

Diary

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April 20, 1944
10:00 a.m.

CONVERSATION WITH AMBASSADOR HARRIMAN AT MOSCOW

Present: Mr. White
Mr. Luxford
Mrs. Klotz

H.M.JR: What cables have gone, in case he refers to other cables?

MR. WHITE: From him, we haven't heard anything, but - do you want to jot down the numbers, or do you want the cables?

H.M.JR: I want the cables. (Mr. White hands cables to the Secretary)

MR. WHITE: Here is the one (indicating). It is in the very first paragraph.

H.M.JR: All right.

MR. WHITE: Here is the later cable in which we informed him.

H.M.JR: This is No. 938 that this refers to. And then you give them the release?

MR. WHITE: They have the release in another cable. We informed him that we sent a similar message to the earlier one, to the Chancellor of the Exchequer. This cable tells him they have agreed. If he knows about this cable sent on April 17--

H.M.JR: You took an awful chance on that.

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MR. WHITE: Well, Bernstein and Luxford sold me. They were right. They decided to take a chance. We had a couple more conversations that morning with Opie.

H.M.JR: But this is the group - April 10, April 17, and April 19 - there is nothing else?

MR. WHITE: No.

H.M.JR: Then what you want is the Russians to say what?

MR. WHITE: Yes or no.

MR. LUXFORD: Yes is what we want.

MR. WHITE: Yes if they are in agreement, no if they haven't given their word. They might have some excuse. They might say they wouldn't know until next week, or something like that. We want merely to be able to say they are in agreement.

H.M.JR: Now I am ready. If the call had come through at ten o'clock, I wouldn't have been ready.

MR. WHITE: That is a good thing.

MR. LUXFORD: The cable that went out last night told Harriman to say yes or no.

H.M.JR: They say these cables take three days to get through.

MR. WHITE: When you received your message, then, it was not at all certain that he had received this cable, but merely that the telephone operators had contacted him.

H.M.JR: Oh, they started at nine o'clock this morning. They said he couldn't talk at ten-thirty, but he could talk at ten.

What is Smith doing?

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MR. LUXFORD: Working on the statement.

H.M.JR: Did he hear about our decision to have a press conference at four-thirty today?

MR. LUXFORD: Yes.

H.M.JR: If they waited until four-thirty tomorrow it wouldn't get through until around six and wouldn't appear in a single paper. Fred was amazed that White agreed to it.

The 866 is the first part, rather than the 865. What did you change the number for?

MR. WHITE: Because they are both parts of the same cable.

H.M.JR: Let me have 865.

MR. WHITE: No.865 apparently comes after 866.

H.M.JR: That is what I thought. They sent the last part first.

MR. LUXFORD: They send things in part.

H.M.JR: Let's do a couple of questions while we are here. (The Secretary reads from attached list of questions and answers)

"Will the Fund control the gold value of the United States dollar?"

MR. WHITE: Definitely not. That remains the power of the United States, exclusively. It can be altered by the Fund, but only with the approval--

H.M.JR: Can we alter the gold content?

MR. WHITE: The gold value - only with the approval of the United States.

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H.M.JR: They can take the initiative?

MR. WHITE: Yes. They can't alter the gold content of the dollar, but what they can say is that the value of gold in terms of all currency shall rise or fall, and we accepted that only on the condition that it would require our approval.

MR. LUXFORD: In other words, they still can't do it without our approval.

H.M.JR: Who advocated that?

MR. WHITE: A lot of the countries. You see, there are two groups. One group thought that some day there would be too much gold. Our friends in the Federal Reserve Board would like to lower the price of gold so as to reduce the mining of gold over there, and they had a lot of company - the countries that don't produce gold. The countries that produce gold wanted it the other way - South Africa, particularly - Australia, and others. They might simply want to increase it.

So a compromise was made. We said that no country that - you can't change it except with the approval of all countries that have more than ten percent of the votes now. That includes--

H.M.JR: All the countries?

MR. WHITE: That have more than ten percent of the votes.

H.M.JR: "Would it not be better to wait before attempting to stabilize currencies?"

MR. WHITE: The most acute period will be in the immediate post-war period, where there are a number of currencies that have to be adjusted and where the pressure on the currencies of some countries will be the greatest, and where the struggle for world markets will be the keenest after six months or a year.

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And it is very important that during that acute period there is international cooperation to prevent chaotic exchange conditions such as occurred in the last war.

H.M.JR: "Will the Fund be used for the liquidation of blocked sterling balances?"

MR. WHITE: No. That is out. No.

H.M.JR: You have the question.

MR. WHITE: That suggestion was in our first draft. The British objected to it. They would like it, but they think its presence in there - you can't say - this is for your own information - its presence in there makes it more difficult for them to make a better deal with India or some of the other countries, so they asked us to leave it out. As it stands now, the answer is no, but it being in an earlier draft, some people may ask.

H.M.JR: Couldn't they try it?

MR. WHITE: They have the power to do so, if they want to.

H.M.JR: I mean, that is England's one big problem. Why shouldn't they try it?

MR. WHITE: Because they think they don't have to liquidate India still. They think they can make a deal which will be more satisfactory than the kind of conditions that we imposed on them.

H.M.JR: I think the more honest answer - I am not questioning you - would be to say, "Well, that is a problem; they may bring it up. It is a problem that the British had and it might help them."

MR. LUXFORD: Under the principles today, though, they couldn't solve that problem.

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MR. WHITE: No, but they could bring it up at the conference and include it in the powers.

H.M.JR: It is the one thing that is bothering Churchill.

MR. WHITE: But they were the ones who asked us to take it out.

H.M.JR: That may be for trading purposes. But there is nothing in it saying they can't liquidate.

MR. WHITE: Some changes or additions would have to be made in the final draft if that problem was to be undertaken.

H.M.JR: "Would the United States be bound to stay in the Fund if membership proved disadvantageous?"

I know that.

MR. WHITE: On notice.

H.M.JR: "Will the Fund support the price of silver?"

Don't give me that kind of stuff.

MR. WHITE: There is nothing in there that has anything to do with silver.

H.M.JR: Why not say so?

MR. WHITE: Because the fellow who will ask you will only be the man who is interested in silver. Silver plays no direct role.

H.M.JR: That is what I would say.

"Would joining the Fund mean that Congress will not have control of our monetary system?"

The answer to that is no.

MR. WHITE: That is right.

H.M.JR: "Will the United States be forced to institute exchange controls?"

MR. WHITE: No. If we want to--

H.M.JR: Isn't it better to say the whole purpose is so we will not have exchange control?

MR. WHITE: To discourage it, that is right.

H.M.JR: "Does the establishment of the Fund mean the abandonment of the gold standard?"

MR. WHITE: On the contrary, it means a strengthening.

H.M.JR: "Why can't the BIS do the job?"

MR. WHITE: The BIS can't do the job because it has neither the powers, the resources, not is the membership broad enough. It has nothing other than a building of a name.

H.M.JR: They didn't behave too well.

MR. LUXFORD: That is right.

MR. WHITE: If that question is asked, it will be people on the outside who will be - a few - interested in your answer from the point of view of picking you up if you say anything very adverse. So I think you better answer that cautiously. But the Bank has very little resources. It has none of the powers that are necessary for this purpose. It is owned by the Central Bank and not by the Governments.

MR. LUXFORD: Doesn't even have Federal Reserve Bank participation on the part of the United States.

MR. WHITE: And it is at present practically controlled by Germany, because Germany votes with the

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countries she has occupied. England has withdrawn her Member.

(The Secretary holds telephone conversation with Ambassador Harriman in Moscow, as follows:)

April 20, 1944
10:07 a.m.

HMJr: Hello.

Operator: The Secretary is on, Operator.

HMJr: Hello.

Overseas
Operator: Hello. Secretary Morgenthau?

HMJr: Talking.

Operator: This is the overseas operator so awaiting your call to Moscow I'd like to advise you about Government regulations. In the interest of National security you are requested to refrain from discussing departure or arrival, name or location of ships, military traffic of any kind, technical weather information or any other information which may be of aid or comfort to the enemy.

HMJr: Thank you.

Operator: You're welcome, sir.

HMJr: Hello. Hello. Hello.

Treasury
Operator: She'll put him on in just a second.

HMJr: Hello.

Operator: Yes, sir.

HMJr: Oh, you're still there?

Operator: Yeah, I'm still here. Do you want me to hold it for you?

Overseas
Operator: Go ahead, please.

HMJr: Hello. Hello. Hello.

Operator: Just a moment, Secretary Morgenthau. (Pause)

Treasury
Operator: Hello, New York. (Pause)

HMJr: Hello.

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Overseas
Operator: I'm sorry to keep you waiting, Secretary Morgenthau.

HMJr: That's all right.

Treasury
Operator: Would you like me to hold it for you?

HMJr: Don't they like to have me on? I don't care.

Operator: No, they don't mind.

HMJr: All right.

Operator: I thought maybe you would mind.

HMJr: Well, I -- my hand is getting tired.

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10:24 a.m.

Operator: Go ahead.
HMJr: Hello.
Averill
Harriman: Hello.
HMJr: Hello.
H: Hello.
HMJr: Averill?
H: Yes.
HMJr: Hello.
H: Hello.
HMJr: Averill?
H: Yes.
HMJr: Can you hear me?
H: Yes, I hear you very well.
HMJr: Averill, I don't know -- did you get Cable 961?
H: What?
HMJr: Have you received Cable 961?
H: Yes, I got your cable.
HMJr: Yes.
H: The answer is "No".
HMJr: Hello?
H: I say, the answer is "No".
HMJr: The answer is "No"?
H: They have not informed....
HMJr: Wait -- I don't hear you.

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H: They have not been

HMJr: They have not got the time?

H: They have not had time to give your message

HMJr: Well, now....

Operator: Just a moment, please.

HMJr: That's all right. (Aside: They haven't had enough time to give him No, I can hear him.) Hello. Oh. (Aside: Do you think it draws on it?) Hello.

Operator: Yes, sir.

HMJr: Which one of these things draws down most, the dictaphone or the loud speaker?

Operator: I think the loud speaker.

HMJr: You think the loud speaker?

Operator: I think so.

HMJr: Well, I could hear him. Tell the operator I could hear him.

