cases which were controlled by Mr. Long, he was wrong, and that the application should have been granted and not turned down. These appeals consume more valuable time. Meanwhile Hitler's hangmen do not wait.

Mr. Long testified as follows, also on page 22:

Mr. Long, in December 1941 most neutral shipping disappeared from the seas. Prior to that there had been neutral shipping, and

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Some American ships have been running; but of that time there was practically nothing. There are today a few little Spanish and a few little Portuguese vessels which are coming in here, and the State Department continues to issue visas to refugees. We are issuing visas to the extent of about 100 a week.

Mr. MUMFORD. The limitation of 100 per week is now imposed by the shipping limitations rather than by any limitations of the State Department as to the number of visas available?

Mr. LONG. The movement of the people has stopped.

That statement does not square with the facts. Mr. Long is wrong when he says that visas were being issued to the extent of about 100 a week, which would make 400 a month. In truth and in fact, visas were issued at the rate of only about 200 a month. Now as to shipping space, or ships, Spanish and Portuguese vessels are now calling regularly at ports all along the Atlantic coast and there are many others. I went to the trouble of examining Lloyd's Register of Ships and I also have before me an excellent report of the World Jewish Congress, entitled "Neutral Shipping Facilities" by Avram A. Juditch, member of the Yugoslav Jewish Representative Committee. I gather, therefrom, that aside from ships coming from Argentina and to the United States and going from the United States to the Argentine, and the same with Chile, I find that there were 25 passenger ships of various tonnages available, plying across the Atlantic between the United States and Spain, 16 Swedish ships, 11 Portuguese ships, and 12 Turkish ships. Those ships could have carried thousands of refugees into the United States if they were otherwise admissible, so that when Mr. Long says there was no shipping space, he does not know what he is talking about or deliberately did not deal with the truth. In either of which events it is a sad commentary on affairs as conducted by Mr. Long as head of the Visa and Refugee Division of the State Department. That is not all. I went to the trouble of examining Lloyd's Register of Shipping with reference to cargo ships. Mr. Juditch likewise presents interesting data on cargo ships. The ships that I spoke of before, 16 Swedish ships, the 25 Spanish ships, and the 11 Portuguese ships, were passenger-bearing vessels. There were several hundred cargo vessels that were plying the Atlantic during the time in question, owned by Argentina, Chile, Portugal, Spain, Sweden, Switzerland, and Turkey—a veritable bridge of ships in the registry of neutral countries, and those intended immigrants would have been only too happy to sleep even on a board on a cargo vessel. Many cargo vessels carry passengers or can be made to do so. So that there could have been thousands more of refugees brought into this fair land of ours, even on cargo ships. The Long attitude said "No." The Long gates are down. The Long door is closed.

Remember this is the same Mr. Long who called the Italian conquest of Ethiopia, "the fruitable harvest of Mussolini enterprise."

STATEMENT BY THE COMMISSION ON RESCUE OF THE AMERICAN JEWISH CONFERENCE

In presenting statistics on the number of refugees admitted into the United States, Mr. Long gave the State Department's total—580,000 in a 10-year period—of visas issued, quotas, nonquotas, and even transit. Let us dwell a bit, again, on these figures. I must set the record completely straight.

To whom were these visas issued? Mr. Long's testimony tended to create the erroneous impression that all 580,000 were Jews. Of the 580,000 visas issued, only 478,980 were used by immigrants. Of the latter, about 260,000 were refugees from Hitlerism, and not all of them were Jews. Furthermore, it should be pointed out that during the same period, 87,634 aliens were deported from this country, thus reducing further the total number of immigrants accrued in the 10 years under consideration.

The official figures of the Immigration and Naturalization Service reveal that in the period between January 1, 1933, and June 30, 1943, the number of Jews who came in under national quotas totaled 166,843. The total number of Jews admitted on emergency visas was 43,089, but some of these were included in the 166,843, since they later reentered under the national quotas. These totals include Jewish immigrants from all over the world, some of whom were not refugees from Hitler.

The restrictions on immigration imposed by the State Department are a definite hindrance to the rescue program. In the past year, only 8.9 percent of the immigrants permitted under the quota law were admitted. This is due, in part to the elaborate "screening" process established by the State Department. We agree that every precaution must be taken in the interests of security to prevent the admission of enemy agents, but existing procedure is needlessly cumbersome. In other countries refugees are admitted, interned, and released after complete investigation. A harsh and unjustifiable rule of the Visa Division weighs very heavily against the admission of persons with near relatives in Axis Europe. This serves to bar admission to many people in need of a haven.

Mr. Long has released the text of the mandate of the Intergovernmental Committee now functioning in London, and declared that according to this mandate, the Committee was given "plenary authority to do whatever they can within and without Germany and the occupied territories." This statement has been widely interpreted to mean that the Committee is empowered to deal with all phases of the problem of rescue, including direct negotiations with Germany for the release of Jews and other persecuted peoples.

But Mr. Long's interpretation has now been termed "absolutely incorrect" by the headquarters of the Intergovernmental Committee in London, according to cable dispatches. Patrick Malin, American vice-director of the Intergovernmental Committee, denied that the Committee mandate can be interpreted to mean, as Mr. Long said, that the Intergovernmental Committee has been given "the authority to do whatever it can within and without Germany and the occupied territories." Mr. Malin pointed out that the mandate was assigned specifically with respect to persons and not countries.

In view of these contradictory interpretations, we urge immediate clarification of the situation. Confusion and conflict of opinion at this late date are inexcusable.

The failure to rescue Jews from the Balkan countries was not attributable entirely to the opposition of the Nazis, as Mr. Long's testimony has indicated. It is known that red tape and delay on the part of the British authorities were responsible for the fact that full advantage was not taken of all the opportunities presented.

Mr. Speaker, at this point I desire to offer the Aide-Memoire of the American Jewish Conference, which I adverted to heretofore, and for which I have received unanimous consent to include in the Record as my own remarks:

AMERICAN JEWISH CONFERENCE—RESEARCH DEPARTMENT—AIDE-MEMOIRE ON JEWISH REFUGEES, 1933-43

CONTENTS

I. Displacement of Jewish population in Europe

What happened to the 5,280,000 Jews who in September 1939 lived in the countries now dominated by the Axis? Refugees, evacuees, and deportees. Countries of immigration which admitted refugees and evacuees. Countries to which Jews have been deported by the Nazis.

II. Jewish immigration into the United States

General immigration, quota and non-quota. Jewish immigration, number of refugees. Unfilled quotas. Emigration from the United States. Ratio of Jewish immigrants to Jewish population.

III. United States visa procedure in wartime

Application for visas (Form BC). Consideration of applications by Government agencies. Criteria for admission of aliens in wartime. Preparation of application. Primary committee. Advisory approval, period of validity. Review of application by inter-departmental visa review committee. Board of appeals. Application of aliens of enemy nationality. Suspended cases. Quota year.

IV. Comments on visa procedure

Filing of application often delayed on account of difficulty in obtaining information from applicant abroad. Latest changes in BC form complicate procedure. "Hostage angle" handicaps approval. Occupational experience interpreted as "useful to war effort." Applicants from Spain and Portugal have to account for the manner in which they reached those countries. Refugees not in "acute danger" denied visas. Internees in camps cannot obtain visa unless they reach consulate, but cannot be freed unless they obtain visa.

AMERICAN JEWISH CONFERENCE—AIDE-MEMOIRE ON JEWISH REFUGEES, 1933-1943

I. DISPLACEMENT OF THE JEWISH POPULATION IN EUROPE

Since the advent of Hitler in 1933, and particularly since the outbreak of war in 1939, the Jewish population in every European country has been displaced from its original habitation by voluntary emigration, evacuation, or deportation. For purposes of our present analysis, all those who have escaped the Nazi dominated and occupied countries, are classified as refugees (including evacuees); all others are deportees. The latter category embraces those who have been deported from one country to another (in Nazi Europe) or from one place to another within the limits of the same country. It should further be noted that the classification of "refugees" does not include the Jewish immigrants from eastern Europe or other countries prior to the Nazi occupation of those countries.

The following table gives the country of origin of refugees and deportees:

TABLE I.—Jewish refugees and deportees, 1933-43, classified by category and country of origin<sup>1</sup>

Country	Refugees (including evacuees)	Deportees		Total
		From one country to another	Within the limits of the same country	
All countries.....	2,291,000	865,000	2,305,000	5,261,000
Poland.....	835,000		2,000,000	2,835,000
Union of Soviet Socialist Republics.....	1,200,000			1,200,000
Germany.....	285,000	105,000		445,000
Austria.....	100,000	20,000		120,000
Rumania.....	100,000	185,000		285,000
France.....	30,000	70,000	100,000	200,000
Protectorate.....	25,000	20,000	40,000	85,000
Slovakia.....	10,000	60,000	20,000	90,000
Lithuania.....	10,000		30,000	40,000
Latvia.....	15,000		15,000	30,000
Belgium.....	25,000	80,000		105,000
Holland.....	5,000	25,000		30,000
Yugoslavia.....	3,000	10,000		13,000
Greece.....	3,000	10,000		13,000
Bulgaria.....		10,000		10,000
Other European countries.....	20,000	5,000		25,000

<sup>1</sup> From Jewish Refugee, by Kurt R. Grossman and Arich Tarkatower (in manuscript) to be published by the Institute of Jewish Affairs, American and World Jewish Congress, ch. X, table I.

It appears from this table that 5,261,000 Jews, out of a total of 8,250,000 Jewish population in the same area in 1939, have been uprooted from their original homes. The refugees who escaped Nazi dominated and occupied European countries have found their way to various parts of the world to countries of immigration overseas, to the interior of U. S. S. R. and to neutral countries in Europe.

The following table gives the distribution of these refugees (and evacuees) in the various free countries:

TABLE II.—Jewish refugees, 1933-43, classified by country of immigration (and asylum)

All countries.....	2,421,000
U. S. S. R.....	1,800,000
United States.....	190,000
Palestine.....	120,000
England.....	65,000
Switzerland.....	16,000
Spain.....	12,000
Argentina.....	50,000
Brazil.....	25,000
Chile.....	14,000
Bolivia.....	12,000
Uruguay.....	7,000
Other Latin American countries.....	20,000
China.....	25,000
South Africa.....	8,000
Australia.....	9,000
Canada.....	8,000
Other countries.....	40,000

<sup>1</sup> Tables II and III are compiled on the basis of data in Jewish Refugee, ch. X.

<sup>2</sup> It is estimated that only some 2,500 Jewish refugees have remained in Spain, as of Jan. 12, 1944 (JTA News Jan. 13, 1944).

The number of Jewish refugees in the U. S. S. R. comprises 1,200,000 Soviet citizens of White Russia, the Ukraine, and parts of other previously occupied territories, and 900,000 from eastern Poland and the Baltic States which were occupied by the Red Army in 1939. Those refugees were evacuated by the Soviet authorities into the interiors of Asiatic Russia.

The number of refugees admitted to the United States (190,000) is calculated on the basis of the total Jewish immigration to this country less that which came from Canada, Poland, Rumania, Lithuania, and Hungary

prior to the war. (The figure 190,000 includes some 20,000 nonimmigrants who came in on temporary visas, as visitors, etc.)

The number of refugees who entered Palestine (190,000) is only part of the total Jewish immigration into that country during the same period, which was about 300,000.

Sweden should be added as a country of refuge, as it is giving asylum now to some 12,000 Jewish refugees from Denmark and other parts of Europe.

In Portugal many Jewish refugees are in transit, leaving there some 600 to 800 at a time.

Hungary has recently admitted several thousand Jewish refugees who escaped from Poland through the "underground."

TABLE III.—Jewish deportees (including refugees trapped in occupied territories), according to country of deportation (including deportees within the limits of their own country)

All countries.....	2,840,000
Poland.....	2,600,000
Occupied Soviet territory.....	150,000
France.....	50,000
Belgium.....	30,000
Holland.....	35,000
Other European countries.....	70,000

<sup>1</sup> This figure is indeterminate, as it may vary in tens of thousands.

With the exception of Poland and the occupied parts of the U. S. S. R., to which deportees from all countries were taken, the countries mentioned in this table harbored refugees from central, eastern, and western Europe who were trapped by the Nazi occupation.

II. JEWISH IMMIGRATION INTO THE UNITED STATES, 1933-43<sup>1</sup>

1. General immigration

The total number of alien immigrants entering this country from June 30, 1933, to June 30, 1943 (10 years) was 478,930. Of these, 292,883 were quota immigrants. The total quota for the same period was 1,537,740. This means that less than one-fifth of the quota was actually admitted to this country. (Quota immigrants are classified according to country of birth.) It should be pointed out, that of the total annual quota allotted to all countries, 55 percent is allocated to Great Britain, Northern Ireland, and the Irish Free State, and about 16 percent to Germany and Austria. Poland receives 4 percent; Italy, 3.7 percent; France and Sweden, 2.1 percent each; the other countries, 1 percent or less each.

2. Jewish immigration

The total number of Jewish immigrants entering the United States during the same 10-year period was 183,786. To this may be added 43,089 nonimmigrants who were admitted on temporary visas. (Some of these nonimmigrants changed their status as immigrants after reentering the country on permanent visas.) Out of this total of 206,875, about 190,000 were refugees. (See previous section, table II and explanation.)

3. Unfilled quotas

Unfilled quotas for all countries in the past 10 years totaled 1,244,858. Unfilled quotas during the same period for 30 countries now Axis dominated or occupied, totaled 341,567.

From June 1933 to June 1939, when emigration from Germany and Austria was still possible on a large scale, the United States admitted from those countries only 78,000 quota immigrants (of which 53,550 were Jews), i. e., less than half of the admissible quota. The admissible quota for the same

<sup>1</sup> Sources: Jewish Refugee; National Refugee Service; Interpreter releases, published by Common Council for American Unity.

period for Germany and Austria was 270,000 per year, or a total of 164,220 for the 6-year period.

In 1943, the total quota immigration into the United States was 9,045, or 4.9 percent of an admissible quota of 183,774. Even counting all immigrants—quota and nonquota—admitted to this country in 1943, the total was only 23,735, which was the lowest number since 1932.

4. Emigration from the United States

During the same period (1933-34) 240,000 legal alien residents of the United States left the country. Of these, 2,161 were Jews. Thus, the total net immigration (quota and nonquota) to this country for the past 10 years was 222,625, while the net Jewish immigration (immigrants and nonimmigrants) was 206,884.

5. Ratio of Jewish immigrants to Jewish population<sup>2</sup>

The Jewish immigrants who entered the United States in the past decade (206,884) constituted only 4.1 percent of the Jewish population in this country (estimated at 5,000,000) and about 2.5 percent of the Jewish population (8,250,000) that lived in 1939 in the European countries of emigration, now dominated by the Axis. Compared with other countries of immigration and refuge, this is the lowest ratio. England, for example, having admitted 85,000 Jewish refugees, increased its Jewish population by 1.5 percent. Similarly, the 16,000 Jewish refugees in Switzerland constitute 8.8 percent of the local Jewish population; in Argentina, 23.2 percent; Australia, 37.5 percent; South Africa, 8.8 percent; Canada, 5.2 percent.

The following table presents an analysis of the annual quota for each country of emigration, the number of quota immigrants admitted to the United States, and the number of registered applicants for visas.

TABLE IV.—General and Jewish quota immigration into the United States, June 30, 1933-June 30, 1943

SELECTED COUNTRIES NOW UNDER AXIS DOMINATION

Country of birth	10-year quota	Total general, 1933-43	Total Jewish, 1933-43	Registered applicants of June 30, 1943
All countries.....	1,537,740	292,883	165,786	10,000
Total 30 countries.....	471,070	220,503	140,211	40,000
Belgium.....	12,040	2,488	1,471	1,000
Bulgaria.....	1,000	516		
Czechoslovakia.....	26,740	12,549	7,059	
Denmark.....	1,000	523		
Denmark.....	11,610	1,969	56	
Estonia.....	1,100	461		
France.....	20,880	7,409	2,000	
Germany.....	280,370	121,454	97,321	20,000
Austria.....	14,130	1,848		
Greece.....	3,070	3,051	117	
Hungary.....	6,680	6,374	4,117	
Italy.....	22,090	21,149	953	
Latvia.....	3,360	1,170		
Lithuania.....	3,860	2,317	1,556	
Luxemburg.....	1,000	300		
Netherlands.....	31,230	4,541	1,480	
Norway.....	23,770	2,979	31	
Poland.....	65,360	30,131	27,741	
Rumania.....	3,770	3,310	2,719	
Yugoslavia.....	8,420	3,931	433	
Other countries, Jewish immigration, 1931.				

<sup>1</sup> Source: Releases of the Immigration and Naturalization Service, U. S. Department of Justice. (Data furnished supplied by the National Refugee Service.)

<sup>2</sup> Includes quota and nonquota alien immigrants (of country of birth).

<sup>3</sup> Registered applicants for visas at the United States consulates abroad. Information supplied by the United States Consular Service reports.

<sup>4</sup> Source: Jewish Refugee, ch. X, table I.

III. UNITED STATES VISA PROCEDURE IN WAR TIME<sup>1</sup>

## (a) Application for visas

Alien applicants desiring visas to the United States—whether for permanent immigration, preference quota, temporary, or transit—must have BC forms filed in their behalf with the Visa Division of the United States Department in Washington, D. C.

Form BC, issued by the Visa Division (second revision, July 1, 1943), is 50 inches in length (four legal-size sheets printed on both sides) and contains all questions pertinent to information required by the State Department regarding the alien applicant.

(There are some categories of aliens for whom no BC form may be required, such as native-born citizens of independent countries of the Western Hemisphere, British native-born subjects, citizens of Canada or Newfoundland, persons entitled to nonquota status except enemy aliens, etc.)

Part B of Form BC is to be filled out by the alien applicant or by an American sponsor who is most familiar with his personal history and background. Each applicant over 18 years of age must fill out a separate form (B). Part C is to be filled out by the financial sponsor. Each alien must have two sponsors. If the sponsors, or the alien applicant (if he happens to be in this country), wish to appear for a hearing before the Interdepartmental Visa Review Committee, they must file an application for such a hearing (Form IVRO-1) together with the BC form. Witnesses (may be citizens or aliens) who know the applicant's life history may also appear for a hearing, upon filing a notice of appearance at the same time as the sponsors.

## (b) Administrative procedure in the Visa Division

## 1. Consideration of Applications by Four Bodies Possible

Under the authority vested in the Secretary of State by the President's proclamation of November 14, 1941, restricting entry into and departure from the United States of all persons, the Visa Division has set up a series of steps by which applications of aliens are given careful consideration and review, to insure the interests of the United States during this national emergency.

Applications may be considered by four instances: First by a primary committee, next by an interdepartmental visa review committee, then by the board of appeals, and last by the Secretary of State, who has final authority.

## 2. Criteria for Admission of Aliens in Wartime

Among the classes of aliens deemed prejudicial to public interest, there is one group of aliens having close relatives in enemy countries. It is considered that since the relatives are kept as hostages by the enemy, the alien immigrant might be forced to engage in activities in the United States of America which might be detrimental to our country. However, the regulations make it clear that this factor is to be considered along with other evidence and should not be cause for denial to enter.

Emphasis is now placed on the probability of the alien being of benefit to our country, especially in defense work.

Close relatives—parents, husband, wife, children—in this country are also considered as factors favorable for admission of aliens, since the reunion of families is regarded as beneficial to the morale of the American citizens, or residents, involved.

<sup>1</sup> According to Interpreter Releases, published by Common Council for American Unity, volume XX, No. 40, October 29, 1943. A Summary of Visa Procedure in Wartime, by Cecilia Rasovsky Davidson.

## 3. Preparation of Application for Primary Committee

Form BC must be filed in six copies with the Visa Division of the State Department. After ascertaining the sponsor's financial adequacy, a copy of the form is sent to the investigating agencies: The Immigration and Naturalization Service, F. B. I., Military Intelligence, Naval Intelligence, and the State Department. It usually takes from 3 to 6 weeks for the reports to come from these agencies. An examiner then prepares the material for the Interdepartmental Visa Committee, known also as the Primary Committee.

## 4. Action by the Primary Committee

The Primary Committee consists of one representative from each of the departments mentioned in the preceding paragraph. If the case is approved—i. e., advisory approval is granted—it is forwarded to the consul abroad for action. If the consul—who has final decision in granting a visa—is satisfied as to the applicant's eligibility, he requests a quota number from the State Department in Washington. The latter cables a quota number, or sends it air mail, if one is available. If the consul disapproves, the case is referred back by him to the State Department for further consideration.

## 5. Period of Validity of Advisory Approval

An advisory approval is valid for 6 months. If the applicant did not obtain his visa by that time, for whatever reason, the sponsor has to apply for an extension, indicating his continued interest in the applicant and ability to support him.

## 6. Interdepartmental Visa Review Committee

This committee, consisting of representatives of the same departments as those of the Primary Committee, reviews the cases of applicants rejected by the Primary Committee. It conducts hearings, at which the sponsors or/and other witnesses may appear. The decision is made on the basis of the information in the record and the testimony of the witness. If this committee disapproves the case, it goes automatically to the Board of Appeals. (No appeal to the Board is necessary.)

## 7. President's Board of Appeals

The Board of Appeals consists of two members appointed by the President, who are not supposed to represent any branch or agency of the Government. Their decision is based on the evidence of the record and witness submitted by the previous two committees. The board may ask these committees for additional investigation and data. The approval of the Board may be reversed by the Secretary of State, who has final authority. If the application is denied by the Board of Appeals, it may be renewed by the same or different sponsors after 6 months. The entire original procedure has to be started over again, as if it were a new case.

## 8. Applications of Aliens of Enemy Nationality

All applications for aliens of enemy nationality, whether natives, citizens, subjects, or denizens of enemy countries, must be considered by the Primary Committee, the Interdepartmental Visa Review Committee, and even if approved by these two bodies, they must also be considered by the Board of Appeals. (Enemy countries are Germany, Italy, Japan, Bulgaria, Hungary, and Rumania.)

## 9. Suspended Cases

Visa applications of aliens now residing in enemy territory—where there is no American

<sup>1</sup> Italy, having been recognized by the United States of America, Great Britain, and Soviet Russia, as a cobelligerent, is no longer regarded as an enemy alien for purposes of selective service in this country. However, the State Department has not yet issued any statement with regard to immigration from Italy.

consular service—are held in suspense in the State Department or at American consulates abroad. After the territories are freed the applications will have to be renewed. If, however, the applicant can reach an American consul before the 6 months of validity expire, he may obtain his visa.

## 10. Annual Quota

The annual quota for a given country extends only for 1 fiscal year and may not be carried over to a succeeding year. If an applicant who has received a visa, having been assigned a quota number, is unable to sail within the fiscal year of his quota number, he forfeits his visa and has to apply to the consul for a new one. It should be noted that the quota number is assigned to the applicant upon the issuance of the visa.

IV. COMMENTS ON VISA PROCEDURE<sup>2</sup>

## 1. Filing of application

Since the BC form must be filed with the Visa Division in Washington (and not with the consulate abroad), much precious time may be lost in obtaining the necessary information from an alien applicant who is abroad. Very often the American sponsor who files the application is not familiar with the numerous details of the alien's life history required to be filled out in form BC. In some cases, due to communication difficulties, such information may never be obtained.

2. Changes in Form BC (made July 1, 1943)<sup>3</sup>

When the BC form was revised by the State Department on July 1, 1943, the following important changes were made, which complicate the procedure:

(a) The question (No. 15, part B) as to the applicant's "places of previous residence (city and country)" requires "giving approximate dates since age of 14 years." In the former BC form only a 10-year period was required.

(b) The sponsor must now indicate his occupation and his residence for the past 10 years instead of 5 years. The sponsor is required to give more specific information in regard to his American citizenship and must answer questions (Nos. 25 to 28, part B) about his own political thinking and attachment to the United States Constitution.

## 3. Hostage angle

Section 7 of this application deals with "close relatives in countries other than the United States." This section has proved to be a serious handicap in the consideration of many cases because the Visa Division still takes into consideration the so-called hostage clause. This means that the applications of people who have relatives in any one of the Nazi-occupied countries are usually refused. Quite frequently this is the only cause for refusal.

## 4. Occupational experience

Question No. 9 (part B) dealing with "occupational experience" is frequently interpreted by the Visa Division as requiring such occupational experience as may be regarded "useful to the war effort of the United States." Such an interpretation is, of course, not professed publicly, but numerous inquiries along these lines lead to the conclusion that this is a criterion frequently employed in determining the fitness of an applicant for admission into the country. It serves to disqualify many applicants who are either professionals or have been merchants in Europe.

## 5. Refugees in Spain and Portugal

There was a time when applications submitted on behalf of people in Spain and Portugal were given preferred consideration. This policy has changed completely in the

<sup>2</sup> Source: American Jewish Congress.

<sup>3</sup> Source: National Refugee Service.

past 3 months. Relatives who now appear at hearings before the Interdepartmental Visa Review Committee are now questioned in detail as to "how the applicants got to Spain," although members of the committee know what is common knowledge to everybody—that these people succeeded in getting into Spain from France by escaping over the Pyrenees. In this connection another question put by the committee is with regard to the applicant's stay in Spain. Again it is common knowledge that people who escape into Spain are arrested and interned at Camp Miranda or put into prisons. Many of them are released afterward as the result of persistent efforts on the part of friendly governments and private relief organizations. Nevertheless, the committee insists on asking the sponsors details concerning the release of the applicant. Inevitably most of these questions must go unanswered, since the people who appear at the hearings usually know nothing or very little about the efforts in Spain. The failure, however, to answer these questions produces an unfavorable impression on the committee, resulting very often in a refusal of the application.

*6. Refugees not in "acute danger"*

Two other considerations militate against the granting of visas. The first is a criterion entitled "Not Being in Acute Danger." This applies to people in such countries as Spain, Portugal, Tangier, Jamaica, Cuba, and other Latin-American countries. It is, of course, true that such people may not be in danger of extermination. Many of them, however, have relatives in the United States whom they naturally wish to join, or generally are anxious to begin life anew in America as contrasted with the rather hopeless existence that most of them lead in places like Jamaica, Tangier, etc. In most instances these people have no possibility of earning a living in these places, since many of them are detained in camps. Furthermore, if these refugees could leave for the United States, they would make room in these places for others to come in, yet their applications for visas are in most cases refused.

*7. Internees cannot reach consulates*

The second consideration is that the Department of State refuses to consider visa applications for refugees who are interned in camps in Mauritius, Cyprus, etc., which are under British rule. The attitude of the Visa Division is that it cannot act on these applications so long as these people are not released unconditionally from their internment so that they may appear at the consulates in person. On the other hand, the British Government will not release these people unless they show valid visas for another country. The result is a vicious circle. It should be noted that the Jewish refugees in Mauritius were deported there in 1940, after they had tried to enter Palestine without certificates. Many of them have families in the United States who are anxious to bring them to this country. To date their applications have not been acted upon for the reasons indicated.

February 1, 1944  
3:30 p.m.

TAX BILL

Present: Mr. Bell  
Mr. Paul  
Mr. Surrey  
Mr. Gaston  
Mr. Smith  
Mr. Sullivan  
Mr. White  
Mrs. Klotz

MR. PAUL: The heading of the discussion is Incentive Taxation.

H.M.JR: The forty-five in your room - this has nothing to do with this meeting, but it is very annoying - George McAneny is an old friend of mine from New York.

MR. PAUL: Did he come in to see you? I have got a report on my desk. I heard he was coming. Sammy Klaus has been working on it.

H.M.JR: Well, the form in which he did it - "Hereby under Section 101, retroactive for three years" - is this America or some other place? Don't we even get a chance to be told why? I thought it was the most high-handed thing I ever heard of. He says most of the money comes from the Rosenwald Foundation. No excuse - no reason.

MR. PAUL: I have got the report why they did it. I didn't know how they did it.

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H.M.JR: I told Graves if this is the way it goes out, it has to stop. This idea - "Hereby it is revoked" - edict from Hitler.

MR. PAUL: Well, that is true of a great many.

MR. SULLIVAN: I wish I had known about it. Have you (Paul) been talking about this?

MR. PAUL: No, I just heard it two or three days ago. Sammy Klaus has been working on it. He told me McAneny was coming in to see you. I told him to give me a report.

H.M.JR: McAneny didn't tell me what it was.

MR. PAUL: It is in connection with some of their propaganda activities - German.

H.M.JR: It is no way, John, to send out a notice.

MR. SULLIVAN: You can't argue with me about ~~that~~.

H.M.JR: You inquire about it, will you?

MR. SULLIVAN: Certainly.

H.M.JR: Let's say it is a good organization; let's say it is all right. Well, then, you know--

MR. SULLIVAN: Even if it is a bad organization, that is not the way the notice should come out.

H.M.JR: Can you make it retroactive for three years?

MR. PAUL: Make it retroactive for all the years for which they weren't truly interpreted.

H.M.JR: It smells like Sammy Klaus. He is one of the most high-handed people we have around here.

MR. PAUL: Who is?

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H.M.JR: Klaus.

MR. PAUL: I agree with you. Afraid to let him loose.

MR. SULLIVAN: Have you been able to keep him locked up?

MR. PAUL: Awfully hard to keep him locked up.

H.M.JR: Now, Mr. Paul, will you tell me the good and the bad? We will start with renegotiation, and then the rest of the tax bill, because this will be my last chance. I hope to make up my mind and give advice to you people whether I recommend to the President whether he sign or veto it.

One thing, please, for the record. Mr. Byrnes called me up this morning and said he had not been able to contact LaFollette yesterday. He wanted to let me know that.

MR. PAUL: Something strange happened. There is a rumor up there on the Hill that he did.

H.M.JR: Why should he call me up this morning to say, "I just don't want you to think I was rude not to call you back, but I was not able to reach LaFollette." I can't see why he should do that.

MR. PAUL: I don't, either.

H.M.JR: Because being successful, I should think he would want it known he had contacted LaFollette. Byrnes doesn't usually push his bushel under a light!

MR. PAUL: Under a candle, isn't it?

Let me say first that the total revenue increase under the bill over present law is two billion one hundred ninety-four million, for a full year of operation.

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That is the total increase from which certain items have to be deducted. That is increased taxes over present law, imposed after taking account of a number of decreases, but not after taking account of Social Security, and not taking account of certain relief provisions which are not in that total. I will come to them in a minute.

You asked for the renegotiation changes first. I think we can dispose of that very quickly by saying that there is very little left in the bill on the renegotiation front that is objectionable. There was a very decided reversal of all trends yesterday afternoon.

There are two or three things that are decidedly objectionable on that front, the principal among them is the cut-off date under which the renegotiation expires December 31, 1944, with the power in the President to extend for six months. That is very objectionable and the President has discussed it specifically with Byrnes. Byrnes told me he objects to it. It is bad according to Patterson, among other things, for the reason that Patterson says that beginning a few months before the final date of expiration, contractors will stall so as to get their contracts in after the period so they won't be renegotiable.

It is objectionable from one standpoint because it is simply impossible to defend, as long as the war goes on, at least; the profit that is excessive on one date is excessive on another date.

H.M.JR: But it reads so that if I sign a contract with the Government on December 31 of 1944 - can they renegotiate that contract?

MR. PAUL: Yes, but not if it is on January 2. Of course, the President has the six months power to extend.

H.M.JR: But at one time it was only renegotiable for business done through the calendar year.

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MR. GASTON: This is business done and not contract signed.

MR. PAUL: They finally fixed that.

MR. SURREY: No, it is the profits earned prior to the cut-off date.

MR. GASTON: Earned prior to the cut-off date. No relation to signing of contract, then.

H.M.JR: Let me ask my question again. Paul answered one way and you another.

MR. GASTON: That makes Patterson's objection have more reason, the way Stanley states it.

H.M.JR: If I sign a contract on December 31, 1944, for business which will be done in 1945--

MR. PAUL: Nothing earned under that contract.

H.M.JR: It is only stuff earned up to the cut-off date, is that right, unless the President extends it?

MR. SURREY: That is right.

MR. PAUL: He can extend it for only six months.

H.M.JR: That isn't so good.

MR. GASTON: The real substantial objection is what Patterson said, that they will stall work.

MR. PAUL: That is the worst thing left in renegotiation.

Now, the worst from the standpoint of taxes - oh, one more thing about renegotiation, which is not so objectionable as it was for awhile: Contractors may have a hearing before the Tax Court. We opposed that and lost in the House and won in the Senate. The reason

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I say it is not so important now is because they did not put in the provision permitting a review of all the closed cases of which there are about eight thousand. They just make that--

H.M.JR: That is finished. They can't reopen those.

MR. PAUL: Can't reopen those. That is one of the things that happened yesterday.

H.M.JR: Does this thing apply before or after taxes?

MR. PAUL: They changed that. It is now the way we wanted it; it applies after taxes.

MR. BELL: It goes to the Tax Court instead of Court of Claims.

MR. PAUL: It goes before taxes; after taxes is what we objected to. We didn't want to make it a super excess profits tax.

H.M.JR: Which is it now, before or after?

MR. PAUL: You get renegotiated before taxes, and then the tax follows.

MR. BELL: What is left.

MR. PAUL: Yes.

MR. BELL: Did we object to its going through the Tax Court at all?

MR. PAUL: Our objection was based on the House bill which gave the right--

MR. BELL: To reopen?

MR. PAUL: Yes.

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MR. GASTON: Now only renegotiation cases can go to the Tax Court if the contractor wants to take it there?

MR. PAUL: But not the cases which have been voluntarily closed.

MR. GASTON: No, but only cases they undertake to renegotiate a man and he doesn't like it - he can go to the Tax Court. And he wouldn't like it in any case - he will go to the Tax Court.

H.M.JR: But you do your renegotiation first and when that is settled you pay your taxes on what is left.

MR. PAUL: Yes. You may not do it first in point of time, but the impact is first of renegotiation. You reduce the profits first by renegotiation, then you impose a tax on the reduced amount. That was one of the things they changed yesterday. They had a provision that we must in renegotiating take into consideration estimated tax liabilities.

H.M.JR: But none of our people were in the room so we don't really know what happened?

MR. PAUL: You mean politically? We know the results but we don't know what moved them.

MR. SURREY: Nobody was in the room.

MR. PAUL: Not even the clerk.

MR. SULLIVAN: Now, the practical result of this, Randolph, is that the renegotiation boards can't be so tough. The contractor will always say, "Well, if instead of taking back two hundred thousand, you only take back one hundred and fifty, I will settle; otherwise, I will go to the Tax Court.

MR. GASTON: Court of Claims, isn't it?

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MR. PAUL: Yes, back to the Tax Court. That is right, John.

MR. SULLIVAN: Of course, your next three or four months will show how dangerous that is.

MR. PAUL: Yes, there isn't any excuse for it. However, they did wipe out a number of objectionable amendments such as the exemption of standard commercial articles, such as the exemption which persisted up right to the end for a certain machine tool people. They put in some office-supply exemption which is perfectly innoxious, Patterson says.

Now, on the tax front, a great many of the most objectionable provisions were eliminated at the last moment, particularly a hand-out to the railroads, which were going to be permitted to deduct losses on securities they bought back before 1920, and which have now gone way down in value. They were going to charge those losses, in effect, to the Government - ninety-five percent. That was a lot of money. It was five hundred million to seven hundred million dollars loss of revenue.

They cut out another provision to which we had violent objection, that losses sustained in the period from '38 to '42 should be ordinary losses. That meant a lot of money. That was what Ballantine was backing.

They cut out a provision which gave special depletion treatment, increasing the income on which the percentage depletion was computed to mining companies where they were integrated like U.S. Steel. They cut that out by limiting the relief to gold and quicksilver.

However, there remain a number of provisions in the bill for which there is no excuse. One of the principal ones from the standpoint of revenue is a provision permitting companies reorganized in insolvency, bankruptcy proceedings, to have a basis - to have invested capital and the depreciation basis of the old company which failed, although that capital was created by stockholder

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who were wiped out in the bankruptcy. And the company goes to the bondholders, and the bondholders, in many cases, just bought up the bonds on the speculative bond market. They had that provision until the very end, going back to 1940. At the end they got scared and made it begin in 1943, after December 31, 1942. The total loss on that provision is eighty-four million a year - fifty million for back years.

They have a provision permitting people who cut timber in an ordinary business, year by year, to have a capital gain rate. That costs us about twenty-five million. That is Lovell Parker's provision and it is a wonderful thing for Mr. Weyerhaeuser.

MR. GASTON: They depreciate the capital?

MR. PAUL: Treat it as a sale of capital. It is growing timber and annual operation.

MR. GASTON: Like crops?

MR. PAUL: That is right. They have a small provision with respect to the airlines.

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

February 1, 1944  
3:45 p.m.

Operator: There you are.

HMJr: Hello.

Harold Graves: I'm calling back about this Carl Schurz thing.

HMJr: Yeah.

G: I find that this peremptory letter....

HMJr: Yeah.

G: ....was sent out to that organization on the recommendation of Mr. Klaus.

HMJr: Who's Klaus?

G: Sam Klaus.

HMJr: Ain't heard of him.

G: (Laughs) He's an old friend of ours.

HMJr: Oh.

G: And approved by Phil Wenchel....

HMJr: Yeah.

G: ....and with the knowledge, at least, of Mr. Paul. This -- this outfit apparently is caught in some Pro-Nazi activity which Mr. Klaus -- I just talked with him....

HMJr: Yeah.

G: ....says was thoroughly established by investigation.

HMJr: Yeah.

G: And that accounts for the peremptory tone of this particular letter.

HMJr: Yeah.

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G: It is not our custom at all to send that kind of a letter in a case of this sort.

HMJr: Well, I still say that they are entitled to a hearing under the American system.

G: Well, they were given a hearing.

HMJr: They were?

G: Yeah, I think -- I think maybe we ought to get from Klaus a report of just what did happen in this case.

HMJr: Well, if you can get one from Klaus that I can understand.

G: All right. Suppose I try.

HMJr: Yeah.

G: In the meantime I, of course, I'm going to be very careful of anything I say to Mr. McAneny.

HMJr: Yeah.

G: Whom I have not yet seen but who is waiting now to see me....

HMJr: Right.

G: But I thought that I had better tell you why it was.

HMJr: All right.

G: And that we acted that way in this particular case before I see this fellow.

HMJr: Have you looked at other revocations under Section 101?

G: No, I haven't. I have just this one in front of me, but I have the statement from our people that this is not our customary operation that we always do give.

HMJr: Well, you might take a look at it yourself.

G: Yes, sir, I will.

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HMJr: But talking for McAneny -- I mean, I've known him all my life.

G: Yes.

HMJr: And I'd be the most surprised person in the world if he had anything to do with any Pro-Nazi proclivities.

G: Yeah, he -- maybe he doesn't have any knowledge of the particular things that this client has evidently been a-doing.

HMJr: Have you had a look at it?

G: No, I haven't -- I have sent for the file. I haven't got it yet. I thought I'd like to talk with you before I talk with Mr. McAneny.

HMJr: Oh, yeah. But you're going to see him now?

G: Yeah, I'm going to see him now.

HMJr: Okay.

G: Yes, sir.

HMJr: Thank you.

G: You're welcome.

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MR. GASTON: Is this George McAneny?

H.M.JR: Yes. He used to be under Mitchell. He was Comptroller of something - that young crowd that went in in those days. It was an excellent crowd.

MR. PAUL: I think we ought to hear Sammy on this, before this is condemned. I did not know about it until after the event, but he has been working under Wenchel and he may have very good reasons. He may have given a full hearing. I have a report on my desk now.

H.M.JR: Supposing you and John have a look at it.

MR. PAUL: All right.

They have a provision which doesn't mean much in revenue loss but is thoroughly objectionable in principle, giving certain favored treatment to the airlines.

H.M.JR: In or out - giving the airlines ~~treatment~~?

MR. PAUL: It is in.

H.M.JR: It gives them special treatment?

MR. PAUL: Yes, gives a company like Eastern Airlines a million dollars relief - American Airlines a considerable relief.

They have a provision for which there is no excuse whatever, strongly pressed by Disney, giving special excess profits tax relief to the owners of gas pipelines. It is all put in there, giving the whole industry relief, because a couple of pipelines in Oklahoma are having tough financing problems.

Now, those are examples; those are some of the worst provisions in principle.

However, the greatest loss in receipts is caused by the elimination of the Social Security automatic rate, keeping the one percent instead of two percent as it was supposed to go, beginning January 1. That costs a billion one hundred and twenty million.

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There are two hundred million dollars of objectionable relief provisions.

H.M.JR: How much?

MR. PAUL: Two hundred million, plus the Social Security. That means there are some relief provisions which we recommended that I am not counting. So if you add the Social Security and the objectionable relief provisions, you have about one billion three hundred and fifty million to apply against your two billion one hundred and ninety-four million. So we haven't very much of a relief bill here. Perhaps the greatest objection isn't in terms of money, however.

I think Stanley will agree with the statement that never before have the special interests, special pressure groups, had such influence and almost put over not only two hundred million dollars of relief, but a billion dollars or more of relief. Some of the big ones just missed in conference at the last minute.

MR. SULLIVAN: What was the loss from the relief provisions we recommended, Randolph?

MR. PAUL: Very small, it would be, for the recommended or agreed to. For instance, we recommended an increase in the specific exemption, five thousand to ten thousand dollars, the excess profits tax. That was to benefit small companies. That cost one hundred and twenty-nine million. The Victory Tax provision cost sixty-one. We didn't object to the second windfall elimination which cost about three million - no, that is not three - that reduced calendar year '43 liabilities by two hundred million. This liability was payable in four annual installments, so it would have extended over four years. All we did was tell them if they were going to do it, for heaven's sake do it now before we got a lot of the work and got the returns cluttered up with it.

MR. SULLIVAN: I think it has a bearing on the decision the Secretary has to make. If we recommended or agreed to relief provisions that lose as much as the relief provisions we objected to, exclusive of Social Security, I think that puts us in a rather different position on recommending the veto.

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MR. PAUL: I don't think so, John. For instance, this specific exemption provision was agreed to by the Joint Staff. There was no contest particularly on it. It had been passed last year by one of the Houses. It wasn't even controversial.

MR. SULLIVAN: No, but I am worrying about their argument, saying, "Would you object to two hundred million of revenue you lost on relief provisions that the Treasury was opposed to, but there is another two hundred million."

MR. PAUL: I don't think you can approach it quantitatively that way.

MR. GASTON: The answer has to be that one is equitable and one inequitable.

MR. PAUL: I come to this conclusion. I have a little memorandum here for you, but I come to this conclusion in my own mind, that the bill should be signed, but that it should not be signed--I stated that incorrectly. The bill should not be vetoed, but whether it is not signed or signed, you can take either course, because we have plenty of time. We won't lose any excise by not signing it.

H.M.JR: Why not?

MR. PAUL: Because as long as the bill becomes a law ten days before March 1, we won't lose any excises. The ten day provision is in it. The bill will undoubtedly be passed and on the President's desk in order to give ten days before that ten days. So the President will have the option of not signing, or signing, if he doesn't want to veto. But I think he ought to give some sort of a message with that, not that I think it will do any immediate good in the sense of making them go to work on a revenue bill, but I think he ought to keep his record straight. I think it is the right thing to do, because the bill doesn't meet any of the problems of revenue or inflation, and because, instead of doing that, it passes

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the tax burden on from the corporations of today to the returning soldiers of tomorrow.

On social security grounds alone, I think the President has got to say something. They are doing all they can to gut social security, and I think on this other ground of special pressure groups, right in line with what the President said in his State of the Union Message and the Budget Message, that you have got to register some dissent from the bill, whether he signs it or allows it to become a law without his signature. He could mention, of course, this renegotiation cutoff.

MR. GASTON: He could say in his message--

MR. PAUL: Now, the argument against it is, will a statement of any kind by the President adversely affect Treasury relationships for purposes of the coming simplification bill, if any--technical or simplification bill. I don't believe it will. I can't help but think that where we got the most on this bill are the places where we fought the hardest. But there is plenty of room for a difference of opinion there. That is about the picture.

MR. GASTON: The President could well say in his message that he proposes to extend the cutoff date, couldn't he? That would give them as long notice as possible that they can't stall and make extra profits.

MR. PAUL: I think that would be a mistake, Herb, for him to assume the absence of competitive conditions a year hence. I think he would have to make that finding of fact at that time.

H.M.JR: They would immediately say, "Well, he is doing that so he can run for a fourth term and say the war is going to last."

MR. PAUL: It would be a pre-judging of the economic conditions.

MR. SULLIVAN: There will be plenty of time to stop the stalling, Herb, if he does it around the tenth of November.

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

MR. GASTON: He doesn't have to prophesy the end of the war.

H.M.JR: Well, let me just go around the room now.

MR. BELL: Well, I didn't get it when Paul went over the in's and out's, the important items, but I would like to see the bill approved by the President if there aren't too many objectionable things in there.

H.M.JR: You mean signed?

MR. BELL: Yes, signed. I can't quite weigh this contract thing, just how important that is from the standpoint of the War Department at this time.

MR. PAUL: Well, they objected very much to it; so did the President, as a matter of fact. But when you say "sign," Dan, you have only answered one question. You have answered the question as to whether you think it ought to be signed.

MR. BELL: Or vetoed.

MR. PAUL: Do you think there ought to be a statement with the signature?

MR. BELL: I wouldn't mind that. I should think maybe there might be a statement with it, but I think the President ought to approve it, if it is going to become a law.

MR. PAUL: That would have the virtue of getting it moving, getting everything moving faster.

MR. WHITE: I think the bill ought to be vetoed by the President. I think that is what the President is for, is to veto bad legislation. I think that is bad legislation, and it will put Congress on the spot. I think a veto message would obtain far more publicity than a message accompanying approval, and I think it would be popular,

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except in those groups with whom he is very unpopular anyhow. I think it might well bring a better revenue bill. If it didn't, it would certainly serve to bring many of the Congressmen and Senators in disfavor, which is in itself a helpful objective. I am in favor of having the President veto it. I can't see what dangers to the war effort come from that, aside from the very unfortunate loss of current revenue until such time as they pass the bill. These bad features that are once incorporated, you know, stick. It is almost impossible to get them out. It is not a question of just legislating for one year.

Certainly, the prevention of the accumulation of additional revenue from social security could never be better justified than it is at this time or more desirable than it is at this time. I think there are enough bad features in the bill, and that the absence of social security and the bad features in the renegotiation, plus the fact that the whole bill is bad in that it yields a smaller amount of revenue, in my mind, justifies the positive veto with a very strong statement.

MR. PAUL: I have a draft of a strong statement here.

H.M.JR: For what?

MR. PAUL: We have been working two or three days.

H.M.JR: Together?

MR. PAUL: Either with a veto or with a non-signature or with a signature.

MR. SULLIVAN: I am opposed to a veto. I think that the sins of that bill are the sins of omission, rather than commission. Whether or not he signs it--I am not entirely sure, but I think I would be for his signing it. But I see very little that as a practical matter we can gain from vetoing.

MR. SURREY: I think I would be in favor of his signing it. In other words, if he is not going to veto

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I think he could sign it. But on renegotiation, I don't think there are grounds to veto.

H.M.JR: You don't think he should veto?

MR. SURREY: I don't think he should, unless he feels strongly enough about the social security. He doesn't have grounds to veto it on renegotiation.

MR. BELL: How about the relief provisions? Are they so objectionable?

MR. SURREY: Well, here is the advantage there, whether it carries to the extent of a veto message or merely a strong message accompanying his signature, the whole caliber of tax legislation has been steadily dropping. It became, with respect to the committees, pretty much of a log-rolling process, and amendments are going in for companies and for industries solely because they want to favor each other. The tone is lower, and lower, and lower, and the Treasury is the only one that calls attention to it. Well, you can't win every time on these matters. No one else is helping us on the thing, and the President should do something to call attention to that, because it is becoming very disgraceful.

MR. WHITE: This statement of yours (Paul's) is very good. With some little changes it would be very salutary.

MR. SMITH: I don't think you can overlook the fact that this is a political year and anything he does is going to be made political capital of. I think if he vetoes the bill, the obvious answer that the opposition can sell very widely is that you went after the ten billion dollars and they wouldn't give it to you, so you don't want anything. All this business about our needing money to finance the war just goes down the drain, I mean, the whole reason for your wanting money now. I think it can be made to look as though it does.

I don't think he should veto it, because it would create a lot of excitement and make him look more dictatorial. I don't think he should sign it, because if

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he signs it, then any message that goes along with it is sheer kibitzing. I should think he would let it become a law and have a humdinger of a speech built around the "gimme" boys. I think he can make political capital of it and be right at the same time. If he doesn't the other side would.

MR. PAUL: I would like to add a footnote to what I said. If I lean in my doubt either way, I lean toward Harry's view, that it ought to be vetoed. That is what I think is the right thing to do, far apart from all the practical expedient arguments.

H.M.JR: Last but not least, Herbert.

MR. GASTON: Last and least. I think whatever the President does, he should not take the course of letting it become a law without signature. I think that is a feeble, pointless thing to do. He should either sign or veto it. I am in favor of a veto.

MR. PAUL: If you have time, I would like to read a draft of the message here. It gives a reason. It gives better than one can do offhand, the reasons, what is wrong with the bill.

MR. BELL: Let me ask you this before you do that: Could the President give out this stinging statement and say, "Now, I am not going to sign this bill; it is going to lay here, and Congress has the opportunity of recalling it"? Could that be done?

MR. GASTON: No.

MR. BELL: Has that ever been done?

MR. SMITH: And he asks them to get busy?

MR. PAUL: They will not do that.

I would like to get this before you if you have time. Of course, this is a very serious matter, and we have worked a couple of days. I am not speaking for

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the tone of this, but for the context. (Reading of draft of message for the President:) "I am returning the Revenue Bill of 1944 to the Congress without my signature. I am aware that no previous tax bill in modern times has been vetoed. But this bill is so tragically unrealistic as a wartime measure that I can take no other course.

*Rough draft  
only. Not  
furnished  
to Secy*

"A realistic bill would have provided more than \$10 billion in added revenue. This bill offers less than \$ \_\_\_\_\_ billion. A realistic bill would have plugged existing tax loopholes. This bill opens new ones. A realistic bill would have simplified our tax laws. This bill complicates them.

"I cannot reconcile its feeble tax increases with the gigantic military offensives that lie directly ahead. I find in the bill no real support for our program to stabilize the cost of living. I find in it no assurance to our fighting men and women that we will tax ourselves to the hilt now instead of confronting them with the costs of the war upon their return to civilian life.

"This bill is a vote of no confidence in the American people. I am sure that they are willing, able, even anxious to bear the burdens which this bill refuses to impose. They recognize taxes as an immediate and direct instrument for bringing their fighting sons and daughters back from the battlefronts more speedily.

"Incredible as it seems, this bill gives more emphasis to tax relief than to tax revenue. It makes unpardonable tax concessions to self-seeking special-interest groups. It cancels \$1.4 billion of payroll tax increases already scheduled by law.

"It was generally agreed, and Chairman Doughton of the Committee on Ways and Means announced, that passage of a new revenue measure was not to be delayed by consideration of relief provisions and technical amendments. But selfish pleas for tax concessions prevailed, and the agreement was ignored. As the revenue program was presented to the Congressional committees, it was dedicated squarely

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and solely to the welfare of the American citizen. As it comes to my desk in the form of H. R. 3687, it is bulging with special privilege. The general welfare of the American citizen has been forgotten in the scramble to grant favors to the special interests.

"The mining interests are granted outrageously excessive allowances under the odious percentage depletion provisions. The lumber interests are granted the right to treat income from timber cutting and selling as capital gains taxable at 25 percent but are permitted to deduct losses from the same operations at the regular rate of 40 percent. Speculators in securities of bankrupt companies are unjustly enriched by provisions inflating the capital values of reorganized corporations for tax purposes. Commercial air lines are granted an unwarranted enlargement of the tax subsidy on their air mail contracts."

MR. BELL: After we have kept them for twenty years.

MR. PAUL: "A considerable part of the war profits of the favored groups will be insulated from war taxes by these concessions. \_\_\_\_\_ million dollars of taxes will be lost annually. In addition, there will be a cumulative loss of more than \$ \_\_\_\_\_ million because many of the reliefs are granted retroactively.

"It is pertinent to ask who will bear the burdens of which profiteering corporations are being relieved. Insofar as the loss is not made up by other war taxes, the burdens will be shifted to the shoulders of our returning service men and women. Insofar as this bill does increase taxes, it relies chiefly on excises bearing heavily on the lower income groups.

"The Revenue Bill of 1944 fails the American taxpayer in other respects. He has been promised almost unanimously that tax laws will be drastically simplified. This bill in no sense lives up to that promise. It refuses to take the most obvious step toward simplifying taxes for the masses of taxpayers. That step would be to absorb the clumsy Victory tax into the regular income tax. But

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for fear of dropping from the tax rolls those taxpayers who are at the bottom of the income scale, it retains the Victory tax as a separate tax. I cannot reconcile this unwillingness to forego a modest sum from our poorest taxpayers with the ready response to pressures of special-interest groups.

"In view of our pressing revenue needs, it is unthinkable that tax increases already provided by law should be set aside. Yet, in freezing social security payroll rates the bill before me would do precisely this. It would undermine the soundness of the social security system. It would wipe out \$1.4 billion annually of expected payroll tax revenues. In other words, a veto of this bill, if sustained, will provide almost as much revenue as its enactment."

H.M.JR: I think it is an excellent statement.

MR. PAUL: There are some things left out.

MR. WHITE: The brevity of it is in its favor.

H.M.JR: If I may say what I think, it is this: I do not think that the President should veto the bill. I wouldn't want to advise him whether he should let it become a law through not signing it or through signing it. I think that is a decision which he can make himself. But, before I go away, I would like that--you boys could leave it here, and I would be glad to say, "Mr. President, we feel here that you should let this bill become a law." See? That doesn't say how, you see. I would like to leave that open. But in doing so, we would like to offer some suggestions. "We have the following statement for you to make."

