

London, England, March 23, 1944

No. 14,623

BY AIR POUCH

Economic Warfare (Blockade) Series: No. 839

Subject: Meeting held at M.E.W. on March 16, 1944 to discuss the possible reception in Switzerland of children from German-occupied countries.

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

Sir:

I have the honor to refer to the Embassy's telegram No. 327 of January 13 and to transmit six copies of the minutes of a meeting held at the Ministry of Economic Warfare on March 16 to discuss with the Swiss the possibility of the reception in Switzerland of children from German-occupied countries.

Prior to the autumn of 1942, about 23,000 children were received in Switzerland from various parts of Europe; the children usually remaining in Switzerland for three months and then returning to their homes. According to the Swiss, transportation difficulties were principally responsible for the termination of this scheme in 1942 and remain the chief obstacle to a renewal of this scheme or the institution of a similar one.

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Although the Swiss think that the German Government is aware of the Swiss desire to receive additional children, no official approach has yet been made to the German Government. When asked whether their Government would now be prepared to approach the German Government officially on this matter, Professor Keller and Dr. Rezzonico promised to put the suggestion to Bern.

Respectfully yours,
For the Ambassador:

Ware Adams
Second Secretary of Embassy
Economic Warfare Division

Enclosure:

6 mimeographed copies of above-mentioned minute.

Suggested distribution by the Department:
Foreign Economic Administration, Washington.

MC:JH

(Despatch sent in original and hectograph to Department)

Record of meeting held at
the Ministry of Economic Warfare on March 16th, 1944.

Present:-

Mr. D. M. Foot (in the Chair))	
Mr. Bliss)	M.E.W.
Mr. Camps)	
Mr. Seebohn)	
Mr. I. L. Henderson, Refugee Department, F. O.		
Mr. J. Bowering, Foreign Office.		
Sir H. Emerson)	Intergovernmental Committee on Refugees.
Dr. Kuhlmann)	
Mr. Riefler)	E. W. Division American Embassy.
Mr. Ware Adams)	
Miss Camp)	
Professor Keller)	Swiss Legation.
Dr. Rezzonico)	
M. J. de Rhan)	

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Mr. Foot, in explaining that the purpose of the meeting was to discuss the possibility of the reception in Switzerland of further children from German-occupied countries, said that the attitude of the British and United States Governments was set out in the letter he had sent to M. Thurnheer on 16th September last. He wanted to say that, realizing what a very heavy burden Switzerland is already carrying in the matter of refugees, there being a total of at least 69,000 already in Switzerland, H.M.G. greatly appreciated the attitude of the Swiss Government in being ready to consider an even further burden. When the matter was recently discussed in Berne by H.M. Minister and the Swiss Government, we had been given a very sympathetic reply.

There were three things that ought to be considered - firstly how far the Swiss Government considered that it could contemplate the reception of further children, secondly what additional imports would be needed through the blockade into Switzerland either now or at a later stage in order to maintain such children, and thirdly what approach, or what form of approach, it might be necessary to make to the German Government, and possibly to the acting governments in occupied countries.

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Professor Keller said that the Swiss were very glad to do what they had done. About 23,000 children had been received, from different parts of Europe, and the Swiss had fed and clothed them from their own resources. The Swiss Government were ready to continue the work on a larger scale, and at the moment saw no necessity to ask for additional imports. It might be that if, say, 50,000 additional children were admitted, they would wish to approach us at a later stage. In the meantime he thought it a good and practical idea to continue the discussions as set out by Mr. Foot.

Dr. Rezzonico, after explaining the organization of the work, said that they could take far more children if necessary. They had had more applications from families in Switzerland to receive children than could be accepted. Families were ready to feed and clothe them from their own resources, and the organizations had made house-to-house collections for coupons, which would be available if more children came. (Some of the children arrived very badly equipped in the matter of clothing). But the main difficulty was transport. Since the autumn 1942 they had not been able to transport the children, despite approaches by the Swiss Kinderhilfe Organization to organizations in other countries, nor could they see any prospect of doing so.

To get matters moving, it might be necessary to approach the government of Germany and the local authorities in occupied countries; this had not yet been done officially, and he would like our views on how it should be done.

In the discussion which ensued the Swiss said that they thought the German Government were probably aware of the position unofficially through their own Red Cross.

On being asked by Mr. Foot whether their government would be prepared to make an official approach to the German Government, Professor Keller and Dr. Rezzonico promised to put the suggestion to them.

Dr. Rezzonico explained that another difficulty which had been encountered was the reluctance of some of the families to allow the children to go, because of the risk of accidents, on the journey, bombing, etc. He further said that many of the children had to be removed from their hosts' homes because of tuberculosis and other disease.

The question of selection of the children then arose, Professor Keller said that the only qualification they had was that of necessity. The children were judged by ill-health or poor surroundings. Had we any other criteria? Mr. Foot said that what we wanted to avoid was any of

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the quisling Governments having a voice in the selection. Mr. Riefler said that he thought it would be easy for the Quisling Governments to make sure that the children of anti-Quislings were not selected. Professor Keller said that this was a question of the independence of the local Red Cross and that he would seek elucidation of this point.

Professor Keller then went on to say that Switzerland would like to extend the scheme to all children suffering from the war. Although they did not think that the Germans would wish to send their children, they wished to make the offer to them. Of course in the case of children from Axis countries they would not ask for help from us. Mr. Foot said that this was quite reasonable, but that if Jewish children from Axis countries were evacuated to Switzerland, we should be willing to help in such cases.

Mr. Riefler asked if the selectors would have access to any part of the territories concerned, and if, the governments of the territories would have to be consulted first. Professor Keller said that this point would have to be cleared up.

He then went on to say that H.M.G. and U.S.C. had offered Switzerland financial help, but that they would not need this at present, as they had a large reserve from collections made in Switzerland. They would go on with the money at their disposal, and if necessary ask us for supplementary imports.

Mr. Bliss then raised the point of scarce commodities. Much as we appreciated the offer of the Swiss not to approach us unless it was absolutely necessary, allocations had to be made a long time ahead, and if the scheme went through it would be as well if the Swiss Government made applications at once, even if the goods were not wanted at once. It would be unfortunate if, because they delayed, we were compelled to refuse. Professor Keller said that the greatest need was for wool and cotton, applications for which were already under consideration at M.E.W. If they could get quotas for these goods, the children and the adult refugees could be supplied from within this quota. Mr. Bliss thought that the Swiss should particularly bear in mind the question of boots, leather and hides, which they promised to do.

Mr. Foot then reverted to the question of numbers, and asked if the figure of 50,000 was the one Professor Keller had in mind. Dr. Cameron and Professor Keller said that this figure could be considered later. They had had thousands of applications from families in Switzerland for children - far more than could be satisfied. They were ready

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to open their doors absolutely wide, and as far as possible to do it out of their own means. With reference to the transport problem, of course they would not have to consider 50,000 children at a time, but successive batches, as when they had done the work before children had been kept for 3 or 4 months and then sent back. Sir H. Emerson asked what was likely to be the maximum number of children in Switzerland, out of 25,000 at a time, but Dr. Rezzonico said that it was difficult to say. Mr. Foot said that it might very well happen that in the conditions that might arise in Europe this year it would be impossible to send the children back, and what was to happen then. Professor Keller said that this eventuality would present no difficulty. Children had been kept for longer periods before. The usual age of the children was from 6 to 12, but they had had babies in arms.

Mr. Camps said that presumably the Swiss would not ask the Germans to approve a large-scale cut-and-dried scheme, but merely ask them to accept batches of children at the time. Professor Keller said they would put it to the Germans that they were ready to accept the children and continue the work. If necessary he would ask his Government if they would be prepared to make a direct approach to the Germans. They would leave the question of a figure to Berne. They would also submit to Berne the possibility of discussing alternative programmes - either a definite scheme covering so many children, or groups of children to be sent in as possible.

The discussion then centered around which countries should be selected in view of the language difficulty. Mr. Camps said that although the Germans had evinced no desire to send their children, their attitude might be expected to undergo a change in the near future. Dr. Rezzonico said that this had not happened so far, but that it would help the general scheme to offer to take German children.

Mr. Foot asked whether any other form of housing had been considered - such as camps, etc. Professor Keller said that on previous occasions they had sent some children to camps in the Alps. They had found that poor children who were received into wealthy homes went back spoiled and discontented. Mrs. Sulzer and a group of her friends had retained some children in homes in the Alps, and the children were much happier there, under the care of a nurse.

Sir Herbert Emerson asked if children would be considered who had lost their parents, or whose parents had been deported or sent away to do forced labour. Dr. Rezzonico said that they had previously had many

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children who knew nothing of the whereabouts of their families. Mr. Bliss suggested that the right definition was "children not under the care of their parents" which covered orphans and refugees.

Mr. Foot asked if it would be possible to indicate to the selectors that they should look out particularly for Jewish children, and Mr. Efler said that if very few Jewish children arrived, it would mean that the selectors were not impartial, and should be warned. Dr. Kulmann explained that many of the Jewish children in the west are in hiding, and have faked gentile ration cards and documents. Any interference might upset the existing state of things.

After further discussion it was decided that "children whose parents are not in a position to give them proper care" should be recommended especially to the selectors.

OFFICE OF THE PERSONAL REPRESENTATIVE
OF THE PRESIDENT OF THE UNITED STATES

New Delhi, India

No. 394

March 23, 1944

Subject: Standing Finance Committee of the Indian
Legislative Assembly Approves Payment of
Indian Quota for Inter-Governmental Relief
Committee.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to report that on March 18, 1944, the Standing Finance Committee of the Indian Legislative Assembly, under the chairmanship of the Finance Member of the Viceroy's Executive Council (Sir Jeremy RAISMAN), approved a proposal to pay India's contribution towards the administrative expenses of the Inter-Governmental Relief Committee which was set up in 1939. The invitation to India to become a Member-Government has been accepted subject to approval by the Legislative Assembly. The approval by the Standing Finance Committee is the first step towards that end. India's share of the administrative expenses of the Committee, it is stated, has been estimated at L2,700 per annum but its quota for the first sixteen months (September 1943 to December 1944) will be only L1,176.

An unofficial note on the subject issued by the Principal Information Officer of the Government of India comments on India's connection with the Committee as follows:

"Under present arrangements, the work of the organization in the case of India affects only refugees from the Balkans, Russia and Turkey. Until the scope of the Committee's operation is extended to areas from which there has been a substantial move of India's nationals, it is not proposed that India should take any further active interest in the Committee.

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"The Committee is required to work in collaboration with the U.N.R.R.A., whose functions are wider than those of the former, as they relate to post-war international economic reconstruction as opposed to assistance to refugees which is the function of the Committee."

In this connection reference is made to the Department's circular airgram of January 26, 7 p.m. with respect to the executive order of the President of January 22, 1944, regarding the establishment of a War Refugee Board to take all measures possible to rescue Jewish and other persecuted minorities who are in imminent danger of death at the hands of the enemy. On February 21, 1944, the Mission made inquiry as to the action and intentions of the Government of India with respect to aid to such refugees. A reply has not been received and further inquiry is being made. From the statement quoted above, however, it appears that the Government of India intends to limit its assistance in this respect to the payment of India's share of the administrative expenses of the Inter-Governmental Relief Committee.

Respectfully yours,

George R. Merrell
Secretary in Charge

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STM/sa

Copies to: American Consul General, Calcutta
American Consul, Bombay

(To Department in original and hectograph)

cc: Miss Chauncey (For the Sec'y), Abrahamson, Aksin, Bernstein, Cohn, DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Luxford, Mann, Mannon, Marks, McCormack, Murphy, Paul, Pehle, Pollak, Rains, Sargoy, Smith, Standish, Stewart, Weinstein, H. D. White, Files

WORLD JEWISH CONGRESS

CONGRES JUIF MONDIAL CONGRESO JUDIO MUNDIAL

330 WEST 42nd STREET
NEW YORK CITY

March 23, 1944

Mr. John Pehle
War Refugee Board
Main Treasury Building
Washington, D. C.

Dear Mr. Pehle:

I was very glad of the opportunity to have a talk with you in your capacity as Director of the War Refugee Board. Your appointment was a source of great encouragement to all of us who know you and are impressed with your deep interest in the problem and your determination to achieve results. I was especially gratified to note your sympathetic reaction and understanding of all the projects I discussed with you and your colleagues yesterday.

I am enclosing the three memoranda for which you asked. The report of the Jewish National Committee from Poland, to which one of them refers, will be sent to you from our New York office, as I have no copy of it here.

I will appreciate it if you will let me know as soon as possible the decisions on the Polish situation and the Jews in France.

With best wishes and kind regards.

Sincerely yours,

/S/Nahum Goldmann
Nahum Goldmann

Washington, D. C.

March 23, 1944

MEMORANDUM: War Refugee Board

During my stay in London, I had occasion to meet with the various governments-in-exile, with members of the British Foreign Office, with Sir Herbert Emerson and his staff, a great number of British members of Parliament, journalists, publicists, and leaders of public opinion. They were all deeply interested in the news of the establishment of the War Refugee Board. Some attempt was made, unofficially, in British circles to whittle down the impression made by this news, by characterizing it as window-dressing and a political maneuver in an election year. I did my best, and, I believe, with some success, to convince all those with whom I talked and the private groups which I addressed, that the War Refugee Board meant real business and was set up because of the sincere desire of the American Government to do something effective to save the Jews of Europe. On the whole, though, the creation of the Board made a very deep impression.

I suggested to various governments-in-exile, that they take similar action and establish War Refugee Boards of their own on which should be appointed high officials assigned to deal exclusively with the problem of saving European Jews. The Polish Government decided to set up such a Committee, which will soon be announced. The French Military Association agreed to appoint a high official in Algiers to deal with the question of the rescue of Jews and has instructed M. Boris, its representative in London to lend his support. A similar assurance was given to me by President Benes and Mr. Masaryk, whose department is in charge of such activities. The representatives of the Dutch, Belgian and Norwegian governments had several talks with representatives of the World Jewish Congress in London concerning their participation in such work and are prepared to allocate considerable amounts of money for saving deported or hidden Dutch, Belgian and Norwegian Jews.

In general, I am convinced that the creation of the War Refugee Board has helped enormously to make all these governments conscious of their responsibilities in this matter. I came back from London with the definite impression that all these governments, not excluding the British, will sooner or later follow the policy of the American Government, which today, is the farthest ahead in its understanding and methods. But the initiative will have to continue to come from Washington. As regards Great Britain, public opinion was also greatly impressed by the creation of the War Refugee Board, as indicated by numerous articles in the British press. Wide sections of Parliament, especially the Committee to save the victims of the Nazi terror, of which Miss Eleanor Rathbone, M.P., is the leading member, were ready to renew their public campaign in order to get the British Government to adopt policies similar to those of the War Refugee Board.

Nahum Goldmann
/s/N.G.

Washington, D. C.

March 23, 1944

MEMORANDUM: On Report of Jewish National Committee--Poland

As is shown in the report of the Jewish National Committee (to follow), there are only 200,000, or less, Jews left in Poland, out of a population of more than three million. According to the report, the only way of saving the remnant still alive is to put funds at the disposal of the Jewish National Committee in Poland for releasing the survivors from concentration camps and arranging for them to live as Poles, or to organize their immigration into Hungary, if that is still possible after the Nazi occupation. For these purposes considerable amounts of money are necessary, in dollars, as no one in Europe will accept pounds.

The Polish Government has already sent three million slots to the Jewish National Committee and would be prepared to send more, if they had dollars. The Budget of the Polish Government is provided by the British Government in pounds. The Polish Prime Minister and the Minister of the Interior, with whom I conferred, told me that there was an item of five million pounds in their budget for use in Poland, which cannot be spent, because it is useless to send pounds into Poland. It is, therefore, necessary to find ways of putting considerable amounts in dollars at the disposal of the Polish Government, in the form of a loan, a donation, or as an exchange for pounds, which can be used in London. The Polish Embassy in Washington is, naturally, ready to discuss the details of such a transaction with the American Government.

Finally, may I point out that an immediate decision is necessary. The money must be taken to Poland by plane. As the nights are growing shorter with the approach of summer, it is increasingly difficult to send planes there. I urge, therefore, that this matter be taken up as soon as possible and that, if necessary, the Polish Embassy be called in to discuss details.

Nahum Goldmann

/s/ N.G.

Washington, D. C.
March 23, 1944

MEMORANDUM: JEWS IN FRANCE— Reports of Underground Movement

The reports I received in London from French Jews active in the French underground movement, who came to London to meet me, indicate that the number of Jews in France, and, perhaps in Holland and Belgium, is larger than some of us had thought. Some estimate the number of Jews in France as 300,000, others at 200,000. Most of them are in hiding, with false passports, as French Catholics. This is true of many Jewish children also, who are living with French peasants. In addition, there are tens of thousands living in their old residences, as Jews, and constantly menaced with deportation. It is recognized that the nearer the invasion, the more disposed the Germans will be to deport these French Jews, and it is known that the Germans have asked the Vichy Government for the names of all French Jews, usually a prelude to deportation.

The only way to save those adults and children still registered is to facilitate their escape into Switzerland or Spain. Switzerland will admit children and old people, but has some restrictions as regards the young and adult groups. Some action should be taken with respect to this, with the Swiss Government. Spain will admit all age groups. The difficulty of organizing the escape into Spain or Switzerland, is that in many cases professional smugglers must be employed. They charge large sums of money, about \$800.00 per capita, for such escapes. The Geneva office of the World Jewish Congress is doing a great deal to facilitate the escape of children from France and has recently brought 500 children into Switzerland.

During my discussions with French Jewish underground workers, active both in France and in London, a scheme was developed for organizing a small clandestine group in France, to organize the escape of those in danger. I discussed this plan with the French Commissar of the Interior, M. D'Astier, who is also in charge of the underground work in France, and was in London on his way from Algiers. He, in turn, discussed the matter with the French official in London in charge of underground activities in France—A French Jew, M. Boris. Both were in favor of the scheme and gave instructions to the French underground movement to assist such an organization when it is established. The French underground movement cannot, itself, undertake to do this, because it has not the necessary manpower.

The World Jewish Congress has a number of young men at its disposal, who are experienced underground workers, both in London and Switzerland, ready and able to go to France to organize this work. Their efficiency would be greatly increased if one of the governments which has been doing underground work in France would be ready to lend technical assistance (transportation facilities, radio equipment, etc.). In my opinion this would be the most effective, if not the only way, to save hundreds of thousands of Jews escape from France. It would be enormously helpful if the War Refugee Board were ready to support such a scheme by giving American authorities in charge of similar activities, instructions to lend such technical assistance as is necessary.

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This activity of the World Jewish Congress will be directed from London and Lisbon. The representative in charge in Lisbon is Isaac Weisman, Avenida Libertada 179, who is known to the American legation in Lisbon. M. Baron, who is in charge in London and is the head of the Committee of French Jews, is experienced in this work. It is my suggestion that the War Refugee Board, if prepared to support such a scheme, instruct someone in London and Lisbon to contact Mr. Weisman and M. Baron--the latter can be reached 55 New Cavendish Street, London, and discuss details with them.

I would be grateful for an early reply on this question, as the organization of the work depends to a large extent on whether technical assistance from the American Government would be forthcoming.

Nahum Goldmann
/S/N.G.

WORLD JEWISH CONGRESS
CONGRES JUIF MONDIAL CONGRESO JUDIO MUNDIAL
330 West 42nd Street
New York 18, N.Y.

March 23, 1944

Mr. John W. Pehle
War Refugee Board
Main Treasury Building
Washington, D. C.

Dear Mr. Pehle:

Enclosed you will find various memoranda from the Jewish National Committee in Poland. In the meantime, I am sure that you have received the three short memorandums which I dictated in Washington and which I asked my secretary to deliver to you today. I will be in Washington at the end of next week and hope to see you or one of your collaborators.

I should like to tell you that I had an opportunity to see Mr. McCloy at the War Department who raised various questions concerning the rescue of European Jews with me. I shall report to you regarding this next week. When I told him of our scheme in France to organize the escape of Jews he felt that the technical help which we may need from the military authorities could be obtained. I want you to know this.

With kindest regards, I am

Very sincerely yours,

/s/ Nahum Goldmann

Dr. Nahum Goldmann

NC:BL

STRICTLY CONFIDENTIAL

To DR. SCHWARZBART, London

Dear Doctor:

We write to you with the blood in which tens of thousands of our Jewish martyrs are perishing. We are now living through the Epilogue of our terrible tragedy. The Nazi barbarians, in the face of their defeat, are murdering off the pitiful remnants of the Jewish population.

They began with the Lublin District which lies in the path of the approaching front. In this district the Germans had concentrated a number of camps where 40,000 Jews heretofore vegetated - most of them from Warsaw and the District of Lublin. The largest of these camps are: Trawniki (10,000), Poniatow (15,000). We were in constant touch with all those camps; we helped them as much as we could; we furnished them with money and arms.

On Wednesday, November 3, 1943 at 6 A.M. all the men in Trawniki were called out for the alleged purpose of digging air-shelter trenches. After two hours they were encircled with machine-guns and all of them, without exception, were shot down. In the meantime 50 trucks drove into camp. All the remaining women and children were loaded on them and taken to an extermination point where they were forced to strip of their clothing and were then machine-gunned in the same fashion as the men. After this massacre, 3,000 Italian Jews were brought to this camp and the same fate awaits them.

A similar massacre took place in Lublin on Friday. Several thousand Jews were murdered there. Almost simultaneously a bloody "selection" took place in the camp at Poniatow. The greater majority of the camp inhabitants, almost all women and children, were sent to their deaths.

During the first days of November, the Germans began liquidating the Jewish camps in the Second District, which is near the front, in Eastern Galicia. In one camp in Lwow, on Janowska Street, where there were approximately 7,000 Jews, the Germans "selected" 2,000 whom they murdered in bestial fashion at the execution-place, at Plaski Place.

We have not the slightest doubt that within the next days and weeks all the remaining Jewish centers, camps and few existing ghettos will be effaced.

We are now making desperate efforts to rescue from the camp the most important individuals of our social and cultural elements, this is, however, a monumental undertaking, involving effort and money. We are convinced that within a very short time there will remain only those few tens of thousands of Jews of the (original 3,500,000 Jews of Poland) who are hiding outside of the ghettos and camps, either in the Aryan quarters or in the forests where they live literally like cave-men.

Last month we estimated that there were only between 250-300,000 Jews left in Poland. It is our opinion that in a few weeks there will only remain about 50,000.

During their dying moments, the remnants of Jews in Poland cried out to the world, begging for help.

We know that you are with us heart and soul and that you experience deeply our martyrdom which is unexampled in history. We also know that you are powerless. But let those circles who could have helped us at least know what we think of them!

The blood of 3,000,000 Polish Jews will take revenge not only against the Nazi murderers, but against those indifferent elements which have contented themselves merely with words but have done nothing to rescue from the hands of the beasts a people doomed to extermination. This we, the last of the Mohicans of the Jewish population, can never forget or forgive.

May this - possibly the final cry from the depths - reach the ears of the world!

We want all Jews, and the world at large, to know that our youth nobly defended the life and the honor of its people. Since the heroic epic of the Warsaw Ghetto we have in recent months, written the grand and glorious chapter of the Jews of Bialystok. This took place at the end of August. On the 17th of August there began the liquidation of the only large ghetto in the East of Poland in Bialystok - more there were approximately 40,000 Jews. During the first three days of this action, 7 transports of victims were taken to the death-camp at Treblinka. In addition, a passenger train, filled with children, left Bialystok. There were two Jewish nurses in each car. It is the general conviction that, before going to their deaths, these children were to furnish their blood for wounded German soldiers. On the fourth day of the action, the fight began. Bloody combats took place in a number of streets. Just as in Warsaw, the Germans entered the ghetto in armored trucks and equipped with field artillery. They brought along about 1,000 gendarmes and SS-men and a number of Ukrainian detachments.

The Jews retaliated mostly with grenades and incendiary bombs; they also had a few machine-guns. They fought with frantic determination which reaped the admiration of the population of the city and the district. Several hundred Germans and Ukrainians fell or were wounded during the battle.

In order to crush the uprising the Germans did what they had done in Warsaw - they set the ghetto afire. The bitter fight lasted 8 days. But the Jewish resistance was not weakened and lasted for another month, into the middle of September. The heroic battle in Bialystok will share its place in history with the resistance of Warsaw.

During the last few months, the Jews have engaged in two other uprisings which were of great symbolic importance. They destroyed two extermination-centers - the death-camps at Treblinka (near Malkin) and Sobibor (in the District of Chelm-Lublin). At both camps, the remnants of the Jewish victims who were awaiting death organized in fighting-"fives" and at a pre-arranged moment, launched their attack; throwing themselves fiercely upon the German and Ukrainian guards, they disarmed and killed the majority of them, burned down the gas-chambers and the "living-crematoria" and after having accomplished this, escaped to the neighboring forests.

News of these heroic deeds flashed over the length and breadth of the country.

But the Jews resisted not only in Warsaw, Bialystok, Treblinka and Sobibor; similar organized uprisings took place in Czestochowa, Bandzin, Wilno, Tranow, and in a number of smaller localities.

The final liquidation of the ghetto of Tarnow took place on the 1st, 2nd and 3rd of September, 1943. One hundred and fifty Jews at a time were loaded into freight-cars, the floors of which were covered with a layer of carbide and dry lime.

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The carts were then sealed, doused with water and sent to destruction. All the children of the ghetto were concentrated in one building. They were told that they were to be taken away to a nursery. The building was then hermetically sealed and blasted into the air. While the liquidation was going on, the Jews began an active resistance. The Germans used grenades and smashed the resistance.

In the battles in the abovementioned cities, men of all ideological leanings fought together as comrades - Chalutz youth, Shomrim youth, Poale-Zionists and "Sundists". They were bound by ties of death, not of life; they fought side by side for the honor and the glory of the Jewish people. Through the Jewish Fighting Organization, we exerted ourselves in the organization and strengthening of the fight.

Aside from this Jewish Fighting Organization we have also concentrated our efforts on rendering assistance to the Jews who are still in camps or are hiding in Aryan quarters. We are trying to rescue important individuals from the camps; we have succeeded in saving a number of social and cultural leaders.

We still maintain contact with the Jews in the camps, through our emissaries with whom we constantly send financial aid, documents, etc. We distribute greater sums to Jews who are in hiding in Aryan quarters, provide them with documents and find them shelter (the most difficult task of all). We have managed to save a proportionately large number of our social and cultural leaders.

The defense and relief work we conduct under the most difficult conditions of a people's conspiracy - always in terror of German retaliation which is directed at Poles as well; daily there are "seizures" in the streets of Warsaw where the pavements frequently run with the blood of Polish hostages.

We are only a small group of workers left alive; we have made it our duty, despite the incredible obstacles, to serve the remnants of our exhausted people. We are determined to fulfill this duty - regardless of hardship - until the last drop of our blood.

We have been conducting our activities as the Jewish National Committee, for almost a year. The following parties and organizations are included in the Committee: General Zionists, Poale-Zion Right, Poale-Zion Left, Hechalutz, Hashomer Wazair, Erer, (Right Poale-Zion Youth), Akibah (General Zionist Youth) and Borochia (Kitchduth Youth Organization). The Jewish National Committee is headed by a Presidium of three persons: Dr. A. Berman (Borowski), Icchak Cukerman and E. Kaftor (Kaftor: Hebrew, button; this is undoubtedly Guzhik, the representative of the J.N.C. in Poland; "Guzhik" is Polish for button - M.P.) Among our closest collaborators are: Dr. Emanuel Ringelblum, Cywia Lubetkin, Advokat Gottesman (Krakow), Josef Eack, Lejzor Lewin, Szelema Grajek, Szymon Rathouser, Pola Elster, Hersz Berlinaki, Basia Temkin-Berman. Unfortunately, due to their non-Aryan appearance, the majority of those mentioned dare not venture out of their homes and therefore the bulk of the complicated and hazardous work falls to just a few. The atmosphere obtaining in the Jewish National Committee is one of brotherly and harmonious cooperation. The J.N.C. is in contact with the "Bund" with which it coordinates its work. The Jewish National Committee and the Bund established a Jewish Coordinating Committee. Neither the Jewish National Committee nor the Jewish Coordinating Committee is political in character. The purpose of the J.N.C. is to coordinate all resistance and relief activities and is the chief representational body of the living remnants of the Jews in Poland. The main part of the practical work of this Committee devolves upon us (The Jewish National Committee - M.P.). The Jewish National Committee actively participates in the work of the Relief Council for the Jews, under the auspices of the Delegate of the Polish Government.

The Secretary of the Relief Council is the Jewish National Committee representative in the Council.

Aside from these contacts, the Jewish National Council is in direct contact with the Department of National Minorities (also under the auspices of the Delegate of the Government) as well as the Department for Jewish Affairs established by the Commandant of the Military Forces in the Country. A very warm and close relationship exists between the Jewish National Council and the representative of the Fighting Underground Poland.

Aside from its defense and relief work, the Jewish National Council is also engaged in amassing the most comprehensive material and documents of this unexampled martyrdom of our people. The historian Dr. Ringelblum, Herzl Wasser, the writer Rachel Auerbach and others conduct this branch of our work.

Until very recently, our work was conducted under the greatest financial hardships. Up to June, 1943 we had no funds to dispose of and the scope of our activities was, for that reason, greatly restricted.

In the course of the whole year, there trickled in two rather small sums of money for the organizations represented in the Jewish National Council. This money was transmitted through the intermediation of the "Bund". \$3,000 more came in from the Right Poale-Zion. The second money transmission was \$1500 which had been sent to the Poale-Zion (\$1000 Left Poale Zion, \$500 Right Poale-Zion).

In June, we received our first comparatively large sum - \$10,000 sent from abroad for the general Zionists and the Right Poale-Zion. Later, in July, August and September, we received three different installments of \$10,000 on account of the 10,000 pounds sent to us by you. Thanks to these funds we were able to extend our activities in all fields, but compared to the tremendous need and the huge sums required to organize the resistance and to furnish the relief necessary, these sums were still far too inadequate. Only recently, November 1943, we have begun to receive larger installments of the sums sent by you. Altogether, in the very near future, we are supposed to receive the last installment, \$10,000 (of the sum of 10,000 pounds) and \$20,000 (5,000 pounds) and \$36,000 (9000 pounds) - all of which were only very recently received from you by the Delegate. The sum total, \$66,000.

Aside from the abovementioned, we have been informed that a new transmission of 15,000 pounds has been received from you. We thank you in the names of all our organizations. This money will enable us to expand our relief and resistance preparations.

Also, for many of our brothers, this aid came too late! But still, we are hopeful that with the money we now have at our disposal, we may still be able to save a number of important people and come to the aid of thousands of unfortunate Jews in their tragic and difficult hour. More help from you is urgently and immediately needed!

You must remember that the rescue of one individual from camp involves a sum of 50,000 zlotys and the installation of one person in an Aryan quarter requires the expenditure of 5-10,000 zlotys.

Your cables and letters furnish us with a few moments of joy in our hour of tragedy and pain. We feel that we are not alone. We have received your letters of July 21st (from Dr. Schwartzbart to Warsaw and Krakow; letter from Berl (Berl Locker)); (letter from Committee for Rescue of Jews in Occupied Europe) and read

them with great joy. We did not receive the letters from Tabenkin and Jaari (leaders of the Histadruth in Palestine - M.P.).

We received your cables of September 27th and October 4th, 1943. Let us know about the concrete aims and possibilities of your action in Stockholm, to rescue children. Is this a question of exchange? There are only a small number of Jewish children left alive. Rescue them from certain death!

This week we heard alarming news about the Jews in the camp for foreigners in Bergen, near Hanover. About 4,000 Polish Jews were in that camp, among them well-known personalities, like: the writer J. Perle, the leader Antoni Buksbaum (leader of the Left Poale-Zion -M.P) and a number of others. The camp was supposed to be under the wing of the International Red Cross. It is said to have been liquidated - the same as the camps in the Lublin District. You must immediately undertake an intervention with the Red Cross and the Swiss Legation in Berlin! In that camp there are also citizens of South American countries. We have also been hearing disturbing rumors about the camp in Vittel (Alsace). You must keep a watch out for these two camps. Inform us immediately of the situation.

We inclose in this letter a number of letters to various organizations, an answer to your questionnaire, a report about the activities of the Jewish Fighting Organization, a list of those who fell during the defense of the Warsaw Ghetto and a short financial report.

Please transmit our gratitude and greetings to the Jewish Agency, the Executive (of the Zionist Organization -MP), the Committee for the Rescue of Jews and all brotherly organizations of all leanings.

Chaim and Eliaz (Dr. Chaim-Hilfstein and Eliaz Tisz of Krakow - M.P.) greet you warmly. They are in a camp at Ploszow, near Krakow. We are trying to induce them to escape but they have refused since the Germans apply collective responsibility at the camp and 50 Jews are shot for every one who escapes.

In the District of Krakow, in camps and concentration-centers, there are about 15,000 Jews whose fate is sealed.

Advocate Gottesman of Krakow is now in Warsaw (he is in the Aryan quarter; his appearance is not at all Jewish - M.P.) and collaborates with us. He sends you, and all General Zionists, his warmest greetings.

Kaftor greets you all as well as the colleagues of the J.D.C. He is surprised that the latter have not gotten in touch with him.

We greet Berl and Locker (in the Polish original, the names Berl and Locker are separated by a comma; if this is not a typographical error, then undoubtedly Berl means Berl Katzenelson of Palestine, otherwise of course, it means Berl Locker of London - M.P) and all those who collaborate with you.

The Jewish Fighting Organization of Poland greets all the Jewish soldiers, fighting for liberation all over the world, against Nazism and Fascism.

JEWISH NATIONAL COMMITTEE

Dr. A. Berman (Borowski)

Ischak Gukerman

D. Kaftor

Warsaw
November 15, 1943

LAST MINUTE OFFICIAL COMMUNICATION
FROM THE
JEWISH NATIONAL COMMITTEE

The emissaries whom we sent to the camps in the Lublin District to investigate the alarming rumors we have been hearing, bring back horrible reports. In the two largest camps, Trawniki (10,000 Jews) and Poniatow (15,000), all the Jews have been massacred.

The report about Trawniki accords with the description given in our letter to Dr. Schwesbart. The slaughter took place there November 3, 1943. It began at 6 A.M. and by 4 P.M. there was no-one left alive of the 10,000 Jewish inhabitants of the camp. On Friday, the 5th of November, the massacre of Kublin began. All the Jews of the Lublin District were concentrated in the torture-camp of Majdanek and there slaughtered. On Monday, November 8th, the murderous action began in Poniatow.

Early in the morning, a cavalcade of autos bearing SS - men and gendarmerie rolled in and encircled the whole camp with a dense cordon. At the moment when the Jews realized that they were facing their doom, the local Jewish Fighting Unit set fire to the magazines and store-houses where German Army clothing was kept. The Jews attempted to defend themselves. A ferocious massacre then began, and lasted 3 days. On Wednesday, November 10th, there was no longer any sign of life in the camp. 15,000 people had been butchered. The corpses were cremated on the spot, among them a number of living human beings. The shrieks and moans and the constant firing in the camp were heard all over the District. The odor of burning flesh filled the air for miles around, for more than a week.

In Trawniki and in Poniatow the Jews had attempted an armed resistance. Aware of the existence in both these camps of local Jewish Fighting Units, the Germans employed new tactics. They threw into both camps a huge number of SS - men and gendarmes. Several thousand Germans were among those massacred. Resistance on the part of the Jews was almost impossible. The camps were actually flooded with SS - men and gendarmes. In Poniatow, the Germans employed a "squeezing" technique. Driving the Jews into an ever smaller corral, the Germans massacred them without cessation.

It is significant that neither in Trawniki nor in Poniatow did the Germans avail themselves of Ukrainian help. In Trawniki, throughout the whole course of the slaughtering action, the Ukrainian training-center was encircled by German SS men and in Poniatow the Ukrainian Detachment was kept away from the action. The Germans did not believe that their Ukrainian vassals could conduct the action with the necessary precision.

The massacres in the camps in the Lublin District spelled the end for Warsaw Jewry - for there were tens of thousands of Warsaw Jews there, deported during the course of the liquidation of the Warsaw Ghetto in April, 1943.

Among those who were murdered were a significant number of Warsaw Jewish intellectuals, quite a large number of political leaders of all ideologies and an especially large number of organized workers and labor-leaders. (To these camps had mostly been deported skilled workers and artisans). We enumerate those, who in Trawniki and Poniatow, served their people tirelessly and were active in the branches of the Jewish Fighting Organization:

In Poznan:

- Melch Fajkind, Commandant of local Jewish Fighting Unit (leader of the Left Poale-Zion)
- Etkin, "Bund"
- Szmidt, Poale-Zion Right
- Hofman, "Bund"
- Przedecz, former City Councillor of Warsaw (Poale-Zion Left)
- Dr. Dobrin, General Zionist
- Tencet (Tencer?), former City Councillor of Kalisz (Poale-Zion Left)

In Transil:

- Dr. Wlodzimierz Skyrfs, Commandant of local Jewish Fighting Unit (no party affiliation)
- Advocate Dawid Szulman, Revisionist
- Malinowski, "Bund" - leader of Trade-Unions, Lodz
- Advocate Abraham Witelson, General Zionist

In Lublin:

(In a number of camps), hermetically sealed to the outside world, there were - but are no longer living - among others, the following:

- Dr. Ignacy Schipper
- Alexander Zysze Frydman, Head leader of the Agudah
- Dr. Tulo Nussemblatt, historian of the Zionist movement, biographer of Theodore Herzl
- I. Kirman, poet
- Docent Dr. Edmund Stein, well-known Judaic authority
- Remba, active Zionist
- A. Sanberg, actor
- Mrs. I. Giterman, wife of the J.D.C. director (who was murdered in January)
- Luzer Stolar-Rychter, worker in the Poale-Zion Left
- A number of other active social workers, artists and intellectuals

The liquidation of the camps in the Lublin District is the beginning of the total extinction of all those Jewish camps still remaining in the country. This is the beginning of the end of all Polish Jewry.

- JEWISH NATIONAL COMMITTEE

Dr. A. Berman (Borowski)

Ischak Cukerman

D. Krafter

October 15, 1943

P.S. With the following post, we will send you the answer to your questionnaire, the report of the activities of the Jewish Fighting Organization and the report of the fight in the Warsaw Ghetto.