Operator: Oh, is he gone?

Long
Distance
Operator: Long Distance.

HMJr: Hello, Operator.

Operator: Yes.

HMJr: I could hear Mr. Harriman, you know.

Operator: Yes.

HMJr: You cut me off. ;

Operator: No, we haven't cut you off. Just a moment. I'll see what happened over there.

Overseas
Operator: Just a moment, please. Hello?

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HMJr: I could hear him. Hello? Hello?

Operator: Yes, sir.

Overseas
Operator: Hello, Secretary Morgenthau?

HMJr: Yes. (Pause)

Operator: The operator says -- the overseas operator says they interrupted because the connection was so distant.

HMJr: Well, I could....

Operator: She said she's trying to get a better connection over there. I told her that you could hear him.

HMJr: I could hear him.

Operator: Uh huh. Well, just a minute now. She'll have him back on.

HMJr: Hello.

Operator: Yes, sir. Shall I ask the telephone man if it makes any difference?

HMJr: What?

Operator: Shall I ask one of the telephone men if it makes any difference?

HMJr: Yes. Which one makes -- if it makes any difference.

Operator: Right.

HMJr: Will you let me know?

Operator: I will.

April 20, 1944
10:28 a.m.

Operator: Yes.

HMJr: Can you hear any difference now?

Operator: I can't tell any difference at all.

HMJr: All right. Well, then I can -- the loud speaker does not?

Operator: He said the loud speaker wouldn't make any difference.

HMJr: All right. Now -- Hello.

Averill
Harriman: Hello.

HMJr: Averill?

H: Yes.

HMJr: I hear you very well. I heard you say the answer was "No".

H: Yes.

HMJr: And that they didn't have....

H: Didn't have time....

HMJr: What's that?

H: There hasn't been time.

HMJr: There hasn't been time?

H: He hopes that you can be -- that you will be able to wait.

HMJr: Well, I am testifying before the Senate Friday morning.

H: What day?

HMJr: Friday.

H: Friday?

HMJr: And before the House Friday afternoon.

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H: Yeah.

HMJr: And that's all been arranged.

H: Yes.

HMJr: I -- I cannot wait.

H: Well, I told them -- I said that you probably could not wait.

HMJr: No, I can't wait. And, as you know, we've got agreement from everybody else.

H: Yes.

HMJr: Hello?

H: Yes.

HMJr: And we're releasing Friday night this statement.

H: Yes.

HMJr: For Saturday morning.

H: Yes.

HMJr: And I had hoped that they would join us.

H: Well, there was a desire expressed that you might be able to wait but they haven't been able to hear from their experts.

HMJr: Well, I -- I don't understand that. Do you mind if I find out what happened at this end from their experts?

H: I wish you would. I think it's important that you should.

HMJr: And they're waiting on their experts.

H: Yes.

HMJr: Hello?

H: Yes.

HMJr: Well, I'll call up....

H: And there were a few other points in the original text

HMJr: Yes.

H: that seemed to trouble them.

HMJr: I see.

H: So that it's mostly dangers and the -- of certain points that are not yet ironed out.

HMJr: Well, at this end from the top down, there's complete unanimity.

H: Yes.

HMJr: I mean, in our Government. Hello?

H: Yes.

HMJr: I just want you to know that.

H: Fine. I wish I could talk more freely. How are you?

HMJr: I'm fine. And you?

H: Fine.

HMJr: Well....

H: Give my love to the Boss when you see him.

HMJr: I'll do that and thanks for what you've done and if you'd keep up the pressure, I'd appreciate it.

H: One trouble is, the cables take so long.

HMJr: That's why I'm phoning you.

H: Yes. I'm just sending you a cable explaining it in more detail.

HMJr: Thank you, Averill.

H: Fine.

HMJr: Good bye.

H: Good luck.

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MR. WHITE: If I had known you could hear as well as that, we should have done it a week ago.

H.M.JR: You suggested it last night.

MRS. KLOTZ: This is amazing.

MR. WHITE: The first time left some doubts in my mind as to the wisdom of telephoning.

(The Secretary holds telephone conversation with First Secretary Bazykin, as follows:)

April 20, 1944
10:34 a.m.

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HMJr: Hello.

Operator: The Ambassador is not there now. They expect him about 11:30.

HMJr: Well, who is there? Is the First Secretary there?

Operator: I'll find out.

(Pause)

Operator: Go ahead.

HMJr: Hello. Mr.

Vladimir Bazykin: Yes, how are you, Secretary Morgenthau?

HMJr: I'm very....

B: This is Bazykin.

HMJr: How are you?

B: Very well, thank you.

HMJr: Mr. Bazykin, I have just talked on the telephone to Ambassador Harriman in Moscow.

B: Yes.

HMJr: And I inquired from him why we did not have an answer from your Government in regard to this statement on the stabilization of money....

B: Yes.

HMJr:which we hoped to announce Friday night.

B: Yes.

HMJr: Now, I don't know how familiar you are, but I am testifying before four Committees in the Senate Friday morning.

B: Yes.

HMJr: And four Committees in the House Friday afternoon.

B: Yes.

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HMJr: On this plan. And all of the countries involved have -- we've heard from except your Government and the plan is to give out a joint statement in the various Capitols Friday night for Saturday morning's publications.

B: Yes, I see.

HMJr: And we had hoped very much that your Government would join us. Now, in talking with Mr. Harriman, he says that your Government had not yet heard from your experts, which is very difficult for me to believe.

B: I see.

HMJr: And....

B: It was answer to our Government -- to Mr. Harriman.

HMJr: Yes, that they had not yet had time....

B: Yes.

HMJr:to hear.

B: I see.

HMJr: And that there were one or two points in dispute. Well, of course, the two statements contradict each other.

B: Yes.

HMJr: But with everybody going along on this and it's simply a declaration of principles -- I mean, it doesn't bind anybody. You see? .

B: Yes.

HMJr: I wondered whether you might still have time to get an answer so that it would seem that all United Nations were together.

B: Yes. Thank you very much, Mr. Secretary, for your calling. I know that the Ambassador communicated with Moscow after our visit with you....

HMJr: Yes.

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B:at the Treasury Department and I will immediately see him and I will regret to inform him what you told me and....

HMJr: Should I....

B:I am sure that he will undertake what he can do.

HMJr: Should I say it once more or did I -- do you understand it?

B: No, I understood everything.

HMJr: And you see the point is -- well, if you understand it -- and if there's any point you don't, Mr. White's available. But there's still time, you see....

B: Yes, sir.

HMJr:for us to hear from Russia.

B: Yes.

HMJr: And -- the Soviet Union.

B: Yes.....

HMJr: And....

B:Mr. Secretary.

HMJr: See what you can do.

B: And you say that there is an idea to make the declaration -- joint declaration -- in all Capitols of the United Nations?

HMJr: We've heard from everybody except your Government.

B: I see.

HMJr: And the announcement is to be made at eight o'clock Friday night.

B: Eight o'clock.

HMJr: In this Capitol.

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B: Yes.

HMJr: And it will be made in London and it's going to be made in Canada and it's going to be made in Chungking and a number of other places. They're all going to make a joint announcement.

B: Joint announcement at eight o'clock in the morning?

HMJr: No, eight o'clock tomorrow night.

B: Tomorrow night.

HMJr: Now the other thing which is embarrassing to me, you see, I am to appear before these Committees....

B: Yes.

HMJr:in our Senate and in our House tomorrow....

B: Yes, I remember you told the....

HMJr:and I....

B:the Ambassador.

HMJr: And I had hoped very much that -- because as far as I know, there's practically no difference.

B: Yes.

HMJr: And I imagine it's due to difficulties in communication possibly and your Government hasn't been fully informed. But it's something which I should think that the Soviet Union, of all the Countries, would want to subscribe to.

B: Yes.

HMJr: I mean you get as much out of it, or more, than anybody else.

B: Yes. And I will be very glad to inform the Ambassador, Mr. Secretary, and I am sure that he will do everything possible to get....

HMJr: Do you ever use the telephone?

B: We do sometimes if assured conditions are not so good, but I will ask him....

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HMJr: Well,

B:if he can.

HMJr: Well....

B: If it's not too late.

HMJr: Well, the phone -- I was informed -- I didn't know we could talk -- you can talk from nine 'till eleven in the morning.

B: Yes.

HMJr: And I had an excellent connection with Mr. Harriman. I could hear him almost as well as I can hear you.

B: I see. I'll recommend to the Ambassador....

HMJr: Would you recommend....

B:to telephone.

HMJr:that he might put in a telephone call tomorrow morning?

B: I think so. Yes, I'll recommend him to call. I think it might be the best way to get Moscow immediately.

HMJr: If you would, because as I say it's for the general effect on the world, I think, it's most important that Russia be amongst those.

B: Yes, I'll be very glad to inform the Ambassador immediately and I am sure, maybe, he will call. I will advise him.

HMJr: And I'm available any time today or tonight if the Ambassador wants to talk to me.

B: Yes. Thank you very much.

HMJr: I'm available.

B: Thank you very much.

HMJr: Thank you.

B: Thank you. Good bye.

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MR. WHITE: I didn't think that the Ambassador said they hadn't heard from the experts, but that they hadn't time.

H.M.JR: Listen, what Harriman said to me was two things - they hadn't heard from their experts, and the last thing he said was, "But there are a couple of points not in agreement." The two things are in conflict.

So I said that.

MR. LUXFORD: Will we get their conversation if they talk to Moscow?

H.M.JR: Yes, through Gaston's office; you can take it up with the censorship people. He is on that Board, I think.

MR. WHITE: Their experts are on the spot. If they said they haven't communicated--

H.M.JR: Tell them we think the Ambassador is going to speak to Moscow tomorrow and we would like immediate translation so I could have it immediately.

MRS. KLOTZ: I don't think they will call.

MR. LUXFORD: We will find out whether they call, anyway.

H.M.JR: I think through Gaston's office.

Now, one other thing while I have you here - with this gold imminently going into Switzerland, and all that, just as soon as you fellows can catch your breath, let's move in on the Argentine.

MR. LUXFORD: All right.