MR. PAUL: I would like to review this just a little bit.

H.M.JR: Sure. I would like to have it circulated among this group.

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MR. GASTON: From that point of view; if he is going to allow the bill to become law, what he has there is a justification for a veto.

MR. PAUL: That is all right. We started to do it.

H.M.JR: I used the words, "Let the bill become a law," so that leaves it open. I don't want to say whether he should sign it or leave it.

MR. WHITE: You can't issue that statement and let it become a law.

MR. SULLIVAN: You may have to have two different drafts, depending on which way he permits it to become a law.

MR. PAUL: There is no use in making a statement unless you make a strong one.

MR. WHITE: If you make a strong one like that, he is not justified in letting it become a law.

H.M.JR: Other than the first paragraph, I don't see where it has to be changed.

MR. PAUL: There are changes. For instance, this doesn't mention some of the things it didn't do.

H.M.JR: Anyway, if you would make that the first order of business, would you please, getting this in shape?

MR. PAUL: Do you want it by tomorrow?

H.M.JR: I don't know. I can't tell.

MR. PAUL: We had better have something by tomorrow.

H.M.JR: Yes, I would like to have it by tomorrow, but I can't guarantee that I won't be sitting here Friday. I am waiting for the President to make up his mind who will be director of this refugee committee.

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MR. PAUL: I will have something tomorrow, and approach it further, if necessary.

H.M.JR: But I would like to have it circulated among this group.

MR. PAUL: I just got this this morning.

H.M.JR: I understand. Let Roy in on it, too.

MR. PAUL: Roy has been working on it, Roy, Heller, and myself.

H.M.JR: It is an excellent statement.

MR. SULLIVAN: I have one question, Mr. Secretary. We have to get the estimated declarations. They have to start printing those right away. We propose to grant everybody an extension until April 15 to file their estimated declaration and pay their first quarterly installment. We think we will be very lucky if they are printed and distributed, the fifty million copies we are getting out, by April 1. We are confident that we can't have them by March 15, but before it goes, I wanted you to know that the quarterly payments will be extended from March 15 to April 15.

MR. PAUL: I told Bell about that some time ago.

H.M.JR: I would allow myself enough time. I would rather go to May 1, if necessary.

MR. SULLIVAN: The difficulty on that is, if we go to April 15, they will only have two months in which to save up for the second quarterly payment.

H.M.JR: If you can do it April 15, fine.

MR. SULLIVAN: We think we can.

MR. BELL: You have just as much time as if you had started on January 1.

MR. PAUL: Yes, just about.

February 1, 1944.

Memorandum

TO: Secretary Morgenthau  
FROM: Mr. Gaston

In a speech at Arthurdale, West Virginia, on May 27, 1938, the President took occasion to announce that he would neither sign nor veto the pending tax bill, the Revenue Act of 1938, but that instead he would take a course novel for him and would allow the bill to become law without his approval. The ten day period allowed the President for approval or disapproval of the Act expired at midnight that night.

The President explained that he was taking this course because the bill contained desirable features that ought to become law, but contained other features wholly undesirable to which he wished to call the people's attention by this course of action. The features of the bill which he particularly criticized were:

- (1) Reduction of the undistributed profits tax to 2-1/2 per cent;
- (2) Taxation of long term capital gains at the flat rate of 15 per cent.

With respect to the latter feature he said: "Some people who have favored this abandonment of principle have justified their position on the ground that one has to abandon principles once in a while when there is an emergency and that the abandonment of this particular principle will encourage many rich men to take a risk with their capital and invest it in new enterprise." After arguing that this position was unsound, the President said: "It will be noted that in this analysis of this abandonment of principle I have attacked no person." The President added that this provision of the bill "helps the very few, therefore, at the expense of the many."

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Pat Harrison did not conceal his resentment at the President's action. The New York Times of May 28 said:

"As leader of the conservative group in the Senate, Mr. Harrison was obviously deeply cut by the speech. He had headed the Senate movement which rejected completely the tax schedules on capital gains and undistributed profits written by Administration leaders into the Tax Bill in the House.

"By compromising on the measure as it went to the White House, this group expressed the view at the time that it had taken a 'long step backward' in order to maintain Democratic unity in Congress and avoid the appearance of repudiating the President."

The President's action with respect to the Revenue Act of 1938 could of course be made a precedent for action on the Revenue Act of 1944 if the President wished to call attention to the defects of the bill but at the same time considered the small net gain in revenue worth having.

*WHS*

CONFIDENTIAL UNTIL RELEASED

CAUTION: This address of the President to be delivered at Arthurdale, West Virginia, MUST BE HELD in strictest confidence until released for publication in the afternoon editions of newspapers of today, May twenty-seventh.

RELEASE is automatic, at 2:00 (two) o'clock, P. M., EASTERN STANDARD TIME.

Care must be exercised to prevent premature publication.

STEPHEN EARLY  
Secretary to the President

- - - - -

At last after many attempts I have succeeded in coming to Arthurdale -- and I greet you as friends because you are Mrs. Roosevelt's personal friends and because I have heard so much about you.

Much has been written about you good people, about the conditions of life in certain towns in this part of the world and about what the government has done here at Arthurdale. The nation has heard about Scott's Run with its very poor conditions of life, and the nation has heard about Arthurdale with its vastly improved conditions of life. But I think I voice the thoughts of you who live here when I say to the country over the radio that about the last thing you would want, would to be publicized as some rare and special type of Americans.

Let me put it this way and I think and hope that you will agree with me when I say:

In 1933 the whole nation knew that it faced a crisis in economic conditions but the nation did not realize that it faced a crisis in social conditions. If anyone were to ask me what is the outstanding contribution that has been made to American life in the past five years, I would say without hesitation that it is the awakening of the social conscience of America.

As one part, and only one part, of the effort of your government to improve social conditions, we undertook in dozens of places scattered over almost every part of the country, to set up, with the cooperation of the local people themselves, projects to provide better homes, a better chance to raise foodstuffs, and a better chance to make both ends meet in maintaining a reasonably decent standard of life through the passing years.

Many different types of projects were undertaken -- some of them in wholly rural sections, some in cities, some in suburbs, some for industrial workers, some for miners, some, like Arthurdale, a combination of industry and farming. These projects represent something new and because we in America had no experience along these lines, there were some failures -- not a complete failure in the case of any given project, but partial failures due to bad guesses on economic subjects like new industries or lack of markets.

On the whole, however, the percentage of good guesses in the average of these projects has been extraordinarily high, and for this success the principal part of the credit properly should go to the individual families who, themselves, have come to live in these new communities.

The lessons we have all learned will save a hundred times their cost in dollars as fast as government or private capital -- or as I hope, both -- go on with the inevitable task of improving living conditions throughout the country and helping Americans to live as modern science has made it possible for them to live. The extra cost of pioneering ventures such as this represents development cost which we justifiably charge off as the inevitable cost of all progress -- just as we have in the past charged off the huge government share in the development costs of the railroads, the cables, the airplanes, and the improved highways that made the automobile possible. But what is equally important to me, the lessons learned from this first bold government venture will save human lives and human happiness as well as dollars in this march of progress ahead of us.

This is a high school graduation and I am speaking just as much to you who graduate today as to your parents and your grown-up friends. You are the citizens of tomorrow -- not just this graduating class but thousands of other high school graduating classes in every state of the Union.

When you, today's graduates, were of grade school age we, your elders in the United States, were asleep at the switch and your government also was asleep at the switch. For many years, other nations of the world were giving serious consideration to and taking definite action on social problems while we were pushing them aside with the idea that some day we would get around to meeting them.

We had heard of the ideals of ending child labor, of initiating a five-day week, of shortening working hours, of putting a floor under wages, of clearing slums, of bringing electricity into homes, and of giving families the chance to build or buy a home on easy terms, of starting old-age pensions and unemployment insurance. But all these things were in the greater part a beautiful dream -- a dream until government, five years ago, tired of waiting, stepped in and started to make the dreams come true.

Government has done little more than to start the ball rolling. Government knows how much more there remains to be done. But Government hopes, now that it has taken the first risks and shown the way, that private capital and business men will see how much it is to their own advantage -- and profit -- to keep the ball rolling -- and keep it rolling so well that the inevitable wider improvement in American social conditions will come about in normal course of private enterprise without compelling Government to use large amounts of taxpayers' money to keep America up to date.

Many sincere people -- good citizens with influence and money -- have come to West Virginia mining towns in the past two or three years, to see the conditions under which American families lived, conditions under which, unfortunately, many American families still live. Many of these people have come to see me after their visit to Scott's Run or similar places and have expressed to me their surprise and their horror at things they have seen. They have said: "I did not imagine that such conditions could exist in the United States."

They have wanted to help at the particular spot they have seen -- but the lesson which I have found it difficult to get across to them has been the fact that they have seen only one spot or two spots -- tiny, single spots on a map of the United States, a map which is covered over with hundreds and even thousands of similar spots. Un-American standards exist by no means in a few coal towns only. They exist in almost every industrial community and they exist in very many of the farming counties of the country.

Now of course, pending the time that private capital and private enterprise will take up the burden, the money Government thus spends to encourage the nation to live better -- especially that part of the nation which most needs it -- is taxpayers' money.

Two questions, therefore, arise: "Is that spending justified from the point of view of the individual taxpayer and how should the money be raised".

So far as the taxpayer's individual interest is concerned, I always look at it this way.

Taxes, local and state and federal combined, are nowhere near as high in this country as they are in any other great nation that pretends to be up to date. If I were a business man making and hoping to continue to make good profits, I would remind myself as I paid my income tax, moderate by the standards of other nations, that the most important factor in the kind of an active economic life in which profits can be made, is people -- able, alert, competent and up-to-date people -- to produce and to consume. Money invested to make and keep the people of this nation that kind of people is therefore a good business investment.

And if I were the same man thinking about inheritance taxes and what I could leave to my children, I would say to myself that to leave them a living in a nation of strong and able men and women is to leave them a better heritage of security than a few thousand dollars saved on an inheritance tax.

Now, how should taxes be paid?

For a great many years, the Nation as a whole has accepted the principle that taxes ought to be paid by individuals in accordance with their capacity to pay. To put it another way, it has meant a graduated tax on a man's increase in wealth. For instance, a poor man or poor family whose increase in wealth in a given year is below a certain figure pays no direct Federal taxes at all; when the family gains more than \$2,500 in a year the family pays a small percentage on these gains.

As the gains get still larger, the percentage of the tax goes up so that when a family's wealth increases to say \$100,000 a year, they have to pay a third of it to the Federal Government. In the case of still richer people, they may have to pay more than half of their large incomes to the State and Federal governments.

Last week the Congress passed a new tax bill. It contained many good features -- improvements in tax administration, the elimination of a number of nuisance taxes on articles in common use, the lightening of the tax burden on the small corporation as I recommended to the Congress last Fall. I hope that these changes made by this tax bill may be helpful to business and that this belief may, in itself, be a factor in the revival of business enterprise.

But, on the other side of the ledger, I cannot help but regret that two very fundamental principles of government must once more be called to the attention of the public.

Both of them, stripped of every attempt to confuse, are extraordinarily simple and can be understood by every citizen.

In 1936 many large corporations, especially those owned or controlled by a comparatively small number of very rich stockholders were in the habit of failing to declare dividends they had earned. Thus their stockholders were in a position to leave the profits their money had made in the controlled corporation -- paying the government on these profits only the normal corporation tax of from ten to fifteen percent. Thus, these stockholders avoided paying a personal income tax at a rate which in many cases would have involved a tax payment of fifty percent or even higher because the stockholders were in what is known as the upper brackets of the personal income tax.

The Treasury Department found many instances of closely held corporations which, starting with the comparatively modest capital of several million dollars had, over a period of years grown into corporations worth several hundreds of millions of dollars without ever declaring a dividend to their stockholders. This meant a definite, though of course strictly legal, device by which these stockholders greatly increased their wealth year by year without having to pay to the government more than a normal corporation tax, thus escaping very large sums of personal income tax payments.

The Revenue Act of 1936 sought to end this serious loophole.

In principle our objective was right but in practice the Act as finally worked out in the Senate undoubtedly did prevent many small corporations from normal and reasonable business expansion, from building up adequate surpluses, or from paying off old debts.

The tax bill this year sought to get rid of these inequitable features but to retain at the same time the principle of stopping tax avoidance. As finally passed, the bill retains that principle but the penalty for withholding dividends to stockholders is so small -- only two and a half per cent at the most -- that it is doubtful whether it will wholly eliminate the old tax avoidance practices of the past.

It is true that the bill seeks to strengthen the authority of the government to act against companies which clearly seek to avoid surtaxes for their stockholders by failing to declare dividends out of their profits; and I hope that this new provision, together with the recent favorable decision of the Supreme Court in interpreting the prior law, will retard the revival of the old evil. It seems to me that it is the definite duty and interest of the public and of the Legislative and Executive branches of the government to watch very closely to see what happens during the coming year.

We must always remember that this old method of greatly increasing private fortunes through the withholding of corporate dividends was open and useful only to those citizens who already had wealth large enough to control these large corporations -- people whose personal income was already large enough to put them in the higher surtax brackets.

The position of the Administration is, therefore, this:

We are delighted to remove any existing barriers against every little business in the Nation which is seeking to set itself squarely on its own feet; seeking to pay off its debts and seeking to make a reasonable profit; but the Administration does not want large closely held corporations making large profits to be used as a vehicle by the small number of their owners in order to avoid legitimate income taxes.

For a number of years it has been recognized that this progressive taxation of wealth realistically should apply not only to salaries and dividends and bond coupons but also to other forms of wealth such as increase in one's capital by selling any form of property at a profit.

This new bill wholly eliminates the progressive tax principle with respect to these capital profits: it taxes small capital profits and large capital profits at exactly the same rate.

In other words, if you or I sell stocks, which we have held for a few years, at a profit of, let us say, five thousand dollars, we have to pay a tax of fifteen per cent on that profit; whereas, the man who has made a profit of five hundred thousand dollars on stocks he has owned is required, under this new bill, to pay a tax of only fifteen per cent, just as you and I would. Nobody, by any stretch of the imagination, can say that this new provision maintains the principle of payment in proportion to ability to pay.

Some people who have favored this abandonment of principle have justified their position on the ground that one has to abandon principles once in a while when there is an emergency and that the abandonment of this particular principle will encourage many rich men to take a risk with their capital and invest it in new enterprises.

But this school of thought finds it difficult to answer the fact that almost all -- about eighty per cent of all corporate gains reported -- are profits made in the stock-market -- profits made not by developing new companies but by buying stocks of old companies low and selling them high, or by the still possible method of selling stocks short -- selling stocks you do not own -- and then buying them in at a lower price.

The abandonment of the principle of progressive tax payments in accordance with capacity to pay may encourage a small amount of capital to go into new productive enterprises but, chiefly, it will help those who make large profits in buying and selling existing stocks.

New productive enterprise is not created by the buying of stocks of established companies when they are low and selling them when they are high. I should like to see a revision of our tax laws which would really encourage new enterprise and new investment and the undertaking by private capital of projects like this that the Government has undertaken here at Arthurdale. But there is no assurance that untaxed savings will go into such new investment or new enterprise. They may be hoarded or lost in the inflation or deflation that occurs in the shuffling about of existing investments.

We should adopt tax policies which will encourage men to venture and to build new productive wealth. Unless something is added to the combined wealth of the nation, one man's capital gain may be nothing more than another man's capital loss.

It will be noted that in this analysis of this abandonment of principle, I have attacked no person. I have merely called the attention of the country to certain clear-cut inescapable facts -- and especially to the fact that this tax bill which in many respects is a good one, actually abandons the accepted principle of progressive taxation at a point which is very important in our economic life.

Here again is an example of a provision of law which actually, and in plain English, gives an infinitely greater tax concession to the man who makes a very great profit than to the man who makes a comparatively small profit. It helps the very few, therefore, at the expense of the many. To carry on Government a total war has to be raised. If the many who make small capital gains have to pay the same rate as the few who make large capital gains, it seems that the tax rate for the little fellow must be higher than if we had stuck to the accepted principle of a graduated tax.

In accordance with recommendations made during several past years, I hope that the Congress will undertake a broader program of improving the Federal tax system as a whole in the light of accepted principles of fairness in American taxation and of the necessary incentives in our economic life.

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You will see the difficulty in which your President has been placed. This tax bill contains features that ought to become law, but it contains several undesirable features, especially the ones I have just been talking about.

If I sign the bill -- and I have until midnight tonight to sign it -- many people will think I approve the abandonment of an important principle of American taxation. If I veto the bill it will prevent many of the desirable features of it from going into effect.

X Therefore, for the first time since I have been President, I am going to take the third course which is open to me.

X I am going to let the Act go into effect at midnight tonight without my approval.

| By so doing, I call the definite attention of the American people to those unwise parts of the bill I have talked to you about today -- one of them which may restore in the future certain forms of tax avoidance, and of concentrated investment power, which we had begun to end, and the other a definite abandonment of a principle of tax policy long ago accepted as part of our American system.

Two things we can well remember.

The first is that our whole tax system, state, local and federal, can and must be greatly improved in the coming year.

The second is that we in this country are getting more practical results in the way of bettering the social conditions of the nation out of our taxes than ever before in our history. That is why it is a pretty good idea to talk taxes not only to parents but to the younger generation of America.

I am proud of what I have seen here today and I am proud of all of you who are helping so greatly to make this community an American success.

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February 1, 1944  
5:02 p.m.

HMJr: Hello.

Ted  
Gamble: Hello, Mr. Secretary.

HMJr: Look, Ted.

G: Yes.

HMJr: I had that statement that you wanted me to sign,...

G: Yes.

HMJr: ....and Ted's sitting here and -- I mean Fred's sitting here and you're on the loud speaker.

G: Yes.

HMJr: It's no good. Now, I'm too tired to tell you what is a good statement but I know this is just what I don't want.

G: Yes.

HMJr: And whoever prepared it is just out of tune. Now, you can't pat all these big fellows on the back and then turn around and say that that's going to help inflation because that just isn't so. And then keep on saying, "Keep on buying little bonds." It's like trying to mix oil and water. And I don't think -- it isn't a question that I don't want to sign -- I don't think anybody should make a statement like that.

G: Well, we didn't....

HMJr: Fred said he prepared it. I didn't know that.

G: Yes. Well....

HMJr: I didn't know that.

G: I didn't interpret it that way, Mr. Secretary....

HMJr: Look....

G: ....when it was read to me.

HMJr: Well, take it from me, will you?

- 2 -

G: I agree what you said shouldn't be said.

HMJr: Well, I don't want....

G: But that isn't the way I interpreted....

HMJr: ....anyone to say it and I don't see why we can't just let the thing come out and if you want to just let Treasury spokesmen point out that beginning with February 1st these two longer bonds begin to draw interest and with the result that the larger corporations begun to subscribe as of today.

G: Yes.

HMJr: But I -- I wouldn't play it up.

G: Uh huh.

HMJr: I think you've got to keep playing up "We want \$3 billion worth of E Bonds, and \$5½ billion from individuals." Anything over and above that is just gravy.

G: Yes.

HMJr: But I -- I wouldn't, then, on the 1st of February pat the big corporations on the back. Now, I didn't know -- I thought this came from your shop, but it evidently -- well -- so, will you -- without....

G: Well, maybe we could do this, Mr. Secretary. Maybe we should just use that part of it where you comment on the individual sales, and then....

HMJr: I wouldn't get out any statement.

G: Yes.

HMJr: I think it's too early.

G: All right, sir. Well, we....

HMJr: Things are going beautifully.

G: Yes.

HMJr: I'd leave it alone.

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G: Fine. Well, we'll just give out the figures then.

HMJr: I'd give out the figures and I would point out the fact that the reason for the big increase is that these -- the 2 $\frac{1}{2}$  and 2 $\frac{1}{2}$  begin to draw interest as of February 1st.

G: Yes. Right.

HMJr: And you can't even have the February 1st. They haven't -- they're not even in here.

G: Well, you see, what we have is the back-log of corporation reports to make today.

HMJr: Now, are you disappointed?

G: No. No. I -- I....

HMJr: Or do you by chance agree with me?

G: Well, I do agree with you. My primary interest in it, Mr. Secretary--let me say that maybe I was doing a little job of press-agenting for you. My primary interest in it was that I thought the fact that we were releasing big figures for the first time it would get some attention, and I thought an appropriate place for you to say something. That was my primary interest in it.

HMJr: Well, thanks for the bouquet but it's got too many thorns on it.

G: Yes.

HMJr: And my -- I'm only interested in the success of the War Bond Drive.

G: Yes.

HMJr: And I think it's inappropriate.

G: Yes. Well, we'll just do what you suggested.

HMJr: What?

G: We'll do what -- just exactly what you suggested.

HMJr: Now, let me give Fred his say in court.

(Pause)

HMJr: Fred says he's all right.

G: All right, sir.

HMJr: And when he -- and he's saying it with a smile.

G: Right. Well, you don't have to worry about Fred and I. (Laughs) We usually agree with you. When you convince us, I mean.

HMJr: Yeah, that was an afterthought. (Laughs)

G: (Laughs) All right, sir.

HMJr: That's the way you do with your -- with your little daughter, too, huh?

G: (Laughs) That's right.

HMJr: You go along with her (Laughs) when she convinces you.

G: All right.

HMJr: What? All right. Give her my love.

G: I'll do that, sir.

HMJr: All right.

G: Good night.

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Tuesday, February 1, 1944.

Press Service  
No. 40-55

The Secretary of the Treasury today announced the final subscription and allotment figures with respect to the current offering of 0.90 percent Treasury Notes of Series D-1945.

Subscriptions and allotments were divided among the several Federal Reserve Districts and the Treasury as follows:

<u>Federal Reserve District</u>	<u>Total Subscriptions Received and Allotted</u>
Boston	\$ 134,699,000
New York	1,029,319,000
Philadelphia	56,431,000
Cleveland	91,216,000
Richmond	37,568,000
Atlanta	68,870,000
Chicago	294,558,000
St. Louis	72,590,000
Minneapolis	53,487,000
Kansas City	65,770,000
Dallas	46,804,000
San Francisco	174,615,000
Treasury	520,000
	<hr/>
	\$2,126,447,000

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2/1/44

TO THE FEDERAL HOME LOAN BANKS AND SAVINGS  
& LOAN ASSOCIATIONS OF THE UNITED STATES:

We know from experience that it takes a number of days to develop the spirit and enthusiasm of a great War Loan Drive to the point where personal solicitation can produce the best results. Often the second call is the effective one.

So I am writing to ask for your unflagging support of the Fourth War Loan in the last half of the Drive period. In this, as in previous campaigns, word has come from War Finance Committees in every part of the country regarding the patriotic and effective participation of your institutions. You carry a substantial part of the burden of issuing Bonds, and your contact with savers in rural districts as well as cities enables you to perform a most valuable service in the wide distribution of War Bonds which is so important.

With colossal military operations imminent on far flung battle fronts, the oversubscription of every Fourth War Loan quota--National, State and local--is of vital importance. Our fighting men are looking to us to back them up. I know we can count on your wholehearted support to the end of this Drive and beyond.

Sincerely,

(Signed) H. Mergenthaler, Jr.

KER:DFT

2/1/44

FOURTH WAR LOAN

Beginning January 18, 1944

(In millions of dollars)

Cumulative							
	: Through	:					
	: Jan. 28	: Jan. 29	: Jan. 31	:	:	:	:
Series E Bonds . . . . .	874	944	1,007	:	:	:	:
Series F Bonds . . . . .	53	60	66	:	:	:	:
Series G Bonds . . . . .	266	296	319	:	:	:	:
2-1/2% Treasury Bonds . . . . .	250	312	400	:	:	:	:
2-1/4% Treasury Bonds . . . . .	378	519	639	:	:	:	:
7/8% Certificates . . . . .	790	968	1,230	:	:	:	:
Series C Notes . . . . .	644	834	967	:	:	:	:
TOTAL . . . . .	3,255	3,933	4,628	:	:	:	:

## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE FEB 1 1944

TO Secretary Morgenthau  
FROM Mr. Paul

You have inquired as to the responsibility of the Secret Service for the protection of the person of the President.

The Secret Service assumed the responsibility for the protection of the person of President Theodore Roosevelt in 1901 after the assassination of President McKinley. This activity was subsequently ratified and authorized by items for the Secret Service in the annual appropriation acts beginning with 1906. The Secret Service item in the current appropriation act provides for "the protection of the person of the President and the members of his immediate family and of the person chosen to be President of the United States."

There is no other legislative definition of the duties of the Secret Service in regard to this matter.



TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

88

DATE  
February 1, 1944

TO Mr. Thompson  
FROM Mrs. Doyle *MWD*

Re: Day Care Service for children of working mothers

A. Circular No. 3 (attached) has been distributed to all personnel officers, and mothers who have expressed interest in the day care service. It contains information on schools recently opened as well as the contents of the two preceding circulars on Day Care Service.

B. Exit Interviews

Six cases of mothers and one grandmother who were about to resign because of the need for care of their children were referred by personnel officers to the Employee Relations Section.

Resume of Interviews

1. A transfer from night work to day work enabled one mother of a two year old child to continue work in the Treasury.
2. A grandmother, in sole charge of grandchild, at present on leave, will enter child in nursery school as soon as it opens and then return to job.

The other five women were told of all child care possibilities, but other factors were such that resignation was the only solution.

3. Mother of 4 children, ages 5 months to 3 years, could not manage so many children and job.
4. Mother of one baby, one year old, with another coming in March felt she must stay home for reasons of personal health.
5. Mother of 2 children, 9 and 7, with husband just drafted. The husband persuaded her to give up job so that he "would not be worried over her and children while he was in the Army". She will go "back home".
6. Mother of two small children whose husband had just resigned, ~~was told~~ to go "back home".

7. Mother of 2 1/2 year old for whom nursery school facilities ~~was~~ found could not manage job, home and nursery school because she felt her health would not permit.

Quality of Contacts  
Continuous contacts are maintained with sources of assistance through day care facilities. Interviews for mothers with the officials of the day care facilities are facilitated with minimum loss of working time to the mothers.

TREASURY DEPARTMENT  
Division of Personnel

89

February 1, 1944

Circular No. 3 on Facilities for Day Care for Children  
of Working Mothers in Metropolitan Washington

DISTRICT OF COLUMBIA

Offices of the District of Columbia Service to Children of Working Mothers are at 472 Indiana Avenue, Telephone National 6000, Extensions 2880-2881. All parents must call this office for an appointment before enrollment of a child.

SERVICES AVAILABLE NOW

Nursery Schools (Children 2 - 5)

For White Children

314 D Street, S. E.

Truesdell School, 9th & Ingraham St., N. W.

Langdon School, 20th and Lverts Street, N. E.

For Negro Children

Harrison School, 12th & V Street, N. W.

Smothers School, 44th & Washington Place, N. E.

Langston Terrace, 24th and Benning Road, N. E.

School Age Centers (Children 5 and over)

For White Children

314 D Street, S. E.

H. D. Cooke School, 17th & Euclid Street, N. W.

Thompson School, 12th and L Street, N. W.

For Negro Children

Smothers School, 44th & Washington Place, N. E.

Lorgan School, 18th & V Street, N. W.

Foster Care Service (Children 2 and under)

Applications for day foster homes for children under 2 and for children who cannot attend the day care centers or nursery schools are accepted.

Fees - The fees range from eight dollars per week per child down to free care for the second or third child of a woman whose income is low.

Hours and Meals - Centers are open six days a week from 7 to 7. A hot lunch at noon, and mid-morning and mid-afternoon snacks are provided.

MONTGOMERY COUNTY, MARYLAND

SERVICES AVAILABLE NOW

Nursery Schools (Children 2 to 5)

For White Children

Fairway Hills War Nursery, Chapel of the Redeemer, Dunrobbin Road

Glen Echo, Maryland (For information, telephone Oliver 6489)

Takoma Park Nursery, Philadelphia Avenue and Cedar St., Takoma

Park, Maryland (For information, telephone Silver Spring 0464)

Fees - \$3.00 per week per child

Hours and Meals - Centers are open from 7 a. m. to 6 or 6:30 p. m., 6 days a week. A hot lunch at noon, and mid-morning and mid-afternoon snacks are provided.

PRINCE GEORGE'S COUNTY, MARYLAND

Office of the Supervisor of Pre-School Child Care Centers is in the Hyattsville Elementary School, Hyattsville, Maryland, Telephone Hyattsville 0369.

SERVICES AVAILABLE NOW

Nursery Schools (Children 2 through 5½)

For White Children

Suitland Elementary School, Suitland Road, Suitland, Maryland  
Greenbelt Child Care Center, 14 Parkway Road, Greenbelt, Md.  
Calvert Home Development

Fees - \$3.00 per week

Hours and Meals - Schools are open six days a week from 7 to 6 or 6:30. Hot noon meals, and mid-morning and mid-afternoon milk or fruit juices and cookies or sandwiches are served.

ALEXANDRIA, VIRGINIA

Offices of the Supervisor of Nursery Schools and the Elementary Supervisor for Extended School Services are in the Jefferson School Annex, Alexandria, Virginia, Telephone Alexandria 4556.

SERVICES AVAILABLE NOW

Nursery Schools (Children 2 to school age)

For White Children

George Mason School, 2601 Cameron Mills Road  
Mt. Vernon Nursery School, 2600 Mt. Vernon Avenue  
Washington Nursery School, Academy Bldg., 400 S. Washington St.

For Negro Children

St. Joseph's Church, corner Columbus and Wythe Streets

Fees - \$3.00 weekly for White children  
\$2.00 weekly for Negro children

Hours and Meals - Schools are open from 7 to 6, six days a week. A hot noon meal, and mid-morning and mid-afternoon snacks are served.

Extended School Services (School Age)

For White Children

Jefferson School Annex, Alexandria, Virginia

Fees and Hours

12:30 to 6 p. m. daily and 7 to 6 Saturday - \$4.00 weekly  
3:45 to 6 p. m. daily and 7 to 6 Saturday - \$2.00 weekly  
7 to 6 Saturday only - \$1.00 weekly

Meals - A hot lunch is provided daily.

For further information telephone the Main Treasury Building, Ext. 2009.

JOSEPH A. JORDAN  
Chief, Employee Relations Section



## TREASURY DEPARTMENT

WASHINGTON 25

February 1, 1944

### TO OFFICERS AND EMPLOYEES OF THE TREASURY DEPARTMENT:

The President, under date of January 3, 1944, issued the following memorandum to all heads of departments, commissions or agencies:

"The expanding operations of our Armed Forces throughout the entire world have necessitated corresponding expansion of the services of the American Red Cross in all of its fields of foreign and domestic activities. In our grim and solemn task the fortitude and devotion of the Red Cross in sustaining the morale and welfare of our men in the several Services is of inestimable value.

"For the far-flung operations of the American Red Cross immense material and financial resources are required and it is essential that steps be taken to assure that our Federal and District Government employees contribute their proportionate share to its voluntary support. This is important from a national as well as a local viewpoint. I have, therefore, appointed Honorable Ernest G. Draper, Member of the Board of Governors of the Federal Reserve System, as Chairman of the Government Unit of the 1944 Metropolitan Area Campaign. I earnestly desire that you cooperate with him to create an adequate campaign organization for the successful solicitation of the employees within your own department. The success of last year's appeal gives ample assurance of the generosity of our people in the attainment of the greater 1944 goal.

"The welfare of our forces depends in no small degree on the present vast and increasing responsibilities of the Red Cross at home and abroad. Through our gifts we may participate in this great Institution's faithful service to those bound to us in love and valiant sacrifice. Let's bear in mind that in this way we may express our deep gratitude and our great concern for their well-being."

The American Red Cross has set a national goal of \$200,000,000 with a quota for the Federal Government of \$1,105,800.

This national goal represents the actual needs of the Red Cross to sustain its ever increasing services to the men and women of the Army, Navy and Marine Corps.

In view of the indicated needs you can see there is the necessity for that wholehearted response to appeals for assistance which has always characterized the personnel of the Treasury Department.

If each one avails himself of the opportunity to contribute to this cause, we will encounter no difficulty in reaching our allotment.

It has been my pleasure to designate the Honorable John L. Sullivan, Assistant Secretary of the Treasury, as Department Chairman, and I request that the heads of all bureaus and offices render him every possible assistance in promoting this most worthy undertaking.

*W. M. C. Sullivan*  
Secretary of the Treasury

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE  
FEB - 1 1944

TO Secretary Morgenthau  
FROM Randolph Paul

For your information

After reading a resume of Jim Mann's strictly confidential memorandum concerning Argentina, you inquired about Meyer Pellegrini and his relationship with our Embassy in Argentina.

Pellegrini is a well-known Argentine lawyer of German descent and a one-time Cabinet Minister, National Deputy, and Interventor.

Pellegrini is directly or indirectly associated with numerous German interests in Argentina, particularly those of Fritz Thyssen. He was formerly President of Thyssen-Lametal, an important steel and pipe producer and distributor, which was placed on the Proclaimed List in July 1941, and he is still, behind the scenes, the head counsellor ~~and~~ director. He is closely associated with Hellmuth Simons, an Argentinean who is reported to be a Section Chief of the Gestapo, and with many other individuals who maintain official connections with large Proclaimed List firms in Argentina. He was formerly President of the Banco Germanico and retained that position, even though the bank was on the Proclaimed List, until pressed by the Embassy to resign.

Pellegrini has recently organized at least nine companies, many of which appear to be unprofitable and some of which have served as cloaks for Axis capital in Argentina. He is reported to have signed official documents testifying to the moral character of German spies in order to permit their legal entry into Argentina.

The relationship between Pellegrini and our Embassy is not known to us. However, a recent despatch from our

- 2 -

Embassy, which sets forth many of Pellegrini's undesirable activities, concludes with the recommendation that no sanctions be applied to Pellegrini.

Pellegrini has no funds in this country in his own name, and the assets held in the names of the companies with which he is closely affiliated are blocked. However, in order to place the facts on the record and with a view to recommending his inclusion on the Proclaimed List, we are requesting our Embassy to report more fully concerning Pellegrini's activities.

A handwritten signature in dark ink, appearing to be the initials 'AP' followed by a flourish.



TREASURY DEPARTMENT  
PROCUREMENT DIVISION  
WASHINGTON 25



95

OF THE DIRECTOR

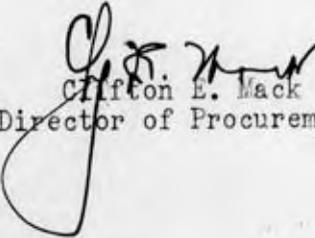
**SECRET**

February 1, 1944

MEMORANDUM TO THE SECRETARY:

There is submitted herewith the weekly report of Lend-Lease purchases.

The Procurement Division has contracted for 5,152,000 lbs. of binder twine, the amount required for use in harvesting of crops in North Africa.

  
Clifton E. Mack  
Director of Procurement

SECRET

LEND-LEASE  
 TREASURY DEPARTMENT, PROCUREMENT DIVISION  
 STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND  
 DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS  
 AS OF JANUARY 26, 1944  
 (In Millions of Dollars)

	<u>Total</u>	<u>U. K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Miscellaneous &amp; Undistributed</u>
Allocations	\$4637.3 (4628.5)	\$2287.9 (2286.9)	\$1862.4 (1860.6)	\$113.8 (113.8)	\$11.0 (10.6)	\$362.2 (356.6)
Purchase Authoriza- tions (Requisitions)	\$3478.8 (3425.5)	\$1819.9 (1793.3)	\$1869.7 (1850.9)	\$44.4 (44.3)	- -	\$244.8 (237.0)
Requisitions Cleared for Purchase	\$3361.2 (3331.0)	\$1756.2 (1740.1)	\$1837.1 (1825.1)	\$44.1 (43.8)	- -	\$228.8 (222.0)
Obligations (Purchases)	\$3236.3 (3202.0)	\$1716.4 (1702.4)	\$1307.9 (1291.9)	\$43.7 (43.7)	\$9.6 (9.6)	\$158.7 (154.4)
Deliveries to Foreign Governments at U. S. Ports*	\$1663.5 (1628.9)	\$1127.0 (1103.0)	\$ 488.2 (480.5)	\$21.1 (20.6)	- -	\$27.2 (24.8)

\*Deliveries to foreign governments at U. S. Ports do not include the tonnage that is either in storage, "in-transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.

Note: Figures in parentheses are those shown on report of January 19, 1944.



**BRITISH AIR COMMISSION**  
1785 MASSACHUSETTS AVENUE  
WASHINGTON, D. C.  
TELEPHONE HOBART 9000

PLEASE QUOTE  
REFERENCE NO. ....

With the compliments of British Air Commission  
who enclose Statements Nos. 121 and 122 -- Air-  
craft Despatched -- for the weeks ended January  
18th and January 25th respectively.

The Honourable Henry Morgenthau, Jr.  
Secretary of the Treasury  
WASHINGTON, D.C.

February 1, 1944.



**BRITISH AIR COMMISSION**  
1785 MASSACHUSETTS AVENUE  
WASHINGTON, D. C.  
TELEPHONE HOBART 9000

PLEASE QUOTE  
REFERENCE NO.....

With the compliments of British Air Commission  
who enclose Statements Nos. 121 and 122 -- Air-  
craft Despatched -- for the weeks ended January  
18th and January 25th respectively.

The Honourable Henry Morgenthau, Jr.  
Secretary of the Treasury  
WASHINGTON, D.C.

February 1, 1944.

MOST SECRET

STATEMENT NO. 121

Aircraft Despatched from the United States  
Week Ended January 18th, 1944

<u>TYPE</u>	<u>DESTINATION</u>	<u>ASSEMBLY POINT</u>	<u>BY SEA</u>	<u>BY AIR</u>	<u>FLIGHT DELIVERED FOR USE IN CANADA</u>
<u>CONSOLIDATED</u>					
Liberator B-VI	India	India		6	
Liberator GR VI	U.K.	U.K.		3	
Liberator GR VI	India	India		1	
<hr/>					
<u>GLENN MARTIN</u>					
Marauder II	M.E.	M.E.		6	
Baltimore V	M.E.	M.E.		10	
<hr/>					
<u>NORTH AMERICAN</u>					
Mitchell II	U.K.	U.K.		13	
Harvard	East Africa	Tanga (B.A.D.)	1		
Mustang	U.K.	U.K.	21		
<hr/>					
<u>VEGA</u>					
Ventura GR V	M.E.	M.E.		8	
Ventura GR V	S. Africa	S. Africa		2	
<hr/>					
<u>DOUGLAS</u>					
Dakota III	U.K.	U.K.		3	
Dakota III	India	India		8	
Dakota III	S. Africa	S. Africa		1	
<hr/>					
<u>BOEING</u>					
Catalina IV	U.K.	U.K.		3	
<hr/>					
<u>FAIRCHILD</u>					
Cornell I	Canada	Canada			59
<hr/>					
<u>GRUMMAN</u>					
Avengers	E. Africa	Mombasa	8		
Avengers	U.K.	U.K.	8		
Wildcat	U.K.	U.K.	1		
<hr/>					
<u>VULTEE</u>					
Vengeance	U.K.	U.K.	3		
Vengeance	India	Karachi	9		
Vengeance	Australia	Sydney	10		
<hr/>					
<u>CURTISS</u>					
Kittyhawk	N.W. Africa	Oran	21		
Kittyhawk	New Zealand	Auckland	5		
<hr/>					
<u>NOORDUYN</u>					
Harvard	U.K.	U.K.	10		
Norsemen	Australia	Sydney	3		
<hr/>					
<u>STINSON</u>					
Reliant	Ceylon	Ceylon	1		
<hr/>					

Movements Division	Total:	101	64	59
British Air Commission.				

22/1/44

MOST SECRET

STATEMENT NO.122

MOST SECRET

Aircraft Despatched from the United States  
Week Ended January 25th, 1944

<u>TYPE</u>	<u>DESTINATION</u>	<u>ASSEMBLY POINT</u>	<u>BY SEA</u>	<u>BY AIR</u>	<u>FLIGHT DELIVERED FOR USE IN CANADA</u>
<u>CONSOLIDATED</u>					
Liberator B VI	M.E.	M.E.		2	
Liberator B VI	India	India		5	
Liberator GR VI	U.K.	U.K.		4	
Liberator GR VI	India	India		2	
Coronado GR I	U.K.	U.K.		2	
<hr/>					
<u>NORTH AMERICAN</u>					
Mitchell II	U.K.	U.K.			16
Mustangs	U.K.	U.K.	34		
Harvard	M.E.	Sues	5		
<hr/>					
<u>VEGA</u>					
Ventura GR V	M.E.	M.E.			13
Ventura GR V	S. Africa	S. Africa			2
<hr/>					
<u>GLADWIN MARTIN</u>					
Baltimore III A	M.E.	M.E.			1
Baltimore V	M.E.	M.E.			17
<hr/>					
<u>DOUGLAS</u>					
Dakota III	India	India			9
Dakota III	U.K.	U.K.			15
Dakota III	S. Africa	S. Africa			1
<hr/>					
<u>BOEING</u>					
Catalina IV B	U.K.	U.K.			3
<hr/>					
<u>FAIRCHILD</u>					
Cornell I	Canada	Canada			33
Argus	India	Karachi	10		
<hr/>					
<u>CURTISS</u>					
Seawew	U.K.	U.K.		2	
Kittyhawk	N.W. Africa	Casablanca		15	
Kittyhawk	New Zealand	Wellington		4	
<hr/>					
<u>VORSEE</u>					
Vengeance	Australia	Sydney		4	
<hr/>					
<u>NOORDUYH</u>					
Horseman	Australia	Sydney		1	
<hr/>					
<b>Total:</b>			<b>75</b>	<b>92</b>	<b>33</b>

Operations Division  
British Air Commission  
January 31, 1944

msh

HL - 420

PLAIN

Cairo

Dated February 1, 1944

Rec'd 5:44 p.m.

Secretary of State,

Washington.

217, first.

FOR SECRETARY OF TREASURY FROM MIKESSELL.

Leaving Cairo for work in Palestine and Syria for two weeks.

KIRK

WVC

copy  
ef:2-2-44

NOT TO BE RE-TRANSMITTED

U.S. SECRET  
BRITISH MOST SECRET

COPY NO 12

OPTCL No. 37

Information received up to 10 A.M. 1st February, 1944.

1. NAVAL

Up to 10 A.M. yesterday no ships in convoy to RUSSIA had been torpedoed. About 40 ratings were lost on one of H.M. Destroyers. Weather conditions excellent at ANZIO Bridgehead and unloading progresses well. One of H.M. Submarines shelled 2 seaplane bases in SOUTHERN FRANCE on 23rd and 27th respectively.

On 30th. another of H.M. Submarines torpedoed two Westbound ships of 7,000 tons and 3,500 tons off ROULON and on 31st torpedoed two Eastbound coasters. On 29th/30th coastal forces sank a small German tanker and a large schooner off YUGOSLAV coast, 8 prisoners were captured. Yesterday two of H.M. Sloops sank a U-boat in South Western Approaches.

2. MILITARY

Italy To noon 31st. 8th Army. Canadians have made a small advance astride the TOLDO Road against strong opposition.

5th. Army North of CASSINO there has been more heavy fighting in French sector. U.S. Troops have captured the village of CAIRO 2 miles Northwest of CASSINO. In British sector enemy is still counterattacking around CASTELFORTE and MINTURNO.

6th Corps British and U.S. Forces began an attack on 30th but are held up outside CISTEANA and CAMPOLEONE.

3. AIR OPERATIONS

Western Front 30th/31st. BERLIN. 983 tons HE and 820 tons incendiaries dropped including 341 4,000 pound bombs.

31st. Escorted Liberators dropped 189 tons on military constructions Northern FRANCE. Escorted Thunderbolt bombers dropped 16 tons with good effect on an airfield in Southern HOLLAND. Enemy casualties 13:0:1. Allied six missing.

Italy 28th/29th. Wellingtons dropped total of 55 tons on railway centre at FOLLIGNO and VERONA, 2 Wellingtons missing.

29th. Railway communications in East and Central ITALY were attacked by medium and heavy bombers which dropped about 675 tons, 3 medium bombers missing. A total of 430 light and fighter bombers operated over the Western Battle area, 54 motor vehicles were destroyed, 84 damaged and 2 enemy fighters shot down.

OPTCL NO 36 not sent to Washington.

102  
February 2, 1944  
10:09 a.m.

HMJr: Good morning.

Leo  
Crowley: Good morning. Say, I was going to call you  
this morning before you called me....

HMJr: Yeah.

C: ....and I -- we want to talk to you about  
that Lend-lease stuff and I'm going to try,  
if I possibly can, to change a luncheon date  
that I have with the Brazilian Ambassador....

HMJr: Yeah.

C: ....to tomorrow, and if not, I'll come over  
for a little while anyhow.

HMJr: Well, I'd appreciate it because I'm going  
away in a day or so and I -- this is amongst  
my "unfinished business".

C: Fine and dandy. Well, I'll be over for a  
while anyhow.

HMJr: Well, will you....

C: But I'll try and postpone the lunch so I can  
stay all through it.

HMJr: Well, that will be fine.

C: Because I've got a lot of things I want to  
talk to you about anyhow.

HMJr: Well, then I can count on Cox and Currie?

C: That's right. And myself.

HMJr: And yourself?

C: That's right.

HMJr: That's very kind.

C: Thanks.

HMJr: Thank you.

February 2, 1944  
10:15 a.m.

General  
Watson: Hello.

HMJr: Yes.

W: Say, Henry.

HMJr: Yes.

W: The President said that he'd have to postpone that until tomorrow.

HMJr: Oh, gee!

W: He cut off five people, including Ickes, for lunch, who has been trying to get in here for two weeks.

HMJr: Yeah.

W: And I don't think he's really feeling like working yet myself.

HMJr: Yeah.

W: He's got every damn minute up to lunch.

HMJr: Yes.

W: And -- but he says, "Tomorrow -- no -- Thursday," he's got.

HMJr: What?

W: He says, "No, not today." I had you down....

HMJr: Yeah.

W: ....for the first and he says, "No, Thursday," and McCloy and Ickes and one other.

HMJr: Uh huh.

W: But it's tomorrow.

HMJr: I see.

W: I'll give you the first one tomorrow.

- 2 -

HMJr: You don't know whether it will be bedside or not?

W: No, I think probably it will be the first one -- too much family there for the bedside, I think.

HMJr: I see.

W: I don't know. I think Mrs. Roosevelt and Anna and all those people go in.

HMJr: Uh huh. But it will be the first one tomorrow.

W: I'll give you the first one. I'll take it on myself to do that.

HMJr: Oh. Okay. I'm disappointed but....

W: Yes.

HMJr: ....there's nothing I can do.

W: Well, I -- nothing I could do about it either. I gave you the -- I gave him the first talk for you.

HMJr: Yeah. Okay.

W: All right.

HMJr: Thank you.

February 2, 1944

I spoke this morning to Stettinius and told him that I had taken Pehle over for lunch with Mr. Stimson and Mr. Stimson said that if, when I asked Stimson whether if the President was unable to get Frank Graham would he be willing to give Pehle a trial, and Stimson said, "Yes". But I said that he would have to clear everything personally with Stettinius. And I said wouldn't Stettinius be willing to go along? He at first hesitated and said that he thought the President wanted some important figure. So I said, "What are the Cabinet Members there for?" And he said, "That's right." So he said, "Well, I'm willing to go along." But he was just a little hesitant about it.

February 2, 1944  
10:45 a.m.

JEWISH EVACUATION

Present: Mr. Pehle  
Mrs. Klotz

H.M.JR: Now you had better explain to me - where does this organization--

MR. PEHLE: This is the people who are very closely connected with the J.D.C.

H.M.JR: Why did they do it separately from J.D.C. - say they are appealing for funds? I thought the J.D.C. is just appealing for four million dollars.

MR. PEHLE: This is all tied right in with that. This is the United Jewish Appeal.

H.M.JR: Doesn't say so.

MR. PEHLE: It is signed United Jewish Appeal for Refugees Overseas Needs. Most of their money, as I understand, goes to the J.D.C., but it is all one thing like the Community Fund.

H.M.JR: But is the J.D.C. part of the Jewish Appeal?

MR. PEHLE: That is what I understand.

H.M.JR: (Refers to attached telegram of February 2, 1944) Oh, yes.

What are they going to do?

- 2 -

MR. PEHLE: I guess they want to talk with the three Secretaries. It shows a need of the Executive Director, because you can't have those people together to talk to every organization. We are having a flow of them in here.

H.M.JR: You see, this is a bad piece of business. I mean, Stimson won't know what to do, Hull won't know what to do.

MR. PEHLE: I was thinking, if you called them up and have them come over and you will see them - they may misunderstand, you see. I think they will refer them over here.

H.M.JR: Well, Rabbi Jonah B. Wise is National Chairman. Why don't I call him on the phone and tell him if he would keep his shirt on, I think we will be able - what?

MR. PEHLE: That is what I would do.

(The Secretary places a call to Rabbi Jonah B. Wise)

MR. PEHLE: That is the initial order on the press release that came out of the White House.

H.M.JR: Let me just see which of these I know and which I don't. (Refers to attached memorandum entitled "Accomplishments to Date," dated February 2, 1944)

(Reading) "1. We have worked out with the World Jewish Congress a program to evacuate refugees from France into Spain, Switzerland and North Africa and from Rumania. Appropriate licenses have been granted authorizing the necessary operations."

Do I know about this number one thing? Is that the ship?

MR. PEHLE: The number one thing was originated before the War Refugee Board. That is the initial case in which the World Jewish Congress started.

- 3 -

H.M.JR: Where do I look for reference on that?

MR. PEHLE: I haven't got those all documented.

H.M.JR: But you can?

MR. PEHLE: I can document them.

H.M.JR: Couldn't that be number one?

MR. PEHLE: There will be an awful lot of paper.

H.M.JR: In case he asks me.

MR. PEHLE: Sure. I will give you a documentation on each one:

H.M.JR: So if he says, "What is this?" I can refer to it.

MR. PEHLE: I will give you documentation of each one.

H.M.JR: Now, this one about this Schulman, that is quite recent, too, isn't it? You haven't got that documented.

MR. PEHLE: No, I haven't. Do you want the cables, or just a fuller statement?

H.M.JR: What I would like to have is a fuller statement with the cables back of it. So I could turn to number two and then have the thing, you see, with the cables back of it.

MR. PEHLE: Yes, sir.

H.M.JR: Now, number ten - "At our suggestion, the Department of State" - I just wonder whether I would say, "At our suggestion."

MR. PEHLE: On the cable?

- 4 -

H.M.JR: Why not just say, "The Department of State has--" you know, it is like the one with Stettinius.

MR. PEHLE: Yes, sir.

H.M.JR: "The Department of State has sent" I would say. Don't you agree?

MRS. KLOTZ: That is right.

H.M.JR: Again, number eleven, "We have furnished the War Department" - I would say, "The War Department has sent."

MR. PEHLE: I don't know if they have sent them yet. We furnished them at their suggestion. I don't see any objection to that.

H.M.JR: All right.

You never told me about your ~~meeting~~ meeting with Lehman.

MR. PEHLE: No, I didn't. Do you want me to tell you now?

H.M.JR: Yes.

MR. PEHLE: We had a long, very friendly talk. I think he was satisfied.

(The Secretary held a telephone conversation with Dr. Jonah B. Wise, as follows:)

February 2, 1944  
11:13 a.m.

HMJr: Dr. Wise?

Jonah  
Wise: Yes.

HMJr: Is this Dr. Jonah Wise?

W: Yes.

HMJr: Henry Morgenthau, Jr.

W: Yes, sir.

HMJr: I got your cable, Dr. Wise, and I -- my call is  
in response to that.

W: Yeah.

HMJr: I take it you are Chairman of this United Jewish  
Appeal?

W: Yeah.

HMJr: Well, now, Dr. Wise, the trouble is we're sort of  
hopeful that any day the President will appoint a  
Director.

W: Yes.

HMJr: And I doubt very much if we can get this Board  
together to meet with your people.

W: Yeah.

HMJr: Wouldn't it be agreeable if you could meet with  
the Director?

W: Why, I think that would be the better thing to do.  
He will probably have very great authority--delegated  
authority.

HMJr: That's right. I -- I think so because, while Mr.  
Stimson is very sympathetic, he has expressed a  
hope that he will not have to give it too much  
time, personally, you see? And in the case of Mr.  
Hull, he's sort of leaving it to Mr. Stettinius.

W: Yeah.

- 2 -

HMJr: I question the wisdom and I thought I could talk to you frankly in asking....

W: Hello?

HMJr: ....to convene this Board to meet with your people but if you weren't too insistent and you could meet with the Director and get a satisfactory result, wouldn't that be all you desire?

W: Well, I'll have to speak to -- you know Bill Rosenwald is on this.

HMJr: Yes.

W: One of the Chairmen.

HMJr: Hello?

W: Bill Rosenwald is one of the Chairmen. Supposing I speak to Bill about it.

HMJr: Yes.

W: Then we can communicate with you, but I would be of the opinion that your suggestion is a good one.

HMJr: This is not a run around. This is to get results.

W: Yeah. You think that would get the results better and more promptly?

HMJr: I think so, and if it didn't work, then you could always go to the Board.

W: But you don't think....

HMJr: Hello?

W: I say, you doubt your ability to get them together just for a meeting?

HMJr: Well, it could be done, but I doubt the wisdom of it in the first instance.

W: Yes. Very well, I'll be thinking about it and I'll communicate with Mr. Rosenwald.

HMJr: Will you do that?