To: Tabackin, Jaari, Dobkin - Histadruth Haovdim

As we write you these lines, we doubt whether we will ever see you. Today, of the 3,300,000 Polish Jews, there remain scarcely 200,000. By the time you receive this letter there will probably remain not more than half of that number. During the last week, the camps of Trawniki, Poniatow and Lublin were liquidated. About 40,000 Jews perished.

Our sufferings you can neither understand nor conceive. In order to understand them you, who are in London and Tel-Aviv, would have to be possessed of direct imaginations. All the centers of Jewish life have been erased from the earth. Their inhabitants met death in the torture-centers of Treblinka, Sobibor, Belzec and Oswiecim.

In order that there may remain a mark after those who died with their weapons in their hands, fighting against the enemy, we write you these lines about the last days of the Polish Hechalutz and its youth organizations, Dror, Hashomer Hazair, Kibib and Gordonia. In a great measure, the story of the Hechalutz in these last hours is the story of the Jewish Fighting Organization. At the beginning of the extermination action, hundreds of our organization cells existed in all the Jewish points of concentration.

There were 5 Kibutzim in Warsaw (two of them were in the Aryan quarter: "Brochaw" and "Czerniakow"); three were in Czestochow and two in Bialystok. We also had Kibutzim in other cities - in Wilno, Zarki, Ostrowiec, Hrubieszow and Rzeszow. Aside from these, we also conducted a great number of seasonal-agricultural workers' centers.

Our Kibutzim later became the nests of active resistance in all cities. Ours is the greatest responsibility for the weakness of the resistance during the first liquidation actions (July-September 1942), explained by many internal and outside factors.

The heroic and hopeless resistance of the Jewish Fighting Organizations (during the second deportation action in January 1943 and especially during the last liquidation action in Warsaw April, 1943, and later during the liquidation actions in Bialystok and Wilno - which have become glorious legends in the history of our fight for freedom) is in a great measure thanks to our organization which paid heavily with the blood and the lives of almost all its members - the leaders and the soldiers of the fighting action.

From Warsaw, we organized the Jewish Fighting Organization units in other cities. Our agents organized the youth and fell, together with them, in the ensuing battles. The list we send you is that of only our central active group which fell in the fight against the Occupants. A. Gewelber (a leader of the Hechalutz of Poland, who is now in Palestine - M.P.) will help you to decode some of the names:

From Bialystok:

Mordchaj Tenenbaum (Tamaroff)
Cwi Mersyk
Chanah Zelazna-Gora
Cwi Rozental
Cwi Bryndys

From Wolyn:

Biek Golowner
Laja Fisz
Szejndla Szwarc
Rachel Fogelman
Moniek Winnicki
Nuta Slomnicki
Jehuda Glikman

From Krakow:

Dolek Liebeskind
Leben Lejbowicz
Szymek Drenger
Iechok Symplak

In Oswiecim Area:

Bela of Rozyszcze (the Kibutz of Bendzin)
Chawka Folmar
Lonka Koziebrodzka (no longer living)

In Warsaw:

Chancia Plotnicka
Gerszuni Gedalia
Josef Kaplan
Izrael Zelcer
Lutek Rotblat
Mordchaj Anielewicz
Laja Perelsztejn
Berl Brojda
Saul Dobuch
Sznajderman
Gutkowski
Moniek Rengiewirz
Chedwa Camereth
Miriam Hajnsdorf
Mira Fuerer
Jehuda Wengrower
Tosia Altman
Arja Wilner
Sara Szelubowska
Szymon Heller

This is not a complete list. Remember these names!

Until this very day, we work actively hand in hand with the Jewish National Committee and with the Jewish Coordinating Committee (Jewish National Committee plus the "Bund") whose initiators and founders we were for the purpose of the resistance and relief activities.

During 1942 between 50-60 of our people went to Slovakia where they found an extermination action in full sway. A number of these people managed to escape to Hungary. Which of them managed to reach Palestine? We are trying now to send out a number of people to Hungary. Dr. Schwarzbart wrote us about the contact with

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Budapest. Can we expect to receive direct help from there?

As you read our letter, do not for a moment think that we are broken of spirit or have fallen victims to resignation. We regard our merciless doom with sober eyes. We know you have done everything possible to save us. We also know that you are helpless. It is easier for us to die, knowing that freedom will come to the world and believing that Palestine will become the Fatherland of the Jewish Nation.

Yours,

Cywja, Icchak

P.S. Eliezer Geller has left for the camp for foreigners in Bergen, near Hanover. We have had no news from that camp. Please inform Ahuva Lubetkin in Ben-Shemen and Sara Coterman in Ramat-Hakovesh that we are alive.

Warsaw
November 15, 1943

To:

Zerubewel, Erem, Mula (Leaders of the Left Poale-Zion in Palestine) Tel Aviv

Dear Comrades:

We received your telegram of September 23, 1943. We also have the use of the general funds which were sent to the Jewish National Committee. We thank you for the assistance. We actively participate in the resistance and relief work. We are active in the direction of the Jewish National Committee as well as in that of the Coordinating Committee of the Jewish National Committee and the "Bund". In our work, we are led by the ideals of our movement to which we fell bound in life and in death. Let us know what the situation is in Palestine and how our movement develops in other countries.

There are not many of us - the majority have perished. We have managed to save Antoni (Antoni Buksbau - the leader of the Left Poale-Zion in Poland-M.P.) from Lwow. He left, together with his family, for the camp for foreigners in Bergen, near Hanover. Lately, we have been hearing alarming rumors about that camp. Please check on these rumors. Take care of Antoni. Emanuel (Dr. Emanuel Ringelblum, the historian) was saved from the camp in Trawniki where, at the beginning of November, a terrible massacre took place. He is here with us and pursues his scientific work. We also saved Pola, Berlinski, Wasser, Erlich, Sylkes and others. They are all with us. Basia is active. Melach, Luzer, Lent, Blumstein, Tencer, Przedecz, Szapiro and others are still in camps. We are doing everything possible to save them but our hopes are weak. The Germans are butchering all the remaining Jews in the camps which are completely isolated from the rest of the world.

We believe in an imminent universal liberation - but few of us will live to see it. Tell the vanguard of the working masses of Palestine and the rest of the world that even now, in the shadow of death and destruction, we are fighting with them for national and social freedom.

- ADOLF (Dr. A. Berman, member
of Praesidium of the
Jewish National Committee)

Warsaw
November 15, 1943

To:

Locker, Weiss, Neustadt
London, - Tel Aviv

Dears:

We received the telegrams from Locker, Schwarzbart and the Committee of the Yehuv. We were greatly encouraged by the information about the development of Palestine, about the fighting of Jewish military units on all fronts, about the hopes for the imminent attainment of complete independence. May our dreams be realized in the not distant future, although this day will come too late - after the bloody loss of almost a third of our people.

There are not many of us left. Almost all our active workers and leaders have perished. Among them were: Jochana Morgenstern, Radunski, Fiszelson, Lichtszajn, Advocate Katz, Sytner, Rachela Sztajn and her husband, Engineer Feigenbaum, Dr. Schenker, Przepiorka, Gutkowski, Parzenczewski, Opoczynski, Hechtkopf, Majerowicz, Marek Polman, Laufer.

Of those who still remain, a part are in camps and their fate is sealed (Serejski, Szmidt and others). Maxsymiljan Boruchowicz of Krakow is still alive and is in contact with us. The daughters of Dr. Pelcer is still alive and is being helped by us.

The remaining handful of our people live in a constant nightmare, with the threat of death hanging over them.

Every day that finds us still alive, we regard as pure chance. Death had become too casual a thing for us to fear it. The times in which we live today - against which Dante's Inferno seems like a fairy-tale by comparison - have produced in us a new mentality, a new psychology. If anything can be said to our credit it is that, despite what we are going through, we are strengthened in the moral resolve to go on with our work. The credit is not ours but belongs to those values which have imbued our very blood-stream.

It is thanks to these values that the initiative for the resistance and fight came from us, from the Labor Zionist groups.

We greet you, chisku ve'imzu, all our brothers who are fighting and working for a better future in a liberated Palestine!

In our abyss, we are strengthened by the thought and belief that you over there, through your indefatigable work, are building our free, socialist Palestine.

Jozef Sack
Lejzor Lewin
Szalom Grajek
Sywia
Icchak

Warsaw
November 15, 1943

P.S. We greet Arie (Tartakower) our comrades and all our friends. Grajek warmly greets Berta, Rutka, Rafek, Chaim, Ludek and Hanusia.

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FINANCIAL REPORT OF THE
JEWISH NATIONAL COMMITTEE IN POLAND

For the period January 1 - October 31, 1943

During the report-period, the following sums were placed at the disposal of the Jewish National Committee by the Delegate of the Government:

1- June 1943 ... \$10,000 sent for the General Zionists and Right P-Z	661,150	zlotys
2- July 1943 ... \$10,000 (first installment of 10,000 pounds sent to J.N.C.....)	650,000	"
3- August 1943 .. \$10,000 (second installment of 10,000 pounds sent to J.N.C.....)	816,000	"
4- September 1943 \$10,000 (third installment of 10,000 pounds sent to J.N.C.....)	903,400	"
TOTAL	3,030,550	zlotys

The money received was expended for the following purposes:

- 1- Relief for members of parties and organizations which belong to the Jewish National Committee; for the families which escaped from the ghettos and camps and are living in Aryan quarters; for those who are living in camps which are accessible.

The following groups were cared for; a) General Zionists b) Left Poale-Zion c) Right Poale-Zion d) Hechalutz and youth organizations (Hashomer Hazair, Dror, Akibah, Gordonia)

In addition, certain sums were sent to various leaders of the Agudah, to rabbis who are still in camps, and to Revisionists. (These sums are included in the category of "Individual assistance")

The expenses for conducting the above work are huge because the majority of the workers and their families, as well, must be maintained by the Jewish National Committee, since their material situations are so catastrophic.

The expenses for maintaining Jews of non-Aryan appearance in the Aryan quarters are colossal.

- 2- A great part of the budget of the Jewish National Committee went for relief work. Through its own agents or through the Relief Council for Jews under the auspices of the Polish Delegate, the Jewish National Council sent money to the camps and to the provincial centers for maintenance, clothing, individual assistance, social self-help, etc.

- 3 - The most common form of relief is that of individual assistance to Jews without any party affiliations, who reside in the Aryan quarters under desperate conditions. These are, for the greater part, individuals or entire families from Warsaw or the provinces who cannot be reached by the Relief Council for Jews. The majority of the contact-people of the Council are well-known Polish intellectuals, cultural leaders, artists and also Jewish leaders and collaborators in the Jewish National Committee.
- 4 - The subventions granted to the Relief Council are a practical expression of the bond existing between the Jewish and Polish relief actions on behalf of the Jews. These subventions make it possible to enlarge the scope of activities of the Council.
- 5 - Subventions for the Jewish Fighting Organization represent a great percent of the funds of the Jewish National Committee.
- 6 - The Administrative expenses of the Jewish National Committee are comparatively small since most of the workers render service without remuneration.

We emphasize that in connection with the relief work in the camps, the activities of the Jewish Fighting Organization and the Relief Council for the Jews, the "Fund" also furnishes certain sums. The amount of the sums is decided upon by the Coordinating Committee of the J.N.C. and the "Bund".

Distribution of the various relief expenditures

1- General Zionists and their families.....	335,000	zlotys
2- Poale-Zion Right.....	355,000	"
3- Hechalutz and youth organizations (Hashomer Hazair, Dror, Akibah and Gordonia).....	335,000	"
4- Poale-Zion Left.....	385,000	"
5- Camps and ghettos.....	385,000	"
6- Individual assistance.....	350,000	"
7- Subventions for Relief Council for the Jews.....	250,000	"
8- Administrative expenses and miscellaneous.....	30,550	"
<hr/>		
TOTAL		3,030,550 zlotys

From the above enumerated sums, we can see that the 1,310,000 zlotys were used for maintenance, housing and clothing of the members and their families of the organizations included in the Jewish National Committee. If we deduct the first transmission of 661,150 zlotys, which was definitely earmarked for the use of the two parties (General Zionists and Poale-Zion Right) and was used for relief for the members of those parties, we find that the Jewish National Committee expended ever greater sums for general purposes. Of the remaining two sums, which total 2,369,400 zlotys, not more than 850,000 zlotys were expended for relief for members of the organizations included in the JNC. The remainder was allocated for general relief. Though the J.N.C. has determined to use the funds at its disposal for general relief, it has adopted the principle that in order to preserve the soul and body of the social and ideological forces of Polish Jewry, and especially its youth, it must concentrate a comparatively large part of these funds for the latter.

JEWISH NATIONAL COMMITTEE
Dr. A. Berman (Borowski)
Icchak Cukerman

Warsaw
November 15, 1943

PARAPHRASE OF TELEGRAM SENT

FROM: SECRETARY OF STATE, WASHINGTON
TO: AMEMBASSY, LISBON
DATE: March 23, 1944
CLASS: 941

SECRET

Given below is the substance of a message for Joseph J. Edwards care of Donald Harwitz, 242 Rua Aurea, Lisbon, from Lewitt, Joint Distribution Committee:

It is important that you first visit Madrid before proceeding to Algiers. The Lisbon Legation will have messages for you. You should contact the Embassy at Madrid regarding special license which we hope will enable you to initiate promptly the program planned in connection with evacuation of children. In connection with refugee activities, including the above-mentioned program, you may wish to consider stationing Laura Margolis at Madrid. The first week of April she will arrive at Lisbon. Your request concerning passport is being taken up.

HULL

C
O
P
Y

TELEGRAM SENT

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

March 23, 1944

9 p.m.

RELEGATION,

LISBON
842
FROM WAR REFUGEE BOARD TO MINISTER NORWEG

Following message to Joseph Schwartz, 242 Rua Aurea, Lisbon,
Portugal, from the Joint Distribution Committee:

QUOTE Can you cable us estimate number Jewish refugees
remaining Spain after Canadian group departs also how many of
them likely be moved Casablanca camp and how many refusing to go
latter divided two categories those on relief and those having
independent means Stop Believe important from every viewpoint that
refugees on relief particularly be urged proceed Casablanca camp
and moral suasion should be used utmost this purpose Stop Also
cable same information regarding stateless refugees Portual Stop
Leavitt UNQUOTE.

HULL
(GLW)

WRB:GLM:KG
3/20/44

WE

PARAPHRASE OF TELEGRAM RECEIVED

213

FROM: American Legation, Lisbon
TO: Secretary of State
DATED: March 23, 1944
NO: 879

CONFIDENTIAL

Following from Joseph Schmarz's for War Refugee Board for Moses Leavitt, Joint Distribution Committee, New York.

The following message is in reply to your cable from War Refugee Board to the American Embassy in London.

One. Upon advice from Resnik that there is no definite assurance yet available that children will be able to depart and also because of information that Ira Hirschmann hopes to obtain a Turkish vessel for evacuation from the Balkans, I suspended all negotiations for Portuguese steamer for Balkan evacuation for the time being. Unless we know that children will be available for embarkation and the date when the steamer is required at at Constanta, we cannot close the deal with the Portuguese company. Obviously cancellation at our option is not possible once the steamer is actually en route to Balkan port. I have sent a cable to Hirschmann directly through the Embassy in London asking him for precise information regarding the present status of the project and also whether negotiations should be resumed by us here but no reply has been received thus far.

Two. Although it is understood by us that German authorities are raising difficulties concerning safe conduct, Portugal has not refused permit to Portuguese vessel for Balkan evacuation. We have every reason to hope that if children are available and Hirschmann tells us to proceed with negotiations, the vessel will be available to sail.

Three. Saly Mayer is working very closely with OSE, Hechalutz, Jarblum and other groups concerning rescue from France and other countries of children and others. Yesterday I talked by telephone with Jarblum and no mention was made by him that he required any funds for rescue purposes and therefore I cannot understand his message to enquire group United States. With respect to children from France, the main rescue work is being carried on through OSE and today I have been informed that in recent weeks 107 children have been brought into Switzerland, 50 having arrived within the last ten days. Saly Mayer is being asked to report through the Legation in Bern regarding the use of the first \$20,000 sent for children in France.

- 2 -

Four. The arrival of the first group of 20 children from France to Spain through our own efforts is expected daily and the ground work for additional groups has already been laid. Because of bad weather conditions in the Pyrenees the process has been slowed up temporarily but we hope to have further reports in the near future.

It is absolutely essential that you obtain a special passport for me in order to facilitate my movements which are otherwise difficult and are becoming more so. Notification of Treasury license No. W-2155 for Spain and No. W-2154 for Portugal has been received through the American Legation.

NORWEB

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMEMBASSY, Madrid
DATED: March 23, 1944, 5 p.m.
NUMBER: 799

SECRET

With respect to your telegram of February 28, 1944 no. 683 we appreciate the comments and suggestions with respect to the War Refugee Board contained therein. The War Refugee Board wishes to point out that Camp Lyautey will not be the only haven to which refugees can be removed from Spain. The Board now has negotiations in progress for other havens and you should assume and may advise the Government of Spain that there will be removed from Spain all refugees from occupied areas entering Spain. The Board was pleased to learn that no obstacles are being placed by the Spanish Government in the way of stateless or other refugees wishing to enter Spain from France with or without proper papers and the Board hopes in the future that Government will follow a generous policy in that regard.

The Board knows that the number of stateless refugees entering Spain from occupied areas is extremely small at the present time but the Board desires to inform you that it is taking vigorous steps at the present time vis-a-vis Germany and the satellite countries which it is confidently expected will stimulate the flow of refugees into Spain and other neutral countries from occupied areas. The Board will continue to take all possible action to this end. In any event, in the coming months when the snow melts in the Pyrenees the flow of refugees into Spain is certain to increase.

The Board believes that Spain is most likely to receive substantial numbers of refugees this coming spring as a result of the pressure now being brought to bear on the Axis. The Board is extremely desirous that the Government of Spain be relieved of as many problems as possible connected with this influx, including finance, supply and supervision of refugees. Therefore the following plan of proposed operations in Spain is submitted by the Board for your consideration, advice and comment and such action as is indicated.

All the Board's operations in Spain, including the setting up and maintenance of refuge camps, would be supervised by the Special Attache to your Embassy under your direction. He would have assigned to him a small staff which might include transportation, supply and finance officers. As a base for operations the Attache and his immediate staff might use Madrid. It is proposed that as many as three reception centers be established along the French border should the volume of refugees so warrant. At each of these centers a supervisor with experience in refuge work should be in charge. Each supervisor would have a small staff. There would also be attached to each center a medical officer and possibly a small nursing staff. A important member of the staff of each center would be a qualified Security Officer approved by the War Department. These Security Officers would be attached to the reception centers as welfare workers instead of being assigned to the Office of the Military Attache in the Embassy. The dual responsibility of these officers would be to screen refugees in search of possible enemy agents and to obtain from bona fide refugees information of a military nature. Murillo, Tolosa and Figueras are tentatively suggested as reception centers. Other localities may be agreed upon latter as points readily accessible to those crossing the Pyrenees.

The Board is of the opinion that these centers should be in frontier areas rather than the interior for the following reasons:

- (1) The nearness of the centers to the frontier would reduce to a minimum the time during which the refugees would be in the hands of the Spanish authorities.
- (2) The refugees will require immediate relief in food, clothing and medical attention once they have crossed the Spanish border as many of them will have previously been in hiding in France and have been subjected to the strenuous travel over the mountains on foot. The refugees would be kept out of the principal population centers, such as Madrid, as far as possible. The attention paid to the presence of refugees would also be reduced by the remoteness of the proposed centers.
- (3) The location of the centers near the border would result in close cooperation between the staffs of the centers and the Spanish frontier officials. The refugees would remain in the centers only so long as to assure medical officers that they are in condition to travel, to allow for preliminary security screening and to supply them with whatever travel documents might

be needed.

Since the basic plan is to move those refugees who may enter Spain from occupied areas to North Africa as rapidly as possible, it is hoped that the French authorities will assign to the reception centers as special details, qualified officers to screen the refugees for security and to affix to their travel documents the necessary visas. As regards the problem of screening, it is of course possible and probable that enemy agents may try to enter Spain as refugees. Therefore it is most desirable that when enemy agents are identified by the security officers, such identification not be disclosed in Spain but the agents be removed to North Africa for apprehension. This policy has been used in the past with respect to enemy agents and it is clearly preferable that they be held in restraint in United Nations territory rather than be at liberty in a neutral country.

It is requested that you report any objection which you think may be raised by the Spanish Government to the establishment of these centers in the foregoing manner and to their financing by the Board. The funds for their operation probably will be provided by private sources in the United States. As will be noted by you, this plan reduces to a minimum the responsibility of the Spanish Government. Your comment on whether the staffs of the centers should be known to the Spanish Government as official employees of the Government or as representatives of American private welfare organizations will be appreciated by the Board. Incidentally, the American Red Cross is reluctant to participate in the operations of the centers at this time.

Clarification of the meaning of "involuntary removal" of refugees was requested by you in Section I of your telegram of February 28, 1944 no. 683. We anticipate that many of the refugees will wish to proceed to other areas than North Africa once they have escaped from occupied areas. However, the Board feels that it is undesirable that these refugees remain in Spain. They should proceed to North Africa where they may make arrangements for travel elsewhere with greater security for themselves and without embarrassment to the Government of Spain which might be caused should they remain there. It is proposed that the frontier officials and police authorities direct the refugees to the centers, providing them with permits to travel only from the point of apprehension to the nearest center. We hope that the refugees will be advised by the Spanish officials that

their presence in Spain will be tolerated only so long as they conduct themselves in accordance with this program. After arrival at the centers, it will be explained to the refugees that the Spanish authorities have released them into the care of the centers. Every effort would then be made to convince the refugees that the travel of other refugees through Spain depends upon the rapid departure from Spain of those who have already entered. It might be further explained that after leaving Spain the refugees would be under the care of UNRRA officials rather than directly under French control. It is believed that such a policy will assure the quick and voluntary departure for North Africa of all refugees who may succeed in crossing the Spanish border if it is handled skillfully by the representatives of the Board.

The Board hopes that you will give your prompt personal attention to this proposal and that your comments and suggestions will be cabled as soon as possible.

War and State Departments have approved this cable.

The foregoing is for Ambassador Hayes' attention.

HULL

BJR - 421
This telegram must be
paraphrased before being
communicated to anyone
other than a Governmental
agency. (SC00)

Madrid

Dated March 23, 1944

Rec'd 10:55 a.m. 24th

Secretary of State,

Washington.

1018, March 23, 6 p.m.

FOR FRYER AND BECKELMAN

Would be most helpful if Embassy could be informed
at earliest possible moment of persons (by names or
application numbers) who have not (repeat not) been
approved for admission to Fedhalain order that pre-
paration of documents for those who are admissible
can be expedited. Your March 17, 10 p.m., to Department
repeated to Madrid. Repeated to Department.

HAYES

WSB

March 23, 1944
1:15 p.m.

CABLE TO STOCKHOLM

From War Refugee Board to Johnson

Please deliver the following message to Rabbi Wilhelm Wolbe, 11 Olafegatten St., Stockholm, from Rabbi Abraham Kalmanowitz of Vaad Rahatzala Emergency Committee:

"Contact Rabbi Szmulewicz inquire health economic status of Rabbinical group in Shanghai. Utilize every possible way to help them stop Concerned fate Lithuanian Jewry advise condition there. How you can help especially Rabbis and scholars stop Organize rescue Committee will make money available. Contact American Legation inform us through legation."

FH:lab 3/18/44

March 23, 1944

4:50 p.m.

CABLE TO MINISTER HARRISON, BERNE, SWITZERLAND, FROM WAR REFUGEE BOARD

The War Refugee Board requests that you deliver the following message to Intercross:

Message begins: The President of the United States recently 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. The Executive Order establishing the War Refugee Board 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 President 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.

On March 24 the President issued a forceful statement which reaffirmed the determination of the United States Government to punish those guilty of acts of savagery against the Jews and other oppressed peoples, and again made clear that this Government would do what it can for these people and would assure them maintenance and support. He called upon all peoples to cooperate.

Intercross as well as the War Refugee Board realize the fate of groups singled out for extermination or oppression by German authorities and exempted from protection of the Geneva Convention is tragic whether they be detained or free but deprived of food, clothing, and all elementary facilities. This concerns particularly Jewish survivors. Accordingly the Board hopes that Intercross will do its utmost to obtain improvement of conditions of these persons in every way possible.

In full agreement with interested American welfare agencies, the War Refugee Board requests Intercross to support this humanitarian endeavor by approaching the German and satellite governments, through appropriate and expedient channels, in order to bring about as a minimum the full or at least partial application of the Geneva Convention and of resolutions of ensuing Intercross conferences to the detained and unassimilated groups of Jews and others with a view to effectuating: (1) their complete assimilation with and treatment equal to civilian internees new under the Geneva Convention, or (2) partial assimilation with civilian internees now under Geneva Convention at least to the extent that reception and distribution of packages under Intercross supervision will be permitted.

(*) Please insert following line...
to save them. The President stated that we would find havens of refuge

- 2 -

In addition, the War Refugee Board requests Intercross to make every effort to obtain, wherever possible, for Jews and other victims of Nazi oppression (who though they may not be physically interned in camps have been singled out for persecution) facilities and opportunities to obtain food and other necessities on the basis of equality with the local population out of local resources and through Intercross channels.

The War Refugee Board is determined to do what it can to actually bring Jews and other persecuted persons out of German controlled territory in as large numbers as possible. The Board urges that Intercross, through appropriate approaches to the German and other authorities in Germany controlled territory and through any other means possible, do what it can to assist the departure of these persecuted peoples to neutral countries.

The Board is cognizant of Intercross's unceasing efforts in the direction of making this general program a reality and is appreciative of Intercross's activity in its international humanitarian programs. The Board is ready to assist Intercross in every way to effectuate the realization of all of the foregoing. Message ends.

The War Refugee Board considers that the proposed approaches to the German and others through Intercross is of utmost importance to the success of its program. In view of recent military developments, including the reported situation in Hungary, Bulgaria, and Rumania, the Board is convinced that great emphasis should be placed on efforts to persuade the Germans to improve the condition of Jews and other similar groups within occupied territory. Accordingly, you are requested to do everything possible to support the proposals being made to the Intercross. If at any time you consider it desirable that the Swiss Government make similar approaches to the Germans, or otherwise assist in the program outlined herein, you are authorized to make a request for such action to the Swiss on behalf of this Government.

PJMcCormack:ia 3/23/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: March 23, 1944
NUMBER: 1774

CONFIDENTIAL

Reference is made to Department's telegram of March 20 No. 916. After discussion with Saly Mayer, International Red Cross states that former, "with exception of certain minor changes which could be easily made", has approved International Red Cross relief program.

HARRISON

PARAPHRASE OF TELEGRAM SENT

FROM: SECRETARY OF STATE, WASHINGTON
TO: AMLEGATION, BERN
DATED: MARCH 23, 1944
NUMBER 970

SECRET

We are informed by the representative of the War Refugee Board at Ankara that the SS TARI, a four thousand ton vessel at Istanbul at the present, which belongs to the Government of Turkey is being made available to evacuate Jewish refugees from Constanza to Istanbul. Simond of Intercross has sent to Geneva a cable asking for safe conduct by all belligerents except the Soviet Union. The Soviet Ambassador in Ankara is being requested to obtain from the Soviet Union safe conduct. You are requested to communicate with the Swiss Government and ask it to support the Intercross request in its own name in view of the humanitarian aspects of the matter. (For the information of the Legation: the support of the Swiss Government should appear as its own action and not as intervention in a representative capacity). You are requested to inform the Swiss Government and Intercross that this Government concurs in such safe conduct for the movement of the SS TARI for the above purpose as the British Government may agree to.

HULL

AMT-163

PLAIN

Bern

Dated March 23, 1944

Rec'd 5:30 p.m.

Secretary of State,

Washington.

1781, twenty-third.

Burharest despatch reports all Jews born Bucharest
1889/1900 order~~ed~~ by Defense Ministry register for
special military labor service with noncompliance therewith
subject punishment by military courts.

HARRISON

JRL

GEM-84

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

Ankara

Dated March 23, 1944

Rec'd 2:02 p.m.

Secretary of State,

Washington.

508, March 23, noon

FOR THE DEPARTMENT AND WAR REFUGEE BOARD

My 5. As I regard it as important that Hirschmann should not be delayed on his return trip to the United States and in view of the imminence of his departure, I should appreciate being informed by telegraph as to whether the ATC in Cairo has as yet been advised with respect to his priority.

STEINHARDT

RR

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Ankara
TO: Secretary of State
DATED: March 23, 1944
NO.: 509

SECRET

The following message is No. 6 from Hirschmann for war Refugee Board.

The Department's telegram of March 20, 1944, No. 221, cites a case which tends to confirm rumors current in Istanbul for some time as well as statements a number of Jewish refugees recently arrived in Turkey made to me that representatives of Jewish Agency give priority to paid-up members of Zionist Party with respect to exit visas from the Balkans and entry certificates into Palestine and that difficulties in obtaining certificates into Palestine and in departing from Balkans are encountered by Jewish refugees in the Balkans who are not members of the Party or avowed Zionists. Since I recognize the implications inherent in these persistent rumors, I have taken pains to investigate the accuracy of those rumors and I am now satisfied that we must soon give serious consideration to eliminating grounds for any such complaints. If we assume that these reports are well-founded, they would reflect a policy which obviously could not be corrected or even controlled from Ankara or Istanbul by the United States. I intend to make a detailed report to the Board along with recommendations for remedial steps when I return since the subject cannot be dealt with here.

The Board is referred to my cables Nos. 344, 388, 440, 455, 466, 474, 478, 497 and 499 with respect to the attitude of the Rumanian and Bulgarian Governments.

The Ambassador and I urge for obvious reasons that until I have had an opportunity to discuss the matter with the Board, the contents of this cable be kept secret.

STEINHARDT

PARAPHRASE OF TELEGRAM SENT

FROM: SECRETARY OF STATE, WASHINGTON
TO: AMEMBASSY, ANKARA
DATED: MARCH 23, 1944
NUMBER: 243

CONFIDENTIAL

The following is War Refugee Board's no. 10 for Mirschmann and concerns the matter of obtaining shipping for evacuating refugees from the Balkans referred to in your cables no. 455, 458, 471 and 472.

A request is being made of the Swiss Government to support in its own name the efforts which the International Red Cross is making to obtain safe conduct for the SS TARI which has been placed at your disposal to evacuate Jewish refugees from Constanza. Also the Swiss Government and International Red Cross have been informed by us that this Government agrees to whatever safeconduct the British grants.

We have had discussions with War Shipping Administration with respect to the proposal that a substitute vessel be made available by this Government so that repeated voyages to evacuate refugees may be made by the SS TARI. War Shipping Administration has cabled Myron Black requesting further information as to one, the type of vessel needed and where it will trade; two, information as to whether the vessel will be considered by the enemy as a Turkish vessel if it is to trade in enemy controlled areas and also whether safe conduct will be needed. Information has been received by us to the effect that sympathetic consideration will be given by War Shipping Administration to such recommendations as Black may make even if they involve practical difficulties. However, War Shipping Administration believes that the situation could be best handled by treating it as a problem of allocation by which an attempt could be made to work out an arrangement by which the use of Turkish ships would be conserved through making equivalent space available on an Allied vessel proceeding to a port in the Eastern Mediterranean. War Shipping Administration is also sending a cable to Kallock, their representative in Algiers, asking that they be informed whether there is available in the Mediterranean any small freighter which could be used under charter by the Government of Turkey.

In cooperation

- 2 -

In cooperation with Black you should investigate all the possibilities of this situation. Whatever plan is finally proposed must be one involving the least delay since time is most essential in view of the military situation. War Shipping Administration has pointed out the practical difficulties regarding the obtaining, without delay, of a ship now available in the Mediterranean which could be chartered to the Turkish Government for the abovementioned purpose.

We will be glad to do whatever we can to carry out whatever recommendation you may make after all the difficulties involved have been considered by you and Black. Should the first voyage of the SS TARI be completed within a short period of time, you will realize that an attempt actually to supply the Turkish Government with a vessel by that time would encounter considerable difficulties. Taking into consideration the shipping situation, we believe that a much more feasible arrangement would be to reach an agreement, if possible, with the Government of Turkey whereby this Government would give assurances that should the SS TARI would be used.

With respect to the suggested purchase of the SS NECAT for donation to the Turkish RedCrescent, it has been indicated by the Government of Turkey that it would not be possible to withdraw a second vessel from those at the disposal of that Government. If it develops that it is not possible to arrange for repeated voyages by the SS TARI, please advise us if you have investigated the possibility of making the SS NECAT available immediately after the first voyage of the SS TARI has been completed.

HULL

cc: Miss Chauncey (for the Sec'y) Abrahamson, Akzin, Bernstein, Cohn, DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Lufford, Mann, McCormack, Paul, Pollak, Rains, Sargoy, Standish, Stewart, H. D. White, Pehle, Files

FROM: SECRETARY OF STATE, WASHINGTON
TO: AMEMBASSY, ANKARA
DATED: MARCH 23, 1944
NUMBER: 243

CORRECTION

Page 2, Second Paragraph...(last sentence)

We will be glad to do whatever we can to carry out whatever recommendation you may make after all the difficulties involved have been considered by you and Black. Should the first voyage of the SS TARI be completed within a short period of time, you will realize that an attempt actually to supply the Turkish Government with a vessel by that time would encounter considerable difficulties. Taking into consideration the shipping situation, we believe that a much more feasible arrangement would be to reach an agreement, if possible, with the Government of Turkey whereby this Government would give assurances that should the SS TARI be made available say for a period of three months, there would be made available to the Turkish Government equivalent space on an Allied vessel for a comparable length of time not however necessarily concurrent with the period during which the SS TARI would be used.

THE DIRECTOR
CENTRAL TELEGRAPH OF USSR
MOSCOW

TELEGRAM CONTAINING MESSAGE OF MARCH 18, 1944
SIGNED BY NATIONAL COMMITTEE OF LIBERATION OF
YUGOSLAVIA AND FORWARDED BY YOU TO "BOARD OF TREASURY",
WASHINGTON, RECEIVED BY TREASURY DEPARTMENT 9:15 A.M.
EASTERN WARTIME, MARCH 23, 1944.

SECRETARY OF THE TREASURY.

(Initialed) H.M., Jr.

AFL:ec 3/23/44

Received
 FOREIGN FUNDS CONTROL
 Treasury
 1944 Mar 23 AM 9 15

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KL RADIO VIA MACKAY RADIO

MOSCOU 22

BOARD OF TREASURY

WASHINGTON

WE ARE FORWARDING TELEGRAM RECEIVED BY CENTRAL TELEGRAPH IN MOSCOW FROM NATIONAL COMMITTEE OF LIBERATION OF YUGOSLAVIA AND ADDRESSED TO YOU COLON QUOTE NATIONAL COMMITTEE OF LIBERATION OF YUGOSLAVIA INFORMS BOARD OF TREASURY THAT IT AUTHORIZED MR DOCTOR RUDOLPH BICANIC VICEGOVERNOR OF NATIONAL BANK OF KINGDOM OF YUGOSLAVIA TO REPRESENT INTERESTS OF NATIONAL BANK OF KINGDOM OF YUGOSLAVIA AND TO PREVENT WITHDRAWAL OF ITS DEPOSITS WITH YOUR TREASURY BY ANYONE AND IN ANY AMOUNT WITHOUT CONSENT OF NATIONAL COMMITTEE OF LIBERATION OF YUGOSLAVIA STOP NATIONAL COMMITTEE OF LIBERATION OF YUGOSLAVIA AUTHORIZED DOCTOR RUDOLPH BICANIC TO REPRESENT IN THIS MATTER INTERESTS OF NATIONAL COMMITTEE OF LIBERATION OF YUGOSLAVIA AS LAWFUL REPRESENTATIVE OF PEOPLES OF YUGOSLAVIA STOP SIGNED PRESIDENT OF NATIONAL COMMITTEE OF LIBERATION OF YUGOSLAVIA I B TITO COMRA ACTING COMMISSIONER FOR FINANCE I MILUTINOVIC STOP MARCH EIGHTEENTH NINETEEN FORTY FOUR STOP YUGOSLAVIA STOP SEAL OF PRESIDUM OF NATIONAL COMMITTEE OF LIBERATION OF YUGOSLAVIA UNQUOTE STOP CENTRAL TELEGRAPH OF SOVIET UNION REQUESTS YOU INFORM IT OF TIME OF DELIVERY THIS TELEGRAM TO ADDRESSEE STOP

DIRECTOR CENTRAL TELEGRAPH OF USSR.

914A MAR 23

C.c. to Messrs. White, Luxford, Pehle (for information), Hiss.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Moscow
TO: Secretary of State, Washington
DATED: March 23, 1944
NUMBER: 996

CONFIDENTIAL

ATTENTION OF FEA AND THE DEPARTMENT.

The Department's cables nos. 625, 626 and 627 of March 18 are referred to herein, as also my 889, March 17, reporting my preliminary conversations with Mikoyan and commenting on Department's 510, dated March 7. Given below are my further comments which are supplementary to my no. 889 and it is requested that you please read them together.

Only the idea expressed in article 2 of the proposed agreement was discussed by me in my talk with Mikoyan and the concept of article 3 was not explained by me. The concept of article 3 is heartily endorsed by me as I recognize that it will give greater flexibility in accepting justifiable Soviet requests for items which appear to have a minimum war value and a maximum post war value, as they have been described by you. The next time I see Mikoyan I will describe the concept of article 3. I have already expressed my preliminary opinion in my no. 68, January 9, regarding the terms of repayment and interest rates under articles 2 and 3. I transmitted Mikoyan's suggestions which I consider as his initial trading position in my cable of February 1, no. 334. It will be noted that I proposed to you a credit for from 5 to 30 years at an interest rate of between 2 and 3 per cent and repayment beginning 5 years from termination of hostilities in annual installments, whereas Mikoyan suggested an interest rate of 1/2 of 1 per cent and payment beginning with the 16th year in equal annual installments over 20 years thereafter.

Your suggestion of an interest rate approximating the present rate of US Government long term securities is concurred in by me.