H.M.JR: I am sick and tired of all this shadow-boxing, because - I know that you will reluctantly go along, but you can overcome it. (Laughter)

1. Will the Fund control the gold value of the United States dollar?
2. Would it not be better to wait before attempting to stabilize currencies?
3. Will the Fund be used for the liquidation of blocked sterling balances?
4. Would the British Empire have a larger vote than the United States?
5. Would the United States be bound to stay in the Fund if membership proved disadvantageous?
6. Will the Fund support the price of silver?
7. Would joining the Fund mean that Congress will not have control of our monetary system?
8. Will the United States be forced to institute exchange controls?
9. Does the establishment of the Fund mean the abandonment of the gold standard?
10. Why can't the B.I.S. do the job?
11. Will the fund compete with banks on exchange transactions?

DEPARTMENT OF STATE
DIVISION OF COMMUNICATIONS AND RECORDS

MEMORANDUM

With reference to the Secretary of State's letter of January 1, 1944 there is transmitted herewith a paraphrase of a telegram from Moscow continuing Ambassador Harriman's interpretive comment upon developments in and respecting the Soviet Union as reflected in the Soviet Press.

May 2, 1944

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Moscow
TO: Secretary of State, Washington
DATED: April 20, 1944
NUMBER: 1369

This report covers the period from March 9 to April 15.

Apparently with the general purpose of exhorting the people to increased efforts for the drive for final victory the press continues to concentrate on the war and to publicize accomplishments on the home front as well as the military.

Soviet political policy is unfolding, as applied to specific problems of individual countries, with the advance of the Red Army toward and into neighboring countries. The trend of Soviet diplomacy is becoming positive and increasingly active. These developments are in pattern consistent with the basic policies previously outlined by Soviet officials, but the determination and readiness to take independent action in some cases is startling in aggressiveness. Commensurate with its power and with the sacrifices it has made toward winning the war, it is increasingly clear through the announced policies and articles in the press that the Soviet Union intends to play an important role in international affairs.

The Soviet

-2-

The Soviet Union gives no indication that they do not value the relations they have attained with ourselves and the British. It is obvious, on the other hand, that they are unwilling to compromise certain basic principles which they believe are essential to the interests and security of the Soviet. The western boundaries established in 1940, with the exception of the compromise Curzon line for the boundary with Poland, are, from Finland to the Black Sea, considered fixed and irrevocable. Although full opportunity for political expression of the Communist parties appears a fixed objective, any semblance of a cordon sanitaire is to be ended, but confirmation is evidenced by Molotov's announcement regarding Rumania and exchange of representatives with the Badoglio Government that Communist form of Governments in Europe is not a present objective of the Soviets.

(1) In IZVESTIYA'S article of March 29, the Soviet decision to exchange direct representatives with the Badoglio Government was justified as part of the Soviet policy of assisting all movements tending to shorten the war against the German Fascists. By preventing the unity of all anti-Hitler Italian groups in the struggle against the Hitlerites, the article stated that the political situation in Italy had created disunity

which

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which threatened Italy with disaster and above all tended to prolong the war. Arguing that heretofore the Soviets had lacked adequate representation in Italy in comparison with the Allies, the editorial at the same time indirectly criticised the Allies for allegedly not working out, together with the Soviets, a common policy for Italy.

The independent character of Soviet action contrary to the spirit of the Moscow understanding was ignored by the Soviet press and an attempt to take leadership in advancing policies that had consistently been those of the Americans and British in Italy and which they had been pressing in full consultation with the Soviets was made by them.

(2) In connection with what was designated as the entry of Soviet troops into Rumanian territory, Molotov's statement confirmed that the Soviets had no territorial aims in Rumania and that any attempt to alter the social and political order existing there had not been their intention. Not only in relation to Rumania, but also as an indication of Soviet policy toward neighboring countries in general, this statement was important. Shortly before the statement was made the fact that Great Britain and the United States were informed was an encouraging

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an encouraging sign of Soviet willingness to collaborate and in previous and subsequent discussions of the Rumanian question this willingness has been further confirmed. By its reference to the arrival of the Red Army at the "state frontier" at the Pruth, the press at the same time made clear that the Soviet maintained its position on the Soviet Rumanian boundary question and its claim to Bessarabia.

(3) The occupation of Hungary was pointed out as a further drain upon German military strength and that by withdrawing forces which might have been used against the Allied invasion in the west new favorable military possibilities for the western Allies were thereby created. The consequences of continued association with Hitlerite Germany was taken as the theme of editorials warning other Axis satellites of a fate similar to that of Hungary.

(4) However, without advocating a direct break with the Puric Government, the press carried further its tendency to view Tito's movement as virtually a Government in Yugoslavia. Tito was regarded as the only representative of the Yugoslav people in Yugoslavia Ambassador Semic's letter of resignation published by PRAVDA and RED STAR. Attacks even sharper than previously made on

Mihailovich

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Mihailovich and publicity was given the request that Yugoslav funds abroad be frozen which request was made by the Yugoslav Committee. Several speakers placed the London Polish and the Cairo Yugoslav Governments in the same category at the Kosciuszko meeting staged by the Union of Polish Patriots and the All Slav Committee.

(5) Although favorable foreign comment on the Soviet offer for peace terms was published there was, during the period under review, little publicity concerning Finland. Anxiety upon the part of the Soviets not to prejudice the prospects of peace negotiations was apparent.

(6) Toward Poland the attitude remained much the same as stated in my previous report. The Kosciuszko Rebellion's 150th anniversary against the Czarist Government furnished the occasion for stressing the theme that the Union of Polish Patriots, together with Polish forces in the Soviet Union (the latter recently raised to the status of an army and now called "the" Polish Army) were carrying on the Kosciuszko tradition, while elements such as Sosnkowski, against whom Kosciuszko had fought, were viewed as continuing the tradition of the reactionary landlords.

A report

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A report of an article in the LONDON OBSERVER which included statements to the effect that the majority of the Ministers of the London Government realized the necessity of meeting Soviet demands but lacked courage to buck the militarist elements, was published in line with the press policy of hinting periodically at the possibility of some sort of agreement being reached between the Soviets and a reconstructed London Government. To the arrest of Ukrainian soldiers serving the Polish Army in England considerable publicity was given.

(7) The call to partisan and underground movements in all countries to rise against the German invaders continued to be emphasized by the press. Combined with strong hints that the resistance groups were suffering from lack of arms and were handicapped by an order to await the signal of a general uprising, tributes were paid to French resistance, especially in upper Savoy. Prominent treatment was given the Czech Government's appeal to its people to take action and Bene's letter to Stalin expressing joy at the entry of the Red Army into Czechoslovakian territory.

Without comment, General de Gaulle's speech on French unity and the steps taken to strengthen his position

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position were reported. As a model for the treatment of traitors the sentence on Pucheu was applauded.

(8) The conclusion of a new fisheries convention between the Soviet and Jap Governments covering a five year period combined with an agreement with the Japs to liquidate their concessions in northern Sakhalin was an important new development. The connection between this agreement and the "sobriety" which the Japs had acquired with the successful Soviet military operations against Germany was editorially emphasized. In regard to the Japanese evacuation of northern Sakhalin it was pointed out that Matsuoka had given an undertaking in April 1941, but it was in the autumn of 1943 that the necessity of undertaking negotiations to carry out these promises was recognized by the Japanese. That the agreements had taken account of the special position of "our Allies" in the Pacific was stated.

(9) Mixed was the press comment on Great Britain and the United States. Receiving about as much space and prominence as the war in Italy and the Pacific combined, the Allied war effort was a major theme in dealing with Britain and America and special prominence was given to the Allied air war against Germany. Prominence was

given

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given to important declarations of Allied statesmen and expressions looking toward future cooperation with the Allies in the war and postwar period continued and, in general, news from Allied countries was treated sympathetically. Unusually full, ~~EXHAUSTIVE~~ though not complete, coverage was given to Mr. Hull's radio address of April 8. RED STAR contained a long article cautiously canvassing the possibilities for the 1944 American Presidential election, confining direct comment only to statements to the effect that Roosevelt's foreign policy had the support of wide sections of the American people and that the chief problem confronting the United States at present is foreign affairs.

Regarding the activities of "Fascist and reactionary" groups within the Allied countries, anxiety was expressed. Charging Hearst of being an agent of Hitler in America, a second blast was delivered by Zaslavski. In WAR AND THE COMMING STAGE an article expressed the view that powerful groups of capitalists in the United States and more especially in England were anxious to revive international cartels in which a large role has been played by German interests. Tending to keep alive suspicion of Britain was the publication of a second statement by a German prisoner

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prisoner regarding the exchange of able bodied German military personnel in British hands which permitted them to be sent for service on the eastern front against the Russians.

In connection with the Canadian-Soviet supply agreement, prominent expressions of good will went to Canada, and to Canada's military and industrial contribution to the Allied war effort warm tribute was paid.

(11) The victories of the Red Army and exhortation to increase war production and in other ways help the front were the chief internal themes. In contrast to the emphasis on anonymity which prevailed during the early stages of the war, orders of the day and the awarding of high decorations to Army officers continued to build up Soviet military leaders in the public eye.

HARRIMAN

DCR:MAS:EA

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMEMBASSY, Moscow
TO: Secretary of State, Washington
DATED: April 20, 1944
NUMBER: 1370

SECRET

HARRIMAN SENDS THE FOLLOWING FOR THE ATTENTION OF THE SECRETARY OF THE TREASURY.

As soon as I received your cable of April 17, 1944, No. 938, I requested an immediate appointment with the Peoples Commissar for Finance and I sent the substance of your cable over in writing. Inasmuch as the Commissar was engaged all last night in conference I saw him this afternoon and strongly urged him that the Soviet Government should join in authorizing the statement proposed. I was informed by him that he could not agree to the text of the International Monetary Fund statement being approved by the Soviet expert. The Commissar stated that he had not had an opportunity to hear from his expert regarding the changes which your cable proposed and that in any event there were several points in the previous text to which agreement had not been given by the Soviets. He stated, in reply to my queries, that no provision had been made for the fixing of the parity of the ruble unilaterally by the Soviet Government and that other provisions concerning payments in gold and gold resources in mining countries were not satisfactory

- 2 -

to them. It was stated by him that he felt it would not be desirable for the text to be released without the Soviet expert's approval. The Commissar was asked by me whether the Soviet Government would agree to publication after these questions of which he spoke had been settled. He stated in reply that he would have to get the approval of his Government before he could answer that question. He clearly indicated by indirection, however, that the Soviet Government was very anxious to have the situation develop in such a way that their expert could join in approving the text of the statement. The Commissar expressed the hope that you would not find it necessary to publish the text without participation by the Soviet Government. It was explained by me that I believed you would have to publish the text as you were appearing tomorrow before Congressional Committees.