- 3 -

W: You're not speaking to him are you?  
HMJr: No, I just called you.  
W: All right, thanks. I'll speak to him.  
HMJr: Right.  
W: Thanks a lot.  
HMJr: Thank you.

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MR. PEHLE: You are very gentle with him.

H.M.JR: Gentle? Why not?

MR. PEHLE: I didn't say why not. I thought you were very gentle.

H.M.JR: Why shouldn't I be?

MR. PEHLE: I think you have to be very firm, because there are so many of them pushing all the time. I mean, if one saw the Board they will all want to see the Board.

MRS. KLOTZ: The Board will have to sit forever.

H.M.JR: I wasn't thinking of that. I feel very gentle!

MR. PEHLE: So I talked to Lehman alone. He had no one else in there. He was very friendly. He didn't seem to have any real suspicions that somebody was trying to cut in on his job. And I went out of my way to allay any possibility that he would have such suspicions, and told him that as I saw it, the Board was not being an operating agency in these camps, and so forth. Of course the Board would want UNRRA to do it.

He said that all the facilities of UNRRA were at the disposition of the Board. He made arrangements so that some of my people are already working with some of the UNRRA people, particularly on that camp at Casa Blanca.

But I gave him pretty much the full story of how this thing had developed and how it had come about.

H.M.JR: How much did you give him?

MR. PEHLE: I held back some, but I followed out the thing that you told him over the phone, which was that I would tell him everything that you knew about it.

- 6 -

H.M.JR: Did you tell him about all that stuff at the White House?

MR. PEHLE: No, very generally. *generally*

H.M.JR: He is evidently satisfied, because he hasn't called me back.

MR. PEHLE: Yes, I think he is all right.

Now the bill is through.

H.M.JR: Did the President sign it?

MR. PEHLE: Sure.

H.M.JR: He did?

MR. PEHLE: It was signed and I just located it yesterday afternoon.

H.M.JR: That is something. That is for the general expenses?

MR. PEHLE: Very broad language, it can be used for anything. (Mr. Pehle hands the Secretary the attached Allocation No. 44-58 from the President, dated January 29, 1944)

H.M.JR: This is amazing.

MR. PEHLE: Fifty percent of that is out of the confidential portion of the Fund. Those don't have to be accounted for at all, just a receipt.

H.M.JR: Now let's just see - that last number seventeen is new, isn't it? (Refers to memorandum)

MR. PEHLE: Yes.

H.M.JR: Could I keep this? (Refers to notebook of exhibits.)

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MR. PEHLE: I would rather keep working on it. May I show you a couple of other things that are in there? (Points out various important items to the Secretary)

H.M.JR: How can I locate that? Where does it say "Unitarian"?

(Mr. Pehle points to index)

MR. PEHLE: Now, here is the letter on the hundred thousand dollars, press release on that ten-dollar contribution. These are telegrams to the Treasury people - instructions to War.

We will document every item.

H.M.JR: Now, the most important thing is when it comes to names. That is what I want. Just make this a little simpler, you see? This is all right if you just underline this, you see? I want to show him he has big names, you see.

You leave this with me for a little while, will you, please?

MR. PEHLE: Yes, sir. Do you want the whole book?

H.M.JR: Yes, just leave this. I will get it back to you.

MR. PEHLE: Yes. The next item is some of the clippings and a very good editorial.

Yes, that is all right, if you will get it back.

Let me just mention one thing. The State Department had a hearing at Budget for five million dollar appropriation.

H.M.JR: For what?

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MR. PEHLE: For stuff that is tied all in with this. Budget promptly told them that they didn't understand the relationship between this and the Refugee Board, got in touch with me, and State is all concerned about it.

State, on January 28, after the Board was established, sent a letter to Budget asking for five million dollars for the Intra-Governmental Committee, and everything, not consulting the Refugee Board at all.

H.M.JR: Have you told this to Stettinius?

MR. PEHLE: No, but I am going to.

H.M.JR: Will you deal with Stettinius? We will do it this way, we can't bother Stettinius too much, you see - he was a little bit, this morning - you know--

MR. PEHLE: Did you talk to him this morning?

H.M.JR: Yes, but - well, he still was for a name. I convinced him if I couldn't get the one, it was all right for you.

I felt his feeling was, "God, this is getting to be a nuisance."

MR. PEHLE: Pushing him a little bit too much?

H.M.JR: Yes, a little. You know Stimson said yesterday it was all right if I would stay back of you.

MR. PEHLE: Yes.

H.M.JR: Which I thought was interesting. I would try not to bother Stettinius more than once a day, but this thing on Budget I would get to him. Then, if you don't get any results, I will back you up.

MR. PEHLE: That is the thing in hand, now.

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H.M.JR: Who tried to pull that?

MR. PEHLE: Probably Travers or one of those people.

H.M.JR: Who is Travers?

MR. PEHLE: Head of the Visa Division.

H.M.JR: Now, Billy Riegelman when he was here said they still were going to go ahead, he thought, with this Inter-State Department Committee on refugees.

MR. PEHLE: Intra-State.

H.M.JR: Intra--

MR. PEHLE: That is all right. I don't think we can object to that.

Finis?

H.M.JR: Yes.

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THE HONORABLE HENRY MORGENTHAU JR

1944 FEB 2 AM 8 30

SECRETARY OF THE TREASURY

AS THE THREE NATIONAL CHAIRMAN OF THE UNITED JEWISH APPEAL FOR REFUGEES OVERSEAS NEEDS AND PALESTINE, LARGEST FUND RAISING AGENCY THROUGH WHICH AMERICAN JEWS PROVIDE FOR THE RELIEF AND REHABILITATION OF REFUGEES IN EUROPEAN AND OTHER LANDS, PALESTINE AND OTHER LANDS, PALESTINE AND THE UNITED STATES, WE ARE MOST ~~XXXXXX~~ ANXIOUS TO MEET WITH YOU AND YOUR ASSOCIATE MEMBERS FOR THE WAR REFUGEE BOARD IN CONFORMITY WITH THE BOARDS DESIRE TO ACCEPT THE SERVICES OF PRIVATE ORGANIZATIONS AND AGENCIES. THE UNITED JEWISH APPEAL FOR REFUGEES, OVERSEAS NEEDS AND PALESTINE PROVIDES FUNDS FOR THE PROGRAMS OF THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE. THE UNITED PALESTINE APPEAL, AND THE NATIONAL REFUGEE SERVICE, WHICH ARE THE MAJOR AGENCIES CONCERNED WITH REFUGEE PROBLEMS IN EUROPE, PALESTINE, AND THE UNITED STATES, RESPECTIVELY. WE WOULD APPRECIATE OPPORTUNITY OF MEETING WITH YOU OR YOUR APPOINTED REPRESENTATIVES AT YOUR EARLIEST CONVENIENCE. IDENTICAL MESSAGES HAVE BEEN SENT TO THE HONORABLE CORDELL HULL AND THE HONORABLE HENRY L STIMSON RESPECTFULLY -

UNITED JEWISH APPEAL FOR REFUGEES OVERSEAS NEEDS AND  
PALESTINE RABBI JAMES G HELLER MR WILLIAM ROSENWALD  
RABBI JONAH B WISE NATIONAL CHAIRMAN 342 MADSON  
AVENUE NEW YORK CITY.

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THE WHITE HOUSE  
Washington

JAN 29 1944

My dear Mr. Secretary:

By virtue of the authority vested in me by law I hereby allocate from the appropriation entitled "Emergency Fund for the President, National Defense, 1942-44,"

<u>To</u>	<u>Amount</u>
War Refugee Board	\$1,000,000

to be expended by said Board in connection with emergencies affecting the national security and defense for carrying out the functions of the Board as prescribed by Executive Order 9417 of January 22, 1944.

The funds hereby allocated shall be available, without regard to Section 3709 of the Revised Statutes (41 U. S. C. 5), for all necessary expenses of the War Refugee Board in carrying out Executive Order 9417, including employment of persons (including aliens) or organizations, by contract or otherwise, in the District of Columbia and elsewhere without regard to the civil service and classification laws; acceptance and utilization of voluntary and uncompensated services; transportation expenses outside the United States without regard to the Standardized Government Travel Regulations; actual transportation and other necessary expenses, and not to exceed \$10 per diem in lieu of subsistence, of persons serving while away from their permanent homes or regular places of business in an advisory capacity to or employed by the Board without other compensation from the United States; purchase and exchange of law books and books of reference; purchase of or subscription to newspapers and periodicals; purchase of food, clothing, and medical supplies within or outside the United States; cash payments to and for the benefit of victims of war, without the necessity for cash receipts where receipts are not obtainable; purchase, without regard to statutory limitations as to price, maintenance, operation, repair, and hire of motor-propelled or horse-drawn trucks and passenger-carrying vehicles; payment of premiums on fidelity or other bonds for employees or others engaged in carrying out the purposes hereof; advances of monies without regard to Section 3648 of the Revised Statutes (31 U. S. C. 529); exchange of funds without regard to Section 3651 of the Revised Statutes (31 U. S. C. 543); printing and binding without regard to Section 11 of the Act of March 1, 1919 (44 U. S. C. 111); and the reimbursement of other appropriations

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from which payment may have been made for the purposes hereof: Provided, That not to exceed \$500,000 of the funds hereby allocated shall be available for objects of a confidential nature and shall be charged against the limitation for such purposes under said appropriation, and shall be accounted for solely on the certificate of the Executive Director of the Board.

Please arrange for the necessary transfer of funds and advise the War Refugee Board accordingly.

Sincerely yours,

/s/ Franklin D. Roosevelt

The Honorable

The Secretary of the Treasury

February 2, 1944

Accomplishments to date

1. We have worked out with the World Jewish Congress a program to evacuate refugees from France into Spain, Switzerland and North Africa and from Rumania. Appropriate licenses have been granted authorizing the necessary operations.
2. We have worked out with the JDC a program to evacuate 5,000 to 6,000 abandoned children from France and to sustain their lives, pending evacuation. Licenses have been granted permitting these operations up to a total cost of \$600,000 for the next six months. An initial remittance of \$200,000 has been sent to the JDC representative in St. Gall, Switzerland, and operations are now under way.

While some of these children may be evacuated to Spain, the majority will probably have to be evacuated to Switzerland. Before Switzerland will agree to admit the children, it requires receipt of assurances from some other government that the children will be reevacuated after the war. The Treasury is working on a method whereby the necessary assurances can be given by this Government.

3. We have worked out a program to evacuate Jews from Poland to Hungary. The Union of Orthodox Rabbis of the United States and Canada has been authorized to communicate with and to send funds to persons in Hungary who are in a position to assist refugees across the Hungarian borders into Hungary where a Jewish community of over 1,000,000 people is ready to help and absorb the refugees into the Hungarian economy. \$100,000 has been sent to Switzerland to cover these operations. With State's approval, direct transfers of free exchange into enemy or enemy-occupied territory have been authorized for this program, if it is impracticable to obtain the necessary local currency in Switzerland or in Hungary against payment after the war from a blocked account. Thus we have obtained State's approval of a practical and effective method to finance underground operations.
4. We have sent a message to our representative in the Vatican giving the necessary assurances that funds will be forthcoming for the immediate relief of destitute Jews in Rome. This will enable relief activities on behalf of these Jews to begin at once.

- 2 -

5. We worked out the financial details of a program handled by the JDC for the purpose of evacuating refugees from Spain to Palestine. 600 of these refugees have already left Lisbon on the "Nyassa." We are now working on a plan to have the "Nyassa", after it transports these persons to Haifa, Palestine, go to Constanza, Rumania to pick up a group of refugees there.
6. We worked out with the JDC a program to bring relief to refugees in Transnistria. Funds have been sent by the JDC to the International Red Cross delegate in Ankara for the purchase of 250 tons of foodstuffs in Turkey, to be distributed among the internees by the International Red Cross. We are presently working on an expansion of this program so as to provide food distributions to internees in Theresienstadt, Yugoslavia and Greece.
7. We have sent an urgent message to the International Red Cross, Geneva, stating that the War Refugee Board is prepared to see that funds are made available at once to the International Red Cross to provide food and medicines to persecuted groups in German-occupied areas who are denied the facilities available to the rest of the population.
8. We are working with the World Jewish Congress on a program to evacuate Jews from Transnistria to Rumania in order to move them from the path of the retreating German army. It is believed that thousands of Jews can be saved from death in Transnistria. In fact, we have just received a report that 6,400 internees, including 400 children, have already been evacuated from Transnistria to Bucharest and that 500 more are expected to be moved in the next few days. In addition, 200 Polish refugees have been moved from Bessarabia to Bucharest. These operations appear to have been handled with the cooperation of the Rumanian Government.
9. \$100,000 has been received by the Treasury, as private contributions for the work of the War Refugee Board.
10. At our suggestion, the Department of State has sent very strong instructions to our Missions in the four neutrals, London and Turkey, repeated to all other Missions, informing them of the new Board and requesting full cooperation in effecting the policy of the Government as stated by the President.
11. We have furnished the War Department with suggested instructions to the appropriate Theater Commanders asking the latter to do

everything possible, consistent with the successful prosecution of the war, to effectuate the Government's policy to take all measures to rescue the victims of enemy persecution.

12. The Secretary of the Treasury has sent messages to the Treasury representatives in London, Stockholm, Ankara, Lisbon, Cairo and Algiers asking them to do everything possible to assist their Missions in carrying out the policy of immediate rescue to the victims of enemy persecution.
13. We drafted a cable to London which was sent by the State Department requesting Ambassador Winant to discuss the situation with the British and suggest to them that they send instructions to their Missions along the same lines as the instructions to our Missions.
14. We have been in touch with the following organizations who are working out specific operations and programs with us:

American Friends Service Committee  
World Jewish Congress  
American Jewish Joint Distribution Committee  
American Jewish Conference  
American Jewish Committee  
Jewish Labor Committee  
Unitarian Friends Service Committee  
Emergency Committee to Save the Jews of Europe  
Hebrew Sheltering and Immigrant Aid Society

One of the problems is to get all the groups, particularly the Jewish groups, to work together and to stop fighting among themselves. We are working with the various groups to this end.

15. We are working with UNRRA on the problem of making use of the Fedhala camp in North Africa which has room for several thousand refugees.
16. We are submitting to the War Department a program for the rescue of some 1,500 refugees on the Adriatic Island of Rab.
17. We are working on a propaganda program for submission to OWI. Such a program will envisage shortwaving to Germany and occupied Europe the true facts with regard to the German atrocities and the determination of this Government to punish the perpetrators.

Clippings. . . . .	A
Accomplishments. . . . .	B
Agenda prepared by State Department and used at first meeting of War Refugee Board. . . . .	C
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A

THE WASHINGTON DAILY NEWS  
Tuesday, January 25, 1944

## Rescue the Refugees!

Rarely has the President made a more desirable and popular move than his appointment of the Secretaries of War, State and Treasury as a war refugee board to rescue as many as possible of Hitler's victims.

The fact that the Senate Foreign Relations Committee approved unanimously the Gillette-Taft-Baldwin-Rogers proposal for a similar board indicates how far this issue transcends partisan, political or racial considerations. The object is purely humanitarian: to save the persecuted minorities who have escaped death but are in peril.

Though all minorities properly are covered by the President's order—political as well as racial and religious—the largest number are the Jews. They have been singled out by the Nazis for mass extermination. An estimated two million European Jews already have been wiped out. Perhaps four million remain. They are homeless. Those who are not murdered outright, and who escape destruction by torture, face death by starvation and neglect.

The rescue job is difficult but by no means impossible, because many are still in the satellite countries. Thus when Sweden offered a temporary haven 6000 Danish Jews promptly got out. This week about 850 are being taken by ship from Portugal and Spain to Palestine, thus making room for others to come into those transit countries.

But only an active official agency, backed by money and power, can arrange the intricate international facilities to rescue several hundred thousands instead of the few hundreds now escaping. Many can be taken out of France, Hungary, Rumania and Bulgaria to temporary havens, which the board can set up in Portugal, Spain, North Africa, Turkey, Switzerland and Sweden. Palestine probably could care for half a million for the duration of the war if the British government would permit it.

This new board must not be allowed to limp along without effective action; like so many earlier efforts, including those of the Bermuda conference and the inter-governmental refugee committee. Time is short. The need is desperate.

Wash. Post 1/22/44

## Roosevelt Moves On Behalf of Jews

### U. S. Departments Told to Extend Refugee Help

*By The Associated Press*

President Roosevelt created a War Refugee Board last night and directed it to attempt the rescue of "the victims of enemy oppression who are in imminent danger of death."

The board consists of the Secretaries of State, Treasury and War, who are empowered to appoint a full-time executive director to administer the refugee assistance program.

A White House statement said the President's action was designed to bring about immediate rescue from the Nazis of "as many as possible of the persecuted minorities of Europe—racial, religious or political—all civilian victims of enemy savagery."

The White House said that Mr. Roosevelt stressed that it was urgent for action to be taken at once "to forestall the plan of the Nazis to exterminate all the Jews and other persecuted minorities in Europe."

Decision as to how the goal could be accomplished was left to the board. It could, perhaps, make use of the International Red Cross, neutral diplomatic missions, or even underground movements in occupied lands.

Mr. Roosevelt stated, the White House said, that he expected to get the cooperation of all the United Nations and other foreign governments in the program.

The State Department was directed to appoint special attaches with diplomatic status, on recommendation of the board, to be stationed at spots where help might be rendered to war refugees.

The board will be charged not only with developing plans for the rescue of oppressed peoples, but also with working out measures for their transportation, maintenance and relief and for setting up "havens of temporary refuge."

1/23/44

# ROOSEVELT SETS UP WAR REFUGEE BOARD

## Hull, Morgenthau and Stimson Are Directed to Aid Rescue of Victims of Axis Rule

### FOR 'IMMEDIATE' ACTION

### President Urges Forestalling Nazi Plan 'to Exterminate All Jews and Other Minorities'

Special to THE NEW YORK TIMES.

WASHINGTON, Jan. 22—President Roosevelt set up by Executive Order today a War Refugee Board "to take action for the immediate rescue from the Nazis of as many as possible of the persecuted minorities of Europe, racial, religious or political, all civilian victims of enemy savagery."

The board, which is directly responsible to the President, is comprised of Secretary Hull, Secretary Morgenthau and Secretary Stimson. They will have a full-time executive director.

The Foreign Policy Association

estimated last year that about 16,000,000 Europeans had been made refugees by Nazi action.

The policy of our Government toward the refugee problem was stated in the preamble of the President's Executive Order, as follows:

"It is the policy of this Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war."

#### Cooperating Agencies

A White House statement said that while the President "would look directly to the board for the successful execution of this policy, the board, of course, would cooperate fully with the Inter-Governmental Committee, the United Nations Relief and Rehabilitation Administration and other interested international organizations."

More than being an isolated American move, the President said that he expected to obtain the cooperation of the United Nations and other foreign governments in carrying out what the White House called "this difficult but important task."

The President stressed, said the White House statement, "that it was urgent that action be taken at once to forestall the plan of the Nazis to exterminate all the Jews and other persecuted minorities in Europe."

The President's order said that the functions of the new board

"shall include, without limitation, the development of plans and programs and the inauguration of effective measures for (a) the rescue, transportation, maintenance and relief of the victims of enemy oppression, and (b) the establishment of havens of temporary refuge for such victims."

#### Diplomatic Status for Aides

It said also that the State Department shall appoint "special attachés with diplomatic status" on the recommendations of the board, and that these shall be "stationed abroad in places where it is likely that assistance can be rendered to war refugees."

"The board and the State, Treasury and War Departments are authorized to accept the services or contributions of any private persons, private organizations, State agencies or agencies of foreign governments in carrying out the purposes of this order," the President directed.

Of the four American representatives to the Anglo-American Conference on Refugee Problems at Bermuda last spring, only one would appear to be available for the position of executive director of the board. He is R. Borden Reams of the State Department, 40 years old. The others were President Harold Willis Dodds of Princeton University, Senator Scott Lucas and Representative Sol Bloom.

gees in the past has been that Germany might be able to smuggle out spies and saboteurs along with the bona fide refugees liberated through negotiation. The President's instruction that "havens of temporary refuge" be established for refugees was taken to mean, however, that they would go to areas where Nazi agents would be of little value to the enemy.

Negotiations for the release of refugees in areas yet to be liberated presumably would be conducted through the Swiss or other neutral governments.

It is thought that relief, which can be supplied through private contributions to the board, as well as with public funds, probably will be handled through the International Red Cross.

The Star, January 23, 1944

## President Names Special Board To Rescue European Refugees

By J. A. FOX.

President Roosevelt yesterday created a War Refugee Board and directed it to join with other organizations of similar purpose to speed the rescue and relief of persecuted minorities in Nazi-dominated Europe—"all civilian victims of enemy savagery."

"It is the policy of this Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war," the President said in the order setting up the board, which consists of the secretaries of War, State and Treasury.

The board, to be directly responsible to the President, is to have un-

restricted authority to develop plans and inaugurate "effective measures for (a) the rescue, transportation, maintenance and relief of the victims of enemy oppression, and (b) the establishment of havens of temporary refuge for such victims."

A white House statement accompanying the order said the President "stressed that it was urgent that action be taken at once to forestall the plan of the Nazis to exterminate all the Jews and other persecuted minorities of Europe." There was, however, nothing to indicate the manner in which the problem may be attacked.

The board was directed to seek the co-operation of foreign governments in carrying out the program, while the State, War and Treasury Departments were named speci-

(See REFUGEES, Page 4-6)

ally as the agencies which will execute it.

The order also provides that "the services or contributions of any private persons, private organizations, State agencies or agencies of foreign governments" may be accepted to facilitate the program. It added:

"The board shall co-operate with all existing and future international organizations concerned with the problems of refugee rescue, maintenance, transportation, relief, rehabilitation and resettlement."

**No Hint of Financing Plan.**

The White House statement said that "the board, of course, must co-operate fully with the Intergovernmental Committee (which was the outgrowth of the International Refugee Conference held at Evian, France, in 1938), the United Nations Relief and Rehabilitation Administration and other interested international organizations."

Neither the statement, nor the order creating the board, gave any hint of the extent of Government financing which might be required for the new setup, nor was there any reference to a prospective request for a congressional appropriation.

While fullest use is to be made of the facilities of the State, War and Treasury Departments, the order also specifies that "within the limits of funds which may be available," the board is to provide for such personnel and services as are "necessary to discharge its responsibilities." An executive director will be the administrative officer.

### All Agencies Must Co-operate

"It shall be the duty of the heads of all agencies and departments to supply or obtain for the board such information and to extend to the board such supplies, shipping and other specified assistance and facilities as the board may require in carrying out the provisions of this order," the President directed. "The State Department shall appoint special attaches with diplomatic status, on the recommendation of the board, to be stationed abroad in places where it is likely that assistance can be rendered to war refugees, the duties of such attaches to be defined by the board in consultation with the State Department."

At a House Foreign Affairs Committee hearing in November, when a resolution was under discussion to authorize Mr. Roosevelt to create a commission to work out a plan for saving the Jewish people of Europe from extermination, Breckenridge Long, Assistant Secretary of State, said 580,000 refugees from Hitler's reign of persecution had found haven in this country. He added that "we are ready to take all new refugees who come out of France or out of other occupied territory. Spain will assist them."

Mr. Long said that inadequate transportation is the main barrier to further movement of these peoples, and that immigration quotas have not been filled. The American and British governments are sharing equally the cost of this aid.

The House Committee has never acted on the resolution.

The Anglo-American refugee conference in Bermuda last spring was understood to have been convinced that a large-scale movement of oppressed peoples from Europe was out of the question both because of the transportation problem and the possibility of negotiating with the enemy.

## Call Of Humanity

The President has forestalled certain action in Congress in behalf of the threatened Jews in Nazi-occupied Europe. He has set up a War Refugee Board to attempt the rescue of "the victims of enemy oppression who are in imminent danger of death." This decision follows the initiative of Senator Gillette, whose resolution to the same effect had already been reported out by the Foreign Relations Committee, and was on the calendar for Senate debate this week. A similar resolution introduced by Representatives Will Rogers and Joseph C. Baldwin was on its way through the House. Passage by an overwhelming majority had been indicated. The industrious spadework done by the Emergency Committee to Save the Jewish People in Europe had contributed to this prospect, and the committee is likewise entitled to credit for the President's forehanded move. The proponents of the legislative resolutions, who are drawn impartially from both parties in Congress, will no doubt welcome presidential action without reservation. Perhaps they would have rephrased the title to exclude the word refugees, for, after all, the congressional aim was that steps should be taken before the Jews become refugees. But the purpose in establishing the new boards embraces the object of the resolutions, and that is the main thing.

The new board will be composed of Secretaries Hull, Morgenthau and Stimson. An executive director will be appointed, and this, of course, will be the key post, to be filled, presumably, by a person of both distinction and energy. He is assured in advance of maximum cooperation by the State Department. The department already has been directed on recommendation of the board to appoint special attaches with diplomatic status, to be stationed in places where aid could be given to war refugees pending the development of permanent plans. Little can be done, of course, to stop the mass killing, which, according to the Archbishop of Canterbury is going on at the rate of 10,000 Jews a day. But, as Senator Gillette has said, the murderer's hand might be stayed if the Big Three were to indicate that their recent statement on atrocities applied equally to the Jew extermination program. It should have been done immediately after Hitler's New Year declaration that "our whole life, our efforts, and our existence must be directed to only one end: the com-

plete extermination of the Jew all over Europe." The new measure is the other step the Iowan had in mind in that it contemplates rescue and hospitality in special reservation camps in neutral and other territory. When the new agency sets up the centers to which the Jews can escape, there will be that much more encouragement to the Jews to escape Hitler's tolls.

We hope the President will also be forehanded in the matter of feeding the starving people of occupied Europe. A resolution calling upon the administration to facilitate this humanitarian measure is going through Congress. It should be speeded up, if the President will not cut short its career by adopting its purpose. There is not the slightest reason any more to bar mercy ships to Europe. The war will be won by military, not economic, means, and when this was realized, the major reason for opposition to this act of charity completely disappeared. We won't say it was wicked to hold out against action. It was simply stupid, an example of how the mind fails to keep pace with the facts. No cost to this country would be involved in authorizing mercy ships to go to the beleaguered countries. The food, the ships and the personnel will all come from neutral countries. After the experience in Greece, where outside aid has saved thousands of lives, there is no further excuse for a moment's delay in authorizing aid. Now that the President has anticipated congressional action in behalf of the Jews, he should anticipate congressional action in behalf of the children of Europe, for it is the children who would be benefited most. No greater tragedies have been recorded in civilized history than those which are now stirring our Congress.

*Wash. Star*

*1/27/44*

### **Morris Praises Naming Of War Refugee Board**

President Roosevelt's action in naming a War Refugee Board to forestall further executions of Jews and other subject peoples in Nazi-dominated areas was praised today in a statement by George M. Morris, chairman of the Washington Emergency Committee to Save the Jewish People of Europe.

This step, the statement said, will serve notice on the Axis satellite nations to halt further deportation of Jews to the death chambers of Poland.

"We hope," Mr. Morris said, "that the board will not lose sight of the necessity of the earliest possible action and will employ every necessary measure to make it clear to the Godless Nazis and their satellites that this Government and its people are determined, as the President pointed out, 'to forestall the plan of the Nazis to exterminate the Jews.'"

"We welcome the appointment to this board of such eminent Americans as Secretaries Hull, Stimson and Morgenthau, and we are happy to place at their disposal the facilities of the Washington Emergency Committee to Save the Jewish People of Europe."

# The Evening Star

JAN 28 1944

## U. S. Diplomatic Corps Asked to Assist In Saving Jews

By the Associated Press.

President Roosevelt's newly-created War Refugee Board said last night it had called on all American diplomatic officers to try at once to save Europe's Jews from Nazi terrorism.

Composed of Secretary of State Hull, Secretary of the Treasury Morgenthau and Secretary of War Stimson, the board added that other governments would be asked to co-operate in the program outlined by Mr. Roosevelt last Saturday.

Specifically, American diplomatic and consular officers were directed to report on existing conditions, including "information as to the permission granted to war refugees to enter each country, the encouragement and co-operation given to such entry and the extent to which each country does not co-operate in permitting entry. Where refugees are refused entry at frontiers, the facts and reasons for such actions have been requested.

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

Representatives of both major political parties joined in the House yesterday in expressing the desire that the United States "use its good offices" in opening the doors of Palestine to refugee European Jews.

Representatives Wright, Democrat, of Pennsylvania and Compton, Republican, of Connecticut introduced identical resolutions containing this idea, and both floor leaders, Representatives McCormack, Democrat, of Massachusetts and Martin, Republican, of Massachusetts, asked that it be adopted as "the policy of our country in the light of the stern realities of the present hour."

# The Evening Star

JAN 29 1944

## ~~To Help the Hunted~~

Made up of Secretaries Hull, Morgenthau and Stimson, the President's new War Refugee Board may spell the difference between life and death for thousands of Europeans, especially for the Jews trapped in countries either occupied or dominated by the Nazis. As Americans, living in a land free of terror, we may at times feel that there is something unreal about the stories of wholesale atrocities committed under Hitler and Himmler. But the terrible truth is that these things have happened and are continuing to happen. The leveling of the Lidices, the mass slaughtering of innocent hostages, the systematic program to undermine the birth rate in Poland and elsewhere—all this and worse besides are fearful actualities. As far as the Jews are concerned, for example, responsible quarters have estimated that as many as 3,000,000 of them have already been murdered by the Nazis, and many more are likely to go the same way unless something is done to save them. The problem is by no means an easy one, but the War Refugee Board, with the facilities of the State, Treasury and War Departments at its disposal, is equipped to do at least enough to make the horror less horrible than it is. Through diplomatic pressure and open warnings it can discourage Hitler's satellites from collaborating in the pogroms and persecutions, and it may even be able to rescue a substantial number of the potential victims by finding shelter for them in neutral countries. In any event, as President Roosevelt has declared in creating it, the board is a promise to the hunted and oppressed that the United States intends to do everything possible to help them—and "everything possible" is not too much; if we did anything less, we would be falling short of our responsibilities as a great Nation rich in the traditions of humanitarianism.

JAN 30 1944

## Roosevelt Board Is Negotiating To Save Refugees From Nazis

Special to The New York Times.

WASHINGTON, Jan. 28—The new War Refugee Board, meeting four days after its establishment by President Roosevelt, said today that negotiations were under way with foreign Governments to determine the extent to which they were willing to cooperate in rescuing Jews and other victims of Nazi aggression.

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

Beyond their statement that foreign Governments were being approached to ascertain the extent to which they were prepared to cooperate, the board said that all United States diplomats and consular officers throughout the world had been instructed "to do everything possible to effectuate this Government's war-refugee policy as announced by the President, bearing in mind the urgency of the problem."

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

The board said the diplomatic and consular officers had been requested to make "immediate reports" concerning conditions existing in each country with regard to whether refugees would be permitted to enter, and, where refugees were refused entry at frontiers, explanations why they were refused.

The board's announcement covered the following points:

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

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

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

### Wide Cooperation Sought

"Cooperation was directed with all public agencies and established private organizations in the rescue areas from those officers who are dealing with this problem to the end that effective programs and measures for relief, rescue, maintenance, and transportation of persecuted victims may be developed and carried out. Immediate reports relating to the situation existing in the countries of the respective officers have been requested, which should include information as to the permission granted to war refugees to enter each country, the encouragement and cooperation given to such entry, and the extent to which each country does not cooperate in permitting entry.

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

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

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**The New York Times.**

FEB 1 - 1944

**A BEGINNING OF RESCUE**

The War Refugee Board created by President Roosevelt has a difficult task before it, as the executive order points out. The task is to do what can be done, consistent with fighting and winning the war, to rescue as many as possible of the persecuted minorities of Europe from Nazi savagery.

In this effort Secretaries Hull, Morgenthau and Stimson will have strong American support. In time the cooperation of other United Nations and neutral Governments is expected. Meanwhile, working with such national, international and private relief agencies as have already been set up, we have begun the job.

What can be done is problematic, total war being the heartless thing that it is. Large-scale aid for Hitler's 16,000,000 homeless victims must clearly wait until the conflagration can be controlled. To appeal to the Nazis in the name of humanity is futile. While the flames of their hatred still rage in all corners of Europe the rescuers can do little more than carry out the comparatively few sufferers that can be reached.

We may be sure that all measures within the power of this Government will be taken. For a beginning, the stranded people who huddle in terror in the ports now available to our ships can be removed to temporary havens outside Europe, where they can be fed and clothed. To that extent, at least, the Nazi lust for extermination can be balked while we get on with the prime and Titanic business of crushing the forces that have brought this horror upon the world.

Herald Tribune  
1-29-44

**Revolutionary Methods  
Are Urged to Save Jews**

**Two World Leaders Make Plea  
in Talk in London**

*From the Herald Tribune Bureau  
Copyright, 1944, New York Tribune Inc.*

LONDON, Jan. 28.—Pleading for revolutionary methods for rescuing the European Jewry from Nazi tyranny, Dr. Nahum Goldmann, and Dr. Arieh Tartakower, members of the World Jewish Congress executive committee in New York, told a press conference here today that the highest hopes of the Jews are now placed in the new United States War Refugee Board.

"The creation of this board is an expression of the determination of President Roosevelt and his administration to organize energetic action to save European Jews," they said.

Dr. Goldmann asserted that much that has been done in the past has been neutralized by the routine methods employed. "Only immediate radical action and revolutionary methods can cope with the gigantic task of saving those who have so far survived Nazi terror," he said.

Herald Tribune

1-29-44

**\$100,000 Gift Received  
By War Refugee Board**

**Donated by Hebrew Sheltering  
and Immigrant Aid Society**

*From the Herald Tribune Bureau*

WASHINGTON, Jan. 28.—Receipt today of a check for \$100,000 from the Hebrew Sheltering and Immigrant Aid Society of New York for the War Refugee Board set up last week by President Roosevelt to assist victims of Nazi oppression, was announced tonight by Henry Morgenthau Jr., Secretary of the Treasury.

The check, second to be received by the board, which, besides Mr. Morgenthau, consists of the Secretaries of War and State, will go a long way toward setting up temporary havens for refugees, he said. The first contribution was \$10 from a Jewish refugee couple now settled in the United States.

The \$100,000 check was signed by Abraham Herman, president of the New York society, who wrote: "We are pleased to send you herewith our check for \$100,000 as a contribution toward furthering your efforts to save the victims of enemy oppression and the establishment of havens of temporary refuge for such victims."

At the same time Mr. Herman wrote President Roosevelt of the "profound appreciation" of the society for the setting up of the refugee board and said the action "has evoked nation-wide approval and enthusiasm in which we most heartily join."

NEW YORK  
**Herald Tribune**  
FEB 1 - 1944

### A War Refugee Board

By his appointment of a War Refugee Board "to take action for the immediate rescue from the Nazis of as many as possible of the persecuted minorities of Europe," the President silences once and for all enemy propaganda to the effect that the United Nations are not concerned with their fate—not, in particular, with the fate of the Jewish people. For the President expressed the expectation that the board would have the co-operation of all members of the United Nations and other foreign governments. To insure the board adequate powers he appointed to it the Secretaries of the State, Treasury and War Departments and directed that the facilities of those departments be put at its disposal.

It is a difficult task entailing rescue, transportation, maintenance and relief. How many victims can be saved from Germany itself no one knows; but organizations in touch with underground groups in occupied Europe are hopeful that many can be rescued from, and perhaps through, the Balkan satellite nations. Once temporary

camps have been set up to receive the refugees in neutral or Allied nations, the board will co-operate with the Inter-Governmental Refugee Committee and the United Nations Relief and Rehabilitation Committee.

The President urged immediate concrete action, an urgency dictated "to forestall the plan of the Nazis to exterminate all the Jews and other persecuted minorities in Europe." The American lead in setting up powerful machinery to obtain such action will have wide approval. For growing realization of the frightful lengths to which the Hitler regime will carry its philosophy of brutality has made a do-nothing policy more and more untenable.

B

February 2, 1944

Accomplishments to date

1. We have worked out with the World Jewish Congress a program to evacuate refugees from France into Spain, Switzerland and North Africa and from Rumania. Appropriate licenses have been granted authorizing the necessary operations.
2. We have worked out with the JDC a program to evacuate 5,000 to 6,000 abandoned children from France and to sustain their lives, pending evacuation. Licenses have been granted permitting these operations up to a total cost of \$600,000 for the next six months. An initial remittance of \$200,000 has been sent to the JDC representative in St. Gall, Switzerland, and operations are now under way.

While some of these children may be evacuated to Spain, the majority will probably have to be evacuated to Switzerland. Before Switzerland will agree to admit the children, it requires receipt of assurances from some other government that the children will be reevacuated after the war. The Treasury is working on a method whereby the necessary assurances can be given by this Government.

3. We have worked out a program to evacuate Jews from Poland to Hungary. The Union of Orthodox Rabbis of the United States and Canada has been authorized to communicate with and to send funds to persons in Hungary who are in a position to assist refugees across the Hungarian borders into Hungary where a Jewish community of over 1,000,000 people is ready to help and absorb the refugees into the Hungarian economy. \$100,000 has been sent to Switzerland to cover these operations. With State's approval, direct transfers of free exchange into enemy or enemy-occupied territory have been authorized for this program, if it is impracticable to obtain the necessary local currency in Switzerland or in Hungary against payment after the war from a blocked account. Thus we have obtained State's approval of a practical and effective method to finance underground operations.
4. We have sent a message to our representative in the Vatican giving the necessary assurances that funds will be forthcoming for the immediate relief of destitute Jews in Rome. This will enable relief activities on behalf of these Jews to begin at once.

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5. We worked out the financial details of a program handled by the JDC for the purpose of evacuating refugees from Spain to Palestine. 800 of these refugees have already left Lisbon on the "Nyassa." We are now working on a plan to have the "Nyassa", after it transports these persons to Haifa, Palestine, go to Constanza, Rumania to pick up a group of refugees there.
6. We worked out with the JDC a program to bring relief to refugees in Transnistria. Funds have been sent by the JDC to the International Red Cross delegate in Ankara for the purchase of 250 tons of foodstuffs in Turkey, to be distributed among the internees by the International Red Cross. We are presently working on an expansion of this program so as to provide food distributions to internees in Thereisenstadt, Yugoslavia and Greece.
7. We have sent an urgent message to the International Red Cross, Geneva, stating that the War Refugee Board is prepared to see that funds are made available at once to the International Red Cross to provide food and medicines to persecuted groups in German-occupied areas who are denied the facilities available to the rest of the population.
8. We are working with the World Jewish Congress on a program to evacuate Jews from Transnistria to Rumania in order to move them from the path of the retreating German army. It is believed that thousands of Jews can be saved from death in Transnistria. In fact, we have just received a report that 6,400 internees, including 400 children, have already been evacuated from Transnistria to Bucharest and that 500 more are expected to be moved in the next few days. In addition, 200 Polish refugees have been moved from Bessarabia to Bucharest. These operations appear to have been handled with the cooperation of the Rumanian Government.
9. \$100,000 has been received by the Treasury, as private contributions for the work of the War Refugee Board. A \$10 contribution has also been received.
10. The Department of State has sent very strong instructions to our Missions in the four neutrals, London and Turkey, repeated to all other Missions, informing them of the new Board and requesting full cooperation in effecting the policy of the Government as stated by the President.

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11. We have furnished the War Department with suggested instructions to the appropriate Theater Commanders asking the latter to do everything possible, consistent with the successful prosecution of the war, to effectuate the Government's policy to take all measures to rescue the victims of enemy persecution.
12. The Secretary of the Treasury has sent messages to the Treasury representatives in London, Stockholm, Ankara, Lisbon, Cairo and Algiers asking them to do everything possible to assist their Missions in carrying out the policy of immediate rescue to the victims of enemy persecution.
13. We drafted a cable to London which was sent by the State Department requesting Ambassador Winant to discuss the situation with the British and suggest to them that they send instructions to their Missions along the same lines as the instructions to our Missions.
14. We have been in touch with the following organizations who are working out specific operations and programs with us:

American Friends Service Committee  
 World Jewish Congress  
 American Jewish Joint Distribution Committee  
 American Jewish Conference  
 American Jewish Committee  
 Jewish Labor Committee  
 Unitarian Friends Service Committee (letter attached)  
 Emergency Committee to Save the Jews of Europe  
 Hebrew Sheltering and Immigrant Aid Society  
 National Council of Jewish Women

One of the problems is to get all the groups, particularly the Jewish groups, to work together and to stop fighting among themselves. We are working with the various groups to this end.

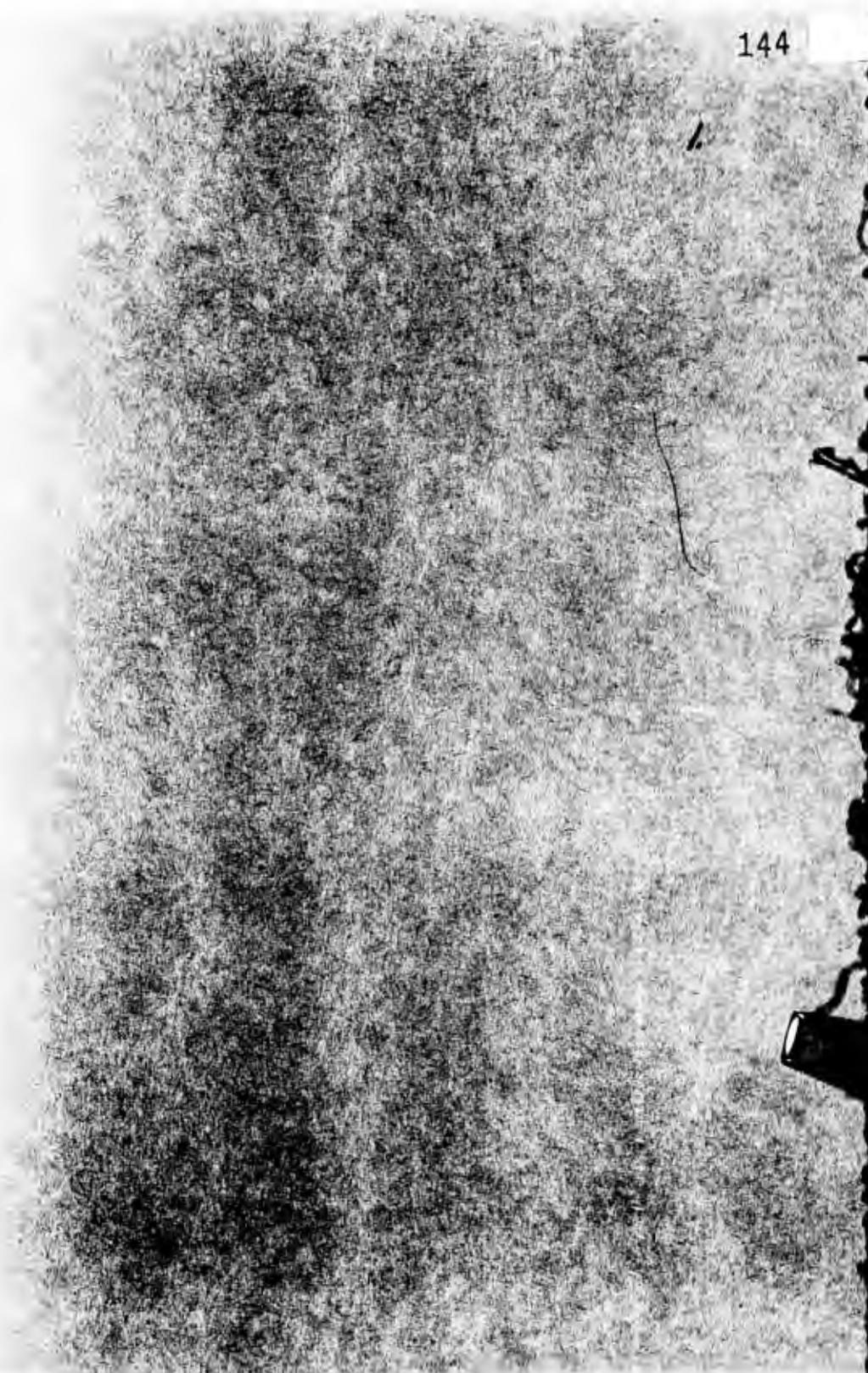
15. We are working with UNRRA on the problem of making use of the Fedhala camp in North Africa which has room for several thousand refugees.
16. We are submitting to the War Department a program for the rescue of some 1,500 refugees on the Adriatic Island of Rab.

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17. We are working on a propaganda program for submission to OWI. Such a program will envisage shortwaving to Germany and occupied Europe the true facts with regard to the German atrocities and the determination of this Government to punish the perpetrators.

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The World Jewish Congress representatives have been interested for many months in working out a program to evacuate refugees from France and from Rumania. The financial aspects of the program were developed by the Treasury and a license was finally issued on December 18, 1943. In order to permit certain relief operations (sustaining the lives of the refugees pending evacuation) as well as the evacuation operations, and in order to facilitate the acquisition of the necessary local currency under certain specified safeguards, the Treasury issued a new and broader license to the World Jewish Congress in January 1944. Operations in France have already commenced under this license.

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PARAPHRASE OF TELEGRAM SENT

REC'D JAN 29 1944

FROM: Secretary of State, Washington  
TO: AMERICAN LEGATION, BERN  
DATED: January 20, 1944  
NUMBER: 197

CONFIDENTIAL

Please inform Dr. Riegner of the World Jewish Congress that license number W-2115 has been issued to World Jewish Congress by Treasury Department, the substance of which license reads as follows:

(A) Notwithstanding General Ruling Number 11, we hereby authorize your representative in Switzerland, together with such agents as he may appoint, to communicate by any means which he may deem expedient or necessary with persons in Rumania and France for the purpose of arranging the evacuation to areas of safety of persons in Rumania or France in imminent danger of their lives and to arrange for the safeguarding and sustenance of such persons until such evacuation is possible and to pursue any other action which may be appropriate for said purposes, including the payment of Rumanian lei or French francs to persons in Rumania or France, as the case may be, who may have provided either goods or services in connection with the above. We authorize the following two methods for the purpose of acquiring the necessary French currency for the

purpose

purpose of financing the operations referred to above:

(1) Purchase of Rumanian lei or French francs in Switzerland, provided your representative is reasonably certain that in the case of Rumanian lei the sellers thereof have held such currency since before October 10, 1940 or, in the case of French francs, have held such currency since before the fall of France, or if acquired subsequent to said dates, that the seller has acquired such currency in either case under the circumstances from which the enemy did not benefit, your representative in such cases to consult with the United States Legation in Bern when possible.

Sellers of such Rumanian or French currency may be reimbursed in Swiss francs at the prevailing unofficial rate of exchange in Switzerland; (2) Purchase of Rumanian lei in Rumania, or elsewhere, and French francs in France, or elsewhere, provided that reimbursement therefor is not made until after the end of the war. Reimbursement to the sellers of such Rumanian or French currency subsequent to the war may be insured by the establishment of a blocked account on your books in the United States or such blocked accounts may be in a bank in the United States or Switzerland provided there shall be no assignment of interest in such blocked account, or any payment from such blocked account, unless the Treasury Department specifically approves in each case.

(B)

(B) The total sums represented by claims established against any blocked account, established in accordance with this license, plus the sum paid out therefrom, shall not exceed 428,000 Swiss francs, or the dollar equivalent thereof, during the six months beginning January 1, 1944.

(C) Your representative should fully report to the United States Legation in Bern the financial transactions completed pursuant to this license and your representative should insure to whatever extent possible that the sellers of Rumanian or French currency are persons acceptable to the American Legation in Bern. Your representative should be satisfied that any payments made to such persons will not be of benefit to the enemy.

(D) Periodic reports with regard to the operations consummated under this license should be filed by your representative with the American Legation in Bern.

It is requested that you immediately revoke the license which you issued to Dr. Riegner pursuant to our telegram of December 18, 1943, Number 3168, such revocation being based upon the Treasury's issuance of the foregoing license.

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- 4 -

We invite your attention to the fact that the license given above removes the differences between the license previously issued to the World Jewish Congress in accordance with our telegram Number 3168 and the license issued to JDC, quoted in our cable of January 5, 1944, Number 39, which differences were pointed out in our telegram of January 5, 1944, Number 40. Furthermore the license given above clarifies the procedure which should be followed by Dr. Riegner in order to acquire Rumanian and French currency to be used in relief and evacuation operations in France and Rumania. Moreover it contains the necessary authorizations for the purposes mentioned in your wire of January 17, 1944, Number 362. It is also requested that you inform Dr. Riegner that consideration will be given to requests for an increase in the total amount of dollars for Swiss francs as set forth in paragraph (B) above.

These operations have been fully approved by the Treasury and the Department.

HULL

CC \* Messrs. Paul, Gaston, White, Pehle, Luxford, DuBois, E. M. Bernstein,  
Schmidt, Fox, Miss Hodel

PANAPHRASE OF TELEGRAM

FROM: Secretary of State, Washington, D. C.  
TO: AMERICAN LEGATION, BERN.  
DATE: December 18, 1943  
NUMBER: 3168

Please issue to Dr. Riegner of the World Jewish Congress, the following license. Reference is made to Bern's 7141, November 14, and Department's 2373, September 23, and 2626, October 26, to Bern.

"Dr. Riegner is hereby authorized to engage in the following transactions notwithstanding General Ruling No. 11:

(A) To receive from the American Jewish Congress and/or the World Jewish Congress in the United States, the equivalent of \$25,000 in Swiss francs, and to deposit the same in a bank in Switzerland, approved by the United States Legation in Bern, in a blocked account in his name or in the name of the World Jewish Congress, subject to the following provisions:

(1) No withdrawals shall be made from such account, without the specific permission of the Treasury Department of the United States.

(2) There shall be no assignment or any transaction or dealing by any person, firm or government whatsoever or, in respect of any claim against or interest or expectancy in such blocked account which may arise as a result of the transactions permitted by this license, unless and until specifically permitted by the Treasury Department of the United States.

(B) Authorization is hereby given to Dr. Riegner to communicate with any person in enemy-occupied territory, and in any manner as he shall deem necessary, desirable or expedient, in order to accomplish the following:

- (1) To choose, nominate and appoint in Rumania, one or more agents of the World Jewish Congress.
- (2) To take such action as may be necessary to direct such agent to complete such arrangements as may be appropriate and necessary for the acquisition of Rumanian currency from persons in Rumania, and with such funds so acquired, to effectuate the evacuation of persons selected by the said agent from Rumania, by any means and to such places or destinations as the agent shall, from time to time, deem possible under the existing conditions.
- (3) To authorize said agent, provided Dr. Hiegner has received any necessary authorizations and directions from the World Jewish Congress or the American Jewish Congress, to agree with any person who furnishes funds pursuant to paragraph (b)(2) of this license, that such person shall be allocated a claim in an amount not exceeding the amount of the funds so furnished (computed at the prevailing rate of exchange on the black market in Switzerland), which claim shall be subjected to the provisions in paragraph (A) and (B)(5) of this license.
- (4) To authorize said agent, provided Dr. Hiegner has received any necessary authorizations and directions from the World Jewish Congress or the American Jewish Congress, to agree with any person who furnishes services with regard to the evacuation mentioned in paragraph (B)(2) hereof, that such person shall be allocated a claim against the said blocked account, in such amount as the said agent shall agree upon, provided that such claim shall be subjected to the provisions of paragraph (A) and (B)(5) of this license.
- (5) Any claim against said blocked account referred to in paragraph (A) hereof shall only be valid if Dr. Hiegner or the said agent of the World Jewish Congress in Rumania shall have certified the same.

(c) Authorization is hereby given to Dr. Hiegner to communicate with any person in enemy-occupied territory, and in any manner as he shall deem necessary.

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desirable or expedient, in order to accomplish the following:

(1) To choose, nominate and appoint in France, one or more agents of the World Jewish Congress.

(2) To complete any appropriate or necessary arrangements either through said agent or through any other person as he shall select, for the purpose of acquiring French currency from persons either in Switzerland or in France, and with such currency to effectuate the evacuation to Switzerland, Spain or North Africa from France of any person whom he shall select whose evacuation is found to be feasible, such evacuation to be accomplished by such means as shall be found practical under the obtaining conditions.

(3) Notwithstanding anything herein contained to the contrary, authorization is hereby given to Dr. Riegner to allow claims against the blocked account established under paragraph (A) of this license to be assigned, provided such claim shall not exceed the value of French currency acquired from persons in Switzerland, and further provided that in consultation with the Liaison in Bern of the United States, Dr. Riegner is reasonably certain that the seller of such French currency has held the same since prior to the fall of France, or has acquired same from dividends or investments in France (or similar transactions) which investments or transactions were not beneficial to the enemy, and provided further that such seller of French currency is not an enemy national, as defined in General Ruling No. 11.

(4) Other than as set forth in paragraph (C)(3) of this license, authorization is hereby given to Dr. Riegner to effectuate arrangements covering reimbursements to persons furnishing French currency and services, which arrangements shall be the same in all respects as those provided in paragraphs (B)(3), (B4) and (B-5) herein above, with regard to persons furnishing Rumanian currency and services.

(D) Expenditures for food and clothing necessary to prepare persons who are to be evacuated pursuant to the foregoing, for the journey to be undertaken shall be included in the authorization herein contained.

(E) Dr. Heger, shall, as closely as reasonably possible, supervise any operations engaged in under this license, and periodic reports shall be filed by him with regard thereto with the Legation of the United States in Bern. The possibility that funds ultimately are acquired by persons who have furnished neither services nor local currency shall be reduced to an absolute minimum in carrying the arrangements authorized hereunder into effect; all action shall be taken to make sure that, until after the termination of the war, foreign exchange is not made available in enemy or enemy-occupied territory. To the best of his ability, Dr. Heger is directed to make certain that all persons who supply currency are acceptable to the Legation of the United States in Bern.