As I believe it is important to establish at an early date the habit of repayment it is well to ask the Soviets to begin repayment at the end of 5 years. However, we might well agree to small initial payments and subsequent larger payments. I do not feel in position to recommend a definite period for full repayment, but recommend that the longest period justifiable be offered.

As a suggestion it might be agreed that the Soviets:

(1) Pay annually an amount equalling the interest on the original figure due and, as amortisation payments are made, the saving in interest be credited to amortization of principal; and.

(2) Make amortization payments of 1 per cent during the 6th through the 10th years, 2 per cent during the eleventh through the fifteenth years and from the sixteenth year on amortization at an annual rate sufficient to repay the principal by the end of thirty years after termination of hostilities.

It is my belief that the detailed terms of this proposed agreement, including financial terms, should be negotiated in Washington. If I continued to condition Mikoyan to our basic conceptions without making any commitments, I believe it would be useful and facilitate the Washington negotiations. Without entering into an argument with Mikoyan over this question, I will therefore tell him on the next occasion that interest rates should, in my opinion, be linked with the present rate on US long term securities. I believe that if you would indicate your preliminary thinking on amortisation it would also prove helpful.

Regarding my general reaction to your draft agreement, I like it in principle but do not feel that I can say much at this time as so much depends upon the interpretation of what classes of supplies are to be included under articles 2 and 3. I concur that we should not be committed to supply, or the Soviets be committed to accept munitions generally or food on the termination of hostilities. I agree that in determining whether we want to continue to ship these items we should have a free hand. On the other hand items such as motor vehicles, tractors and railroad rolling stock should, I believe, come under article 2, whereas certain industrial equipment, including railroad equipment such as block signals, might be considered applicable to either article 2 or article 3 depending upon their character, use and speed of delivery and installation. I would appreciate having your views on raw materials but at this time I have not given enough thought to this commodity to express an opinion.

It is my feeling that your approach is bound to reach an agreement with the Soviets as to the classification of each category of item between the articles of the proposed agreement, as well as to provide that categories can be added from time to time. It is assumed by me that in the case of industrial equipment agreement would have to be reached on each item as to its classification at the time it is up for final acceptance.

I am desirous of being as helpful as I can and therefore being kept informed of developments in your thinking would be much appreciated by me.

HARRIMAN

DCR:MAS:EA

3-25-44

MAR 23 1944

Dear Mr. Adler:

I have read with interest your report on China, dated February 22, 1944, which you sent to Mr. White, and I wish to commend you on its high quality.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Mr. Solomon Adler,
U. S. Treasury Representative,
American Embassy,
Chungking, China.

HDW/ISF/efs 3/22/44

CONFIDENTIAL
For security reasons the
text of this message must
be classified as Confidential.

BJR - 122
This telegram must be
paraphrased before being
communicated to anyone
other than a Governmental
agency. (SCOO)

Dated March 23, 1944

Rec'd 3:40 p.m.

Secretary of State,

Washington.

DEPARTMENT OF STATE
MAR 23 1944
COMMUNICATIONS
AND RECORDS

517, March 23, 1 p.m. (SECTION ONE)
TO SECRETARY OF TREASURY FROM ADLER

One. Fully agree with the conclusions of Ambassa-
dor's cable of March 8. Re your 331, March 11. (All
sums in CN dollars unless otherwise specified.

Two. Over all picture. Economic situation in
China while extremely unstable will not ~~come~~ apart
from undue strain from expansion of American military
operations, collapse for some time as long as harvests
continue satisfactory. Growing disintegration of
military and political power of Central Government,
weakening of its war effort such as it is and of its
military potential, and spread of malpractices in-
evitable unless and until (A) China's isolation is
broken (B) internal reforms take place - a remote
contingency.

Three. Last years harvest slightly larger than
1942 though

-2- #517, March 23, 1 p.m. (SECTION ONE) from Chungking
via N.R.

1942 though there were again acute localized famines; it is too early as yet to predict 1944 crops. Decline in industrial production can be expected to continue. Prices in 1943 more than trebled and note issue more than doubled, i.e. rate of increase in both was only slightly greater than in 1942. (Published and official price data are becoming increasingly unreliable. Since beginning of year, however, there has been a spectacularly sharp rise in prices. Preliminary estimated increase in average of retail prices in leading cities (February level 300 times 1937) is about thirty percent for first two months of year. Increase in Chungking retail index for same period only 12 percent but this obviously incorrect as even official opinion estimates it at nearer sixty percent. In Kweilin same index shows rise of over forty percent while Buck's wholesale and cost of living indices for Chengtu show increases of 65 percent. Causes of this sharp spurt partly seasonal partly impact of United States expenditures (as in Chengtu, CF. my 392, February 29), increasing speculation in commodities wide fluctuations in price of gold and United States currency and of course cumulative long run fact

-3- #517, March 23, 1 p.m. (SECTION ONE) from Chungking
via N.R.

run fact or of expanding note issue. Unfortunately recent marked upward trend in prices still being maintained, seasonal pre-harvest factor likely to continue and United States expenditures to increase for some months.

Four. Budgetary situation. 1943 expenditures were about 48 billion and revenues under 20 billion (preliminary). It should be noted that for first time expansion of note issue of over 40 billion was substantially higher than official deficit of 30 billion due to direct United States Army expenditures of over two billion, probable existence of concealed deficits and fact that Government banks used newly issued notes to make loans for Government approved projects. This year estimated expenditures are 80 billion and revenues 35 to 40 billion but actual expenditures will probably be nearer 100 billion and actual revenues nearer 25 billion. Thus apart from concealed deficits and Government bank loans note issue will double i.e. increase by 75 billion in 1944. Given same rate of increase as last year it will expand by nearly 90 billion. Above estimates do not (repeat not) allow for heavy contemplated increase in expenditures by and for United States Army during 1944.

GAUSS

HTM

CH-134

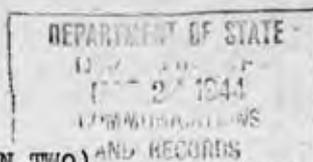
This telegram must be paraphrased before being communicated to anyone other than a Government agency. (SCOO)

Chungking

Dated March 23, 1944

Rec'd 4:00 p.m.

Secretary of State,
Washington.



517, March 23, 1 p.m. (SECTION TWO)

Impact of United States Army expenditures.

One. Up to end of 1943 United States Army had spent directly under two and one-fourth billion, while according to Kung's message to YFC of January 24 Chinese Government had spent five and three-fourths billion in connection with our Army operations. Since then Army has spent directly one half a billion yuans, Ministry of Finance has advanced one billion a month for direct expenditures in February and March. In addition Ministry has spent one point four billion in January and February for Chengtu projects, an unspecified but much smaller amount for construction and maintenance elsewhere and for living costs of American Army in China, and has allotted one point seven billion for construction projects in March. All in all under eight billion were spent by and for United States Army in 1943 and another six billion since.

Two. While

-2- #517, March 23, 1 p.m., (SECTION TWO) from Chungking.

Two. While these expenditures undoubtedly contributed to aggravating inflation, especially in areas in which they were concentrated (Kunming, Kweilin and Chengtu), they did not constitute an intolerable burden on Chinese economy, as is borne out by fact that 1943 rate of increase in prices and like issue was not perceptibly greater than in 1942. Total expenditures by and for United States Army in 1943 constituted 20% of expansion of note issue and less than one-fourth of budgetary deficit. In Yunnan United States Army direct expenditures totaled one point four billion in 1943 and three-fourths billion for January February 1944, and in Kwangsi one billion and under one hundred million for same periods. While no breakdown of Central Government expenditures in these areas is available, presumably a substantial portion of its disbursements of three billion in 1943 and three-fourths billion in January February 1944 in Yunnan and of one point one billion and three hundred million in Kwangsi for same periods was incurred in connection with United States Army operations.

Three. The immediate impact of these expenditures in these areas was to push up prices, to intensify speculation and hoarding in anticipation of further United States Army expenditures and thus aggravate price

-3- #517, March 23, 1 p.m., (SECTION TWO) from Chungking price situation still further (this process inevitable in absence of effective government economic and political controls given which problem would have been much more tractable), to create acute shortages of (*) maintenance of even a few thousand American troops also taxes food supply in areas where they are located owing to huge discrepancy between war and normal Chinese living standards. Rate at which this impact is transmitted to other cities and country as a whole is slow in China its economy is so loosely integrated. Data on differential impact of Army expenditures and speed of its transmission inconclusive. Farmers Bank retail index reveals increases in Kweilin and Kunming of three and one-half and over three times in 1943 as compared with somewhat under three times in Chungking and Chengtu, cities where United States Army expenditures were small in 1943; but too much weight cannot be attached to this index. Thurbucks Chengtu cost of living index just about quadrupled in 1943, while 1944 rate of increase in Chengtu prices under impact of heavy Army expenditures since beginning of year is only slightly greater than in Chungking. Even in case of Kunming where prices are highest in China it took the lead as far back as 1938.

Four. It

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Four. It is important to bear this qualification in mind in view of noticeable tendency increasingly prevalent in Chinese Government circles to lay responsibility for inflation on our Army expenditures in order to: (a) strengthen their bargaining position with respect to current financial negotiations (b) put themselves in a better position should they make another request for a loan, (c) find a convenient alibi for a situation which they have been very far from handling as well as they could (d) make us morally responsible for extricating them from the collapse if and when it comes.

GAUSS

EDA

(* Apparent omission.

FMH-3

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

Chungking via N.R.

Dated March 23, 1944

Rec'd 9:50 a.m.



Secretary of State,
Washington.

517, March 23, 1 p.m. (SECTION THREE)

One. But (repeat but) scale of expenditures for US Army now contemplated far greater than in west and will moreover be superimposed on a more advanced stage of inflation. Projected expenditures for April June 1944 are twelve billion not allowing for increase in prices in interim and are much more likely to exceed fifteen billion. Even with active sale of gold and US currency, by far largest part of these expenditures will have to be met by expanding note issue. Given continuance of present Chinese attitude towards sale of gold and US currency, with the implementation of US Army plans there will be an increase in note issue of eleven billion a month for next three months (six billion for the "normal" increase and five billion for our army). While Chinese economy may (repeat may) be able to stand this extra strain it is highly questionable whether we should incur the risk

-2- #517, March 23, 1 p.m. (SECTION THREE) from
Chungking via N.R.

the risk of imposing it on her, unless army has overriding strategic reasons for doing so. Subject to this suggest figure it is desirable not to exceed is three billion per month for next three months.

Two. Certainly Army should not make plans for further construction projects entailing such heavy expenditures after June. I understand its present plans call for a tapering down of expenditures after June; it is to be hoped these plans will not be revised, as otherwise note issue might increase by anywhere between 120 to 150 billion in 1944.

Three. Note that:

(a) Chinese Government has avoided and will probably continue to avoid suggesting limits to Army expenditures in China for reasons of diplomatic prestige, in spite of fact that it has been asked to do so.

(b) Army is already experiencing difficulties in letting contracts and spending money at speed it would like and which is necessary for completion of its projects on schedule, particularly in Chengtu. While this limits expenditures in immediate short run, projects cost more the longer they take to complete.

Four. China's economic situation such that it is possible

-3- #517, March 23, 1 p.m. (SECTION THREE) from
Chungking via N.R.

possible only to recommend palliative measures as follows:

(a) Aggressive sale of gold and US currency to mitigate to some extent however slight inflationary effects of Army expenditures. Unfortunately in spite of his recent request for US ten million of gold and US twenty million of US currency Kung is at present apathetic to such sale (with continuance of his present attitude it is impossible to clarify request in your 314 of March 8) I suggest your considering personally recommending to him more active sale of gold and possibly US currency.

(b) Shipment by air from India of token amounts of commercial goods to China.

(c) Improvement in US Army's methods of contracting and purchasing. There is sufficient evidence that contracting and purchasing is often left to inexperienced younger officers who seem to pay little attention either to cost or to normal Chinese commercial practice, which makes them easy victims of unscrupulous businessmen. This both increases burden on US taxpayers and adds to inflation in China. Civilians here carry little weight with Army and pointing out to them that they could employ missionaries experienced in contracting
in interior

-4- #517, March 23, 1 p.m. (SECTION THREE) from
Chungking via N.R.

in interior China and reliable Chinese has had little
effect.

Five. Letter by pouch month ago contains further
information on Army expenditures and possible sale of
gold and US currency.

(END OF MESSAGE)

GAUSS

WFS

NOT TO BE RE-TRANSMITTED

1944 MAR 24 PM 2 05

TREASURY DEPARTMENT
FORM NO. 11SECRETOPTEL No. 95

Information received up to 10 a.m., 23rd March, 1944

1. NAVAL

On 21st/22nd Dover coastal batteries possibly obtained 4 hits on convoy from BOULOGNE to CALAIS.

EAST INDIES. One of H.M. Submarines is overdue from patrol and considered lost.2. MILITARYITALY. 22nd. North of CASSINO French troops beat off two strong attacks. In the town little progress made in house to house fighting. An attack by our infantry supported by tanks against a strongly defended house failed.RUSSIA. Further Russian progress west and south-west of KREMENETS and in DNIESTER bridgehead south of MOGILEV-PODOLESKI. On Lower BUG they captured PERVOMAISK and are along river between that town and VOZNESENK.BURMA. Japanese are continuing to develop their offensive across CHINDWIN.3. AIR OPERATIONSWESTERN FRONT. 22nd. Total 639 escorted Fortresses and Liberators dropped 1,277 tons on BERLIN blind. 13 Liberators, 12 fighters missing.

22nd/23rd- 1,077 aircraft despatched:

FRANKFURT	316
BERLIN and MANOVR	18 Mosquitoes
DORTMUND and OBERHAUSSEN	4
Airfields in HOLLAND	20
Intruders	18 (1 missing)
Sea-mining	146
Leaflets	25

Preliminary report FRANKFURT - weather fairly clear and concentrated attack developed. Large fires started. 33 bombers missing. 20 German aircraft flew over Southeast ENGLAND, 4 reaching LONDON. One destroyed by night fighter.

ITALY. 20th. Mitchells dropped 45 tons at SAN BENEVO Harbour.

21st. Marauders dropped 76 tons at bridges near AREZZO. Hits reported on railway viaduct west of town and on northern approaches at BUCINI.

YUGOSLAVIA. 21st. 64 fighters attacked coastal shipping destroying a Siebel Ferry and 3 schooners and damaging other craft.

March 24, 1944
9:30 a.m.

GROUP

Present: Mr. Bell
Mr. Gaston
Mr. Smith
Mr. Sullivan
Mr. Thompson
Mr. White
Mr. Haas
Mr. O'Connell
Mrs. Klotz

H.M.JR: I have nothing special, except that I was very much interested in that bill that you sent me from Congressman Gale. I think it is very interesting. Do you want to explain it to the group?

MR. O'CONNELL: Well, the way this came up is, the Secretary wondered whether there was authority under existing law to provide prizes as an incentive to hold bonds if you had them, or an incentive to purchase bonds if you haven't them, and George Haas asked us to look into it.

It was pretty clearly unauthorized or illegal, because of the definite provisions of the Federal Anti-Lottery Statute. Any scheme or device that involves the offering of prizes is dependent wholly or in part on lottery chance. Any of these things would do that. Such schemes may not be used in the mail or on the radio, and there is no exemption for the Government.

But at any rate, we pointed out that Congressman Gale, a Republican out in Minnesota, introduced a bill back in December, which I think, talking it over with Henry Murphy, permits exactly the sort of thing which the Secretary was thinking of. The theory is that the

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Secretary would be authorized to pay premiums to individuals who purchase or who hold series E bonds. It is a very simple statute, and I think it is quite adequate to do the trick.

This is essentially the sort of thing that Henry Murphy has been talking to me about. I don't know whether Henry told you, but there is a little coincidence involved in this. He assures me it is pure coincidence, but Congressman Gale is a friend of Henry Murphy's wife.

MR. GASTON: What is the coincidence?

MR. O'CONNELL: Just that.

MR. WHITE: Henry Murphy and I are the only ones in the Treasury who always favored the use of lottery bonds.

MR. HAAS: Another one is Joe Stalin.

MR. WHITE: The three of us; that is good company! And doesn't this trouble you, Mr. Secretary, this immorality, or have you changed?

H.M.JR: Oh, Harry!

MR. WHITE: I have taken a lot of ribbing on this. I am getting back.

H.M.JR: Who is getting a lot of ribbing?

MR. WHITE: I say I have taken a lot of ribbing from the staff on this the last year.

H.M.JR: Well, I am trying to keep up with the times.

MR. WHITE: Oh, that is the essence of progress.

MR. BELL: You ought to suggest that Gamble take over the slot machine business. (Laughter)

H.M.JR: I will tell you something, gentlemen, I am getting a little more serious about this thing, see?

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Now, Sweden has done it. I didn't know that you were in on this.

MR. WHITE: I wasn't.

H.M.JR: You and Mr. Murphy.

MR. WHITE: I wasn't. I was last year.

There may be another link -- I am serious now-- which may interest you. There has been a man around town who is from some foreign country--I don't know whether it is Austria, Hungary, or Germany--who was in charge of the lottery arrangements, and who knows a very great deal about it. He has been around to the Treasury at least a dozen times, and on the Hill, and he said he has talked with many Congressmen who are favorable. It may well be that Gale and that fellow got together.

MR. O'CONNELL: Well, of course, I was joking about Henry Murphy. He has never seen Mr. Gale. He mentioned that his wife comes from the same part of Minnesota that Congressman Gale does. He assures me that he did not inspire the legislation, but this legislation, which is quite simple, would permit exactly the sort of thing that Henry has been talking about, and you talked with him about last week.

H.M.JR: How much are the redemptions?

MR. BELL: They run about two hundred and fifty million dollars this month. It will be the highest month we have had.

MR. O'CONNELL: That is because of March 15, of course.

MR. GASTON: And the Fourth War Loan Drive.

H.M.JR: Would there be any way of sort of polling the Ways and Means Committee on this bill?

MR. SULLIVAN: Sure, but it will be in the paper the minute you do it.

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MR. WHITE: I would very much like to see the specific plan that you have in mind, Mr. Secretary. I don't mean the bill; I mean the plan, because it makes a great deal of difference what the particular plan is, how feasible it is, and so forth, before I think you ought to poll the bill. I think you ought to in your own mind have a plan that you think is workable and that you are for, because you may find upon examination that the only kind of plan that is feasible is one that you may not be as enthusiastic about.

MR. SULLIVAN: The minute you ask any Member of that Committee about it, they are going to say, "What does the Secretary want?"

H.M.JR: The plan as I understand it--Henry Murphy isn't here, but as I understand it, they give prizes to people who own E bonds. They do it by drawing numbers. And they keep drawing the numbers so that if you have redeemed your bond and two years later your bond has been drawn, it makes you feel terrible. It is a question of distributing so much money. It is like a bonus, extra interest to the holders of these E bonds. The incentive is the gambling instinct of the people, that they are going to get a prize if they hold on.

MR. SULLIVAN: Then you would be prepared to let people draw for bonds, too. Once you adopt that, you would probably go the rest of the way.

H.M.JR: Which is what?

MR. SULLIVAN: Well, they will run lotteries, and everybody will put in a hundred dollars and somebody will get a hundred thousand dollar bond.

H.M.JR: This bill says that you get your prizes in bonds.

MR. HAAS: Harry arranged for me to talk to this Russian. Their financing is quite interesting. They issue two bonds; both are twenty-year bonds. One of them bears interest semi-annually at four percent; the other bond bears no interest, but they have drawings,

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and the prizes are equivalent to four percent. On the hundred-ruble bond you can get a prize up to five thousand rubles. In other words, the hundred dollars is included in that. You get back five thousand. They have drawings four times a year, so on each bond you have eighty drawings you can participate in. You get eighty chances in the drawing. He said most of these people buy these bonds rather than the other.

H.M.JR: That is what I explained to you.

MR. HAAS: Most of them buy these, and you will be interested in this: Their whole system is absolutely voluntary. They don't even do as much as we do. I couldn't even get a suggestion. That is what he said, anyway.

H.M.JR: The other fellow I spoke to about it two years ago said, "Well, somebody tells the plant superintendent what the plant quota is, and it spreads through the plant what is expected of each man to make up the plant quota."

MR. HAAS: That is as far as he would go, but no coercion or anything.

H.M.JR: You have an ally here on this thing.

MRS. KLOTZ: I think it is wonderful.

MR. WHITE: I think, Mr. Secretary, before you push the plan in Congress--there is enough difference of opinion within your own staff that if you agree on the principle--I am not questioning that--but I mean on the particular method and the particular devices so that I think you ought to ask for a plan which is worked out in sufficient detail and listen to the various views of the staff until you are satisfied it is the best plan of that scheme. Then I think that is the time to go to Congress if you want to.

H.M.JR: Well, they have a plan.

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MR. BELL: There are two or three plans around there that we worked on two or three years ago.

MR. HAAS: Being an economist, I would rather wait until after November.

H.M.JR: We have telegraphed to Sweden to get more details about their plan. But the important thing is, what would happen to us publicly?

MR. SMITH: I don't think the Treasury ought to do it. I think if you got the plan all wrapped up and everything, you could call over George and somebody and give the whole ball of wax to him and let him carry it. You keep out of it; that is, keep the Treasury out of it.

H.M.JR: All right, let's say that George and Doughton will do it. Let's just say it. Then they ask me about it.

MR. BELL: If you are going to do it, don't have somebody else carry the ball.

MR. WHITE: I personally don't agree with that at all. I think the whole notion that the thing is immoral can't even stand the most elementary kind of logic.

MR. SMITH: It isn't a question of logic, but one of publicity. I would like to be on the other side of the fence if the U. S. Treasury started lotteries.

MR. WHITE: I wouldn't mind, so long as I was on the other side.

MR. SMITH: You could make a lot out of it. Look at all the doors you are opening to crooked lotteries, and so forth. I am no stickler for the dignity of the U. S Treasury, but I think it is something the Treasury ought to lay off of and let somebody else do it. Then if they come to you, which they no doubt will, you can say, "If Congress wants to put the bill through, I will go along with it."

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MR. WHITE: You imply that it is a blow at the dignity. I don't accept that for one moment.

MR. SMITH: If this were 1945 and we had three years to live it down, that would be something else again.

MR. BELL: I think we have had a pretty good policy, and I am in favor of sticking to it.

MR. GASTON: So am I. I think this is a pretty big camel; it has lots of humps.

MR. O'CONNELL: I think this is a wonderful idea. The only difficulty I would have with it is, the one thing you can't do immediately is to sell it as a way of getting more money for the Treasury at less cost. If we didn't have the thirty or forty billion dollars outstanding--and as to those, I take it you would have to pay what amounts to additional interest on them, because I take it you want to give the people who have outstanding bonds the incentive to hold them. In addition, you want an incentive to purchase and hold.

My first impression, I think, is, you could sell more bonds at less rate of interest to the holders of E bonds.

MR. SMITH: If it is a question of the specific type of plan, with the effect on interest rates and effect on costs, that is one important discussion which we would all be glad to get into. But I thought the issue at the moment is not that at all, but whether or not the Treasury should undertake any kind of financing which involves a lottery feature.

Lotteries are just plain illegal, and you would be raising an awful fuss if you made lotteries, as such, legal. I don't see how a lottery can be legal for the Treasury and illegal for anybody else. I swear somebody with a pile of money--this Walter Howey out at the Chicago newspaper out here has been trying to get lotteries for God knows how long. He is going right up to the Supreme Court. You will have a fuss.

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MR. O'CONNELL: If you have legislation authorizing a lottery, you won't. The only thing stopping us is the Federal Anti-Lottery Statute. As a matter of fact, the United States authorized a lottery for the District of Columbia for the purpose of raising money a hundred years ago. States have done it, foreign countries have done it, agencies in this country have done it.

H.M.JR: It was done in Louisiana.

MR. WHITE: The fact that the Federal Government does something doesn't mean you have to give the same privilege to corporations or individuals who are not the Federal Government. The only time that that point is cogent is if you apply certain moral connotations to it, and that is the very issue I'd like to raise and discuss. Once you say there is no question of morality involved, then the Federal Government can do it.

MR. SULLIVAN: Who says there is any question of morality?

MR. WHITE: I can put you at the top of the list, John, judging from last year.

MR. SULLIVAN: Why?

MR. WHITE: You felt that it was immoral - you told me so.

MR. BELL: He still feels that way.

MR. WHITE: I thought he questions it now.

H.M.JR: I am like Harry White - I don't know whether I can get in on this discussion!

MR. WHITE: I am doing my best to keep you out!

H.M.JR: But just let me say this a minute, Mr. Smith. I was surprised that you didn't raise the question of morality when you let me go out on the end of a limb on this question of Prohibition, and you didn't raise the

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question about the WCTU and all those people and the morality of liquor. You didn't raise it then. An awful lot of people, you know, think it is immoral to take a drink.

MR. SMITH: But that is an entirely different kind of morality. My morals are hinged entirely to the daily newspaper, and the daily newspaper will be all with you on that moral question, and the daily newspaper will be against you and whipping up a great deal of criticism against you on this lottery scheme, and I don't know what you have to gain. Maybe you could sell more bonds. Maybe some people would hold on to bonds who aren't holding on to them now. I don't know. But you have to gamble on that side, and "I ain't got no gamble."

H.M.JR: I don't know which side Gamble would be on!

MR. SMITH: You have no gamble on the side of criticism. On the liquor thing you have a gamble with the WCTU. That all belongs to Mr. Hoover, anyway. And you have a gamble on what you are going to get out of it, which is taxes and maybe prevention of prohibition. You have a greater moral issue with you than you have against you.

H.M.JR: Ask Mrs. Forbush how my mail is.

MR. SMITH: Yes. You have one letter that I got; it was forwarded down to me from somebody in Connecticut, pointing out that they spent six billion dollars for liquor last year, which would be so many hundred thousands of twenty-five dollar bonds apiece, and "Ain't you ashamed?"

H.M.JR: I have one at the house; that is all.

MR. SMITH: I wouldn't worry about it, because there will be organized mail, and you will get quite a lot of it, but it will all stem from an organization.

H.M.JR: Let's go along, George. Let's get some of these plans down in black and white, anyway, see? Let's take a look at it.

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MR. BELL: There have been several bills introduced.

MR. GASTON: Guffey had a bill.

H.M.JR: If it is going to be a question of votes, the newspapers, and so forth, and so on--

MR. BELL: You have Mrs. Patterson behind you.

H.M.JR: You would have the whole Hearst Press behind you, all of the McCormick-Patterson Press.

MR. BELL: That will be quite an achievement.

MR. O'CONNELL: I can't see how you would gain any votes, but it seems to me from what I have heard about it and the way I have been feeling about it, that that feature would be terribly attractive to an awful lot of people to buy and hold bonds. I know an awful lot of people who would buy a bond and hold it a lot longer at a much lower rate of interest, because it isn't so important to them. They would buy just as many or more at one and a half.

MR. WHITE: I would like to see the man to whom the lottery does not appeal.

MR. SULLIVAN: Harry, with all your wartime philosophy, you spent two years trying to convince the people of America that there isn't any easy answer, they have to stop spending their money and save it. Now you come out with a device and say you won't have to put in a hundred dollars every month. If you are lucky you can put in twenty-five and you will get twenty times as much out.

MR. BELL: Teach them to gamble instead of save.

MR. GASTON: It might be serious on the national credit; it is a confession of weakness. Are our finances about on a Mexican basis?

MR. BELL: This foreign country did it, and that did it, and about ninety-nine percent of them are broke.

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H.M.JR: I am not too serious about doing it before election.

MR. WHITE: The only cogent argument is the one that Fred is raising, about the fact that you can't gain many votes, certainly, because the people who would love it won't be affected in voting one way or the other, but you might lose votes, because unquestionably it would become a subject of organized attack. I can name a number of powerful organizations that would probably include it in their opposition.

H.M.JR: Go far enough to study the thing, see. Like all of these things, it is how long the war is going to last, and how long Mr. Roosevelt is going to be here. But I think it is worth studying the thing, anyway. I think it is fraught with political difficulties. I think they would immediately attack us, that we are tottering, and all that sort of thing. So let's confine it to this room, anyway for the time being.

MR. SULLIVAN: I think that is very important. If it ever got out that we were studying it, the political effect might be almost as bad.

H.M.JR: They have been studying it here for two years.

MR. SULLIVAN: I say if it ever got out.

H.M.JR: That is one of the things I wanted to talk about. I mean, there have been a few leaks now and then. I have nothing to put my finger on, nothing special. I think as we get towards election we should be more and more careful whom we talk to.

Then we are every once in a while developing a new technique here and we would like to put a story out. So if any of you have any particular friends amongst the press that you know fairly well, you could let Smith know just in case he has something he wants to put out to some columnist or somebody, see. I know Charley Bell knows several people.

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MR. THOMPSON: George Riley garbles everything so, but at any rate, we do give Riley and Jerry Kluttz little items. Jerry Kluttz isn't bad.

H.M.JR: He is local.

But anyway, we will all have to be careful, and I include myself. Take this thing here the other day. We decided that Paul wouldn't make a speech. The next day it was in the paper, in the Washington Daily News. The decision was made in here, as I remember it.

MR. BELL: That is right, it was made right here.

H.M.JR: The next day the Washington Daily News had it.

Well, who has anything less interesting or more interesting than prizes for war bonds. I will tell you one thing, I am going to try to have the last word-- this depression about taxes, this depression among the people--it would certainly lift that. I really believe that.

MR. WHITE: I think it is the greatest morale builder it is possible to have.

MR. GASTON: I don't know about this depression after paying taxes.

H.M.JR: I have had a couple of personal instances.

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MR. SULLIVAN: Maybe, but the ordinary rank and file took it better this year than last year.

H.M.JR: Well, anyway--

MR. WHITE: Anyway, see, we had fun last year.

MR. SULLIVAN: No fooling, I have been very agreeably surprised.

H.M.JR: I went home the other night in a car, and I passed a fellow who said, "Morgenthau, I gave you two hundred and forty dollars."

MR. SULLIVAN: Sure, and he is darn proud of it.

MRS. KLOTZ: He is, and April is coming, too.

MR. SULLIVAN: You bet your life, quickly.

MR. THOMPSON: I have nothing.

MR. BELL: I just want to tell you that we have established two hundred and thirty-five banking facilities at Army and Navy posts throughout the country. Fifty of those are in California, and the Bank of America has thirty of them. We just had to give it to them. There were no other banks available. We have established three at Boeing plants.

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H.M.JR: There is a story in that for you, what we do to help the boys. You (Smith) can throw a bouquet to the banks, too.

MR. SMITH: Yes, sir.

MR. BELL: We have tried to stay out of this private plant business, but they are coming at us more and more now, and I think it is up to the banks to do that and not up to us. I think we can get into a lot of trouble. We had quite a time in Wichita, Kansas, because there are about seven or eight banks there that could have done the job, only one bank had most of the business. But the other banks wouldn't agree for about two months to let the other bank do it.

We tried to get the Banking Commissioner to get into it and see if he couldn't work out an arrangement whereby all the banks would go together and establish this facility.

Well, he just couldn't get into it at all because it was a hot potato. Finally we got the Chairman of the Clearinghouse Association just to work on the banks, and finally the one bank that held out so long agreed that the bank that was doing most of the business should do it. We got it straightened out.

But that is the kind of situation we are going to get into, and we are not going to get them settled. I think, politically, it is bad.

H.M.JR: At the plants?

MR. BELL: Yes, we have three of them. Of course, when you once establish them, they like them. They want them all over the country. Now Boeing has three, Consolidated are after us now to establish one in California, and the Bank of America is the logical institution.

H.M.JR: Does it help the man - save time?

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MR. BELL: Sure. They say their absenteeism and everything is cut down. But it is not a Treasury function.

H.M.JR: Why not make it a Treasury function?

MR. BELL: They want us to, but I say it is fraught with a lot of danger.

H.M.JR: Well look, Dan, you and I went through that thing when we talked about getting issuing agents in department stores and drug stores.

MR. BELL: No, this is different.

H.M.JR: You were hesitant.

MR. BELL: I have gone along on the post facilities because that is strictly a governmental function. I think it is up to us to provide facilities at the posts. Many of the posts are miles from town. One or two that are in villages that haven't got sufficient banking facilities in the town, even. That is up to us. But where you have a private commercial plant with thousands of employees, maybe, working on Government contracts--

H.M.JR: If I understand it, we get the banks to do it.

MR. BELL: Yes, but we designate them as a Government depository and give them the two percent bond to help them pay expenses. It is an out-of-pocket expense.

H.M.JR: I went to the Curtiss Wright plant at Cincinnati, thirty miles out of town - I forget how many people they have - twenty-five or thirty-five thousand people working. Take Willow Run, fifty miles out of Detroit--

MR. BELL: That is a pretty good town.

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H.M.JR: Not where Willow Run is. Nobody lives there. I mean, the people who work there don't live there; they come in from around.

MR. WHITE: Couldn't it be done and limited to the war, Dan?

MR. BELL: That is what we are doing. Everywhere we are establishing one of these things we say it is for the duration of the war and maybe six months after.

We have promised all of the people who kicked - we have had a lot who have kicked--

H.M.JR: Why not say this, that the Army and Navy have just designated eight strategic service groups which they are going to exempt, radar, radio, certain kinds of yarns they need--

MR. SMITH: Rayon.

H.M.JR: Yes - PT boats, landing craft, airplanes, why not confine it to that? Say that those things which are so important, we will help on that.

MR. BELL: I think for the moment you probably can confine it to the airplanes, just for the moment. It is the only thing that is hitting us. Plus Bard, who is on my neck to establish banking facilities down here in the Navy building.

H.M.JR: Let's be frank among ourselves. We put up a fight to get the Alien Property in the Treasury. We did - a couple of years ago. We say we want this and that. But here is something knocking at our door that nobody else wants to do, and it is a real service.

MR. BELL: There isn't any question about the service. It is important.

MR. GASTON: Is it general banking service that they furnish?

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MR. BELL: Yes, in Wichita, Kansas, for instance, these people are out about ten miles and they have built a little village right around this plant. People live there.

H.M.JR: It amounts to our making them a depository and giving them the two percent bond.

MR. BELL: And part of that money that they get from that two percent bond is to offset their expenses.

H.M.JR: I ask you to reconsider. You have them knocking at your door, and Bard knocking at your door where they have six thousand people.

I think there is less reason here in Washington.

MR. BELL: I think it is dangerous here.

H.M.JR: But certainly this airplane--

MR. BELL: I have established three in Boeing plant sort of under pressure. Now I have Consolidated on my neck. I haven't turned any of them down, but I want you to know that we are getting into something that some of these days you will get a lot of letters from banks about.

H.M.JR: I urge you to do it. I can take that.

MR. BELL: I don't want to do it in Washington, because I have set up one at the Navy Yard. That is essential because those people are confined to the area during their entire working hours.

H.M.JR: Is that where they make the guns?

MR. BELL: Yes, and repair the ships. Bard wants one in the Munitions Building. WPB will want one in the Social Security Building. It is a question of what bank is going to get it. You are taking business away from banks here in town.

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H.M.JR: No, no, but will you?

MR. BELL: Sure, I will go along. I want you to know what we are getting into.

H.M.JR: I am for it. I think it is good.

MR. BELL: We will hold it down as much as we can.

We have issued about four hundred million of those two percent bonds, of which eighty-eight million were issued to banks designated to handle withholding taxes. And those banks that were designated to handle the withholding taxes put up eighty million dollars of their own money to buy the bonds. We didn't have to put any money out to buy the bonds.

Out of four hundred and seventeen, about fifty percent in our money and not bank money.

H.M.JR: How about the airplane?

MR. BELL: I don't think over a couple of million dollars in those three places.

MR. SMITH: Justify it on the basis of inflation; taking people's money away from them and making it a little harder to spend.

MR. WHITE: Sure, it is difficult for people to go to banks during the day time. They wait in line at these banks.

MR. SULLIVAN: They cash checks there, too!

MR. BELL: I would feel a lot happier about it if the banks would take it on as part of their own function and not part of the Treasury.

MR. O'CONNELL: One of the difficulties, you have to ultimately determine the bank.

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MR. BELL: That is the hard job. That is where we get in trouble.

H.M.JR: Let me pick it. I won't be here too long. You can blame it on me.

MR. O'CONNELL: You have a lottery.

MR. WHITE: Pick the banks by lottery.

MR. BELL: You will be interested to know we are establishing banking facilities - I don't know - way out on the end of those islands in Alaska.

H.M.JR: Really?

MR. BELL: About twelve hundred miles from Anchorage. Peculiar thing about it, we had to pick an Anchorage bank and they weren't insured under the FDIC, so we got the representative to come to Seattle and asked him if he wouldn't make application for FDIC insurance. He said he would. We told him we would like to give his bank the job, but they just can't handle it - "So we would like to work through your correspondent in Seattle" - see?

What the Navy does is go straight across from Seattle. So we got the correspondent bank in Seattle to do the job and give the Anchorage bank the credit in the designation. That is working it out.

H.M.JR: What has the Anchorage bank got in deposits?

MR. BELL: Very small bank - no personnel. Only three or four people in the bank.

H.M.JR: Are your ears open?

MR. SMITH: Wide open.

H.M.JR: I think that is good stuff and I congratulate you.

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MR. BELL: I think the boys have done a pretty good job. It has been handled by Rabon and Batchelder. They have gotten the banks into a room and talked to them. They have really come through.

MR. SMITH: Are they back here now?

MR. BELL: Yes, Rabon, I think, is leaving for the New England States today, but they are in town.

H.M.JR: Harry?

MR. WHITE: I have several things that should be taken up this morning. The first is this cable to Churchill. We have got the final draft on it, including a sentence I don't think should be in. (Hands Secretary draft of cable to Churchill concerning Lend-Lease)

H.M.JR: Let's settle it right now.

MR. WHITE: The sentence which I have underlined is the sentence which has been added by State, chiefly, and FEA.

H.M.JR: No, it is the other way around. What I said was that I reserved the right to bring this matter up.

MR. WHITE: I think it would be a grave error to include that in the cable.

H.M.JR: Will you tell them I am against it and I want the blankety-blank cable to go?

MR. WHITE: That is all I need, I think.

H.M.JR: You tell them I want the damned thing to go. That will hold you for awhile?

MR. WHITE: Yes. That is the most urgent. These other things can wait a day or two.