When I departed I was asked by Mr. Xverev to convey to Mr. White and you his appreciation of the courtesies and hospitality which the Soviet experts in Washington had received.

Harriman

PARAPHRASE OF TELEGRAM RECEIVED

FROM: Moscow
DATED: April 20, 10 p.m.
NUMBER: 1380

I was asked by Molotov to call this evening near midnight and received the following statement from him:

Among our financial experts there exists a major discord with respect to the basic conditions of the establishment of the international monetary fund. The objection was made by the majority of our experts to a series of points. Speaking with complete frankness, the Soviet Government has not succeeded in studying yet fully the basic conditions of the proposal.

If it is necessary, however, to the Government of the United States of American to have the concurrence of the Government of the Soviet Republic to secure due effect in the rest of the world, the Soviet Government is willing to instruct its experts to associate themselves with Mr. Morgenthau's project.

It was explained by Mr. Molotov that this was not to be considered as a reservation made by the experts

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but for your information, it expressed the actual attitude of the Soviet Government. If you wished it under these circumstances *he* would issue instructions to his experts to associate themselves with the monetary fund statement.

Molotov was informed by me that there was not time for me to get a reply from you, and I suggested to him that he give instructions to his experts to associate themselves with the monetary fund statement, provided however, you approved under the circumstances. To this Molotov agreed, and he will instruct his experts on receipt of this cable to get in touch with Mr. White.

My suggestion is that you telephone me as early as possible in order to give me advice of your decision so that I may tell Molotov, who said, if you approve, he is prepared to publish the monetary fund statement in Moscow.

FMA:EGC:ja

April 20, 1944
2:13 p.m.

39^v

HMJr: Hello.

Operator: General Greenbaum. There you are.

HMJr: Hello.

General Greenbaum: Yes, sir.

HMJr: Hello, Eddie.

G: Yes, Henry.

HMJr: Eddie, I got the answer to the request that we made about the possibility of using German prisoners.

G: Yes.

HMJr: Which I appreciate is the correct answer.

G: Yes.

HMJr: Now, I want to ask you, a fellow with an original mind, how can we get the results?

G: I'm not quite clear exactly what you want to accomplish there.

HMJr: Well, let me tell you. I wanted to try it out in one factory. The idea I got is either very good or it's no good. See?

G: Yes.

HMJr: Now, what I've got in mind is this, I don't think there's one person in ten in this country who really knows what the Nazi system has done to their own people.

G: Yes.

HMJr: See? And the thing that's bothering me as time comes -- approaches this invasion business and if it's going to be tough, which certainly we have every reason to believe, that this thing called Nazism -- the thing which we've got to exterminate -- that the people in this country aren't prepared, because they really don't know what it is. I mean there's a lot of loose talk -- hello?

G: Yes.

HMJr: Now, the thought that I had -- that if -- I know from conversations I've had with you and others, there are amongst these prisoners real Anti-Nazis.

G: Yes.

HMJr: If one of these men, or two or three, could talk to a group of laboring people -- I mean on the idea of incentive -- and explain to them what Nazism has done to their home -- the question of the Church -- Christianity, and how it has deprived them of all their privileges. You see? And it's something that they hate. It's something that we've got to exterminate, no matter what the cost. Hello?

G: Yes.

HMJr: Now, every time I've talked to any group, and I've really gotten tough about the enemy -- I'm talking now about labor audiences -- is the only time I ever get a hand. And I wouldn't say, "Now, when I get through, won't you please buy a bond?" But I've got the hope that the audience will be angry enough that they'd want to produce more guns and more tanks and buy more bonds. You see?

G: Yes.

HMJr: Now, I may be entirely wrong. I don't think anybody can tell me until it's tried. I do know that the Germans have an -- I mean the Russians have an organization -- they have the General who defended Stalingrad, or attacked Stalingrad -- I mean, they've got the whole group there, of Germans, in Russia whom they use for propaganda purposes. Now, the Russians are doing it. They go on the air and they certainly got them some way or other.

G: That's an entirely different thing because those fellows have sort of pulled themselves away.

HMJr: But they must have been prisoners.

G: Yes, they were. But that's a deal that they've been working out among themselves. You see, but we'd be handicapped on this business of using the prisoners of war, in the first place, on the Geneva Convention, we'd be tied -- our hands would be tied as far as our ability to do it even though they'd be willing to, because the Germans would

- 3 -

G:
Cont'd.

twist that around and there's the possibility of retaliatory measures on our prisoners. That's number one. Number two. You'd have a great reluctance on the part of the German prisoners to do it because none of them want to put themselves in that category on account of a fear of reprisals to members of their families there and they, themselves

HMJr: Why don't you take that candy out of your mouth?

G: That's right.

HMJr: (Laughs) Or give me a piece so I can chew.

G: That's just a gulp from a pipe I've been smoking.

HMJr: (Laughs)

G: I don't think it's do-able at all via prisoners-of-war, but what I would like to do is think it over and talk with Colonel Gough and some of the others and see if we can think of some way in which you can do it. Your objective is a fine one and I think it's something that would be very effective, but I just can't see doing it via the prisoners-of-war.

HMJr: Well, look, Eddie, old man, I'm not trying to kid you -- if you agree with me the objective is worthwhile trying -- I don't want to try it Coast-to-Coast. I'd like to try it in some isolated place, to see the effect on the audience. You see?

G: Yes, I see.

HMJr: Test it out and then if the audience reacted well, and you got this general response, "By God, we're going to get mad and we're going to work Sunday and we're going to work Saturday night. We're not going to get drunk. We're really going to do something and we're going to invest our money to the last...." -- I mean, I want to get these people really so that they understand this thing, and they don't.

G: Well, I've got it. Let me mull over this thing overnight and I'll give you a ring in the morning.

HMJr: Will you?

G: Yes, I will.

HMJr: And some way that we can do it legally.

G: I understand.

HMJr: The Russians have a way.

G: Yeah. But there are a little different factors there. I'll talk to Ralph Gough and maybe General Bryan in charge of prisoners-of-war on the thing.

HMJr: Thank you.

G: Okay. Thanks.

SECRETARY'S SCHEDULE

APPEARANCE before CONGRESSIONAL COMMITTEES

Thursday, April 20

2:00 p.m. - Speaker Rayburn's office

Attending: Chairmen of House committees
 Speaker Rayburn
 Mr. McCormack, Majority Leader (~~to~~ *way or way* *not attend*)
 Secretary Morgenthau
 Mr. Acheson (to go with Treasury group)
 Mr. Smith
 Mr. White
 Mr. O'Connell

(Mr. Acheson to be notified by
 Mr. O'Connell)

Friday, April 21

10:00 a.m. - Senator Barkley's office

Attending: Mr. Barkley
 Mr. Connally
 Mr. Wagner
 (Same State and Treasury group which
 attended Thursday's meeting)

10:30 a.m. - Senate Banking Committee Room

Attending: Three Senate Committees
 Secretary Morgenthau
 Mr. White
 Mr. Smith
 Mr. O'Connell
 Mr. Bernstein
 Mr. Luxford
 Mr. Acheson
 Mr. Collado
 Mr. Pasvolski

2:00 p.m. - House Banking Committee Room

Attending: The 10:30 a.m. group

4:30 p.m. - Secretary's office - Press conference,
 Mr. Acheson invited

April 20, 1944
2:40 p.m.

APPEARANCE BEFORE CONGRESSIONAL COMMITTEES

Present: Mr. White
Mr. O'Connell
Mrs. Klotz
Mr. Smith

H.M.JR: I have seven minutes and I wondered if you thought this would be good ball, for me to call up Chairman Eccles and say, "Look, Marriner, you weren't here when I opened the meeting and asked, if a man didn't agree, that he would say so publicly."

Then I would say, "Now look, Marriner, you would be interested to know that I have just gotten word from the President that if there is a meeting, I am going to be Chairman of the delegation, and I hope that you will go along with us sufficiently, because I am looking forward to having you on that delegation."

MR. O'CONNELL: I don't know how far--

MR. WHITE: I would say the latter part. I think you are asking him not to say anything against it. I doubt whether he would agree, if you put it that way.

If you would say not to say anything against it until he had had a chance to talk it over with you--

H.M.JR: What has Eccles done about a public statement? What has he agreed to?

MR. SMITH: Luxford was sending that, were you?

MR. WHITE: We haven't asked him yet. We thought we would wait until the day before.

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H.M.JR: Eccles is smart. When I say, "I hope you will go along because I am going to be Chairman of the delegation"--

MR. WHITE: That statement, I think, would be a pretty good one to make.

H.M.JR: That is pretty much of a bribe.

MR. WHITE: I think I would put it, "...because I want you on there and you appropriately belong on there."

Then say, coupled with the request not to say anything publicly - I can see your point--

H.M.JR: Maybe you don't have to say the other.

MRS. KLOTZ: It all depends on the way you put it. I think you can put it all right.

H.M.JR: I can't do it in the next five minutes.

MR. WHITE: He is liable to talk long.

H.M.JR: No, I have been cutting corners all day long.

Look, old man, on the way down, talk to me about this thing.

One of the first things I learned in direct mail, never thank a man in advance for something if you are going to ask him a favor.

MR. SMITH: I have never even seen it. I have never read it.

H.M.JR: I can't get this through War Bonds. Before I do anything, you have got to pass on it. They send twenty-seven thousand telegrams, which I am not going to do. They can go by letter. Twenty-seven thousand telegrams is bad public relations.

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MR. SMITH: That is a lot of them.

H.M. JR: Yes, he said so. It is bad public relations, and the whole thing is bad.

I am sorry if War Bonds annoy you (Smith).

MR. SMITH: You do want Acheson at your press conference today, don't you?