*[Faint, illegible handwritten text on the right edge of the page]*



After having received reports of the plight of 5,000 - 6,000 abandoned children in France and the dire need for funds to save their lives, we worked out a program with the JDC, including the necessary licenses, whereby arrangements could be made through the JDC representative in Switzerland to sustain the lives of the children and to work out through underground channels, if necessary, schemes to evacuate the children from France into Spain or Switzerland.

12/30/43

Copied from original which  
Mr. Leavitt stated had been  
handed to him by Mr. Travers  
today.

156 2

F.H.

DEPARTMENT OF STATE  
Washington

reply refer to

My dear Mr. Leavitt:

I desire to confirm and to give you for your records certain information which has been received from Dr. Donald Lowrie.

The condition of the Jews in France becomes progressively worse. As an example, in Nice the deportation of more than 5,000 razzias continues. In Marseille and Nimes and Perpigan, hundreds of families have been sent to Drancy. At Toulouse the French militia are collaborating with the German police in chasing the Jews and several Jews have been executed after every assassination by French partisans. Mass arrests have occurred and many Jewish families have been compelled to abandon apartments and given German families from barred districts in Dordogne, Creuse and Haute Vienne.

All Jews who were seriously ill and detained at the St. Louis Hospital, Perpigan, as well as old people, women and children residing in centers foreigners (?) social service have been deported. East-bound transport comprised 1,500 persons from Drancy was noted on November 20. The Gestapo persecutes Jewish social organizations and UGIF in state dissolution.

After Lambert Baurstora, the late General Director, Gaston Kahn and many high employees were transported to Drancy; the Gestapo arrested Edoe Kahn, the Director of Rothschild's Hospital, Heilbronner, Consistary President

with

Mr. Moses A. Leavitt,  
The American Joint Distribution  
Committee,  
New York, New York.

with their families and camp commissioner, Sister Cain Corpore. Five social assistants of OSE were lost while attempting to save children at Nice and "Eli" departed.

According to the last news received on December 9, the childrens help activities will ~~Term now or~~ be continued in unofficial form; homes are in dissolution. It is estimated that private families have received some 6,000 children.

It is urgently necessary to save additional 1,500 newly abandoned children, placing them with families. The local finance organizations have been totally destroyed and Dyka and Maurice are in hiding.

In order to facilitate rescue activities, we desire to repeat an earlier request to endeavor to obtain promises of visas for several thousand children hidden in France or refugee Switzerland.

Dr. Lowrie suggests that Lisbon should be kept fully informed.

The information contained in the above telegram is not good news but I want you to know that anything the Department can do to assist in rescuing these poor people will be done and as I have mentioned to you verbally, we are continuing our efforts on behalf of the children.

Sincerely yours,

/s/ Howard K. Travers

Howard K. Travers  
Chief, Visa Division

CC - Messrs. Paul, White, Pehle, Luxford, DuBois, Schmidt,  
Fox, Miss Model

Date: JAN 8 1944

L I C E N S E

(GRANTED UNDER THE AUTHORITY OF EXECUTIVE ORDER NO. 8389  
OF APRIL 10, 1940, AS AMENDED, AND THE REGULATIONS  
ISSUED THEREUNDER)

American Jewish Joint Distribution Committee  
(Name of Licensee)

270 Madison Avenue, New York, N. Y.  
(Address of Licensee)

Sirs:

1. In order to arrange for the evacuation to places of safety of persons in France whose lives are in imminent danger and, pending possible evacuation, to sustain and safeguard the lives of such persons, your representative in Switzerland (including such agents as he may appoint) is hereby licensed notwithstanding the provisions of General Ruling No. 11 to communicate with persons in France in any manner he deems necessary or expedient and to take all other appropriate action, including the payment to persons in France of French francs for goods and services. The necessary French franc funds to finance such operations may be obtained by either of the following two methods:

(a) The first method is the purchase of French francs from persons in Switzerland who your representative, after consulting with the United States Legation in Bern when feasible, is reasonably certain have held such French francs since prior to the fall of France or have since acquired such francs in such manner as has not benefited the enemy. The sellers of such francs may be reimbursed therefor in Swiss francs at the prevailing unofficial rate of exchange in Switzerland for French francs.

(b) The second method is the acquisition of French francs from persons in France or elsewhere for which reimbursement will not be made until after the war. In order to insure reimbursement after the war to the persons supplying such francs, blocked accounts may be established on your books in the United States, or in a bank in the United States or a bank in Switzerland. No payments may be made from any such blocked account without the specific approval of the Treasury Department and no assignments may be made of any interest in such blocked account without such approval.

2. The total amount of dollars or Swiss francs paid out or set up in blocked accounts or otherwise obligated under the terms of this license shall not exceed \$1,500,000 Swiss francs, or the dollar equivalent thereof, during the six months' period beginning January 1, 1944.

3. Your representative should keep the American Legation in Switzerland fully informed with respect to the financial transactions effected under this license. In so far as feasible your representative should make certain that the persons from whom the French francs are purchased are acceptable to the Legation. Your representative should satisfy himself that payments to such persons will not benefit the enemy.

4. Periodic reports with regard to any operations engaged in under this license should be filed with the Treasury Department by your representative through the United States Legation in Bern.

5. This license is granted upon the statements and representations filed with the Treasury Department, and is subject to the conditions among others, that you will comply in all respects with Executive Order No. 8389 of April 10, 1940, as amended, and the regulations issued thereunder and the terms of this license.

6. This license is not transferable, is subject to the provisions of Executive Order No. 8389 of April 10, 1940, as amended, and the regulations issued thereunder and may be revoked, modified, or declared void at any time at the discretion of the Secretary of the Treasury acting directly or through the agency through which the license was issued, or any other agency designated by the Secretary of the Treasury.

---

J. W. Pehle  
Assistant to the Secretary

CABLE TO BERN

100 22  
1-4-44 160

Please transmit promptly to Saly Mayer, representative of the American Jewish Joint Distribution Committee, St. Gall, Switzerland, the following which is the text of a license which has been issued by the Treasury Department to the American Jewish Joint Distribution Committee: (Text of license begins):

- "1. In order to arrange for the evacuation to places of safety of persons in France whose lives are in imminent danger and, pending possible evacuation, to sustain and safeguard the lives of such persons, your representative in Switzerland (including such agents as he may appoint) is hereby licensed notwithstanding the provisions of General Ruling No. 11 to communicate with persons in France in any manner he deems necessary or expedient and to take all other appropriate action, including ~~the~~ payment to persons in France of French francs for goods and services. The necessary French franc funds to finance such operations may be obtained by either of the following two methods:
  - (a) The first method is the purchase of French francs from persons in Switzerland who your representative, after consulting with the United States Legation in Bern when feasible, is reasonably certain have held such French francs since prior to the fall of France or have since acquired such francs in such manner as has not benefited the enemy. The sellers of such francs may be reimbursed therefor in Swiss francs at the prevailing unofficial rate of exchange in Switzerland for French Francs.

- 2 -

- (b) The second method is the acquisition of French francs from persons in France or elsewhere for which reimbursement will not be made until after the war. In order to insure reimbursement after the war to the persons supplying such francs, blocked accounts may be established on your books in the United States, or in a bank in the United States or a bank in Switzerland. No payments may be made from any such blocked account without the specific approval of the Treasury Department and no assignments may be made of any interest in such blocked account without such approval.
2. The total amount of dollars or Swiss francs paid out or set up in blocked accounts or otherwise obligated under the terms of this license shall not exceed 2,500,000 Swiss francs, or the dollar equivalent thereof, during the six months' period beginning January 1, 1944.
  3. Your representative should keep the American Legation in Switzerland fully informed with respect to the financial transactions effected under this license. In so far as feasible your representative should make certain that the persons from whom the French francs are purchased are acceptable to the Legation. Your representative should satisfy himself that payments to such persons will not benefit the enemy.
  4. Periodic reports with regard to any operations engaged in under this license should be filed with the Treasury Department by your representative through the United States Legation in Bern." (End of text of license).

- 3 -

Please advise Saly Mayer that this license has been issued by the Treasury Department in order to clarify the procedure to be followed by him in connection with the acquisition of French francs for use in relief and evacuation operations in France and that the Treasury Department will consider requests to increase the total amount of dollars or Swiss francs specified in paragraph (2) of the license.

These operations, as well as the operations referred to in Department's 3168, December 18, 1943, have the approval of the Department and of the Treasury and you should take all reasonable steps to facilitate them. Please promptly report to us the progress being made and any difficulties encountered, particularly in connection with the financial operations involved.

1635  
January 7th, 1944

Memorandum on the Evacuation of 5,000 Children  
From France

In July and August, 1942, large scale deportations of refugee Jews from France took place. At that time parents were given the choice of either taking their children with them or leaving them in the custody of child care organizations. Many parents chose the latter alternative and as a result thousands of children became a charge upon an organization known as the OSE, a medical and child care agency which has been subventioned by the J.D.G. for many years. Efforts were started immediately, as a result of requests from France, that a 1,000 children be brought out of France to the U.S. The U.S. Committee for the Care of European Children was approached and agreed to sponsor the admission of these children, giving the requisite guarantees for their maintenance and care. The State Department agreed to authorize the issuance of quota visas for the children on the basis of a letter of guarantee sent to the Attorney General by the U.S. Committee. The J.D.G. agreed to guarantee 4/9ths of the cost of transportation and maintenance of the children.

As the deportations increased in volume there were many more children for whom it was deemed imperative that visas be secured. The matter was again discussed with the State Department and visas for an additional 4,000 children were promised by the State Department under the same conditions as before.

In the meantime, during the months of August, September and October, the problem of getting the first group of one thousand children ready for emigration, having them brought to the American Consulates for medical examination, and securing the personal data, was being carried on by representatives of the Quakers and JDC in France. Other organizations keenly interested in the evacuation of the children included the International Y.M.C.A. and the local French refugee bodies.

Although permission had been secured in principle from the Vichy authorities for exit visas for the children, this was renewed and revoked during the month of October. Finally, as a result of the strong pressure of the American Charge d'Affairs, Mr. Pinney Tuck, the authorities agreed to let the first 500 children leave the country. The children were all assembled, baggage packed, train travel arranged for the ship chartered for their passage. A group of 28 escorts consisting of pediatricians, child care workers and trained social workers was assembled to be sent to Lisbon to escort the children to this country. The boat on which the escorts left departed for Lisbon on November 7th, 1942. The American invasion of North Africa on November 7th closed the borders of France with the complete occupation of the so-called unoccupied section of France. Despite the efforts of the local French committees to secure exit visas for the children, they were not forthcoming.

Donald Lovrie, who was in charge of the International Y.M.C.A. working in France, went to Switzerland and from there undertook to secure the entrance of the children into Switzerland. The Swiss authorities took the position that they would have to have the guarantee of a responsible government that the children would be re-evacuated after the war. This request of the Swiss Government was taken up with the State Department and with the British government. The State Department pointed out that it was impossible for it to give such a guarantee to the Swiss

- 2 -

government since it meant in effect binding a subsequent administration for the issuance of visas to children who might by the end of the war become adults. It is believed that this problem was dismissed at the Bermuda Conference on Refugees. The suggestion that arose from the Bermuda Conference was that the Allied Nations join in a declaration to the neutral countries pledging that they would re-admit to their respective countries all refugees who were forced by reason of persecution to leave those countries. It took many months to secure the consent of all the governments concerned to subscribe to such a declaration. The text thereof has not yet been made public.

We believe that the Swiss government was persuaded to approach the Vichy authorities to permit the children to leave France by way of Spain. This request of the Swiss government, which was based entirely upon humanitarian grounds, was refused by the French. Nevertheless, Donald Lowrie and representatives of the JDC and other agencies in Switzerland have continued to press the Swiss government to make a second demarche to the effect that Switzerland herself would be prepared to give asylum to the children. Switzerland has continued to request the formal guarantee of re-evacuation.

On November 11th, 1943, the Colonial Secretary announced to the House of Commons that the unused portion of the Palestine certificates authorized under the White Paper, viz. 30,000 immigration certificates, would remain available for use after March, 1944. The Colonial Secretary stated that due to the war, it was not possible to fill the quota under the White Paper and therefore the life of these certificates would be prolonged indefinitely.

On the basis of this announcement the JDC approached the State Department and asked whether there was any objection to our going to the British Embassy requesting that the British government set aside sufficient Palestine certificates to assure the evacuation from Switzerland of the children after the war. In this matter a requisite guarantee could be given to Switzerland. The State Department interposed no objection whatsoever to such a proposal and this was made to the British Embassy on November 23rd, 1943. Mr. Hayter of the British Embassy agreed to transmit this suggestion to the Foreign Office in London. Subsequently, we were advised that the State Department had associated itself with this request and had likewise communicated with the Foreign Office to have such certificates set aside for these children. On January 3rd, 1944 (letter dated Dec. 31, 1943) the JDC received a letter from Mr. Hayter, copy attached hereto, pointing out that the Palestine government would find difficulty in reserving such certificates until after the war and expressing the hope that the general assurance given to the neutral states about the eventual repatriation of refugees might be sufficient to meet the requirement of the Swiss government. The JDC replied as per copy attached.

On December 28th, 1943, the JDC was asked by the State Department whether the guarantee which had been given by the U.S. Committee for the maintenance of 5,000 children in this country was still valid and whether reaffirmation of this guarantee would be given. Such a reaffirmation was agreed to by the U.S. Committee and a letter sent to the Attorney General confirming the readiness of the Committee to provide for 5,000 children in the event they were admitted to the U.S. The JDC agreed to underwrite approximately \$2,000,000 of the estimated cost of some 4-1/2 million dollars which the guarantee entailed. On the basis of this reaffirmation, the State Department notified the British government that it stood ready and renewed

offer to take 5,000 children under the original plan which it had approved in October, 1942. The whole question of the guarantee and of the children was to have been discussed at the meeting of the Intergovernmental Committee on January 4th, 1944, but the outcome of that meeting is not yet known to us.

We have recently been receiving urgent cables from Switzerland requesting that the necessary guarantee be given to the Swiss government. Such a guarantee can only be given by a reasonable government since no private agency would be in a position to assure the Swiss authorities that it would be able to move the children out of Switzerland when the war is over.

It is of interest to record that during the period when the plight of these children was made known in the Fall of 1942 other countries came forward to guarantee asylum to the children. For example, Canada stated it would take 1,000; Argentina agreed to take 1,000; several other South American countries agreed to take smaller numbers. The President of the Dominican Republic offered to take 3,500. At one time, counting certificates available to the Madassan, that there were 20,000 visas available for the children, although the top number of children who could be evacuated was probably not more than half that number.

It should finally be recorded that about 120 children from Spain and Portugal were brought to the U.S. under the guarantee of the U.S. Committee.

Restrictions as to the children were set up: children of enemy nationality had to be less than 14 years of age; children of Allied nationalities had to be less than 17 years of age. There was no minimum limit on the age of the children.

As of the date that this memorandum is being dictated, it is unknown whether the requisite guarantees have been or will be given to Switzerland so that she could make the necessary approach to the French authorities to permit the children to leave either via Spain, from which they could emigrate to the U.S., or to enter Switzerland for the duration.

At the present time, children are being deported from France and there is a relentless hunt being conducted by the Gestapo to locate the children hidden in private homes in order to intern them into concentration camps in preparation for their deportation eastward.

Moses A. Leavitt

MAIL:JO

CC - Messrs. Paul, White, Pehle, Luxford, DuBois, Fox, Schmidt, Miss Hodel

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The Union of Orthodox Rabbis of the United States and Canada received information that large numbers of Jews remain hidden in the forests on the borders of several European countries, living under the most extreme conditions and falling easy prey to hunger and disease, and that active efforts to rescue such Jews could be made provided the necessary funds were made available. The Union approached State and Treasury for proper authorization to undertake the necessary transactions. Accordingly, we worked out with State's approval an appropriate license providing a practical and effective method to finance underground operations, i.e., direct transfers of free exchange into enemy or enemy-occupied territory when other methods of financing are impracticable.

PARAPHRASE OF TELEGRAM SENT

REC'D JAN 29 1944

FROM: Secretary of State, Washington  
TO: AMERICAN LEGATION, Bern  
DATED: January 22, 1944, 9 p.m.  
NUMBER: 229

CONFIDENTIAL

The Union of Orthodox Rabbis of the United States and Canada, hereinafter referred to as the Union, has been issued a license by the Treasury Department, the substance of which license is given below. It is requested that the substance of the following message be transmitted urgently to the Union's representative, Dr. Isaac Sternbush whose address is St. Gall, Switzerland:

A. Notwithstanding General Ruling No. 11, we hereby authorize your representative in Switzerland, together with such agents as he may appoint, to communicate by any means which he may deem expedient or necessary with persons in enemy territory or territory occupied by the enemy for the purpose of arranging the evacuation to such areas of safety or relative safety as may be selected by such representative, of persons in such territory in imminent danger of their lives and to arrange for the safeguarding and sustenance of such persons until such evacuation is possible and to pursue any other action which  
may

may be appropriate for said purposes, including the payment of funds to persons in enemy or enemy occupied territory who may have provided either goods or services in connection with the above. We authorize the following three methods for the purpose of obtaining the necessary local currency for the purposes of financing the operations referred to above, provided that method three should not be used if it is feasible to use either method one or two to obtain the local currency. (1) The purchase in Switzerland of the exchange or currency of the country in which the operations are to take place provided that your representative feels reasonably certain that such currency has been held by the sellers since before the date as of which the United States Government froze such country or, if acquired subsequently thereto, that the seller has acquired such currency under the circumstances which were not beneficial to the enemy, your representative in such case to consult when possible with the American Legation in Bern. Sellers of such local currency or exchange may be reimbursed in Swiss francs at the prevailing unofficial rate of exchange in Switzerland. (2) The purchase in enemy or enemy occupied territory of the local currency

or exchange of the country in which the operations are to be effected provided that reimbursement therefore is not to be made until after the war. Reimbursement to the sellers of such local currency or exchange subsequent to the war may be insured through the establishment on your books in the United States of blocked accounts in a Switzerland or United States bank, provided that there shall be no assignment of any interest in such blocked account or any payment from such blocked account unless the Treasury Department specifically approves in each case. (3) The purchase in enemy or enemy occupied territory of the necessary local funds, exchange, services or goods, reimbursement therefore to be made in three currency notes or foreign exchange provided your representative shall take such reasonable steps as may be possible to prevent such foreign exchange or free currency notes being acquired by persons who may provide the same to the enemy.

B. Total sums represented by claims established against any blocked account established in accordance with this license, plus the sums paid out therefrom, shall not exceed 430,000 Swiss francs or the dollar equivalent thereof during the six months beginning January 1, 1944.

- 4 -

C. Your representative should fully report to the American Legation in Bern the financial transactions completed pursuant to this license and your representative should insure to whatever extent possible that the sellers of local exchange or currency are persons acceptable to the American Legation in Bern. Your representative should be satisfied in so far as possible that any payments made to such persons will not be of benefit to the enemy.

D. Periodic reports with regard to the operations consummated under this license should be filed with the American Legation in Bern by your representative.

It is requested that you inform Mr. Sternbuch that, unless he is advised to the contrary by the Union, his authority in connection with the foregoing is to be exercised in collaboration with Mr. David Rubinfeld and Mr. Rosenbaum. You should also inform Mr. Sternbuch that this license has been issued as a result of advice that substantial numbers of Jews are now hiding in forests bordering several European countries, in particular Poland and Hungary, where living conditions are most extreme and where they are very subject to hunger and disease. We are further informed that active endeavors can be undertaken to rescue these people, the evacuation from Poland to Hungary being

being specifically contemplated, provided the necessary funds are made available.

These operations have been approved by the Treasury and the Department, and it is requested that you take such reasonable steps as may be necessary to facilitate carrying them into effect. Your attention is called to clause 3 of paragraph (a) of the license under which we specifically authorize direct transfers of free foreign exchange into enemy or enemy occupied territory, if the other two methods of financing the program prove impracticable.

It is requested that you report promptly to the Department with respect to any difficulties which may be encountered (particularly in connection with the financial operations). An indication as to what progress has been made should also be included in your report.

HULL

CC - Messrs. Paul, Gaston, White, Pehls, Luxford, DuBois, E. M. Bernstein  
Mr. Schmidt, Mr. Fox, Miss Hodel

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4.



*[Faint, illegible handwritten text on the right edge of the page]*



Through London and Bern, word was received from our representative in the Vatican to the effect that the funds of charitable Italians in Rome who have been working on behalf of the Jews, especially the children of those whom the Germans had seized and deported, were very low and that considerable funds were urgently needed. It was suggested that local borrowing might be negotiated if assurances were sent that funds would be forthcoming. The American Jewish Joint Distribution Committee was approached here and a message was sent to our Vatican representative to the effect that the American Jewish Joint Distribution Committee is willing to provide up to \$20,000 at the present time and to consider reasonable additional amounts if needed.

## PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington  
TO: AMERICAN LEGATION, BERN, (SWITZERLAND).  
DATED: January 7, 1944  
NUMBER: 55

## CONFIDENTIAL

The contents of your telegram of December 28, 1943, no. 8182, in which you transmitted a cable from Tittman dated December 21, no. 2244, has been given consideration by Treasury and the Department. London's telegram of December 28, 1943, no. 9021, also relates to this matter. Given below is the substance of that message:

On December 22 a letter was addressed to the Embassy by the Director of the Inter-Governmental Committee on Refugees, suggesting that the Department might deem advisable an approach to the refugee organizations in the United States in respect to the following: The Foreign Office has just informed us that the British Minister to the Vatican has advised that charitable Italians in Rome who have been engaging in activities for the benefit of the Jews (especially the children of parents who have probably been deported to Germany and who have  
been

been definitely seized by the Germans) are now finding that they have nearly exhausted their funds and this is hampering and may require discontinuance of this work. The Foreign Office further informs us that the matter is being discussed with the British Treasury to determine whether funds for this purpose can be permitted to be transmitted to the account of the British Minister to the Vatican. The Foreign Office requests information from us as to whether we would give consideration to an approach to the Jewish charitable organizations in London to ascertain whether they would make a contribution. Therefore, we have conditionally posed this question to the following organizations in London: the World Jewish Congress, the Central Counsel for Jewish Refugees, and the Board of Deputies of British Jews.

Moreover, we wonder whether the State Department might not be advised so that it might consider the advisability of approaching the American Jewish Joint Distribution Committee or some other organization in the United States provided, of course, that the Treasury would permit the transmission of funds for the purposes outlined.

Given

Given below is the substance of our telegram to London dated January 4, 1944, no. 52, replying to the cable from London quoted above:

With reference to your telegram of December 28, 1943, no. 9021, concerning the transmission of funds for relief work for the Jews in Italy as the Inter-Governmental Committee on Refugees suggested, you are informed that the American Jewish Joint Distribution Committee has been approached and is willing to provide at this time up to \$20,000 and to give consideration to reasonable additional sums as they are needed. There is willingness on the part of the Treasury to license the transmittal of the funds, and we request you to report at once as to whether such transmission of funds should be through London, in which case the name of the recipient in London should be stated. It is also requested that you report with respect to the identity of the organization in Rome who will receive the funds so that further remittances can be transmitted directly if they are necessary.

The message given below is for Tittman, and it is requested that you transmit it to him in addition to the foregoing

**foregoing information:**

With reference to your telegram of December 21, 1943, no. 224, it has been agreed by Treasury and the Department that funds up to \$20,000 for the operations which you mentioned will be forthcoming in the future and that you may give the necessary assurances in this regard. Please inform us if additional funds are needed. Bern has been requested to repeat to you the substance of London's telegram dated December 28, 1943, no. 9021, relating to the same matter, and our telegram of January 4, 1944, no. 52, which is in reply to London's cable.

HULL

cc - Messrs. White, Pehle, Schmidt, Fox, Luxford, Dubois, Miss Hodel

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN LEGATION, BERN  
TO: Secretary of State, Washington  
DATE: December 23, 1943  
NUMBER: 6182

## CONFIDENTIAL

Following is Tittman's cable of December 21, no. 224.

I refer herewith to the cable regarding relief of Jews in Rome which my British colleague sent to London on November 24, 1943, no. 442, for repetition to Washington.

We were informed today by the representative of Jews in Rome that considerable funds will be needed urgently at the end of the month. It is suggested by him that if assurances could be given by Osborne and me either in writing or orally that funds would be forthcoming sometime in the near future from England and the United States, it might be possible for him to negotiate a loan locally using our assurances as security.

Our reply was that such assurances could not be given without previous authorization, but we agreed to transmit the message and ask that consideration be given to the suggestion because of the special conditions prevailing here and likely transfer difficulties through usual channels. It is requested that you consult London and cable at the earliest possible moment.

HARRISON

January 4, 1944

AMERICAN EMBASSY

LONDON

No. 52

Treasury Department requests following reply be sent to your 9021, December 28:

QUOTE This is with reference to your cable No. 9021, December 28, 1943, concerning suggestion of Intergovernmental Committee on Refugees with regard to funds for relief work on behalf of Jews in Italy.

American Jewish Joint Distribution Committee has been approached and is willing to provide up to \$20,000 at present time and to consider reasonable additional amounts if needed. United States Treasury is prepared to license transaction and will appreciate prompt advice as to whether remittance may be effected through London and if so to whom in London funds should be remitted. Please advise also as to identity of recipient organizations in Rome so that future remittances can be made direct from United States if desirable. UNQUOTE

A-1/S:GLB:MSL

VD

FD

EU

AK

PLAIN

London

Dated December 28, 1943

Rec'd 4:07 p.m.

Secretary of State,  
Washington.

8021, twenty-eighth.

Embassy has received from Director, Inter-governmental Committee on Refugees, letter dated December twentysecond containing suggestion that Department may wish approach refugee organizations in United States as follows:

"The Foreign Office has just informed us that the British Minister to the Vatican has reported that the funds of charitable Italians in Rome, who have been working on behalf of the Jews, especially the children of those whom the Germans have seized and probably deported to Germany, are very low and in consequence they may not be able to continue with their relief work. The Foreign Office is asking the Treasury whether they will allow funds for this purpose to be paid into the account of the British Minister to the Vatican, and has asked us whether we would consider

-2- #9021, twenty-eighth, from London.

consider approaching some of the Jewish charitable organizations in this country in case they may be disposed to make a contribution.

We are therefore addressing a conditional enquiry to each of the following organizations in London: World Jewish Congress, Board of Deputies of British Jews, Central Council for Jewish Refugees.

In addition it has occurred to us that you might wish to inform the State Department for whatever approach it might deem advisable to make to the American Jewish Joint Distribution Committee or other organizations in the United States, on condition that the United States Treasury are willing to allow transmission of funds for this purpose".

WINANT

WTD

51

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For some time the American Jewish Joint Distribution Committee has been working on the problem of evacuating refugees from Spain to Palestine. Finally, in early January, arrangements were completed for the charter of the Portuguese vessel, "Nyassa," and its safe conduct through the Mediterranean. 600 refugees were permitted to leave Spain and entry for them into Palestine was arranged. Since the financing of the operations was being handled by the American Jewish Joint Distribution Committee here, we worked out the necessary authorization so that the ship was able to sail as scheduled on January 22nd.

Attached are reports just received concerning the possible use of the "Nyassa" to pick up refugees in Constanza, Rumania. We are presently working on the problem of shipping facilities for this latter group of refugees.

25, D. C.

Reply refer to  
40.48 Refugees/5074

My dear Mr. Leavitt:

Confirming my telephonic conversation with you today, the Department has received a communication from Mr. Barlas at Ankara stating that he understands that a vessel flying a Portuguese flag which was chartered by the Joint Distribution Committee departed from Lisbon on January 23 carrying some 700 refugees. Mr. Barlas believes that in view of the fact that the principal difficulty in rescuing more than a limited number from Transnistria is because of the lack of transportation that he suggests that efforts be made to continue the charter of the Portuguese vessel in order that it might proceed from Palestine to Constanza and thus evacuate Jewish refugees from Transnistria.

As I stated on the phone, there is some question in my mind as to whether the Portuguese Government would permit the vessel in question to proceed to Constanza but it is possible that you will desire to have Mr. Schwartz investigate at Lisbon. It is believed that the War Refugee Board will be functioning in the near future and if that Board or the Intergovernmental Committee may assist, please do not hesitate to inform me. I am also glad to confirm that we have received information from Turkey to the effect that the Turkish Government will do everything it consistently can to protect the Jewish people of Turk origin who find themselves in France.

Sincerely yours,

Howard K. Travers  
Chief, Visa Division

Mr. Moses A. Leavitt,  
American Jewish Joint Distribution Committee,  
270 Madison Avenue,  
New York 16, New York.

25, D.C.

Y  
reply refer to  
840.48 Refugees/5075  
840.48 Refugees/5080

My dear Rabbi Wise:

Confirming my telephonic conversation with your secretary this morning, we have received a telegram from Ambassador Steinhardt who states that he has discussed the matter with Mr. Barlas, head of the Jewish Agency in Turkey, who is also, as you know, in charge of the transit of Jews to Palestine from the Balkans.

Mr. Barlas states that his principal difficulty is caused by the lack of transportation facilities rather than unwillingness on the part of the Turk authorities to cooperate. The Ambassador states that in his opinion unless transportation facilities are augmented by vessels especially chartered for the purpose, it is most unlikely, due to the existing war conditions, that rail facilities can be materially increased.

The Ambassador states that the Turkish authorities have repeatedly assured him of their desire to cooperate but that under existing conditions they cannot increase their rail facilities.

I am also very pleased to inform you that from information just received from the Ambassador, the Turk Government will exert itself to the utmost to afford protection to the several thousand Jewish people of Turk origin who find themselves in France.

Sincerely yours,

Howard K. Travers  
Chief, Visa Division

Rabbi Stephen S. Wise,  
World Jewish Congress,  
330 West Forty-second Street,  
New York, New York.

6.



*[Faint, illegible handwritten text on the right edge of the page]*



With the approval of State and FEA, we licensed the transfer by the American Jewish Joint Distribution Committee of \$100,000 to Turkey for the purchase of foodstuffs there to be distributed by the International Red Cross among internees in Transnistria. The International Red Cross has now suggested that some of these funds be used for foodstuffs to be distributed by them in Yugoslavia, Czechoslovakia and Greece and we are presently working with State and FEA on this.

7

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A report dated October 12, 1943, received by the Washington Delegate of the International Red Cross from his headquarters in Geneva, indicated the desperate need for funds in order to provide food and medicines to Jewish refugees in Rumania, Theresienstadt, Slovakia, and Croatia, areas in which the International Red Cross stated it could operate. One of the first acts of the War Refugee Board was the sending of a cable to the International Red Cross in Geneva asking for up to date information on this problem and stating that the Board was prepared to see that funds are made available for the necessary operations.

COPI

191

CABLE TO BERN

Please transmit the following urgent message to the International Red Cross, Geneva, Switzerland, from the War Refugee Board:

"We are familiar with the report (contained in your cable No. 571 of October 12, 1943, to your Washington Delegation) concerning possible feeding programs in Rumania, Theresienstadt, Slovakia and Croatia and the need of funds therefor. We desire immediate information concerning what areas you could operate in right now, assuming that necessary funds are made available to you, to provide food and medicines to Jews and other persecuted groups in German-occupied areas who are denied the facilities available to the rest of the population. Please advise where food, medicines, and other supplies can be purchased and how much money is needed. We are prepared to see that funds are made available at once for necessary operations."

COPY

102

INTERNATIONAL COMMITTEE OF THE RED CROSS

Geneva,

October 12, 1943

Central Agency No 571  
for Prisoners of  
War

Note to the Delegation of  
the International Committee  
of the Red Cross in Washington

G. 8/Pe. G59/2  
G.59/5 JES/HL

Re: your cable No. 510 of September 28, 1943 concerning the  
Jewish problems.

We are glad to give you hereafter a new survey of this  
question and answer you by letter to your above mentioned  
cable because of the complexity of these problems.

ROUMANIA

The Relief action on behalf of the Jewish deportees in  
Transnistria (Ukraine) seems to begin under favorable  
auspices and we hope to be able to have food distributed  
to these deportees with money raised in Switzerland and  
with the assistance of the Roumanian authorities and  
Red Cross. Unfortunately, we do not receive any funds from  
overseas, not more for this action than for similar others,  
so that this assistance must remain very limited and depends  
on contributions which we have to collect on the spot.

Our delegation in Buearest has obtained from the Roumanian  
government an authorization to visit the places where these  
deportees are living and to supervise the distribution.  
We also receive lists of names of these deportees. We are  
therefore entitled to hope that the continued efforts of  
the International Committee of the Red Cross on behalf of  
Jewish deportees, will have some tangible result, at least  
in the case of Transnistria.

COPY

172

INTERNATIONAL COMMITTEE OF THE RED CROSS

Geneva,

October 12, 1943

Central Agency No 571  
for Prisoners of  
War

Note to the Delegation of  
the International Committee  
of the Red Cross in Washington

G. 8/Fe. G59/2  
G.59/5 JES/HL

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the International Committee of the Red Cross on behalf of  
Jewish deportees, will have some tangible result, at least  
in the case of Transnistria.

- 2 -

We can add that a first report of our delegate has just announced a certain number of improvements obtained because of our intervention. For instance, Jewish children have been gathered at Odessa, in view of their emigration to Palestine. All facilities of travel and supervision in Transnistria have been granted to our delegation during a conference with the President of the Council of Ministers, who showed his sympathy towards the initiative taken by the International Committee of the Red Cross in the question of assistance to the Jews and promised his entire support.

### EMIGRATION

This problem has reached a deadlock at this time. As Bulgaria has declared not to be in a position to authorize the passage of Jews, the emigration by railroad has become impossible.

Although the International Committee of the Red Cross did not want to assume itself the charge of organization of transports by sea, it has nevertheless promised to support the efforts displayed in Rumania, especially by the Red Cross, in order to find ways and means of securing exit permits for Jews admitted to immigrate to Palestine. Unfortunately, these plans have not had any success until now, and we have only very little hope to succeed. The reasons are in the first place, the lack of appropriate ships and also, as we believe, lack of funds. Moreover, the situation in the Black Sea does not seem to allow at present, travel by sea, and we ask ourselves even whether, under these circumstances, the necessary safe-conducts could be secured from the belligerents for these ships. But this problem has also a financial aspect. The present regulations concerning the transfer of funds from overseas, do not allow the persons desirous to emigrate, to count on outside financial support. It is therefore up to the Rumanians to secure themselves the necessary funds. This financial question is in direct relation with the possibility of finding appropriate ships for the transport of these persons. The ships which were considered, so far, do not meet the conditions governing the grant of the insignia of the International Committee of the Red Cross, and of its protection; besides these ships will not be authorized

to leave the Rumanian ports. We follow, however, this question very closely and we shall not fail to intervene in case the least change should occur which would let foresee a possible favorable solution of this matter.

### SLOVAKIA

The situation is unchanged, and we have no further knowledge of deportations. The only help which was urgently requested, concerned pharmaceutical products, and we communicated the list of these products to the interested Jewish organizations in Switzerland. As these organizations could not supply us with funds, we have not been able to secure the desired medicines, although we could have bought them in Switzerland.

### CROATIA

The Jews whose names and internment place in that country we know, seem indeed to be in great need of help, a Jewish organization in Switzerland makes efforts to assist them but the clothes which are especially lacking, are absolutely unfindable, and all exportation from Switzerland, even of used clothing, is prohibited. (Money can buy food in sufficient quantity in that country.) The hostilities going on at present in Croatia do not allow a clear picture of the situation and of the perspectives concerning the Jews. We do not receive any information on the entire southern part of the country.

With our note No. 528 of September 16, we sent you copies of certain letters concerning the activity of the "Juedische Unterstuetzungsstelle fuer das Generalgouvernement". Unfortunately, shipments ready to be sent, had to be held back and we do not think to be able, until further notice, to send shipments to Cracow. The letters we sent you have, therefore, only a documentary interest. There are constant variations in this question, and what is allowed and can be realized one day, might be suspended the following day. We are, therefore, not in a position to give assurance for the future.

We received the following cable from the World Jewish Congress: "submitting you through your Washington office list Jewish internees in Theresienstadt with the request to transmit parcels with food to them step kindly inform us your decision." (WJC Arich Tartakower)

May we ask you to answer the World Jewish Congress along the following lines:

We have delayed our answer to this cable, dated September 7, for technical reasons. The International Committee of the Red Cross has not concerned itself so far, with the dispatch of individual parcels to persons other than prisoner of war or civilian internees. In Germany and in the occupied countries, the Jews are not considered as civilian internees, neither in the ghettos nor in the concentration or labor camps. The shipments of food, tonics and medicines made by the "Commission Mixte" to the Jews in Theresienstadt, for instance, have always been collective shipments. The creation within the Committee of a new service concerning itself with individual food parcels has become necessary, and we have, therefore, waited for the solution of this problem before answering the cable of the WJC. This question is now solved, and we will be in a position, in the future, to dispatch individual parcels among others also to the Jews in Theresienstadt whose names we know, provided of course that funds be put at our disposal to this effect. We would consequently be grateful if this last point which was not dealt with in the above mentioned cable of Mr. Tartakower, could be settled, as soon as possible, if it is desired that the International Committee of the Red Cross be able to act.

For the International Committee of the  
Red Cross

(signed) Schwayenberg

Division of Prisoners, Internees and  
Civilians.

8.



For some time the World Jewish Congress has been interested in arranging for the evacuation of Jews from Transnistria to Rumania in order to save them from the retreating German army. Appropriate licenses are being issued to permit the necessary transactions and up to date information has been requested from the World Jewish Congress representative in Geneva. That internees can be moved from Transnistria to places of safety is supported by the recent reports that 6,400 have recently been moved into Rumania and 500 more are expected to be moved this week. Immediate facilitation of the present movement may save thousands of lives and private organizations here are ready and willing to help with the necessary funds.

COPY

TO: Mr. Berle  
FROM: J. W. Pehle

January 28, 1944

It would be appreciated if the attached cable is urgently despatched to Minister Harrison at Bern.

/s/ J. W. Pehle

(received by Berle 3:50 p.m.)

CABLE TO BERN

Please transmit the following urgent message to Dr. Riegner of the World Jewish Congress from the World Jewish Congress in the United States:

QUOTE We understand that it may be possible for private agencies in Switzerland to communicate with and send funds to persons in Rumania who can arrange for the evacuation of Jews from Transnistria. We desire immediate information concerning what you feel might be done in this regard if the necessary authority and funds were made available to you. The Treasury Department has advised that they are prepared to grant the necessary licenses covering communication and use of funds for this project. The Treasury has also advised that, in addition to the two methods for acquiring local funds contained in licenses previously issued, the Treasury is willing to permit the acquisition of the necessary local funds, goods or services from persons in enemy or enemy-occupied territory against payment in free foreign exchange or free currency notes, provided that it is not feasible to finance the operations otherwise. You should be required to take reasonable steps to avoid such free foreign exchange or free currency notes being paid to persons who would make it available to the enemy.

Any information should be furnished at once to Minister

- 2 -

Harrison for transmittal to the War Refugee Board UNQUOTE  
Referring to Department's 251 of January 25 you are requested  
to do what you can to aid private agencies in the development  
and effectuation of projects of this character.

JAN 31 1944

Mr. Pehle

Miss Hodel

Mr. Leavitt called this morning re a cable he had received from Mr. Schwartz in Lisbon to the effect that 6,400 internees, including 400 children, have been re-evacuated from Transnistria to Bucharest during the past week. An additional 500 are expected to be moved within the next few days. Two hundred Polish refugees were also moved from Cernauti (in Bessarabia) to Bucharest. Mr. Leavitt says that this must have been an official evacuation with the cooperation of the Rumanian Government. The JIC has received no request for funds to assist in the evacuation from Transnistria.

FHodel:hd 1/31/44

9.

*[Handwritten text, partially obscured]*

HEBREW SHELTERING AND  
IMMIGRANT AID SOCIETY

425 Lafayette St., New York 3, N. Y.

January 27, 1944

War Refugee Board  
c/o Secretary of the Treasury  
Washington, D. C.

Gentlemen:

We are pleased to send you herewith our check for \$100,000. as a contribution towards furthering your efforts to save the victims of enemy oppression and the establishment of havens of temporary refuge for such victims.

We are also enclosing, for your information, copy of our letter to President Roosevelt.

Respectfully yours,  
(signed) Abraham Herman  
President

January 27, 1944

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

My dear Mr. President:

The Board of Directors of the Hebrew Sheltering and Immigrant Aid Society wishes to express its profound appreciation for your executive order establishing a War Refugee Board charged with the responsibility for the inauguration of effective means for the rescue, transportation, maintenance and relief of the victims of enemy oppression, and the establishment of havens of temporary refuge for such victims.

Your executive order, which is in full accord with the humanitarian tradition of the American Government, has evoked nationwide approval and enthusiasm, in which we most heartily join.

The Hebrew Sheltering and Immigrant Aid Society has been active in the field of immigration and Americanization for six decades and has exerted every possible effort to save many thousands of people from the persecution abroad by helping them to find havens of refuge.

In its desire further to aid these oppressed people, and in accordance with Paragraph 4 of your executive order, the Board of Directors has the honor to inform you that it has resolved to place at the disposal of the War Refugee Board the services of its offices and personnel at home and abroad, and to offer its participation in the cost of the undertaking. In accordance with this resolution, it has this day forwarded to the War Refugee Board a contribution of \$100,000.

Very respectfully yours,

President

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE  
Thursday, January 27, 1944.

PRESS SERVICE  
No. 40-49

The Treasury Department announced today that it had received the first contribution for carrying out the President's new program of help to Jews and other persecuted minorities in enemy or enemy-occupied territory. This contribution was prompted by the recent action of the President in establishing the War Refugee Board. The gift was in the form of a check for \$10.00 on a small bank in a midwestern town. It was accompanied by the following letter:

"Today we learned for the first time that President Roosevelt has ordered actual measures for the rescue of those Jews and other people still under Hitler's heel. My wife and myself are among those fortunate Jewish people, who after years of persecution and concentration camps found refuge and a real home in the blessed U.S.A. Our only sorrow concerns the fate of our dear old mother, 77, and our friends, who were taken, 16 months ago, out of their homes to some unknown place.

"I am 61, and my wife is 52, so we are not able to make much money, especially as we were not used to hard physical work. That is, why we are not able to send more than this \$10, - which we ask you to accept as our contribution for this good cause.

"We are living in this small Ohio town where we were received and accepted as equals among friends we never met before. We will show our gratitude to this Country by doing everything in our limited power."

oOo



The attached cable was sent to all  
diplomatic and consular officials of  
the United States throughout the World.

COPY

208

DEPARTMENT

RESTRICTED

AMERICAN EMBASSY,

January 25, 1944

LONDON.

The President has instructed the Secretaries of State, Treasury and War to take action for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. In an executive order issued today the President declared QUOTE it is the policy of this Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war UNQUOTE. The order establishes special governmental machinery for executing this policy. It creates a War Refugee Board consisting of the Secretaries of State, Treasury and War. The Board is charged with direct responsibility to the President in seeing that the announced policy is carried out. The President indicated that while he would look directly to the Board for the execution of this policy, the Board would cooperate with the Intergovernmental

Committee, UNRRA, and other interested international organizations. The President stated that he expected the cooperation of all members of the United Nations and other governments in carrying out this difficult but important task. He stated that the existing facilities of the State, Treasury and War Departments would be employed to furnish aid to Axis victims to the fullest extent possible. He stressed that it was urgent that action be taken to forestall the plot of the Nazis to exterminate the Jews and other persecuted minorities in Europe.

You should do everything possible to effectuate this policy of this Government, bearing in mind that time is of the essence. You should cooperate closely with all public and established private agencies who are active in your area in this field, aiding them in the development of coordinated programs and in the effectuation of integrated measures for the rescue, transportation, maintenance and relief of victims of enemy oppression, etc.

The communication facilities should be made freely available to these private agencies for all appropriate messages for carrying out the policy of this Government herein stated, keeping the War Refugee Board advised through the Department. You should give them every assistance in obtaining and verifying information.

You are requested to render an immediate report concerning the actual situation as it exists today in the country to which you are accredited. This report should include a full statement as to what is being done to rescue the Jews and other persecuted minorities from Hitler, including particularly (a) the extent to which these war refugees are permitted to enter the country to which you are accredited (b) the extent to which such country actually encourages and cooperates in their entry and (c) the extent to which such refugees are not able to enter such country because of the failure of such country to cooperate in their entry. This report should cover actual cases which have come to your attention involving refugees being turned back at the border and the reasons why such refugees were turned back. You should also report periodically on cases of this character which come to your attention in the future.

You should include in your report your recommendations as to what you feel this Government can do to effectuate with all possible speed the rescue and relief of the victims of enemy oppression, including particularly what can be done to make the government of the country to which you are accredited cooperate more fully in carrying out this policy. Your report should cover any special obstacles which you feel are interfering

with the rescue and relief of these victims and your recommendations as to what can be done to remove these obstacles.

You are requested to approach the Government to which you are accredited, explain the policy expressed in the President's Executive Order referred to above, and ascertain from such Government the extent to which it is prepared to cooperate.

Diplomatic and consular officers are instructed to do everything possible to carry out the policy expressed in the President's Executive Order. This cablegram has been transmitted by telegram or airgram to all diplomatic and consular offices.

Repeat to consular offices under your jurisdiction.

CODE ROOM - Repeat to Missions at Lisbon, Madrid,  
Stockholm, Bern and Ankara.

840.48 Refugees.

VD:HET:RS 1/25/44

WAR REFUGEE BOARD  
Executive Office of the President  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Monday, January 28, 1944.

No. 1

The War Refugee Board held its first meeting on Wednesday, January 26. The meeting was attended by Secretaries Hull, Foran, and Stimson.

The Board announced that all United States diplomatic and consular offices throughout the world have been instructed to do everything possible to effectuate this Government's war refugee policy as announced by the President, bearing in mind the urgency of the problem.

The instructions issued covered the following points:

All missions were advised that instructions had been issued by the President to the Secretary of State, the Secretary of the Treasury, and the Secretary of War to endeavor to effect immediately the rescue and relief of Jews in Europe and of other victims of Nazi terror. The President's Executive Order, issued on January 22, 1944, contained the following declaration:

"It is the policy of this Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war."

For the purpose of carrying out this policy, the Order sets up a War Refugee Board composed of the Secretary of State, the Secretary of the Treasury, and the Secretary of War. This Board is responsible to the President, and to it is assigned the responsibility for carrying out the policy above announced. While the Board is responsible directly for giving effect to the policy, it is directed to work with UNRRA, the Inter-governmental Committee, and other appropriate international organizations. The President

made it clear that in dealing with this important and difficult problem he expected to have full cooperation from the governments of the United Nations and other foreign governments. The facilities of the Department of State, the Treasury Department, and the War Department were directed to be employed to lend the fullest aid possible to victims of Axis persecution. The President emphasized the urgent necessity of frustrating the Nazi design to exterminate Jewish and other minority groups in Europe.

Cooperation was directed with all public agencies and established private organizations in the rescue areas of those officers who are dealing with this problem, to the end that effective programs and measures for relief, rescue, maintenance, and transportation of persecuted victims may be developed and carried out. Immediate reports relating to the situation existing in the countries of the respective officers have been requested, which should include information as to the permission granted to war refugees to enter each country, the encouragement and cooperation given to such entry, and the extent to which each country does not cooperate in permitting entry. Where refugees are refused entry at frontiers, the facts and reasons for such action have been requested.

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

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

oOo

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11.

COPY

January 28, 1944

TO: Assistant Secretary McCloy  
FROM: Secretary Morgenthau

In accordance with your timely suggestion it would be very helpful if instructions along the following lines were sent to the appropriate Theater Commanders:

"The President has instructed the Secretaries of State, Treasury and War to take action for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. In An Executive Order issued January 22, 1944, the President declared 'it is the policy of this Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war.' The order establishes special governmental machinery for executing this policy. It creates a War Refugee Board consisting of the Secretaries of State, Treasury and War. The Board is charged with direct responsibility to the President in seeing that the announced policy is carried out. The President indicated that while he would look directly to the Board for the execution of this policy, the Board would cooperate with the Intergovernmental Committee, UNRRA, and other interested international organizations. The President stated that he expected the cooperation of all members of the United Nations and other governments in carrying out this difficult but important task. He stated that the existing facilities of the State, Treasury and War Departments would be employed to furnish aid to Axis victims to the fullest extent possible. He stressed that it was urgent that action be taken to forestall the plot of the Nazis to exterminate the Jews and other persecuted minorities in Europe.

You should do everything possible, consistent with the successful prosecution of the war in your theater, to effectuate this policy of this Government. You should cooperate

- 2 -

as closely as possible with all public and established private agencies who are active in your theater in this field in this matter. Consistent with your needs and military security considerations, you should make communication facilities available to these private agencies for appropriate messages for carrying out the policy of this Government herein stated, keeping the War Refugee Board advised through the Department. You should report to the Department any recommendations which you may have as to what you feel this Department can do to effectuate with all possible speed the rescue and relief of the victims of enemy oppression.

Foreign representatives of the Department of State and of other Government Departments are being similarly instructed and you should give them any possible assistance."

I would appreciate your bringing this to the attention of Secretary Stimson.

/s/ Henry Morgenthau, Jr.  
January 28, 1944

(Secret Service Agent carried this to McCloy at 5:40 p.m.)

217

12.

January 28, 1944

TO: Mr. Berle

FROM: Mr. Pehle

It would be appreciated if you would have the attached messages from Secretary Morgenthau to representatives of the Treasury Department in London, Stockholm, Ankara, Lisbon, Cairo, and Algiers dispatched as soon as possible.

(signed) J. W. Pehle

CABLE TO AMBASSADOR WINANT, LONDON, FOR CASSADAY  
FROM THE SECRETARY OF THE TREASURY.

FOR WINANT FOR CASSADAY FROM SECRETARY MORGENTHAU.

State Department's 684 of January 25 describes the action which the President has taken for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. It discusses the functions of the newly created War Refugee Board composed of the Secretaries of State, Treasury and War, and requests our diplomatic and consular officers to do everything possible to carry out the policy expressed in the President's Executive Order. Please familiarize yourself thoroughly with this cable and the text of the Executive Order, and with all aspects of this matter.

As representative of the Treasury, you are requested to do everything possible to assist Ambassador Winant in this important task. The Treasury Department is determined to do everything in its power to aid the President's War Refugee Board in its efforts to rescue and bring relief to victims of enemy oppression who are in imminent danger of death.

You should keep me informed through Ambassador Winant of any ways by which the existing facilities and powers of the Treasury Department may be employed to furnish aid to Axis victims to the fullest extent possible.

CABLE TO MINISTER NORWEB, LISBON, FOR WOOD  
FROM THE SECRETARY OF THE TREASURY.

FOR NORWEB FOR WOOD FROM SECRETARY MORGENTHAU.

State Department's 200 of January 25 describes the action which the President has taken for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. It discusses the functions of the newly created War Refugee Board composed of the Secretaries of State, Treasury and War, and requests our diplomatic and consular officers to do everything possible to carry out the policy expressed in the President's Executive Order. Please familiarize yourself thoroughly with this cable and the text of the Executive Order, and with all aspects of this matter.

As representative of the Treasury, you are requested to do everything possible to assist Minister Norweb in this important task. The Treasury Department is determined to do everything in its power to aid the President's War Refugee Board in its efforts to rescue and bring relief to victims of enemy oppression who are in imminent danger of death.

You should keep me informed through Minister Norweb of any ways by which the existing facilities and powers of the Treasury Department may be employed to furnish aid to Axis victims to the fullest extent possible.

CABLE TO MINISTER JOHNSON, STOCKHOLM,  
FOR OLSON FROM THE SECRETARY OF THE  
TREASURY.

FOR JOHNSON FOR OLSON FROM SECRETARY MORGENTHAU.

State Department's 131 of January 25 describes the action which the President has taken for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. It discusses the functions of the newly created War Refugee Board composed of the Secretaries of State, Treasury and War, and requests our diplomatic and consular officers to do everything possible to carry out the policy expressed in the President's Executive Order. Please familiarize yourself thoroughly with this cable and the text of the Executive Order, and with all aspects of this matter.

As representative of the Treasury, you are requested to do everything possible to assist Minister Johnson in this important task. The Treasury Department is determined to do everything in its power to aid the President's War Refugee Board in its efforts to rescue and bring relief to victims of enemy oppression who are in imminent danger of death.

You should keep me informed through Minister Johnson of any ways by which the existing facilities and powers of the Treasury Department may be employed to furnish aid to Axis victims to the fullest extent possible.

CABLE TO AMBASSADOR STEINHARDT, ANKARA,  
FOR GUNTER FROM THE SECRETARY OF THE  
TREASURY.

FOR STEINHARDT FOR GUNTER FROM SECRETARY MORGENTHAU.

State Department's 68 of January 25 describes the action which the President has taken for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. It discusses the functions of the newly created War Refugee Board composed of the Secretaries of State, Treasury and War, and requests our diplomatic and consular officers to do everything possible to carry out the policy expressed in the President's Executive Order. Please familiarize yourself thoroughly with this cable and the text of the Executive Order, and with all aspects of this matter.

As representative of the Treasury, you are requested to do everything possible to assist Ambassador Steinhardt in this important task. The Treasury Department is determined to do everything in ~~its~~ power to aid the President's War Refugee Board in its efforts to rescue and bring relief to victims of enemy oppression who are in imminent danger of death.

You should keep me informed through Ambassador Steinhardt of any ways by which the existing facilities and powers of the Treasury Department may be employed to furnish aid to Axis victims to the fullest extent possible.

CABLE TO AMBASSADOR WILSON, ALGIERS, FOR HOFFMAN  
FROM THE SECRETARY OF THE TREASURY.