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H.M.JR: All right, let's see how we run. If I have any time between now and ten-thirty, Harry, you can have it.

MR. HAAS: I haven't anything.

MR. SULLIVAN: April 12 they would like you in Baltimore with the representatives of the Army Service Command. General Somervell is going over. I think it would be a very good thing for you to do. They are being brought in from all over this country and Alaska. These are the men who are running your War Bond campaigns.

H.M.JR: It is so near! If you said, "Would you like to go to Alaska?" - three cheers. But just to Baltimore - what the heck!

MR. SULLIVAN: Maybe you can ride home with one of these fellows.

H.M.JR: There is nothing in it to Baltimore.

MR. SULLIVAN: I really think you should go over, Mr. Secretary.

H.M.JR: Morning, afternoon, or evening?

MR. SULLIVAN: I think they can make it any time you want it.

H.M.JR: I tell you, Mrs. Klotz, we will put it down for the evening and we will talk to Mr. Sullivan - don't say anything, see?

MR. SULLIVAN: All right.

H.M.JR: We will set it on the 10th, but I will hold the evening of the 12th open.

MR. SULLIVAN: All right. In the meantime I can find out whether the evening would be agreeable?

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H.M.JR: Yes, maybe they would prefer the afternoon.

MR. SULLIVAN: They might. I think some are going over in the afternoon. It would be nice if you went together.

H.M.JR: Could be.

MR. SULLIVAN: I think it would be helpful for all these people who are running the drives in their own Service Commands to have a picture of you and Somervell and go back home, and the Commanding Officer would realize this is a pretty serious proposition.

H.M.JR: All right, sir. You find out. Unless something serious comes up, I will go - afternoon or evening. Yes, sir.

Smith, you go along.

MR. SMITH: Yes, sir.

MR. SULLIVAN: Last week I spoke to you about Nunan's recommendation of George Schoeneman as Assistant Commissioner. You asked me.

H.M.JR: Let's settle it now. I don't know him. Anybody think it is good or bad?

MR. GASTON: Who will take George's place?

MR. BELL: That is more important.

H.M.JR: Who is George?

MR. BELL: George Schoeneman. He is the Deputy Commissioner.

H.M.JR: Is he a Democrat?

MR. BELL: He has been in the Government service for thirty-eight years.

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H.M.JR: Well, this is a Presidential appointment, isn't it?

MR. SULLIVAN: That is right.

MR. BELL: Why does he want it, John - or does he want it?

MR. SULLIVAN: I don't know.

H.M.JR: Why shouldn't he be a Democrat?

MR. SULLIVAN: How about Harold Graves? He is the other assistant.

H.M.JR: I understand that Harold is for Roosevelt.

MR. SULLIVAN: Oh, I think George is, too.

H.M.JR: For a fourth term?

MR. GASTON: Naturally, he would be, if he wants to hold this job.

MR. SULLIVAN: Let me talk with these fellows and I will talk it over with you later.

MR. THOMPSON: I would be surprised if George was interested in that job.

MR. BELL: Yes, that would surprise me.

MR. THOMPSON: He is perfect in his present job.

MR. GASTON: He runs that Accounts and Collections Unit. He controls the Collectors Offices.

H.M.JR: Mr. Sullivan, all I can say is, as a good politician, you haven't done your groundwork very well around here.

MR. SULLIVAN: This isn't my groundwork.

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H.M.JR: Isn't it?

MR. SULLIVAN: No, I was given a memorandum by Mr. Nunan. That is the first I knew about it.

H.M.JR: Oh, you are not shoving this?

MR. BELL: Nunan is shoving it.

MR. SULLIVAN: I told you that I would talk with these fellows and I haven't had a chance to do it. That is why I suggest--

H.M.JR: Which of you is so busy?

MR. SULLIVAN: All of us are busy. By the way, when are you going to New York and see that office up there?

H.M.JR: Is it worth seeing?

MR. SULLIVAN: I think it is. I think Campbell has done a remarkable job. None of the help is trained. He had to run a comptometer school. He was up to seventeen hundred and eighty-three employees Friday morning. He has to have twenty-four hundred. They had no filing cabinets; they had none of these little filing racks in which they put the slips alphabetically. He spent the first week with hammer and saw, teaching a crew how to make the racks and filing cabinets.

I think he is doing a remarkably good job.

H.M.JR: Who is this?

MR. SULLIVAN: Ernest Campbell. They had over one hundred and forty million certificates, 1125's and W-2's in there.

They had over eight thousand tax returns on which a refund would be due. I think, so far as the public is concerned, it is one of the most important operations of the Bureau.

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MR. WHITE: Why doesn't Smith go, then?

MR. SMITH: We have got a whole picture story being sent out by Acme, Dr. White! I have been there.

MR. SULLIVAN: I would like to see a couple of pictures of the Secretary in that.

MR. SMITH: We wanted to take movies but they wouldn't let us.

MR. BELL: If you want to see an office, see the Chicago office.

MR. SULLIVAN: I understand that. People are just as interested in getting refunds as they are in getting bonds redeemed.

MR. BELL: No furniture up there? What is the matter? You are in charge of Procurement.

MR. SULLIVAN: You just can't get these cases. They have to file all their forms on the first floor. The building won't stand the weight.

H.M.JR: I am sorry I can't make you smile.

MR. SULLIVAN: No, I am serious about that. It is a good job.

H.M.JR: Trying to promote me - wants to put me before the Generals, now the refunds! O.K., I like it. I will cooperate.

MR. SULLIVAN: I told Campbell I was going to recommend you come up. He said, "My God, I am afraid we are going to get too much publicity. You know we are going to make some mistakes around here."

H.M.JR: All right, if somebody takes an interest in me, I will meet them half way.

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MR. WHITE: Would you like your picture taken with some gold that is being shipped out of the country?

H.M.JR: I don't know whether I am as good a shot as I should be!

MR. BELL: They brought the gold up from Fort Knox and one day attached a carload of gold behind this fast passenger train, and the Army came right along behind it and attached a carload of munitions.

MR. SULLIVAN: Oh, boy, there is a story, Fred.

MR. SMITH: I have got this overseas exhibit, you know, across the hall.

H.M.JR: I know. You certainly have a good salesman in front of you. He has been trying to get me to go.

MR. SMITH: Fitz?

H.M.JR: Yes, Fitz.

MR. GASTON: You might like to know that Mr. Anslinger and Mr. Shamhart are going to make a trip to Mexico to do some negotiation about destruction of opium poppies in Mexico.

H.M.JR: That is a good time of year to go.

MR. GASTON: We pay those fellows a little money. With the Mexican Government's enthusiastic consent, we pay their enforcement people to go out and destroy poppies.

H.M.JR: What else, Herbert?

MR. GASTON: I have nothing else.

H.M.JR: All right. Is anyone going to prepare me before this luncheon?

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MR. BELL: I was going to ask you if you wanted a little session.

H.M.JR: Well, this thing with General Lewis can't last more than fifteen minutes. I won't let it last more than that. Would you be ready at eleven-thirty?

MR. BELL: We are ready now. Eleven-thirty is fine.

H.M.JR: All right, I want Smith to sit in on this.

MR. WHITE: When I was up to see the Ambassador to give him your message on the money, he was interested in the possibility - he suggested their printing their own. We had some discussion and when I got through he said he didn't fully understand it and would I explain it sometime in the future. I said we would be glad to. He called yesterday and said he would be glad to have me come up to lunch today. Is that all right?

H.M.JR: Yes, sir.

Is that all?

You can stay, Harry, to clean up what you have.

Treasury Department
Division of Monetary Research

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Date March 24, 1944.....19

To: Secretary Morgenthau

I have just obtained oral approval of the cable, in the form you wanted, from Rostow of State and Cox of FEA, who are presumed to represent their respective departments. We can send it over to the President in this form if you like, as Rostow approves. However, if you feel you want the initials of the principals, please initial the appended cable. We will then send it over for Mr. Crowley's initials and Mr. Hull's initials.

MR. WHITE
Branch 2058 - Room 208

THE SECRETARY OF THE TREASURY
WASHINGTON

MEMORANDUM TO THE PRESIDENT

In pursuance of your memorandum of March 10 to the Secretary of State and Secretary of Treasury, there is attached a suggested cable to be sent to the Prime Minister in reply to his cables 613 and 614 of March 9.

This suggested reply has been approved by Secretary Hull and Mr. Crowley.

Prime Minister Churchill

The President

Thank you for your reply contained in your cables
514 of March 9. The points you raised have already
been brought to my attention several times by Secretary
Morgenthau and Secretary Hull.

I am sorry if my message caused you anxiety. There is
no dispute as to the understanding on the handling of ques-
tionable items under Lend-Lease which was reached between
Mr. Crowley, Secretary Hull, Secretary Morgenthau and Lord
Salifax, and to which I had given my prior approval. As
Secretary Morgenthau stated at the meeting, this understanding
did not deal with the dollar position question and did not
include the possibility of our reopening that question in the
future should the situation seem to call for it.

I raised this dollar position question since it is a
troublesome one of continuing concern with us here and doubt-
less with you. I hope that we may be able together to find
a reasonable solution to this problem before it becomes
troublesome.

any further discussion of these matters the
could be the normal center of such conversations.
which Stettinius has of topics to be discussed
does not include the question of British dollar

The question to which you refer in paragraph 2 of
may be withdrawn, although the Congressman concerned and
entire Foreign Affairs Committee are now alerted to the
You will be advised as soon as a definite decision
reached, and consulted fully before any information is
referred.

*H. M. ...
C. ...*

CH



BUREAU OF ACCOUNTS
OFFICE OF THE COMMISSIONER

TREASURY DEPARTMENT
FISCAL SERVICE
WASHINGTON

March 24, 1944

TO MR. D. W. BELL:

The questions raised by the Secretary in connection with lend-lease were discussed with Major General A. H. Carter, Lt. Colonel H. W. Burrows, and Mr. Owen Campion by Mr. Maxwell and myself in General Carter's office. As I now understand, there are three principal subjects with respect to which questions were raised, as follows:

1. The records on the retransfers of property to other countries or dominions which had originally been transferred to the United Kingdom under the lend-lease agreements;
2. The records on reciprocal aid furnished to the U. S. by the U. K., especially as related to property originally lend-leased to the U.K.; and
3. The records of stocks of lend-lease and military supplies in foreign countries after the war, and the title to such properties.

All of these items were subject to study by the Interdepartmental Committee appointed to study "Recording and Reporting of Lend-Lease Transactions and Government Expenditures Abroad." The situation in connection with these three subjects is briefly stated as follows:

1. Retransfers - The U. S. Government has complete records on all property when transferred to foreign countries under lend-lease agreements, including the U. K., but does not have complete information as to the disposition of such property after it is turned over to the lend-lease countries.

From the inception of lend-lease, most requests for aid to the British Empire, with the exception of Canada, have been controlled by the United Kingdom. In addition, requests for aid have been filed by the U.K., on behalf of other countries such as the



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Belgian Congo, Turkey, and Greece. Transfers resulting from these requests have been recorded on the books of U. S. Government agencies as an account with the U. K. Information on the ultimate destination is sometimes available in the files, but such data is not complete, so that complete records are not available in the United States as to the ultimate destination and use of transfers to the United Kingdom.

Section 4 of the Lend-Lease Act provides:

"All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government."

Article III of the British Master Agreement^{1/} reads:

"The Government of the United Kingdom will not without the consent of the President of the United States of America transfer title to, or possession of, any defense article or defense information transferred to it under the Act or permit the use thereof by anyone not an officer, employee, or agent of the Government of the United Kingdom."

Thus, before lend-lease property is retransferred to other countries, approval must be obtained from the United States. A blanket authorization was granted to the United Kingdom to make retransfers within certain limits, but was rescinded in November 1943. However, blanket authority is still in effect for (a) emergency retransfers by Theater Commanders, (b) allocations by the United Kingdom to military contingents of foreign nations actively serving as part of the British operational commands, to merchant vessels of the Allied nations, and to units of the British Empire or the British Commonwealth of Nations. Since November 1943, reports of types and quantities of such retransfers were to be reported at agreed intervals to the Washington Munitions Assignment Board.^{2/}

No agreement was made to report past retransfers.

2. Reciprocal aid - It appears that the question of obtaining information on reciprocal aid furnished to the United States by the United Kingdom has been the subject of consideration for the past two years. The records of such reciprocal aid are only partially complete and even those available have not been completely summarized.

^{1/} British Master Agreement is printed on pp. 63-65 of Thirteenth Report to Congress on Lend-Lease Operations, for period ended November 30, 1943 (attached).

^{2/} First report will be for quarter ended March 31, 1944.

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This is partially due to the change in the concept of what constituted reverse lend-lease. At first, only physical property transfers were considered as reverse lend-lease, but later the concept was extended to include services, subsistence, and maintenance.

Early in 1942, instructions were issued to the Commanders of the U. S. Forces in the field, prescribing certain records and reports to be maintained in connection with reciprocal aid received from other countries. Because of evaluation problems, in August 1942 Field Commanders were relieved of the requirement of placing a value upon reciprocal aid received, but were instructed to report only quantities. Reports received from Commanders overseas on this basis were very voluminous, consisting of lists of thousands of items, and no attempt has been made to evaluate or to summarize these statements. In the last few months of 1942 it became apparent that the volume of reciprocal aid could never be adequately measured in terms of numbers of articles, and instructions were issued by the War and Navy Departments in June and August of 1943, respectively, requiring reporting of reciprocal aid in monetary terms with estimates to be made by the U. S. Commanders if values were not supplied by local Governments. This instruction has continued in force until the present time. However, the only summary reports on reciprocal aid available for figures published by the United Kingdom, New Zealand, and Australian Governments at the insistence of the United States in the "white papers" which give in only a few broad classifications the estimated reciprocal aid furnished the U. S. based upon cash expenditures.^{1/}

Although there undoubtedly are many instances where property originally lend-leased to the United Kingdom has been returned to the U. S. forces, and considered reciprocal aid, it is understood that these arise in connection with military operations; for instance, where an American plane might stop at a British field and load with gasoline. It is understood that supplies and materials from different origin are commingled so that the identity of origin is frequently lost. This practice is a matter of military policy which no accounting or record-keeping system could overcome. In this connection, the following quotation from the Interdepartmental Committee's study (page 60) may be of interest:

"The articles themselves must, however, if they are to achieve their lend-lease purpose, be used in the prosecution of the war, and in many cases must be commingled with articles and materials of different origin. For this reason accounting by the United States agencies for such articles and materials after their transfer would be in most instances impracticable."
(Underlining supplied)

^{1/} Copy of this "white paper" will be obtained, if possible.

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A recommendation of the Interdepartmental Committee with respect to this matter is contained on page 62 of its study, as follows:

"Recommendation: That in the future transfers be recorded not only to the account of the government which at present assumes accountability but also so far as possible to the account of the government which is the ultimate recipient."

It would appear that a knowledge of retransfers of military supplies and equipment would also be of vital concern to the Munitions Assignment Board.

3. Post-war stocks abroad - As indicated in the preceding section, physical control of the ultimate distribution of articles transferred under lend-lease rests, in most instances, with the recipient nation. Except for merchant and naval vessels and machine tools transferred to the United Kingdom and Australia, the United States has no records regarding the ultimate use or location of lend-lease articles. Whether records are maintained by the United Kingdom and other countries to show the end use of such articles has not been determined, but recommendation was made by the Interdepartmental Committee that provision be made to obtain from foreign governments current reports on certain durable goods received from the United States under lend-lease arrangements to show their location. If this were done, presumably records would be maintained to show, at the end of the war, the source of stocks of durable goods on hand.

Aside from the financial and economic aspects of the problem which large stocks of equipment, tools, supplies, and materials on hand abroad at the end of the war will create, it would appear that the disposition of such articles would also involve the serious problem of future military security. It will be recalled that although the President has authority under the terms of the Lend-Lease Act to sell, transfer title to, exchange, lease, lend, or otherwise dispose of any defense articles to a foreign government, he has the right both under the Lend-Lease Act and under the master agreements to request the return of any such articles -

"as shall not have been destroyed, lost, or consumed and shall be determined by the President to be useful in the defense of the United States of America or to the Western Hemisphere or to the otherwise use of the United States of America."

Article V of the British Master Agreement reads:

"The Government of the United Kingdom will return to the United States of America at the end of the present

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"emergency, as determined by the President, such defense articles transferred under this Agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America."

Conclusion - From the foregoing, it is evident that the records of the United States Government concerning lend-lease are inadequate in the following respects:

- (1) They do not show the extent to which supplies or equipment furnished by the United States to the United Kingdom as lend-lease have come back to our military forces abroad as reciprocal lend-lease; and
- (2) They do not show the extent to which supplies and equipment sent to the United Kingdom under lend-lease have been transferred to another country for use or diverted to non-military channels.

General comment - It appears that the records maintained in the United Kingdom have been the subject of several previous inquiries in which special missions have been sent to the United Kingdom, but the data obtained apparently was not entirely satisfactory. At present, a lend-lease mission (the Reed Mission, headed by Mr. Phillip Reed, who reports to the President) is in London, which acts as liaison with the United Kingdom on all lend-lease matters. It is understood that there are thirty to forty British Government agencies which now obtain lend-lease articles, each of which maintains its own records on the ultimate disposition of such articles. If this information is correct, the determination of what records are maintained might require considerable time.

It is believed that any attempt to obtain information on the records of the United Kingdom should be cleared through the Foreign Economic Administration. Probably the Reed Mission would be the channel through which any representative of the Treasury would be able to obtain the information desired. Brig. Gen. Boykin Wright, Chief, International Division, War Department, may have some suggestions with respect to this subject, although I have not had an opportunity to talk to him.

Your attention is also invited to the fact that the Interdepartmental Committee recommended -

"that early action be taken in designating an agency as a clearing house for all records and reports concerning international transactions."

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The Committee suggested that the designation of a central clearing house should be supplemented by the various operating agencies concerned; that each should designate an office as a point of interagency contact and intra-agency coordination with respect to all information on international transactions, whether derived from financial accounts or from statistical records. This proposal would facilitate internal coordination and would provide the clearing house with an initial point of contact in each agency which presumably would direct its requests for information to the proper office. In some agencies such information office already exists; in others the matter is somewhat loosely handled, often with undesirable results. In view of this, the Committee also recommended -

"that each agency involved in international transactions designate a liaison office for contact with the clearing house."

The Committee did not recommend which particular agency should perform this function, although it seemed to be the general feeling that the Foreign Economic Administration would be the most logical organization since it already has central records relating to lend-lease.



Commissioner of Accounts

Attachments - 2

1. Thirteenth Report to Congress on Lend-Lease Operations For the Period Ended November 30, 1943.
2. A Report on Mutual Aid (British White Paper November 11, 1943)

A REPORT
ON MUTUAL AID

TEXT OF A WHITE PAPER PRE-
SENTED BY THE CHANCELLOR OF
THE EXCHEQUER TO PARLIAMENT
BY COMMAND OF HIS MAJESTY.

November 11, 1943

BRITISH INFORMATION SERVICES
An Agency of the British Government

Additional copies of this paper may be obtained from the offices of the Agency
at 30 Rockefeller Plaza, New York; 1336 New York Avenue, N. W., Washington;
360 North Michigan Avenue, Chicago; 260 California Street, San Francisco.

A REPORT ON MUTUAL AID

I.—THE POOLING OF RESOURCES.

1. This war is being fought on the significant concepts of mutual aid and of the pooling of resources. One of the most striking and far-reaching applications of this principle was the institution of the system of lend-lease. In March, 1941, the United States Congress passed an Act entitled "An Act to Promote the Defence of the United States," commonly known as the Lend-Lease Act. Under its provisions, the President was empowered to transfer without payment materials needed for winning the war to the Governments of those countries whose defence was deemed vital to the defence of the United States; the consideration for such transfers, to be determined at a later date, was to be such benefit to the United States, direct or indirect, as the President might deem satisfactory.

2. In the first stages of the war, broadly speaking, we were dependent upon the ordinary peace-time methods of paying for the war materials we needed. Our liquid financial resources were becoming exhausted, and we were faced with the danger that the flow of munitions and food would be reduced through our inability to pay. Some idea of the strain upon our finances is shown by the fact that, despite the help of lend-lease, we have spent some £1,500,000,000 in the United States since the outbreak of the war on supplies of all kinds. These financial difficulties were relieved by the passage into law of the Lend-Lease Act.

3. In Canada we had similar difficulties of payment which were solved by two magnanimous acts, the provision in 1942 of a money gift of \$1,000,000,000 for our war needs and, when that had been exhausted, the passage of the Mutual Aid Act in May, 1943, which provides for the transfer to the United Nations without cash charge of the goods they may need for the winning of the war, to the value of a further \$1,000,000,000.

4. His Majesty's Government have recognised how greatly mutual aid assists the efficient prosecution of the war and good relations between comrades-in-arms. The principle of the transfer of goods and services without charge or calculation is a necessary part of the efficient planning of the war from the point of view of strategy and the economical use of man-power and shipping. It is therefore the policy of His Majesty's Government to apply that principle again wherever possible, not only to the United States but also to other Allies, and they think it proper to satisfy the public interest in the subject by now reporting to Parliament in some detail on the scope of the various arrangements which are in force.

5. This is the first detailed statement that His Majesty's Government have published on the contribution they are making to mutual aid. It is a large and growing contribution, and this record of it marks a development of the great principle initiated by the President and the Congress of the United States, of whose lead in the matter His Majesty's Government are profoundly sensible.

II.—THE RANGE OF MUTUAL AID.

The United States.

6. On the 23rd February, 1942, the Mutual Aid Agreement with the United States was signed (Cmd. 6341). Article II of that Agreement reads as follows:—

"The Government of the United Kingdom will continue to contribute to the defence of the United States of America and the strengthening thereof, and will provide such articles, services, facilities or information as it may be in a position to supply."

This provision recognised an existing situation. In the early days of lend-lease our chief contribution was to hold the enemy and, meanwhile, to supply defence information, bought with our experience in the war and our intensive research in the immediate pre-war period; we were only delivering to the United States a small amount of defence material. But when the United States was in the war, the picture changed, and our reciprocal aid to the United States grew monthly as the occasion for it increased.

7. The position was further defined in an exchange of notes between His Majesty's Ambassador in Washington and the United States Secretary of State on the 3rd September, 1942 (Cmd. 6389), from which the following is an extract:—

"The Government of the United Kingdom will provide the United States or its armed forces with the following types of assistance, as such reciprocal aid, when it is found that they can most effectively be procured in the United Kingdom or in the British Colonial Empire:—

- (a) Military equipment, munitions, and military and naval stores.
- (b) Other supplies, materials, facilities and services for the United States forces, except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Government of the United Kingdom. . . .
- (c) Supplies, materials and services needed in the construction of military projects, tasks and similar capital works required for the common war effort in the United Kingdom or in the British Colonial Empire, except for the wages and salaries of United States citizens.
- (d) Supplies, materials and services needed in the construction of such military projects, tasks and capital works in territory other than the United Kingdom or the British Colonial Empire or territory of the United States to the extent that the United Kingdom or the British Colonial Empire is a more practicable source of supply than the United States or another of the United Nations."

8. Besides these classes of materials and services for which His Majesty's Government in the United Kingdom is responsible under the Agreement, we supply as reciprocal aid a large number of shipping services. Ships are put at the disposal of the United States; troops and stores are carried on British ships; disbursements of United States ships are met in British and Colonial ports; bunker oil from British sources is supplied in these and other ports.

9. By common agreement, raw materials and bulk supplies of foodstuffs (as distinct from rations for United States Forces) were at first excluded from the Agreement, since the dollar receipts from United States purchases were needed to meet our heavy liabilities on pre-lend-lease armament contracts in the United States, which were not covered by lend-lease. But now that those contracts are largely fulfilled, and in furtherance of the general pooling of resources, His Majesty's Government have recently decided to extend reciprocal aid to raw materials and foodstuffs purchased by the Government of the United States from the United Kingdom and the Colonial Empire which would thus be made available on terms analogous to lend-lease. In addition, His Majesty's Government in the United Kingdom will defray the cost of British shipping services for these materials from all parts of the British Commonwealth. Thus a very wide range of additional products and services is brought into the scope of reciprocal aid which is not yet reflected in the statistics given below.

10. The cost of reciprocal aid in the Colonies has been entirely borne hitherto by the Government of the United Kingdom.

11. His Majesty's Government in the United Kingdom are, of course, not responsible for reciprocal aid as between the Dominions and the United States. The Australian and New Zealand Governments signed reciprocal aid agreements on the 3rd September, 1942, simultaneously with our own, and have given reciprocal aid at their own expense on a scale which is large in proportion to their resources. The South African Government is giving reciprocal aid without any formal agreement; and the same is true of the Government of India, who bear the cost of reciprocal aid given to the United States Forces in India.

12. The goods and services which we furnish to the United States under reciprocal aid are largely different in kind from what we ourselves receive under lend-lease. The aid we receive from the United States under lend-lease can for the most part be measured in terms of large contracts. Our needs for armaments, foodstuffs, raw materials, &c., are brought together in London, and, in so far as they need to be met from the United States, are presented in bulk to the United States Government in Washington. The stores are procured and transferred to us in bulk. All the items go through a regular process of requisitioning before they are supplied. Thus there is no great difficulty in listing and evaluating what is supplied to us.

13. In contrast, our reciprocal aid to the United States is mainly the provision of services both great and small and of a wide variety

of items transferred in the daily intercourse of the war effort. It is a decentralised and flexible system designed to meet the needs of armed forces at war in many scattered countries. Where supplies are issued in bulk from some central depot in the United Kingdom, it would be possible to make a rough estimate of the value of materials transferred, though there is neither the time nor the manpower to evaluate each separate item. In other cases the depot may be thousands of miles away from headquarters, and no information could reach here for many months. There are also transfers in the field which may or may not be noted, according to the exigencies of battle. Therefore, at no particular point in time can we say that reciprocal aid amounts to so much, or specify all the items which have been supplied or all the services rendered to the United States Forces.

14. One of the earliest and most important forms of aid which we have given to the United States is the steady flow of information and the fruits of research and practice which we have supplied since the earliest days of the war. This is not a service which can be valued in money, but it has cost more in blood and effort than most aid, since its value to the recipients lies in the fact that it is the fruit of battle experience. We have passed on at once all we have learned of the strong and weak points of the enemy's tactics and weapons, and of our own; all our establishments, our experiments and our tests in battle have been open to American experts to watch and learn. While the United States were not yet at war, and later, before they were actually fighting against the German forces, we tried out their prototypes and models in actual combat. These trials helped in the development of the Sherman tank and the Flying Fortress, among others. The value of this cannot be assessed in figures; it is enough to say that the lives which it cost to gain this knowledge have saved American as well as British lives.

15. In view of the great extent of American production of weapons of war by the time American Forces began to reach the battle fronts on any large scale, reciprocal aid has not taken the form of large assignments of ships, planes, guns or other weapons, to the United States. Such of these as we could spare from our own production and stocks were made available to the rest of the Empire, to the U.S.S.R., to the French, and to the forces of other Allied Governments working from London. Most of our reciprocal aid to the United States has, therefore, been "servicing"; it has taken the form of providing transportation, accommodation, airfields, facilities, and local supplies, to American Forces in the British Isles and the Colonies.

16. Within this country and in the British Colonies all transportation costs of the United States Forces are met under reciprocal aid. Apart from this, many hundreds of thousands of American troops have been carried to these islands and to overseas theatres of war by British troop transports. American naval and merchant-vessels engaged on these operations, or operating in European, Mediterranean and African waters for other reasons, have also been supplied free, as reciprocal aid, with the harbour and repair facilities, fuel, stores,

food, &c., which they required, in so far as we possessed bases and stocks suitable for the purpose.

17. In the British Isles, and in British Colonies and Protectorates overseas, we have made available sites and building materials, and constructed airfields, barracks, repair shops, vehicle assembly depots, hospitals, &c., for the accommodation and use of the growing American air and ground forces; we have handed over existing capital installations, adapting them where necessary; and we have assumed the cost of keeping them supplied with light, heat, water, telephone and other services.

18. We also provide as reciprocal aid various foodstuffs, in so far as they are available from local production or stocks, and can more conveniently be provided locally than imported specially by the American Forces from the United States.

19. Apart from the direct requirements of the United States Forces, we have furnished freely as reciprocal aid amenities for the serving man; such as premises for American Red Cross Clubs; many N.A.A.F.I. canteens; equipment for the American Red Cross and the Special Services Branch of the American Army, and many other services and supplies which were needed for similar purposes. According to a recent American estimate, over 80 per cent. of the current stocks of American Army Post Exchanges in this country are being received as reciprocal aid.

20. Another American estimate is that almost 90 per cent. of American army medical supplies in this country are being received as reciprocal aid. In addition, hospitals, some specially built and others, including a large number of civil and military hospitals, turned over as they stood, have been provided, together with ambulance trains.

U.S.S.R.

21. War material has been furnished by the United Kingdom to Russia free of cost since Russia became engaged in the war with Germany. This was regularised in an Agreement signed on the 27th June, 1942. As an example of this mutual aid, it may be mentioned that by the end of May 1943 4,690 complete aircraft (including losses in transit) had been sent to Russia, with appropriate supplies of spares, including engines, airframes and other articles of equipment. We have opened up a route to carry these supplies across Persia, and have sent large quantities of materials by the sea route to North Russia, which has frequently involved a major, and indeed a very hazardous, naval operation.

China.

22. Arms, munitions and military equipment are being supplied free to Chinese Forces in China within the limitations of transport from India, which is at present very restricted. In addition, first in Burma, and then in India, Chinese troops have been given all that they required locally, whether by issue from British Army stocks

or by local purchase, including rations, and their pay in local currency, together with cash for their local purchases, on lend-lease terms. These arrangements now cover, amongst other things, the cost of training pilots in India. Sea and land freights for British and American lend-lease military supplies to China are also provided.

Other Allies.

23. Our arrangements vary according to our Allies' needs and their resources. Holland, Belgium, Norway and Yugoslavia pay for all we give them. Certain other Allies are supplied under credits, but the bulk of military supplies are made available free, only to be returned if they still exist and we want them after the war. In accordance with this principle, we are supplying the Armed Forces of Greece, Czechoslovakia and the French Committee of National Liberation without charge, and similar arrangements have been offered to Poland and Yugoslavia. Military supplies are also being furnished to Turkey free of cost.

24. We have also in the past made available, on special credit terms, considerable civil and military supplies to other Allies, notably the French and Turkey. These supplies, though not on lend-lease, represent a corresponding call on British man-power, production and finance.

25. We have also on loan to our Allies the following naval vessels:—

- 1 Cruiser,
- 17 Corvettes,
- 14 Destroyers,
- 6 Submarines,
- 16 Motor Torpedo Boats,
- 17 Motor Launches,
- 19 Minesweeping Vessels, and
- 4 Frigates.

III.—THE AMOUNT OF MUTUAL AID.

26. Hitherto, His Majesty's Government have not given to Parliament any estimate of that part of the total of mutual aid furnished by the United Kingdom to which a monetary value can be given. The amount is now so large that they think it proper to present such rough estimates as they can make. But some reservations are necessary.

27. First, the estimates are necessarily broad and incomplete. Moreover, they are not up to date. If all forms of mutual aid were given centrally, it would be easy to measure. But, as has been stated above, it is a widespread and decentralised process. Furthermore, it is almost impracticable to obtain information from operational areas. Where the mutual aid technique is adopted, the services and supplies are transferred without any price attached to them, and no attempt has been made to build up any detailed accounts from the bottom upwards by the introduction for this sole purpose of a process

of valuation which would not otherwise be required. It will, indeed, be obvious from the nature of this reciprocal aid that, apart from the fact that mutual aid does not rest upon the principle of the creation of mutual indebtedness supported by detailed accounts, the task of maintaining such accounts would involve a misuse of manpower which could not be tolerated at the present stage of the war. Detailed accountancy over the whole field of our reciprocal aid to the United States alone would require several thousand clerks and accountants.

28. This system does not imply any lack of care in the expenditure of public money. Our Allies' requirements are in the main bulked with ours and procured in the same way as ours; and in so far as they are issued from Service stocks they will have been subject to normal control during storage and will have been issued only on proper requisition by an authorised officer.

29. Secondly, if any figures which we give of reciprocal aid to the United States lead to comparison with the lend-lease given to us, such comparison of money values, unless made with circumspection, will lead to a serious under-estimate of the British contribution. The estimates of lend-lease and reciprocal aid are made independently by the two Governments in terms of the actual cost to themselves.

30. The price-levels in the United States of the labor and materials most in question are substantially higher than ours. Thus American book costs probably exceed similar British costs by more than 50 per cent. This is not an accurate guide to relative efficiency, after allowing for differences of wage-levels, since the costs in the two countries are computed on bases which are widely different in several respects. But they do afford an approximately accurate corrective for the book-costs as entered up for the present purpose.

31. With these qualifications the cost to us of reciprocal aid furnished to the United States can be classified as follows:—

(i) *Capital Installations in the United Kingdom.*

The total programme which is in course of being carried out is estimated to cost more than £150,000,000. The estimated value of work done by the 30th June, 1943, was as follows:—

	£ millions.
Barracks, hospitals, &c. _____	31
Air ports _____	55
Aircraft repairs depot, &c. _____	5
Others _____	1
	—
	92

(ii) *Goods and Services transferred in the United Kingdom.*

	Up to June 30, 1943. £ millions.
Military stores, including equipment and clothing _____	21
Food and other Army supplies _____	10
Aircraft and aeronautical equipment _____	20
Industrial and naval supplies _____	13
Miscellaneous services _____	18
	—
	82

(iii) *Shipping Services.*

	Up to June 30, 1943. £ millions.
Freight services _____	36
Disbursements including Bunkers _____	6
	—
	42

The above figures relate only to transfers and services in the United Kingdom and shipments to the United States. They cover on the average a period of about one year. It was only from July 1942 onwards that Reciprocal Aid became appreciable. The figures relate only to items known to have been transferred and services known to have been rendered up to June 30, 1943. They do not include all the aid actually furnished up to that date.

(iv) *Goods and Services transferred in Overseas Theatres of War.*

It is impossible at present to furnish even approximate estimates for the total value of these transfers. They relate partly to transfers of war material and partly to a vast number of small items, mostly in North Africa. It is expected that it will be another two or three months before any estimate can be made even of major items such as tanks transferred in Tunisia.

(v) *Raw Materials, Food-stuffs and associated Shipping Services.*

As mentioned in § 9 above, His Majesty's Government have decided to extend reciprocal aid to raw materials and food-stuffs procured by the United States Government in the United Kingdom and the Colonies, together with carriage of such materials by British shipping. It is not yet possible to make an estimate of the value of such supplies.

32. The figures of the amounts supplied to Russia under our lend-lease agreement with her are as follows:—

	<i>Up to June 30, 1943. £ millions.</i>
Vehicles and tanks	93
Guns, ammunition, &c.	16
Aircraft and aeronautical equipment	65
Industrial and naval supplies	5
	<hr/> 179

These figures do not include the very large expenses incurred in conveying these stores to Russia, and keeping open the routes.

33. Most of our lend-lease arrangements with our Allies other than the United States and the U.S.S.R. are comparatively new, and the amount given under them is not yet large; earlier on, most of the assistance we gave was in the form of credits. Our credits to all our Allies, other than the United States and the U.S.S.R., up to the 31st December, 1942, together with such lend-lease assistance as we gave before that date, amounted to about £186,000,000.

IV.—THE LIMITATIONS OF MUTUAL AID.

34. The amount of mutual aid which a country gives is not a measure of its war effort. It is only a measure of that part of its war effort which is applied as a contribution to the war effort of another country. Some of the United Nations are so close to the enemy, or have such small resources compared with their vast needs that almost the whole of their war effort is applied directly. Others, further off, or with more resources, can best help the general cause by putting part of their production in the common pool.

35. If the United States send us aircraft for British crews to fly from British airfields, that is reckoned as lend-lease. If they send such aircraft complete with American crews who fly them from the same field, that is not reckoned as lend-lease. No one would claim that the former was a greater contribution to the Allied cause than the latter.

36. Mutual aid is for the most part confined to the provision by one country to another of its own produce. It does not cover the burdens assumed in theatres of operations overseas, particularly in respect of cash expenditure which cannot be covered by the shipment of goods.

37. Thus, mutual aid falls short of a financial pooling of overseas expenditure. In particular, the pay of troops, and the vast and

growing cash expenditure in third countries on military operations and supplies are outside its scope. This burden, of which the United Kingdom has had to bear a particularly heavy share, has to be taken into account alongside mutual aid in considering the financial weight of the war on this country. Up to the middle of 1943 the total burden assumed by the United Kingdom, in the form of payments made to other members of the United Nations in excess of sums received from them, amounted to over £2,250,000,000. These sums measure the extent to which the United Kingdom has in this way burdened her future commerce by parting with gold and other capital assets and by incurring liabilities to other members of the United Nations.

V.—CONCLUSION.

38. The part which the British Commonwealth has borne and is bearing in the field of mutual aid cannot be measured in terms of money. Indeed, financial sacrifice is not the most valuable part of what any of the United Nations is called upon to contribute to total war. The claims of war against each are the same, that is, that they should give all they have. Moreover, many even of the items catalogued above cannot be brought together and be stated in a definite money total, but this should not be allowed to lead to an underestimate of the size of the British financial contribution to the cost of the war all over the world.

39. In order to indicate the order of magnitude of the external financial aid now accorded by the United Kingdom, the following comparisons may perhaps be helpful. In the President's report to the Congress of the 25th May, 1943, he gave figures to show that lend-lease expenditures up to that date made up 12 per cent. of America's total war expenditure. The proportion of British war expenditure currently devoted to mutual aid is 10 per cent. Thus, there is a difference in the division of our respective contributions between our own direct effort and our assistance to our allies. But there is not so such difference as might have been supposed. This takes no account of the very large contribution to the external finance of the war made by the United Kingdom for cash expenditures abroad, as explained in paragraph 37 above. Such contribution apart, what we give to the United States as mutual aid in relation to our national income does not fall far short of what the United States gives to us as lend-lease in relation to their national income.

THIRTEENTH REPORT TO CONGRESS
ON LEND-LEASE OPERATIONS

For the Period Ended November 30, 1943

.....