H.M. JR: Yes, I think so.

MR. SMITH: We asked him to come. He is going to check with Mr. Hull.

H.M. JR: Is he coming here?

MR. O'CONNELL: At a quarter of.

MR. SMITH: Do you want to take your speech along with you?

H.M. JR: Yes.

MR. SMITH: I hope it is done.

H.M. JR: Where is Mr. Acheson?

MR. WHITE: He will be here at a quarter of.

April 20, 1944
4:15 p.m.

Re: PRESS CONFERENCE

Present: Mr. White
Mr. Smith
Mrs. Klotz
Mr. Luxford
Mr. Bernstein
Mr. Shaeffer

H.M.JR: Charlie, I want you to get this over to State before my press conference. Mr. Hull, Mr. Acheson tells us, doesn't want Dean Acheson to come to the press conference because anything he does, he wants to do himself!

Dean said Mr. Hull was very much annoyed because somebody in the State Department made a speech the other day. He doesn't like any publicity in connection with it unless he, Mr. Hull, has it himself.

MR. WHITE: Would he have wanted to come up with you to meet these people?

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

MR. WHITE: I mean the leaders?

H.M.JR: Maybe. You know this is very unusual.

MR. WHITE: Does Hull want to appear before these Committees?

H.M.JR: I don't know. Dean said I turned this thing around. Hull doesn't like Berle. He said I turned this around. Hull wants to get the publicity and I don't want to get my name in the paper to get the old man upset in any way.

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He says he is very peculiar. That is why I took Dean for a walk.

MR. WHITE: I wonder if you would want to call Hull up.

H.M.JR: No, I think it is all right.

MR. WHITE: We have a Russian delegation. They will have to go back.

H.M.JR: You can all go out, but let me read this, please.

MR. WHITE: I will be back in a few minutes.

H.M.JR: It will be too late. You have me saying something, and I have to settle these things.

MR. WHITE: All right.

(Mr. White leaves the conference temporarily)

H.M.JR: I want those three men in.

(Mr. Luxford and Mr. Bernstein enter the conference)

H.M.JR: Why do you put more stuff in now at the last minute?

MR. SMITH: The only reason is because Smith is on our trail.

H.M.JR: You can't answer it.

MR. SMITH: But he has a good press.

H.M.JR: But you can say things that will get me a bad press.

(Mr. White re-entered the conference)

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MR. WHITE: I adjourned the meeting.

MR. SMITH: This is the way it was. (Deletes several sentences from the Secretary's draft of statement)

H.M.JR: Now the rest is the same?

MR. SMITH: Just the same except for some minor things, and the change you made on the last page about Mr. Roosevelt.

Now, here was another change you suggested making: "International cooperation on monetary and financial matters is the keystone of successful cooperation on all international and economic problems. Unless we can agree to expand and develop the world economy, few other agreements which we might make will or can be effective."

H.M.JR: Can I see that, please?

MR. SMITH: That was where you got your "keystone" in, remember?

H.M.JR: I think that is all right. Anybody not think that is all right - since Hull is so sensitive on the thing?

MR. LUXFORD: I think it is very good.

MR. WHITE: You might stick in "...the world economy."

MR. SMITH: It is in there.

H.M.JR: It says, "Unless we can agree to expand and develop the world economy, few other agreements which we might make will or can be effective."

MR. WHITE: "Unless we agree to expand world trade and economy" - everybody is in favor of world trade.

H.M.JR: "To develop world trade"?

MR. WHITE: "...expand world trade."

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MR. SMITH: He wants to put "world trade" as well as "economy." He wants to say "world economy and world trade."

MR. BERNSTEIN: "Expand world trade and develop world economy."

MR. WHITE: That would be better.

H.M.JR: Everything else is practically the same?

MR. SMITH: Yes. And then the last page is the thing you dictated word for word.

H.M.JR: Now, one thing I want to do when this is over. Those telegrams that we have, all these invitations, those all ought to be answered over my signature tomorrow. Do you have anybody in your office can do it?

MR. SMITH: I will find somebody.

H.M.JR: Tell Charlie to draft some telegrams.

MR. SMITH: We have about six more now.

H.M.JR: Whatever they are - because Rayburn said to me, "Be sure to let Patman know yourself." So as long as we are going to do it, the more people we are doing a personal favor to, the better. I would like those to go out tomorrow.

MR. LUXFORD: How did it go on the Hill?

H.M.JR: Very well.

April 19, 1944

This is a great step forward. Its importance on ~~the~~ post-war monetary matters cannot be overemphasized; and the agreement

Gentlemen:

I am happy to tell you today that the technical experts of thirty United Nations including our own and those of Great Britain have agreed upon a set of basic principles to govern an International Monetary Stabilization Fund. ~~The experts of~~

Representative of some of these nations

~~some of these nations~~ have prepared a joint statement of the principles. I want to call ~~your~~ *particular* attention to some of the facts

contained in this joint statement, but before I do that, I should like to take a few moments of your time to review with you some of the things that have happened since I last appeared before these Committees on October 5 of last year. At that time I told you I would like to keep you informed of progress, and accordingly I ~~am grateful for~~ *am grateful* for this opportunity to bring you up to date.

Shortly after our meeting last October, many of the differences of opinion ~~between the experts~~ *that existed then* of this country and ~~the experts~~ of the United Kingdom were resolved in a series of ~~meetings~~ *conferences*

~~meetings~~ between representatives of the two nations. Lord John Maynard Keynes headed a ~~delegation~~ *British* to this country, and spent a month conferring with representatives of the Treasury and other governmental departments. Since they ~~returned,~~ *their conferring* ~~extended correspondence with them has cleared up the remaining~~ points of difference. *have been cleared up through correspondence.*

This is a valuable asset, and I believe that the experts of the United States and the United Kingdom have done a very good job in what they have done.

- 2 -

In January of this year a delegation came to Washington from the U.S.S.R. and conferences with this group have been almost continuous up to the present time, ^{and} Practically no important points of difference remain to be settled ~~between the representatives of our two countries.~~

We have been in agreement with the Chinese since before ~~my last appearance here, the October 5 meeting,~~ and the meetings we have had with them since that time have been called chiefly to keep them up to date. This is also the case with numerous other countries, most of whom were in agreement as early as May and June of last year.

Since I last talked to you, we have taken steps in another direction. We have discussed the principles of ~~our~~ International Stabilization and World Bank ^{programs} ~~plans~~ with bankers, labor representatives and other interested groups in Washington, Chicago, Boston, Philadelphia, New York, Richmond and other major cities. Out of these meetings ^{came} ~~our own people received a~~ ~~great~~ many helpful suggestions, and I believe it is safe to say that ^{we found} the vast majority of those who are inclined to look favorably upon the principles of controlling currencies and values on an international basis at the Government level, are in fundamental agreement with our plans and principles. ~~The~~ ^{Any} opposition that we have encountered has been largely the opposition to the basic principle of creating an International Stabilization

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Fund; and although there seems to be some difference of opinion on this subject among those in control of the central banking systems of the various nations, there is no ~~deviation~~ ^{doubt} among the monetary experts of any of the nations, ~~from the conviction~~ that such an international fund is essential if the world economy is not to be threatened after the cessation of hostilities, by uncontrolled ^{and uncontrolled} currencies. ~~To state it briefly,~~ The consensus of these experts is that private investment on a world wide basis is vital to post-war recovery ~~and~~ reconstruction, and that the stabilization of currencies among the United Nations is a ^(to this investment) necessary prerequisite. We cannot expect American business men, nor business men of any nation to take major financial risks without some assurance that ^{their} investments will not be ^{jeopardized} ~~damaged~~ by fluctuating money values.

Having studied the world picture after the last war, ~~these~~ ^{we are all} ~~monetary experts~~ are agreed that steps must be taken to prevent, insofar as possible, unavoidable fluctuations of currency; and to prohibit ^{deliberate} manipulation of currencies in an effort to repair the fiscal damage done by the war.

Insofar as the proposed world bank is concerned, considerable progress has been made since our October 5 meeting. American technical ^{men} ~~experts~~ and interested agencies such as the export-import bank, and labor representatives, and other interested

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groups have held conferences in Washington. Representatives of the United Kingdom, of Russia, of China, Cuba, Yugoslavia, and Poland have met to explore the problems and ^{proposed} ~~the~~ solutions as suggested in the world bank plan. I can say that there is considerable support for the general principles embodied in the world bank, although no joint statement has yet been agreed upon by these nations.

Because ~~these~~ ^{on the World Bank} discussions were initiated somewhat later they have not yet been completely finished. I can tell you, however, that considerable progress has been made and that we believe we have the basis for agreement among the technical experts of the United Nations. There is every indication now that the technical experts will soon issue a statement of principles setting forth their recommendations on the establishment of a Bank for Reconstruction and Development.

All of the countries with whom our technical experts have discussed this problem regard the revival of international investment after the war as essential to the expansion of international trade and the maintenance of a high level of business activity. This will be possible only if steps are taken to encourage and aid private investors in providing an adequate volume of long-term investment capital for productive purposes.

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The discussions we have had contemplate the establishment of a Bank for Reconstruction and Development which will facilitate the provision of long-term investment capital through private financial agencies by guaranteeing and participating in loans made by private investors. The Bank would also supplement investment of private financial agencies if this becomes necessary by lending for productive purposes from its own resources when private capital is otherwise not available on reasonable terms.

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A full statement of the recommendations of the experts on the establishment of a Bank for Reconstruction and Development and of the principles on which such a Bank should be based is still in preparation. It is my hope that this statement of principles will soon be completed and that it will be issued later. Before it is published, I shall inform your committees of the recommendations of the experts of the United Nations.

Now I should like to explain some of the basic principles upon which we are all agreed in connection with the International Stabilization Fund.

Here are the purposes and policies as set forth in the joint statement:

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- (1) To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.
- (2) To facilitate the expansion and balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment and real income, which must be a primary objective of economic policy.
- (3) To give confidence to member countries by making the Fund's resources available to them under adequate safeguards, thus giving members time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.
- (4) To promote ~~stability~~ exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.
- (5) To assist in the establishment of multilateral payments facilities on current transactions among member countries and in the elimination of foreign exchange restrictions which hamper the growth of world trade.
- (6) To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of ~~these~~ member countries.