FOR WILSON FOR HOFFMAN FROM SECRETARY MORGENTHAU.

State Department's airgram of January 26 describes the action which the President has taken for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. It discusses the functions of the newly created War Refugee Board composed of the Secretaries of State, Treasury and War, and requests our diplomatic and consular officers to do everything possible to carry out the policy expressed in the President's Executive Order. Please familiarize yourself thoroughly with this airgram and the text of the Executive Order, and with all aspects of this matter.

As representative of the Treasury, you are requested to do everything possible to assist Ambassador Wilson in this important task. The Treasury Department is determined to do everything in its power to aid the President's War Refugee Board in its efforts to rescue and bring relief to victims of enemy oppression who are in imminent danger of death.

You should keep me informed through Ambassador Wilson of any ways by which the existing facilities and powers of the Treasury Department may be employed to furnish aid to Axis victims to the fullest extent possible.

CABLE TO MINISTER KIRK, CAIRO, FOR MIKESSELL  
FROM THE SECRETARY OF THE TREASURY.

FOR KIRK FOR MIKESSELL FROM SECRETARY MORGENTHAU.

State Department's airgram of January 26 describes the action which the President has taken for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. It discusses the functions of the newly created War Refugee Board composed of the Secretaries of State, Treasury and War, and requests our diplomatic and consular officers to do everything possible to carry out the policy expressed in the President's Executive Order. Please familiarize yourself thoroughly with this airgram and the text of the Executive Order, and with all aspects of this matter.

As representative of the Treasury, you are requested to do everything possible to assist Minister Kirk in this important task. The Treasury Department is determined to do everything in its power to aid the President's War Refugee Board in its efforts to rescue and bring relief to victims of enemy oppression who are in imminent danger of death.

You should keep me informed through Minister Kirk of any ways by which the existing facilities and powers of the Treasury Department may be employed to furnish aid to Axis victims to the fullest extent possible.

13

*[Handwritten scribbles]*

The attached cable was despatched on January 1 with a few minor changes made by the State Department. The purpose of the cable is to urge the British to take parallel action in declaring its policy to rescue the persecuted peoples of Europe. The cable also indicates that this Government is prepared to continue its work with the Intergovernmental Committee.

1-1-44

CABLE TO AMBASSADOR WINANT IN LONDON.

Refer to Department's cable 634 of January 25 concerning the President's Executive Order establishing the War Refugee Board and declaring the policy of this Government.

In discussing this matter with the British Foreign Office, you are requested to make it clear that the establishment of the War Refugee Board represents this Government's determination to effectively carry out without delay the policy heretofore agreed upon by the two Governments to take all possible measures for the speedy rescue and relief of the refugees of Europe.

Although this Government on its part intends to take all possible action with all possible speed, we hope that this effort will not be unilateral and we wish to make it clear that it continues to be the policy of this Government to encourage and participate in effective cooperative efforts with other governments.

As the President has stated, the Board of course will cooperate fully with the Intergovernmental Committee and other interested international organizations.

In making clear to the British Government the position of this Government and our desire that there be cooperative efforts in this field, you should express to the Foreign Office the view of this Government that the joint efforts of the two Governments would be effectively implemented by a declaration of policy upon the part of the British Government similar to that made by the President. In this connection you should also urge the British Foreign Office to send instructions to their diplomatic representatives in foreign countries comparable to the instructions contained in cable 634.

Please keep us informed of the attitude of the British on this matter.

14.

*[Handwritten notes on the right edge of the page, partially obscured by a dark border]*

WU6 LG SER

ZG NEWYORK NY FEB 1 1944 628P

THE HONORABLE HENRY MORGENTHAU JR

SECRETARY OF THE TREASURY

AS THE THREE NATIONAL CHAIRMAN OF THE UNITED JEWISH APPEAL FOR REFUGEES OVERSEAS NEEDS AND PALESTINE, LARGEST FUND RAISING AGENCY THROUGH WHICH AMERICAN JEWS PROVIDE FOR THE RELIEF AND REHABILITATION OF REFUGEES IN EUROPEAN AND OTHER LANDS, PALESTINE AND OTHER LANDS, PALESTINE AND THE UNITED STATES, WE ARE MOST ANXIOUS TO MEET WITH YOU AND YOUR ASSOCIATE MEMBERS FOR THE WAR REFUGEE BOARD IN CONFORMITY WITH THE BOARDS DESIRE TO ACCEPT THE SERVICES OF PRIVATE ORGANIZATIONS AND AGENCIES. THE UNITED JEWISH APPEAL FOR REFUGEES, OVERSEAS NEEDS AND PALESTINE PROVIDES FUNDS FOR THE PROGRAMS OF THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE. THE UNITED PALESTINE APPEAL, AND THE NATIONAL REFUGEE SERVICE, WHICH ARE THE MAJOR AGENCIES CONCERNED WITH REFUGEE PROBLEMS IN EUROPE, PALESTINE, AND THE UNITED STATES, RESPECTIVELY. WE WOULD APPRECIATE OPPORTUNITY OF MEETING WITH YOU OR YOUR APPOINTED REPRESENTATIVES AT YOUR EARLIEST CONVENIENCE. IDENTICAL MESSAGES HAVE BEEN SENT TO THE HONORABLE CORDELL HULL AND THE HONORABLE HENRY L STIMSON RESPECTFULLY

UNITED JEWISH APPEAL FOR REFUGEES OVERSEAS NEEDS AND  
PALESTINE RABBI JAMES G HELLER MR WILLIAM ROSENWALD  
RABBI JONAH B WISE NATIONAL CHAIRMAN 342 MADSON  
AVENUE NEW YORK CITY.

825AM FEB2.

230

15

*Handwritten scribbles*



The Fedhala camp in North Africa is presently under the jurisdiction of FEA, but arrangements are under way to bring it under the control of UNRRA. It is understood that at the present time there are no refugees in the camp. However, urgent efforts are being made to transfer refugees from Spain to this camp. We have had several consultations with UNRRA people on this problem and we are working on various methods to facilitate the removal of as many refugees as possible from Spain.

16.

COPY

233

TO: AMERICAN EMBASSY, LONDON, #370  
FROM: SECRETARY OF STATE  
DATE: JANUARY 14, 1944

With reference to our A-12 January 3, 1944, concerning refugees on Island of Rab, Department has just received word from Army officials that Rab has been recaptured from Germans and is now in hands of Yugoslav Partisans. Please bring to attention of IGC Director and ask that information be furnished Department as to means of getting money to these refugees. It is thought necessary funds can be secured from private sources in this country and if there are means of getting it to refugees Department will endeavor to secure concurrence of military authorities in giving refugees money to escape to safer area or secure necessities while on Rab.

COPY

234

PARAPHRASE

TO : AMERICAN EMBASSY, LONDON, #280

FROM: SECRETARY OF STATE

DATE: JANUARY 11, 1944

With reference to the subject of refugees on the Island of Rab, it is to be understood and emphasized that the statement relative to the possible creation of a precedent in the rendition of assistance to the refugees by the military authorities, which was contained in our A-12 of January 3, is that of the military authorities and represents a point of view which these authorities may be required to take in view of the military situation. Whenever it is possible, on the other hand, assistance is rendered by non-military agencies behind the lines which are there for that purpose.

Feb 1 1944

## MEMORANDUM FOR SECRETARY OF WAR STIMSON

Re: Making Funds Available to Refugees on Island of Rab.

I wish to preface my discussion by saying that in December the Joint Chiefs of Staff were approached at the instance of the Intergovernmental Committee on Refugees with a comprehensive project to rescue refugees from the Island of Rab. This project to rescue refugees direct assistance upon the part of the Intergovernmental Committee involving questions of transport, plan would have necessitated direct assistance upon the part of the military authorities involving General in the North African etc. On this basis the Commanding General in the situation did Theater of Operations decided that the military situation did not permit the operation contemplated. However, since the proposal which I am about to make is entirely different and in sharper than that rejected by the Commanding General, and in view of our Government's policy with respect to refugees announced at the time of the establishment of the War Refugee Board, I recommend the following for your urgent consideration.

Information we have received indicates that there are presently some 1500 refugees, mostly Jewish, on the Island of Rab in the Adriatic off the Dalmatian coast. They apparently were taken there some time ago by Yugoslav Partisans after being freed from internment. The Island has changed hands several times, but it is understood to be again in the possession of the Partisans.

It is believed that many of such refugees might be able to hire boats to bring them to Italy if they had the necessary funds. Similar escapes apparently have been arranged by Yugoslav refugees now in Italy. Funds are available to the War Refugee Board, and probably also from private organizations for this purpose and, if possible, should be sent to these refugees as soon as possible.

- 2 -

As a method of accomplishing the foregoing, I suggest the following possibility. If means of communication exist between our armed forces and the Yugoslav Partisan leaders, it is suggested that you or the Theater Commander transmit a message to the latter requesting -

(a) that the Partisans furnish local currency to refugees on the Island of Rab so that the latter may by their own efforts arrange escape to Italy, it being understood that such expenditures will be reimbursed in U. S. dollars or in such other money as the Partisans request;

(b) That the Partisans, in the event they cannot furnish necessary local currency, aid the refugees in arranging escape by guaranteeing to the boat owners and other persons assisting in the escape that payment will be made to them by the American military authorities upon arrival of the refugees in Italy;

(c) That the Partisans keep the appropriate American military authorities advised of their operations in this field.

It will, of course, be necessary for the Theater Commander to make arrangements for payments in Italy in certain cases to persons bringing refugees there from the Island of Rab, and possibly for certain other financial transactions. It is also essential that the Theater Commander continue his policy of caring for any refugees who may be able to reach Italy as the result of their own efforts. Such other assistance as he may be able to give will, naturally, be extremely valuable. It may be made perfectly clear that the War Refugee Board assumes full financial responsibility for the expenses of evacuating the refugees from Rab and will reimburse all outlays.

- 3 -

If you think that the procedure indicated is feasible, I am sure that you will agree that it should be executed as promptly as possible in view of the uncertainty of the continued possession of the Island of Rab by the Partisans.

This has been cleared with Mr. Stettinius who is in agreement.

JBF:JWP:lhk 2/1/44

COPY

AIRGRAM

No. A 1391

Clear

Time 6:00 p.m.

October 12, 1943

MEMBERY,  
LONDON.

Department has received following telegram from Dr. Goldson, World Jewish Congress:

QUOTE Am being informed from London that 4000 Jewish refugees and Yugoslavs recently in internments camps Yugoslavia have been freed by Yugoslav partisans and removed to Adriatic island of Rab. Understand food and medical supplies urgently needed as island suffers serious shortage. In view of possibility island being recaptured by Germans most desirable remove refugees soon as possible to safer area. Southern Italy Sicily or North Africa. May I respectfully request to bring this matter to the attention of authorities North Africa and Sicily asking them to take necessary steps. UNQUOTE.

Please refer to Executive Committee of the Intergovernmental Committee and if you deem it advisable transmit it to Murphy for Eisenhower.

HULL

SHOULD Refugees/

V:RMG:OWA:RS 10/9/43 Ex CI/L A-L  
Mr. Pell

BJH

COPY

PLAIN

London

Dated November 4, 1943

Rec'd 11:38 p.m.

Secretary of State,  
Washington.

7682, Fourth

Upon receipt of Department's airgram A-1391, October 12th regarding refugees on the Adriatic island of Rab, the Embassy communicated its contents to the Director of the Intergovernmental Committee on Refugees for the executive committee and has received from him under date of November 2nd the following communication in which he suggests certain action by the Department; "Would you kindly refer to your letter of the 22nd October 1943 in which you transmitted a telegram which the Department of State had received from Dr. Goldman of the World Jewish Congress regarding the situation of certain Jewish refugees on the island of Rab off the Dalmatian coast. We at once got into touch with the World Jewish Congress here, and ascertained that the information on which Dr. Goldman's telegram was based related to the position several months ago. They promised to supply us with further information.

Meantime, I have received this morning from Professor Brodetsky of the Jewish Board of Deputies a copy of a letter sent to him by an Army Chaplain now in Italy who has been in touch with Yugoslavian refugees in the Bari camp. The letter of the Chaplain is dated 8th October 1943. At that time, according to his information, nearly 3,000 Yugoslavian Jews were on the island, their position being precarious since the island has changed hands several times, but he suggested that their safety could be ensured by their evacuation and concentration in the existing refugee camp at Bari. He further suggested that failing direct help the refugees might be able to hire Italian boats to bring them to safety if they had the necessary funds.

Although the situation may have materially changed since the Army Chaplain wrote his letter, there does seem

- 2 -

some chance that the military authorities in Italy might be able to afford some assistance. Malin and I have considered very carefully what action is possible and we suggest that a cable should be sent to the State Department on the following lines: (One) if there are refugees still on the island, the appropriate military authorities in North Africa or Italy be invited to consider whether there are any practical means of helping them. (Two) We recognize that direct supply of transport would involve military considerations about which we are not in a position to express any opinion. (Three) Failing direct assistance, however, it might be practicable to convey money to the refugees, leaving it to them to make the best arrangements they could for their escape. (Four) Those who did reach the mainland could be kept in the Bari or some other camp pending security and other arrangements. (Five) The cost of transport or the money to be advanced is likely to be comparatively small. If the Intergovernmental Committee had to provide it, this would involve previous consultation with the Governments of the United Kingdom and the United States of America. This, however, might not be necessary as the joint distribution committee or other Jewish organizations might, and probably would be willing to supply the necessary funds. In any case, Malin and I consider that the question of ultimate finance should not delay any immediate action that may be possible.

On the same ground of urgency, we are putting forward our suggestions in anticipation of the approval of the executive committee.

We suggest that the Department of State be asked to make the necessary approach to the appropriate military authorities.

I may add that I have mentioned to Randall that we proposed to make suggestions contained in this letter, and that he saw no objection.

I shall be seeing Lord Winterton this afternoon, and shall report the matter to him also".

WINANT

AIRGRAM  
CONFIDENTIAL

No. A-12  
Time: 6:40 p.m.

January 3, 1944

EMBASSY,

LONDON.

With reference assistance to refugees on Island of Rab your 7682 November 4 following is quoted from letter received from Joint Chiefs of Staff dated December 15, 1943 quote:

The Commanding General, North African Theater of operations, has been consulted with regard to this matter and, pursuant to his recommendation, it has been determined that the military situation does not permit the military authorities to render any direct assistance to these refugees at this time.

The Theater Commander has reported that supplies and facilities for displaced persons in Italy are already overstrained, and that demands for these items should, if possible, be reduced. Aside from the fact that operational needs do not permit the rendition of assistance to these refugees, it is considered that to take such action might create a precedent which would lead to other demands and an influx of additional refugees for the care of whom the military authorities would be unable to provide facilities and supplies. Although recommending that no direct assistance or funds be provided, the Theater Commander states that he will continue, as in the past, to care for any refugees who should be able to reach Italy as a result of their own efforts.

Our latest information is that the refugees on the Island of Rab, together with those at Otocac in Northwest Croatia, total approximately 1,500, and that the majority of these refugees are Jews unquote.

Since receipt of letter in reference Department has official information Germans now hold Rab.

Please transmit such portions of the above communication as you may deem appropriate to the Directorate of the

- 2 -

Intergovernmental Committee and if the present information of the Committee suggests means of aiding these refugees Department should be informed.

HULL

17.

*[Faint handwritten text, possibly a signature or name, running vertically down the right edge of the page.]*

We have been advised that the German Government has never publicized stories of the atrocities inflicted on the Jews and other minority groups. It is believed that it would be helpful to get the true facts of those stories across to the people in Germany and German-occupied territory, as well as information concerning the attitude of this Government toward such persecutions. The War Refugee Board, its purpose and program, should be made known to the people of Europe.

C

*[Faint handwritten text, possibly illegible]*



Attached is the agenda prepared within the State Department and used by Mr. Hull at the first meeting of the War Refugee Board.

CONFIDENTIAL

1. Announce that general instructions have gone to our representatives abroad advising them of the President's action and directing pertinent action in their respective fields.

2. Move for the immediate appointment of an Executive Director charged with the responsibility of formulating specific proposals and directing action for the rescue and preservation of refugees to be submitted for the consideration of the Board.

3. State that full cooperation with the Executive Director will be given by all officers of the Department of State. The Executive Director shall obtain such information or assistance as he may require from the Chiefs of Divisions of the Department. The files on refugee matters in the custody of the Visa Division will be available for consultation by the Executive Director and will provide full information of the past and present activities here and situations abroad.

4. Notify the Board that the following Departmental Order is being issued:

"The Executive Director and his officers shall have the right of direct access to the Chiefs of the appropriate Divisions of the Department of State in order to obtain such information or assistance as he may require in formulating his plans."

5. The Department will act as transmitting agent for the Board in correspondence with the Intergovernmental Committee and American Missions abroad.

6. Questions relating to the assignment of special attaches to American Missions will be considered at once by the Department and will consider recommendations from the Board.

7. Announce that you have designated Mr. Stettinius as your alternate on the Board.

8. Suggest the Board approach the Congress for adequate appropriations for the administrative expenses and for its operating costs unless there are funds available either war or Treasury Departments.

D

[Small white rectangular mark]

HOLD FOR RELEASE

HOLD FOR RELEASE

HOLD FOR RELEASE

January 22, 1944

CAUTION: The following MUST BE HELD IN CONFIDENCE until released.

NOTE: Release is for ALL REGULAR EDITIONS of MORNING NEWSPAPERS of Sunday, January twenty-third, 1944.

Release by radio commentators, newscasters, etc., NOT EARLIER THAN 9:00 P.M., E.W.T., Saturday, January 22, 1944.

STEPHEN EARLY  
Secretary to the President

-----

The President today, by Executive Order, set up a War Refugee Board consisting of the Secretary of State, the Secretary of the Treasury and the Secretary of War, to take action for the immediate rescue from the Nazis of as many as possible of the persecuted minorities of Europe -- racial, religious or political -- all civilian victims of enemy savagery.

The Executive Order declares that "it is the policy of this Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war".

The Board is charged with direct responsibility to the President in seeing that the announced policy is carried out. The President indicated that while he would look directly to the Board for the successful execution of this policy, the Board, of course, would cooperate fully with the Intergovernmental Committee, the United Nations Relief and Rehabilitation Administration, and other interested international organizations.

The President stated that he expected to obtain the cooperation of all members of the United Nations and other foreign governments in carrying out this difficult but important task. He stated that the existing facilities of the State, Treasury and War Departments would be employed to aid Axis victims to the fullest extent possible. He stressed that it was urgent that action be taken at once to forestall the plan of the Nazis to exterminate all the Jews and other persecuted minorities in Europe.

It will be the duty of a full-time Executive Director of the Board to arrange for the prompt execution of the plans and programs developed and the measures inaugurated by the Board.

The Executive Order follows:

EXECUTIVE ORDER

-----  
ESTABLISHING A WAR REFUGEE BOARD

WHEREAS it is the policy of this Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war;

NOW, THEREFORE, 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 as Commander in Chief of the Army and Navy, and in order to effectuate with all possible speed the rescue and relief of such victims of enemy oppression, it is hereby ordered as follows:

1. There is established in the Executive Office of the President a War Refugee Board (hereinafter referred to as the Board). The Board shall consist of the Secretary of State, the Secretary of the Treasury and the Secretary of War. The Board may request the heads of other agencies or departments to participate in its deliberations whenever matters specially affecting such agencies or departments are under consideration.

2. The Board shall be charged with the responsibility for seeing that the policy of the Government, as stated in the Preamble, is carried out. The functions of the Board shall include without limitation the development of plans and programs and the inauguration of effective measures for (a) the rescue, transportation, maintenance and relief of the victims of enemy oppression, and (b) the establishment of havens of temporary refuge for such victims. To this end the Board, through appropriate channels, shall take the necessary steps to enlist the cooperation of foreign governments and obtain their participation in the execution of such plans and programs.

3. It shall be the duty of the State, Treasury and War Departments, within their respective spheres, to execute at the request of the Board, the plans and programs so developed and the measures so inaugurated. It shall be the duty of the heads of all agencies and departments to supply or obtain for the Board such information and to extend to the Board such supplies, shipping and other specified assistance and facilities as the Board may require in carrying out the provisions of this Order. The State Department shall appoint special attaches with diplomatic status, on the recommendation of the Board, to be stationed abroad in places where it is likely that assistance can be rendered to war refugees, the duties and responsibilities of such attaches to be defined by the Board in consultation with the State Department.

4. The Board and the State, Treasury and War Departments are authorized to accept the services or contributions of any private persons, private organizations, State agencies, or agencies of foreign governments in carrying out the purposes of this Order. The Board shall cooperate with all existing and future international organizations concerned with the problems of refugee rescue, maintenance, transportation, relief, rehabilitation, and resettlement.

- 3 -

5. To the extent possible the Board shall utilize the personnel, supplies, facilities and services of the State, Treasury and War Departments. In addition the Board, within the limits of funds which may be made available, may employ necessary personnel without regard for the Civil Service laws and regulations and the Classification Act of 1923, as amended, and make provisions for supplies, facilities and services necessary to discharge its responsibilities. The Board shall appoint an Executive Director who shall serve as its principal executive officer. It shall be the duty of the Executive Director to arrange for the prompt execution of the plans and programs developed and the measures inaugurated by the Board, to supervise the activities of the special attaches and to submit frequent reports to the Board on the steps taken for the rescue and relief of war refugees.

6. The Board shall be directly responsible to the President in carrying out the policy of this Government, as stated in the Preamble, and the Board shall report to him at frequent intervals concerning the steps taken for the rescue and relief of war refugees and shall make such recommendations as the Board may deem appropriate for further action to overcome any difficulties encountered in the rescue and relief of war refugees.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,  
January 22, 1944.

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E.

10/10/10



PEHLE AS EXECUTIVE DIRECTOR OF WAR REFUGEE BOARD

1. Pehle has backing of Jewish organizations, with whom he has been dealing for months.

This includes World Jewish Congress and Joint Distribution Committee. Also has backing of Emergency Committee to Save the Jews of Europe.

2. Pehle has backing of leading men truly interested in this program.
3. Pehle is O.K. with Hull and Stimson, if President agrees.
4. Pehle is known to many foreign governments.

Has been dealing with representatives of foreign governments for over three and one-half years - ever since beginning of freezing control.

This includes the governments of the neutral countries of Europe, the Governments in exile, the governments of Latin America, the French Committee of National Liberation, etc.

5. Pehle has been dealing with important aspects of this whole matter and similar matters for months.

In many of these operations financing is the key to the solution. Foreign Funds Control has been handling the financial aspects of relief operations for a long time.

6. Some of our accomplishments in this matter to date.

See attached memorandum.

7. Need for a man with a "name".

We have had men with "names" on this job for several years - nothing has been accomplished.

- 2 -

Pehle can handle most if not all of the problems that a man with a "name" could handle. He will have three cabinet officers back of him. And if it becomes necessary in any particular case to have a big name actually handling the job, Secretary Morgenthau will step in and handle the job personally.

8. Put Pehle in as Acting Director and see how it works.

F

1-1-1950



- March 23, 1938. President Roosevelt inquires of the governments of refuge and settlement whether they would be willing to join the United States in setting up an Intergovernmental Committee which would seek to introduce order into the forced migration of political and religious refugees from central Europe.
- May 16, 1938. The President's Advisory Committee on Political Refugees holds its first meeting, the following being in attendance: James G. McDonald, Hamilton Fish Armstrong, Paul Baerwald, Joseph P. Chamberlain, Basil Harris, James M. Speers, and Rabbi Stephen S. Wise. Mr. McDonald heads this Committee. //
- July 6, 1938. Representatives of thirty-three governments meet at Evian. The United States was represented by Myron C. Taylor, assisted by Robert Pell and George Brandt of the State Department.
- September 1938. George Rublee, takes up his duties in London as director of the Intergovernmental Committee set up at Evian. He was named to this post by the President, and continued as director until February 1939, when he was succeeded by Sir Herbert Emerson.
- October 17, 1939. Officers of Intergovernmental Committee meet at White House. Lord Winterton, chairman, Myron C. Taylor, vice chairman and James G. McDonald, chairman of the Advisory Committee are among those present. //
- January 1941. Intergovernmental Committee meets at Cuidad Trujillo, Dominican Republic. Among those addressing the meeting are

- 2 -

George Warren, representing the Advisory Committee.

March 27, 1943.

The U. S. and British Governments agree to meet at Bermuda to consider the refugee problem.

April 19, 1943.

Bermuda conference opens. U. S. delegation consists of Harold Willis Dodds (president of Princeton University), Senator Scott Lucas (Ill.), Representative Sol Bloom (N.Y.), and R. Bordon Reams (State Department)

May 19, 1943.

Bermuda conference terminated. Details of determinations are considered confidential.

G

THE WHITE HOUSE  
Washington

JAN 29 1944

My dear Mr. Secretary:

By virtue of the authority vested in me by law I hereby allocate from the appropriation entitled "Emergency Fund for the President, National Defense, 1942-44,"

<u>To</u>	<u>Amount</u>
War Refugee Board	\$1,000,000

to be expended by said Board in connection with emergencies affecting the national security and defense for carrying out the functions of the Board as prescribed by Executive Order 9417 of January 22, 1944.

The funds hereby allocated shall be available, without regard to Section 3709 of the Revised Statutes (41 U. S. C. 5), for all necessary expenses of the War Refugee Board in carrying out Executive Order 9417, including employment of persons (including aliens) or organizations, by contract or otherwise, in the District of Columbia and elsewhere without regard to the civil service and classification laws; acceptance and utilization of voluntary and uncompensated services; transportation expenses outside the United States without regard to the Standardized Government Travel Regulations; actual transportation and other necessary expenses, and not to exceed \$10 per diem in lieu of subsistence, of persons serving while away from their permanent homes or regular places of business in an advisory capacity to or employed by the Board without other compensation from the United States; purchase and exchange of law books and books of reference; purchase of or subscription to newspapers and periodicals; purchase of food, clothing, and medical supplies within or outside the United States; cash payments to and for the benefit of victims of war, without the necessity for cash receipts where receipts are not obtainable; purchase, without regard to statutory limitations as to price, maintenance, operation, repair, and hire of motor-propelled or horse-drawn trucks and passenger-carrying vehicles; payment of premiums on fidelity or other bonds for employees or others engaged in carrying out the purposes hereof; advances of monies without regard to Section 3648 of the Revised Statutes (31 U. S. C. 529); exchange of funds without regard to Section 3651 of the Revised Statutes (31 U. S. C. 543); printing and binding without regard to Section 11 of the Act of March 1, 1919 (44 U. S. C. 111); and the reimbursement of other appropriations

- 2 -

from which payment may have been made for the purposes hereof: Provided, That not to exceed \$500,000 of the funds hereby allocated shall be available for objects of a confidential nature and shall be charged against the limitation for such purposes under said appropriation, and shall be accounted for solely on the certificate of the Executive Director of the Board.

Please arrange for the necessary transfer of funds and advise the War Refugee Board accordingly.

Sincerely yours,

/s/ Franklin D. Roosevelt

The Honorable

The Secretary of the Treasury

*[Faint handwritten text, possibly bleed-through from the reverse side]*

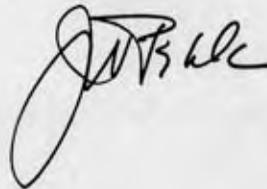
## TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE Feb. 2, 1944

TO Secretary Morgenthau  
FROM J. W. Pehle

You will be interested in the attached request for an appropriation sent by State to Budget on January 28, after the establishment of the War Refugee Board, without consulting us in any way. State's description of the work and accomplishments of the Intergovernmental Committee on Refugees constitutes an inadvertent but nevertheless conclusive indictment of the Intergovernmental Committee for its inaction.



Attachment

EXECUTIVE OFFICE OF THE PRESIDENT  
BUREAU OF THE BUDGET  
WASHINGTON, D. C.

February 2, 1944

MEMORANDUM

TO: Mr. John W. Pehle, Director  
Foreign Funds Control Division  
Room 288 1/2 Treasury Building

FROM: Louis H. Bean

I passed on to Mr. Trott of our Estimates Division your interest in seeing the justification statement covering request for appropriation of \$5,000,000 for the Intergovernmental <sup>Committee</sup> on Refugees. I am glad to send you a copy.

Enclosure

January 28, 1944

My dear Mr. Smith:

There is submitted herewith for your consideration and, if you approve, for transmission to Congress for inclusion in the next deficiency bill, an estimate in the sum of \$5,000,000 for the Intergovernmental Committee on Refugees. The justification which accompanies the estimate sets out the purposes for which this appropriation is required.

Sincerely yours,

For the Secretary of State:

/s/ G. Howland Shaw

G. Howland Shaw  
Assistant Secretary

Enclosure:

Estimate.

A true copy of  
the signed original. /i/ GSH

The Honorable

Harold D. Smith,

Director of the Bureau of the Budget.

BF:EAL:JAD

A-S/2

COPYIntergovernmental Committee on Refugees -

For the share of the United States of the expenses of the Intergovernmental Committee on Refugees and expenses of operations carried on in connection with the work of the Committee, without regard to the provisions of any other act, \$5,000,000, to be immediately available and remain available until June 30, 1945.

THE INTERGOVERNMENTAL COMMITTEE ON REFUGEES

The President has approved the submission to Congress of an estimate of \$5,000,000 to carry on work in connection with the Intergovernmental Committee on Refugees. Of this amount \$1,000,000 is estimated to defray this Government's share of the expenses of the Intergovernmental Committee, and \$4,000,000 is estimated for carrying out certain agreements which have been made for rescuing and assisting refugees in various parts of the world.

Background -

The Intergovernmental Committee on Refugees was established at the Evian Conference held at Evian, France in July 1938. The meeting was called to consider the problem of refugees coming from Central Europe who were suffering the persecutions of the Nazi Government. President Roosevelt assumed the initiative in calling the Evian Conference and it was attended by representatives of thirty-two governments. It was decided to constitute the meeting into a continuing committee of the whole to be known as the Intergovernmental Committee on Refugees.

The Committee established its headquarters at London. Lord Winterton, a member of the British Cabinet was made Chairman and four vice-chairmen representing France, Brazil, the Netherlands and the United States, together with the Chairman, constituted the Executive Committee. In February 1939, a representative of the Argentine Government was added to the Executive Committee. Mr. Myron C. Taylor was the United States representative and he continues to act in this capacity at the present time. A director was appointed who was the executive officer of the Committee and he was given a small staff of assistants.

During the first year of its existence the Committee was chiefly concerned with efforts to negotiate with the Germans in order to work out some orderly plan of migration for those who because of their race, religion or political beliefs were being oppressed by the Nazis. Before any major accomplishments were achieved, however, the war broke out and the activities of the Committee were necessarily limited by conditions which the war imposed. Activities thereafter largely consisted of making negotiations for places of resettlement under a three to five year program with various governments, including those of the Dominican Republic, the Philippine Commonwealth, British Guinea and Northern Odessa.

During the early part of 1943 the British and American Governments decided to call a meeting to examine in the light of existing circumstances all possible methods of relieving the distress of those in Europe who were victims of Nazi aggression. This resulted in the convening of a Conference in Bermuda in April, 1943, at which time a number of practicable measures were adopted. Some of these were as follows:

1. That the staff of the Intergovernmental Committee be increased and a management committee created.
2. That provision be made for the procurement of public and private funds adequate for the work of the Intergovernmental Committee.
3. That the membership of the Committee be broadened.
4. That the Intergovernmental Committee be invited to revise its mandate.
5. That the United States and United Kingdom Governments adopt and urge adoption by the European Allied Governments of a joint declaration on the return of refugees to their homes after the war.

Other recommendations pertained to negotiations with specific allied and neutral governments to secure places of temporary or permanent settlement for refugees.

Since the meeting in Bermuda the Intergovernmental Committee has made considerable progress in carrying out the recommendations of the Conference. In the first place the mandate of the Committee as defined in July 1938 has been extended. At a meeting of the Executive Committee on August 4, 1943 the following mandate was adopted:

"The Intergovernmental Committee shall extend its mandate so as to include, as may be found necessary and practicable, in addition to those already within the mandate, those persons, wherever they may be, who as a result of events in Europe have had to leave, or may have to leave, their countries of residence because of the danger to their lives or liberties on account of their race, religion or political beliefs.

- 3 -

"With regard to persons coming within the mandate as extended the Executive Committee be empowered by the member states to undertake negotiations with neutral or allied states or with organizations, and to take such steps as may be necessary to preserve, maintain and transport them. The Executive Committee shall be empowered to receive and disburse for the purposes enumerated above, funds both public and private."

Thus, the Intergovernmental Committee is intended to be an international body for the protection of various nationals as well as stateless persons. Where there is no other international body operating in a particular area, it will be to the Intergovernmental Committee that the governments concerned and the refugees will look for help.

The membership of the IGC has also been increased. The present member-governments and those who have been asked to join are given on an attached sheet.

The staff of the present Intergovernmental Committee now includes the Director, Sir Herbert Emerson, who serves without remuneration while continuing as the League of Nations High Commissioner for Refugees; he is assisted by a Vice-Director, Mr. Patrick Malin, of the United States; Dr. Gustav Kullman, a Swiss citizen serves as honorary assistant director; and Dr. John Gottlieb Sillem, a Netherlands diplomat, is the secretary. It is anticipated that additional administrative and clerical help will be added most of whom will be representatives of the Committee who are to serve in branch offices which it is proposed to establish in Algiers, Naples, Lisbon and Madrid.

In the near future it is expected that a joint declaration will be issued by the various allied nations concerning the repatriation of persons who have been displaced by the war. The United States, Great Britain and Soviet Russia have already agreed on the wording of the declaration and when issued it is thought that the effect will be to encourage neutral countries to provide asylum for those who are so fortunate as to escape from the Nazis. The publication of the statement will be one of the important accomplishments of the Committee.

#### Finances of the Committee -

In 1938 it was determined that expenses of the Committee

- 3 -

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meetings should be shared by the member governments according to the Evian Scale which was an adaption of the League of Nations Scale. This system continued until the IGC meeting of July 1939, when it was resolved "that the Director contrive to make every effort to keep expenses of his office to a minimum; that the governments participating in the Committee contribute to the expenses of future meetings of the Committee according to the Evian Scale and make such contribution to the expenses of the Director's office as they may deem appropriate".

On June 25, 1938 Congress appropriated \$50,000 as this Government's share of the IGC expenses. On June 30, 1939 Congress made an additional appropriation of \$20,000 and continued available the unexpended balance of the previous appropriation until June 30, 1940. By Acts approved on June 27, 1940, July 3, 1941 and July 2, 1942 the unexpended balances of previous appropriations were extended to June 30, 1943. At the present time, no money is available to meet this Government's share of the Committee expenses.

Expenses of the IGC are classified into two groups: (1) administrative expenses, which include those necessary for maintaining the headquarters office at London and the costs of the meetings of the IGC, and (2) operational expenses, which are defined as all expenses other than administrative expenses. These include the cost of providing relief to refugees and expenses of maintaining IGC offices abroad, with the exception of the headquarters office at London.

In accordance with present resolutions as adopted by the Committee, member governments may be expected to share administrative expenses according to the Evian scale, which incidentally may have to be adjusted to meet present needs, but they cannot be expected to share the operational expenses. At the August 4, 1943 meeting of the Committee it was resolved that, "In view of the agreement of the governments of the United Kingdom and the United States of America jointly to underwrite the expenditures of the Committee other than administrative expenses, it be agreed that all projects and the financing thereof be considered individually, and that the governments of the United Kingdom and the United States of America be consulted before a project is sanctioned or expenditure incurred thereon." It was further understood that when a clearer idea has been obtained of the money required for the efficient conduct of the Committee's work under its new commitments, an invitation will be addressed to all the member governments inviting them to contribute to this expenditure also, in accordance with their abilities and their interest in the humanitarian work of the

- 5 -

Committee. It is possible that other Governments may contribute to operational expenses but for the present it must be assumed that the British and the American Governments may have to pay the entire operational costs.

For the calendar year 1944 the Director estimates that administrative expenses of the Committee will be twenty-one thousand pounds. Operational expenses are estimated to be one million pounds. Assuming that this Government should contribute to the total expenses of 1,021,000 pounds according to the original Evian Scale, our share of the expenses would be \$776,317.62. The original Evian Scale gave this country one hundred eight points out of a total of five hundred seventy-one points. Considering the value of a pound to be four dollars and two cents, our share of the costs is estimated to be the figure given above.

In view of our previous agreement to share operational expenses equally with the British, and the fact that other Governments cannot be expected to share these costs, an additional \$238,783, or a total of one million dollars, is requested to meet our share of IGC expenses.

#### Expenditures for other refugee projects -

For the most part projects for the relief and rescue of refugees in Europe in which this Government may be interested are referred to the IGC. However, as stated above, this Government and the British have an understanding that they may undertake, subject to legislative consent, to finance jointly various undertakings on behalf of refugees which seem advisable. In such undertakings the IGC may or may not be asked to assist. While it is impossible to estimate the exact requirements for these purposes, it is essential that a reasonable sum be set aside to meet the requests for assistance which have been made and will be made in the near future.

There are in various parts of Europe a large number of refugees, a majority of whom are Jewish persons, who are in need of assistance because of Nazi persecution. The Department is at present interested in several plans of relief for these persons which will require expenditure of funds. While it is impossible to estimate the exact requirements it is essential that a reasonable sum be set aside to meet the requests for assistance which have been made and will be made in the near future.

- 6 -

The most extensive project for relief and assistance to refugees which is under consideration at present is one calling for an expenditure of \$10,000,000 for persons now located in Rumania and France. It has been proposed that several private associations donate \$2,000,000 and that this Government agree to provide \$4,000,000 if the British furnish a like amount. Inquiries have been directed to the Governments of Switzerland and Sweden as to whether they require help in caring for the large number of refugees who are now located in those countries. It is anticipated that a substantial amount may have to be spent to relieve the burden which has been imposed upon Sweden and Switzerland. It is likely also that money will be necessary to aid refugees now in Italy. Because of the uncertainties and unforeseen contingencies which are constantly arising no one can foresee the exact cost of all these undertakings.

This money is to be spent primarily in areas or for projects which do not fall within the scope of the United Nations Relief and Rehabilitation Administration, and, except that which is specially designated as the contribution of this Government to the Intergovernmental Committee, shall be spent only on projects approved by both the British and American Governments.

Intergovernmental Committee on RefugeesMember Governments and those Invited to JoinMember Governments  
as of August 4, 1943

United States  
 Argentina  
 Australia  
 Belgium  
 Bolivia  
 United Kingdom  
 Brazil  
 Canada  
 Chile  
 Colombia  
 Cuba  
 Denmark  
 Dominican Republic  
 Ecuador  
 France  
 Haiti  
 Honduras  
 Ireland  
 Mexico  
 Nicaragua  
 Norway  
 New Zealand  
 Paraguay  
 Netherlands  
 Peru  
 Sweden  
 Switzerland  
 Uruguay

Governments Invited to Join Following  
Meeting of Executive Committee  
of IGC August 4, 1943

South Africa (accepted by telegram no. 499  
 from London, January 19, 1944)  
 Czechoslovakia (accepted by telegram no. 499  
 from London, January 19, 1944)  
 Egypt (accepted by telegram no. 499 from  
 London, January 19, 1944)  
 Ethiopia  
 Greece  
 Iceland  
 India  
 Iran  
 Iraq  
 Luxemburg (accepted by telegram no. 499  
 from London, January 19, 1944)  
 Poland (accepted by telegram no. 499  
 from London, January 19, 1944)  
 Portugal  
 Salvador  
 Spain  
 Turkey  
 Union of Soviet Socialist Republics (accepted  
 by telegram no. 9034 from London Dec. 29, 1943)  
 Yugoslavia

Former Members Invited to Re-join  
Following August 4, 1943 Meeting

Costa Rica  
 Guatemala  
 Panama

COPYDEPARTMENT OF STATE  
LIBERATED AREAS DIVISION

February 2, 1944

TO: Mr. John W. Pehle,  
Special Assistant to the Secretary,  
Treasury Department.

FROM: Mr. Edward G. Miller, Jr.

In accordance with our conversation this morning, I enclose herewith a copy of my memorandum of January 31, 1944 to Mr. Acheson and Mr. Stettinius, together with a copy of a memorandum approved by Mr. Long, regarding the division of responsibility between the War Refugee Board and the United Nations Relief and Rehabilitation Administration.

Please call me when you want to discuss this.

/s/ Eddie

LA:EGM:mkg

## DEPARTMENT OF STATE

## LIBERATED AREAS DIVISION

January 31, 1944

A-A  
Mr. Acheson:U  
Mr. Stettinius:

With reference to the President's Executive Order of January 22, 1944 creating the War Refugee Board, it seems essential before the Board commences operations to consider and establish clearly the division of responsibility between the Board and the United Nations Relief and Rehabilitation Administration with respect to assistance to refugees. The question is raised in this memorandum because of the possibility of doubt in this respect arising from the wording of the Executive Order.

The Order states that "it is the policy of this Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war" and that "the Board shall be charged with the responsibility for seeing that the policy of the Government is carried out". More specifically, the Order states that the function of the Board shall include, in addition to activities in connection with the rescue of the victims of enemy oppression, the maintenance and relief of such victims and the establishment of havens of temporary refuge for them. The Order also states that the Board shall cooperate with all existing and future international organizations concerned with the problems of refugee rescue, maintenance, transportation, relief, rehabilitation and resettlement.

The UNRRA Agreement provides in the preamble for the making of preparations and arrangements for the return of prisoners and exiles to their homes and in Article I, 2, (a) states that the purposes of the Administration shall be to plan, coordinate, administer, or arrange for the administration of measures for the

relief

relief of victims of war in any area under the control of any of the United Nations. It was clearly contemplated by the Resolutions and Reports at Atlantic City that it should be one of the functions of UNRRA to care for refugees originating from enemy territory but located in United Nations territory pending their repatriation or resettlement. UNRRA is accordingly planning to take over the administration of certain refugee camps in North Africa to which there have been or will be transported refugees of various nationalities from enemy territory. I understand, however, that the view has been expressed by persons connected with the War Refugee Board that it should be part of the functions of the Board to take over the administration of some or all of these camps.

It seems clear that under their respective terms of reference both UNRRA and the War Refugee Board may engage in operations of this type. However, it would seem that the need which the Board was created to fill was to have an agency to devote itself to rescuing victims of oppression by negotiating for their withdrawal from enemy territory. This is a function which UNRRA was obviously not created to perform.

It is recommended, therefore, that the following division of responsibility be agreed upon between the War Refugee Board and UNRRA:

1. The War Refugee Board shall confine itself to taking measures to secure the withdrawal of victims of oppression from enemy or enemy-occupied territory and transporting them to areas under the control of the United Nations where they may be cared for by UNRRA. If in certain cases it is possible for the Board to bring these persons only to neutral territory, then it may be the function of the Board to assist them in such territory since UNRRA would not be entitled to operate therein.

2. UNRRA shall be charged with the responsibility of assistance to such persons upon their arrival in United Nations territory pending their repatriation or resettlement.

The foregoing does not take into account the functions of the Intergovernmental Committee on Refugees in this field. There is attached hereto a memorandum drafted by

Mr. Brandt

- 3 -

Mr. Brandt and approved by Mr. Long prior to the creation of the War Refugee Board which is concerned with the division of responsibility between UNRRA and the Intergovernmental Committee. Since I do not know what the future of the I.G.C. will be, I am making no recommendation with respect to this matter. The Report of the Sub-Committee on Displaced Persons at the Atlantic City Conference reflected the view of the United States Delegation on this subject as follows: "UNRRA will assist in the care and repatriation of such of these persons as can, and are willing to, return to their countries of origin or of former residence. The Inter-Governmental Committee has the function of finding places of settlement for such of them as fall within its competence and as cannot or do not desire to be so repatriated. It should be the responsibility of the relief organs of UNRRA to assist, for a reasonable period, in the care of such of these refugees as cannot be repatriated, until the Inter-Governmental Committee is prepared to remove them to new places of settlement."

The attached memorandum seems to accord with the views expressed at Atlantic City except that the last sentence of the second paragraph seems open to some question insofar as it states that neither UNRRA nor the I.G.C. shall have any responsibility toward those refugees who refuse repatriation or return home by UNRRA; it has been my understanding that in such cases it would be one of I.G.C.'s principal functions to effect their resettlement in new homes.

Edward G. Miller, Jr.

LA:EGM:mkg

COPY

A-L/B

January 21, 1944

A-L - Mr. Long:

Upon your request and in completion of our work on refugee matters, I submit the following recommendation for determining responsibility for refugees as it may lie between the Inter-Governmental Committee on Refugees and UNRRA.

The determination of responsibility between the two organizations named should be made on territorial lines. UNRRA operates only in the areas under the control of any of the United Nations. Therefore, it should repatriate or return to their homes any refugees, i.e., displaced persons, found in any of those areas whose countries of nationality or whose homes are within any such area. This activity is authorized by the UNRRA agreement, as I understand it. It may be further noted that Resolution No. 10 adopted at the UNRRA meeting at Atlantic City recommends that the Director General of UNRRA take steps to obtain the cooperation of the Inter-Governmental Committee on Refugees, among other agencies, in repatriating displaced persons. It should be understood that areas under the control of any of the United Nations mean conquered enemy territory, as well as liberated areas and United Nations territory which has not come under occupation of the enemy during the war. Finally, it should be understood that no responsibility either of UNRRA or the Inter-Governmental Committee rests toward those refugees found within those areas who refuse repatriation or return home by UNRRA.

There remain then the neutral states in whose territory the Inter-Governmental Committee on Refugees should operate to repatriate, return home or resettle refugees located temporarily therein.

Each of the two organizations within its respective areas of responsibility, as indicated above, should be prepared to care for and maintain to the extent necessary the refugees toward whom it is responsible, pending their disposition as proposed above.

If you approve, I suggest that this memorandum be referred to Assistant Secretary Acheson, American representative on the Council of UNRRA, to consider with the other Departmental officials concerned, and then to obtain UNRRA and IGC agreement.

A-L/BRANDT:MSL

COPYOFFICE OF  
THE UNDER SECRETARY OF STATE  
WASHINGTON

February 2, 1944

Dear Mr. Pehle:

I enclose herewith a Department of State file pertaining to the administration of relief for surviving refugees in Europe together with a copy of a cable on the matter which has been prepared in the Department. It appears, however, that the proposed cable and cable No. 279 to Bern, sent at the request of the War Refugee Board, are not entirely consistent. We think, therefore, that appropriate representatives of the War Refugee Board may wish to review this file and perhaps draft a more appropriate communication to London on the matter. Will you be good enough to return the enclosed file to me after it has been reviewed.

With best wishes,

Sincerely yours,

/s/ Hayden Raynor  
HAYDEN RAYNOR

Encs.

Mr. John W. Pehle,  
Director of Foreign Funds Control,  
Department of the Treasury,  
Washington, D. C.

CONFIDENTIAL

No. A

Time

AMEMBASSY,

LONDON.

Concerning the proposal that relief for surviving Jewish refugees in Europe be administered by the International Red Cross referred to in the Embassy's despatch No. 12660, December 8, and its enclosure of a letter from the Director of the Intergovernmental Committee, dated December 7, the Department requests that you transmit to the Director the following comments which refer to numbered paragraphs of his letter under reference:

2. The Department agrees to the sum of three hundred thousand Swiss francs, but this Government cannot contribute its share until funds which have been requested have been authorized. You will be advised as soon as funds for this purpose are available.

The request of the International Red Cross for permission to purchase food and supplies in Hungary and Rumania will be considered jointly by the State Department, the Treasury Department and the British Embassy. The Department will advise you as soon as possible concerning the results of the discussions.

3.

- (a) Approximately two million dollars.
- (b) This Government is prepared to share equally with the British Government such part of the total cost as remains after contributions have been received from private organizations. The share of each

of the

-2-

of the two governments may amount to four million dollars. In this connection the President has approved a request for funds, and we are asking Congress for an appropriation.

The Department concurs in the suggestions concerning the Intergovernmental Committee contained in sub-paragraphs (1), (2) and (3) of the Director's letter under reference.

The Department also concurs in the proposal that the Intergovernmental Committee should be the authority through which private as well as government funds are received and disbursed for the purpose of aiding and transporting refugees.

With further reference to the Director's letter, the Department is studying the suggestion that the Intergovernmental Committee be designated as the authority through which private organizations would approach the ~~the~~ American and British Governments for licenses directly concerned with the relief of refugees in Europe and be the authority responsible for the fulfillment of conditions imposed. As there is no necessity for an immediate decision concerning this proposal, the Department will advise you further regarding it.

Please advise the Department when the project under reference is submitted to the Executive Committee of the Intergovernmental Committee.

840.48 Refugees/4870

1/26/44

COPY

279

THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

AMERICAN EMBASSY

No. 12660

London, December 8, 1943.

Subject: Refugee Relief Project Through  
The International Red Cross.

The Honorable  
The Secretary of State,  
Washington.

Sir:

In pursuance of the Department's telegram No. 7287, November 17, 1943 and the Embassy's telegram No. 8328, November 29, to the Department, I have the honor to enclose herewith the text of a letter dated December 7, 1943 from the Director of the Intergovernmental Committee setting forth the present status of the proposal for relief of refugees in Europe through the International Red Cross. It will be noted that the Director seeks clarification from the American and British Governments with regard to certain points, after which the proposal will be submitted to the Executive Committee.

The Department's instructions are requested.

Respectfully yours,  
For the Charge d'Affaires ad interim:

/s/ W. J. GALLMAN  
W. J. Gallman  
First Secretary of Embassy

Enclosures:

1. Copy of letter of December 7, 1943 (171/98) from the Director of the Intergovernmental Committee.
2. Copy of translation of telegram from International Red Cross Committee to London Delegation.
3. Copy of Memorandum by Mr. Schwartz, dated November 14, 1943.

CC/PB

840.48 REFUGEES/4870

PS/JB

COPY

Enclosure No. 1 to despatch  
No. 12660 of December 8, 1943,  
from the Embassy at London,  
England.

## INTERGOVERNMENTAL COMMITTEE

Director:  
Sir Herbert Emerson,  
G.C.I.E., K.C.S.I., C.B.E.

11d Regent Street,  
London, S.W.1.

7th December, 1943.

171/98

Dear Mr. Bucknell:

In continuation of my letter No. 17/98, dated 26th November, 1943, relating to the question of relief to groups of surviving Jews in Europe, I am now writing to say that we have received through the London Delegation, a reply from the International Red Cross. This was in German, and was sent in cipher through the Swiss Legation in London. I attach a copy of the translation. (Enclosure I). You will see from this, first, that the International Red Cross is already in a position, through existing Red Cross Delegates, to undertake distribution and to exercise effective control in Rumania, Croatia and Hungary; second, that it is prepared to set up a Delegation for the purpose in Slovakia and, third, that so far as Germany and occupied territories are concerned, both the opportunities and agencies for affording relief are much more uncertain, except that relief can be given to internees in Theresienstadt. Even in these territories, however, other opportunities are likely to arise from time to time.

2. In order to take advantage of existing and potential opportunities, the International Red Cross has suggested that the sum of 300,000 Swiss francs should be placed at its disposal. This appears to be a reasonable request. It would render regular accounts, and would observe the other conditions stated by us, and mentioned in my letter to you of 26th November. You will observe, however, that the International Red Cross has laid stress on the difficulty of purchasing food and other requirements in neutral countries, and has, therefore, suggested that it should have authority to make purchases in Hungary and in Roumania, where it is still possible to obtain certain varieties of food. This suggestion raises a question of policy affecting the blockade, on which we are not in a position to express any opinion, but which will, no doubt, be considered by the American and British Governments.

- 2 -

3. Before we are in a position to place the scheme before the Executive Committee, there are several points which require clarification:-

First there is the question of the source, or sources from which the necessary funds will be furnished. In your letter of the 1st October, 1943, there was the suggestion that private funds were available in the United States, but that in any case your Government, in consultation with the British Government, would be prepared to regard the project, if approved by the Executive Committee, as one, the cost of which, should be shared equally by the American and British Governments, subject, of course, to previous consultation with the two Governments before the project was sanctioned or expenditure incurred thereon. The matters requiring clarification from the financial point of view are, therefore, the following:-

- (a) What part of the funds, if any, will be supplied from private sources? and
- (b) are the British and American Governments prepared to share the cost in so far as it is not met from private funds?

The further point relates to the functions of the Intergovernmental Committee. It is suggested, as implied in your letter of October 1, 1943, that the Intergovernmental Committee should be the authority,

- (1) through which funds are placed at the disposal of the International Red Cross,
- (2) to which the International Red Cross would render regular accounts, and
- (3) which would be responsible to see that the conditions attaching to the grant are satisfied by the International Red Cross.

We would suggest that this should apply not only to funds from Government sources, but also to funds, if any, from private sources. You will remember that one of the recommendations adopted by the Executive Committee at its meeting of the 4th August, 1943, was that "the Executive Committee shall be empowered to receive and disperse for the purposes of preserving, maintaining and transporting refugees, funds both public and private."

The present occasion seems to be a suitable one to introduce the principle of utilising the Intergovernmental Committee, in suitable cases, for the expenditure of private funds, and since the manner in which the funds in this particular case

- 3 -

are to be expended is subject to certain conditions, and can only be made available in the countries concerned through licence, it seems reasonable that, if the Intergovernmental Committee is to be the authority responsible to see that the conditions are satisfied, it should be the agency through which funds are placed at the disposal of the International Red Cross.

When the above points are clarified the case will be submitted to the Executive Committee for consideration.