**THIRTEENTH REPORT TO CONGRESS
ON LEND-LEASE OPERATIONS**

For the Period Ended November 30, 1943

.....

"The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose."

[From Section 5, subsection b of "An Act to Promote the Defense of the United States" (Public Law No. 11, 77th Congress, 1st Session).]

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PRESIDENT'S LETTER OF TRANSMITTAL

TO THE CONGRESS OF THE UNITED STATES OF AMERICA:

I am transmitting herewith, pursuant to law, the Thirteenth Report of Operations under the Lend-Lease Act.

The coming year will be a year of decisive actions in the war. By combining their strength, the United Nations have increased the power of the common drive to defeat the Axis. We have already beaten back our enemies on every front on which we are engaged.

At Teheran and Cairo, plans were agreed upon for major offensives, which will speed the day of victory. With the closer unity there achieved, we shall be able to strike ever-increasing blows until the unconditional surrender of the Nazis and Japanese.

Mutual aid has contributed substantially to the strength of the United Nations. The flow of lend-lease assistance from the United States to our allies and of reverse lend-lease assistance from our allies to us has increased the power of our united offensives. The lend-lease program has made stronger the ties that bind the United Nations together for common victory and in common determination to assure a lasting peace.

Each of the United Nations is giving what it can to the accomplishment of our objectives—in fighting manpower and in war production. Some countries, like the United States and Canada, located away from the fighting theaters of war, are able to make available to other United Nations large quantities of food and manufactured arms. Others, like the Soviet Union and China, require virtually everything they can raise and produce in order to fight the enemy on their own soil. And still others, like the United Kingdom and Australia, can make available substantial quantities of war material to their allies

but must necessarily retain most of their war supplies and food for their own forces.

Whether food and war supplies should be transferred by one of the United Nations to another or retained for its own forces depends on the strategic military necessities of war.

Our common objective is that all the planes and all the tanks and all the food and other equipment that all the United Nations together can produce should be used as effectively as possible by our combined forces to hasten the defeat of the enemy.

The cost of the war to us, and to our allies, is high in any terms. The more fully we can now mobilize our manpower, our supplies, and our other resources for the decisive tasks ahead, the earlier will victory be ours and the lower the final cost—in lives and in material wealth.

The United Nations enter the new year stronger and more firmly united than ever before. Germany and Japan will both soon learn that to their sorrow.

FRANKLIN D. ROOSEVELT.

(Filed January 6, 1944, with the Secretary of the Senate and the Clerk of the House of Representatives as provided in Section 5-b of the Lend-Lease Act.)

Chapter 1

THE LEND-LEASE PROGRAM

Lend-Lease and the United Nations

As more American forces move overseas to hit the enemy, the Axis is also feeling with greater and greater force the effects of the lend-lease program. The soldiers of the Soviet Army who have driven back the Nazi invaders in one of the greatest offensives in military history are making good use of the supplies we have sent them. British and allied forces fighting beside our own forces in the Mediterranean theater have been strengthened by lend-lease equipment. Lend-lease aircraft, bombs and other war goods sent to Great Britain are being used in the effective bombing of industrial Germany by the R. A. F. The offensive against Japan is being speeded by our lend-lease shipments to India, China, Australia, and New Zealand.

The cost of lend-lease aid from March 11, 1941, to November 30, 1943, has been equivalent to 13.5 percent of all United States war expenditures for the period. The money we have spent on lend-lease is as much an integral part of the United States' own war effort as the 86.5 percent of our war expenditures that have gone for our own armed forces and for our home front. Through the lend-lease program, American planes, tanks, and guns, manned by the soldiers of our allies, and joined with our own forces, are helping to win victories over our enemies. Through lend-lease, American steel and machine tools and other industrial materials and equipment are being used by the war workers of our allies to produce in their factories more weapons for use by their forces—and by ours—against our enemies. Through lend-lease, American food is helping to maintain the rations of the Soviet Army, of British soldiers and war workers, and of others who are engaged in the war against the Axis either on the front or behind the lines.

The lend-lease program is an essential element of United Nations strategy—to win complete victory over our enemies in the shortest possible time by using to the fullest possible extent the man-power and industrial resources of all the United Nations. Our allies fight principally with their own weapons. Their factories use principally their own raw materials and equipment. Their peoples raise most of the food they eat. But lend-lease supplies have been an essential supplement to their own resources. Without lend-lease weapons, some of the most important battles that have been won against our enemies by our allies and by our combined forces might not have been won so speedily—or won at all. Without supplementary war supplies under lend-lease, factories abroad that are producing tens of thousands of planes and guns and tanks to smash German and Japanese bases and production centers would have been able to contribute far less to the defeat of the enemy; and millions of men in allied lands who have marched into battle or worked long hours in munitions plants might not have had enough food to carry on.

Total Lend-Lease Aid

The rapidly mounting offensive power of United Nations forces is due in part to the increased flow of lend-lease aid to our allies.

Total lend-lease aid furnished from the beginning of the program in March 1941 to November 30, 1943, amounted to \$18,608,553,000. Of this amount, \$10,355,820,000 was furnished in the first 11 months of this year, \$7,009,129,000 in the entire year 1942, and \$1,243,604,000 in the last 10 months of 1943.

Airplanes, guns, raw materials, food, and other goods transferred have accounted for 87 percent of total aid to date and services for 13 percent. Transfers of finished munitions make up 53 percent of the total aid. Industrial items account for 21 percent and foodstuffs and other agricultural products for 13 percent of the total.

The upward trend in lend-lease aid has been due in large part to a sharp rise in the volume of aircraft, ordnance, and other munitions transferred to our allies. In 1941, munitions represented 21 percent of total lend-lease aid. The proportion increased to approximately 47 percent in 1942. It increased again to about 61 percent in the first eleven months of 1943.

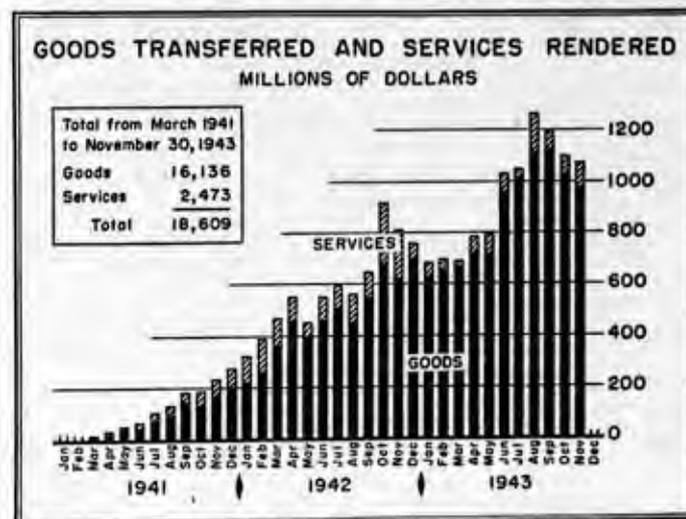


Chart 1

Lend-lease services to the end of November 1943 amounted to \$2,472,704,000. The rental and charter of ships and ferrying of aircraft constituted the most important services, accounting for more than half of the value of all services. Much of the balance consisted of the training of combat pilots for our allies, the repair of allied men-of-war and merchant-men in our shipyards, the assembly of aircraft abroad, and other similar war services for the United Nations. In addition, more than \$600,000,000 of lend-lease funds have been expended on gun, airplane, and other war production facilities in the United States. This represents a substantial addition to our own industrial capacity. These plants have not been transferred to foreign governments. Some of them are now being

TOTAL LEND-LEASE AID
March 1941 through November 30, 1943

	Amount	% of Total
Goods Transferred:		
Munitions.....	\$9,827,519,000	52.8
Industrial Items.....	3,931,531,000	21.1
Foodstuffs, etc.....	2,376,799,000	12.8
Total Transfers.....	16,135,849,000	86.7
Services Rendered:		
Servicing and Repair of Ships, etc.	400,728,000	2.2
Rental of Ships, Ferrying of Aircraft, etc.....	1,382,583,000	7.4
Production Facilities in U. S.	604,604,000	3.2
Miscellaneous Expenses.....	84,789,000	0.5
Total Services.....	2,472,704,000	13.3
Total Lend-Lease Aid.....	18,608,553,000	100.0%

The above figures are exclusive of the value of goods consigned to United States commanding generals for subsequent transfer in the field to lend-lease countries. The total value of such consignments to November 30, 1943, was \$438,741,000.

Table 1

BREAK-DOWN OF LEND-LEASE AID

	1941	1942	Jan.-Nov. 1943
	Percent	Percent	Percent
Munitions.....	21.5	46.7	60.7
Industrial Items.....	21.9	20.9	21.2
Foodstuffs, etc.....	29.8	12.8	10.7
Services.....	26.8	19.6	7.4
Total.....	100.0	100.0	100.0

Table 2

used to produce munitions for our own armed forces. All of these plants will be available to us after the war for whatever use we want to put them to in our national interest.

Lend-Lease Exports

Figures on transfers of lend-lease goods and services to our allies help to give a complete picture of the amount of aid furnished under lend-lease, but they do not show to what theaters of war the goods are sent. Lend-lease exports, on the other hand, are reported by the country to which they go. Statistics on exports are used in the discussion of lend-lease in the various theaters of war in succeeding chapters.

Total lend-lease exports to all areas in the first ten months* of this year were more than one and one-half times as great as they were in the entire year 1942. Increases were shown in exports to each of the principal areas.

The most substantial increase has been in our exports of munitions. In the first ten months of this year, for instance,



Chart 2

* Figures on exports for the month of November are not yet available.

VALUE OF LEND-LEASE EXPORTS TO ALL COUNTRIES

Thousands of Dollars

	1941	1942	Jan.-Oct. 1943	Total
United Kingdom.....	572,620	2,005,318	3,402,441	5,980,379
U. S. S. R.....	545	1,351,925	2,197,973	3,550,443
Africa, Middle East, and Mediterranean Area.....	95,915	692,026	1,380,358	2,168,299
China, India, Australia, and New Zealand.....	52,219	641,304	909,823	1,603,346
Other Countries.....	19,604	204,186	318,000	541,790
Total.....	740,903	4,894,759	8,208,595	13,844,257

Table 3

we exported under lend-lease munitions valued at \$4,674,546,000, which represented an increase of 142 percent over exports in the corresponding period of last year. The comparable increase in industrial items for our allies' war production was 104 percent and in foodstuffs for their soldiers and war workers, it was 88 percent.

Reverse Lend-Lease

With lend-lease assistance, our allies have been able to strike more damaging blows against our enemies and they are fighting today more strongly than ever by the side of our own forces. The war will be much the shorter for it. This is, of course, the principal war benefit the United States receives under the lend-lease program. It is a benefit beyond price.

In addition to this benefit, however, the United States is receiving directly as reverse lend-lease aid, without any payment by us, substantial quantities of supplies provided by our allies within the limits of their material and financial resources. The President's Twelfth Report to Congress on Lend-Lease Operations, submitted November 11, 1943, gave a preliminary report of the reverse lend-lease aid United States

forces overseas had received up to June 30, 1943, from the British Commonwealth. Reports have not yet been received for the four months ending October 31, 1943, but up to June 30, 1943, the United Kingdom had reported expenditures for reverse lend-lease aid to the United States of \$871,000,000, Australia of \$196,000,000, New Zealand of \$51,000,000 and India of \$56,900,000, a total of \$1,174,900,000. These figures

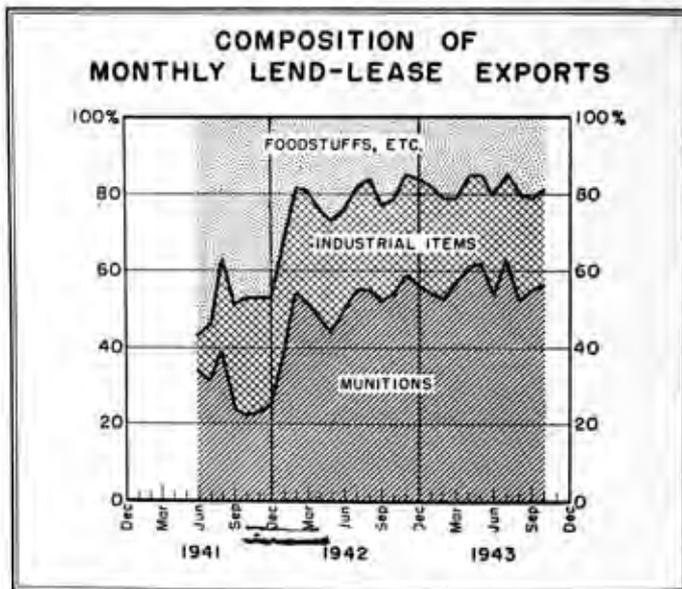


Chart 3

did not include many expenditures by the British for supplies and services made available to United States armed forces in North Africa, Sicily, Italy, and elsewhere. Similar lend-lease aid to our armed forces is being provided by the Belgian Government and the French Committee of National Liberation.

In addition to supplies and services for our armed forces abroad, the governments of the United Kingdom, New Zealand, and India have agreed to provide as reverse lend-lease, and without payment by us, raw materials, commodities, and

foodstuffs previously purchased within their territories by United States Government agencies; the agreement with the United Kingdom includes public purchases in Southern Rhodesia and the Colonial Empire. Similar arrangements are now under negotiation with the governments of South Africa and Australia. British shipping to carry these supplies, which include such strategic and critical materials as rubber, rope



- Chart 4

fiber, chrome, benzol, cocoa, tea and vegetable oils, is also being made available under reverse lend-lease. The French Committee of National Liberation has similarly undertaken to supply us, as reverse lend-lease aid, without payment on our part, strategic materials imported into the United States from North Africa.

We are also receiving reverse lend-lease aid, as the need arises, in China and the Soviet Union. Both these nations have, of course, had to strain their own manpower, transportation, and other resources to the utmost in fighting our

enemies on their own soil, and they have plainly not been in a position to provide large amounts of reverse lend-lease aid.

The real measure of the aid we and the other United Nations have received from China is the six and a half years during which our indomitable ally has engaged—and is now continuing to engage—large Japanese armies in China with heavy losses to the Japanese. The real measure of the aid we and the other United Nations have received from the Soviet people is to be found at Stalingrad, Kharkov, and Kiev, and in the millions of Nazi soldiers killed, wounded, or captured on Russian soil, who will not be there to oppose our forces in western Europe.

So with all our fighting allies—the British, whose forces have fought in the Mediterranean campaigns in considerably larger numbers than our own; the French who have fought with us in Tunisia and are fighting now not only in Italy but as a heroic army of underground resistance in France itself. The money cost of reverse lend-lease aid, great as it is, is in no sense a measure of the help we receive from our allies.

Our principal allies have contributed fully in proportion to their resources. Total United States war expenditures, including those for lend-lease, have increased from approximately one-third last year to one-half this year of our national income. Both last year and this year the United Kingdom, for example, spent more than one-half of her national income for the war.

The dollar statistics of lend-lease and reverse lend-lease provide a useful measurement of one phase of our own war effort and one phase of the war effort of our allies. But neither lend-lease statistics nor dollar figures of any kind can measure the relative contributions toward winning the war of the United States and the other United Nations. We are fighting this war primarily with men and ships and weapons, with steel and food, not merely with dollars. The contributions of the United Nations have necessarily differed in accordance with their varying resources and with the circumstances of the war as it has progressed. Some have been called upon to give more in weapons or in materials, some to give more in lives or in ruined cities. All are giving what they can for victory.

Chapter 2

THE SOVIET UNION

Lend-lease shipments to the Soviet Union through October 31, 1943, totalled \$3,550,443,000, or more than one-fourth of lend-lease exports to all countries. Our aid to the U. S. S. R. has been greatly accelerated in 1943. In the first ten months of this year, shipments were 63 percent higher than in the entire year 1942.

Aircraft, ordnance and other munitions have constituted 56 percent of the value of exports to the Soviet Union. Industrial items have made up 27 percent and foodstuffs and other agricultural products 17 percent of our lend-lease shipments to the Soviets. This year, as Table 4 indicates, we have greatly reduced shipments of tanks, in accordance with reduced Soviet requirements, but have increased exports of aircraft and aircraft parts, ordnance and ammunition, industrial products, watercraft, and motor vehicles. In the first ten months of 1943 we sent more than twice as much food to the Soviet Union (in dollar terms) as in all of 1942.

The lend-lease aid we have furnished has been effectively used in the Red Army's advances in the Ukraine and White Russia. Through October we sent to the U. S. S. R. nearly 7,000 planes, more than to any other lend-lease country; more than 3,500 tanks and 195,000 motor vehicles, including trucks, jeeps, motorcycles, and other vehicles. These have not only provided the Soviets with important weapons of offense to supplement their own production, but have also been a vital factor in maintaining supply services for the 2,000-mile Russian front.

VALUE OF LEND-LEASE EXPORTS TO U. S. S. R.

Thousands of Dollars

	1941	1942	Jan.-Oct. 1943	Total
Ordnance and Ammunition....	75	213,918	293,531	507,524
Aircraft and Parts.....		303,396	416,282	719,678
Tanks and Parts.....	35	176,804	39,114	215,953
Motor Vehicles and Parts.....		149,092	312,164	461,256
Watercraft.....		11,020	75,671	86,691
Industrial Items.....	435	312,880	651,471	964,786
Foodstuffs, etc.....		184,815	409,740	594,555
Total.....	545	1,351,925	2,197,973	3,550,443

Table 4

To help relieve the severe food shortage in the Soviet Union resulting from the fact that the Nazis have occupied and ravaged about 40 percent of the Soviet's most fertile cropland during the war, we have shipped 1,790,000 short tons of food and other agricultural products. These have been largely items in which Soviet production has fallen far short of requirements, including 343,000 tons of wheat and flour, 277,000 tons of sugar, 324,000 tons of canned meat, 441,000 tons of edible fats and oils, 136,000 tons of dried fruits and vegetables, and 38,000 tons of dried eggs.

The Soviet Union urgently requested butter for the Red Army particularly for the use of many wounded soldiers recuperating in Russian hospitals. We have been able to send 33,500 tons. No butter has been scheduled for lend-lease export to any other country since the beginning of the lend-lease program. Last year we shipped 8,500 tons of butter, or seven-tenths of one percent of the total 1942 United States supply. This year we have shipped 25,000 tons, or about 2.7 percent of our supply for the period. Our butter shipments this year to the Soviet Union have amounted to one-seventh of an ounce per week from each civilian in this country. At the same time the United States had received as reverse lend-lease up to June 30, 1943, 8,250

tons of butter. This has been furnished to our forces in the Pacific by Australia and New Zealand as reverse lend-lease and without payment by us. The amounts being currently supplied in this way are steadily increasing. The butter received as reciprocal aid has resulted in freeing for domestic use butter that might otherwise have had to be reserved for overseas use by American forces.

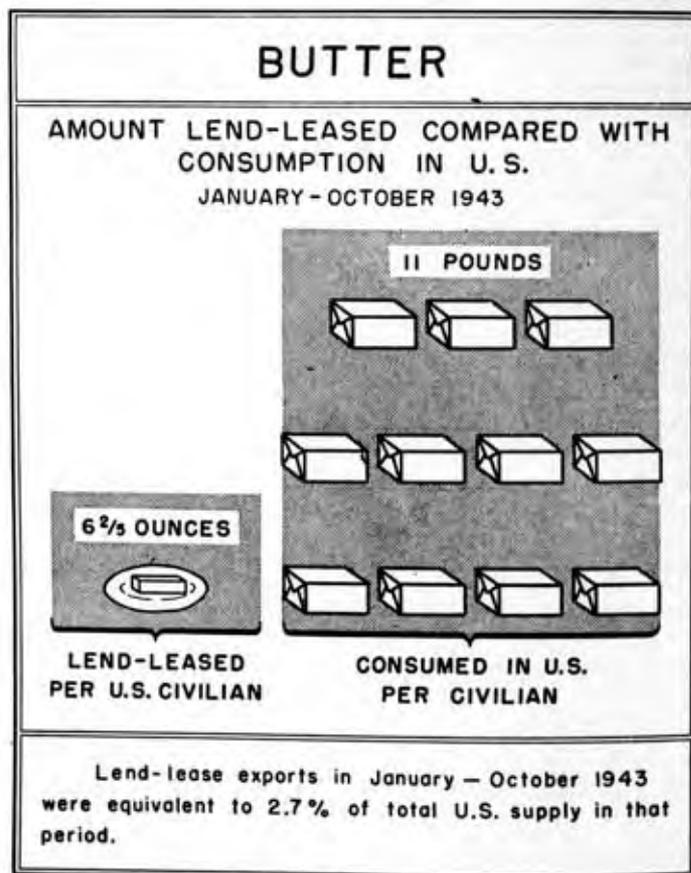


Chart 5

To help restore the reconquered Soviet agricultural areas as soon as practicable and possible, and to develop food production in Siberia, we have sent 10,000 tons of seeds for the growing of some thirty staple crops. We have also sent 5,500,000 pairs of army boots and 16,600,000 yards of woolen cloth for the use of the Soviet armed forces; 251,000 tons of chemicals, 144,000 tons of explosives, 1,198,000 tons of steel, 342,000 tons of nonferrous metals, and 611,000 tons of petroleum products.

Chapter 3

THE UNITED KINGDOM

With the United States and Great Britain using the United Kingdom as a major base for attacks on Nazi-held Europe, the volume of lend-lease supplies sent there from the United States has steadily increased. More than half of the exports to the United Kingdom since the inception of lend-lease moved during the first ten months of this year, as shown in Table 5. Shipments in this period exceeded those of the preceding twenty-two months by \$824,503,000. Lend-lease supplies sent to the United Kingdom are used by British and allied forces on other fighting fronts as well as for offensive action from Britain and for British war production.

VALUE OF LEND-LEASE EXPORTS TO UNITED KINGDOM

Thousands of Dollars

	1941	1942	Jan.-Oct. 1943	Total
Ordnance and Ammunition...	30,761	250,400	490,115	771,276
Aircraft and Parts.....	13,330	275,752	471,608	760,690
Tanks and Parts.....	10,521	35,998	443,483	490,002
Motor Vehicles and Parts.....	14,559	61,950	136,556	213,065
Watercraft.....	6,003	45,906	104,910	156,819
Industrial Items.....	165,356	604,218	785,283	1,554,857
Foodstuffs, etc.....	332,090	731,094	970,486	2,033,670
Total.....	572,620	2,005,318	3,402,441	5,980,379

Table 5

Lend-lease exports to the United Kingdom from March 11, 1941 through October 31, 1943, totalled \$5,980,379,000, or 43 percent of the shipments to all areas. In 1943, lend-lease exports to the United Kingdom constituted 41 percent of exports to all areas.

Military items accounted for about 40 percent of the value of lend-lease exports to the United Kingdom from March 11, 1941 through October 31, 1943. These were divided about equally among the three major categories: ordnance and ammunition, aircraft and parts, and tanks and other motor vehicles. Industrial items have accounted for 26 percent of total shipments and foodstuffs and other agricultural products for the remaining 34 percent.

There has been a sharp increase in the exports of munitions to the United Kingdom under lend-lease. Shipments of munitions to this area amounted to \$75,174,000 in 1941, \$670,006,000 in 1942, and \$1,646,672,000 in the first ten months of 1943. The value of tanks and parts sent this year has been more than 9.5 times the combined total for 1941 and 1942. While munitions constituted 13 percent of lend-lease exports to the United Kingdom in 1941, the percentage rose to 33 percent in 1942, and to 48 percent in the first ten months of 1943.

Although the food sent to the United Kingdom was only about 10 percent of Britain's total food requirements, and was an even smaller percentage of our own supply, it represented the difference between having and not having enough to carry on effectively the British war effort. Lend-lease foods have been mainly of the concentrated varieties high in food value. We have sent substantial quantities of protein substitutes for meat, such as dried peas, dried eggs and cheese, as well as pork and a very little beef. We have also sent other types of concentrated foods, such as dried milk, dried fruit, concentrated fruit juices, and dehydrated vegetables. These are essential to the health of the armed forces and workers in munition industries, yet require a minimum of shipping space. The British in turn have supplied our soldiers in Great Britain under reverse lend-lease with fresh vegetables, flour, potatoes,

cocoa, tea, and other foods that are grown in Britain and in the Colonial Empire.

Lend-lease aid to the United Kingdom has involved hundreds of special projects. For example, after studies in London and Washington revealed a serious shortage of coal for future military operations and essential civilian requirements, lend-lease funds were made available for the purchase of relatively small amounts of mining machinery to be used to increase production of coal in the United Kingdom. British coal has been used to supply the needs of American and allied forces in the Mediterranean theater and to meet other overseas United Nations needs. Almost no coal produced in the United States—a minute fraction of one percent of our production—has ever been shipped from this country under lend-lease, and none has ever gone to the British Isles.

Ferry routes have been developed by us and the British jointly to facilitate the delivery of planes to Great Britain, the Middle East, and the Russian front. Lend-lease funds were an important factor in building and equipping airports along these routes and in constructing and maintaining repair and supply depots to service the planes and keep them in operation. At the same time, the British, under reverse lend-lease, have built a great number of airfields for our forces in the United Kingdom.

The British, like us, have spent several hundred million dollars in building in various parts of the world airfields essential for carrying on the war against the Axis. These fields are used by many United Nations forces. Lend-lease supplies from the United States that have been used in building or equipping airfields in the lands of our Allies were furnished, like other lend-lease aid, under the terms of the Lend-Lease Act. The Act provides that the benefit to the United States for lend-lease aid "may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory." The final determination of what this benefit may be is deferred, under the Master Lend-Lease Agreements, "until the extent of defense aid is known and until the progress of events makes clearer the final terms

and conditions and benefits which will be in the mutual interests of the United States of America" and of the countries receiving lend-lease aid from us. Lend-lease equipment installed in airfields abroad will be fully taken into account, therefore, in the final lend-lease settlements when they are made.

The question of the future use of airfields in all parts of the world, both for strategic and commercial purposes, involves many other factors besides lend-lease, of course. The final and complete answer can be found only through the continuing and successful collaboration of the United Nations in international commerce after the war and the development of a system of general military security in which the interests of both the United States and the other United Nations are fully protected.

Chapter 4

AFRICA, MIDDLE EAST, AND MEDITERRANEAN AREA

As the war in Africa and the Mediterranean gained in scope and intensity this year, resulting in the expulsion of the enemy from North Africa, Sicily, and southern Italy, lend-lease aid to this area increased in volume. Shipments through October 31, 1943, totaled \$2,168,299,000. In the first ten months of this year they were 75 percent greater than in the preceding twenty-two months combined.

As Table 6 shows, about three-fourths of our exports to Africa, the Middle East, and the Mediterranean region have been finished munitions. This table does not, however, include munitions consigned to American commanding generals for transfer in the field to the armed forces of our allies. The total value of such consignments to all areas up to November 30, 1943, was \$438,741,000.

VALUE OF LEND-LEASE EXPORTS TO AFRICA, MIDDLE EAST, AND MEDITERRANEAN AREA

Thousands of Dollars

	1941	1942	Jan.-Oct. 1943	Total
Ordnance and Ammunition.....	33,268	173,618	304,383	511,269
Aircraft and Parts.....	2,022	114,590	240,491	357,103
Tanks and Parts.....	30,572	49,397	326,533	406,502
Motor Vehicles and Parts.....	10,758	115,066	172,281	298,105
Watercraft.....	1,820	10,794	17,959	30,573
Industrial Items.....	14,683	194,138	223,817	432,638
Foodstuffs, etc.....	2,792	34,423	94,894	132,109
Total.....	95,915	692,026	1,380,358	2,168,299

Table 6

Direct Military Aid

The largest single category of munitions shipped to this area has been ordnance and ammunition, followed by tanks, aircraft, and motor vehicles. Exports of tanks and parts in the first ten months of 1943 were about six times as large, in dollar value, as in all of last year.

Lend-lease planes, tanks, and guns helped the British Eighth Army drive Rommel's forces out of Egypt, Libya, and Tripolitania and to play a major part in the Tunisian, Sicilian, and Italian campaigns. Lend-lease munitions and planes are making possible the re-creation in North Africa—the first of the liberated areas—of a French Army and Air Force of 300,000 men. French armed forces equipped through lend-lease have already joined with American and British forces in the fighting in Italy. They will join with the other United Nations in the liberation of France.

Various units which escaped from the occupied countries—Poles, Yugoslavs, Greeks and others—have gone back into the fight with the help of lend-lease weapons, and they are fighting by the side of the British and American forces in this theater.

Civilian Supplies in North Africa

In addition to arms, we have provided to French Africa vital civilian supplies under lend-lease, at the request of our military commanders. This aid has been essential to United Nations operations in the Mediterranean theater. Through December 19, 1943, 342,000 tons of civilian supplies were shipped to French North Africa, and 48,800 tons to French West Africa. These supplies, although furnished under lend-lease, are being paid for one hundred cents on the dollar by the French authorities.

Our shipments in recent months have included finished and semifinished steel for the maintenance of rail and port facilities; steel and chemicals for essential war production; fertilizers and agricultural insecticides to increase production of food for our forces and for the local population; batteries and spark plugs for idle trucks now returned to service; refractory bricks

for kilns used in the manufacture of building materials; and many other products necessary to develop and maintain North Africa as a major base for military operations. The basic principle has been to supply that aid which will make it possible in the shortest time for the liberated people of French North and West Africa to help themselves and their Allies.

Lend-lease aid is provided to French North and West Africa and we receive reverse lend-lease aid from them under an agreement with the French Committee of National Liberation. Under this agreement we provide both munitions and essential civilian supplies under lend-lease and are reimbursed fully in cash for all but military supplies. The French, on the other hand, make available to us as reverse lend-lease aid, without cash payment by us, strategic and critical raw materials for our war production and food and essential services for our forces in the area. We pay for shipments of non-strategic commodities exported for sale and civilian use in the United States. The French have already made four cash payments, totalling \$56,340,000 for essential civilian supplies shipped to them under lend-lease from the United States.

When we landed in North Africa in November 1942 there was not enough food to carry the people through the winter. A large percentage of the 1942 crop had been sent to Nazi-occupied Europe. By sending 88,000 tons of wheat and flour in the six months ending June 30, 1943, it was possible to maintain the bread ration for the people of North Africa, whose cooperation was so important to us while the allied forces under General Eisenhower prepared for the Tunisian campaign which drove the Axis from Africa and opened the way for the invasion of Sicily and Italy.

Since June 30, 1943, we have shipped no more wheat and flour to North Africa. Our food shipments since then have consisted almost entirely of sugar, tea, and dried and evaporated milk.

With the help of lend-lease seeds, fertilizers, and other farm supplies, French North Africa is again producing enough of most varieties of food to more than supply its own popula-

tion. The liberated people of French Africa—with lend-lease assistance—are now providing locally grown food for our own forces and for the people of the liberated areas of Italy. American forces have already received thousands of tons of fresh fruits and vegetables. The French have agreed to provide substantial additional quantities to our forces in North Africa, Sicily, and Italy. This food is furnished to us as reverse lend-lease. We do not pay for it. The United States Government has not bought and is not buying wheat or other food from the French authorities in any part of French North Africa for our forces, or for the people in North Africa with a minor exception. Army procurement officers have from time to time bought some food locally for individual Army units. We are now receiving local currency from the French authorities as reverse lend-lease to pay for all such purchases.

North African mines and quarries are back in production, and strategic raw materials, such as iron ore, phosphates, lead concentrates, and small amounts of zinc concentrates and antimony have begun to flow to allied countries. French West Africa, too, has begun to contribute valuable raw materials to the United Nations. So far, it has shipped sisal and mahogany, and future shipments of peanuts, palm oil, palm kernels, and small amounts of rubber are expected.

Civilian Gasoline Consumption in North Africa

French North Africa is virtually 100% dependent on imports for its supply of petroleum products. Thus, when American and British troops landed in North Africa a year ago to liberate the first French territory from Axis control, it was a military and lend-lease problem of the first magnitude to supply all of the oil and gasoline which was urgently needed for essential military purposes.

All petroleum products in French North Africa are, and have been, under strict military control. The Petroleum Section of Allied Force Headquarters, which is staffed by American and British military personnel, programs the requirements for all the military and civilian uses of petroleum products. It is the Petroleum Section which is responsible for the determination of

the amount of petroleum needed in North Africa and for the prompt storage, delivery, and distribution of the petroleum upon arrival.

Upon arrival in North Africa the petroleum products are allocated by the Allied Headquarters to the several military and civilian uses strictly on the basis of need. Civilian needs naturally have the lowest priority. In North Africa, under the arrangements now in effect, the French pay the United States in dollars for all of the petroleum products delivered for civilian use.

In the first eight months of 1943 Allied Headquarters allocated approximately 140,000 barrels of gasoline for essential civilian services in Morocco, Algeria, and Tunisia. This was less than one-fourth of the normal gasoline consumption in North Africa before the war. Much of this gasoline was used to help North Africa meet the additional transport needs imposed on the area by the presence of our forces.

French North Africa has 16 million people and covers an area of about a million square miles, one third the area of continental United States. None of the gasoline allocated for civilian transport services in this vast area was for pleasure driving or other non-essential services. In Algeria, for example, no private cars are allowed to operate at all unless they are used for essential services by physicians, government officials, and the like. Algerian police allow only 9,700 private cars to operate in all of Algeria. A survey made in June of this year in Algeria showed that 25% of the gasoline allocated for civilian purposes was used in trucking food, strategic materials, and other essential commodities; 46% was used on the farms to assist in growing more food locally for the people and our forces; 16% was used in local industries; and 13% for passenger cars performing essential services.

On the average, less gasoline has been provided for the few private cars permitted to operate in French North Africa for such essential purposes as doctors' calls than is permitted to A-card holders in this country. A large number of the private cars in North Africa have been requisitioned by the military authorities for the use of allied military personnel. Since

these cars in many cases are not clearly marked as military vehicles they may lead a casual observer to believe that more cars are using gasoline for civilian purposes than is the fact.

The Marking of Lend-Lease Goods

The program of lend-lease aid to French North Africa, the Middle East, and other areas has brought goods of American manufacture to many parts of the world in enormous quantities. The hundreds of millions of people living in the Mediterranean area and in other allied lands are well aware of the American origin of these supplies, and of the fact that they have been provided by the United States under lend-lease.

Some lend-lease goods—like the jeep, the General Sherman Tank, and the Airacobra fighter—of themselves proclaim their



The above reproduction shows three of the labels used to identify lend-lease goods sent to allied countries. The originals, which are considerably larger than the reproductions, are in red, white, and blue. The first label (top, left) is used on goods sent to English-speaking countries, the second (top, right) on goods sent to the U. S. S. R., and the third (bottom) with the wording in both Arabic and French, on goods sent to French Africa.

Chart 6

American origin on the highways and skyways of Europe, Africa, and Asia. These unique American weapons are self-labelling. Other lend-lease articles and packaged goods which are not self-labelling, bear one or more labels, markings, or insignia which establish them as American products. Lend-lease trucks carry the names of their American manufacturers. Still other items, such as machine tools, have the name of the American manufacturer and the United States place of manufacture cast into the body of the machine tool itself.

In order that lend-lease goods may be identified as such by the widest possible group, practically all consumer items are labelled as American. Foodstuffs generally carry American brand names on the containers, or they may be specially packaged. The cartons in which green tea was shipped to North Africa, for example, were specially designed by the OWI for the purpose. Cotton cloth is labelled by dropping insert slips every ten yards as the cloth is wound on bolts; and second-hand wearing apparel is identified by placing labels in the pockets or by hooking special tags on the buttons.

The lend-lease labels and markings are of several types. All of the labels are printed with the national red, white, and blue colors and bear "U. S. A." or "From the United States of America" in prominent lettering. In addition, the American flag, has a central position on most of the labels. The American eagle and the Statue of Liberty are also used as distinctive lend-lease markings.

Chapter 5

CHINA, INDIA, AUSTRALIA, AND NEW ZEALAND

Lend-lease exports to these areas from March 11, 1941, to October 31, 1943, totaled \$1,603,346,000. As shown by Table 7, exports in the first ten months of this year substantially exceeded the combined total of the shipments in 1941 and 1942.

VALUE OF LEND-LEASE EXPORTS TO CHINA, INDIA, AUSTRALIA, AND NEW ZEALAND

Thousands of Dollars

	1941	1942	Jan.-Oct. 1943	Total
Ordnance and Ammunition...	9,560	165,107	149,553	324,220
Aircraft and Parts.....	7,995	97,139	200,173	305,307
Tanks and Parts.....	1,935	100,380	42,331	144,646
Motor Vehicles and Parts.....	17,856	75,145	144,152	237,153
Watercraft.....	68	2,849	20,789	23,706
Industrial Items.....	11,523	170,155	323,421	505,099
Foodstuffs, etc.....	3,282	30,529	29,404	63,215
Total.....	52,219	641,304	909,823	1,603,346

Table 7

China and India

Combined exports to China and India have totaled \$856,824,000, of which 68 percent were munitions, 28 percent industrial products, and 4 percent agricultural commodities.

Because the land routes to China have been closed since Burma was lost, most of these supplies have been for India. Some lend-lease supplies have been sent into China by air and considerable quantities of supplies for China have been stock-piled in India. They are there, ready to go, when the necessary routes are reestablished or developed.

In spite of the closing of the land routes since the Burma Road was cut, we have been able to send into China lend-lease planes and other equipment for the Chinese Air Force and Chinese Army, together with small amounts of tools and materials for the Chinese arsenals that are continuing to turn out ground equipment inside China. Chinese fliers are being trained both in India and in the United States under lend-lease, and Chinese troops in India under Lieutenant General Stilwell have been completely equipped with lend-lease weapons and organized into hard-hitting triangular divisions. India is the base for operations against the Japanese in Burma who block the road to China. When the time comes for United Nations forces in India to strike, the Chinese troops equipped and organized in India will be prepared to join in the offensive.

Because of India's importance as a producer of industrial materials and military equipment, and as an exporter of such strategic items as jute, mica, manganese, graphite, and other materials vital to the allied war effort we have supplied her with large quantities of metals, machinery, and tools needed for her armament factories and the mining, production, or processing of strategic materials. Surveys have been made of India's industrial plants and transportation system and help has been given to increase their efficiency. We have provided cranes and lighters to move supplies in and out of her crowded harbors and equipment to expand the capacity of her railroad system.