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The joint statement ~~rather~~ explains that, All of the United and Associated Nations would subscribe approximately \$8 billion to the Fund in the form of gold and local currency. The resources of the Fund would be available under adequate safeguards to help member countries to maintain exchange stability while they correct maladjustments in their balance of payments. Member countries would be able to buy foreign exchange from the Fund with their own currencies, to the extent of their quotas, to meet international payments consistent with the purposes of the Fund. If a member country makes use of the Fund in a manner contrary to its purposes and policies, the Fund would give appropriate notice that it would sell additional exchange to the member country only in limited amounts and under specific conditions.

The par value of currencies of member countries would be expressed in gold and could be changed only at the request of member countries after consultation with the Fund and with its approval. The Fund would approve a requested change in parity only if it were essential to correct fundamental disequilibrium. Prompt consideration would be given to requests for necessary adjustment of exchange rates.

Voting power in the Fund would be closely related to quotas. A member country could withdraw from the Fund immediately by giving notice in writing. Thereafter, the

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reciprocal obligations of the Fund and the country would be liquidated within a reasonable time.

Member countries would not allow their exchange rates to fluctuate outside a prescribed range based on the agreed gold parity. They would not impose restrictions on payments for current international transactions or engage in discriminatory currency practices without approval of the Fund.

During the period of transition following the war, member countries would be permitted to retain their exchange controls with the expectation that these would be gradually relaxed. Three years after the establishment of the Fund any member still retaining restrictions inconsistent with these principles would consult with the Fund as to their retention.

I am frank to say that in my opinion the agreement of the technical experts to these principles is the most important development on international monetary policy in this generation. The way to prevent a breakdown of currencies and the imposition and retention of restrictive and discriminatory ~~and~~ exchange measures after the war is by providing now for international cooperation to assure a stable and orderly pattern of exchange rates. The purposes set forth in this Joint Statement have long been the international monetary policies of the United States. For years it has been our objective to have these policies adopted by other countries. We know of no better way of assuring general

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adherence to these international monetary policies than through international cooperation in an International Monetary Fund.

for the other agreements which we must make well in time to effectuate.

The discussions we have had contemplate the establishment of a Bank for Reconstruction and Development which will facilitate the provision of long-term investment capital through private financial agencies by guaranteeing and participating in loans made by private investors. The Bank would also supplement investment of private financial agencies if this becomes necessary by lending for productive purposes from its own resources when private capital is otherwise not available on reasonable terms.

The world economy is broken. We must agree to reconstruct and protect it.

A full statement of the recommendations of the experts on the establishment of a Bank for Reconstruction and Development and of the principles on which such a Bank should be based is still in preparation. It is my hope that this statement of principles will soon be completed and that it will be issued later. Before it is published, I shall inform your committees of the recommendations of the experts of the United Nations.

We believe that it is of the greatest importance that all of the United Nations are in agreement on the best means to deal with these international financial problems after the war. This is concrete evidence that the United Nations can and will work together in establishing a peaceful and prosperous world just as they are now fighting together to destroy tyranny and oppression.

Could be basis of new cooperation on all fronts.

The tentative proposals that have been under discussion by the technical experts are part of a program for cooperation on international economic problems among the United Nations. The objectives of this program are the expansion and development of international trade, the restoration of international investment for productive purposes, the

cooperation on this point is the starting point of international cooperation on all fronts.

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maintenance of stable and orderly exchanges, and through these means to contribute to a high level of employment and production. The establishment of an International Monetary Fund and a Bank for Reconstruction and Development are important steps in the attainment of the objectives of this broad program.

I want to emphasize again that the discussions up to now have all been of a technical nature and exploratory in character. Whatever has been done represents the views of the technical experts of this country and of other countries that have been studying these questions. No country, including the United States, will be committed until there has been a formal conference which will draft definite proposals to be submitted to Congress for its action. It is my hope that after studying the recommendations of the technical experts, the governments of the United Nations will come to the conclusion that there is sufficient basis of agreement at a technical level to warrant the convening of a formal conference. I am happy to say that the President has authorized me to state that if a conference is held, the American delegation would probably include representatives of both houses of Congress.

Gentlemen:

I am happy to tell you today that the technical experts of thirty United Nations including our own and those of Great Britain have agreed upon a set of basic principles to govern an International Monetary Stabilization Fund. This is a great step forward. Its importance on post-war monetary matters cannot be overemphasized; and this agreement is a valuable asset, also to those of us who believe that the nations of the world can and will agree on matters that control our international economic and social well-being. This is the first major step to be contemplated in post-war international cooperation; its success to date is, I believe, prophetic.

Representatives of some of these thirty nations have prepared a joint statement of the principles which have been agreed upon. I want to call particular attention to some of the facts contained in this joint statement, but before I do that, I should like to take a few moments of your time to review with you some of the things that have happened since I last appeared before these Committees on October 5 of last year. At that time, I told you I would like to keep you informed of progress, and accordingly I appreciate this opportunity to bring you up to date.

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Shortly after our meeting last October, a series of conferences were held in which many of the differences of opinion that existed then between representatives of this country and those of the United Kingdom were resolved. Lord John Maynard Keynes headed a British delegation to this country, and spent a month conferring with representatives of the Treasury and other governmental departments. Since their return to their own country the remaining points of difference have been cleared up through correspondence.

In January of this year a delegation came to Washington from the U.S.S.R. and conferences with this group have been almost continuous up to the present time, and practically no important points of difference remain to be settled.

We have been in agreement with the Chinese since before my last appearance here, and the meetings we have had with them since that time have been called chiefly to keep them up to date. This is also the case with numerous other countries, most of whom were in agreement as early as May and June of last year.

Since I last talked to you, we have taken steps in another direction. We have discussed the principles of International Stabilization and World Bank programs with bankers, labor

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representatives and other interested groups in Washington, Chicago, Boston, Philadelphia, New York, Richmond and other major cities. Out of these meetings came many helpful suggestions. I believe it is safe to say that we found ^{that} the vast majority of those who are inclined to look favorably upon the principle of controlling currencies and values on an international basis at the Government level, are in fundamental agreement with our plans and principles. Any opposition that we have encountered has been largely opposition to the basic principle of creating an International Stabilization Fund, and although there seems to be ~~some~~ difference of opinion on this subject among those in control of the central banking systems of the various nations, there is no doubt among the monetary experts of any of the nations, that such an international fund is essential if the world economy is not to be threatened after the cessation of hostilities, by uncontrolled and uncontrollable currencies. The consensus of these experts is that private investment on a world wide basis is vital to post-war recovery and reconstruction, and that the stabilization of currencies among the United Nations is a necessary prerequisite to this investment. We cannot expect American business men, nor business men of any nation, to take major

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financial risks without some assurance that their investments will not be jeopardized by fluctuating money values.

Having studied the world picture after the last war, we are all agreed that steps must be taken to prevent, insofar as possible, unavoidable fluctuations of currency; and to prohibit deliberate manipulation of currencies in an effort to repair the fiscal damage done by the war.

Insofar as the proposed world bank is concerned, considerable progress has been made since our October 5 meeting. American technical men and interested agencies such as the export-import bank, and labor representatives, and other interested groups have held conferences in Washington. Representatives of the United Kingdom, of Russia, of China, Cuba, Yugoslavia, and Poland have met to explore the problems and projected solutions as suggested in the World Bank Plan. I can say that there is considerable support for the general principles embodied in the World Bank, although no joint statement has yet been agreed upon by these nations.

Because discussions on the World Bank were initiated somewhat later they have not yet been completely finished. I can tell you, however, that considerable progress has been made and that we believe we have the basis for agreement among the

- 5 -

technical experts of the United Nations. There is every indication now that the technical experts will soon issue a statement of principles setting forth their recommendations on the establishment of a Bank for Reconstruction and Development.

All of the countries with whom our technical experts have discussed this problem regard the revival of international investment after the war as essential to the expansion of international trade and the maintenance of a high level of business activity. This will be possible only if steps are taken to encourage and aid private investors in providing an adequate volume of long-term investment capital for productive purposes.

The discussions we have had contemplate the establishment of a Bank for Reconstruction and Development which will facilitate the provision of long-term investment capital through private financial agencies by guaranteeing and participating in loans made by private investors. The Bank would also supplement investment of private financial agencies if this becomes necessary by lending for productive purposes from its own resources when private capital is otherwise not available on reasonable terms.

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A full statement of the recommendations of the experts on the establishment of a Bank for Reconstruction and Development and of the principles on which such a Bank should be based is still in preparation. It is my hope that this statement of principles will soon be completed and that it will be issued later. Before it is published, I shall inform your committees of the recommendations of the experts of the United Nations.

Now I should like to explain some of the basic principles upon which we are all agreed in connection with the International Stabilization Fund.

Here are the purposes and policies as set forth in the joint statement:

- (1) To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.
- (2) To facilitate the expansion and balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment and real income, which must be a primary objective of economic policy.
- (3) To give confidence to member countries by making the Fund's resources available to them under adequate

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safeguards, thus giving members time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.

- (4) To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.
- (5) To assist in the establishment of multilateral payments facilities on current transactions among member countries and in the elimination of foreign exchange restrictions which hamper the growth of world trade.
- (6) To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.

The joint statement explains that all of the United and Associated Nations would subscribe approximately \$8 billion to the Fund in the form of gold and local currency. The resources of the Fund would be available under adequate safeguards to help member countries to maintain exchange stability while they correct maladjustments in their balance of payments.

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Member countries would be able to buy foreign exchange from the Fund with their own currencies, to the extent of their quotas, to meet international payments consistent with the purposes of the Fund. If a member country makes use of the Fund in a manner contrary to its purposes and policies, the Fund would give appropriate notice that it would sell additional exchange to the member country only in limited amounts and under specific conditions.

The par value of currencies of member countries would be expressed in gold and could be changed only at the request of member countries after consultation with the Fund and with its approval. The Fund would approve a requested change in parity only if it were essential to correct fundamental disequilibrium. Prompt consideration would be given to requests for necessary adjustment of exchange rates.