4. During the course of our enquiry, we have obtained some information regarding the relief which is already being given to Jews in Europe. We had the advantage of discussion, while he was in London, with Mr. Schwartz, Executive Head in Europe of the Joint Distribution Committee, and he was good enough to give us a memorandum of what his organisation is doing in this direction. I attach a copy of his note (Enclosure II).

In this connection I may also refer to my letter to you of the 10th November, requesting certain information relating to licences granted by the United States Treasury for similar purposes. We have not received a reply to that letter, or to a similar letter which was addressed to the British Foreign Office. We are, therefore, not in a position to comment fully on this means of assistance, but we would suggest that, where it is organised and carried out by reliable and experienced bodies, such as the Joint Distribution Committee, it deserves all the encouragement that can be given, consistent with considerations of policy. It might be convenient for the Intergovernmental Committee to become the authority through which all private bodies should approach the American and British Governments for licences directly concerned with the relief of refugees in Europe, and to be the authority responsible to see that such conditions as may be imposed by those Governments are satisfied. This, however, is a matter of a more general character, which should not be allowed to delay the disposal of the specific case now under consideration.

I have sent a copy of this letter to Mr. Randall.

Yours sincerely,

/s/ H. M. Emerson.

Howard Bucknell, Jnr.,  
Embassy of the United States of America,  
1, Grosvenor Square, W.1.

ENCLOSURE IINTERNATIONAL RED CROSS COMMITTEE TO LONDON DELEGATION

(Translation of Telegram received in German in cipher by  
Swiss Legation, London, on December 3rd, 1943)

Your cable No. 2508 and letter No. 2671 clarified the questions referred to us. International Red Cross Committee is grateful to have confidence of World Jewish Congress and Intergovernmental Committee. According to them, relief action is envisaged only for Jews, and not, as World Jewish Congress anticipated at the beginning, generally for people affected by war without discrimination as to race and religion. The difficulties pointed out in our No. 7636 concerning Jewish relief are due to the fact that the German authorities do not recognise any official immixture of the International Red Cross Committee in such matters, which they regard as having internal political character. There are, however, the following possibilities of relief action:

1. Roumania, Croatia, Hungary. The presence of Red Cross Delegate permits the setting up of distribution machinery and effective control. Needs in those parts are known to us.

2. Slovakia. We would foresee setting up of Delegation in so far as means put at our disposal would justify relief action.

3. Germany and Occupied Territories. Possibilities of action much more limited and in part recently entirely suppressed. Lack of funds prevented us frequently from starting relief work on behalf of Jews, particularly in Poland. At present Theresienstadt with a minimum of 50,000 Jews plus deportees from Denmark is probably only place where relief despatches would certainly reach recipients. Extension of relief action might open new possibilities which previously had to be abandoned owing to lack of funds. We propose to Intergovernmental Committee to put a maximum of 300,000 Swiss Francs at our disposal in order to be able to carry out quickly relief actions as the occasion arises, and in so far as there is a guarantee to administer relief according to purpose for which designed. We would report in respect of each relief action carried out as well as in respect of goods purchased and despatched and about success. In view of the

ENCLOSURE IINTERNATIONAL RED CROSS COMMITTEE TO LONDON DELEGATION

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Swiss Legation, London, on December 3rd, 1943)

Your cable No. 2508 and letter No. 2671 clarified the questions referred to us. International Red Cross Committee is grateful to have confidence of World Jewish Congress and Intergovernmental Committee. According to them, relief action is envisaged only for Jews, and not, as World Jewish Congress anticipated at the beginning, generally for people affected by war without discrimination as to race and religion. The difficulties pointed out in our No. 7636 concerning Jewish relief are due to the fact that the German authorities do not recognise any official immixture of the International Red Cross Committee in such matters, which they regard as having internal political character. There are, however, the following possibilities of relief action:

1. Roumania, Croatia, Hungary. The presence of Red Cross Delegate permits the setting up of distribution machinery and effective control. Needs in those parts are known to us.

2. Slovakia. We would foresee setting up of Delegation in so far as means put at our disposal would justify relief action.

3. Germany and Occupied Territories. Possibilities of action much more limited and in part recently entirely suppressed. Lack of funds prevented us frequently from starting relief work on behalf of Jews, particularly in Poland. At present Theresienstadt with a minimum of 50,000 Jews plus deportees from Denmark is probably only place where relief despatches would certainly reach recipients. Extension of relief action might open new possibilities which previously had to be abandoned owing to lack of funds. We propose to Intergovernmental Committee to put a maximum of 300,000 Swiss Francs at our disposal in order to be able to carry out quickly relief actions as the occasion arises, and in so far as there is a guarantee to administer relief according to purpose for which designed. We would report in respect of each relief action carried out as well as in respect of goods purchased and despatched, and about amount of the size of the

-2-

fact that possibilities of purchase from neutrals are extremely limited and insufficient, it would be desirable to have authority to use funds for purchases in Hungary and especially Roumania, where it is possible to obtain dried vegetables, soups, farinaceous products (pates alimentaires), tinned goods, flour, cured meats, venison and fats. From neutrals medicaments and pharmaceutical products are obtainable. We accept without any reservations conditions (1) to (4) of your cable 2508. Detailed letter will follow shortly.

C O P Y

Enclosure 3 to despatch No.  
12660 of December 8, 1943,  
from the Embassy at London,  
England.

MEMORANDUM BY MR. SCHWARTZ

HELP TO GROUPS OF REFUGEES IN EUROPE

The Joint Distribution Committee sends food parcels from Lisbon to the Jews in the Theresienstadt Concentration Camp and also to the Jews in Poland, particularly those in the ghettos. In the case of Theresienstadt the Czech Government sends food parcels to their nationals who are interned in that Camp while the J.D.C. sends its parcels largely to non-Czechs who are in the Camp. The Czech Government are sending to-day about 6,000 parcels a month to 3,000 of its nationals while the J.D.C. sends about 5,000 packages to 2,500 non-Czech nationals. The packages contain sardines, dried fruits and almonds, and each package weighs about 500 grammes so that each internee on our list receives 1 kg. of food per month. These packages are sent under License from the United States Treasury which has authorised the expenditure of 12,000 dollars a month for this purpose. Only food indigenous to Portugal may be sent under the Licence. The United States Legation at Lisbon must be satisfied that the parcels are reaching their proper destination.

In the case of Poland the evidence of receipt has become scarcer and scarcer and because of this the sending of parcels has, for the time, been stopped. Later, communication has been taken up with the Jewish Community in Cracow which has acknowledged receipt of parcels addressed to them. They undertook further distribution of these parcels. It is hoped that through the Jewish Committee in Cracow, it will now be possible to distribute more food parcels to Jews in Poland. Under our Licence, we are authorised to spend \$12,000 a month for packages to Poland.

At the present time, the J.D.C. is sending about 1000 parcels a month from Teheran to Polish refugees in Russia. Customs duties and postage account for two thirds of the total cost of the packages. Sending a case with \$12 worth of food costs in the neighbourhood of \$40. Recently, we have been able to purchase food supplies and clothing in India, South Africa and Palestine for the refugees in Russia, and it is hoped that these supplies will make up about 20,000 packages to be sent between October 15th and December 31st, 1943. The purchase of

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- 2 -

these supplies and the dispatch to Russia will cost about 140,000 Pound Sterling of which the J.D.C. is furnishing £90,000 and relatives in Palestine are putting up the balance. It is hoped that in time we shall be able to develop facilities for the dispatch of about 10,000 parcels per month to Polish refugees in Russia.

The Lend-Lease Organisation has stock of goods in Iran intended originally for the Poles. Owing to strained official relations, the U.S.S.R. does not permit the importation of these goods through Polish channels but would grant import permission if the J.D.C. took the goods over. Negotiations concerning this are now in progress. Also the Polish Red Cross owns some stocks in Iran which they are not now able to send to Russia. We are negotiating with the Poles for the purchase of these supplies to be sent on a non-sectarian basis to Polish refugees in Russia.

The Turkish Government has agreed to permit the export of 250 tons of food stuffs from Turkey to the 75,000 Jews actually in Transnistria. The goods will be sent out in individual packages, and the distribution will be under the auspices of the International Red Cross whose Ankara delegate is co-operating very closely. The J.D.C. has applied to the State Department for a licence to remit funds for the purchase of these supplies. The State Department has indicated that this may be referred to the Inter-Governmental Committee for decision and has also indicated that, in future, all projects for the sending of food packages to any part of occupied Europe may have to be passed upon by the Inter-Governmental Committee.

It is estimated that there are now some 30,000 Jews in Dutch concentration camps, particularly, at Westerbork. Our information is to the effect that the food situation is particularly bad, and we have applied for a licence to send food packages from Lisbon. The matter is now pending.

It is not possible to export food or clothing from Switzerland, but some medical supplies as well as an occasional shipment of powdered milk in bulk can be sent. The organizations in Switzerland, with the co-operation of the International Red Cross, occasionally send such bulk supplies to institutions in Poland as well as to Theresienstadt.

- 3 -

Summing it up, it can be stated that the chief difficulties in sending help to refugee groups in occupied Europe are:-

- 1.) to get the parcels through to them.
- 2.) to obtain the necessary Licence.
- 3.) to find the necessary food supplies.

In general, the International Red Cross has signified its readiness to help when a definite proposal is placed before them, and the necessary funds are provided for a particular project.

---

FEB 2 1944

Dear Mr. Hillkopf:

I have received your letter of January 26, 1944, enclosing a letter addressed to you by Dr. Fred S. Weisman.

I have referred Dr. Weisman's letter to Mr. John W. Felle, Assistant to the Secretary, and arrangements have been made to have Dr. Weisman come to Washington on February 4, 1944, to discuss his proposals in detail.

Sincerely yours,

(Signed) H. S. Klotz

Mr. Jacob Hillkopf,  
Labor Standards Association,  
625 Bankers Securities Building,  
Philadelphia 7, Pa.

FHed:hd 2/1/44

Jacob Billikopf, Director

LABOR STANDARDS ASSOCIATION

805 BANKERS SECURITIES BLDG.

PHILADELPHIA 7, PA.

January 26, 1944

MEMBER'S  
LUMEN  
IF YELL  
& RETI  
L. BROU  
OTHER  
& CO.  
VERIDOR

Dear Mrs. Klotz:

I am sending a self-explanatory letter from Dr. Fred S. Weissman, Executive Secretary of the Selfhelp of Migrants From Central Europe, Inc., in New York City. I dislike to trouble you, and if Dr. Weissman's request adds in any way to the heavy burdens, then I will ask you not to concern yourself with it. Should you, however, write to Dr. Weissman, may I have a copy of your letter.

Kindest regards, as ever,

Cordially yours,



JACOB BILLIKOPF

# Selfhelp

OF EMIGRES FROM CENTRAL EUROPE, Inc.

139 CENTRE STREET

January 25, 1944

Mr. Jacob Billikopf  
805 Banker's Security Building  
Philadelphia, Pa.

Dear Mr. Billikopf:

I enjoyed it so much to have seen you again at the Annual meeting of the National Refugee Service, and I am sincerely sorry that I could talk to you only in such a rush. But your very friendly words and your mentioning of Mrs. Klotz's name have encouraged me to give some thought to a problem which has been bothering a great many of our friends for quite a while. I am still more encouraged to ask you for your never failing assistance since I have read about the appointment of the new Board for the rescue of refugees. There are still many thousand refugees in France, as far as we know, many of them in hiding, others still in camps, still others liberated and living in small villages, etc. I have seen quite a number of recent Red Cross messages in which these unfortunate people ask their relatives and friends here for help. I am aware that, according to the "Trading with the Enemy Act", money must not be transmitted to enemy occupied countries. But I also know that some relief agencies, as e.g. the American Joint Distribution Committee, have been given permission by the Treasury to guarantee to local committees in enemy occupied countries, like Shanghai, that money borrowed by local groups will be refunded by the Joint after the war.

Many emigres have friends and relatives in Switzerland who would be able and willing to advance relief payments to needy refugees in France, if only they knew that what they might advance would be refunded to them after the war. If the Treasury permitted us to collect, from people living in this country, a trust fund, blocked here for the duration, earmarked for the sole purpose of reimbursing after the war people or groups in Switzerland that have advanced such relief payments to their dear ones in France, I feel sure that we could save very lives. As far as I know, there is no law in Switzerland against using Swiss funds for such relief purposes in France, and we have a very reliable corresponding committee in Switzerland which could give the required guarantees for the proper handling of this problem. I should be very grateful if you kindly looked into this matter and would let me know the latest of Mrs. Klotz if you should think there is a chance of a successful success. Needless to say that I should be very glad if you could help me to an appointment in Washington so that I might talk with you in detail of this plan to the proper authorities.

# Selfhelp

OF EMIGRES FROM CENTRAL EUROPE, Inc.  
139 CENTRE STREET

Mr. Jacob Billikopf  
Philadelphia, Pa.

January 25, 1944

Such a trustfund would be useful not only for refugees in France but also with regard to people who escaped to Switzerland from France and, recently, from Italy. You may know that more than 10,000 such refugees have crossed the Swiss border and have to rely on relief, regardless of whether they are detained in camps or released and allowed to live privately in the country. The Treasury permits transfers to be made to these people, but only if effected from blocked dollar accounts, through a domestic bank. (We ourselves hold such a license and have a special transfer service, in cooperation with the Quakers). However, the whole plan does not work out properly, because the Swiss Government does not allow payments to be made over there from the blocked dollar accounts. If money which is now being sent from blocked dollar accounts to Switzerland could, instead, be put in a trust fund in this country, there might be a chance that people in Switzerland who are interested in alleviating the suffering of refugees in Switzerland were ready to advance those relief payments for the duration. You may be sure that the realization of such a plan could save a great deal of money. It would cut short a lot of red tape, and, last not least, would give encouragement to many victims of Nazi oppression here and abroad.

I leave it to your judgment, dear Mr. Billikopf, whether you think this plan phantastic, or whether you think it worthwhile to submit the idea to Mrs. Klotz. You helped me once, 3 1/2 years ago, to start the transfer to unoccupied France, and I am sure you are proud of that idea, which, at the time, sounded so phantastic, has meanwhile proved to be a sound way of transmitting funds for relief purposes to many countries. I am sure you will find the proper way also this time.

For your convenience, I enclose 2 copies of this letter.

Thanks in advance for everything you will be able to do for this idea, and every regard.

*Handwritten signature: Fred L. Johnson*  
Fred L. Johnson  
Executive Board 1944

fsn/rl

February 2, 1944  
12:15 p.m.

JEWISH EVACUATION

Present: Mr. Pehle  
Mrs. Klotz

H.M.JR: In seeing Miss Tully, the thing that seemed to make the biggest hit was the publicity. So I moved that up forward. There is a chance that I may get in this afternoon. So if I call, I am on the way to the White House. Don't have the thing in ten different rooms. In other words, have it so it can be ready.

MR. PEHLE: How much time will I get?

H.M.JR: You will get about a one-minute notice. That is what she gives me. It won't be until after lunch.

She said, "If I call you, can you come on a minute's notice?"

I said, "Yes."

MR. PEHLE: All right.

MRS. KLOTZ: If worse comes to worse, take what you have.

H.M.JR: Where is the other thing, the agenda? I have that as number one of the first meeting. She was impressed with the fact that I said that both Stimson and Hull had left it to me.

MR. PEHLE: That isn't what the agenda says. Are you talking about the agenda or the memorandum on the first meeting?

H.M.JR: The agenda; that is what I said.

- 2 -

MRS. KLOTZ: I don't know why I am amused.

H.M.JR: Pehle after a while--if he gets half of some sentence, he can interpret it.

MR. PEHLE: That is what we do around here. Sometimes it leads us into difficulties, because sometimes we misinterpret.

H.M.JR: The steno has the other half!

Luncheon meeting in the Secretary's Office  
February 2, 1944

Present: Secretary Morgenthau  
Mr. Crowley  
Mr. Cox  
Mr. Currie  
Mr. Bell  
Mr. White

Mr. Currie submitted a draft of a statement to the President to be signed by Morgenthau, Hull and Crowley giving the results of the month's conferences with the British pursuant to the President's letter of January 5. Cox, White and Currie had previously gone over the draft, copy of which is appended. The Secretary, after examining the items in which there was definitive agreement with the British to eliminate from lend-lease credit, expressed the disappointment that the total was not greater but said that he knew how difficult a job it was to get agreement on even the smaller list.

Currie stressed the desirability of not making the report final but indicating that there were other items to be taken up later with the British. Currie referred particularly to the desirability of including iron and steel manufactures among the items to be discussed. If they could get part of that item eliminated it would remove the source of considerable friction arising out of the fact that England exported some semi-manufactured iron and steel items. Currie thought we might also add cotton to the program. It was agreed that it would be desirable to include those items as subjects for later exploration. Cox expressed doubt whether the State Department would approve of including those two items because of their magnitude and the complexity of considerations involved.

Some changes were recommended in the draft statement and Mr. Crowley suggested that if Currie and White would fix it up right after the meeting, it could be signed that afternoon and sent to the President. It was so agreed.

White inquired what was holding up the lend-leasing of silver to India. Cox explained that the State Department and FEA were in consultation as to whether it should be lend-leased to UK alone or to UK and India. The Secretary said that it was his understanding that it was to go to India but White explained that the State Department had informed the Treasury that India was too great a risk because of the possibility of political turn after the war and urged that the silver be lend-leased to the UK. White had taken it up with Bell, who was Acting Secretary, and it was agreed that we should inform FEA that in view of the State Department position we withdraw our request that the lend-leasing operation

Division of Monetary  
Research

- 2 -

be made to India rather than to UK notwithstanding the discussion which had taken place before the Silver Committee when the matter had been raised before that committee.

White stated that the shipment of the silver to India was becoming more urgent because we were planning not to grant their request for an additional 65 million ounces which we had just received and that they would run short of silver in a few months unless this 100 million ounces were made available. Mr. Crowley instructed Cox to push the matter.

It was also agreed to send a letter to Secretary Hull requesting a meeting on the subject of lend-lease aid to the French. The draft letter was submitted, accepted and later the Secretary signed it.

H. D. White

*HDW*

Treasury Department  
Division of Monetary Research

296✓

Date February 2 1944

To: **Secretary's Files**

This matter was discussed at lunch attended by Secretary Morgenthau, Crowley, Cox, Currie, Bell and White.

The Secretary signed the letter, copy of which is appended. The letter was sent by messenger to Secretary Hull that same afternoon.

A memorandum giving some further details on the matters raised in the letter to Secretary Hull is appended.

H. D. White

MR. WHITE  
Branch 2058 - Room 214½

FOREIGN ECONOMIC ADMINISTRATION  
OFFICE OF THE ADMINISTRATOR  
WASHINGTON 25, D. C.

My dear Secretary Morgenthau:

Attached hereto is the original and one copy of a proposed letter to Secretary Hull.

You will remember that we discussed the idea of sending such a letter with you.

This proposed letter has been cleared with Harry White and with Dean Acheson's office. It is satisfactory to both.

I have signed this proposed letter and, if it is agreeable to you, I would appreciate it if you would also sign it and have it transmitted to Secretary Hull.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Leo T. Crowley".

Leo T. Crowley,  
Administrator.

The Honorable

The Secretary of the Treasury.

Attachment

FOREIGN ECONOMIC ADMINISTRATION  
OFFICE OF THE ADMINISTRATOR  
WASHINGTON 25, D. C.

FEB 2 1944

My dear Secretary Hull:

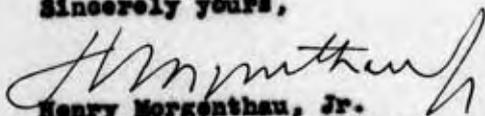
There are two questions of major importance on the relationship between the United States and the French Committee of National Liberation which we think ought to be discussed by yourself and ourselves.

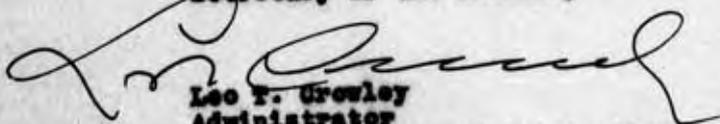
First, there is the question of possible use of the gold and dollar assets of Metropolitan France for the furnishing of supplies to Metropolitan France upon its liberation.

Second, there is the question of how payment is to be made by the French Committee of National Liberation for civilian supplies furnished by us to French North and West Africa under the Modus Vivendi Agreement of September 25, 1943, in light of the possible scarcity of gold and dollar assets available to the Committee.

We suggest that a meeting be called at an early date to discuss these problems, those in attendance to include us three together with appropriate members of our staffs.

Sincerely yours,

  
Henry Morgenthau, Jr.  
Secretary of the Treasury

  
Leo F. Crowley  
Administrator  
Foreign Economic Administration

The Honorable

The Secretary of State

Attachment

COPY

SECRET

February 3, 1944

## MEMORANDUM FOR THE PRESIDENT

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

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

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

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

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

The Foreign Economic Administration is also considering the elimination from lend-lease aid of raw materials and products, of types used by the United Kingdom in commercial exports, which have given rise to friction; offshore purchases other than those listed; supplies for South Africa; and certain other controversial items.

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

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The Secretary of State

---

The Secretary of the Treasury

---

The Administrator of the Foreign  
Economic Administration

Group I. Items Whose Elimination Has Been Accepted by the British

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

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

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

- 2 -

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

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

February 2, 1944  
2:44 p.m.

HMJr: Hello.

Randolph  
Paul: Hello. This is Randolph.

HMJr: Yeah.

P: I want to send in to you a statement on the Revenue Bill. I was afraid you were going to be going over to the White House and I want to be sure to have it in your hands in case you want to use it.

HMJr: Well, I was to see him this morning and he postponed it until tomorrow morning. If you'll give it to -- where are you now?

P: I'm in my office.

HMJr: Well, give it -- send it in to FitzGerald and he'll give it to me.

P: All right. I -- we -- we'll go on working on it but we've very much improved the draft yesterday.

HMJr: Good.

P: And the only one of the bunch I've heard from on the yesterday's one is Fred Smith, who thinks it's fine with a couple of suggestions.

HMJr: Good.

P: And they all have this one but I'm sure Fred will think this is all right because he thought the one inferior to it was all right.

HMJr: Righto.

P: Okay, well, I'll send it right in, then, because I want to have you have it. You'll be here for a while, won't you. I'll be wanting to see you before....

HMJr: Yeah. I want to -- I'll see you before I go.

P: Okay.

X (1)

Statement to accompany signature of the Revenue  
Bill of 1943

2-2-44

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

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

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

- 2 -

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

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

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

- 3 -

of natural gas pipelines are granted wholly unwarranted relief from excess-profits taxes. Commercial air lines are granted an unjustifiable extension of the tax subsidy on their air mail contracts.

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

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

- 4 -

because of its heavy reliance on excises.

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

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

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

- 5 -

freezing social security payroll rates. It wipes out \$1.1 billion of payroll tax revenues.

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

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

In view of the glaring defects of this bill, it is a close question whether its enactment is preferable to retention of the present law. However, the need for wartime

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tax revenues is so urgent that I am unwilling to reject a measure which adds to our tax revenues even the small amount contributed by this bill. Accordingly, I have signed the Revenue Act of 1943. But I strongly urge the Congress to face its responsibility. That responsibility is to raise adequate revenue, to eliminate special privileges, and to provide real simplicity for millions of small income taxpayers. In the interests of strengthening the home front and of speeding the day of Victory, I urge the earliest possible action.

February 2, 1944  
3:15 p.m.

WAR BOND PROGRAM

Present: Mr. Bell  
Mr. Coyne  
Miss Elliott  
Mr. Englesman  
Mr. Houghteling  
Mr. Hall  
Mr. Lee  
Mr. Lane  
Mr. Gamble  
Mr. Shaeffer  
Mr. Smith  
Mr. Haas  
Mr. Lindow  
Mr. Tickton  
Mrs. Klotz

H.M.JR: Mr. Gamble, this is a family meeting. I watch this thing through Haas' office. It looks like it is a little disconcerting.

Maybe everything is all right, but I don't know. Last week this young fellow (Tickton) said we ought to hit at the beginning of the first of February a minimum of eighty million a day for E Bonds. We are not. With all this business, if we don't do it now - I mean, when he said it he didn't know about the Jap atrocities.

He called up five larger Federal Reserves and their decks are clear, so there is no backlog. That isn't the trouble.

My spies tell me that you have been busy since I called you, checking. I have spies. (Laughter) I would be glad to know what you have heard.

MR. GAMBLE: All right, sir.

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H.M.JR: Everything goes along. You don't see me. You can sleep until eight-thirty as far as I am concerned, if the children don't waken you up. But rather let's be sure than sorry.

So I will be glad to hear what you have been doing since I talked to you.

MR. GAMBLE: I think it might be well for me, before I have these people tell you what we have checked up on, Mr. Secretary - we keep some figures of our own. We use a little different arithmetic.

MR. BELL: They include the backlog, don't they?

MR. GAMBLE: Up until yesterday we had a billion eighty-five million dollars of E Bonds. From that day, from a comparable day in the Third War Loan Drive, following that day, we had twenty-one days where we averaged eighty-four million dollars a day, following that date in the Third War Loan Drive.

Now, that didn't come in as eighty-four million dollars a day, but it came in in this way: The first day we had ninety-eight million, then dropped to seventy-eight million. Some days that dropped to seventy-six million, but we averaged, in twenty-one days, eighty-four million dollars from that date forward at that period of the drive.

We need to average eighty-four million dollars a day in the next twenty-four days in order to get a billion nine hundred and twenty million dollars, which would put us over our three.

From everything we know and have learned in the field - certainly we are better organized - there is evidence of it, which you will hear in detail on all fronts. There is no reason to believe that we don't have as many sales coming in for the Fourth War Loan from this day onward as we had in the Third War Loan.

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My own opinion is, and this is only an opinion, that we have more than that, but I think we are not being at all unreasonable when we assume that the flow of sales and reporting will be equal to the Third War Loan from here in. If it is, we will make our three billion dollars.

I would like to repeat that. We had twenty-one days - in the last twenty-one days of the reporting period of the Third War Loan Drive we averaged eighty-four million a day. We have twenty-four more reporting days left in the Fourth War Loan Drive and we need to average only eighty million a day.

H.M.JR: Do you mind, as long as we have our own statistics--

MR. HAAS: They are all prepared.

MR. TICKTON: That is right. The point that Ted started to make, which I made to you last week, is in order to average eighty million dollars a day, starting about this area, you are going to have to run about five, six, or seven days at about a hundred million a day. February 23 to 29 will be a period after most of the reporting has been accomplished, so that from here on you have got to average about a hundred million dollars a day, or even a little better.

Now, the problem that bothers me at the moment is that in order to do a hundred million a day, that is rather exceptional. We only had about five or six times in the Third War Loan when we had that peak. Skipping the first time when we hit the peak because we overlapped between mail and wire reports, on the other days that the Feds were able to report a hundred million dollars, they were somewhat backed up in their handling of their E Bond stubs. They only hit a hundred million when they worked at a very rapid rate and sometimes required some overtime to process that amount.

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Now, in talking to the six of them between last night and this morning, none of them were backed up, and that is a trifle disconcerting, because in this week, and beginning of next week, you have got to get your hundred million dollars or you won't get them except on the last day or two after the drive. So, as this Beam Chart shows, we are on the beam at the moment. Any little thing, one day off, for example, might throw us at somewhat of a loss.

We had hoped that we would have the E Bond figure for today to see how it tied in, but because--

H.M.JR: Well, the point I want to make to you ladies and gentlemen is that we have never made our E Bond quota, and this time we have just got to.

MR. GAMBLE: We are going to make it, Mr. Secretary.

H.M.JR: We didn't look for this horrible Japanese atrocity, and the thing has come our way. With all that extra stuff, plus the landing south of Rome, plus the landing in the Marshall Islands - all of this exciting war news - if we can't do it this time, we never can do it.

MR. GAMBLE: You won't feel any effect.

H.M.JR: May I interrupt you a moment? Before using the three billion dollar figure in Cincinnati, I called up Theodore Roosevelt Gamble and got his O.K.

MR. GAMBLE: That is correct. You won't feel any business from the Japanese atrocities until this time next week. Wouldn't be any of it reported that will show. Is that correct?

MR. TICKTON: That is right.

MR. GAMBLE: Now, they did have, yesterday afternoon in the New York Federal Reserve Bank, three hundred and

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twenty-seven million, seventy-six two and a quarters; two hundred forty-four million two and a half; seventeen million C's; sixteen million E's; seven million F's, and thirty million G's. They had that much money on hand in the Federal Reserve Bank which they had not reported.

That doesn't mean that they were backed up that much because they will carry it over until today.

MR. TICKTON: They ordinarily report a figure somewhere between twelve and two o'clock.

MR. GAMBLE: What I mean is that nothing has been hanging around for two or three days, but they didn't go on to say, "We had this much money come in today which we haven't touched yet."

Burgess told me over the phone an hour ago, that if he had all of his money credited that was in the Federal Reserve Bank in New York now, he would have fifty percent of his quota. He is content that it is not credited, because it is a good way for it to come through. A sixteen million dollar E-day is good there.

H.M.JR: The only thing I am worrying about is, I want my three billion E, see?

MR. GAMBLE: I understand that, sir. Now, let me tell you another reason why your E Bond reporting is likely to be slower in this drive. In the Third War Loan Drive, we depended pretty much on the banks for the issuance of securities. We didn't have plant quotas uniformly, not as many of them - not as much activity outside of the banks as we have now where issuing agents are handling the sales. We will distribute twenty percent of our securities in this drive through theater box offices - twenty percent of the securities. We will distribute probably better than fifty percent of them through issuing agents through corporations, because of plant quotas. We will feel none of that, Mr. Secretary, until the 15th of February. It will be the middle of February before you feel the plant quotas.

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H.M.JR: But you see, this fellow, Tickton, right or wrong, told me the thing would be settled on February 1 and 2.

MR. GAMBLE: Well, I think for those of us who have followed this very closely - and I know you can't trade on my optimism - but in my own mind, Mr. Secretary, it is settled. There is no question in my mind but what in twenty-four days we will roll up our three billion dollars, because it is inevitable. If it ever can be done in this country, with the kind of an organization we have, it will be done this time. It just couldn't be any other way. Our efforts in the Third War Loan Drive would account for a billion seven after this period of time; then certainly we have been set up this time to account for a billion nine. I think that is conservative.

To give it to you more specifically, I am going to let Ralph tell you, first of all, about his plants that he talked to. He made checks on eleven States.

MR. HAAS: Could I ask Ted a question?

MR. GAMBLE: Yes.

MR. HAAS: Ted, if you do a job on the same level as the September, it would seem to me - we had a discussion of these figures in my office this morning - it would seem to me you should substantially exceed the three billion.

MR. GAMBLE: I think you will, George.

MR. HAAS: You have more money there; you have a better organization; and you have limited buying.

MR. GAMBLE: That is right; I think we will. But I haven't been called on to make any more than that statement.

MR. HAAS: I am not forecasting. I am a little bit concerned.

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MR. GAMBLE: I think we will.

H.M.JR: George, I will take three billion and like it.

MR. HAAS: So will I, Mr. Secretary.

H.M.JR: That is why I didn't want to sign that statement last night, patting the big corporations on the back.

MR. GAMBLE: What George has said is right; we should exceed the three billion with the situation as it is today.

MR. HAAS: But you should be getting ahead of that beam quite a bit.

MR. GAMBLE: That is right, but you must remember, George, that we have no reason to believe that the banks can handle more than a hundred million a day. There is no evidence of that. Now, that is not altogether the banks' fault. It is just the way the thing works out mechanically, and the way the reports come in from issuing agents, the hundred million is about the figure.

H.M.JR: But we have allowed from about the 18th to the 30th.

MR. GAMBLE: The 15th to the 29th, to have that extra time. You won't get it in any greater chunks, Mr. Secretary.

H.M.JR: What have the boys and ladies been doing?

MR. ENGLESMAN: I have to report that I called up and got in touch with the men in charge of pay rolls. I called up eleven key spots, and I tried to select and get a cross-section of the country. For instance, I called Rochester, New York, where there are a lot of key industries - Eastman Kodak, Bausch and Lomb, Rochester Products, and so forth.

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Forty-four firms there have assumed a quota of seven and a half million dollars, they employ seventy thousand people. As of yesterday they had achieved seventy percent of that quota. Some of the firms are over already, and in their opinion there is no question about going over.

But again, and I will repeat this several times because in every place they brought this to my attention, in the last War Loan Drive we tried to get all the business that came in on pay roll, in during the month of September; this time they are allowing the employees to deduct for extra bonds in the months of January and February, and you won't get your final reporting until the 15th for those extra deductions, because they will only purchase the bonds when they have accumulated the money.

In Indiana, to give you an example, the International Harvester has gone over its quota of a hundred dollar bond per person. The Evansville Shipyards put on a very unusual drive. They didn't even have a meeting, but they went over their quota in six days, a million five hundred thousand. The Delco people in Indiana reported to me there is no question, fifty-one million two hundred thousand quota, and they think that they won't be finished reporting until the 25th of February.

In Connecticut they said the snow ball is just beginning to roll. For instance, one of the big concerns - as you know, Mr. Secretary, United Aircraft is just in the middle of its drive. It won't be able to report its accumulations until later in the month. In the meantime, Electric Boat is over a hundred percent per person, with twelve thousand employees - the New England Bell, which has twelve thousand employees, and the Scoville Company, and numerous others there.

In Michigan I got a varied report - a good one, but they said it requires lots of pounding. For instance, the Ford Plant, which has over one hundred and twenty-five thousand employees there, has a quota of sixteen

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million dollars. Now, most of that is being bought in extra bond purchases over pay roll savings, and they tell me that they will start reporting on that, really, on the 15th of the month. The Excello Tool Company, a smaller company, ten thousand employees, have gone over. General Motors, which last time didn't give us anything out of pay rolls, extra bonds, didn't put on a drive, have consistently put on drives in all their plants with some three hundred and some-odd thousand people, but around Detroit and that area, about two hundred thousand people. They report way over on their drive. One of their departments hit two hundred percent of their quota. They said in some of the smaller instances, where they are laying off people, they are not going to make it. But the last thing they told me there was that the plants will take care of themselves.

In Pennsylvania we have another report which is similar. To give you an example of the work still to be done on that, in Philadelphia they are planning fifteen hundred rallies in plants. They have only had seven hundred of those, and won't complete those until the end of the week. We won't be able to get reports there until later in the month.

In Oregon - Ted didn't know I called Oregon, but I thought I would find out what is going on out there.

H.M.JR: Just a coincidence.

MR. ENGLESMAN: Yes. Swan Island, two and a half million dollars and they have made their quota; Oregon Ship isn't doing as well.

Florida, Maine, Tennessee, some of the smaller States, have all put on drives which they didn't in the last War Loan. They report very favorably.

I got a wire just before I left, from Texas, where the big shipyards down there are now deducting on the basis of seven hundred and twenty thousand dollars a month, in January sold four hundred thousand dollars'

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worth of extra bonds for cash to their employees.

They all report the same thing. I asked them when I spoke to them - I said, "Now let me have it honestly, straight from the shoulder. I don't want just a pretty story." And without exception they are confident that they will make their plant quotas, which represent about sixty percent in these States of the E Bond quotas of these States, just in the plants. But without exception, also, they warned us that they will not have the reports until later on this month. Some of them will, but very few.

Now, that is the story I got from those eleven spots and those few extra spots that I called.

MR. GAMBLE: Of our sales, Mr. Secretary, the pay roll should account for about a billion and a half dollars of the E Bond sales.

H.M.JR: I am not going to comment on it, because until the money is in Danny Bell's hands it is meaningless to me.

MR. ENGLSMAN: As you said, until those amounts come in that day, you don't count them. But I think we all agree that probably, except for the E Bond sales reported in January, that is a pretty accurate picture of the thing - or wouldn't you?

MR. TICKTON: I don't know. It remains to be seen when it comes in. It sounds good from a great many places. Still and all, the figures that you quoted are relatively small figures. The only point I am making is you still have a hundred million dollars a day to do for the next six or seven days, even if some of it comes in late.

The thing I worry about is a situation that happened in Michigan the last time. It won't happen again in

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Michigan, because they got stuck with enough E Bond sales to prevent them from making their quota. They had the stubs in some bank and never got to the Fed. Those things can happen very easily with respect to our Evansville Shipyard. I talked to Mr. Pulliam yesterday. They don't expect to issue the bonds until February 27. That is not time enough to assure their getting those bonds into the Fed by February 29. They might do it, but it is very dangerous to - say you issue your bonds on the night of February 27 and get them over to the Fed on the 28th to get them counted--

MR. ENGLESMAN: They have sent out instructions to every plant.

MR. GAMBLE: Ralph's point was, Sid, assuming that everything he said is true, you wouldn't have that information now. As a matter of fact, no matter how you--

H.M. JR: If there are many Evansville Shipyards only going to report then, you ought to do something about that.

Let's move along.

MR. HALL: I have got a couple of specific figures from the field. All of the banks of Cook, Lake, and DuPage counties, Illinois, now report daily. They have accurate reports on their sales. These are paid for at the banks, and not necessarily cleared at the Fed.

In the September drive, during the period of time equivalent to January 18 to February 1, the E Bond sales by those banks were fourteen and a half million dollars. From January 18 to February 1, in the same banks, they were twenty-two and three-quarters million, an increase of fifty percent. The number of sales, which included the sales of all kinds of bonds - not restricted to E's - increased in the same scoring from one hundred and fifty-two thousand to two hundred and forty-nine thousand, a sixty percent increase in numerical orders.

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The Chase National Bank, which is the largest in the country, has sold to date in this drive, E Bonds to thirty thousand people in the amount of three million eight hundred and twenty-five thousand, or an average of one hundred and twenty-seven dollars.

In the Third War Loan, during a comparable period, their sales numerically were larger, thirty-two thousand, but dollarwise were less. In the Third War Loan they were selling at the rate of one hundred and six dollars per sale, and this time one hundred and twenty-seven dollars per sale.

H.M.JR: That disregards the fact that we counted the first eighteen days of January, doesn't it? You are giving yourself the credit of that.

MR. HALL: No, I think in both cases they are taking credit for everything from the first of the month.

MR. GAMBLE: September and January.

MR. HALL: I think so.

The insurance employees in New York - the insurance offices - claim to have thirty thousand people participating in a drive to sell bonds to individuals. They have made eighty-eight thousand sales, an average of one hundred and eighty-five dollars a sale, which is a much better rate than they did last time. It is half as much as they did last time in the whole drive period.

The OCD house-to-house canvass in Chicago, the average sale is running one hundred and ninety dollars.

Those are about all the straws in the wind I have picked up.

MR. GAMBLE: You might add the National City Bank. They have sold ninety thousand bonds up through Monday, as against a total of one hundred and eighty thousand in all of the Third War Loan Drive, and are very pleased with it.

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MR. HALL: Orders?

MR. GAMBLE: Ninety thousand orders in that bank.

H.M.JR: Miss Elliott?

MISS ELLIOTT: I checked on North Carolina, Indiana, Michigan, and got excellent reports from all of them.

North Carolina - of course, these women didn't deal in the figures because they don't handle that - but the number of people working is increasing. She is having less difficulty in keeping the whole machinery going all over the State.

One very interesting thing she said was that in the rural counties of North Carolina the E Bond sales are increasing, and are much higher than they were in the last drive.

Now, in Missouri, Mrs. Devin told me that they have sold seventy percent of their total quota in the rural districts, and most of that is in E Bonds from the rural districts there, which, I think, is a good sign.

But all these women felt encouraged; they didn't feel worried about it, and were particularly enthusiastic because they said the momentum of the drive was increasing. I thought that was important in terms, particularly, of the E Bonds.

In Indiana Miss Butler reported that of course, the women there are depending more on booths for their individual sales.

H.M.JR: Booze?

MISS ELLIOTT: Booths. They might want some booze sometime. She said that the number of workers in the booths was increasing and that the number of sales was increasing in the E Bonds there.

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MR. GAMELE: Mr. Lee, who is in charge of the motion picture special events.

MR. LEE: In lieu of any system of daily reporting, which we don't have for obvious reasons, they competitively pad their reports too much about the sales you people are making. Indications are, in a long list of excerpts from general correspondence and messages, that we are much more highly organized, Mr. Secretary, than we have ever been before. We are traveling at a faster momentum. It is highly accelerated. There are some indications that you are not interested in reporting on what has already been done--you have that up here--but some indications of what might be expected from us in the remaining weeks. Let's take Northern California, where one division of the Fox West Coast theaters, on which records are a little more accessible to us through the chairmanship of our drive. There are forty-eight thousand seats in Northern California, reaching down to and including Fresno. They have already sold forty-three percent of their quota of a bond a seat. And that is already slightly under four times the total number of E bonds that were sold throughout the whole Third War Loan.

H.M.JR: You mean, those theaters--it comes from the same theaters?

MR. LEE: That is right, sir.

Now then, bond premiers is a thing that is directly connected.

H.M.JR: What denomination is a bond a seat?

MR. LEE: Any denomination, but all E bonds. Of course, bond premiers is a thing directly connected with direct sales from our theaters as issuing agents. In the entire Third War Loan there were approximately thirteen hundred of those bond premiers throughout the nation. In this war loan twenty-eight hundred and eighty are already scheduled, and less than one-fifth of those have been held, which indicates that the majority of those are yet to come.

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One observation is pertinent to that trend of thought. My people indicate that most of our efforts up to now have been largely to try to help implement standard and regular programs that are arranged by your War Finance Chairman and that our special promotions and bond premiers and free movie days and these kinds of things are largely yet to come and that the next two weeks probably should be more productive weeks from our program than the two that have just ensued.

MR. GAMBLE: There are eleven and a half million seats, Mr. Secretary, in the country.

MR. LEE: For example, in Detroit we have one hundred and nineteen more issuing agents than we had in the Third War Loan.

MR. GAMBLE: The Detroit area?

MR. LEE: Yes.

MR. GAMBLE: Mr. Houghteling.

MR. HOUGHTELING: As far as labor is concerned, I can't quote in percentages, because we don't deal in quotas and figures, but up to the 18th, the labor situation was very jittery on account of the railroad situation. It was suddenly cleared up, and everybody, instead of feeling thoroughly confused, got into the stride of things. My reports now are better than they have ever been.

I have been in touch within the last couple of days with my people in the field, and they say that the labor people are doing a better job than they have ever done before, that there is less discontent and questioning, that they are going ahead, that the labor people in the plants all think the quotas can easily be reached.

In the railroad field, we won't begin to feel this retroactive pay until pretty well along in the month. A lot of the railroads have gotten out special authorization cards to be signed by their employees and allot fifty,

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sixty, seventy, or eighty percent of their retroactive pay so they can collect it direct from the check. Along toward the end of the month, I think, we are going to get a lot of that retroactive pay. There is altogether two hundred and five million dollars of that retroactive pay that is to be paid out, and railroad people seem to think we will get a very large part of it. Some of it won't come in in February at all, but I think we will have a distinct spurt at the end of the drive from that very tangible amount of money which is being paid out.

MR. GAMELE: Checking with Lawrence's people was just a double check.

H.M.JR: But no places where labor says they are being held back?

MR. HOUGHTELING: I haven't found any.

H.M.JR: Not on a committee?

MR. HOUGHTELING: I haven't found any gripe at all.

H.M.JR: Give it to me in writing, will you?

MR. HOUGHTELING: I told them the first thing a labor union does is establish a grievance committee. Apparently they aren't working this time at all.

H.M.JR: Did you have any response to our talk from Bridgeport?

MR. HOUGHTELING: Yes, they are very keen about it. It went over fine.

H.M.JR: Did you get anything in writing? They liked it?

MR. HOUGHTELING. Yes, I was talking to Van Vaerenewyck in Boston today. He said he had a lot of favorable reports on it.

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H.M.JR: It has never been done before, has it?

MR. HOUGHTLING: No.

H.M.JR: I don't know whether Ted Gamble has an ace or joker in his hand. Now, come clean, what is it?

MR. GAMBLE: Eighty-two million, Mr. Secretary.  
(Laughter) Two million to spare.

H.M.JR: It is all right. He says he wants a hundred million.

MR. GAMBLE: He will get a lot of hundred million dollars.

H.M.JR: That is a red ace, the ace of hearts.

MR. GAMBLE: I thought Tom Lane of Advertising might tell you briefly how we are scheduling our advertising this time so you will know what is coming in the remaining couple of weeks on advertising.

MR. LANE: More than ever before, Mr. Secretary, a larger proportion of our promotion is breaking the latter part of the drive than was true in September or previous war loans. For example, during previous drives the newspapers would be full of ads the first few days, and in many cases they would have little or nothing throughout the rest of the campaign. We deliberately did a lot of things so we would have a more sustained schedule. For example, we scheduled peak advertising days that were sent out to all the retailers and newspaper ad managers, Marine Day, Schools at War--and Treasury Hunt Day is a week from Thursday. That will spread out the advertising.

The Bataan business has given us a lift of advertising that is still breaking. We wired out an ad, you know. I just talked with the checking bureau this morning, and they said that that ad is starting to come in in considerable numbers.

As far as our radio picture goes, here are some of the things that are yet to come up: The Kate Smith

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Columbia broadcast was just yesterday, so, of course, you don't have any effect on actual sales yet from that.

The NBC all-day bond sale will not be until February 8. In addition, NBC has just set up a half-hour program that will be broadcast every night from February 1 through February 8.

Here are some of the special talks that are still to come up: On February 3 Lieutenant General Vandergrift over CBS; on February 4, Mrs. Morgenthau on CBS; on February 5, Mr. Bell and the Boy Scouts on NBC; on February 5, also, Joseph Clark Grew on the Blue Network; on February 9, Mrs. Roosevelt on CBS; on February 14, Irving Johnson over the Mutual Broadcasting System.

Also, on the allocation program, many of the best shows, top ranking shows of the air--they are giving us a complete program--are still to come in the next two weeks. Here are just some of the programs: Frank Morgan, Fanny Brice, Jack Benny, the Quiz Kids, the Hour of Charm, Cavalcade of America.

H.M.JR: O.K. All right. You still haven't had General Marshall.

MR. GAMBLE: We had General Marshall, yes, sir. We had an excellent statement from him day before yesterday.

MR. LANE: Mr. Secretary, again this time we deliberately withheld some of our material. We withheld some of it that just went out the end of last week and the first part of this week to give it a lift--another clip sheet, a special feature page, and several of our mat releases.

The only think I can add, Mr. Secretary, is that this time we are getting a true response from national advertisers who are preparing and placing their own copy. Most of that material, because of closing dates, and so forth, will appear still to hit in the next couple of weeks.

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MR. GAMBLE: Bob Coyne.

MR. COYNE: I have only one or two items, Ted. The State of Delaware is very interested in the E bond picture, because all of the E bonds--at least fifty percent--that are sold in that State move through one bank. The first ten days of this drive versus the first ten days of the September drive showed a fifty percent increase in favor of the January war drive, fifty in amounts, two hundred and ninety-one thousand against two hundred and twenty-thousand, and what is more important, thirty-three hundred pieces against twenty-three hundred pieces. Now, that is a sample of fifty percent of the E bonds that moved out during that period, based on our previous experience.

In California, which I was interested in because it was one of our worst areas last time, they seemed to think they are eight percent better off today than they were in the comparable day during the last drive. The figures have been showing up much slower there, and they haven't shown the surge that Sid is so eagerly waiting for. But the Federal Reserve Bank indicated out there that they expected that surge today and that our day-by-day sales have been about fifty percent better in January as against September, without any surge having shown up.

H.M.JR: How much better do they have to be for the country to make three billion dollars?

MR. COYNE: About one-fifth.

MR. LINDOW: It is really not that high, Mr. Secretary, because you have more days this time. You have two full months, whereas last time we had a lot shorter time, about six weeks. In the first seventeen days of this month as against the first eight days in September, we took in about two hundred eighty million dollars more in E bonds. So we have that much gain just on the extra time before the drive formally opened.

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Now, there will be a little extra gain at the end, because the accounting period is longer.

MR. LEE: Supplementing tomorrow's account of publicity, all of the newsreel issues for the rest of the campaign are committed to cover the war bond situation.

H.M.JR: Is Coyne through?

MR. COYNE: I have just one observation to make on Federal Reserve Bank reporting. If you will look at this chart, the St. Paul Bank--the four States surrounding it--they all report to St. Paul. Iowa, Nebraska, and Idaho are not making a good showing, and yet, they will turn in a good quota. It appears to be quite obvious that the difference in reporting practice in those States account for the difference in performance there.

H.M.JR: I have two suggestions to make that aren't going to make or break the thing. One is for the motion picture industry. I used it Sunday night. That is in regard to Lidice, Kharkov, this and that. It isn't just the Japanese. I wonder if the motion picture people would have time to throw together an atrocity film of the various atrocities which have existed and get it out. There is this film the Russians have just brought over from Ukraine, taking various cuts out of various things. You remember--I got it from "Remember the Maine." If you remember Pearl Harbor, remember this Russian thing. It isn't just the Japanese thing, because of the letdown. Do you see what I mean?

MR. LEE: Yes, sir. I will examine the possibilities of doing it quickly enough to be of use to us within an hour after I get back.

H.M.JR: Throwing the thing together, going back to the old slogan, "Remember the Maine."

MR. GAMELE: Like your annual roundup, Paul?

MR. LEE: Yes. It would be a question of whipping the distribution problem quick enough to do us some good.

- 21 -

H.M.JR: Fred is working on one for me to do on the air, but I don't know when I'll be able to do it. Do you get the idea? There is no use unless it could come in quick enough.

MR. LEE: Yes, sir. That would have to be almost necessarily applied to the newsreel setup, because it is the only way the distribution thing could be fast enough.

H.M.JR: Do you like the idea?

MR. LEE: Yes, sir. I see nothing wrong with it.

H.M.JR: Oh, better than that, "There is nothing wrong with it."

MR. LEE: Excuse me, sir.

H.M.JR: That is all right.

MR. LEE: I was examining from a technical standpoint.

H.M.JR: Another idea which I gave to Smith--and I don't know where it is--I very, very much would like to have, if they would do it, soldiers on leave from the front to put on a show on the air for us from overseas at one of these rest camps.

Did you have any luck, Fred?

MR. SMITH: Well, I talked it over with General Byron up there. It will either be tomorrow or the following day.

H.M.JR: Have you sold it to these people?

MR. SMITH: No, I haven't mentioned it to these people.

H.M.JR: I mean, do you have any enthusiasm here?

MR. SMITH: It hasn't gone beyond Dudley and Charley yet.

- 22 -

H.M.JR: Oh, I was thinking of this room here. The point is, could you get these boys who have been at the front--you can't get them from the Pacific--who are in the rest camps, plus trained nurses who have been there, to talk about some of their experiences, and then incidentally say how many bonds they are buying and shame these people at home, without doing it too obviously?

MR. GAMBLE: Could you get Kirby to do it on the Army Hour Sunday?

MR. SMITH: He will probably make a whole broadcast, that is all.

H.M.JR: These people who have been up there and have seen the thing, saw people die all around them--they are buying the bonds; most likely eighty or ninety percent of their pay, whatever it is, is going into bonds. If we can do it, I think it would be awfully good. And it is novel. I think they would enjoy it. I mean, it would be kind of fun for them.

MR. LEE: On bond tours, the reception they have gotten is tremendous.

H.M.JR: But supposing you got the fellows from a rest camp in Italy who have been up around Cassino, Hill 660, or whatever the numbers are, I mean, like this young lieutenant who personally took two tanks and got the Congressional Medal. I mean, we could have that fellow talk to these people.

MR. GAMBLE: Or this boy who shot down six planes in fifteen minutes yesterday.

MR. LEE: That has tremendous influence. I see nothing wrong with it! (Laughter)

H.M.JR: I have one other very little thing. I think the country is now ready also for Noel Coward's "Don't Let's Be Nice to the Germans."

- 23 -

MR. GAMBLE: Do you know it has been released? They are criticized for it, but it has been released.

H.M.JR: That is all right; don't let's be nice to the Germans. Have we been criticized?

MR. GAMBLE: A fellow by the name of Gilbert Seldes.

H.M.JR: Who is he?

MR. GAMBLE: A producer in New York who sent you a telegram criticizing us for it.

H.M.JR: Well, put it in the papers. Wait a minute. Gilbert Seldes gets out a weekly paper.

MR. SMITH: I think that is his brother--the "In Fact."

H.M.JR: Well, that is all right. A lot of people aren't ready yet. They still want to be nice to the Germans and the Japs.

MR. GAMBLE: In fairness to him, he thought they did the opposite.

H.M.JR: Let's have a little excitement about it.

MR. GAMBLE: We did a swell job on the transcription.

H.M.JR: Can I ever hear it?

MR. GAMBLE: Yes, sir. I am sure there is one here for you.

H.M.JR: I would love to hear it.

MR. COYNE: On the Treasury Star Parade.

MR. GAMBLE: Will you see, Tom, and if there isn't one here in the studio, send one over right away. We have five of our trailers which we are going down to look at if anyone would like to join us.

- 24 -

H.M.JR: May I say this in conclusion? It sounds all right, but the old man still hasn't the feeling in his elbow that it is in the bank. You (Gamble) know me; and until I get that feeling--

MR. GAMBLE: We are all going to be uncomfortable. I know. (Laughter)

H.M.JR: Nobody here said anything that makes me convinced that the three billion dollars is in the bag.

MR. GAMBLE: I appreciate that, and it is very difficult.

H.M.JR: I will keep you people on the anxious seat until I feel that way, but I still don't feel it is in the bank.

MR. GAMBLE: I don't think, Mr. Secretary, with an operation that represents the maximum, as I think this does in physical ability, to do this job, we can get off the hot seat until we get closer to the end of the drive.

H.M.JR: You better make sure about the Ford Company who bought twenty-five million dollars on block and doesn't turn it in, and all the rest of those things. These manufacturers had better make sure they are going to get their things in, in time.