Transportation has been a major problem in delivering lend-lease goods to India as well as to China. After the loss of Burma in the spring of 1942, India's east coast ports, including Calcutta and Madras, were closed for many months by enemy operations in the Bay of Bengal and lend-lease supplies piled

up in the harbors of India's west coast ports. India's eastern ports have been reopened, and in addition the opening of the Mediterranean-Suez Canal-Red Sea route will facilitate the movement of lend-lease goods for the India-China front.

Australia and New Zealand

Lend-lease shipments to Australia and New Zealand through October 31, 1943, amounted to \$746,522,000 of which 61 percent were finished munitions, 35 percent industrial items, and 4 percent agricultural commodities.

Australia is itself a sizable arsenal of democracy. Australian factories produce large quantities of munitions and other equipment which have been put to good use in the campaign in the Southwest Pacific. We have sent to Australia machine tools vitally needed for this work. Australia makes tires for airplanes and motor vehicles; we ship carbon black and other needed chemicals. Australia builds landing craft; the engines are made in the United States and shipped under lend-lease. Australia manufactures shirts, socks, jackets, and other military clothing; we ship some of the textiles needed to increase her production.

Both Australia and New Zealand are important sources of food for the United Nations. They have been in need of additional agricultural equipment to increase production, as well as tinplate and materials for canning, dehydrating, and packing vegetables and meats. We have made these supplies available under lend-lease. With this assistance, Australia and New Zealand have been able to increase food production sufficiently to supply almost all the food needed by American forces in these countries. Thus, for example, Australia and New Zealand have supplied our forces, under reverse lend-lease, with almost as much beef and veal as we have exported to all lend-lease countries. Their aid to us has saved many thousands of tons of shipping and greatly reduced the amount of food needed from our domestic food supply by United States armed forces in the Pacific.

In addition to vast quantities of food, Australia and New Zealand furnish hospitals, airfields, barracks, and clothing under reverse lend-lease to our forces in the Southwest Pacific. Their repair shops serve our planes and motorized equipment and their shipyards keep our troop transports and other ships in condition under reverse lend-lease.

Chapter 6

OTHER COUNTRIES

The Occupied Countries

The Governments-in-exile—Norway, the Netherlands, Belgium, Poland, Czechoslovakia, Yugoslavia, and Greece—are all eligible for lend-lease aid. Through lend-lease the United States has helped to provide equipment and training for some of their air and ground and naval forces—several hundred thousand strong—who are fighting beside us against the Nazis and the Japanese. Great Britain has provided even greater quantities of equipment for the exiled armies and we have also joined the British in helping to maintain and repair the 10,000,000 tons of merchant shipping which the occupied countries contributed to the United Nations shipping pool. We have sent, in addition, some lend-lease supplies to colonial areas belonging to the Governments-in-exile which are producing in increasing quantities strategic materials vital to the war-production program of the United States.

Thousands of Norwegian fliers have been trained at Little Norway in Canada, using lend-lease trainer planes. Thousands of fliers of the other occupied countries have been trained in the United States. Hundreds of Dutch fliers, men who escaped capture by the Nazis in the Netherlands or by the Japanese in the East Indies, have come to Jackson, Mississippi, for training under lend-lease and then gone to Australia, where they are flying fighter and Mitchell bomber squadrons today under General MacArthur's command. Yugoslav fliers trained under lend-lease are flying with allied forces in the Mediterranean theater and one Yugoslav squadron is equipped with Liberator bombers. The air forces of the other occupied

countries are flying British and American planes with the R. A. F. and U. S. A. A. F. from bases in Britain and Africa.

We are being paid in cash for some of the supplies we furnish the governments-in-exile. This is the case, for example, with essential supplies other than munitions sent to Dutch Guiana (Surinam), where an important share of the bauxite used in the manufacture of American aluminum, is produced. In the Belgian Congo, where production of vital war materials such as rubber, tin, copper, cobalt, fibres and palm oil, has been increased as much as 100 percent, mining and transportation equipment are paid for in cash.

Latin America

Lend-lease aid has been extended to the other American Republics which are united with us in defense of the Western Hemisphere and have produced a billion dollars worth of raw materials essential to our war production.

Substantially all lend-lease aid to Latin American countries consists of fighting equipment such as guns, aircraft, military vehicles and small naval craft, together with materials used in ordnance plants and other installations producing military or naval equipment.

The original arrangements to supply military and naval equipment to Latin America were approved by General Marshall, the Chief of Staff, and by Admiral Stark, then Chief of Naval Operations. All assignments of military and naval equipment to the other American Republics under lend-lease have been approved by the appropriate officers of the United States Army and Navy, acting under the direction of the Joint Chiefs of Staff.

From March 1941 to October 31, 1943, lend-lease shipments to Latin America amounted to \$116,543,000. Of this total, a substantial part has gone to Brazil, which General Marshall, in his biennial report as Chief of Staff of the United States Army, termed "vitaly important to the strategic defense of the United States" and "vital to the security of the Pan-

ama Canal." Brazil and other American Republics have made available to us air and naval bases in Central America and along the northern coasts of South America. We have supplied air and coastal defense equipment under lend-lease. The Brazilian Air Force, flying American lend-lease planes on Atlantic patrol, has reported the sinking of several enemy submarines. Brazil is now preparing to send troops to fight beside ours in Europe. Brazilian and Cuban naval units, using coastal patrol vessels loaned by us and operated by crews trained under lend-lease, have taken an active part in convoy work in the South Atlantic and the Caribbean.

The United States has already been reimbursed to the extent of about \$10,000,000 for lend-lease aid furnished to the other American Republics.

No lend-lease aid is being furnished to the Republic of Argentina.

Canada

The Canadian and American war-production programs are closely integrated under the Hyde Park agreement, but Canada pays cash for all aid for herself that she receives from the United States. She buys from us for cash a large part of the requirements for her war production and we buy for cash from her fighting equipment produced in her factories, as well as such war materials as nickel, of which she produces more than 90 percent of the world's supply.

Lend-lease exports to and through Canada from the United States are valued at \$350,000,000 since March 1941. These exports consist of military equipment and its components, principally for re-export from Canada to the United Kingdom or other United Nations either directly or after further fabrication in Canadian factories. These goods are transferred by the United States under lend-lease, not to Canada, but to the countries of ultimate destination. Other lend-lease exports to Canada have included trainer planes and small quantities of other supplies for the use of Norwegian, Polish, and other United Nations units in training on Canadian soil.

The balance of lend-lease exports to Canada consists of supplies Canada has purchased for cash in this country for her own war effort, using the lend-lease procurement machinery.

Canada has her own mutual aid program under which she is supplying, without payment, to the United Kingdom, the Soviet Union, Australia, New Zealand, and other United Nations, \$2,000,000,000 of additional war supplies produced in her own factories and shipyards.

Although no lend-lease agreement has been signed between Canada and the United States, Canada has adhered, through an exchange of notes on November 30, 1942, to the post-war economic principles set forth in Article VII of the Master Lend-Lease Agreements.

Chapter 7

LEND-LEASE PETROLEUM IN THE WAR

The present war, more than any other war in history, is being fought with petroleum products. Aviation and motor gasoline, oil and lubricants are indispensable to modern war. Petroleum products are consumed in tremendous quantities by the large and constantly growing fleet of planes, ships, tanks and trucks of the United Nations and by their war industries.

The United States was before the war, and is today, the greatest oil-producing, oil-refining, and oil-consuming country in the world. Our highly industrialized and mechanized economy in peacetime was based upon petroleum to an extent unparalleled anywhere in the world. We are now striving to make the most effective use of our great refining capacity in the prosecution of the war. Nevertheless, the United States is actually exporting now to all countries a smaller quantity of petroleum products than was exported from the United States before the war. We are using for our own war industry and armed forces in this country and abroad about 88 percent of the oil we produce.

Our allies are also making the most effective possible use of their own petroleum production and refining facilities—limited though these are as compared with our own. A considerable part of the overseas petroleum requirements of the United States naval, air, and ground forces, and merchant marine is supplied by our allies under reverse lend-lease.

With the petroleum products we have sent under lend-lease we have added immeasurably to the striking power of the United Nations as a whole. The air assault from the United

Kingdom on Nazi Europe, the Soviet victories over the Nazi Army, and the allied campaign against Japan in the Pacific have all been greatly aided by lend-lease supplies of gasoline, oil, and lubricants.

Lend-Lease and United States Petroleum Resources

Lend-lease supplies of petroleum products furnished to our allies have used less than one-tenth of the United States production of crude petroleum. During 1943 it is estimated that exports of petroleum products and supplies of bunker oil under lend-lease will total approximately 132 million barrels, or less than 9 percent of United States production for the year.

The total quantity of petroleum products supplied through commercial exports and under lend-lease to foreign countries from the United States in 1943 will be substantially less than the total quantity of petroleum products supplied to foreign countries commercially in 1938, the year before Hitler plunged Europe into war by attacking Poland.

The following table gives a comparison of the impact on United States petroleum resources of foreign consumption of United States petroleum products in 1938 and 1943:

IMPACT OF FOREIGN CONSUMPTION ON UNITED STATES PETROLEUM RESOURCES

Millions of Barrels

	1938	1943 (estimated)
U. S. production of crude petroleum.....	1,214	1,500
Exports and bunkers to foreign vessels.....		
Lend-lease.....		132
Commercial.....	216	47
Total.....	216	179
Total exports and bunkers to foreign vessels in percent of U. S. production of crude petroleum.....	18%	12%

Table 8

As the above table shows, the additional production of crude petroleum in the United States since the outbreak of war and the curtailment of nonessential civilian demands have not been caused by lend-lease consumption of United States petroleum products. They are the result, instead, of the large demands upon domestic petroleum production of our own war industries and of our own armed forces in this country and abroad. In fact, a substantial part of the petroleum products shown as lend-lease exports in the above table are returned to our armed forces abroad. In addition, large quantities of petroleum products are furnished to our armed forces under reverse lend-lease by our allies from their own petroleum resources.

Expansion of Middle East Production and Refining Facilities

Petroleum production in the Middle East has already surpassed the level of pre-war production, and current production is greatly in excess of the production of two years ago when the whole area was threatened with the danger of falling under Nazi control. British corporations in the Middle East control several times the production and refining capacity controlled by United States corporations in that area and are consequently supplying several times the quantity of petroleum products supplied from oil resources in that area controlled by United States interests.

All petroleum refining facilities in the Middle East, as elsewhere, are being utilized to the fullest extent consistent with the efficient use of tankers and the maximum output of those petroleum products that are most needed for fighting the war, such as aviation and other high octane gasoline. For example, the great refinery at Abadan at the head of the Persian Gulf is currently operating at its top output under these conditions. This refinery, a British property, is by far the largest refinery in the Middle East. Its output of the most vitally needed war products has already been greatly increased and is being further increased by additional equipment.

The supply of tankers has been inadequate, however, to transport to areas where they are needed for war purposes the entire output of heavier products necessarily produced in the gasoline manufacturing process. The surplus of heavier products at Abadan has been far too large to be held in storage. It has instead been disposed of by the unique method of pumping it back into the oil fields. This has been, from a commercial standpoint, wasteful to the British, but has resulted in saving space on tankers for carrying aviation gasoline to American and British forces.

The British Government, which has had a substantial military supply responsibility in the Middle East, has greatly expanded the petroleum facilities in that area. The first stage of the expansion of the Abadan refinery was begun in the fall of 1941 and the expansion is continuing. The capacity of the British-controlled refinery at Haifa is also being expanded and the refinery at Suez has been operated at full capacity throughout the period of active warfare in this area. The expansions of facilities at these refineries are being paid for by the British. They have not been carried out with lend-lease funds.

A project has also been undertaken to expand the output of war products of the refinery at Bahrein, halfway down the Persian Gulf. This refinery is owned by United States corporations and equipment supplied from the United States for the expansion project is being paid for by the companies with the assistance of a loan from the Defense Supplies Corporation.

The United States, with minor exceptions, does not pay for petroleum products currently obtained from the Middle East. Practically all bunker oil for United States naval and merchant vessels in the Middle East is provided by the British Government under reverse lend-lease. Petroleum products of all types shipped from the Middle East refineries to Australia, India, South Africa, and to the Mediterranean area are furnished locally to United States armed forces and merchant vessels under reverse lend-lease.

Transportation to War Theaters

The effective war use of the combined petroleum resources of the United Nations has been primarily determined by the supply of tankers and other forms of transportation to carry the refined petroleum products to war theaters. Many ocean and overland routes have been cut off or made dangerous. As the course of the war has changed the shipping situation, arrangements for petroleum supply have, of course, been promptly revised.

There has been a shortage of tankers available to the United Nations in relation to the needed quantities of petroleum products and the long distances over which these products have had to be carried from the refineries to the war theaters. United States and British controlled tankers have been jointly programmed to maintain the most efficient operation and eliminate cross hauls. The shortage in tankers has made it imperative, in order to maintain the maximum supply of petroleum products going into theaters of operations, that the shortest haul be used wherever possible.

Ever since the beginning of lend-lease, the "short-haul" principle has governed shipments of petroleum products to the Southwest Pacific except where emergency and strategic developments have necessitated departures from that principle. Petroleum products for Eastern Australia and New Zealand have generally been supplied under lend-lease from the west coast of the United States and Talara, Peru, because these were the shortest routes. United Nations naval, air, and ground forces in Western Australia, the Indian Ocean area, and the Eastern Mediterranean have depended upon supplies of petroleum products from the refineries in the Middle East. The only petroleum products customarily shipped to these areas from the United States have been products such as high-grade lubricants, which are not produced in substantial quantities outside of the United States, and aviation gasoline when the output at Abadan was not sufficient to meet all needs.

The allied campaign to liberate French North Africa was supplied with petroleum products primarily from the Western Hemisphere because this was the shortest sea route so long as

the Mediterranean was closed to allied shipping. During the coming year, however, a much larger part of the petroleum products for use in the entire Mediterranean theater will be supplied from British controlled sources.

The war theater to which the greatest quantities of petroleum products are supplied under lend-lease is the United Kingdom, where these products are used in the aerial bombardment of Nazi Europe, for the allied navies and merchant marines, the allied ground forces and other war purposes. Tankers cannot be spared to make the long voyages to the United Kingdom from the Persian Gulf refineries. The sea route from Abadan to the United Kingdom via the Cape of Good Hope is about four times as long as the route from the United States to the United Kingdom, and the route from Abadan via the Mediterranean is about twice as long as the route from the United States.

Most of the petroleum products used by the Soviet forces are from Soviet petroleum sources, but certain vitally needed petroleum products for the Soviet war effort not refined in sufficient quantities in the U. S. S. R. have been supplied from the United States under lend-lease. Under lend-lease several refinery units have been sent to the Soviet Union in order to enable the Soviet Union to increase its production of aviation gasoline and other high-grade petroleum products from her own petroleum resources. The Soviet Union has also received petroleum products from British resources.

Outlook for the Future

Every effort is being made to increase the crude-oil production, the refining capacity, and the supply of tankers available to the United Nations. The over-all petroleum war needs of the United Nations in 1944 will rise above what they are now as the magnitude of our offensive increases. The increasing numbers of planes, ships, and tanks which we are now producing and putting into action against the enemy require increasing quantities of gasoline, oil, and lubricants.

Additional supplies of petroleum products from other areas will not therefore result in reducing the demands on our own

petroleum resources. All available supplies of petroleum products will be required for a speedy and complete victory of the United Nations over the enemy. In the future, as in the past, the petroleum resources of each of the United Nations will be utilized in its own direct war effort and the combined war effort, in proportion to the maximum ability of each to produce and efficiently deliver the petroleum products needed in the prosecution of the war.

After the war the nations of the world, including the United States, will require petroleum to maintain their industrialized economies. Discoveries of new oil fields will undoubtedly be made to supplement known oil reserves and, as in the past, the steady development of technological improvements in oil production will make it possible to draw on oil reserves which cannot now be tapped. Nevertheless, as in the case of other natural resources, some nations will have insufficient oil reserves to meet their petroleum requirements. Others will have a surplus. Agreed action by the nations of the world, as provided for in the master lend-lease agreements, for the expansion of production, the elimination of discriminatory treatment in commerce, and the reduction of trade barriers, will assure to the United States and other nations fair and equal access to the petroleum produced in all parts of the world.

Chapter 8

LEND-LEASE AND FARM MACHINERY

In spite of acute shortages of farm labor and farm machinery, Great Britain, the Soviet Union and our other allies have made intensive efforts to increase their production of food. By doing so they have saved millions of tons of shipping for the transportation of fighting equipment instead of food and they have reduced the need for shipping food from the United States.

This achievement would have been impossible without additional farm machinery. The United States, also, has experienced shortages of farm labor and farm machinery. We have, therefore, been able to ship to our allies under lend-lease less than 3% of the entire United States production of farm machinery between March 11, 1941, and November 1, 1943—not quite 34 million dollars worth in more than two and a half years.* The War Production Board has allocated for domestic agricultural use more than 90% of our production under the 1943 program and only 3% for lend-lease.

With the help of what we have been able to send them, our allies have achieved great results in spite of many complicating factors which made increases in their farm production doubly difficult.

In England, for instance, many thousands of acres of the most arable and most easily tillable land have been taken over for airfields. Flying Fortresses of the United States Army's Eighth Air Force today take off from the long, level fields which four years ago were among Britain's best farms. New farm acreage therefore had to be reclaimed by the British

* Excluding crawler-type tractors which are used for military purposes.

from the marshes and hammered out of the rough soil of the hills in the western counties. These marginal lands, however, could not be drained, cleared, and converted to food production without the heavy type of farm power which was available only in America.

The need of our allies for lend-lease farm machinery was further intensified by the demands made upon their existing supply of farm equipment for purely military purposes. Thus, when Australia was seriously threatened by the Japanese early in 1942, thousands of Australian farm tractors were conscripted for the construction of military roads and airfields. Moreover, British and Australian facilities, which once were engaged in manufacturing farm machinery, were converted to ordnance production early in the war. This was done, for example, with one of the two tractor factories in the United Kingdom and with virtually the entire farm machinery industry in Australia.

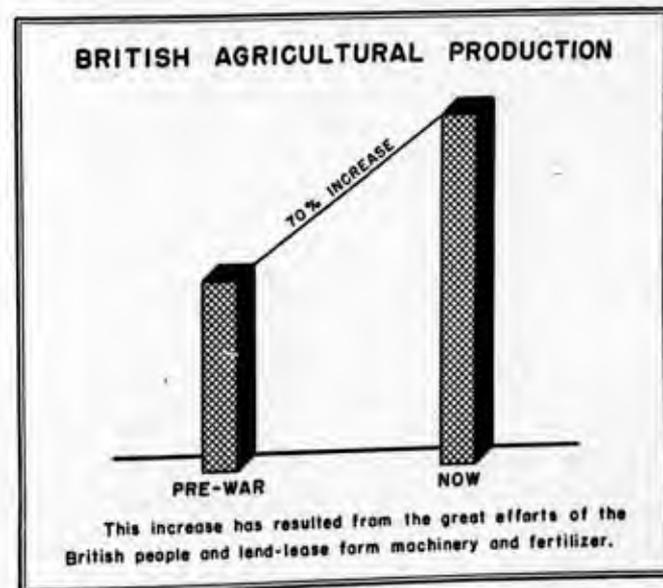


Chart 7

The dependence of our allies on United States farm machinery production has been virtually complete.

We shipped \$20,642,000 worth of farm machinery under lend-lease to the United Kingdom in the period from March 11, 1941, to October 31, 1943. This was less than two percent of our production. With the help of this machinery the people of the crowded British Isles have brought over eight million new acres of land into farm production. They have increased their home production of food by 70 percent over what it was before the war. Whereas before the war the British imported two pounds of food for every pound they raised at home, now they raise at home two pounds of food for every pound imported. The British have worked the tractors we have sent them probably harder than tractors have ever been worked before. They are passed from farm to farm and in many cases are worked in night shifts as well as by day.

We have shipped not quite \$6,500,000 worth of farm machinery to Australia and New Zealand in the past 31½ months—about one-half of one percent of our production. Today the American troops in Australia and New Zealand are being fed almost entirely by Australia and New Zealand under reverse lend-lease. This would have been virtually impossible if lend-lease farm machinery had not been shipped. For example, in order to meet the needs of both the Australian civilians and the American troops, Australia was compelled to diversify its farming and convert a very considerable acreage from cereal production to the so-called row crops, such as potatoes and leafy vegetables. Cultivation of row crops on a large scale, however, requires a tricycle type, or "row crop," tractor. Since no tractor of that kind had ever been built in Australia, Canada, or England, the United States was the only available source.

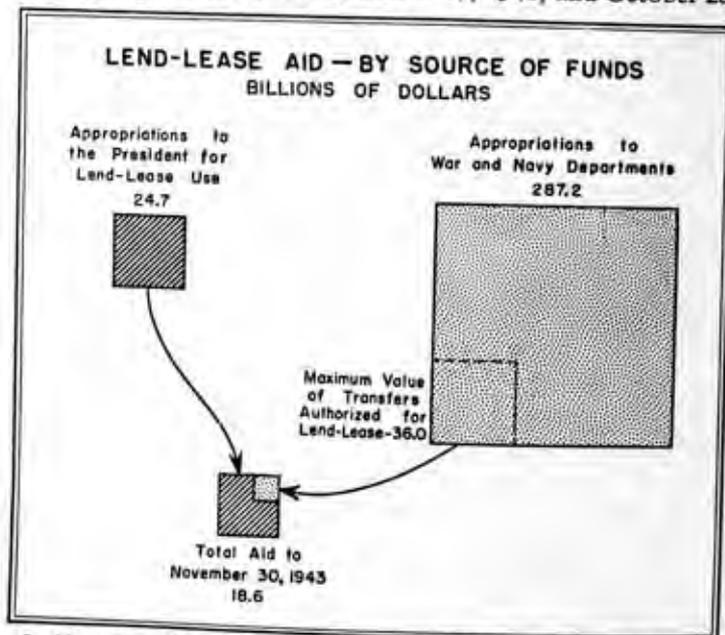
We have shipped almost \$1,250,000 worth of farm machinery to India in order to assist that country to meet the critical food shortages caused by the war.

Smaller amounts of farm machinery have been sent to North Africa, the Middle East, and other areas. North Africa is now producing food not only for its own population, but also for our armed forces and for the liberated people of southern Italy. Hundreds of thousands of tons of shipping space have been saved by the increases in food production that have been achieved by the countries of the Middle East.

Chapter 9

LEND-LEASE APPROPRIATIONS AND TRANSFER AUTHORIZATIONS

By four appropriations there has been made available to the President \$24,683,629,000 for lend-lease use. The first two appropriations, those of March 27, 1941, and October 28,



Lend-lease aid to November 30, 1943, amounted to 18.6 billion dollars. Approximately four-fifths of the total came from funds appropriated to the President for lend-lease use and one-fifth from appropriations to the War and Navy Departments. Most of the aid from the War and Navy Departments' appropriations and a substantial part of the aid from the appropriations to the President was in the form of military items, which accounted for 53 percent of total lend-lease aid.

Chart 8

1941, included provision for munitions as well as essential non-military supplies. The two appropriations to the President which were made after the United States entered the war, those of March 5, 1942, and June 14, 1943, provided only for services and supplies other than finished munitions.

Since our entry into the war lend-lease needs for finished munitions have been provided for by authorizations for transfer under lend-lease of articles and services in regular appropriations to the War and Navy Departments. The maximum value of lend-lease transfers of goods and services, other than ships, which have been so authorized amounts to \$35,970,000,000. This figure is an authorization only. It does not represent funds earmarked for lend-lease use. Under this transfer authority about \$4,000,000,000 of transfers have actually been made.

Amounts provided for by the various appropriation acts are shown by Table 9.

The regular Army, Navy, and Maritime appropriation acts which authorize the President to transfer as lend-lease aid articles and services procured from appropriated funds make possible a needed flexibility in the allocation of munitions and ships. The items procured from such funds may be retained for our own forces or they may be transferred to our allies, depending on the most urgent need at the time the munitions and ships become available. The assignments are recommended by the military experts serving on the Munitions Assignment Board, and by the Combined Shipping Adjustment Board, not by those officials who administer the general lend-lease program.

In order to avoid duplication and to make possible a unified purchasing program for all war needs, all purchasing of lend-lease goods and services has been handled by the regular Government procuring agencies: military items by the War and Navy Departments, shipping and shipping services by the Maritime Commission and War Shipping Administration, foodstuffs and other agricultural products by the War Food Administration, and other items by the Treasury Department Procurement Division. The funds appropriated by Congress to the President for direct lend-lease use are allocated to the

various procuring agencies, which let the necessary contracts for the procurement of the goods and services, and expend the funds as procurement is completed. An accounting of the allocation and obligation of funds appropriated to the President is shown in Table 10, by category and agency.

Allocations of lend-lease funds appropriated to the President to November 30, 1943, amounted to \$20,817,835,000, leaving a balance of \$3,865,794,000 still to be allocated and committed until July 1, 1944. Obligations by procuring agencies, representing primarily contracts awarded, totaled \$17,376,653,000.

AMOUNTS OF LEND-LEASE AID AUTHORIZED

The amount of lend-lease aid that may be provided under the various acts is summarized as follows:

Lend-Lease Appropriations to the President

First Lend-Lease Appropriation	\$7,000,000,000
Second Lend-Lease Appropriation	5,985,000,000
Third Lend-Lease Appropriation (Fifth Supp. 1942)	5,425,000,000
Fourth Lend-Lease Appropriation	6,273,629,000
Total	24,683,629,000

Transfers Authorized From Other Appropriations

War Department—Third Supplemental, 1942	\$2,000,000,000
War Department—Fourth Supplemental, 1942	4,000,000,000
War Department—Fifth Supplemental, 1942	11,250,000,000
War Department—Sixth Supplemental, 1942	2,220,000,000
War Department—Military Appropriation Act, 1943	12,700,000,000
Navy Department—Second Supplemental, 1943	3,000,000,000
Departments other than War—Third Supplemental, 1942	800,000,000
Total	35,970,000,000

NOTE.—In addition to the foregoing, Congress has with certain limitations authorized the leasing of ships of the Navy and merchant ships constructed with funds appropriated to the Maritime Commission without any numerical limitation as to the dollar value or the number of such ships which may be so leased. (See for example, Public Law 1, 78th Congress, approved February 19, 1943, and Public Law 11, 78th Congress, approved March 18, 1943.)

Table 9

Throughout this report, data on lend-lease aid and exports include items from funds appropriated to the President as well as from funds appropriated to the War and Navy Departments and Maritime Commission.

ALLOCATIONS AND OBLIGATIONS

Lend-Lease Funds Appropriated to the President March 1941 Through November 30, 1943

Thousands of Dollars

Appropriation Category	Allocations	Obligations
Ordnance and Ordnance Stores	1,684,912	1,497,751
Aircraft and Aeronautical Material	2,676,283	2,494,249
Tanks and Other Vehicles	692,721	627,130
Watercraft	2,777,143	2,245,719
Miscellaneous Military Equipment	354,047	302,903
Production Facilities	1,102,488	1,056,404
Agricultural and Industrial Commodities	10,417,606	8,307,086
Servicing, Repair of Ships, etc.	674,112	512,421
Services and Expenses	411,583	309,157
Administrative Expenses	26,940	23,833
Total	20,817,835	17,376,653

Procuring Agency	Allocations	Obligations
War Department	5,748,395	5,259,809
Navy Department	3,248,828	2,586,427
Maritime Commission and War Shipping Administration	2,710,014	2,087,330
Treasury Department	3,900,160	3,046,149
Department of Agriculture	5,188,086	4,378,022
Other	22,352	18,916
Total	20,817,835	17,376,653

Table 10

Chapter 10
 STATISTICAL TABLES
 STATUS OF NATIONS
 Lend-Lease Countries and United Nations

Country	Declared Eligible for Lend-Lease Aid	Lend-Lease Agreement Signed	Reciprocal Lend-Lease Agreement Signed	United Nations Declaration Signed
Argentina.....	May 6, 1941			
Australia.....	Nov.11, 1941	Feb. 23, 1942		
Belgium.....	June 13, 1941	June 16, 1942	Sept. 3, 1942	Jan. 1, 1942
Bolivia.....	May 6, 1941	Dec. 6, 1941	Jan. 30, 1943	Jan. 1, 1942
Brazil.....	May 6, 1941	Mar. 3, 1942		Apr.27, 1943
Canada.....	Nov.11, 1941			Feb. 6, 1943
Chile.....	May 6, 1941	Mar. 2, 1943		Jan. 1 1942
China.....	May 6, 1941	June 2, 1942		
Colombia.....	May 6, 1941	Mar.17, 1942		Jan. 1, 1942
Costa Rica.....	May 6, 1941	Jan. 16, 1942		
Cuba.....	May 6, 1941	Nov. 7, 1941		Jan. 1, 1942
Czechoslovakia.....	Jan. 5, 1942	July 11, 1942		Jan. 1, 1942
Dominican Rep.....	May 6, 1941	Aug. 2, 1941		Jan. 1, 1942
Ecuador.....	May 6, 1941	Apr. 6, 1942		
Egypt.....	Nov.11, 1941			
El Salvador.....	May 6, 1941	Feb. 2, 1942		Jan. 1, 1942
Ethiopia.....	Dec. 7, 1942	Aug. 9, 1943		Oct. 9, 1942
Fighting France.....	Nov.11, 1941		Sept. 3, 1942	
French North & West Africa.....	Nov.13, 1942		Sept.25, 1943	
Greece.....	Mar.11, 1941	July 10, 1942		Jan. 1, 1942
Guatemala.....	May 6, 1941	Nov.16, 1942		Jan. 1, 1942
Haiti.....	May 6, 1941	Sept.16, 1941		Jan. 1, 1942
Honduras.....	May 6, 1941	Feb. 28, 1942		Jan. 1, 1942
Iceland.....	July 1, 1941	Nov.21, 1941		
India.....	Nov.11, 1941			Jan. 1, 1942
Iran.....	Mar.10, 1942			Sept. 9, 1943
Iraq.....	May 1, 1942			Jan. 16, 1943
Liberia.....	Mar.10, 1942	June 8, 1943		
Luxembourg.....				Jan. 1, 1942
Mexico.....	May 6, 1941	Mar.18, 1943		June 5, 1942

Lend-Lease Countries and United Nations—Continued

Country	Declared Eligible for Lend-Lease Aid	Lend-Lease Agreement Signed	Reciprocal Lend-Lease Agreement Signed	United Nations Declaration Signed
Netherlands.....	Aug.21, 1941	July 8, 1942	June 14, 1943	Jan. 1, 1942
New Zealand.....	Nov.11, 1941	Feb. 23, 1942	Sept. 3, 1942	Jan. 1, 1942
Nicaragua.....	May 6, 1941	Oct. 16, 1941		Jan. 1, 1942
Norway.....	June 4, 1941	July 11, 1942		Jan. 1, 1942
Panama.....	May 6, 1941			Jan. 1, 1942
Paraguay.....	May 6, 1941	Sept.20, 1941		
Peru.....	May 6, 1941	Mar.11, 1942		
Philippines.....				June10, 1942
Poland.....	Aug.28, 1941	July 1, 1942		Jan. 1, 1942
Saudi Arabia.....	Feb. 18, 1943			
South Africa.....	Nov.11, 1941			Jan. 1, 1942
Turkey.....	Nov. 7, 1941			
United Kingdom.....	Mar.11, 1941	Feb. 23, 1942	Sept. 3, 1942	Jan. 1, 1942
United States.....				Jan. 1, 1942
U. S. S. R.....	Nov. 7, 1941	June 11, 1942		Jan. 1, 1942
Uruguay.....	May 6, 1941	Jan. 13, 1942		
Venezuela.....	May 6, 1941	Mar.18, 1942		
Yugoslavia.....	Nov.11, 1941	July 24, 1942		Jan. 1, 1942

Table 11

LEND-LEASE EXPORTS
 March 1941 through October 31, 1943
 Millions of Dollars

	United Kingdom	U. S. S. R.	Africa, Middle East, and Mediterranean Area	China, India, Australia and New Zealand	Other Countries	Total
MUNITIONS						
Ordnance	256	171	219	138	55	839
Ammunition	515	336	293	187	57	1,388
Aircraft and Parts	761	720	357	305	249	2,392
Tanks and Parts	490	216	407	145	33	1,291
Motor Vehicles and Parts	213	461	298	236	46	1,254
Watercraft	156	87	30	24	19	316
Total	2,391	1,991	1,604	1,035	459	7,480
INDUSTRIAL ITEMS						
Machinery	345	354	98	133	22	952
Metals	502	376	123	164	18	1,183
Petroleum Products	423	27	61	97		608
Other	285	208	150	111	29	783
Total	1,555	965	432	505	69	3,526
AGRICULTURAL PRODUCTS						
Foods	1,592	532	126	36	12	2,298
Other Agricultural Products	442	62	6	27	3	540
Total	2,034	594	132	63	15	2,838
TOTAL EXPORTS	5,980	3,550	2,168	1,603	543	13,844

The above figures and those in other export tables do not include (1) articles transferred to foreign countries but used in the United States, such as trainer planes for the instruction of United Nations pilots; (2) some ships which leave the United States under their own power; (3) some goods consigned to United States commanding generals for subsequent transfer to lend-lease countries; (4) materials which have been transferred but not yet exported; (5) goods purchased outside the United States and sent directly to lend-lease countries; and (6) some other items of relatively small amount.

Table 12

LEND-LEASE EXPORTS—MONTHLY
 Millions of Dollars

	United Kingdom	U. S. S. R.	Africa, Middle East and Mediterranean Area	China, India, Australia and New Zealand	Other Countries	Total
Mar. 1941					1	1
Apr.	1				4	5
May.	9		5	1	1	16
Jun.	26		6	1	2	35
Jul.	49		19	1	3	72
Aug.	46		14	5	2	67
Sep.	74		7	2	3	86
Oct.	142		12	12	1	167
Nov.	107		10	18	2	137
Dec.	119	1	23	12		155
Jan. 1942	105	15	24	18	13	175
Feb.	79	55	26	22	12	194
Mar.	149	97	25	47	11	329
Apr.	144	164	45	55	17	425
May.	144	70	37	47	8	306
Jun.	210	110	35	36	14	405
Jul.	175	103	66	59	21	424
Aug.	152	150	58	56	18	434
Sept.	214	102	71	67	18	472
Oct.	222	128	98	82	32	562
Nov.	204	191	95	55	16	561
Dec.	207	167	112	97	25	608
Jan. 1943	178	167	94	74	22	535
Feb.	222	186	46	49	26	529
Mar.	309	211	132	67	58	777
Apr.	353	210	116	67	29	775
May.	400	177	151	83	37	848
Jun.	425	139	100	101	26	791
Jul.	392	230	221	147	31	1,021
Aug.	370	313	165	113	28	989
Sep.	397	301	190	81	32	1,001
Oct.	356	263	165	128	30	942
TOTAL EXPORTS	5,980	3,550	2,168	1,603	543	13,844

Table 13

LEND LEASE FOOD EXPORTS IN RELATION TO
SUPPLY AND TO U. S. CIVILIAN POPULATION

	Exports Jan.-Oct. 1943 (Million Lbs.)	Exports in Percent. of Supply		Exports in Ounces Per Week per United States Civilian	
		Year 1942	Jan.- Oct. 1943 ¹	Year 1942	Jan.- Oct. 1943
All Meats (dressed wt. basis) ²	1,902.9	6.1	9.5	3.3	5.6
Beef and Veal (dr. wt. basis) ²	100.7	0.3	1.2	0.1	0.3
Lamb and Mutton (dr. wt. basis) ²	96.7	0.4	11.7	0.01	0.3
Pork (dr. wt. basis) ²	1,705.5	11.9	15.6	3.3	5.0
All Milk Products (fluid milk equiv.) ²	3,372.6	3.6	3.3	11.0	9.9
Dry Whole Milk.....	14.5	6.6	13.1	0.01	0.04
Dry Skim Milk.....	181.2	23.0	33.8	0.3	0.5
Condensed and Evap. Milk.....	469.1	9.7	13.6	1.0	1.4
Butter.....	50.1	0.8	2.7	0.05	0.14
Cheese.....	117.6	23.6	12.7	0.7	0.3
Eggs, Dried (shell egg equiv.) ²	757.8	9.5	11.6	1.6	2.2
Edible Fats and Oils.....	909.6	11.0	15.5	1.8	2.6
Canned Fish.....	197.3	17.6	23.4	0.4	0.6
Fruits:					
Canned Fruits and Juices ²	337.1	4.1	9.0	0.5	0.9
Dried Fruits.....	231.0	15.9	21.1	0.5	0.7
Vegetables:					
Canned Vegetables.....	70.1	0.9	1.1	0.2	0.2
Dried Beans.....	242.4	4.1	10.0	0.3	0.7
Dried Peas.....	108.0	7.5	16.4	0.1	0.3
Corn and Corn Products (grain equivalent) ²	322.6	0.2	0.1	1.4	1.0
Wheat and Wheat Products (grain equivalent) ²	1,053.4	0.4	1.1	1.2	3.1

¹ Assumes the supply for the first 10 months of 1943 as ten-twelfths the total estimated supply for the entire year.

² Not the weight of the finished products as processed and delivered for export. The weight of all lend-lease foods as delivered for export from Jan. 1, 1943, to Oct. 31, 1943 (not including non-food agricultural products) was reported by the Department of Agriculture as 8,688.4 million pounds.

Table 14

APPENDICES

Appendix I
LEND-LEASE ACT

Further to promote the defense of the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States."

Section 2.

As used in this Act—

(a) The term "defense article" means—

- (1) Any weapon, munition, aircraft, vessel, or boat;
- (2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;
- (3) Any component material or part of or equipment for any article described in this subsection;
- (4) Any agricultural, industrial or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

Section 3.

(a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

- (1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government

of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government, any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed \$1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency, or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.

(c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

Section 4.

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

Section 5.

(a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President, from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

Section 6.

(a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.

Section 7.

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owner and holders of such patents.

Section 8.

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

Section 9.

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

Section 10.

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

Section 11.

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

APPROVED, MARCH 11, 1941.