Voting power in the Fund would be closely related to quotas. A member country could withdraw from the Fund immediately by giving notice in writing. Thereafter, the reciprocal obligations of the Fund and the country would be liquidated within a reasonable time.

Member countries would not allow their exchange rates to fluctuate outside a prescribed range based on the agreed gold parity. They would not impose restrictions on payments for

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current international transactions or engage in discriminatory currency practices without approval of the Fund.

During the period of transition following the war, member countries would be permitted to retain their exchange controls with the expectation that these would be gradually relaxed. Three years after the establishment of the Fund any member still retaining restrictions inconsistent with these principles would consult with the Fund as to their retention.

I am frank to say that in my opinion the agreement of the technical experts to these principles is the most important development on international monetary policy in this generation. The way to prevent a breakdown of currencies and the imposition and retention of restrictive and discriminatory exchange measures after the war is by providing now for international cooperation to assure a stable and orderly pattern of exchange rates. The purposes set forth in this Joint Statement have long been the international monetary policies of the United States. For years it has been our objective to have these policies adopted by other countries. We know of no better way of assuring general adherence to these international monetary policies than through international cooperation in an International Monetary Fund.

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We believe that it is of the greatest importance that all of the United Nations are in agreement on the best means to deal with these international financial problems after the war. This is concrete evidence that the United Nations can and will work together in establishing a peaceful and prosperous world just as they are now fighting together to destroy tyranny and oppression. And I believe it can be said that international cooperation on this front is the starting point of international cooperation on all fronts. Unless we agree to respect and protect the world economy, few other agreements which we might make will or can be effective.

The tentative proposals that have been under discussion by the technical experts are part of a program for cooperation on international economic problems among the United Nations. The objectives of this program are the expansion and development of international trade, the restoration of international investment for productive purposes, the maintenance of stable and orderly exchanges, and through these means to contribute to a high level of employment and production. The establishment of an International Monetary Fund and a Bank for Reconstruction and Development are important steps in the attainment of the objectives of this broad program.

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I want to emphasize again that the discussions up to now have all been of a technical nature and exploratory in character. Whatever has been done represents the views of the technical experts of this country and of other countries that have been studying these questions. No country, including the United States, will be committed until there has been a formal conference which will draft definite proposals to be submitted to Congress for its action. It is my hope that after studying the recommendations of the technical experts, the governments of the United Nations will come to the conclusion that there is sufficient basis of agreement at a technical level to warrant the convening of a formal conference. I am happy to say that the President has authorized me to state that if a conference is held, the American delegation would probably include representatives of both houses of Congress.

Gentlemen:

I am happy to tell you today that technical experts of the United Nations have agreed upon a set of basic principles for an International Monetary Stabilization Fund. This is a great step forward. ~~Its significance can hardly be exaggerated.~~ It is of ^{the} greatest importance to all of us who believe that the nations of the world can cooperate in dealing with international economic problems. This is the first major move to be contemplated in post-war international ^{economic} cooperation; and its success to date is, I believe, prophetic.

Technicians representing some of these thirty nations have prepared a joint statement of the principles which are agreed upon. This statement does not, of course, bind any government to participate in the Stabilization Fund, though it does mean that the Fund will be recommended to each of the governments as a practical means of meeting post-war monetary problems.

I want to call particular attention to some of the facts contained in this joint statement, but before I do that, I should like to review with you some of the things that have happened since I appeared before these Committees on October 5 of last year. At that time, I told you I would like to keep you informed of progress, and accordingly I appreciate this opportunity to bring you up to date.

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Since I last talked to you, we have discussed the principles of the International Stabilization program with bankers, labor representatives and other interested groups in Washington, Chicago, Boston, Philadelphia, New York, ~~Richmond~~ and other cities. Out of these meetings came helpful suggestions, many of which were incorporated in our plans. ~~I might mention one in particular: the Foreign Exchange Committee of the New York market, including representatives of the leading New York banks and one Canadian bank, came to Washington to discuss with us this tentative proposal. During the conference, they pointed out the desirability of requiring the Fund to give appropriate notice before terminating the right of a member country to purchase foreign exchange for local currency. As a result of this discussion, a basic provision to this end has been incorporated into the Joint Statement.~~

The vast majority of those with whom we have talked are inclined to look favorably upon the principle of cooperation to maintain stable and orderly exchange rates. Informed opinion seems to point to private investment on a world wide basis as vital to post-war recovery and reconstruction; and the stabilization of currencies among the United Nations through the medium of an international fund, is generally believed to be a necessary prerequisite to this investment. I believe we

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cannot expect American business men, nor business men of any nation, to take major financial risks, immediately upon the heels of a catastrophic global war, without some assurance that steps have been taken to prevent their investments from being jeopardized by unduly fluctuating money values, *and direct to do it*

Having studied the world picture after the last war, we are all agreed that steps must be taken to prevent, insofar as possible, harmful fluctuations of currency; and to prohibit deliberate manipulation of currencies in an effort to secure unfair competitive advantage in world trade.

I want to point out that we have kept the interests of the American economy very much in mind in planning the type of international cooperation set forth in the statement of principles.

As one might expect, especially in our election year, there is, occasionally, some uninformed comment to the effect that the United States will suffer as a result of International cooperation in the monetary and economic fields. Some suggestion has been heard that we cannot become an important force in world reconstruction without compromising our own sovereignty.

I believe it is obvious to all reasonable and informed people that in a world as small as ours has come to be, American

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business, and accordingly, the American economy, cannot move forward while the economies of other nations slip backward.

~~There would be slight advantage in our being the wealthiest nation in the Universe if all the other nations in the world had little or no wealth, and if all the other nations' standards of living were so far beneath our own that international business and commerce would be impossible.~~

~~Of course,~~ There is no reason or logic in the statement that all the other nations in the world can prosper only at our expense; but there is both reason and logic in the assertion that the stability and progress of our own economy can be sabotaged by seriously fluctuating situations in the nations with which we must live and trade.

Thus it becomes of vital importance to every nation in the world, including our own, to seek cooperation of all other nations in maintaining steady and dependable monetary and economic policies. That is what we have set out to do. That is all we have set out to do. We have not planned, nor permitted to be planned, an international Shave-the-Wealth scheme.

When I was here on October 5, I spoke of a projected *international* ~~world~~ bank for reconstruction and development.

Because discussions on the ~~World~~ Bank were initiated somewhat later they have not yet been completely finished. I can

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tell you, however, that there is considerable support for the general principles embodied in the ~~World~~ Bank, and that good progress has been made. ~~We believe that already we have the basis for agreement among the technical experts of the United Nations.~~

All of the international representatives with whom we have discussed the problem of reviving international investment after the war regard the ~~World~~ Bank as essential to the expansion of international trade and the maintenance of a high

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level of business activity. They believe it necessary to take steps to encourage and aid private investors in providing an adequate volume of long-term investment capital for productive purposes.

The discussions we have had contemplate the establishment of a Bank for Reconstruction and Development which will facilitate the provision of long-term investment capital through private financial agencies by guaranteeing and participating in loans made by private investors. The Bank would also supplement investment of private financial agencies if this becomes necessary by lending for productive purposes from its own resources when private capital is otherwise not available on reasonable terms.

A full statement of the recommendations of the experts on the establishment of a Bank for Reconstruction and Development and of the principles on which such a Bank should be based is still in preparation. It is my hope that this statement of principles will soon be completed and that it will be issued later. Before it is published, I shall inform your committees of the recommendations of the experts of the United Nations.

Now I should like to explain briefly some of the basic principles upon which the technicians are agreed in connection

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with the International Monetary Fund.

Here are the purposes and policies as set forth in the joint statement:

- (1) To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.
- (2) To facilitate the expansion and balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment and real income, which must be a primary objective of economic policy.
- (3) To give confidence to member countries by making the Fund's resources available to them under adequate safeguards, thus giving members time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.
- (4) To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.
- (5) To assist in the establishment of multilateral payments facilities on current transactions among member

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countries and in the elimination of foreign exchange restrictions which hamper the growth of world trade.

- (6) To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.

The joint statement recommends that all of the United and Associated Nations would subscribe approximately \$8 billion to the Fund in the form of gold and local currency. The resources of the Fund would be available under adequate safeguards to help member countries to maintain exchange stability which they correct maladjustments in their balance of payments. Member countries would be able to buy foreign exchange from the Fund with their own currencies, to the extent of their quotas, to meet international payments consistent with the purposes of the Fund. ~~If a member country makes use of the Fund in a manner contrary to its purposes and policies, the Fund would give appropriate notice that it would sell additional exchange to the member country only in limited amounts and under prescribed conditions.~~

The par value of currencies of member countries would be expressed in gold and could be changed only at the request of

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member countries after consultation with the Fund and with its approval. The Fund would approve a requested change in parity only if it were essential to correct fundamental disequilibrium. Prompt consideration would be given to requests for necessary adjustment of exchange rates.

Voting power in the Fund would be closely related to quotas. A member country could withdraw from the Fund immediately by giving notice in writing. Thereafter, the reciprocal obligations of the Fund and the country would be liquidated within a reasonable time.

~~Member countries would not allow their exchange rates to fluctuate outside a prescribed range based on the agreed gold parity. They would not impose restrictions on payments for current international transactions or engage in multiple currency practices without approval of the Fund.~~

During the period of transition following the war, member countries would be permitted to retain their exchange controls with the expectation that these would be gradually relaxed.

~~Three years after the establishment of the Fund any member still retaining restrictions inconsistent with these principles would consult with the Fund as to their retention.~~

I am frank to say that in my opinion the agreement of the technical experts to these principles is the most important

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development on international monetary policy in this generation. The way to prevent a breakdown of currencies and the imposition and retention of restrictive and discriminatory exchange measures after the war is by providing now for international cooperation to assure a stable and orderly pattern of exchange rates. The purposes set forth in this Joint Statement have long been the international monetary policies of the United States. For years it has been our objective to have these policies adopted by other countries. We know of no better way of assuring general adherence to these international monetary policies than through international cooperation in an International Monetary Fund.