As I say, these are encouraging, but they are not, I am sorry to say, convincing.

MR. GAMBLE: They are not cash register sales.

H.M.JR: I am not questioning anybody's sincerity. I am still from Missouri, and I am going to keep being that way--

MR. GAMBLE: ...until you are in better shape. I appreciate that.

- 25 -

H.M.JR: And I wish you would get the word out.

MR. GAMBLE: We will tonight, Mr. Secretary. We will caution everyone again tonight.

H.M.JR: I am not worried about the fourteen billion; but I am worried about the three.

Mr. Bell, do you want to say a word?

MR. BELL: I don't think so. I haven't been so worried about the three billion. At least, I haven't had any reason to worry about it. It seems to me we have a better organization. We have a longer time; we have the benefit of the repeat orders coming in; we have only five hundred million dollars more to make than we had in September with all of the advantages that go with a better organization, a longer period, and people buying their limit in the month of January. I don't see why we can't make it.

H.M.JR: I don't, either, but it is still to be made.

MR. GAMBLE: Well, it is a big job, that extra five hundred million.

H.M.JR: I am delighted with the enthusiasm and the kind of a sales organization you have. On the other hand, it is my job to make sure--

MR. GAMBLE: ...that we aren't letting down anywhere.

MR. LEE: You just don't blindly trust my judgment.

H.M.JR: No, sir. And being Secretary of the Treasury isn't a job you can relax in. I have said consistently, and people have criticized me for it, that it is like an airplane engine that goes at full speed. Once it stops you collapse. I can only fail once, and I am not going to fail. In this business you can only have one flop and you are off. I don't know how many chances you have in your industry, but I only give myself one.

- 26 -

But keep it up, and I will be watching you.

MR. GAMBLE: Fine.

H.M.JR: That is all.

21

February 2, 1944  
4:25 p.m.

HMJr: Hello. Hello.

A. Willis  
Robertson: Yes, Mr. Secretary.

HMJr: How are you?

R: Fine, thank you.

HMJr: I got a message you wanted to call me and talk to me.

R: Yeah, about making Series E, F and G acceptable for taxes after the war.

HMJr: Well, I -- they are now -- the law is so written that we can accept them any time for taxes.

R: No, I think there is some question about that. They can be cashed in -- E Bonds can be cashed.

HMJr: Well....

R: But there is another series that are acceptable for taxes but that's all. These three are not acceptable for taxes.

HMJr: Well, I consulted Mr. Bell before calling you....

R: Yeah.

HMJr: And he said, "E, F and G...."

R: That's right.

HMJr: "....could be used for taxes," but if you have some doubt I'll check it again.

R: No, not if you are satisfied. I just -- a man that is supposed to be well posted in such matters and made some study of it and he gave me the list of those that could, and said that he wanted to write an editorial advocating a change in law....

HMJr: No.

R: ....to make those acceptable for taxes.

- 2 -

HMJr: Well, I'll ask Mr. Bell to check it again to make 100% sure and if we're wrong we'll let you know.

R: All right. All right.

HMJr: But he....

R: Well, if it's already the law, we have no objection to it staying the law.

HMJr: But if we're wrong in that, we'll get in touch with you.

R: Thank you so much, sir.

HMJr: Thank you.

2/2/44

## FOURTH WAR LOAN

Beginning January 18, 1944

(In millions of dollars)

	Cumulative					
	: Through : Jan. 28	: Through : Jan. 29	: Through : Jan. 31	: Through : Feb. 1	: Through	: Through
Series E Bonds . . . . .	874	944	1,007	1,085		
Series F Bonds . . . . .	53	60	66	75		
Series G Bonds . . . . .	266	296	319	355		
2-1/2% Treasury Bonds . . . . .	250	312	400	584		
2-1/4% Treasury Bonds . . . . .	378	519	639	1,089		
7/8% Certificates . . . . .	790	968	1,230	1,763		
Series C Notes . . . . .	644	834	967	1,209		
<b>TOTAL . . . . .</b>	<b>3,255</b>	<b>3,933</b>	<b>4,628</b>	<b>6,160</b>		

FEB 2 1944

Dear Eddie Cantor:

I was delighted to receive your wire and to know that you continue to support our important home front effort with all your time, talent and energy.

I am sure you realize as we do that collateral benefits of such an activity as you engaged yourself in in San Francisco are many. Certainly you can be proud of your generous and patriotic efforts on behalf of our common cause.

Sincerely,

(Signed) H. Morganthau, Jr.

Mr. Eddie Cantor,  
R. K. O. Radio Pictures,  
Hollywood, California.

TRG:BST

339

*Jaunce*  
*C. (17M) or*

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844 JAN 31 AM 8 40

SANFRANCISCO CALIF JAN 30 1944

HENRY MORGANTHAU JR

WASHDC

HAPPY TO INFORM YOU SOLD THIRTY SEVEN MILLION SIX HUNDRED  
THIRTY THOUSAND SEVENTY FIVE DOLLARS WORTH OF BONDS FOURTH  
WAR LOAN RESULT OF TWENTY FOUR HOURS OF CONTINUOUS BROADCAST  
OVER STATION KPO IN SANFRANCISCO REGARDS

EDDIE CANTOR.

838 AM JAN 31 1944.

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February 2, 1944

Dear Kate Smith:

I want you to know how much we at the Treasury appreciate your splendid performance yesterday on behalf of the Fourth War Loan Drive.

The amount of money raised for the sale of War Bonds is but a part of the over-all attainment of such a demonstration of time, energy and talent. Collateral benefits are many. For one thing such an activity aids immeasurably in creating an awareness of the big task we are called upon to face in raising such large sums of money to finance the war.

Your day yesterday was, as the one in the Third War Loan, an outstanding success from our point of view, and I think you should be very proud of this very tangible evidence of your wholesome and patriotic desire to serve.

Sincerely,

(Signed) H. Morganthau, J.

Miss Kate Smith,  
c/o Ted Collins,  
1619 Broadway,  
New York, New York.

TRG:dft

FEB 2 1944

Dear Colonel Halsey:

Thank you for your note of January 31, with which you were good enough to send a copy of your memorandum to Members of the Senate and their staffs, and to officers and employees of the Senate regarding the Fourth War Loan Drive.

As I have stated previously, I greatly appreciate the special interest which you have taken in the sale of War Bonds at the Capitol.

With my best wishes, I am

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Colonel Edwin A. Halsey  
Secretary of the Senate  
Washington, D. C.

EFBartelt:hbw 2/1/44

FEB 2 1944

Dear Mr. Doxey:

Colonel Halsey has sent to me a copy of your joint memorandum to Members of the Senate and their staffs, Officers of the Senate and employees, dated January 29, 1944, urging them to buy War Bonds during the Fourth War Loan Drive.

I appreciate very much your interest and help in the sale of War Bonds at the Capitol.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable Wall Doxey  
Sergeant at Arms of the Senate  
Washington, D. C.

KFBartelt:hbv 2/1/44

EDWIN A. HALSEY  
SECRETARY

● United States Senate

Dear Mr. Secretary:

You see we are still trying  
to keep things moving at the  
Capitol.

E. A. H.

1/21/44

112 1/2 22  
January 29, 1944

MEMBERS OF THE SENATE AND THEIR STAFFS,  
OFFICERS OF THE SENATE AND EMPLOYEES:

On January 31 there will be stationed in the Office of the Financial  
of the Senate, representatives of the Treasury Department from whom  
bonds may be purchased. This is done upon the request of the Secre-  
of the Treasury who, in a letter to the Secretary of the Senate, re-  
us of the War Loan Drive. The letter from the Secretary of the Treas-  
for your information, is quoted in full: ---

January 8, 1944

Colonel Edwin A. Halsey  
Secretary of the Senate  
Washington, D. C.

Dear Colonel Halsey:

In the Fourth War Loan Drive, commencing January 18,  
the Treasury will undertake to raise \$14 billions for con-  
tinued prosecution of the war. Of this amount we hope to  
get about \$5½ billions from individuals, which is \$800 mil-  
lions more than the goal set for individuals in the Third  
War Loan Drive.

On December 7, 1941, a date which will live in infamy,  
as the President has said, this country was savagely attacked  
by the Japanese at Pearl Harbor. We all knew that the war  
was not of our making. We are determined to fight this war  
to a finish -- unconditional surrender. And it must be paid  
for.

My purpose in writing you now is to enlist your aid dur-  
ing the Fourth War Loan, with the end in view that appropriate  
facilities may be provided for the sale of war bonds to the  
Members of the Senate, its officers and employees.

This Department will be glad to assist in any way it can  
to make these bonds conveniently available to the Members of  
the Senate and their employees.

Sincerely yours,

(Signed) Henry Morgenthau, Jr.  
Secretary of the Treasury

The Fourth nationwide War Bond Drive was inaugurated on January 18th,  
and will continue through February. You are respectfully urged to buy your  
bonds now so that the Senate may make a showing in the sale of bonds com-  
mensurate with its staff.

LET US ALL DO OUR SHARE!

Edwin A. Halsey  
Secretary, U. S. Senate

Wall Foxey  
Sergeant at Arms of the Senate

Regraded Unclassified

February 2, 1944

Dear Mr. Johnson:

Thank you for sending me Harris's story about the sale of Bonds to sailors. The record that both the soldiers and sailors have made is striking.

At one time, I wanted to release to various localities the names of local soldiers who were both buying Bonds and facing enemy fire; but it turned out that this was an impractical idea from the standpoint of getting the names from the War Department. I still believe, however, we ought to find some way of letting the people back here know how well their soldiers are doing.

If we could find some way to use soldiers participation in bond-buying as a yardstick for civilians participation, I think we would have a very effective device.

Perhaps somebody in your shop could think up a way to do it.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Earl J. Johnson  
General News Manager  
United Press Association  
New York, New York

FS:mlf

EDITOR'S NOTE:

UNITED PRESS WAR CORRESPONDENT RICHARD G. HARRIS SPENT WEEKS WITH  
DANGERED SAILORS WHOSE CONTRIBUTION TO THE WAR EFFORT IS TO ENDURE  
DANGERS AND DANGERS OF THE NORTH ATLANTIC IN SEARCH OF NAZI  
SUBMARINES. IN THE FOLLOWING DISPATCH, HE SETS FORTH A LITTLE KNOWN  
ASPECT OF THEIR FIGHT FOR VICTORY WHICH IS OF PARTICULAR INTEREST TO  
AMERICANS DURING THE FOURTH WAR LOAN DRIVE.

BY RICHARD G. HARRIS

-0-

UNITED PRESS WAR CORRESPONDENT  
BOARD A U.S. ESCORT AIRCRAFT CARRIER, NORTH ATLANTIC--(UP)--  
HOLDING SUBMARINES IN TURBULENT, WINTRY SEAS IS NOT ENOUGH FOR THE  
FIGHTING MEN ON THIS CVE "BABY FLAT-TOP," -- 90 PER CENT ARE BUYING WAR  
BONDS TO THE HILT.

THE MEN WHO RISK THEIR LIVES DAILY AND ENDURE EVERY CONCEIVABLE  
DISCOMFORT TO WIN THE BATTLE OF THE ATLANTIC LOOK UPON BOND PURCHASES  
NOT AS AN ACT OF PATRIOTISM BUT AS A GOOD INVESTMENT -- NOTHING MORE.

LIEUT. L. S. POER, GUNNERY OFFICER, ATLANTA, GA., ORGANIZED A BOND  
SELLING CAMPAIGN ALONG THE SHIP'S 16 DIVISIONS, TELLING HIS SALESMEN AT  
THE OUTSET:

"PATRIOTISM IS NOT A SELLING POINT TO A MAN WHO HAS OFFERED HIS  
LIFE TO HIS COUNTRY. SOUND INVESTMENT, GOOD INTEREST AND FUTURE  
SECURITY ARE THE BEST SALES ARGUMENTS."

MORERS418A

UP23

ADD BONDS ABOARD CARRIER (HARRIS) XXX ARGUMENTS."

LIEUT. POER HAD A SALESMAN FOR APPROXIMATELY EVERY 25 MEN IN THE 16  
DIVISIONS WHICH COMPRISE THE SHIP'S EIGHT DEPARTMENTS: AIR, GUNNERY,  
ENGINEERING, MEDICAL, CONSTRUCTION AND REPAIR, COMMUNICATIONS,  
NAVIGATION, AND SUPPLY. HE OFFERED CARTONS OF CIGARETS AS PRIZES.

SOME OFFICERS MADE ALLOTMENTS TO PURCHASE AS MUCH AS \$150 WORTH OF  
BONDS A MONTH, BUT SOME OF THE YOUNG APPRENTICE SEAMEN, SEAMEN 2ND  
CLASS AND SEAMEN 1ST CLASS, EARNING, \$50, \$54 AND \$66 PER MONTH,  
RESPECTIVELY, AND PAYING AN AVERAGE OF \$6 PER MONTH FOR INSURANCE,  
HAD TO SKIMP TO BUY THEIRS. ALONGSIDE THE NAMES OF SOME PROSPECTS,  
SALESMEN RECORD, "CAN'T AFFORD IT; WIFE AND BABY." ONE INDIVIDUALIST  
TOLD A SALESMAN HE WAS "SATISFIED TO LET HIS CIVILIAN BACKERS BUY."  
HE WAS THE ONLY ONE TO USE HIS SERVICE AS AN EXCUSE FOR NOT BUYING.

FOUR SALESMEN TIED FOR FIRST PLACE, EACH SELLING HIS DIVISION 100  
PERCENT. THEY WERE GUNNERS MATE 1ST CL. NELS W. JOHNSON, OF  
STANBURG, COL.; PHARMACISTS MATE 1ST CL. VIRGIL D. PARSLEY, OF  
BENTON, TEX.; YEOMAN 2ND CL. WALTER SCOTT COFFMAN, OF COLUMBUS, O.,  
AND ELECTRICIANS MATE 2ND CL. RADFORD J. NORVELL, OF ST. LOUIS, MO.  
SECOND PLACE WAS TAKEN BY YEOMAN 3RD CL. RICHARD E. DEBARGE, OF  
SPRINGFIELD, MASS., AND WATERTENDER 2ND CL. EDWARD L. NAGLE, OF  
JEFFERSON SHORE, PA.

TOTAL VALUE OF THE ALLOTMENTS PER MONTH WAS \$4,777.75. LIEUT.  
POER HOPES TO MAKE IT 100 PER CENT WITH ANOTHER CAMPAIGN IN  
THE SPRING.

RS421A

Mr. Pehle asks for a 60-day deferment for Rodney Ward Stewart, one of his assistants. Stewart has just completed a six months' deferment and a renewal was not requested inasmuch as he expects to receive a commission in the Navy. However, Pehle has him temporarily working on the War Refugee Relief work and it is because of that that he desires to keep him for the next two months.

*Tom*

February 2, 1944

The Committee on Deferments gives approval to the attached request for the deferment of Mr. Rodney Ward Stewart, Assistant Director, Foreign Funds Control. Mr. Stewart's position is on the key list approved by the War Manpower Commission. He has been under deferment since July 7, 1943. He is 31 years of age, is married and has 1 child 1 year and 3 months of age.

Mr. Stewart is in charge of the Administrative Services Division and the Statistics and Reporting Division and is responsible for all matters relative to the administrative management and statistical and reporting work of Foreign Funds Control. This includes all phases of personnel management including the training of replacements for employees called to military service; all budgetary and fiscal administration; all administrative planning and procedural work; the maintenance of all administrative and property accounts; the provision of machine tabulation and statistical services; and the supervision of all other office management services. Mr. Stewart directs and coordinates the work of more than 400 employees. It is practically impossible at this time to secure a replacement for Mr. Stewart and if someone were found approximately a year's intensive training would be necessary.

(Sgd) Herbert E. Gaston  
Chairman

(Sgd) W. N. Thompson

(Sgd) T.F. Wilson

Approved: (For 60-day deferment)

(Sgd) H. MORGENTHAU JR

Secretary of the Treasury

LB

2/2/44

My dear Mr. President:

Pursuant to the provisions of the Act approved March 8, 1938, as amended (15 U. S. C. 713a-1), an Act to maintain unimpaired the capital of the Commodity Credit Corporation at \$100,000,000, and for other purposes, an appraisal has been made of all assets and liabilities of the said Corporation as of March 31, 1943. As a result of such appraisal and on the basis of the cost, including not more than one year of carrying charges, of such assets to the Corporation, or the average market prices of such assets for the twelve months period ended March 31, 1943, whichever was less, it has been determined that the liabilities of the Corporation, including capital stock of \$100,000,000, exceed the assets by an amount of \$39,436,884.95. A report of the Committee appointed by me to appraise, on my behalf, the assets and liabilities of the Corporation is attached for your information.

The Act cited above provides that in the event the net worth of the Corporation, as shown by the appraisal by the Secretary of the Treasury, is less than \$100,000,000, the Secretary of the Treasury, on behalf of the United States, shall restore the amount of such impairment by a contribution to the Corporation in the amount of such impairment. To enable the Secretary to make such payment there is authorized to be appropriated annually, commencing with the fiscal year 1938, an amount equal to any capital impairment found to exist by virtue of any appraisal.

In view of the foregoing, an appropriation of \$39,436,884.95 is necessary to restore the capital impairment of the Commodity Credit Corporation as of March 31, 1943. It is recommended that an estimate for a deficiency appropriation in that amount and in the following form be requested from the Congress:

"To enable the Secretary of the Treasury, on behalf of the United States, to restore the amount of the capital impairment of the Commodity Credit Corporation as of March 31, 1943, by a contribution to the Corporation as provided by the Act approved March 8, 1938, as amended (15 U. S. C. 713a-1) -----\$39,436,884.95."

Faithfully yours,  
(Signed) H. Morganthau, Jr.  
Secretary of the Treasury.

The President,

The White House.

HOM:well:ms  
February 1, 1944

25

February 1, 1944.

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

Sir:

In compliance with instructions in your letter of April 12, 1943, the undersigned committee on your behalf has made an appraisal of the assets and liabilities of the Commodity Credit Corporation for the purpose of determining its net worth as of March 31, 1943, as required by the Act approved March 8, 1938 (52 Stat. 107), as amended.

The Act approved March 8, 1938, provided that the value of the assets of the Corporation shall, insofar as possible, be determined on the basis of market prices at the time of appraisal. These provisions of appraisal were amended by Public Law No. 147, 77th Congress, approved July 1, 1941, whereby such assets were to be valued on the basis of cost, including not more than one year of carrying charges, or the average market prices of such assets for a period of twelve months ending March 31 of each year, whichever is less.

There is attached hereto as Exhibit A, a balance sheet of the Commodity Credit Corporation as of March 31, 1943, showing its assets and liabilities on the basis of its book values, together with adjustments to reflect the appraised value of assets, insofar as possible, in accordance with the provisions of the Act of March 8, 1938, as amended.

There is also attached an operating statement, Exhibit B, covering the period from October 17, 1933 through March 31, 1943, showing a detailed cumulative deficit of \$183,587,408.53, as a result of this appraisal. This cumulative deficit, as distributed over the various commodity programs of the Corporation is shown in the attached Exhibit C.

- 2 -

Accounting Verification

At the request of the Department, arrangements were made with the Reconstruction Finance Corporation to assign its auditors to make a special examination of the books and related records of the Commodity Credit Corporation as of March 31, 1945. The committee has had the benefit of this examination in making this appraisal.

Classification of Commodities

For the purpose of this appraisal the various commodity programs of the Corporation have been classified, as follows:

Commodity loans-----Exhibit D

Representing direct loans made by the Corporation, or loans purchased by the Corporation from the various lending agencies cooperating in the lending programs.

Commodity pools and purchases-----Exhibit E

Pooled commodities represent commodities delivered to the Corporation by producers in payment of their loans. These commodities are classified as (1) "Pool-Owned" covering commodities the title to which has been acquired by the Corporation, or (2) "Producers-Pool" covering commodities which are to be marketed by the Corporation and upon final liquidation any returns over the Corporation's investment in the commodity to be distributed to the participating producers. Purchased commodities represent outright purchases by the Corporation, as authorized by the President of the United States, for the purpose of acquiring strategic commodities essential to the war effort and for other purposes.

Commodity loans (agreements to purchase)-----Exhibit F

Representing loans to producers by eligible lending agencies under agreements through which the Corporation is committed to purchase the loans from the lending agencies under certain specified conditions.

Valuation of Commodities

As indicated in the attached Exhibits D, E and F, the above classified commodities, by crop years or programs, have been appraised, where possible, on the basis of cost (including not more than one year

of carrying charges) or average market value for the year ended March 31, 1943, whichever is lower, in accordance with the provisions of the Act of March 8, 1938, as amended. The adjusted book balances, the appraised value of the commodity and the appraisal less as of March 31, 1943, by crop years, are shown in each of the above exhibits.

An independent verification of all average market prices was made by representatives of the Treasury and the data in the attached statements were checked to the books and records of the Corporation. In some instances market quotations were not available for the particular commodities held by the Corporation. In these cases, certifications of prices applicable to such commodities were obtained from specialists of the Corporation who are familiar with the marketing of these commodities.

**Cotton:** The average market value of cotton was determined on the basis ~~average~~ grade of 15/16 inch middling cotton on the ten (10) designated spot markets as published in the official quotation schedules issued by the Agricultural Marketing Service of the Department of Agriculture.

**Grains:** The average market value of all grains was determined on the basis of the weighted average local market prices, according to location, as appearing in the Mid-Month Local Market Price Reports published by the Department of Agriculture, giving effect, where required, to price differentials on the basis of grains stored in steel bins, country elevators, sub-terminals and terminals.

**Naval stores:** The average market value of turpentine and rosin was ~~determined~~ on the basis of prices quoted in the Savannah Naval Stores Review, Savannah, Georgia.

**Tobacco:** There are no public markets or published prices for priced ~~grades~~. Consequently, the average market value in relation to "Cost, including not more than one year of carrying charges" could be developed only on the basis of its prospective sales values. As in former years' appraisals, this information was furnished by the Director of the General Crops Division of the Commodity Credit Corporation, and was arrived at after giving careful consideration to the inventories, age, and prospective market trends.

**Purchase programs:** The Corporation has in operation, by authority of the President of the United States, three major purchasing programs, i.e., Agricultural Supplies Purchase Program, Foreign Purchase Program and General Commodities Purchase Program.

**Agricultural Supplies Purchase Program:** This program was instituted for the purpose of facilitating the domestic production of strategic commodities formerly imported or the production of substitute commodities. The Corporation is authorized to purchase such supplies and raw materials and to utilize the services of the Agricultural Adjustment Agency and other agencies of the Department of Agriculture in carrying out the program. Some losses are being incurred in the operation of certain vegetable oil projects under this program, principally the Cotton Seed, Peanut, Soybean and Linseed Oils. These losses involve the purchase of these vegetable oils for sale to producers and processors at a lower price in order to stimulate production of these strategic commodities.

**Foreign Purchase Program:** This program was instituted primarily for the purpose of (1) acquiring strategic commodities essential for the production of war materials, (2) supplying civilian and military demands for food, and (3) supporting the economies of neighboring countries whose export outlets were jeopardized as a consequence of the War. Purchases were made with the approval of the Board of Economic Warfare. Through March 31, 1943, this program would have operated at a small profit except for net losses from uninsured war-risk sinkings and excessive costs of marine and war-risk insurance and transportation costs which were absorbed by the Corporation on certain commodities.

**General Commodities Purchase Program:** This program was instituted with the view of coordinating in one agency familiar with domestic agricultural production and marketing conditions, the large scale purchases heretofore made by the Red Cross and foreign buying agencies for shipment overseas. Heretofore, purchases by such agencies were made on an emergency basis for immediate shipment and were necessarily determined by immediate needs, shipping facilities, and funds available at the time of purchase. The effect on the domestic agricultural economy of such periodic buying was to create local and temporary scarcities and fluctuating prices, without affording any appreciable benefit to American farmers. Purchases under the program are now made with regard to seasonal peaks of production, marketing and processing and serve to support prices to farmers at previously guaranteed levels. The program is handled through the Federal Surplus Commodities Corporation, as agent for the Commodity Credit Corporation, and the commodities are stored in the form and at locations most satisfactory for meeting emergency needs. The purchased commodities are released to strategic war enterprises, principally for shipment abroad, and mostly in collaboration with the Board of Economic Warfare (now the Foreign Economic Administration), War Production Board, and the Department of State. Most of the commodities are disposed of through the Lend-Lease Administration (now the Foreign Economic Administration), or other Government agencies at cost to the Corporation plus a mark-up of 2% through April 30, 1942, and 1% thereafter.

Principle of Appraisal: The appraisal principle of "Cost, including not more than one year of carrying charges" or the "Average market value", whichever is lower, cannot readily be applied to these programs in the same manner as the regular commodity loans of the Corporation. The innumerable classes and grades comprising the general groups of commodities contained in the programs, the varied prices according to locations, and the lack of published prices on many items, make it impractical at this time to make an independent appraisal of the average market value of the commodities in the record inventories. For this reason, the committee deems it advisable that these programs be appraised at the values shown on the books and records of the Commodity Credit Corporation, and in the case of the General Commodities Purchase Program those of its agent the Federal Surplus Commodities Corporation, at March 31, 1943, and that the losses on the programs be allowed as and when such losses are determined and become of record in the accounts of the Corporations.

All known losses through March 31, 1943, have been given effect in this appraisal with respect to the Agricultural Supplies Purchase Program and the Foreign Purchase Program.

Due to deterioration and other causes some losses may be sustained on the General Commodities Purchase Program. The committee has therefore deemed it appropriate that the sales mark-up on this program, including certain applied interest income, be established as a reserve to cover such losses, including interest and administrative expenses applicable to the program.

#### Valuation of Accrued Interest Receivable

In determining the value of assets on the basis of "Cost, including not more than one year of carrying charges", accrued interest due the Commodity Credit Corporation on commodity loans has not been treated as a factor of cost or carrying charges. However, such accrued interest receivable has been valued in connection with the related commodity to the extent, if any, but not to exceed the spread existing between the "Cost, including not more than one year of carrying charges" and the "Average market value".

#### Current Year Programs (1942-43)

The provisions of Public Law 147, 77th Congress, approved July 1, 1941, regarding "Cost, including not more than one year of carrying charges" is not applicable with respect to current year programs, due to the fact that such programs through March 31, 1943, have not been in operation for a complete year and "one year of carrying charges" have therefore not accrued on the program at the date of this appraisal. For this reason, the premise was established whereby each current year program (1942-43) would be valued at cost as reflected on the books as of March 31, 1943, or at average market value for the year ended March 31, 1943, whichever is the lower.

### Basis of Appraisal

The Corporation's assets, secured by the various commodities, were appraised in compliance with the provisions of the law, giving recognition, insofar as possible, to "Cost, including not more than one year of carrying charges" or "Average market value for the twelve months ended March 31, 1943", whichever is less. The Corporation's liabilities were adjusted, where necessary, to reflect its true liability for the purpose of appraisal.

No physical inventories were taken as at March 31, 1943, whereby to determine the accuracy of the quantities of collateral and inventories reflected in the attached exhibits. The quantities of commodities are reflected in accordance with the reports rendered by the custodian Federal Reserve Banks, certain regional offices of the Corporation and sundry other agencies. Concerning these quantities the War Food Administrator was requested to furnish information as to their physical existence, the correctness of the unit and total costs, and their saleable condition at not less than unit costs. The Treasury's letter requesting such information and the Administrator's reply thereto are made a part of this report under Exhibit I.

### Restoration of Capital Impairment

Section 1 of the Act approved March 8, 1938, as amended, provides "In the event that any such appraisal shall establish that the net worth of the Commodity Credit Corporation is less than \$100,000,000, the Secretary of the Treasury, on behalf of the United States, shall restore the amount of such capital impairment by a contribution to the Commodity Credit Corporation in the amount of such impairment".

On the basis of this appraisal and in accordance with the above provisions of law, the contribution due from the Secretary of the Treasury to the Commodity Credit Corporation to restore the impairment of its capital as of March 31, 1943, amounts to \$39,436,884.93 as follows:

#### Net Worth

Capital Stock .....\$100,000,000.00

#### Add: Paid-in-surplus

Contributions by the  
Secretary of the Treasury  
to restore capital impairment  
as of appraisals of -

March 31, 1938 .....	\$24,885,404.75
March 31, 1939 .....	119,899,918.05
March 31, 1941 .....	1,437,445.51
	\$215,222,768.31

Less: Surplus payments by  
the Corporation to the  
Secretary of the Treasury  
for excess contributions  
as a result of appraisals  
of -

March 31, 1940 .....	\$43,756,731.01	
March 31, 1942 .....	<u>27,515,513.68</u>	
	\$16,241,217.33	\$113,950,523.60

Total Capital Stock and Paid-in Surplus.... 213,950,523.60

Deduct: Cumulative deficit as a result of  
appraisal March 31, 1943..... 183,387,408.53 \$60,563,115.07

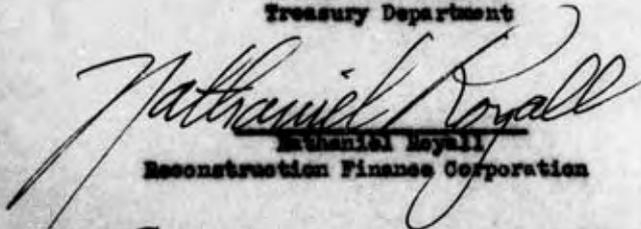
Add: Contribution due from the Secretary  
of the Treasury to restore impairment  
of capital as of March 31, 1943..... 79,436,884.93

Total Net Worth..... \$100,000,000.00

Respectfully submitted,



Edward F. Bartelt  
Treasury Department



Nathaniel Royall  
Reconstruction Finance Corporation



Cameron G. Sarvan  
Department of Agriculture

GE-Jones:ms  
1-27-44

## COMMODITY CREDIT CORPORATION

BALANCE SHEET  
AS OF MARCH 31, 1943

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ASSETS	Book Value (Adjusted)	Estimated Loss Due To Appraisal As Of March 31, 1943	Appraised Value of Assets As Of March 31, 1943	LIABILITIES	Book Value (Adjusted)	Estimated Loss Due To Appraisal As Of March 31, 1943	Appraised Value of Liabilities As Of March 31, 1943
<b>CASH</b>				<b>NOTE RECEIVABLES AND OTHER PAYABLES:</b>			
Cash in banks (foreign countries).....	\$193,183.25			Principal.....	\$1,821,284,476.29		
Cash on deposit with the Treasurer of the United States.....	309,377.85			Accrued interest.....	4,254,678.27		
On books of Bookkeeping and Records, Treasury Department.....	1,341,877.47			Total.....	1,825,539,154.56	(None)	\$1,829,539,154.56
On books of Chief Accounting Officer, Treasury Department.....	1,321,876.99						
Total.....	2,966,276.56	(None)	2,966,276.56	<b>SECURITIES ACQUIRED THROUGH THE COMMODITY CREDIT CORPORATION:</b>			
<b>DEBTS TO SECURITY WITH THE RECONSTRUCTION FINANCE CORPORATION:</b>				On commodity loans (contra).....	3,512,900.63		
Principal.....	38,726,049.96			On commodities so-led or owned (contra).....	13,162,987.60		
Interest.....	38,826.75			On commodity loans - Agreements to purchase (contra).....	16,594,604.05		
Total.....	38,764,876.71	(None)	38,764,876.71	Total.....	33,269,492.28	(None)	33,269,492.28
<b>COMMUNITY LOANS - SECURITY MFC:</b>				<b>DEFERRED CREDITS:</b>			
Principal including charges paid.....	272,273,979.44			Federal Crop Insurance Corporation.....	2,620,190.67		
Accrued interest receivable.....	4,710,646.54			Lease Administration.....	1,904,773.47		
Accrued warehouse and other charges (contra).....	3,323,380.63			Unlocated sales.....	253,088.66		
Total.....	280,497,006.71	5,685,662.90	274,811,343.81	Proceeds of sales 1938-39 relative (contra).....	229,546.88		
<b>COMMODITY POOLS AND PURCHASES - SECURITY MFC:</b>				Warehouse.....	86,990.21		
Principal including charges paid.....	1,669,613,104.32			Total.....	4,994,690.93	(None)	4,994,690.93
Accrued interest receivable.....	11,162,987.60			<b>ACCOUNTS RECEIVABLE:</b>			
Accrued warehouse and other charges (contra).....	1,706,776,081.92	51,668,310.17	1,655,007,781.75	Purchases Under General Commodity Purchase Program.....	93,153,066.60		
Total.....	3,487,552,173.94	57,454,071.07	3,430,098,102.87	Other commodity purchases.....	24,703,620.27		
<b>COMMODITY LOANS (AGREEMENT TO PURCHASE) SECURITY MFC:</b>				Government of the United Kingdom.....	2,421,547.28		
Principal (contra).....	506,196,639.96			Agricultural Adjustment Agency.....	1,773,697.82		
Accrued interest receivable (0/0/0).....	3,903,566.89			Insurance premiums payable.....	14,500.00		
Accrued interest receivable, bank (contra).....	1,643,623.89			Liquidation sales due producers - cotton.....	1,137,759.32		
Accrued warehouse and other charges (contra).....	16,584,624.05			Miscellaneous.....	60,278.78		
Total.....	530,528,734.79	56,920,904.90	473,607,829.89	Total.....	125,600,609.13	(None)	125,600,609.13
<b>WARRANTY LOANS (OTHER THAN COMMODITIES) SECURITY MFC:</b>				<b>COMMITMENTS TO BANKS AND OTHER AGENCIES:</b>			
Principal including charges paid.....	2,341,037.54			Principal (contra).....	506,196,639.96		
Accrued interest receivable.....	14,180.12			Accrued interest on loans not purchased (contra).....	3,841,623.89		
Total.....	2,355,217.66	(None)	2,355,217.66	Total.....	510,038,263.85	(None)	510,038,263.85
<b>ACCOUNTS RECEIVABLE:</b>				<b>SECURITY POOL LOAN - S.C.F. PROGRAM:</b>			
Federal Surplus Commodity Corporation:				Total.....	8,904,267.67	(None)	8,904,267.67
Lease-lease sales, General Commodity Purchase Program.....	179,051,802.79			Total liabilities.....	2,528,337,476.41	(None)	2,528,337,476.41
Lease-lease sales, account of tobacco Section 32, Public No. 320, 74th Congress, Surplus Diversion Program.....	830,201.99			<b>CAPITAL:</b>			
Agricultural Adjustment Agency.....	868,010.10			Total.....	100,000,000.00	(None)	100,000,000.00
Federal Crop Insurance Corporation.....	300,479.18						
Total.....	94,705,264.45	(None)	94,705,264.45	<b>RESERVE:</b>			
<b>CLAIMS AND OTHER ACCOUNTS RECEIVABLE:</b>				Representing contributions by the Secretary of the Treasury covering restoration of capital investment as of:			
Claims for sales Proceeds - 1938-39 relative (contra).....	229,546.98			March 31, 1938.....	94,289,024.75		
Other Claims.....	6,540,104.13			March 31, 1939.....	119,596,018.05		
Other accounts receivable.....	6,110,162.67			March 31, 1941.....	1,637,645.51		
Total.....	12,879,813.78	(None)	12,879,813.78	Total.....	215,522,688.31		
<b>STORAGE AND OTHER EQUIPMENT:</b>				Less: Surplus payments made to the Secretary of the Treasury for excess contributions as of:			
Steel grain storage bins.....	\$10,352,788.83			March 31, 1940.....	\$43,796,731.01		
Less: Reserve for depreciation.....	3,359,293.03			March 31, 1942.....	27,815,513.68		
Wooden granaries.....	6,993,197.80			Total.....	71,572,244.49		
Other equipment.....	19,140,906.73			Less: Accumulated book deficit March 31, 1943.....	163,980,523.60		
Less: Reserve for depreciation.....	4,088.50			Total.....	87,312,116.87		
Total.....	26,138,193.03	(None)	26,138,193.03	Balance reserve.....	76,638,023.73		
<b>EQUIPMENT, FURNITURE AND REPAIRS:</b>							
Cost of equipment.....	334,428.63			Amount due from the Secretary of the Treasury to reduce capital investment as of March 31, 1943.....	(None)		38,438,894.91
Less: Reserve for depreciation.....	27,605.55						
Total.....	306,823.08	(None)	306,823.08				
<b>TOTAL ASSETS.....</b>	<b>\$2,664,975,683.14</b>		<b>\$116,074,897.66</b>	<b>Total Liabilities, Capital and Reserve.....</b>	<b>\$2,664,975,683.14</b>		<b>\$2,578,900,788.48</b>

Regraded Unclassified

## COMMODITY CREDIT CORPORATION

EXHIBIT B

35

## OPERATING STATEMENT

Statement of Income, Expense and Appraisal Losses from October 17, 1933 to March 31, 1943

(This statement covers items listed in Exhibit G)

<u>INCOME</u>				<u>EXPENSE</u>			
	<u>Gross</u>	Portion Credited to Reserve for Loss on the C.C.P. Program	<u>Net</u>		<u>Gross</u>	Portion Charged to Reserve for Loss on the C.C.P. Program	<u>Net</u>
<b>Interest Income:</b>							
Interest on loans purchased .....	\$31,381,482.70		\$31,381,482.70	Interest expense .....	\$44,651,551.65	\$4,707,569.60	\$39,943,982.05
Interest on loans not purchased .....	10,443,448.85		10,443,448.85	Administrative expense .....	24,006,783.56	2,847,731.63	22,057,052.13
Interest on loans to Secretary of Agriculture .....	21,696.81	82,407.58	19,289.23	<b>Total expenses .....</b>	<b>69,556,335.21</b>	<b>7,555,301.03</b>	<b>62,001,034.18</b>
Interest on funds held by Reconstruction Finance Corporation .....	2,387,055.26	220,356.59	2,166,698.67				
<b>Miscellaneous interest income:</b>							
1938-39 Cotton .....	1,429.60		1,429.60				
1935-36 Pooled cotton .....	12,691.92		12,691.92				
1931-36 Tobacco .....	1,242.08		1,242.08				
On wheat sold to Federal Surplus Commodities Corporation .....	8,957.32		8,957.32				
	<u>44,258,004.54</u>	<u>222,764.17</u>	<u>44,035,240.37</u>				
<b>Other Miscellaneous Income:</b>							
Profit on sales of rubber .....	11,090,907.04		11,090,907.04				
Sales mark-up on General Commodities Purchase Program ..	16,236,804.53	16,236,804.53					
Sales mark-up on sales of tobacco .....	3,328,547.73		3,328,547.73				
Sales mark-up on Agricultural Supplies Purchase Program ..	94,147.90		94,147.90				
Miscellaneous income 1941-42 corn .....	171.03		171.03				
Miscellaneous over payments by producers .....	481,261.06		481,261.06				
Miscellaneous income, sales of loose cotton .....	176,355.40		176,355.40				
	<u>31,408,194.69</u>	<u>16,236,804.53</u>	<u>15,171,390.16</u>				
<b>Total income .....</b>	<b>75,666,199.23</b>	<b>16,459,568.70</b>	<b>59,206,630.53</b>				
<b>Net expenses (carried down)</b>			<u>2,794,403.65</u>				
			<u>62,001,034.18</u>				<u>62,001,034.18</u>
				Net expenses (brought down from above) .....			2,794,403.65
				Actual losses from October 17, 1933 to March 31, 1943 .....			64,518,107.22
							67,312,510.87
				Add: Potential losses based upon appraisal of March 31, 1943 .....			116,074,897.66
				<b>Net losses .....</b>			<u>\$183,387,408.53</u>

Regraded Unclassified

**COMMODITY GROUP SUMMARY**  
**REPORTED STATEMENT OF INCOME, EXPENSE AND APPRAISAL LOSSES**  
**FOR DECEMBER 31, 1943, to MARCH 31, 1944**

Description	Grand Total	Cotton	Corn	Wheat	Rye	Barley	Oats	Sorghum	Soybeans	Flaxseed	Tobacco	Turnipseed and Suet	Peanut	Wool	Hops	Butter
<b>Income:</b>																
Interest on loans purchased	\$31,381,482.70	\$13,487,438.01	\$10,896,988.22	\$2,455,599.55	\$32,254.63	\$73,316.97	\$905.29	\$2,183.42	\$2,715.28	\$748,596.39	\$2,111,318.46	\$214,700.13	\$158,158.04	\$97,119.71	\$776,093.66	
Interest on loans not purchased	10,443,448.95	4,199,921.55	1,928,598.23	4,132,192.35	22,410.03	71,647.66	961.31	24,639.18	19,116.10	-	-	-	30,263.43	-	-	
Interest on loans to Secretary of Agriculture	19,289.23	7,808.90	4,747.32	1,097.81	9.83	8.85	.16	.07	.24	1,641.84	297.42	10.87	17.76	11.74	-	
Interest on fund with F.S.C.	2,166,698.67	1,443,623.55	269,375.93	206,969.64	675.81	86.14	6.83	1.83	20.18	123,876.70	95,970.23	3,281.27	3,364.06	1,031.43	20,143.19	
<b>Miscellaneous Interest Income:</b>																
1934-35 Cotton	1,429.60	1,429.60	-	-	-	-	-	-	-	-	-	-	-	-	-	
1935-36 Pooled Cotton	12,693.92	12,693.92	-	-	-	-	-	-	-	-	-	-	-	-	-	
1931-36 Tobacco	1,242.08	-	-	-	-	-	-	-	-	1,242.08	-	-	-	-	-	
Wheat sold to F.S.C.C.	8,937.32	-	-	8,937.32	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Interest Income</b>	<b>44,035,240.37</b>	<b>19,112,563.53</b>	<b>13,094,809.72</b>	<b>6,807,816.67</b>	<b>55,450.30</b>	<b>147,554.22</b>	<b>1,273.49</b>	<b>26,826.32</b>	<b>21,851.80</b>	<b>873,359.03</b>	<b>2,151,576.31</b>	<b>217,962.27</b>	<b>191,833.21</b>	<b>98,164.90</b>	<b>796,236.75</b>	
<b>Other miscellaneous income:</b>																
Profit on sales of rubber	11,040,907.04	-	-	-	-	-	-	-	-	-	3,328,547.73	-	-	-	-	
Sales mark-up on tobacco sold	3,328,547.73	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sales mark-up on A.S.P. Program	94,147.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sales mark-up on G.C.P. Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous income 1941-42 corn producers	171.03	-	171.03	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous overpayments by producers	481,261.06	239,837.79	25,732.75	17,836.22	(57.53)	438.14	3.22	107.51	34.10	36,701.93	358.14	-	-	-	-	
Proceed sales of loose cotton	179,355.40	179,355.40	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total miscellaneous income</b>	<b>15,171,950.16</b>	<b>419,193.19</b>	<b>25,903.78</b>	<b>17,826.22</b>	<b>(57.53)</b>	<b>438.14</b>	<b>3.22</b>	<b>107.51</b>	<b>34.10</b>	<b>3,367,249.66</b>	<b>358.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Income</b>	<b>59,206,630.53</b>	<b>19,531,756.72</b>	<b>13,120,713.50</b>	<b>6,825,642.89</b>	<b>55,907.81</b>	<b>147,992.36</b>	<b>1,276.71</b>	<b>26,934.03</b>	<b>21,886.20</b>	<b>8,240,608.69</b>	<b>2,151,934.45</b>	<b>217,962.27</b>	<b>191,833.21</b>	<b>98,164.90</b>	<b>796,236.75</b>	
<b>Expenses:</b>																
Interest expense 1/2	79,943,982.05	24,951,702.57	6,283,511.86	4,368,698.78	14,002.43	12,168.70	136.24	77.30	442.16	2,095,527.18	646,151.27	57,386.70	30,286.30	14,807.34	90,721.77	
Administrative expense 1/2	22,057,052.13	10,768,287.59	5,819,497.98	7,132,162.78	8,170.77	7,266.20	78.54	48.03	282.28	1,157,112.20	276,631.60	22,021.23	12,063.21	6,120.64	34,213.69	
<b>Total expenses</b>	<b>62,001,034.18</b>	<b>35,720,090.16</b>	<b>12,103,009.84</b>	<b>7,400,861.56</b>	<b>22,173.20</b>	<b>19,434.90</b>	<b>214.78</b>	<b>125.33</b>	<b>724.44</b>	<b>3,248,639.38</b>	<b>923,783.87</b>	<b>79,407.93</b>	<b>42,349.51</b>	<b>20,927.98</b>	<b>124,935.47</b>	
<b>Net income or expense (+)</b>	<b>+ 2,704,403.55</b>	<b>+16,193,273.44</b>	<b>+1,017,703.66</b>	<b>+645,218.67</b>	<b>33,734.61</b>	<b>128,557.46</b>	<b>1,061.93</b>	<b>26,808.68</b>	<b>21,161.76</b>	<b>991,969.29</b>	<b>1,226,171.58</b>	<b>138,554.34</b>	<b>149,483.50</b>	<b>77,237.12</b>	<b>671,301.28</b>	
<b>Liabilities:</b>																
Liability liquidation gains	54,926,035.53	54,918,995.61	41,077,426.59	49,013,722.01	25,682.80	7,079.92	1,092.99	-	-	2,251,434.88	4,154,705.08	-	111,736.94	963,046.78	-	
Liability liquidation losses	119,444,142.75	54,918,995.61	41,077,426.59	49,013,722.01	25,682.80	7,079.92	3,992.99	-	-	2,251,434.88	4,154,705.08	-	111,736.94	963,046.78	-	
<b>Net liquidation losses</b>	<b>- 64,518,107.22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net profit or loss (+) before appraisal of March 31, 1943</b>	<b>+ 67,332,510.87</b>	<b>+30,725,762.17</b>	<b>+6,019,464.93</b>	<b>+49,668,940.68</b>	<b>8,052.23</b>	<b>135,577.28</b>	<b>+2,931.06</b>	<b>26,808.68</b>	<b>21,161.76</b>	<b>+1,265,469.91</b>	<b>+2,928,133.50</b>	<b>138,584.34</b>	<b>149,146.56</b>	<b>+873,609.66</b>	<b>671,301.28</b>	
<b>Liabilities:</b>																
Potential further loss based on appraisal March 31, 1943	\$16,074,897.66	\$5,716,163.17	\$4,044,030.56	\$79,290,620.43	\$84,813.31	\$30,866.49	\$178.47	-	-	\$169,451.94	\$977,157.63	-	-	-	-	
<b>Net profit or loss (+) after appraisal of March 31, 1943</b>	<b>-13,742,386.79</b>	<b>8,009,598.00</b>	<b>+4,063,775.59</b>	<b>+129,978,319.11</b>	<b>\$76,763.98</b>	<b>\$104,710.79</b>	<b>+3,107.53</b>	<b>26,808.68</b>	<b>21,161.76</b>	<b>+1,431,917.53</b>	<b>+3,525,291.13</b>	<b>138,584.34</b>	<b>149,146.56</b>	<b>+883,609.66</b>	<b>671,301.28</b>	

Description	Prunes	Figs	Pond and Hobair	Dates	Figs	Teas and Suet	Crinum Clover	Rubber	Agricultural Surplus Purchase Program	Foreign Purchase Program	General Commodity Purchase Program		Dietary Program	Flood Relief Program
											Other	Other		
<b>Income:</b>														
Interest on loans purchased	2,877,432.29	20,753.28	56,101.73	3,659.67	55,493.20	-	-	-	547,544.27	23,851.89	-	-	-	-
Interest on loans not purchased	-	-	52,630.07	-	-	-	-	-	-	-	-	-	-	-
Interest on loans to Secretary of Agriculture	80.95	.28	-	-	-	.03	1.14	1501.01	54.33	.71	54.89	-	-	-
Interest on fund with F.S.C.	4,241.25	225.86	1,094.12	58.72	24.05	17.07	8.17	19,914.66	22,195.29	15,205.01	607.04	-	-	-
<b>Miscellaneous Interest Income:</b>														
1936-39 Cotton	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1935-36 Pooled Cotton	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1931-36 Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wheat sold to F.S.C.C.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Interest Income</b>	<b>191,756.39</b>	<b>20,979.42</b>	<b>109,825.92</b>	<b>1,717.40</b>	<b>5,577.45</b>	<b>17.07</b>	<b>8.31</b>	<b>16,415.67</b>	<b>69,793.89</b>	<b>21,057.61</b>	<b>671.93</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other miscellaneous income:</b>														
Profit on sales of rubber	-	-	-	-	-	-	-	11,090,907.04	-	-	-	-	-	-
Sales mark-up on tobacco sold	-	-	-	-	-	-	-	-	94,147.90	-	-	-	-	-
Sales mark-up on A.S.P. Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales mark-up on G.C.P. Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous income 1941-42 Corn producers	-	-	76.64	-	-	61.40	66.16	-	12,328.94	17,388.91	127,309.48	-	-	-
Miscellaneous overpayments by producers	-	-	-	-	-	61.40	66.16	-	106,478.84	17,398.81	127,309.48	-	-	-
Proceed sales of loose cotton	-	-	76.64	-	-	61.40	66.16	11,090,907.04	106,478.84	17,398.81	127,309.48	-	-	-
<b>Total miscellaneous income</b>	<b>-</b>	<b>-</b>	<b>76.64</b>	<b>-</b>	<b>-</b>	<b>61.40</b>	<b>66.16</b>	<b>11,090,907.04</b>	<b>106,478.84</b>	<b>17,398.81</b>	<b>127,309.48</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Income</b>	<b>191,756.39</b>	<b>20,979.42</b>	<b>109,902.56</b>	<b>1,717.40</b>	<b>5,577.45</b>	<b>17.07</b>	<b>8.31</b>	<b>11,107,324.71</b>	<b>176,276.73</b>	<b>38,446.42</b>	<b>127,911.41</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses:</b>														
Interest expense 1/2	51,891.30	3,151.56	4,339.91	585.79	1,214.64	1,411.00	200.31	719,398.45	530,253.06	267,177.45	16,491.86	-	-	-
Administrative expense 1/2	27,213.14	1,704.91	1,641.95	239.45	467.80	126.10	156.78	173,748.93	771,596.19	216,430.79	10,666.95	-	-	-
<b>Total expenses</b>	<b>79,104.44</b>	<b>4,856.47</b>	<b>5,981.86</b>	<b>825.24</b>	<b>1,782.44</b>	<b>2,497.10</b>	<b>357.09</b>	<b>893,147.38</b>	<b>1,301,849.25</b>	<b>483,607.94</b>	<b>27,158.81</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net income or expense (+)</b>	<b>112,651.95</b>	<b>16,122.95</b>	<b>103,920.70</b>	<b>892.16</b>	<b>3,795.01</b>	<b>-1,679.63</b>	<b>+471.22</b>	<b>10,604,177.33</b>	<b>464,427.48</b>	<b>+3,117,338.75</b>	<b>100,752.60</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities:</b>														
Liability liquidation gains	-	3,781.32	178.25	-	-	-	-	-	12,165,265.97	3,117,139.75	-	-	-	-
Liability liquidation losses	-	3,781.32	178.25	-	-	-	-	-	12,165,265.97	3,117,139.75	-	-	-	-
<b>Net liquidation losses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net profit or loss (+) before appraisal of March 31, 1943</b>	<b>112,651.95</b>	<b>12,821.96</b>	<b>103,742.45</b>	<b>892.16</b>	<b>3,795.01</b>	<b>-1,679.63</b>	<b>+471.22</b>	<b>10,604,177.33</b>	<b>464,427.48</b>	<b>+3,117,338.75</b>	<b>100,752.60</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities:</b>														
Potential further loss based on appraisal March 31, 1943	-	-	-	-	-	-	-	-	464,427.48	-	-	-	-	-
<b>Net profit or loss (+) after appraisal of March 31, 1943</b>	<b>112,651.95</b>	<b>12,821.96</b>	<b>103,742.45</b>	<b>892.16</b>	<b>3,795.01</b>	<b>-1,679.63</b>	<b>+471.22</b>	<b>10,604,177.33</b>	<b>-</b>	<b>+3,117,338.75</b>	<b>100,752.60</b>	<b>-</b>	<b>-</b>	<b>-</b>

1/2 Indicates losses  
 1/2 Interest expense has been allocated to the various classes of loans (the commodities) on the basis of the average monthly balance outstanding in relation to the aggregate average monthly balance of loans outstanding.  
 1/

AS OF MARCH 31, 1943

COMMODITIES	BOOK VALUES (ADJUSTED)			Total	APPRAISAL OF COLLATERAL				Estimated Loss March 31, 1943
	Principal, including Charges Paid	Accrued Interest due C.C.C.	Accrued Warehouse and other Charges		QUANTITIES		APPRAISED Cost, Plus one Year's Charge	VALUE Average Market Value	
					Number	Unit			
<b>Barley Loans:</b>									
1940 Barley - Form A	\$1,707.41	\$126.34	-	\$1,833.75	5,381	Bushels	1/ \$1,833.75	-	-
1940 Barley - Re-sealing Program	1,957.94	115.21	-	2,073.15	4,749	Bushels	1/ 1,673.25	-	-
1941 Barley - Form A	72,627.05	3,195.60	-	75,822.65	167,990	Bushels	1/ 75,822.65	-	-
1941 Barley - Re-sealing Program	37,539.21	16,347.44	-	53,886.65	851,030	Bushels	1/ 387,680.65	-	-
1942 Barley - Form A	63,316.09	737.46	-	64,053.55	115,669	Bushels	1/ 64,049.55	-	-
1942 Barley - Form B	6,286.11	78.29	-	6,364.40	13,474	Bushels	1/ 7,450.45	-	-
	\$17,327.81	20,594.44	788.05	538,710.30	1,474		538,710.30	-	-
<b>Corn Loans:</b>									
1938-39 Corn	3,108.27	-	-	3,108.27	10,081	Bushels	3,108.27	-	-
1939-40 Corn	152.57	-	-	152.57	225	Bushels	152.57	-	-
1938 Crop, 1939 Crop (Re-sealed)	7,365,997.50	580,116.26	-	7,946,113.76	11,090,783	Bushels	7,473,299.82	-	2452,813.94
1940-41 Corn	423,858.97	20,454.42	-	444,313.39	687,322	Bushels	444,268.97	-	44.42
1941-42 Corn	2,901,484.91	39,785.66	75,324.04	3,020,594.61	3,966,203	Bushels	2,907,895.72	-	25,698.89
1942-43 Corn	305,994.00	3,753.95	-	309,747.95	392,702	Bushels	-	-	9,304.23
	11,000,896.22	643,110.29	75,324.04	11,723,030.55	17,923,030.55		10,938,725.35	399,543.74	484,761.26
<b>Cotton Loans:</b>									
1938-39 Cotton	4,788.20	1,623.87	80.00	6,492.07	80	Bales	1/ 6,492.07	-	-
1940-41 Cotton	9,839.65	454.57	228.00	10,522.22	228	Bales	1/ 10,522.22	-	-
1941-42 Cotton	45,530,500.51	1,577,771.36	826,313.62	47,934,585.49	687,024	Bales	66,402,723.48	-	1,491,875.01
1942-43 Cotton	166,935,781.73	1,477,266.46	1,043,901.95	171,456,950.14	725,434.00	Bales	2/ 170,192,382.14	-	-
1942-43 Cotton - Farm Storage	719,519.25	5,819.65	63.10	725,402.00	2,020,487	Bales	2/ 719,519.25	-	-
	215,200,438.34	3,032,965.91	1,870,588.67	220,103,990.92	218,615,116.91		-	-	1,491,875.01
<b>Flaxseed Loans:</b>									
1941 Flaxseed - Form A	7,607.61	284.34	-	7,891.95	4,426	Bushels	7,891.95	-	-
1941 Flaxseed - Form B	52.85	1.98	-	54.83	33	Bushels	54.83	-	-
1941 Flaxseed - Re-sealing Program	2,698.72	100.88	-	2,799.60	1,569	Bushels	2,799.60	-	-
1942 Flaxseed - Form A	18,953.26	239.64	-	19,192.90	8,387	Bushels	2/ 19,192.90	-	-
1942 Flaxseed - Form B	6,116.11	77.24	160.77	6,254.12	2,753	Bushels	2/ 6,254.12	-	-
	35,428.55	704.18	160.77	36,293.50	36,293.50		-	-	-
<b>Grain Sorghum Loans:</b>									
1941 Grain Sorghum - Form A	764.09	40.88	-	804.97	2,233	Bushels	804.97	-	-
1942 Grain Sorghum - Form A	3,377.13	16.43	-	3,393.56	4,178	Bushels	2/ 3,393.56	-	-
1942 Grain Sorghum - Form B	1,666.13	13.67	119.36	1,799.16	3,141	Bushels	2/ 1,799.16	-	-
	5,767.35	70.98	119.36	5,957.69	5,957.69		-	-	-
<b>Oye Loans:</b>									
1940 Oye - Form A	348.53	4.81	-	353.34	706	Bushels	1/ 353.34	-	-
1940 Oye - Re-sealing Program	22,482.74	310.83	-	22,793.57	80,244	Bushels	1/ 22,793.57	-	-
1941 Oye - Form A	39,627.54	788.22	-	40,415.76	68,750	Bushels	-	37,370.69	6,986.07
1941 Oye - Re-sealing Program	197,263.60	3,212.66	-	200,476.26	363,684	Bushels	203,604.61	-	1,473.65
1942 Oye - Form A	36,590.13	431.36	-	37,021.49	99,003	Bushels	-	2/ 29,118.03	7,903.46
1942 Oye - Form B	2,985.77	38.22	268.69	3,292.68	5,506	Bushels	-	2/ 2,637.10	615.58
	301,300.31	5,356.10	268.69	306,925.10	224,751.54		65,173.56	-	16,998.50
<b>Turkey Loans:</b>									
1940 Dark Piled	178,842.35	8,199.80	315.20	187,357.35	1,015,850	Pounds	182,695.79	-	4,661.56
1941 Dark Piled	1,282,278.97	29,801.77	3,198.25	1,315,278.99	6,614,840	Pounds	1,244,270.83	-	1,008.60
	1,462,221.32	39,001.57	3,513.45	1,504,736.34	1,496,966.18		-	-	6,770.16
<b>Turpentine - Rosin Loans:</b>									
1938 Turpentine and Rosin	736,379.58	183,926.64	3,515.91	923,815.13	28,111,294	Pounds (Rosin)	917,028.33	-	5,986.80
1939 Turpentine and Rosin	363,889.49	29,095.63	1,660.45	394,645.57	13,479,566	Pounds (Rosin)	385,200.40	-	9,254.17
1940 Turpentine and Rosin	3,889,499.49	749.84	15,991.10	3,906,240.43	115,643,787	Pounds (Rosin)	2,503,511.92	-	402,728.51
1941 Turpentine and Rosin	1,589,381.68	52,212.70	8,745.84	1,650,340.22	67,404,796	Pounds (Rosin)	1,473,152.17	-	179,188.05
1942 Turpentine and Rosin	1,370.69	120.23	77.05	1,568.97	29,893	Pounds (Rosin)	2/ 1,568.97	-	-
	5,582,513.93	268,105.04	29,799.35	5,880,418.32	1,222 Gallons (Turpentine)		5,283,250.69	-	597,157.63
<b>Wheat Loans:</b>									
1939 Wheat - Form A	1,315.44	70.29	-	1,385.73	2,511	Bushels	1/ 1,385.73	-	-
1940 Wheat - Form A	3,612.50	199.37	-	3,811.87	5,347	Bushels	1/ 3,811.87	-	-
1940 Wheat - Form B	488.67	26.93	-	515.60	643	Bushels	1/ 515.60	-	-
1940 Wheat - Re-sealing Program	55,199.10	3,046.70	-	58,245.80	70,785	Bushels	1/ 58,245.80	-	-
1941 Wheat - Form A	2,072,429.57	50,284.76	110,565.59	2,233,279.92	2,186,442	Bushels	1,047,726.35	2,179,645.34	55,434.58
1941 Wheat - Form B	976,321.00	24,613.35	92,038.78	1,092,973.13	1,132,795	Bushels	17,293,727.87	-	45,194.78
1941 Wheat - Re-sealing Program	17,043,183.23	429,977.85	866,727.35	18,339,888.43	17,334,548	Bushels	2/ 10,104,133.52	2/ 4,487,823.93	1,026,160.58
1942 Wheat - Form A	6,306,548.30	67,174.80	-	6,373,723.10	6,338,095	Bushels	2/ 10,104,133.52	2/ 4,487,823.93	781,765.65
1942 Wheat - Form B	11,469,200.65	122,165.30	458,488.53	12,049,854.48	9,827,025	Bushels	3/ 47,014.30	2/ 10,843,291.41	1,199,548.57
	37,928,298.46	699,577.35	1,527,820.25	40,155,696.06	46,136,631.04		17,310,960.98	3,089,106.14	-
<b>Bean Loans:</b>									
4 Soybeans	240,077.15	2,160.78	-	242,247.93	147,906	Bushels	242,247.93	-	-
	272,273,979.44	4,710,646.64	3,512,380.63	280,497,006.71	256,935,664.13		17,875,679.70	5,685,642.90	-

1) Progress in final liquidations with comparatively nominal accounts in both inventories and monetary values, subject to investigation and adjustment. These programs were appraised at book values as at March 31, 1943, pending determination of final adjustments.