☆ ☆ ☆

On March 11, 1943, after affirmative votes of 407-6 in the House of Representatives and 82-0 in the Senate, the President signed the Act extending the Lend-Lease Act for 1 year.

Appendix II

BRITISH MASTER AGREEMENT

Agreement Between the Governments of the United States of America and of the United Kingdom on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, Authorized and Provided for by the Act of March 11, 1941.

Whereas the Governments of the United States of America and the United Kingdom of Great Britain and Northern Ireland declare that they are engaged in a cooperative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;

And whereas the President of the United States of America has determined, pursuant to the Act of Congress of March 11, 1941, that the defense of the United Kingdom against aggression is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the United Kingdom aid in resisting aggression;

And whereas it is expedient that the final determination of the terms and conditions upon which the Government of the United Kingdom receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the United Kingdom and will promote the establishment and maintenance of world peace;

And whereas the Governments of the United States of America and the United Kingdom are mutually desirous of concluding now a preliminary agreement in regard to the provision of defense aid and in regard to certain considerations which shall be taken into account in determining such terms and conditions and the making of such an agreement has been in all respects duly authorized, and all acts, conditions and formalities which it may have been necessary to perform, fulfill or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of the United Kingdom have been performed, fulfilled or executed as required;

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

Article I

The Governments of the United States of America will continue to supply the Government of the United Kingdom with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

Article II

The Government of the United Kingdom will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities of information as it may be in a position to supply.

Article III

The Government of the United Kingdom will not without the consent of the President of the United States of America transfer title to, or possession of, any defense article or defense information transferred to it under the Act or permit the use thereof by anyone not an officer, employee, or agent of the Government of the United Kingdom.

Article IV

If, as a result of the transfer to the Government of the United Kingdom of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Government of the United Kingdom will take such action or make such payment when requested to do so by the President of the United States of America.

Article V

The Government of the United Kingdom will return to the United States of America at the end of the present emergency, as determined by the President, such defense articles transferred under this Agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

Article VI

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the United Kingdom subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

Article VII

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom in return for

aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the United Kingdom, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 12, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

Article VIII

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington in duplicate this 23d day of February, 1942.

For the Government of the United States of America:

[SEAL]

SUMNER WELLS,
Acting Secretary of State of the
United States of America.

For the Government of the United Kingdom
of Great Britain and Northern Ireland:

[SEAL]

HALIFAX
His Majesty's Ambassador Extraordinary
and Plenipotentiary at Washington.

Appendix III

MODUS VIVENDI ON RECIPROCAL AID IN FRENCH NORTH AND WEST AFRICA

The Government of the United States and the French Committee of National Liberation desirous of lending each other the reciprocal aid necessary to the prosecution of the joint war effort are agreed upon the following provisional Modus Vivendi which will, following signature, be applicable in French North and West Africa:

I. With reference to supplies and services urgently needed to maintain the French war effort, which the United States has furnished to the French authorities and will continue to furnish, within limitations of need and supply, it is understood that:

(a) Military aid, including supplies for railroads, docks, public utilities and other facilities to the extent that such supplies are determined to be military aid is made available on a straight Lend-Lease basis, in the light of the considerations set forth in Paragraph V. Such aid does not include the pay and allowances of French forces. The United States reserves the right to require the return of any articles furnished under this paragraph and not lost, destroyed or consumed,

(i) if at any time it is decided that such restitution would be an advantage in the conduct of the war, or

(ii) if at the end of the present emergency as determined by the President of the United States, the President shall determine that such articles are useful in the defense of the United States or of the Western Hemisphere, or to be otherwise of use to the United States.

(b) For all civilian supplies imported from the United States, the French authorities will pay upon the basis of prices to be agreed. Payment will be made, currently at convenient intervals, in dollars, to an appropriately designated account in the United States.

(c) The distinction between civilian and military aid, supplies and services, where such distinction may be necessary, will be made by agreement.

(d) All aid furnished under Paragraph I (a) and I (b) will be made available by the United States under the authority and subject to the terms and conditions provided for in the Act of Congress of 11 March, 1941, as amended (P. L. 11, 77th Congress, 1st Session).

II. With reference to supplies and services urgently needed to maintain the United States war effort, which the French authorities have furnished

to the United States and will continue to furnish, within limitations of need and supply, it is understood that:

(a) The French authorities undertake to make available to or for the use of the armed forces and other governmental agencies of the United States, as reverse Lend-Lease aid to the United States, on a straight Lend-Lease basis, when it is found that such aid can most effectively be procured in territory under their control,

(i) military equipment, munitions, and military and naval stores;

(ii) other supplies, materials, facilities and services for United States forces, including the use of railway and port facilities, but not including the pay and allowances of such forces nor the administrative expenses of American missions;

(iii) supplies, materials, facilities and services, except for the wages and salaries of United States citizens, needed in the construction of military projects, tasks and similar capital works required in the common war effort, to the extent that French North or West Africa is the most practicable source of such supplies, materials, facilities or services;

(iv) such other supplies, materials, services or facilities as may be agreed upon as necessary in the prosecution of the war, but not including exports of civilian supplies to the United States from North and West Africa.

While the French authorities retain, of course, the right of final decision, subject to the obligations and arrangements they have entered into for the prosecution of the war, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

(b) All civilian supplies exported from French North and West Africa to the United States will be paid for on the basis of prices to be agreed. Payment will be made currently, at convenient intervals, in dollars, to an appropriate designated account in the United States.

(c) The distinction between civilian and military aid, supplies and services, where such distinction may be necessary, will be made by agreement.

(d) In order to obtain the supplies and services included within the scope of Paragraph II (a), duly authorized United States officers or other officials will submit their requests to the official services duly designated by the French authorities. These services will be established in Algiers, Casablanca, Oran, Tunis, Dakar, and other places where it may be found practicable and convenient to establish organizations for facilitating the transfer of reciprocal aid.

(e) For use in those exceptional cases, and particularly in cases of local procurement of supplies, in which it is agreed to be more practicable to secure such reverse Lend-Lease supplies, facilities and services by direct purchase, rather than by the method of procurement set forth in Paragraph II (b), it is agreed that the French authorities establish a franc account in convenient banking institutions and in the name of a designated officer of the United States to facilitate the provision of reverse Lend-Lease aid as con-

templated by Paragraph II (a). The French contributions to this account will be mutually agreed upon from time to time in the light of the changing needs of the American forces, and other appropriate factors. Such an account will not be used for the payment of wages and salaries of American military or civilian personnel, nor for administrative expenses of American missions. Estimates of the franc requirements of the United States will be submitted to designated French authorities from time to time, as may be found convenient. The French authorities will be kept fully and currently informed of all transactions in this account.

III. In exceptional cases, and when they deem it preferable, the American military forces, or other agencies of the United States Government, may continue to use their present practice of acquiring francs against dollars from the French authorities.

IV. Adequate statistical records will be kept of all goods and services exchanged as mutual aid under paragraphs I and II above.

V. The provisions of this modus vivendi correspond to a desire to reduce to an appropriate minimum the need of either party for currency of the other party. Provisions which call for payments in dollars have been decided upon in view of the special situation arising from accumulated dollar balances and availabilities of dollar funds due to the presence of United States troops in French North and West Africa. Revision of the payment provisions of this modus vivendi will be made should the situation require.

Signed at Algiers this 25th day of September, A. D. 1943.

For the Government of the United States of America:

/s/ ROBERT MURPHY

For the French Committee of National Liberation:

/s/ MASSIOLI

/s/ JEAN MONNET

Appendix IV

EXECUTIVE ORDER ESTABLISHING FOREIGN ECONOMIC ADMINISTRATION

By virtue of the authority vested in me by the Constitution and the statutes of the United States, as President of the United States and Commander in Chief of the Army and Navy, and in order to unify and consolidate governmental activities relating to foreign economic affairs, it is hereby ordered as follows:

1. There is established in the Office for Emergency Management of the Executive Office of the President the Foreign Economic Administration (hereinafter referred to as the Administration), at the head of which shall be an Administrator.

2. The Office of Lend-Lease Administration, the Office of Foreign Relief and Rehabilitation Operations, the Office of Economic Warfare (together with the corporations, agencies, and functions transferred thereto by Executive Order No. 9361 of July 15, 1943), the Office of Foreign Economic Coordination (except such functions and personnel thereof as the Director of the Budget shall determine are not concerned with foreign economic operations) and their respective functions, powers, and duties are transferred to and consolidated in the Administration.

3. The Administrator may establish such offices, bureaus, or divisions in the Administration as may be necessary to carry out the provisions of this order, and may assign to them such of the functions and duties of the offices, agencies and corporations consolidated by this order as he may deem desirable in the interest of efficient administration.

4. The powers and functions of the Administration shall be exercised in conformity with the foreign policy of the United States as defined by the Secretary of State. As soon as military operations permit, the Administration shall assume responsibility for and control of all activities of the United States Government in liberated areas with respect to supplying the requirements of and procuring materials in such areas.

5. All the personnel, property, records, funds (including all unexpended balances of appropriations, allocations, or other funds now available), contracts, assets, liabilities, and capital stock (including shares of stock) of the offices, agencies, and corporations consolidated by paragraph 2 of this order are transferred to the Administration for use in connection with the exercise and performance of its functions, powers, and duties. In the case of capital stock (including shares of stock), the transfer shall be to such agency, corporation, office, officer, or person as the Administrator shall designate. The Administrator is authorized to employ such personnel as may be necessary in the performance of the functions of the Administration and in order to carry out the purposes of this order.

6. No part of any funds appropriated or made available under Public Law 139, approved July 12, 1943, shall hereafter be used directly or indirectly by the Administrator for the procurement of services, supplies, or equipment outside the United States except for the purpose of executing general economic programs or policies formally approved by a majority of the War Mobilization Committee in writing filed with the Secretary of State prior to any such expenditure.

7. All prior Executive Orders insofar as they are in conflict herewith are amended accordingly. This order shall take effect upon the taking of office by the Administrator, except that the agencies and offices consolidated by paragraph 2 hereof shall continue to exercise their respective functions pending any contrary determination by the Administrator.

THE WHITE HOUSE,
September 25, 1943.

FRANKLIN D. ROOSEVELT.

Appendix V EXECUTIVE ORDER ESTABLISHING OFFICE OF LEND-LEASE ADMINISTRATION

By virtue of the authority vested in me by the Constitution and statutes of the United States, and particularly by the Act of March 11, 1941, entitled "An Act further to promote the defense of the United States and for other purposes" (hereafter referred to as the Act), and by the Defense Aid Supplemental Appropriation Act, 1941, approved March 27, 1941, and acts amendatory or supplemental thereto, in order to define further the functions and duties of the Office for Emergency Management of the Executive Office of the President in respect to the national emergency as declared by the President on May 27, 1941, and in order to provide for the more effective administration of those Acts in the interests of national defense, it is hereby ordered as follows:

1. There shall be in the Office for Emergency Management of the Executive Office of the President an Office of Lend-Lease Administration, at the head of which shall be an Administrator, appointed by the President, who shall receive compensation at such rate as the President shall approve and, in addition, shall be entitled to actual and necessary transportation subsistence, and other expenses incidental to the performance of his duties.

2. Subject to such policies as the President may from time to time prescribe, the Administrator is hereby authorized and directed, pursuant to Section 9 of the Act, to exercise any power or authority conferred upon the President by the Act and by the Defense Aid Supplemental Appropriation Act, 1941 and any acts amendatory or supplemental thereto, with respect to any nation whose defense the President shall have found to be vital to the defense of the United States: *Provided*, That the master agreement with each nation receiving lend-lease aid, setting forth the general terms and conditions under which such nation is to receive such aid, shall be negotiated by the State Department, with the advice of the Economic Defense Board and the Office of Lend-Lease Administration.

3. The Administrator shall make appropriate arrangements with the Economic Defense Board for the review and clearance of lend-lease transactions which affect the economic defense of the United States as defined in Executive Order No. 8839 of July 30, 1941.

4. Within the limitation of such funds as may be made available for that purpose, the Administrator may appoint one or more Deputy or Assistant Administrators and other personnel, delegate to such Deputy or Assistant Administrators any power or authority conferred by these orders, and make provision for such supplies, facilities, and services as shall be necessary to carry out the provisions of this Order. In so far as practicable, the Office of Lend-Lease Administration shall use such general business services and facilities as may be made available to it through the Office for Emergency Management.

5. Executive Order No. 8751 of May 2, 1941, establishing the Division of Defense Aid Reports and defining its functions and duties, is hereby revoked.

THE WHITE HOUSE,
October 28, 1941.

FRANKLIN D. ROOSEVELT

March 24, 1944 287
10:26 a.m.

Ansrl F.
Luxford:

Yes.

Operator:

Go ahead.

I:

Hello, Mr. Secretary.

HMJr:

Luxford, I just talked to Colonel Pasco in General Marshall's office and he said it's all right to show the Vice President the material we got on the Argentine from G-2.

I:

Wonderful.

HMJr:

We have his clearance.

I:

Would Mrs. Klotz send it down to me? Or shall I come up and get it?

HMJr:

Uh....

I:

She has the -- the Falange memo.

HMJr:

Just a minute -- I'll -- I'll -- you just stay on the wire.

I:

All right.

Operator:

Yes, sir.

HMJr:

Put Mrs. Klotz on this wire.

Operator:

Mrs. Klotz is on the phone, Mr. Morgenthau. Shall I interrupt her?

I:

I can tell her, Miss....

HMJr:

You -- uh -- when she's -- well, when I'm through with this meeting, remind me and I'll talk to her.

I:

All right.

Operator:

All right.

30.
Secretary Morgenthau

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This is the memo I told you
about. I am sending it along
anyway.

FS

Fred Smith
Room 290½

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

TO Secretary Morgenthau
FROM Fred Smith

March 24, 1944

I will now tell you the rest of the story about Procurement, and why we haven't done anything in the Public Relations way about it.

For two months I have been trying to get a story written that would explain the efficiency with which Procurement is operating. I have never been able to get such a story, nor even the facts to make such a story.

You will recall that we discussed a month or so ago, the possibility of getting a regular bulletin out of Procurement to keep everybody, particularly Congressmen, informed concerning what goes on. I could not get the material for that ~~bulletin~~ bulletin.

I have tried to get John to help me develop a story, and he has continually discouraged any publicity.

I therefore concluded that the reason we can't get any facts and figures, and the reason we can't tell a good story about Procurement, is because there isn't a good story there.

I talked to John yesterday for half an hour, and he finally admitted that such was the case. He says it is getting

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better, but it is obvious that it is not getting enough better.

I then discovered, which I hadn't known before, that Treasury Procurement is the biggest merchandising business in the entire world. By last December it was already doing 14 million dollars a month.

Under the present circumstances, we have the biggest merchandising business in the world being run by amateurs. I think it is time that you considered turning this job over to professionals, the way you did the Bond drives.

Before reporting this to you, I decided this morning to check with Bob McConnell, whom I thought might shed some light on what other people think of Treasury Procurement. I find he has reported a number of things to John, and to Danny Bell, and is greatly worried about the Procurement situation.

From my own hunches, and from what McConnell says, I am convinced that we are highly vulnerable politically, unless an honest effort is made to grow up to the job that lies ahead.

McConnell suggests that you draft some top merchandising men to reorganize the shop. I am for that, if for no other

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than political reasons. It at least indicates that you are trying to do the job right, and will make it hard for Clayton and Jones to move in, not to mention Congress. And I am convinced that Clayton and Jones and Congress will all move in if we continue to run a super Sears Roebuck along the lines of an overgrown peanut stand.

I know this is all very rough talk, and I am sticking my neck out again. But you are the General and you will take the rap when hell breaks loose. The least that can happen is that Clayton will go to Byrnes with a bill of complaints, asking that Treasury be relieved of Procurement; and with the pipe-lines to the newspapers which the Jones office has, it will make a mess for you, it will embarrass you with Byrnes, and eventually with the President.

I recommend that you step in to this picture and do something about it quickly. The act of so doing will be our best Public Relations approach.

Love and kisses,

A handwritten signature in dark ink, appearing to be 'F. B. I.' with a flourish underneath.

March 24, 1944
12:01 p.m.

HMJr: Hello.

John
Sullivan: Yes, Mr. Secretary.

HMJr: John, I just want to tell you I want a report from you Monday at 9:30 on this Procurement. The purpose is -- calling -- I'm calling half a dozen people in the Treasury together and I want to know where we stand.

S: You mean on the general picture?

HMJr: On the general picture.

S: Fine.

HMJr: I mean I -- I don't know -- before I went away, which was two months ago, I gave you carte blanche to go ahead and get anybody you wanted.

S: That's right.

HMJr: Now, I want to know what's happened in the last two months.

S: I'll be delighted to give you the story.

HMJr: And I want the facts -- where are we as of today?

S: Yeah.

HMJr: If you please.

S: That's right. Well, I'm glad, because I was going to suggest this very thing.

HMJr: Right.

S: And I'll want to have Cliff Mack and Loeb and Fry over too.

HMJr: Oh, do you want them present?

S: I think that it would be helpful to you.

HMJr: Well, if that's who you want, all right.

- 2 -

S: Yes, I -- I -- I think that -- I -- I think that it will give you a better picture of just what's going on.

HMJr: Well, I want to -- I want to know what's been happening in the last two months.

S: That's right.

HMJr: All right.

S: We'll do so.

HMJr: Thank you.

S: Thank you.

March 24, 1944
12:03 p.m.

HMJr: Hello.

Operator: I have Mr. Stetson. He's in charge of the bank and the next in line.

HMJr: Who?

Operator: Stetson, S-t-e-t-s-o-n.

HMJr: Oh, yes.

Operator: All right?

HMJr: Right. Hello.

Operator: Go ahead.

HMJr: Hello.

Mr. Stetson: Hello.

HMJr: Mr. Stetson.

S: Oh, yes.

HMJr: This is Henry Morgenthau, Jr.

S: How do you do, Mr. Secretary?

HMJr: Fine. How are you?

S: First rate, thank you.

HMJr: Mr. Stetson, what I wanted was in a sense both official and personal, and I wonder if I couldn't tell you my troubles and then you pass them on to Mr. Potter?

S: Yes, indeed.

HMJr: As I understand, his troubles are all located in his heel.

S: That's right. (Laughs)

HMJr: So, it's not....

S: Unfortunately, and he may have to have another operation.

HMJr: Yes. Well, I think you may be familiar with the way Mr. Potter helped me last year.

S: Yes, I am.

HMJr: And I've got another problem now and I'd like to get some advice both from you and from him.

S: All right, sir.

HMJr: You know, the Treasury Department has Procurement Division which is going to be thrown all this surplus property.

S: Yes.

HMJr: And what we need down here is a couple of very good merchandising men to help us.

S: Yes.

HMJr: I know everybody is busy and all that sort of thing, but I wondered if you people -- you and Mr. Potter -- would think over who there is in the United States who might be available, who know the merchandising business.

S: Yes.

HMJr: And who would not be interested in buying horses or motorcycles or this or that or the other thing from the Army or the Navy. You see?

S: Yes, I see.

HMJr: But who could sit on the Government's side and help us and see that it is done in an honest way and not....

S: That's right.

HMJr: the way it was in the last war.

S: Right.

HMJr: And if you would put your heads together and give me a little line -- not too far distant -- I'd appreciate it.

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S: I'll try and phone you sometime on Monday.

HMJr: Could you do that?

S: Yes. I'm going up to see Mr. Potter today -- tomorrow

HMJr: Yes.

S:or Sunday and I'll have a talk with him. In the meantime, I'll give it a good deal of consideration.

HMJr: You -- you -- you're somewhat familiar with it, aren't you?

S: Oh, yes.

HMJr: Good. Would it be possible to get a call from you before 9:30 Monday?

S: I'm not so sure about that but I'll try to.

HMJr: Would you? Because I'm having a meeting on it at 9:30.

S: Yes, I will.

HMJr: Right.

S: Now, may I ask you one question?

HMJr: Anything you want. Anything you want.

S: I know you would not want a man like I'm mentioning now, like the head of Sears Roebuck, but do you object if I talk to him about this?

HMJr: That's quite all right.

S: I mean, because he may know of someone. Don't you know?

HMJr: Yes, as I say, I don't know whether you'll remember, but it was I who brought Mr. Nelson down here in the first instance.

S: That's right.

WJr: To help me on Procurement.

S: Yes, that's right.

WJr: And he'd only been here a month when the President took him away from me.

S: That's right. Well, now, as a suggestion -- he would -- he would have some pretty good ideas but I would like, also, your permission for me to talk to General Wood about this.

WJr: Well, I....

S: I wouldn't do it without your permission.

WJr: It's all right, but I don't know how sympathetic General Wood would be.

S: Well, he'd be very sympathetic with my ideas on it. I'm sure of that.

WJr: Well....

S: Anyway, leave that on my doorstep.

WJr: I'll leave that with you.

S: I'm -- I get your idea and you leave that on my doorstep, but I may want to talk to one or two of the heads of big enterprises to get some idea from them about it.

WJr: You see, the way -- what I'd most like you to picture it is that a man who is in active business -- I don't know whether I could get him. On the other hand they might be willing to come down and help us get this thing started.

S: Well, you see there are a lot of good salesmen today who are good merchandise men....

WJr: Yeah.

S:who have no interest in buying.

WJr: That's right.

And I had in mind discussing that -- this situation with one or two heads, like one or two of the Cotton Mill heads, or something of that kind and see them

S:
Cont'd.

if they had some good salesmen who were good merchandising men that might be interested in doing a job of this kind. How long would you want them?

HMJr:

Well, your guess is -- I always like to paint the picture a little blacker -- I mean....

S:

That's right.

HMJr:

....I'd rather talk to them in terms of a minimum of a year.

S:

Well, that would be what I would think, a minimum of a year.

HMJr:

Yes.

S:

And is this a dollar a year job or pay job.

HMJr:

Well, what we can pay, I imagine, is maybe eight or nine thousand dollars, which is....

S:

I see.

HMJr:

....which may or may not be of interest to them.

S:

Yes, I see.

HMJr:

Personally, I would much rather pay them.

S:

I think you're right. And then you're -- it's a "hire and fire" thing then.

HMJr:

Yes.

S:

All right. Well, I'll -- I've got your idea about it and I'll get busy on it today and I'll talk to him about it either tomorrow or Sunday and I'll try and call you before 9:30 Monday morning.

HMJr:

And if you'll call me on District 2626.

S:

District 2626.

HMJr:

Yeah. I have my own telephone operators and my own private switch board.

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S: Oh, that's fine. Well, I'll do that.

HMJr: Thank you so much.

S: First rate. Glad to hear from you and I hope we can be of some service, but I don't know, but I'll make the effort.

HMJr: And my regards to Mr. Potter.

S: Indeed I will, Mr. Secretary.

HMJr: Thank you.

S: Good bye, sir.

Friday, March 24, 1944

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Luncheon with Harold Smith, (Director of the Budget)
Paul Appleby, D. W. Bell, William Heffelfinger, and Fred Smith.

The purpose of the meeting was to discuss the possibility of the President taking a stand on Government economy, and to ascertain the possibility of cutting the deficit for fiscal year 1944. H. Smith was not very cooperative. He said that through Blake of the White House (Publicity) they were discussing the possibility of having the President make public statements with budget revisions for various departments. These Budget revisions are being made constantly, and the President seldom pays any attention to them. However, there will be some substantial revisions in the future, and this will be an opportunity for the President to talk about economy.

Both representatives of the Budget discussed the difficulties involved in curtailing government costs, to which the Secretary replied that it was always difficult and always entailed political problems, but now more than ever it was worth the trouble.

The Secretary and Bell spoke particularly of such things as roads, rural electrification, rehabilitation of farms as likely subjects for curtailment of expenses during the war. Mr. Appleby said that this would set the President

March 24, 1944

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against certain members of Congress, and would endanger his relationships.

The Secretary said that the President might be provided with a list of likely possibilities for curtailment of expenses. Then the President might discuss these with the Congressmen involved and then get their cooperation. In this way, there would be a solid Government front for economy, which would be a good thing.

The Secretary asked what was being done by the budget to find possible economies and Appleby replied that the Budget had inspectors in all departments. He said some of these were received cooperatively, and some were resisted. He said that some money was saved by this method, but he indicated that the inspectors were more concerned with incidental administration wastefulness than in the propriety of large expenditures. The Budget men brought up again that it is very difficult to get very deeply into the reasons for expenditures, and exercise any control over them.

The Secretary asked if the Budget was making any inspections of Lend-Lease, pointing out that some Lend-Lease goods might be needlessly shipped. Smith said the Budget was informed of Lend-Lease transactions, but exercised no control over them.

Jan 24, 1944

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H. Smith indicated that much of what the Secretary was talking about seemed to be in Byrnes' province, indicating, however, that he did not approve of Byrnes taking this upon himself.

After the luncheon, the Secretary seemed to think that not very much progress had been made, but said that a lack of progress did not discourage him in the least, and that he had decided to tackle the problem from another angle.

He asked Heffelfinger to make a memorandum pointing out likely prospects for curtailment of expenditures and have that ready next Wednesday.

The possibility was also discussed of having Baruch and Byrnes to lunch to discuss the project.

March 24, 1944
2:13 p.m.

303

HMJr: Joe.

Joe
O'Connell: Yes.

HMJr: I don't know whether it's available -- this hearing where they criticise Procurement....

O: Ah....

HMJr: There's been some hearing going on.

O: Yeah.

HMJr: Yeah.

O: Yeah.

HMJr: Now, if you -- I wish you could find out what the criticisms are.

O: Sure.

HMJr: And list them for me so I can have them Monday morning when I have this meeting.

O: Right.

HMJr: Then I can fire those at Procurement.

O: Yes. Yes.

HMJr: I can say, "Now, they said this, they said this, they said this. What's the answer?"

O: Right. I can get that for you, I'm sure. That was before Ways-and-Means Committee yesterday and the day before.

HMJr: Are you telling me or asking me?

O: Oh, no. I'm telling you.

HMJr: I'm glad -- I'm glad to listen.

O: All right, I'll get them for you and I'll have them to you tomorrow.

HMJr: Are you alone?

Q: Well, I'm in my outer office. I have someone in my office, so I stepped out.

WJr: I'll see you before I go.

O: All right, sir. Fine.

March 24, 1944
2:21 p.m.

305

HMJr: Hello.

Press
Tully: Hello. Yes, Mr. Secretary.

HMJr: May I thank you again for your usual efficiency?

T: Thank you, sir.

HMJr: Just a little thing -- I think it would be nice if the President would sign a little sheet of paper making Pehle formally Director.

T: Uh huh.

HMJr: I've written such a thing. Could I send it over?

T: Yes. Certainly.

HMJr: Well, then, I'll send it over.

T: All right. Fine.

HMJr: And -- any other news for me?

T: No, Mr. Secretary, nothing yet.

HMJr: Right.

T: I haven't had a chance to talk to him about that other but I will just as soon as I....

HMJr: Right.

T:have a minute.

HMJr: And I think there's a cable coming over which Hull and Crowley and I okayed which goes to Churchill.

T: Uh huh.

HMJr: And if that comes to you, if you could accelerate it, I'd appreciate it.

T: All right. Fine. If you could get it over pretty soon, I think we could.

HMJr: Well, I'll see right now where it is.
T: All right. Fine.
HMJr: What do you call pretty soon -- between now
and three?
T: Yeah. That would be fine.
HMJr: Right.
T: All right, Mr. Secretary. Bye.

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THE WHITE HOUSE
WASHINGTON

March 24, 1944

The appointment of John W.
Pehle as permanent Executive Director
of the War Refugee Board is hereby
approved.

Franklin D. Roosevelt

SECRET

MAR 24 1944

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MEMORANDUM FOR THE SECRETARY

Pursuant to your arrangement, Mr. Pehle and I saw Vice President Wallace this afternoon regarding Argentina.

We outlined to him our concern regarding the Argentine situation; the substance of the long memorandum reviewing the situation which we recently prepared; the material we obtained from General Marshall; and the data furnished to us by the State Department concerning the views of the Combined Boards on Argentina.

The Vice President was very sympathetic and well informed about conditions in Argentina and throughout Latin America. He stated that no one needed to emphasize to him the gravity of the Argentine situation. He felt that Argentina was a serious threat to hemispheric solidarity and defense. Using his words, "Unless something is done about Argentina, we can write the whole of Latin America off the books".

We pointed out to him that the crux of the economic sanction program against Argentina pivoted on the food situation. He stated that in his opinion a ten percent reduction in our meat rations would not hurt the American diet in any respect and he felt that it could be sold to the American public if the issue was made clear.

We told him that State on March 10, 1944 had requested the Combined Food Board again for its views on the food situation; that according to Stettinius we had discovered new facts about the food inventories in Great Britain, and how important it was for the American representatives on the Combined Food Board to appreciate the danger inherent in the Argentine situation.

- 2 -

He agreed with us and the question came up as to what he could do to help. He wondered upon what basis we could take the matter up with Marvin Jones and concluded that at least he might do so on a personal basis. He then suggested that you invite both him and Marvin Jones over to lunch some day next week and that the two of you could give Jones the "feel" of the Argentine picture. We told him that this sounded like a good idea and that we would raise the matter with you.

The Vice President was most cordial. He spent forty minutes with us and left when he did only because he was signaled that the Senate was voting on some measure.

RRR
JNT

March 24, 1944

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

Subject: Taxes. (For your information; no action required)

1. Drafting of the simplification bill continues. The end is not yet in sight.

2. There is strong Ways and Means Committee interest in "doing something" about declarations of estimated tax in the simplification bill. Several ideas are in the study stage.

3. Strong complaints, including some from Congressmen, to the greatly increased "cabaret" tax (formerly 5 percent of total charge, now 30 percent) are being received by Captain Bliss, head of the Miscellaneous Tax Unit.

4. Mexican representatives are expected soon (perhaps are now here) to confer on a treaty to eliminate double taxation. The British conversations are expected to begin in London as soon as the Mexican conversations are completed and transportation can be secured.

Note

MEMORANDUM FOR THE SECRETARY.

March 24, 1944.

Mail Report

Form W-2 had the spotlight in this week's mail. We were inundated by letters from officials of endowed colleges, charitable institutions, and civic organizations, (and from one State governor) requesting that charitable contributions (up to 15% of income) be deductible prior to the levying of the withholding tax. Many of the letters were evidently part of a campaign by the Association of American Colleges directed toward providing for this deduction when simplification measures are adopted.

Other tax mail was in line with that of preceding weeks. Some asked questions about individual obligations or refunds that are due, a few objected to present high rates, and 17 submitted completed returns for 1943. Around 20 copies of the editorial in Collier's straggled in, and there were also several letters urging simplified tax forms. Only now and then did a writer commend the new form.

Bond mail, though a little heavier this week, was still colorless. Four or five correspondents enclosed clippings about Father Coughlin's statement that those holding bonds in excess of two thousand dollars might just as well burn them, as they would not be redeemed. Usually the writers asked denial of his statement, and some of them demanded that the Government prohibit further comments from "this agitator" as one writer called him.

Only 49 bonds were submitted for redemption through this office. The number of complaints about delays was again exceptionally low, those from personnel of the War Department amounting to 8.

Memorandum for the Secretary.

March 24, 1944.

Much of the miscellaneous mail concerned check problems of one kind or another. Several of the checks returned to the Treasurer, representing refunds of partial payments on bonds by members of the armed forces, were accompanied by a note asking how the check should be handled as the payee had been killed in action.

Press reports about the Senator McCarran-Treasury conference concerning control of black market sales of liquor prompted several temperance letters and two or three others that warmly approved the purpose of the conference.

J. V. Forbush

1944 Mar 24 10 16 AM

General Comments

Phanor J. Eder, Hardin, Hess & Eder, New York 6, N. Y. One of my personal friends in South America several months ago, had his bank account in the United States frozen under the Foreign Funds Control, took appropriate steps to have his record cleared, and has now been informed at the American Embassy that their report has cleared up all questions and that they have recommended that his funds be unblocked. They warn him, however, that it will take about six months for the authorities in Washington to give a final clearance after they receive a favorable report, and that therefore he should be patient. If this is so, (and I can hardly conceive that either the Embassy or my friend, invoking my assistance, would misrepresent the facts), it would seem to represent a shocking situation. It is, of course, understandable that in war time, Foreign Funds Control should block any account it may have reason to be suspicious of -- it might fail in its primary duty if it failed to do so; but once the suspicion has been removed, surely action should be so speeded as to minimize the injury done. * * * I respectfully call this situation, if it is as represented to me, to your attention for such action as you may deem proper.

Wiley Lin Hurie, President, The College of the Ozarks, Clarksville, Ark. * * * I recognize you as an able executive and realize how unselfishly you have given of your best effort for the service of our country. My best wishes are with you.

Favorable Comments on Bonds

Private Frank A. Salazar, San Francisco 11, California. I have just returned from duty overseas, after 14½ months in active service. I would like to let you know, dear sir; that, before I went into the armed forces, I bought one thousand dollars worth of U. S. Savings Bonds, and would like to know if I am eligible for one of these U.S. Treasury Department Certificates from you. Sure I would like to have from you one of these certificates, because it would be very nice to have it with me at home, in order to show it to my friends and impress them to buy U.S. Savings Bonds. I wonder if you will send me one of these wonderful certificates, dear sir. Also, I am still buying more Savings Bonds for my own future and the future of my own family. It has been a pleasure for me to have been in the service with men who are fighting and sacrificing their lives for our beloved and God's Country. For many weeks I have wanted to write for information concerning this wonderful gift from you, and if you send me one of these U.S. Treasury Department Certificates, I shall encourage my buddies or friends to buy more and more War Savings Bonds, and I know they will be as proud as I am now.

Unfavorable Comments on Bonds

Harry C. Mallon, Belmar, N. J. From September, 1942 to February, 1943, deductions were made from my pay to be applied to purchase of War Bonds, by Signal Corps, Camp Evans, N. J. Up to the moment have received no Bonds or anything else to show for our deductions, other than a notice posted about every six months asking everyone to have patience and "Do not write to Washington." If everything is on the up and up, why shouldn't we write to Washington?

E. R. Rimmels, Garden City, N. Y. (Returning a "citation") It appears to me that whereas there is a shortage of paper, civilian help, and great need for economy, that this type of "glorification" is entirely unnecessary. It is no "great sacrifice" to buy War Bonds, because it is merely a saving. However, to waste time, paper, etc., does not make any sense. What we want is economy, not just throwing money to the winds. Forgive me, if this little note appears to be rude, as it is not meant in that vein.

Congressman Milton H. West, Washington, D. C. Enclosed is a copy of a self-explanatory letter received from Mr. Brad Smith of Station KRGV, Weslaco, Texas, relative to the disposition of Army property which is having an adverse affect on the sale of bonds. I have been receiving an increasing number of such reports, which in face of high tax rate is causing considerable dissatisfaction among the people. "I am beginning to detect quite a bit of undercover dissatisfaction on the part of the general public in connection with more or less minor but troublesome matters. For several days, maybe longer, there has not been a single box of soap available in any grocery store in Weslaco or

Mercedes, without which housewives say they cannot wash dishes or clothes. * * * Another thing: A couple of Valley men have bought a large number of government issue Army raincoats for 30 cents each. Some folks are beginning to wonder openly something like this: "What in the h--- am I buying War Bonds for? So the Army can buy expensive raincoats and let somebody have them for a fraction of their cost?" Also: Army steel tool boxes are being offered for sale in retail stores at \$7.25 each here in Weslaco, and those heavily made Army 5 gallon gasoline cans are available at \$2.25 each. The public has an eye for things like these, as well as for the size of Army appropriations. The public can't be fooled forever, and I'm afraid, not for very much longer, without asking questions."

Anna Nancy Thomas, Marion, Indiana. Your letter announcing that March 15 would be the date for closing exchange offerings on bonds reached me the 16th of March. The 16th the day following finish of the feverish income tax ordeal, was the day I had set to begin work on this exchange. But now, I have \$13,000.00 that will soon be out of a job, when I fully expected them to continue in your employment where they have been for many years. Isn't there some way whereby I can have them so employed since the notice failed to reach me in time? I am a retired school teacher, and I believe you will agree with me in saying that few groups deserve more consideration from the public than ours.

Favorable Comments on Taxation

Mrs. Isal Johnston, Oakland, California. Having completed computing my income tax and mailed check for same, I wish to congratulate you on the fine work of making Form 1040A so concise. I am working a 48-hour week as supervisor in a vital industry, therefore, my spare time is limited, but I found Form 1040A could be worked out very quickly.

Unfavorable Comments on Taxation

Charles H. J. Barnett, M. D., Philadelphia, Pa. It seems that each year someone steals the \$5.00 stamp from the window of my car and I am wondering whether it would not be possible, (if this is going to be in effect next year), to have a stub with each stamp showing that one paid for a stamp and avoid a lot of unpleasant things. I pasted it on my windshield with good glue, wrote my name and address, license number, make of car, etc., and still it is gone. The way one buys a stamp now, you have nothing to show for it. Hope you will give this some consideration and thought.

Helen L. Archard, New York, N. Y. I am writing to protest against having to fill out another estimate of income on April 15, after just having completed, with considerable difficulty, the March 15 form. I belong to the class of white-collar workers whose income is not rising, but whose living expenses most certainly are. We are not only being bled white, but in addition are harassed and bedevilled by all these estimates. What do you think we are, a nation of bookkeepers? What right has anyone to force a whole nation to fill out those exasperating forms and to start guessing 8 months in advance what his 1944 income will be? It's about time this whole matter was brought down to earth.