2) Current year programs, appraised on basis of book value or average market value, whichever is lower, in accordance with premise cited on page - of report.

3) "Volunteer" and "Excess" wheat in these current year programs valued at book value, due to extremely low loan rate on such wheat.

COMMODITY CREDIT CORPORATION  
 STATEMENT OF COMMODITY POOLS AND PURCHASES  
 MARCH 31, 1943

EXHIBIT B

Commodity	Book Values (Adjusted)		Total	Appraisal of Collateral				Estimated Less March 31, 1943
	Principal including charges paid	Account write-downs and other charges		Quantities		Appraised Value		
				Number	Unit	Cost plus one year's charges	Average market value	
<b>COMMODITY POOLS:</b>								
1940-41 Barley Pool	\$2,052.98	-	\$2,052.98	3,470	Bushels	1/2,052.98	-	-
1941-42 Barley Pool	216,791.56	538,019.74	254,811.30	460,175	Bushels	224,184.86	-	\$30,626.44
1942-43 Barley Pool	1,035.90	-	1,035.90	1,825	Bushels	-	2/41,028.07	7.82
	219,880.44	38,019.74	257,900.18	-	-	226,237.84	1,028.07	30,634.27
1938-39 Corn Pool	40,548,654.42	1,715,148.27	42,263,802.69	41,978,408	Bushels	19,752,046.87	-	2,511,755.82
1934-35 Cotton Pool	66,628,587.70	242,415.06	66,881,102.76	817,771	Bales	53,234,847.67	-	13,646,255.09
1937-38 Cotton Pool	137,523,344.37	841,312.46	138,364,656.83	2,524,288	Bales	122,860,339.84	-	15,482,316.99
1938-39 Cotton Pool 1/2	3,000.30	12.14	3,012.44	51	Bales	1/3,012.44	-	-
	204,154,932.37	1,093,839.66	205,248,772.03	-	-	176,120,196.95	-	29,128,575.08
1939-40 Rye Pool	1,163.54	-	1,163.54	1,560	Bushels	1/1,163.54	-	-
1940-41 Rye Pool	3,825.28	-	3,825.28	6,020	Bushels	1/3,825.28	-	-
1941-42 Rye Pool	305,988.67	41,771.60	347,760.27	505,587	Bushels	-	289,453.88	58,266.39
	310,977.49	41,771.60	352,749.09	-	-	4,908.82	289,453.88	58,266.39
1939-40 Wheat Pool 1/2	2,828,221.25	150,917.80	2,979,139.05	2,839,484	Bushels	-	-	-
1940-41 Wheat Pool 1/2	84,642,486.00	4,027,130.00	88,669,616.00	81,947,617	Bushels	-	-	-
1941-42 Wheat Pool	171,557,098.65	4,980,737.80	176,537,836.45	140,774,070	Bushels	-	-	-
	259,027,805.90	9,158,785.60	268,186,591.50	(225,541,171)	Bushels	247,251,879.23	-	20,934,712.27
1940 Dark Fired Tobacco Pool	180,763.16	1,109.45	181,872.61	1,012,560	Pounds	179,025.13	-	2,847.48
1940 Flue Cured Tobacco Pool	475,259.08	1,763.87	477,022.95	2,450,098	Pounds	476,458.21	-	564.74
	656,022.24	2,873.32	658,895.56	-	-	655,483.34	-	3,412.22
<b>Total Pools</b>	<b>904,918,272.86</b>	<b>12,090,438.19</b>	<b>916,968,711.05</b>	<b>-</b>	<b>-</b>	<b>464,010,766.05</b>	<b>290,521.95</b>	<b>52,667,423.05</b>
<b>COMMODITIES PURCHASED:</b>								
<b>Tobacco:</b>								
1940 Flue Cured	9,767,356.66	13,537.95	9,780,894.61	39,186,507	Pounds	9,689,152.09	-	91,742.52
1941 Dark Fired	2,195,097.09	6,651.26	2,201,748.35	13,036,052	Pounds	2,200,332.22	-	1,416.13
1941 Flue Cured	15,609,796.65	55,410.17	15,664,906.82	49,893,300	Pounds	15,598,795.91	-	66,110.91
1942 Dark Fired	452,723.03	1,270.95	454,003.76	1,755,804	Pounds	454,003.76	-	-
1942 Flue Cured	61,063,537.66	87,135.11	61,150,672.77	125,368,822	Pounds	61,150,672.77	-	-
1942 Flue Cured (Special)	28,073,084.28	54,452.63	28,127,537.91	54,146,510	Pounds	28,127,537.91	-	-
1942 Burley	257,396.38	-	257,396.38	471,479	Pounds	257,396.38	-	-
	117,418,693.53	218,567.07	117,637,260.60	-	-	117,477,991.04	-	159,269.56
<b>Wheat:</b>								
1942 Wheat	396,125.39	-	396,125.39	361,740	Bushels	396,125.39	-	-
<b>Agricultural Supplies Purchase Program:</b>	<b>112,718,939.49</b>	<b>893,982.34</b>	<b>113,612,921.83</b>	<b>Schedule No. 1</b>	<b>-</b>	<b>102,450,404.30</b>	<b>10,520,899.97</b>	<b>641,617.56</b>
<b>Foreign Purchase Program:</b>	<b>105,896,516.75</b>	<b>-</b>	<b>105,896,516.75</b>	<b>Schedule No. 2</b>	<b>-</b>	<b>105,896,516.75</b>	<b>-</b>	<b>-</b>
<b>General Commodities Purchase Program:</b>								
Dairy Products	620,733.22	-	620,733.22	-	-	620,733.22	-	-
Other Commodities	851,643,823.08	-	851,643,823.08	-	-	851,643,823.08	-	-
	852,264,556.30	-	852,264,556.30	<b>Schedule No. 3</b>	<b>-</b>	<b>852,264,556.30</b>	<b>-</b>	<b>-</b>
<b>Total Purchases</b>	<b>1,188,694,831.46</b>	<b>1,112,545.41</b>	<b>1,189,807,380.87</b>	<b>-</b>	<b>-</b>	<b>1,178,485,993.78</b>	<b>10,520,899.97</b>	<b>800,887.12</b>
<b>Total Pools and Purchases</b>	<b>1,693,613,104.32</b>	<b>13,162,987.60</b>	<b>1,706,776,091.92</b>	<b>-</b>	<b>-</b>	<b>1,642,496,359.83</b>	<b>10,811,421.92</b>	<b>53,468,310.17</b>

1/ Programs in final liquidation with comparatively nominal amounts in both inventories and monetary values, subject to investigation and adjustment. These programs were appraised at book values as at March 31, 1943, pending determination of final adjustment of report.

2/ Current year program, appraised on basis of average market value in accordance with premise cited on page of report.

3/ Producer's Pool, representing commodities delivered by producers upon maturity of their notes, such commodities to be marketed by the Corporation, and upon final liquidation any over-plus, if any, to be distributed to the participating producers.

## COMMODITY CREDIT CORPORATION

Statement of Loans Held by Lending Agencies  
and Value of Pledged Collateral with Loss  
Due to Appreciation, as of March 31, 1943

EXHIBIT 2

Commodity	Principal, Including Charges Paid	Estimated Accrued Interest		Estimated Accrued Warehouse Charges to March 31, 1943	Total	Appraisal of Collateral				Estimated Loss March 31, 1943
		Due Banks as of March 31, 1943	Due L.L.O. as of March 31, 1943			QUANTITIES		APPRAISAL VALUE		
						Number	Unit	Net plus one Year's Charges	Average Market value	
1941 Barley - Form A	\$13,880.23	\$306.32	\$306.32	-	\$14,492.87	22,808	Bushels	\$14,492.87	-	-
1941 Barley - Form B	2,548.08	56.23	56.23	\$999.79	3,260.33	7,382	Bushels	3,028.11	-	\$232.22
1942 Barley - Form A	4,377,194.07	26,263.17	26,263.17	-	4,429,720.41	8,295,923	Bushels	4,429,720.41	-	-
1942 Barley - Form B	662,927.10	3,837.56	3,837.56	70,247.32	720,892.54	1,202,865	Bushels	720,892.54	-	-
	5,006,549.48	30,483.28	30,483.28	70,847.11	5,168,363.15			5,168,363.15	-	232.22
1940 Corn - Form A	8,624,381.01	290,629.83	290,629.83	-	9,205,640.67	14,166,868	Bushels	9,044,376.56	-	\$161,264.11
1941 Corn - Form A	23,874,065.25	415,997.41	415,997.41	-	24,706,060.07	32,764,706	Bushels	24,648,173.64	-	\$7,886.43
1942 Corn - Form A	40,779,393.03	147,705.66	147,705.66	-	43,074,834.35	52,763,110	Bushels	40,246,441.58	-	\$28,362.84
	73,277,839.29	854,332.90	854,332.90	-	74,886,505.09			73,938,991.71	-	1,047,513.38
1941 Cotton	9,000,779.71	160,904.35	220,827.35	396,732.31	9,779,243.72	140,255	Bales	9,663,523.64	-	95,720.08
1942 Cotton	21,330,772.93	206,729.41	206,729.41	311,031.08	22,055,263.63	610,654	Bales	22,055,263.63	-	-
	60,331,552.64	367,633.76	427,556.76	707,763.39	61,834,427.35			61,738,807.27	-	95,720.08
1942 Flaxseed - Form A	1,279,408.09	7,676.45	7,676.45	-	1,294,760.99	582,442	Bushels	1,294,760.99	-	-
1942 Flaxseed - Form B	833,472.32	5,000.83	5,000.83	21,573.16	865,047.14	370,037	Bushels	865,047.14	-	-
	2,112,880.41	12,677.28	12,677.28	21,573.16	2,199,808.13			2,199,808.13	-	-
1942 Grain Sorghum - Form A	14,291.81	49.34	49.34	-	14,390.49	28,993	Bushels	14,390.49	-	-
1942 Grain Sorghum - Form B	2,462.43	8.50	8.50	13.13	2,530.55	3,977	Bushels	2,530.55	-	176.47
	16,754.23	57.84	57.84	13.13	17,021.04			14,390.49	-	176.47
1941 Rye - Form A	15,153.77	325.08	325.08	-	15,803.93	48,582	Bushels	15,803.93	-	-
1942 Rye - Form A	2,673,906.07	12,854.80	12,854.80	-	2,699,215.67	4,470,719	Bushels	-	2,206,375.65	492,839.02
1942 Rye - Form B	79,393.68	381.75	381.75	7,136.80	87,293.98	146,246	Bushels	-	70,582.58	16,711.40
	2,768,053.52	13,561.63	13,561.63	7,136.80	2,802,313.48			15,803.93	2,276,961.23	509,528.42
1942 Wheat - Form A	164,295,297.09	1,168,072.04	1,168,072.04	-	166,631,441.17	140,434,365	Bushels	-	1,742,337,852.21	24,293,588.96
1942 Wheat - Form B	193,078,552.46	1,372,709.16	1,372,709.16	15,777,431.66	211,601,602.44	166,078,228	Bushels	-	1,180,627,297.38	30,974,145.06
	397,373,849.55	2,540,781.20	2,540,781.20	15,777,431.66	378,232,863.61			322,965,109.99	-	55,267,734.02
1942 Soybeans	5,279,160.84	24,096.00	24,096.00	-	5,327,352.84	3,334,109	Bushels	5,327,352.84	-	-
	\$806,196,639.96	\$3,843,623.89	\$3,903,546.89	\$16,584,924.05	\$830,528,734.79			\$148,363,285.30	\$325,244,524.90	\$86,920,924.99

These loans are held by banks and lending agencies under contracts to purchase whereby the Commodity Credit Corporation is obligated to purchase the notes when presented prior to maturity dates at the interest rates shown.

Commodity	Maturity	Rate of Interest		Estimated Dates		Days
		Due Banks	Due L.L.O.	Interest Accruals	Interest Accruals	
1941 Barley, Form A	April 30, 1942	1-1/2%	1-1/2%	10-11-41	through 3-31-43, inc.	537 days
1941 Barley, Form B	April 30, 1942	1-1/2%	1-1/2%	10-11-41	through 3-31-43, inc.	537
1942 Barley, Form A	April 30, 1943	1-1/2%	1-1/2%	11-6-42	through 3-31-43, inc.	146
1942 Barley, Form B	April 30, 1943	1-1/2%	1-1/2%	11-6-42	through 3-31-43, inc.	146
1940 Corn, Form A	August 1, 1943	1-1/2%	1-1/2%	1-1-41	through 3-31-43, inc.	820
1941 Corn, Form A	August 1, 1944	1-1/2%	1-1/2%	2-1-42	through 3-31-43, inc.	424
1942 Corn, Form A	August 1, 1945	1-1/2%	1-1/2%	11-1-41	through 3-31-43, inc.	2/88
1941 Cotton	July 31, 1942	1-1/2%	1-1/2%	8-1-42	through 7-31-43, inc.	273
		1-1/2%	1-1/2%	11-1-41	through 3-31-43, inc.	243
		1-1/2%	1-1/2%	12-24-42	through 3-31-43, inc.	98
1942 Cotton	July 31, 1943	1-1/2%	1-1/2%	11-6-42	through 3-31-43, inc.	146
1942 Flaxseed, Form A	June 30, 1943	1-1/2%	1-1/2%	11-6-42	through 3-31-43, inc.	146
1942 Flaxseed, Form B	June 30, 1943	1-1/2%	1-1/2%	1-7-43	through 3-31-43, inc.	84
1942 Grain Sorghum, Form A	June 30, 1943	1-1/2%	1-1/2%	1-7-43	through 3-31-43, inc.	84
1942 Grain Sorghum, Form B	June 30, 1943	1-1/2%	1-1/2%	10-26-41	through 3-31-43, inc.	522
1941 Rye, Form A	April 30, 1943	1-1/2%	1-1/2%	12-5-42	through 3-31-43, inc.	117
1942 Rye, Form A	June 30, 1943	1-1/2%	1-1/2%	12-5-42	through 3-31-43, inc.	117
1942 Rye, Form B	June 30, 1943	1-1/2%	1-1/2%	10-10-42	through 3-31-43, inc.	173
1942 Wheat, Form A	April 30, 1943	1-1/2%	1-1/2%	10-10-42	through 3-31-43, inc.	173
1942 Wheat, Form B	April 30, 1943	1-1/2%	1-1/2%	12-11-42	through 3-31-43, inc.	2/111
1942 Soybeans	June 30, 1943	1-1/2%	1-1/2%			

1/ Current year program, appraised on basis of book value or average market value in accordance with premise cited on page of report.  
2/ Approximate.

## COMMODITY CREDIT CORPORATION

STATEMENT OF MISCELLANEOUS LOANS  
(Other Than Commodity Loans)

EXHIBIT G

AS OF MARCH 31, 1943

BORROWER	BOOK VALUES (ADJUSTED)				Appraisal Value	Estimated Loss March 31, 1943
	Principal	Accrued Interest Due C.C.C.	Accrued Warehouse and Other Charges	Total		
<b>FACILITATING LOANS:</b>						
Virgin Islands Company (Sugar)	\$ 125,227.43	\$ 439.77	\$ -	\$ 125,667.20	\$ 125,667.20	\$ -
Broward County Port Authority	22,457.49	64.39	-	22,521.88	22,521.88	-
Pan-American Shell Corporation	137,454.21	-	-	137,454.21	137,454.21	-
War Hemp Industries, Incorporated	67,512.00	116.68	-	67,628.68	67,628.68	-
	<b>\$ 352,651.13</b>	<b>\$ 640.94</b>	<b>\$ -</b>	<b>\$ 353,292.07</b>	<b>\$ 353,292.97</b>	<b>\$ -</b>
<b>EQUIPMENT LOANS:</b>						
Fiber Flax Equipment	\$ 307,372.00	\$ 4,276.37	\$ -	\$ 311,648.37	\$ 311,648.37	\$ -
Peanut Equipment	1,064,630.14	175.01	-	1,064,805.15	1,064,805.15	-
Peanut Warehouse	603,510.12	9,087.70	-	612,598.02	- 612,598.02	-
Hempseed Equipment	12,894.15	-	-	12,894.15	12,894.15	-
	<b>\$1,988,406.41</b>	<b>\$13,539.28</b>	<b>\$ -</b>	<b>\$2,001,945.69</b>	<b>\$2,001,945.69</b>	<b>\$ -</b>
<b>TOTAL MISCELLANEOUS LOANS</b>	<b>\$2,341,057.54</b>	<b>\$14,180.12</b>	<b>\$ -</b>	<b>\$2,355,237.66</b>	<b>\$2,355,237.66</b>	<b>\$ -</b>

**SECURITY DEBT SUMMARY**  
 ANALYSIS OF PATIENTS WHO RECEIVED DEBT INFORMATION FROM  
 THE SECURITY OF THE HUSBAND  
 AS PER APPROVAL OF MARCH 31, 1963

	Analysis of Payments on D/F/C From Secretary of Treasury, Approved March 31, 1963		Analysis of Column No. 1		Analysis of Additional Deficit From Column No. 1			
	Cumulative Loss by Approval March 31, 1963	Analysis of Payments on D/F/C From Secretary of Treasury, Approved March 31, 1963	Definitive Loss by Approval March 31, 1963	Unsettled Deficit March 31, 1963	Additional Deficit Due to Approval March 31, 1963	Monthly Loss	Commitment Date	Issuing Agency
	(Column No. 1)	(Column No. 2)	(Column No. 3)	(Column No. 4)	(Column No. 5)	(Column No. 6)	(Column No. 7)	(Column No. 8)
<b>TOTAL LOSS PROGRAM:</b>								
<b>PROPERTY LOSS:</b>								
1933-34 Collar								
1934-35 Collar	843,303.51	825.00	843,308.51	843,308.51				
1935-36 Collar	(14,502,000.00)	9,774,397.08	(4,727,602.92)	(4,727,602.92)	(13,568,795.20)			(13,568,795.20)
1937-38 Collar	56,453.54	923.64	57,377.18	57,377.18				
1938-39 Collar	2,977,202.87	47,460,000.26	50,437,203.13	50,437,203.13	(13,482,334.99)			(13,482,334.99)
1939-40 Collar	8,036,368.56	23,487,278.78	31,523,647.34	31,523,647.34				
1940-41 Collar	38,403.87	(7,438.45)	30,965.42	30,965.42				
1940-41 Collar	679,107.86	7,933.85	687,041.71	687,041.71				
1941-42 Collar	489,165.05	(379,146.89)	110,018.16	110,018.16	(1,507,903.00)	(2,401,871.01)		(15,700.00)
1942-43 Collar	193,343.00	805,703.44	1,000,046.44	1,000,046.44				
<b>Total</b>	<b>(19,015,555.65)</b>	<b>54,105,349.43</b>	<b>35,089,793.78</b>	<b>35,089,793.78</b>	<b>(30,716,163.17)</b>	<b>(3,407,970.01)</b>	<b>(29,128,193.00)</b>	<b>(19,700.00)</b>
<b>TRAIL LOSS:</b>								
1935-36 Collar	229,427.51		229,427.51	229,427.51				
1936-37 Collar	56,773.28		56,773.28	56,773.28				
<b>Total</b>	<b>286,200.79</b>		<b>286,200.79</b>	<b>286,200.79</b>				
<b>Grand Total</b>	<b>(19,301,756.44)</b>	<b>54,391,648.83</b>	<b>35,375,994.57</b>	<b>(1,406,006.76)</b>	<b>(30,716,163.17)</b>	<b>(3,407,970.01)</b>	<b>(29,128,193.00)</b>	<b>(19,700.00)</b>
<b>COM LOSS PROGRAM:</b>								
1933-34 Com	912,655.24		912,655.24	912,655.24				
1934-35 Com	39,823.63		39,823.63	39,823.63				
1937-38 Com	79,753.82		79,753.82	79,753.82				
1939-40 Com	1,869.53		1,869.53	1,869.53				
1939-40 Com, Refunded	(1,209,800.00)		(1,209,800.00)	(1,209,800.00)				
1939-40 Com	(20,136,008.10)	146,133.58	(19,989,874.52)	(19,989,874.52)	(62,863.34)			(81,863.34)
1939-40 Com	(8,006,390.63)	7,728,368.66	(278,021.97)	(278,021.97)	(1,465,436.41)	(432,413.94)		(1,122,423.47)
1940-41 Com	(5,203,358.43)	1,706,145.43	(3,497,213.00)	(3,497,213.00)	(183,593.64)			(811,113.64)
1940-41 Com	(660,138.43)	134,795.70	(525,342.73)	(525,342.73)	(262,097.71)	(44.47)		(182,296.12)
1941-42 Com	(8,502,833.00)	7,792,493.98	(710,339.02)	(710,339.02)	(544,516.11)	(22,408.89)		(17,988.13)
1942-43 Com		(600,033.10)	(600,033.10)	(600,033.10)	(337,307.00)	(19,204.11)		(808,564.84)
<b>Total</b>	<b>(11,607,934.98)</b>	<b>43,303,677.37</b>	<b>(7,304,257.61)</b>	<b>(7,304,257.61)</b>	<b>(4,044,200.64)</b>	<b>(484,761.60)</b>	<b>(3,151,955.80)</b>	<b>(1,567,513.80)</b>
<b>HEAT LOSS PROGRAM:</b>								
1939-40 Heat	(5,261,070.37)	(13.87)	(5,261,084.24)	(5,261,084.24)				
1939-40 Heat	(851,538.65)	255,742.40	(595,796.25)	(595,796.25)				
1940-41 Heat	(6,644,263.75)	(12,699,363.12)	(19,343,626.87)	(19,343,626.87)				
1941-42 Heat	(44,499,138.96)	(12,436,560.80)	(32,062,578.16)	(32,062,578.16)	(21,465,271.85)	(1,146,791.67)	(20,691,262.05)	(17,988.13)
1942-43 Heat		(54,562,363.05)	(54,562,363.05)	(54,562,363.05)	(27,445,548.48)	(1,011,131.22)	(26,500,341.24)	(53,897,736.07)
<b>Total</b>	<b>(17,406,276.25)</b>	<b>(18,661,300.30)</b>	<b>(32,867,366.33)</b>	<b>(32,867,366.33)</b>	<b>(79,200,630.43)</b>	<b>(3,099,336.14)</b>	<b>(28,714,188.29)</b>	<b>(18,897,736.07)</b>
<b>HAUL LOSS PROGRAM:</b>								
1941-42 Hauling	28,306.80	(118.48)	28,188.32	28,188.32				
1942-43 Hauling	30,138.80	13,136.29	43,275.09	43,275.09	(30,858.64)			(18,282.22)
1942-43 Hauling		40,497.48	40,497.48	40,497.48	(7.47)			(7.47)
<b>Total</b>	<b>58,445.60</b>	<b>33,529.29</b>	<b>111,974.80</b>	<b>111,974.80</b>	<b>(30,866.11)</b>			<b>(18,289.69)</b>
<b>HAULS BORROWED LOSS PROGRAM:</b>								
1942-43 Hauls Borrowed	169.95	(137.03)	32.92	32.92				
1942-43 Hauls Borrowed	281.57	(13,295.81)	(12,994.24)	(12,994.24)				
1942-43 Hauls Borrowed		(67.62)	(67.62)	(67.62)				
<b>Total</b>	<b>451.52</b>	<b>(13,499.46)</b>	<b>(13,526.96)</b>	<b>(13,526.96)</b>				
<b>HYD LOSS PROGRAM:</b>								
1939-40 Hyd	(26,136.73)	(3,408.93)	(29,545.66)	(29,545.66)				
1940-41 Hyd	36,388.90	27,208.19	63,597.09	63,597.09				
1941-42 Hyd	(47,457.65)	(53,881.32)	(101,338.97)	(101,338.97)	(46,786.11)	(8,430.77)		(58,286.71)
1942-43 Hyd		(305,131.42)	(305,131.42)	(305,131.42)	(218,007.20)	(8,236.11)		(809,343.87)
<b>Total</b>	<b>(17,203.48)</b>	<b>(173,183.23)</b>	<b>(568,909.71)</b>	<b>(568,909.71)</b>	<b>(194,821.31)</b>	<b>(16,998.50)</b>	<b>(18,266.79)</b>	<b>(109,348.42)</b>
<b>INTEREST LOSS PROGRAM:</b>								
1942-43 Interest	509.43	655.75	1,165.18	1,165.18				
1942-43 Interest		25,661.55	25,661.55	25,661.55				
<b>Total</b>	<b>509.43</b>	<b>26,317.30</b>	<b>26,826.73</b>	<b>26,826.73</b>				
<b>PLANNED LOSS PROGRAM:</b>								
1941-43 Planned	6,532.53	1,637.32	8,169.85	8,169.85				
1942-43 Planned		17,734.41	17,734.41	17,734.41				
<b>Total</b>	<b>6,532.53</b>	<b>19,371.73</b>	<b>25,904.26</b>	<b>25,904.26</b>				
<b>UNION COVER LOSS PROGRAM:</b>								
1942-43 Union Cover	(64.33)	(61.33)	(125.66)	(125.66)				
<b>UNEMPLOYMENT AND BONUS LOSS PROGRAM:</b>								
1938-39 Unemployment and Bonus	(1,432,736.36)		(1,432,736.36)	(1,432,736.36)				
1938-39 Unemployment and Bonus	(2,026,763.92)	145,883.77	(1,880,880.15)	(1,880,880.15)	(5,086.00)			(1,986.90)
1939-40 Unemployment and Bonus	(808,047.44)	102,460.77	(705,586.67)	(705,586.67)	(786,126.56)	(9,254.17)		(19,254.17)
1940-41 Unemployment and Bonus	896,403.69	202,860.03	1,099,263.72	1,099,263.72	(1,301,203.10)	(402,728.51)		(1,703,931.61)
1941-42 Unemployment and Bonus	57,299.56	(143,113.05)	(85,813.49)	(85,813.49)	(36,406.56)	(179,188.05)		(179,188.05)
1942-43 Unemployment and Bonus		47.48	47.48	47.48				
<b>Total</b>	<b>(3,358,201.43)</b>	<b>312,641.08</b>	<b>(3,045,560.35)</b>	<b>(3,045,560.35)</b>	<b>(997,437.63)</b>	<b>(997,437.63)</b>		
<b>WINDUP LOSS PROGRAM:</b>								
1933-34 Windup	(2,981,879.51)		(2,981,879.51)	(2,981,879.51)				
1937-38 Windup	(2,554.07)		(2,554.07)	(2,554.07)				
1939	(2,998.05)		(2,998.05)	(2,998.05)				
1939-40 Windup - Wainwright	(7,465.09)		(7,465.09)	(7,465.09)				
1939-40 Windup - F.C.	(1,088,801.54)	(134,789.25)	(954,012.29)	(954,012.29)				
1940-41 Windup - F.C.	3,262.47	3,262.47	6,524.94	6,524.94	(7,709.04)	(4,903.50)		(2,805.54)
1940-41 Windup - D.F.	984,044.89	(4,603.33)	979,441.56	979,441.56	(92,397.38)			(193,977.86)
1940-41 Windup - Hauling	7,207.03	(1,832.13)	5,374.90	5,374.90				
1941-42 Windup	50,147.75	50,147.75	100,295.50	100,295.50	(3,308.77)	(1,908.80)		(1,400.00)
1941-42 Windup - F.C.	265,480.00	(149,769.44)	115,710.56	115,710.56	(66,117.61)			(16,118.01)
1941-42 Windup - Hauling	110.37	13,462.32	13,572.69	13,572.69				
1941-42 Windup - D.F.		339.25	339.25	339.25				
1942-43 Windup - D.F.		(898.76)	(898.76)	(898.76)				
1942-43 Windup - F.C.		(184,873.53)	(184,873.53)	(184,873.53)				
1942-43 Windup - Hauling		(803.11)	(803.11)	(803.11)				
1942-43 Windup - Hauling		(10.17)	(10.17)	(10.17)				
<b>Total</b>	<b>384,828.31</b>	<b>(477,015.18)</b>	<b>(92,186.87)</b>	<b>(92,186.87)</b>	<b>(113,431.56)</b>	<b>(6,770.24)</b>	<b>(162,062.76)</b>	
<b>FINANCIAL LOSS:</b>	180,605.57		180,605.57	180,605.57				
<b>FID LOSS:</b>	4,327.61		4,327.61	4,327.61				
<b>MARINE LOSS:</b>	50,389.77		50,389.77	50,389.77				
<b>OP LOSS:</b>	(877,689.00)		(877,689.00)	(877,689.00)				
<b>PIRE LOSS:</b>	27,897.86	(3,751.70)	24,146.16	24,146.16				
<b>RENT LOSS:</b>	1,135.60		1,135.60	1,135.60				
<b>RYAN LOSS:</b>	705,514.97		705,514.97	705,514.97				
<b>RYAN AND PETER LOSS:</b>	(930.30)	(12.30)	(942.60)	(942.60)				
<b>RYAN LOSS:</b>	128,865.50	76.77	128,942.27	128,942.27				
<b>RYAN:</b>	10,798,183.71	(10,799.29)	10,787,384.42	10,787,384.42				
<b>RYAN AND PETER LOSS:</b>	109,476.89		109,476.89	109,476.89				
<b>RYAN AND PETER LOSS:</b>	(1,816.76)	(71,279,744.87)	(73,096,561.63)	(73,096,561.63)	(43,427.94)			(64,127.04)
<b>RYAN AND PETER LOSS:</b>		87,263.78	87,263.78	87,263.78				
<b>RYAN AND PETER LOSS:</b>		(7,336,774.48)	(7,336,774.48)	(7,336,774.48)				
<b>RYAN AND PETER LOSS:</b>		(7,444,099.79)	(7,444,099.79)	(7,444,099.79)				
<b>RYAN AND PETER LOSS:</b>		(4,144,087.86)	(4,144,087.86)	(4,144,087.86)				
<b>RYAN AND PETER LOSS:</b>		(4,431,993.89)	(4,431,993.89)	(4,431,993.89)				
<b>RYAN - ALL PROGRAM:</b>	<b>(130,823,746.77)</b>	<b>(32,128,397.86)</b>	<b>(162,952,144.63)</b>	<b>(162,952,144.63)</b>	<b>(124,074,897.44)</b>	<b>(5,485,643.28)</b>	<b>(12,646,203.17)</b>	<b>(18,100,044.99)</b>
<b>Total Operating Expense:</b>	<b>(14,786,733.48)</b>	<b>(7,730,897.33)</b>	<b>(23,517,630.81)</b>	<b>(23,517,630.81)</b>	<b>(18,074,897.44)</b>	<b>(5,485,643.28)</b>	<b>(12,646,203.17)</b>	<b>(18,100,044.99</b>

COMMODITY CREDIT CORPORATION  
INVENTORY OF COMMODITIES PURCHASED UNDER THE  
AGRICULTURAL SUPPLIES PURCHASE PROGRAM  
AS AT MARCH 31, 1943

365

SCHEDULE 1

Commodity	Purchase Cost	Estimated Accrued Storage and Other Charges	Total	Appraisal of Collateral				Estimated Loss March 31, 1943
				Quantities		Appraisal Value		
				Number	Unit	Cost Plus One Year's Charges	Average Market Value	
Alaska Spruce Log Program ..	\$1,265,141.07	-	\$1,265,141.07					
Bagging - Cotton .....	2,107,689.42	\$1,747.58	2,109,437.00	(Unabsorbed Costs)		\$1,265,141.07	-	-
Bags - Peanuts .....	221,349.81	-	221,349.81	21,208	Bales	2,109,437.00	-	-
Castor Bean Seed .....	82,862.60	-	82,862.60	1,464,497	Bags	221,349.81	-	-
Cotton - American Egyptian ..	238,072.19	-	238,072.19	1,899,785	Pounds	82,862.60	-	-
Cotton Linters .....	22,109,093.58	-	22,109,093.58	1,151	Bales	238,072.19	-	-
Cotton Seed Cake and Meal ..	330.15	-	330.15	457,002,032	Pounds	22,109,093.58	-	-
Dairy Animals .....	881,234.93	-	881,234.93	10.38	Tons	330.15	-	-
Hemp Seed.....	1,760,500.91	-	1,760,500.91	94.60	Cows	881,234.93	-	-
Hybrid Corn Seed.....	70,614.60	223.31	70,837.91	9,150,163	Pounds	1,760,500.91	-	-
				142,848	Pounds	70,837.91	-	-
<b>Total.....</b>	<b>28,736,849.26</b>	<b>1,970.89</b>	<b>28,738,860.15</b>				<b>2</b>	
<b>Naval Stores:</b>								
Turpentine.....	4,954,808.26	19,915.54	4,974,723.80	7,598,435 1/2	Gallons	-	4,004,651.91	370,071.89
Rosin.....	6,168,000.94	19,792.79	6,187,793.73	174,154,816	Pounds	-	5,916,248.08	271,545.67
<b>Total.....</b>	<b>11,122,809.20</b>	<b>39,708.33</b>	<b>11,162,517.53</b>				<b>10,520,899.97</b>	<b>641,617.56</b>
Peanut Seed.....	579,252.81		579,252.81	7,494,577	Pounds	579,252.81	-	-
Pyrethrum Seed.....	1,359.07		1,359.07	450	Pounds	1,359.07	-	-
Soybeans.....	48,879,132.74	852,303.12	49,731,435.86	29,300,655	Bushels	49,731,435.86	-	-
Soybean Cake and Meal.....	7,239,394.04		7,239,394.04	345,605,395	Pounds	7,239,394.04	-	-
Soybean Seed.....	36,813.77		36,813.77	17,233	Bushels	36,813.77	-	-
<b>Vegetable Oils:</b>								
Cottonseed Oil.....	13,857,026.72		13,857,026.72	109,670,062	Pounds	13,857,026.72	-	-
Peanut Oil.....	771,114.58		771,114.58	5,951,575	Pounds	771,114.58	-	-
Soybean Oil.....	1,495,147.30		1,495,147.30	12,719,066	Pounds	1,495,147.30	-	-
<b>Grand Total.....</b>	<b>\$112,718,939.49</b>	<b>\$893,982.34</b>	<b>\$113,612,921.83</b>			<b>1/5102,450,404.30</b>	<b>\$10,520,899.97</b>	<b>\$641,617.56</b>

1/ Appraised at book value as at March 31, 1943.

COMMODITY CREDIT CORPORATION  
INVENTORIES OF COMMODITIES PURCHASED UNDER THE  
FOREIGN PURCHASE PROGRAM  
AS AT MARCH 31, 1943

SCHEDULE NO. 2

COMMODITIES	PURCHASE COSTS	QUANTITIES
<b>FATS AND OILS:</b>		
Babassu Kernels	\$ 1,203,144.95	19,593,812 Pounds
Babassu Oil	1,146,823.10	9,289,365 "
Cashew Oil	663,610.60	3,145,888 "
Castor Oil	773,138.10	6,732,243 "
Castor Seed	840,622.60	18,643,218 "
Cocconut Oil	9,056,889.20	108,442,296 "
Copra	3,395,927.40	71,359,936 "
Linseed Oil	2,006,951.25	20,310,613 "
Menhaden Oil	359,039.00	4,116,126 "
Neatsfoot Oil	48,419.90	343,145 "
Oiticica Oil	1,087,980.15	4,423,038 "
Ouricoury Kernels	13,679.66	224,356 "
Palm Kernel Oil	71,744.61	863,360 "
Palm Oil	2,441,939.20	34,830,163 "
Rapeseed Oil	1,356,735.60	13,085,668 "
Sardine Oil	2,421,591.65	27,087,857 "
Seal Oil	28,090.83	374,080 "
Sesame Oil	121,104.54	908,459 "
Sperm Oil	972,450.75	13,336,370 "
Sunflower Oil	2,747,133.20	28,881,500 "
Tallow	222,336.70	3,866,725 "
Tung Oil	8,362,951.85	23,767,839 "
Whale Oil	142,543.12	2,084,066 "
Total	<u>39,484,847.95</u>	
<b>OTHER COMMODITIES:</b>		
Cotton (Egyptian)	2,009,003.24	5,333,284 "
Cotton (Peruvian)	2,981,448.03	15,366,839 "
Flax (Canadian)	125,995.58	324,225 "
Flax (Peruvian)	1,349,761.40	2,904,571 "
Glycerine	258,287.45	1,477,502 "
Mermeal	15,913.65	221,800 "
Menone	17,611.10	73,960 "
Sugar (Cuban)	53,806,437.98	2,137,375,888 "
	<u>5,845,210.37</u>	15,032,630 "
Total	<u>65,411,668.80</u>	
Grand Total	<u>\$105,896,516.75</u>	

**COMMODITY CREDIT CORPORATION**  
**INVENTORY OF COMMODITIES PURCHASED UNDER**  
**GENERAL COMMODITIES PURCHASE PROGRAM**  
**AS AT MARCH 31, 1943**

**SCHEDULE NO. 3**

367

COMMODITIES	PURCHASE COSTS	QUANTITIES	
Acids	\$ 1,253,222.80	1,355,010	Pounds
Baking Powder and Soda	12,507.91	333,738	"
Barley Products	209,837.08	7,538,042	"
Beans, Canned (Pork & Beans)	4,355,986.80	90,369,949	"
Beans Dried	18,780,542.93	333,340,758	"
Beverages	3,477,811.25	9,068,412	"
Biscuits (Hard Bread)	7,575,560.79	57,956,776	"
Candles	16,515.91	89,680	"
Carofene	119,879.96	5,467	Kilograms
Cereal Products	1,941,554.08	64,165,037	Pounds
Citrus Juices, Canned	1,980,791.52	23,371,979	"
Citrus Juices, Concentrated	4,609,229.36	866,162	Gallons
Citrus Oils	209,227.62	109,381	Pounds
Concentrated Foods	49,836.06	334,920	"
Condiments	150,572.35	4,151,653	"
Confections - Chocolate	198,483.39	1,110,837	"
Corn Starch	2,483,769.43	75,734,267	"
Corn Sugar	43,566.23	850,300	"
Cotton Linters	73,453.20	1,144,866	"
Cotton Raw	44,596,458.00	413,925	Bales
Dextrose	5,246.63	110,000	Pounds
Eggs, Dried	103,296,032.46	93,966,068	"
Eggs, Frozen	1,711,213.63	3,320,111	"
Eggs, Shell	11,201,324.96	43,113,955	"
Essential Oils	458,060.59	76,725	"
Feed, Miscellaneous	1,519,730.42	59,432,197	"
Fish, Canned	49,036,644.24	201,653,542	"
Fish Dried Salt	237,956.87	1,597,628	"
Fish Liver Oil	240,521.86	87,100	Gallons
Flavorings	247,937.78	1,141,149	Pounds
Flour Graham	46,087.30	1,041,348	"
Flour Wheat	7,681,659.67	285,868,748	"
Fruits, Canned	6,408,713.20	67,099,965	"
Fruits, Dried	25,110,169.37	146,762,208	"
Fruits Fresh	1,075,529.55	11,515,202	"
Fruits Pulp	3,514,022.23	38,960,141	"
Gelatine	94,751.03	449,790	"
Hops	13,604.23	49,410	"
Insecticides	8,343.13	133,150	"
Jams & Marmalades	958,715.06	5,601,579	"
Kola Nuts	1,302.00	2,020	"
Lard	20,168,571.15	128,391,580	Pounds
Linseed Oil	3,256,324.02	21,555,219	"
Macaroni	26,281.81	312,150	"
Malt	11,490.88	81,658	"
Meat Products	267,116,258.86	849,774,575	"
Milk Condensed	625,069.26	117,987	Cases
Milk Dry Skim	20,953,957.33	133,574,198	Pounds
Milk Evaporated	82,056,660.28	20,580,073	Cases

COMMODITIES	PURCHASE COSTS	QUANTITIES	
Milk Products (Butter & Cheese)	32,293,322.99	72,668,747	Pounds
Naval Stores	1,288,567.01	30,319,273	"
Oat Cereal	1,851,113.38	49,684,120	"
Oleomargarine	7,091,176.78	47,279,566	"
Olives, Canned	36,000.00	180,000	"
Peanut Butter	47,433.16	208,104	"
Peanuts	70,750.34	799,168	"
Peas Dried	10,602,076.87	160,173,845	"
Pectin	354,006.64	2,375,953	"
Pimientos, Canned	47,160.00	220,080	"
Pomace, Dried Apple	7,468.91	135,214	"
Popcorn	7,420.00	112,000	"
Poultry	11,266.20	28,148	"
Poultry Canned	460,616.24	378,220	"
Ration	692,863.79	1,232,940	"
Relish	590,647.85	1,845,256	"
Riboflavin	40,460.80	67,632	Grams
Rice	17,810,778.27	280,351,920	Pounds
Salad Dressing	9,672.62	55,596	"
Soap	2,164,161.24	29,962,722	"
Sorboses	84,598.04	41,699	"
Soup, Canned	276,878.34	3,255,824	"
Soup, Dehydrated	1,403,745.02	5,409,814	"
Soybeans Dried	121,923.63	2,793,148	"
Soy Flour	1,202,629.90	20,164,025	"
Soy Grits	2,178,015.86	48,348,071	"
Sugar, Granulated	22,085,341.06	434,106,421	"
Sugar, Raw Cuban	1,351,728.20	47,433,685	"
Syrup, Canned	430,886.80	5,815,459	"
Tomato Products	3,929,992.75	45,917,048	"
Vegetables, Canned	9,647,439.32	121,515,796	"
Vegetables, Dehydrated	3,118,890.11	8,031,830	"
Vegetables, Fresh	411,047.18	13,371,732	Pounds
Vegetable Oil Products	24,940,051.34	169,358,627	"
Vitamin "A"	1,774,540.19	11,157,045	Million Units
Vitamin "B-1"	2,888,424.90	6,896	Kilograms
Vitamins Miscellaneous	2,688.19	687	Kilograms
Walnuts, Shelled	559,543.09	1,445,930	Pounds
Yeast, Dry	265,018.00	490,052	"
Supplies Miscellaneous:			
Can Openers	171.00	3,000	Units
Safety Matches	275,375.71	1,655,700	Pounds
Special Packs	1,050.00	3,000	Units
Toilet Paper	7,095.00	119,553	Pounds
	<u>851,643,823.08</u>		
Dair Products:			
Butter	<u>620,733.22</u>	1,294,651	Pounds
<b>GRAND TOTAL</b>	<b><u>\$852,264,556.30</u></b>		

## TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE Feb. 2, 1944

TO Secretary Morgenthau

FROM Mr. White *HDW*1. Stabilization Fund's Gold Transactions

During the three months ending December 31, 1943, the Stabilization Fund sold approximately \$197.9 million in gold to foreign countries principally to be earmarked for their accounts with the Federal Reserve Bank of New York. Sales by countries were as follows:

<u>Country</u>	<u>Sales in millions of dollars</u>
Argentina	61.849
Brazil	29.925
Cuba	15.000
Ecuador	2.468
Iran	3.000
Ireland	2.275
Paraguay	.500
Peru	4.988
Switzerland	9.976
United Kingdom	50.000
Uruguay	12.469
Vatican City	.499
Venezuela	<u>5.000</u>
Total	197.949

During the same period, the Stabilization Fund sold \$9.2 million in gold to acquire local currency in India and the Middle East for the purpose of financing United States war expenditures. Sales by countries were as follows:

<u>Country</u>	<u>Millions of dollars</u>
India	7.387
Iran	1.354
Egypt	<u>.494</u>
Total	9.235

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The Fund purchased approximately \$5.1 million in gold from the earmarked account of the Royal Netherlands Government.

In order to maintain its gold balance, it also made net purchases of \$237.5 million in gold from the Treasury General Fund, the gross purchases from the General Fund of \$243.9 million being partly offset by the sale of \$6.4 million in gold to the General Fund.

As a result of the above transactions there was a net increase of approximately \$35.5 million in the Stabilization Fund's gold holdings to about \$42.9 million as of December 31.

## 2. Treasury Gold Stock

During this quarter, the Treasury's gold stock decreased \$237.5 million from \$22,175.0 million to \$21,937.5 million as of December 31. Known and estimated sales and acquisitions were as follows:

<u>Sales</u>	<u>Millions of dollars</u>	
Sold to the Stabilization Fund	243.9	
Sold to industry	6.9	
Miscellaneous	<u>1.6</u>	
Total		252.4
 <u>Acquisitions</u>		
Bought from the Stabilization Fund	6.4	
Newly-mined domestic	3.6	
Imports sold directly to mints and assay offices	4.2	
Miscellaneous (coin and scrap)	<u>.7</u>	
Total		<u>14.9</u>

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Net decrease in the Treasury gold stock                   \$237.5

3. Total Gold Holdings of the United States

	<u>September 30, 1943</u>	<u>December 31, 1943</u>
Treasury Gold Stock	\$22,175,033,177	\$21,937,509,984
Stabilization Fund Gold	<u>7,448,075</u>	<u>42,907,236</u>
Total	\$22,182,481,252	\$21,980,417,220

The decrease in the gold holdings of the Treasury and the Stabilization Fund during this quarter was \$202.1 million.

NOT TO BE RE-TRANSMITTEDCOPY NO. 12BRITISH MOST SECRET  
U.S. SECRETOPTEL No. 38

Information received up to 10 a.m., 2nd February, 1944.

1. MILITARY

ITALY. No further information received.

RUSSIA. Russians have captured KINGISEPP and NOVINKA, 34 miles S.W. LYUBAN, on Leningrad - DNO railway and are also within 7 miles of LUGA.

2. AIR OPERATIONS

WESTERN FRONT. 1st. Beaufighters sank a Minesweeper, set fire to a 5,000 ton ship, and damaged an escort vessel off NORWAY.

1st/2nd. Mosquitoes were despatched: BERLIN, 12; (one missing); KREFELD, 3; AACHEN, 3; Intruders 3.

ITALY. 30th. 215 escorted Fortresses and Liberators dropped 258 tons on four airfields in N.E. ITALY with good results. 22 enemy aircraft reported destroyed on ground and combat casualties 73, 12, 6, for loss of five bombers and three fighters. In battle area 105 Medium, Light and Fighter Bombers attacked enemy communications and gun positions.

ALBANIA. 30th. Liberators dropped 70 tons on Radar Station at FIER, north of VALONA.

TREASURY DEPARTMENT

1944 FEB 5 PM 2 13

Regraded Unclassified