Leonard M. Dill, Tenafly, N. J. I just finished reading the evening paper, read about the tax bill now in committee, read where the Government is reducing married couple's exemption to \$1,000, cancelled the earned income feature, and allows a flat 10% of a man's total income in lieu of the amounts formerly deductible for local home tax, interest on mortgage, N. J. unemployment insurance tax of 1%, contributions, and various other taxes that formerly were deductible. Got sick reading this,

went to the kitchen for a cup of coffee, turned on the radio and listened to the 7:45 P.M. news broadcast. First comes news that you are jubilant over this new tax program. I always thought you were a man who had a heart. I wrote you a letter after your Boston Anti-inflation speech some few years ago and received a personal letter from you. I hold this letter as a personal prize. I cannot understand how you can endorse this tax program, especially if you know how terribly bad it is going to affect millions of American taxpayers like myself, who are struggling to buy a home. My taxes on the house were just increased \$23 a year to make a total of \$288.00. This tax increase is to allow the town I live in to raise the salaries of all employees 20%. I have to stand this even though my employer, The Whitehead Metal Products Company of New York City, tells me my salary is frozen. * * * It now takes my entire income to live, but I am satisfied only if I can make ends meet and live. I don't mind working for the net sum of nothing and I don't mind paying all these taxes, for the common cause, but Mr. Secretary of the Treasury, these new taxes, even though you don't call them that, WILL BE THE KNOCKOUT BLOW FOR ME AND A GREAT MANY OTHERS. I have just made a rough calculation that this new tax program will drain another \$160 per year out of my frozen salary, which is now \$2,940 per year. I have given you all these facts not that I want you to feel sorry for me, but to realize the plight that millions of other Americans are in, especially those who have not received the benefits of the "little-steel formula's 15%." I picked up the Wall St. Journal the other week and read its columns. If you believe them, everybody has received at least 15% raise since Pearl Harbor, but Mr. Morgenthau, it's a lie.

HEADQUARTERS
MILITARY DISTRICT OF WASHINGTON
WASHINGTON, D. C.

24 March 1944

MEMORANDUM FOR THE SECRETARY OF THE TREASURY, MR. MORGENTHAU.

Subject: Troops on defense missions.

1. In accordance with your wishes expressed in conference this date, the following agreement is submitted for your concurrence:

(a) The 255th Engineers now stationed at Fort Myer is relieved from its present mission in defense of the White House.

(b) Insofar as the Secretary of the Treasury is concerned, the number and location of antiaircraft troops in the District of Washington is the responsibility of the War Department.

2. The plan for the reduction of personnel on the following missions is being prepared in conjunction with Chief Wilson and will be submitted to you upon completion for approval:

White House Guard Company, including detachment.

Catoclin Guard Company (Marines).

Hyde Park Guard Company.

John T. Lewis
JOHN T. LEWIS,
Major General, U. S. Army,
Commanding.

. 3/27/44

C Photostat of carbon copy which was returned to Gen. Lewis.

Photostat also furnished to Mr. Gaston.

HEADQUARTERS
MILITARY DISTRICT OF WASHINGTON
WASHINGTON, D. C.

24 March 1944

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Hyde Park Guard Company.

JOHN T. LEWIS,
Major General, U. S. Army,
Commanding.

Approved: J. T. Lewis

26 March 1944

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3/27/44

Photostats furnished to

Dr. White
Mr. Smith

WRIGHT PATMAN
FIFTH DISTRICT
STATE OF TEXAS

WASHINGTON ADDRESS
HOUSE OFFICE BUILDING

COMMITTEE ON
ECONOMICS AND CURRENT AFFAIRS

SECRETARY:
MRS. LUCILLE SPAIN

Congress of the United States
House of Representatives
Washington, D. C.

March 24, 1944

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

My dear Mr. Secretary:

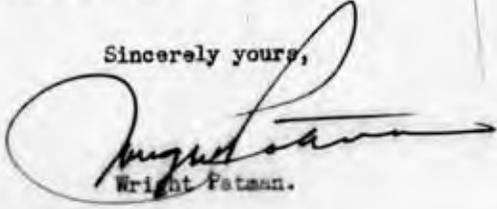
I think the speech, which was so ably prepared by one of your associates, in defense of the stabilization fund will serve its purpose just as well as if I had actually delivered it on the floor.

It was rather startling to Dr. Smith to discover that after putting his speech in the Record without delivering it, that I was replying to it the next minute answering many of the things that were in his speech that was not delivered.

Any time you can use me, feel perfectly free to advise me of your wishes.

If you decide to have some of the speeches printed and sent out over the country to answer Dr. Smith's propaganda, which could possibly take root, I shall be glad to cooperate with you to that end.

Sincerely yours,



Wright Patman.

IMMEDIATE RELEASE

March 24, 1944

STATEMENT BY THE PRESIDENT

The United Nations are fighting to make a world in which tyranny and aggression can not exist; a world based upon freedom, equality and justice; a world in which all persons regardless of race, color or creed may live in peace, honor and dignity.

In the meantime in most of Europe and in parts of Asia the systematic torture and murder of civilians — men, women and children — by the Nazis and the Japanese continue unabated. In areas subjugated by the aggressors innocent Poles, Czechs, Norwegians, Dutch, Danes, French, Greeks, Russians, Chinese, Filipinos — and many others — are being starved or frozen to death or murdered in cold blood in a campaign of savagery.

The slaughters of Warsaw, Lidice, Kharkov and Nanking — the brutal torture and murder by the Japanese, not only of civilians but of our own gallant American soldiers and fliers — these are startling examples of what goes on day by day, year in and year out, wherever the Nazis and the Japs are in military control — free to follow their barbaric purpose.

In one of the blackest crimes of all history — begun by the Nazis in the day of peace and multiplied by them a hundred times in time of war — the wholesale systematic murder of the Jews of Europe goes on unabated every hour. As a result of the events of the last few days hundreds of thousands of Jews, who while living under persecution have at least found a haven from death in Hungary and the Balkans, are now threatened with annihilation as Hitler's forces descend more heavily upon these lands. That these innocent people, who have already survived a decade of Hitler's fury, should perish on the very eve of triumph over the barbarism which their persecution symbolizes, would be a major tragedy.

It is therefore fitting that we should again proclaim our determination that none who participate in these acts of savagery shall go unpunished. The United Nations have made it clear that they will pursue the guilty and deliver them up in order that Justice be done. That warning applies not only to the leaders but also to their functionaries and subordinates in Germany and in the satellite countries. All who knowingly take part in the deportation of Jews to their death in Poland or Norwegians and French to their death in Germany are equally guilty with the executioner. All who share the guilt shall share the punishment.

- 2 -

Hitler is committing these crimes against humanity in the name of the German people. I ask every German and every man everywhere under Nazi domination to show the world by his action that in his heart he does not share these insane criminal desires. Let him hide these pursued victims, help them to get over their borders, and do what he can to save them from the Nazi hangman. I ask him also to keep watch, and to record the evidence that will one day be used to convict the guilty.

In the meantime, and until the victory that is now assured is won, the United States will persevere in its efforts to rescue the victims of brutality of the Nazis and the Japs. In so far as the necessity of military operations permit this Government will use all means at its command to aid the escape of all intended victims of the Nazi and Jap executioner — regardless of race or religion or color. We call upon the free peoples of Europe and Asia temporarily to open their frontiers to all victims of oppression. We shall find havens of refuge for them, and we shall find the means for their maintenance and support until the tyrant is driven from their homelands and they may return.

In the name of justice and humanity let all freedom loving people rally to this righteous undertaking.

oOo

March 24, 1944

12:15 p.m.

To: Mr. George L. Warren

From: J. W. Pehle

It would be appreciated if the attached urgent cables relating to the statement issued today by the President were immediately dispatched as indicated.

The sending of these cables has been cleared with the Office of War Information, which is employing its full facilities in giving publicity to the President's statement.

These cables have not been cleared with the White House, and it is assumed that the State Department will do whatever is necessary in this regard.

- CALL TO: (1) MINISTER HARRISON, BERLIN
(2) MINISTER JOHNSON AND OLSEN, STOCKHOLM
(3) MINISTER NORWES, LISBON
(4) AMBASSADOR HAYES, MADRID
(5) AMBASSADOR STEINHART AND HIRSCHMANN, ANKARA
(6) MINISTER KIRK, LANDIS AND MIKESELL, CAIRO

The President on March 24 issued the following statement:

[Here take in annexed statement]

The War Refugee Board is convinced that it is of utmost importance to undertake at once an organized and concentrated effort to make clear, by all appropriate means, to all Axis satellites that the Allied Governments view in a most serious light their assistance in any form to Hitler's program to exterminate the Jews, and other similar groups, regarding all such action as criminal participation in organized murder. The Board also believes it necessary to make clear to the satellites by all possible means, its intention to do everything in its power to rescue such unfortunates who are in danger of death, or order not only to give the satellites a clear view of the attitude of this country in the matter, but also of the opportunities which exist for assisting in the execution of our policy. The Board feels very strongly that a campaign of this kind must be made through all possible channels and be constantly repeated at every available opportunity.

You are requested to see that the utmost publicity be immediately given to the President's statement in local newspapers, radio, and in any other manner feasible. Please make every endeavor to have this publicity included on such radio broadcasts for foreign consumption as may emanate from the country to which you are accredited. It would be extremely helpful if you could obtain favorable comment from prominent governmental or other personages with respect to the statement for use in connection with the publicity program.

For your information, in view of the importance of the statement and the program which it implements, the Office of War Information expects to employ its full facilities in calling this matter and appropriate comment thereon to the attention of Axis, satellite, and other countries.

You are requested to report by cable as soon as possible the measures you have taken to comply with these instructions together with the results thereof. Significant clippings and official comment should be sent by airmail. It must be borne in mind that the effectiveness of this statement will depend in large measure upon the extent to which adequate publicity can be obtained for it, particularly in German controlled Europe.

This cable has been cleared with the Office of War Information.

This is WRB Ankara cable No. 13 .

CABLE TO AMBASSADOR WILSON AND ACKERMANN, ALGIERS.

The President on March 24 issued the following statement:

[Here take in annexed statement]

The War Refugee Board is convinced that it is of utmost importance to undertake at once an organized and concentrated effort to make clear, by all appropriate means, to all Axis satellites that the Allied Governments view in a most serious light their assistance in any form to Hitler's program to exterminate the Jews, and other similar groups, regarding all such action as criminal participation in organized murder. The Board also believes it necessary to make clear to the satellites by all possible means, its intention to do everything in its power to rescue such unfortunates who are in danger of death, in order not only to give the satellites a clear view of the attitude of this country in the matter, but also of the opportunities which exist for assisting in the execution of our policy. The Board feels very strongly that a campaign of this kind must be made through all possible channels and be constantly repeated at every available opportunity.

You are requested to cooperate with the local representatives of the Office of War Information to see that the utmost publicity is immediately given to this statement in local newspapers, on the radio, and in any other manner feasible. Also please make every endeavor to have this publicity included on broadcasts for foreign consumption such as those emanating from Radio France and the United Nations Radio. It would be extremely helpful for use in connection with the publicity program if you could obtain favorable comment from prominent governmental or other personages with respect to the statement.

For your information in view of the importance of the statement and the program which it implements, the Office of War Information expects to employ its full facilities in calling this matter and appropriate comment thereon to the attention of Axis, satellite, and other countries.

You are requested to report by cable as soon as possible the measures you have taken to comply with these instructions together with the results thereof. Significant clippings and official comment should be sent by airmail. It must be borne in mind that the effectiveness of this statement will depend in large measure upon the extent to which adequate publicity can be obtained for it, particularly in German controlled Europe.

This cable has been cleared with the Office of War Information.

THIS IS ALGIERS CABLE NO. 1

CABLE TO AMBASSADOR WISANT, LONDON

Further reference is made to our No. 1503 of February 29 and our No. 1812 of March 10, 1944, which set forth in part the steps which the War Refugee Board has taken and is prepared to take in implementing its announced policies.

There is quoted below the text of a statement issued by the President on March 24, 1944.

(Here take in annexed statement)

It would be appreciated if you would make this statement available to the appropriate officials of the British Government, indicating to them the significance of this step as a means of following up the objectives which the War Refugee Board is trying to accomplish. At the same time you should emphasize to the British authorities the extreme importance which this Government attaches to the program outlined in our No. 1812 with specific reference to the value of a psychological program designed to change the actions and attitude of our enemy, and particularly his satellites, functionaries and subordinates.

This statement should also be called to the attention of the representatives in London of the governments-in-exile and they should be advised of our desire that it be given the widest possible publicity.

JED:bbk - 3/24/44

CABLE TO AMBASSADOR HARRIMAN, MOSCOW

Please refer to our circular airgram of January 25, 1944, with reference to the institution of the War Refugee Board and to our No. 554 of March 11, 1944 setting forth the aims of the Board. In this cable we stressed the importance of bringing home to the people in German controlled Europe the seriousness with which the United Nations view this matter.

There is quoted below the text of a statement issued by the President on March 24, 1944.

(Here take in annexed statement)

It would be appreciated if you would make this statement available to the appropriate officials of the Russian Government, indicating to them the significance of this step as a means of following up the objectives which the War Refugee Board is trying to accomplish. At the same time you should emphasize to the Russian authorities the extreme importance which this Government attaches to the program outlined in our No. 554 with specific reference to the value of a psychological program designed to change the actions and attitude of our enemy, and particularly his satellites, functionaries, and subordinates.

PLAIN

War Refugee Board

March 24, 1944

PLAIN

AMREP

ALGIERS.

893, Twenty-fourth.
FOR CHAPIN AND ACKERMAN.

This War Refugee Board's no. 1.

The President on March 24, issued the following
statement:

QUOTE: (TEXT OF THE MESSAGE IS ATTACHED HERETO) UNQUOTE

The War Refugee Board is convinced that it is of utmost importance to undertake at once an organized and concentrated effort to make clear, by all appropriate means, to all Axis satellites that the Allied Governments view in a most serious light their assistance in any form to Hitler's program to exterminate the Jews, and other similar groups, regarding all such action as criminal participation in organized murder. The Board also believes it necessary to make clear to the satellites by all possible means, its intention to do everything in its power to rescue such unfortunates who are in danger of death, in order not only to give the satellites a clear view of the attitude of this country in the matter, but also

- 2 -

also of the opportunities which exist for assisting in the execution of our policy. The Board feels very strongly that a campaign of this kind must be made through all possible channels and be constantly repeated at every available opportunity.

You are requested to cooperate with the local representatives of the Office of War Information to see that the utmost publicity is immediately given to this statement in local newspapers, on the radio, and in any other manner feasible. Also please make every endeavor to have this publicity included on broadcasts for foreign consumption such as those emanating from Radio France and the United Nations Radio. It would be extremely helpful for use in connection with the publicity program if you could obtain favorable comment from prominent governmental or other personages with respect to the statement.

For your information in view of the importance of the statement and the program which it implements, the

Office

893, 24th, Algiers.

- 3 -

Office of War Information expects to employ its full facilities in calling this matter and appropriate comment thereon to the attention of Axis, satellite, and other countries.

You are requested to report by cable as soon as possible the measures you have taken to comply with these instructions together with the results thereof. Significant clippings and official comment should be sent by airmail. It must be borne in mind that the effectiveness of this statement will depend in large measure upon the extent to which adequate publicity can be obtained for it, particularly in German controlled Europe.

This cable has been cleared with the Office of War Information.

HULL
(GLW)

WEB:GLW;AMM

WE

SA/M

3/24/44

TELEGRAM SENT

PLAIN

335

March 24, 1944

AMBASSY,

LONDON.
2273, twenty-fourth

FOR THE AMBASSADOR FROM THE WAR REFUGEE BOARD

Refer our 1503 of February 29 and our 1812 of March 10, which set forth in part the steps which the War Refugee Board has taken and is prepared to take in implementing its announced policies.

See tonight's radio bulletin for text of statement issued by the President today.

This statement was made available in advance to the British Embassy here, which has been advised by the Foreign office that the BBC has been instructed to report the statement fully in all languages as reaffirmation of the attitude of the United Nations and in particular of his Majesty's Government as well as the United States Government toward the Nazi and Japanese war crimes and atrocities. You are requested to suggest to the British Government the significance of this step as a means of following up the objectives which the War Refugee Board is trying to accomplish. At the same time you should emphasize to the British authorities the extreme importance which this Government attaches to the program outlined in our 1812 with specific reference to the value of a psychological program designed to change the actions and attitude of our enemy, and particularly his satellites, functionaries and subordinates.

Please ask Schoenfeld to call this statement to the attention of the representatives in London of the governments-in-exile to which he is accredited and to advise them of our desire that it be given the widest possible publicity.

HULL
(GIM)

NRB:GIM:WHJ
3/24/44

BC

S/CR

SA/W

TO CONSUL GENERAL, JERUSALEM, FOR ARYEH BENELIEZER, TELAVIV,
FROM WAR REFUGEE BOARD

Please deliver the following message to Aryeh Beneliezer,
35 Rashi Street, Telaviv, from the War Refugee Board.

QUOTE Imperative you proceed Turkey immediately take
charge our rescue activities there very urgent STOP cabled expenses
thousand dollars via American Express STOP cable reply. STOP
Will Rogers Peter Bergson Chairmen Emergency Committee. UNQUOTE

JHM:db
Delivered by Mr. Mann *****

March 24, 1944

10:00 am.

It will be appreciated if you will have the attached
cable dispatched at once to Mr. Aryeh Beneliezer, 35 Rashi Street,
Telaviv, from Messrs. Will Rogers and Peter Bergson, Chairmen
Emergency Committee, and bill the latter for the cost of the
message.

Mann:db 3/24/44

March 24, 1944

5:00 p.m.

PROPOSED CABLE TO THE AMERICAN CONSULATE, JERUSALEM

War Refugee Board requests you to deliver the following message from Israel Mereminski, New York, to Schaul Meyerow, General Federation of Jewish Labor, 115 Allenby Rd. Tel-Aviv:

QUOTE Please make available to American Consulate for transmission to me through War Refugee Board fullest possible details of more recent activities and any suggestions for action from here. UNQUOTE

LSLessertals 3/23/44

No. 548

near the Polish Government

LONDON, March 24, 1944.

Subject: Present position of
Polish victims of
Nazi persecution;
supplementary informa-
tion regarding pass-
port difficulties.

The Honorable
The Secretary of State,
Washington.

Sir:

Referring to the Department's instruction No. 634 of January 28 regarding measures for the rescue and relief of victims of Nazi persecution and to the Embassy's Despatch 539 of March 2 regarding the present position of Polish refugees, I have the honor to report that the Embassy is now informed by Count Emeryk Butten-Czapski, Head of the Refugee Department of the Polish Ministry of Foreign Affairs, that the governments of Paraguay and Chile issue passports to Polish citizens to help them flee from countries collaborating with Germany or from Germany itself but that Peru, Ecuador and Venezuela have adopted an unfavorable attitude in such matters.

It will be recalled that in the conversation reported in our Despatch No. 539 of March 2, Count Czapski expressed the opinion that one of the most important things that could be done immediately to assist the rescue of Nazi victims was the provision of more passports entitling refugees to go to South American countries and that he further stated that some of the South American countries had recently tightened up on issuing these passports.

Respectfully yours,

Rudolf E. Schoenfeld,
Charge d'Affaires ad interim.

To the Department in original and hectograph.

JS:PS

cc: Miss Chauncey (For the Sec'y), Abrahamson, Albin, Bernstein, Cohn,
DuBois, Friedman, Gaston, Hodel, Laughlin, Lasser, Luford, Mann, Newton,
Marks, McCormack, Murphy, Paul, Peltz, Pollak, Quinn, Sargoy, Smith,
Standish, Stewart, Weinstein, W. D. White, Files

AIRGRAM

FROM American Embassy

Madrid, Spain

March 24, 1944

Rec'd. April 1, 10:00 a.m.

Secretary of State,
Washington.

Confidential A-119, March 24, 1 p.m.

210 French refugees from Spain sailed from Gibraltar March 22 for North Africa. This brings to 472 total number of such refugees evacuated from Spain since beginning of year, 262 having been evacuated by same route during February. It is estimated that less than 409 French refugees remain in Spain as of this date.

HAYES

/jf
Copy to Algiers

cc: Miss Chauncey (For the Sec'y) Abrahamson, Aksin, Bernstein, Cohn, DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Luford, Mann, Mannon, Marks, McCormack, Murphy, Paul, Pehle, Pollak, Rains, Sargoy, Smith, Standish, Stewart, Weinstein, H. D. White, Files

TELEGRAM SENT

PLAIN

March 24, 1944

AMLEGATION,

BERN.

980, Twenty-fourth

FROM WAR REFUGEE BOARD.

Following for Rene Bertholet, Wasserstrasse 1".
Zurich, from International Rescue and Relief
Committee:

QUOTE We receiving helpful cooperation
of War Refugee Board and ask you transmit
important messages which may otherwise be
delayed via American Legation Bern and
addressed to John W. Pehle for International
Rescue and Relief Committee UNQUOTE

HULL
(CLW)

HULL

WRS:GLW:AMM
3/23/44

PARAPHRASE OF TELEGRAM SENT

FROM: SECRETARY OF STATE, WASHINGTON
TO: AMLEGATION, BERN
DATED: MARCH 24, 1944
NUMBER: 983

CONFIDENTIAL

The message given below refers to your telegram of March 4, 1944, nos. 1304 and 1321.

With respect to paragraph number four of the Sternbuch-Hubinfield-Rosenbunn reports contained in your cable no. 1321, you are informed that the confidential statements made in that report are not necessarily inconsistent with the Swiss Government's official statement contained in your cable no. 1304. The interpretation which the Swiss authorities, including the Swiss Department of Foreign Police, placed on the phrase "political refugees" and the persons considered in such category by those authorities would seem to be the pertinent consideration. We suggest that the appropriate Swiss Government officials be approached to determine as definitely as possible the extent to which the Swiss authorities, including the border guards and cantonal police, the Swiss Foreign Police Department and any other authorities concerned consider the following as political refugees: one, stateless Jews, including those of military age; two, nationals of the United Nations countries now occupied by the Germans who are of Jewish descent; three, nationals of German satellite countries who are of Jewish descent; and four, nationals in general of the United Nations countries now occupied by Germany.

The

- 2 -

The many problems with which Switzerland has had to contend, as mentioned in your 1304, are appreciated by this Government but it believes that persons falling within all four of the categories mentioned above should, prima facie, be considered political refugees and as such should be afforded, after required security checks, temporary refuge without considering whether they have close relatives living in Switzerland and without regard to age or sex. You may determine to what extent the foregoing should be communicated to the Swiss after considering the replies to the specific inquiries, set forth above, you receive from the Government of Switzerland.

We suggest that you may desire to bring to the Swiss Government's attention the fact that the Jewish people of Europe are refugees because of Germany's political action and the political action of her satellites and that therefore they are political refugees in every sense of the term.

It is requested that you inform the Department of such views as the Swiss Government might express regarding the matter under reference and of any developments resulting from your negotiations with the Swiss Government.

HULL

TELEGRAM TEXT

PLAIN

March 24, 1944

AMLEGATION,

BERN,
991, Twenty-fourth
FOR THE MINISTER FROM THE WAR REFUGEE BOARD

Tonight's radio bulletin contains an important statement by the President on refugees and Nazi persecutions.

The War Refugee Board is convinced that it is of utmost importance to undertake at once an organized and concentrated effort to make clear, by all appropriate means, to all Axis satellites that the Allied Governments view in a most serious light their assistance in any form to Hitler's program to exterminate the Jews, and other similar groups, regarding all such action as criminal participation in organized murder. The Board also believes it necessary to make clear to the satellites by all possible means, its intention to do everything in its power to rescue such unfortunates who are in danger of death, in order not only to give the satellites a clear view of the attitude of this country in the matter, but also of the opportunities which exist for assisting

- 2 - #991, Twenty-fourth, to Bern

assisting in the execution of our policy. The Board feels very strongly that a campaign of this kind must be made through all possible channels and be constantly repeated at every available opportunity.

You are requested to see that the utmost publicity be immediately given to the President's statement in local newspapers, radio, and in any other manner feasible. Please make every endeavor to have this publicity included on such radio broadcasts for foreign consumption as may emanate from the country to which you are accredited. It would be extremely helpful if you could obtain favorable comment from prominent governmental or other personages with respect to the statement for use in connection with the publicity program.

For your information, in view of the importance of the statement and the program which it implements, the Office of War Information expects to employ its full facilities in calling this matter and appropriate comment thereon to the attention of Axis, satellite and other countries.

You

-3- #991, Twenty-fourth, to Bern

You are requested to report by cable as soon as possible the measures you have taken to comply with these instructions together with the results thereof. Significant clippings and official comment should be sent by airmail. It must be borne in mind that the effectiveness of this statement will depend in large measure upon the extent to which adequate publicity can be obtained for it, particularly in German controlled Europe.

This cable has been cleared with the Office of War Information.

HULL
(GLW)

CODE ROOM:

Please repeat the foregoing telegram to;

as #502
STOCKHOLM / with the following opening sentence: "FOR THE
MINISTER AND OLSEN FROM THE WAR REFUGEE BOARD"

as #850
LISBON / with the following opening sentence: "FOR THE
MINISTER FROM THE WAR REFUGEE BOARD"

as #817
MADRID / with the following opening sentence: "FOR THE
AMBASSADOR FROM THE WAR REFUGEE BOARD"

ANKARA

-4- #991, Twenty-fourth, to Bern

as #253
ANKARA / with the following opening sentence: "FOR THE
AMBASSADOR AND HIRSCHMANN. WAR REFUGEE BOARD'S NO. 13"
GREEK SERIES NO46
CAIRO with the following opening sentence: "FOR THE
AMBASSADOR LANDIS AND MIKESSELL FROM THE WAR REFUGEE
BOARD"

WRB:DLW:GER

WE NOE SE

NE

NEA

3/24/44

Secret

AIRGRAM

FROM

Managua

Dated April 24, 1944

Rec'd Apr 28 4pm

Secretary of State,
Washington.

A-177, April 25, 10:30 a.m.

Embassy's despatch no. 2137, dated April 17, regarding Nicaraguan passports held by Europeans in Occupied Europe.

The Nicaraguan Foreign Office informs the Embassy of its dispatch of the following telegram to the Swiss Foreign Office on April 22, 1944 (translation):

"I request Your Excellency to address himself to the German Government asking that international conventions covering prisoners of war be applied to all internees in concentration camps who are the bearers of Nicaraguan passports. Accept, etc."

FINLEY

HDF/EP

PASSPORTS OFFICIALS RECEIVED

FROM: AMERICAN LEGATION, BRN
TO: Secretary of State, Washington
DATED: March 24, 1944
NUMBER: 1825

SECRET

1. A note was handed by me to Mr. Pilet-Golat informing him of the substance of your telegram of March 18, 1944, no. 891 which has also been communicated to Zurich Consulate General and other Consulates in accordance with directions.

It was pointed out by Mr. Pilet, after reading my note and stating that he would make reply, that entry into Switzerland was allowed for refugee children. Mr. Pilet also recalled the Swiss continuing desire to receive children for purposes of rehabilitation. Reference was made by him to the proposal of Dinglefoot that an asylum be given to 100,000 children as well as International Government Committee for Refugees' request on behalf of British and United States Governments that attempts be made by the Swiss to obtain from Vichy permission for exit permits for 5000 children and/or for permission for them to come to Switzerland. This matter had been taken up by Minister Tucki and upon his return here in a few days he would report the results of his efforts. It was indicated by past experience that German opposition has to be expected. With respect to financial aid, Mr. Pilet believed that there would be no need for this. There might be a need for wool, cotton, et cetera, for clothing except shoes.

2. It is stated by a reliable authority in welfare organization familiar with general problem of child refugees in Switzerland that he estimates that less than 100 refugee children have arrived in Switzerland from France from January 1 to date. This is subject to confirmation.

Furthermore, there is some doubt whether there will be a possibility of filling more than lesser percentage of quota allotted for present quota year unless facilities for clandestine movements in France can be improved.

HARRISON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State
DATED: March 24, 1944
NO: 1628

CONFIDENTIAL

Reference is made herewith to the Department's telegram of March 20, 1944, no. 916 and previous.

The following is a summary of inquiry for War Refugee Board from International Committee of Red Cross: If funds can be made available by Jewish organizations, Intercross desires to purchase certain food products in Portugal for relief of groups of Jewish refugees not included in the plan transmitted in the Legation's telegram of March 4, 1944, no. 1334. Intercross desires to take such action in view of the increasing difficulties of purchasing food in central Europe which is further complicated by recent events in Hungary. In particular Intercross wishes to aid three refugee camps in Croatia where the delegate reports that food conditions are precarious. Intercross proposes to ship from Lisbon to Marseilles via Intercross ships as transportation from Portugal is expensive and slow. It would be necessary to obtain navicerts and Intercross asks whether approval of blockade authorities could be obtained by War Refugee Board.

HARRISON

TELETYPE UNIT

PLAIN

March 24, 1944

AMLEGATION

STOCKHOLM.

496, Twenty-fourth

FROM WAR REFUGEE BOARD

Following for Elise Ottesen Jensen, 39 Kungegatan,
Stockholm, from International Rescue and Relief
Committee:

QUOTE We receiving cooperation of War
Refugee Board and ask you transmit important
messages which may otherwise be delayed via
Iver Olsen American Legation Stockholm and
addressed to John W. Pehle for International
Rescue and Relief Committee Stop Answer
immediately received no recent cables from
you UNQUOTE

HULL
(GLW)

WRB:GLW:AMM
3/23/44

SWP

HULL

Secretary of State, Washington
American Embassy, Ankara
March 21, 1941
30

SECRET

FROM THE WAR REFUGEE BOARD FOR THE AMBASSADOR AND
AMBASSADOR.

Refer your No. 501 March 21. You are authorized to enter into charter party for SS TARI at price indicated. Please insure in Turkey. Advise us total amount of funds needed for charter and insurance and form in which such funds should be remitted.

Although the price indicated seems to be almost double that at which other neutral vessels have been chartered, it is assumed that you have consulted with Myron Black who has had much experience in similar negotiations and that you feel that we cannot do better under the circumstances.

You are also authorized to confirm to the Turkish Government that the guarantee of replacement given in the case of SS VATAN is applicable to SS TARI. That is if the SS TARI is lost on the projected voyage the United States Government will replace her with a cargo vessel of comparable tonnage and age.

It is assumed that there is some assurance that when the voyage is undertaken there will be refugees available for evacuation. In view of your estimate as to possible duration of voyage, it is also assumed that the Board's liability under the charter will not be unlimited as to time.

THIS IS WRB ANKARA CABLE NO. 11

CABLE TO AMBASSADOR STEINHARDT AND IRA HIRSCHMANN, ANKARA, TURKEY

Refer your No. 801 March 21. You are authorized to enter into charter party for SS TARI at price indicated. Place insurance in Turkey. Advise us total amount of funds needed for charter and insurance and form in which such funds should be remitted.

Although the price indicated seems to be almost double that at which other neutral vessels have been chartered, it is assumed that you have consulted with Myron Black who has had much experience in similar negotiations and that you feel that we cannot do better under the circumstances.

You are also authorized to confirm to the Turkish Government that the guarantee of replacement given in the case of SS VATAN is applicable to SS TARI. That is if the SS TARI is lost on the projected voyage the United States Government will replace her with a cargo vessel of comparable tonnage and age.

It is assumed that there is some assurance that when the voyage is undertaken there will be refugees available for evacuation. In view of your estimate as to possible duration of voyage, it is also assumed that the Board's liability under the charter will not be unlimited as to time.

THIS IS WRB ANKARA CABLE NO. 11

JEF:bbk - 3/23/44
Delivered by Mr. Mann

March 24, 1944

9:15

Please transmit the attached urgent cable from the War Refugee Board to Ambassador Steinhardt and Hirschmann. The commitment to replace the Turkish vessel has the approval of Admiral Land, Administrator of the War Shipping Administration, and Lee F. Crowley, Administrator of the Foreign Economic Administration.

March 24, 1944

11:25 a.m.

TO: Mr. Warren
FROM: J. W. Pehle

It will be appreciated if you will have the attached cable despatched at once to Jacob Griful, Hotel Continental, Beyuglu, Turkey, from the Vaad Hahatzala Emergency Committee, 132 Nassau Street, New York 7, N.Y., and bill the Vaad Hahatzala Emergency Committee for the cost of the message and any answer thereto.

Attachment.

FE:lab 3/21/44

CABLE TO ANKARA

From War Refugee Board to Steinhardt

Please deliver the following message to Jacob Griful, Hotel Continental, Beyuglu, from the Vaad Hahatzala Emergency Committee:

"Our Vaad Hahatzala Emergency Committee ready transmit financial aid for your rescue work Stop Consult Louis Kastner other Orthodox leaders in Turkey and organize strong committee Stop Give us constructive plan of proposed rescue operations and we will supply necessary funds Stop Contact Isaac Sternbach and Switzerland committee we have cabled him money and instructions Stop They ready give you fullest cooperation Stop Contact American Legation receive and follow Legations instructions and advise us through Legation Rabbis Israel Rosenberg, KL Silver, Jacob Levinson, Aron Kotler and Abraham Kalmanowitz"

THIS IS WRB ANKARA CABLE NO. 12

TELEGRAM SENT

745

PLAIN
March 24, 1944

AMEMBASSY,
MOSCOW.
699, twenty-fourth
FOR THE AMBASSADOR FROM THE WAR REFUGEE BOARD.

PLEASE refer to our circular airgram of January 26, 1944, with reference to the institution of the War Refugee Board and to our No. 554 of March 11, 1944 setting forth the aims of the Board. In this cable we stressed the importance of bringing home to the people in German controlled Europe the seriousness with which the United Nations view in this matter.

There is quoted below the text of a statement issued by the President on March 24, 1944.

QUOTE: (TEXT OF THE MESSAGE IS ATTACHED HERETO)

UNQUOTE.

A copy of this statement was communicated to the Soviet Ambassador here, for transmission to his Government, prior to its issuance by the President.

It would be appreciated if in addition you would make this statement available to the appropriate officials of the Russian Government, indicating to them the significance of this step as a means of following up the objectives which the War Refugee Board is trying to accomplish.

At the same time you should emphasize to the Russian authorities the extreme importance which this Government attaches to the program outlined in our No. 554 with specific reference to the value of a psychological program designed to change the actions and attitude of our enemy, and particularly his satellites, functionaries and subordinates.

HULL
(OLW)

RECEIVED
2/24/44

RECEIVED BY TELEGRAM RECEIVED

FROM: ~~SECRETARY OF STATE~~
 TO: SECRETARY OF STATE, WASHINGTON
 DATED: MARCH 21, 1944
 NUMBER: 1020

CONFIDENTIAL

On March 21 a memorandum setting forth United States Government's policy as contained in the first paragraph of the Department's circular dated January 26, 7 p.m., was handed to Vyshinski by me. Attention was called in the memorandum to the cooperation solicited of the Soviet Government in requesting an assurance of safe conduct for the TARI (see my telegram of March 26, 1944, no. 935) and it went on to say that in the future similar specific problems will doubtless arise, in the solution of which the assistance of the Soviet Union will be sought. The memorandum closed with a reference to the effect that the great work which the Soviet Government has done in saving the lives of many refugees is well known to the United States Refugee Board and it would appreciate the Soviet Government's cooperation in its work.

Also I orally stated that I wish to explore the manner in which the US and Soviet Governments might work together on this question after the memorandum had been studied by him. Reference was made by me to the parallel action which both nations had taken and could take in trying to impress on Germany and satellite countries that they would be held accountable for the inhuman actions against the Jews and other similar groups. It was stated by me that such pressure on satellite countries might aid in the evacuation of refugees from Hungary, Rumania and Bulgaria.

I stated that with the Red Armies' advance the Black Sea area offered promising possibilities for accomplishing the rescue of refugees and in this respect I referred to my recent request for expeditious consideration of the TARI case.

I stated in conclusion that the President was extremely interested in the matter and that public sentiment in the United States was supporting my Government in doing everything possible for these unfortunate people. I added that a great deal of good effect would result in both the Soviet Union and the United States by working together in this manner, especially if this collaboration were publicly known.

Vyshinski seemed to be sympathetic to my approach. It was stated by him that he would like to study the memorandum and then discuss the question with me further.

It will be noted by the Department that I did not touch specifically upon several of the points raised in the Department's telegram of March 21, 1944, no. 935 and 936 concerning (a) a position taken by the Soviet with respect to requesting

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refuge on Soviet soil for refugees transported from Balkan countries across the Black Sea and (b) an indication of the willingness of the Soviets to accept after the war refugees admitted temporarily into Switzerland and other countries during the war. It was felt by me that these questions can be dealt with more appropriately after a general agreement in principle is reached for cooperative action and perhaps on the basis of such specific problems as may arise, in the handling of which we would desire the Soviet Government's cooperation.

HARRIMAN

cc: Miss Channery (for the
Sec'y, Conn, Ruder, Laughlin, Pehle, Abrahamson, Akzin, Bernstein, DuBois,
Friedman, Gaston, Lesser, Luxford, Mann, McCormack, Paul, Pollak, Rains,
Sargoy, Standish, Stewart, H. D. White, Files,

OFFICE
SECRETARY OF THE TREASURY

1944 MAR 25 AM 8:09

TREASURY DEPARTMENT

NOT TO BE RE-TRANSMITTEDCOPY NO 11TOP SECRETOPTEL No. 96

Information received up to 10 A.M. 24th March 1944.

1. NAVAL

Home Waters. Early 24th Aircraft and Coastal Craft damaged large enemy ship heavily escorted off CALAIS. One escort sunk, another damaged.

2. MILITARY

Italy Slow progress maintained in CASSINO with severe fighting.

Russia Between TARNOPOL and PROSKUROV, Russians have advanced between 20 and 30 miles and also made progress SW of CREMENETS, West of VINNITSA in Bridgehead South of MOGILEV-PODOLSKI and towards NIKOLAEV.

3. AIR OPERATIONS

Western Front 22nd/23rd. 3,116 tons dropped on FRANKFURT. 23rd. U.S. Heavy Bombers attacked BRUNSWICK 425 tons; HANDORF Airfield 144 tons; HAMM, MUNSTER, OSNABRUCK and other targets in GERMANY 952 tons. Enemy casualties by fighters 21:1:10 for 28 bombers and four fighters missing. Escorted medium bombers dropped 341 tons on CREIL Railway centre and 241 tons on wagon and locomotive works at CHARLEROI with good results on both targets. Six Beaufighters hit a 3,000 ton ship off NORWAY with large explosion.

23rd/24th. Aircraft despatched: LACH Marshalling Yards 143, Motor Vehicle Factory LEINS 70, BORTMUND and ORDMANSEN 15, Intruders 23 (2 missing) leaflets 11, Anti-shipping 9. 17 enemy aircraft (one destroyed) operated over South East ENGLAND, five penetrating to LONDON region where one factory was seriously damaged and casualties slight.

23rd/24th. Heavy bombers dropped 200 tons on railway centre at WILKES and 100 tons at BILKHA. 72 medium bombers attacked smaller targets in GERMANY, FRANCE.