We believe that it is of the greatest importance that all of the United Nations are in agreement on the best means to deal with these international financial problems after the war. This is concrete evidence that the United Nations can and will work together in establishing a peaceful and prosperous world just as they are now fighting together to destroy tyranny and oppression. ~~And I believe it can be said that international cooperation on this front is the starting point of international cooperation on all fronts.~~ Unless we agree to expand and develop the world economy, few other agreements which we might

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make will or can be effective.

The tentative proposals that have been under discussion by the technical experts are part of a program for cooperation on international economic problems among the United Nations. The objectives of this program are the expansion and development of international trade, the restoration of international investment for productive purposes, the maintenance of stable and orderly exchanges, and through these means to contribute to a high level of employment and production. The establishment of an International Monetary Fund and a Bank for Reconstruction and Development are important steps in the attainment of the objectives of this broad program.

I want to emphasize again that the discussions up to now have all been of a technical nature and exploratory in character. Whatever has been done represents the views of the technical experts of this country and of other countries that have been studying these questions. The United States ~~will~~ not in any way be committed until Congress has taken action.

It is my hope that after studying the recommendations of the technical experts, the governments of the United Nations will come to the conclusion that there is sufficient basis of

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agreement at a technical level to warrant the convening of a formal conference.

I am happy to say that the President has authorized me to state that if a conference is held, the American delegation would ~~possibly~~ include representatives of both Houses of Congress.

Draft Statement before Cong. Comm.

Gentlemen:

I am happy to tell you today that technical experts of the United Nations have agreed upon a set of basic principles for an International Monetary Stabilization Fund. This is a great step forward. It is of greatest importance to all of us who believe that the nations of the world can cooperate in dealing with international economic problems. (~~This is the first major move to be contemplated in post-war international economic cooperation; and its success to date is, I believe, prophetic.~~)

Technicians representing some of these thirty nations have prepared a joint statement of the principles which are agreed upon. This statement does not, of course, bind any government to participate in the Stabilization Fund, though it does mean that the Fund will be recommended to each of the governments as a practical means of meeting post-war monetary problems.

I want to call particular attention to some of the facts contained in this joint statement, but before I do that, I should like to review with you some of the things that have happened since I appeared before these Committees on October 5 of last year. At that time, I told you I would like to keep you informed of progress, and accordingly I appreciate this opportunity to bring you up to date.

- 2 -

Since I last talked to you, we have discussed the principles of the International Stabilization program with bankers, labor representatives and other interested groups in Washington, Chicago, Boston, Philadelphia, New York, and other cities. Out of these meetings came helpful suggestions, many of which were incorporated in our plans.

The vast majority of those with whom we have talked are inclined to look favorably upon the principle of cooperation to maintain stable and orderly exchange rates. Informed opinion seems to point to private investment on a world wide basis as ^{is} vital to post-war recovery and reconstruction; and the stabilization of currencies among the United Nations through the medium of an international fund, is generally believed to be a necessary prerequisite to this investment. I believe we cannot expect American business men, nor business men of any nation, to take major financial risks, immediately upon the heels of a catastrophic global war, without some assurance that steps have been taken to prevent their investments from being jeopardized by unduly fluctuating money values and severe exchange restrictions.

Having studied the world picture after the last war, we are all agreed that ~~steps~~ ^{an effort made} must be ~~taken~~ to prevent, insofar as

- 3 -

possible, harmful fluctuations of currency; and to prohibit deliberate manipulation of currencies in an effort to secure unfair competitive advantage in world trade.

~~I want to point out that we have kept the interests of the American economy very much in mind in planning the type of international cooperation set forth in the statement of principles.~~

~~As one might expect, especially in our election year, there is, occasionally, some uninformed comment to the effect that the United States will suffer as a result of International cooperation in the monetary and economic fields. Some suggestion has been heard that we cannot become an important force in world reconstruction without compromising our own sovereignty.~~

~~I believe it is obvious to all reasonable and informed people that in a world as small as ours has come to be, American business, and accordingly, the American economy, cannot move forward while the economies of other nations slip backward.~~

~~There is no reason or logic in the statement that all the other nations in the world can prosper only at our expense; but there is both reason and logic in the assertion that the stability and progress of our own economy can be sabotaged~~

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by seriously fluctuating situations in the nations with which we must live and trade.

Thus it becomes of vital importance to every nation in the world, including our own, to seek cooperation of all other nations in maintaining steady and dependable monetary and economic policies. That is what we have set out to do. That is all we have set out to do. We have not planned, nor permitted to be planned, as some commentators would have the American public believe, an international Share the Wealth scheme.

When I was here on October 5, I spoke of a projected International bank for reconstruction and development.

Because discussions on the Bank were initiated somewhat later they are not yet completely finished. I can tell you, however, that there is considerable support for the general principles embodied in the World Bank, and that good progress has been made.

~~The international representatives~~ ^{those} with whom we have discussed the problem of reviving ^{post war} international investment ~~after the war~~ regard the bank as essential to the expansion of international trade and the maintenance of a high

- 4 -

level of business activity. They believe it necessary to take steps to encourage and aid private investors in providing an adequate volume of long-term investment capital for productive purposes.

The discussions we have had contemplate the establishment of a Bank for Reconstruction and Development ~~which will~~ ^{to} facilitate ~~the provision of~~ long-term investment capital through private financial agencies by guaranteeing and participating in loans made by private investors. The Bank would also supplement investment of private financial agencies, if this becomes necessary, by lending for productive purposes from its own resources when private capital is otherwise not available on reasonable terms.

A full statement of ~~the~~ recommendations ~~of the experts~~ on the establishment of ^{Such} a Bank, ~~for Reconstruction and Development~~ and of the principles on which such a Bank should be based, is still in preparation ^{by technicians}. It is my hope that this statement of principles will soon be completed and that it will be issued later. Before it is published, I shall ^{fully} inform your committee ~~of the recommendations of the experts of the United Nations.~~

Now I should like to explain briefly some of the basic principles upon which the technicians are agreed in connection

- 5 -

with the International Monetary Fund.

Here are the purposes and policies as set forth in the joint statement:

- (1) To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.
- (2) To facilitate the expansion and balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment and real income, which must be a primary objective of economic policy.
- (3) To give confidence to member countries by making the Fund's resources available to them under adequate safeguards, thus giving members time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.
- (4) To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.
- (5) To assist in the establishment of multilateral payments facilities on current transactions among member countries

- 6 -

- and to and in*
~~countries and in~~ the elimination of foreign exchange restrictions which hamper the growth of world trade.
- (6) To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.

The joint statement recommends that all of the United and Associated Nations subscribe approximately \$8 billion to the Fund in the form of gold and local currency. The resources of the Fund would be available under adequate safeguards to help member countries to maintain exchange stability ^{and to} ~~which they~~ correct maladjustments in their balance of payments. Member countries would be able to buy foreign exchange from the Fund with their own currencies, to the extent of their quotas, ^{in order} to meet international payments consistent with the purposes of the Fund.

The par value of currencies of member countries would be expressed in gold and could be changed only at the request of member countries after consultation ^{and approval of} ~~with~~ the Fund ~~and with its~~ ~~approval~~. The Fund would approve a requested change in parity only if it were essential to correct fundamental disequilibrium. Prompt consideration would be given to requests for necessary

- 7 -

adjustment of exchange rates. Member countries would not allow their exchange rates to fluctuate outside a narrow range based on the agreed gold parity.

Voting power in the Fund would be closely related to quotas. A member country could withdraw from the Fund immediately by giving notice in writing, ~~Thereafter, the~~ ^{and} ~~reciprocal obligations of the Fund and the country~~ would be liquidated within a reasonable time.

During the period of transition following the war, member countries would be permitted to retain their exchange controls with the expectation that these would be gradually relaxed.

I am frank to say that in my opinion the agreement of the technical experts to these principles ^{constitutes a long step on} ~~is~~ the way ^{toward} preventing a breakdown of currencies and the imposition and retention of restrictive and discriminatory exchange measures after the war ^{through} ~~is by providing now for~~ international cooperation ^{now we can} assure a stable and orderly pattern of ^{postwar} exchange rates. The purposes set forth in this Joint Statement have long been the international monetary policies of the United States. For years it has been our objective to have these policies adopted by other countries. We know of no better way of assuring general adherence to these

- 8 -

~~international monetary~~ policies than through international cooperation in an International Monetary Fund.

We believe that it is of the greatest importance that all of the United Nations are in agreement on the best means to deal with these international financial problems after the war. This is concrete evidence that the United Nations can and will work together in establishing a peaceful and prosperous world just as they are now fighting together to destroy tyranny and oppression.

International cooperation on monetary and financial matters is the keystone of successful cooperation on all international economic problems. Unless we agree to expand ^{world trade} and develop the world economy, few other agreements which we might

- 9 -

make will or can be effective.

The tentative proposals that have been under discussion by the technical experts are part of a program for cooperation on international economic problems among the United Nations. The objectives of this program are the expansion and development of international trade, the restoration of international investment for productive purposes, the maintenance of stable and orderly exchanges, and through these means ^{we can} contribute to a high level of employment and production. The establishment of an International Monetary Fund and a Bank for Reconstruction and Development are important steps in the attainment of the objectives of this broad program.

I want to emphasize again that the discussions up to now have all been of a technical nature and exploratory in character. Whatever has been done represents the views of the technical experts of this country and of other countries that have been studying these questions. The United States ^{is} will not in any way be committed until Congress has taken action.

It is my hope that after studying the recommendations of the technical experts, the governments of the United Nations will come to the conclusion that there is sufficient basis of

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agreement at a technical level to warrant the convening of a formal conference.

I am happy to say that the President has authorized me to state that if a conference is held, it is his intention to invite direct congressional participation in the work of the United States Delegation.

Gentlemen:

I am happy to tell you today that technical experts of the United Nations have agreed upon a set of basic principles for an International Monetary Stabilization Fund. This is a great step forward. It is of greatest importance to all of us who believe that the nations of the world can cooperate in dealing with international economic problems.

Technicians representing some of these thirty nations have prepared a joint statement of the principles which are agreed upon. This statement does not, of course, bind any government to participate in the Stabilization Fund, though it does mean that the Fund will be recommended to each of the governments as a practical means of meeting post-war monetary problems.

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I want to call particular attention to some of the facts contained in this joint statement, but before I do that, I should like to review with you some of the things that have happened since I appeared before these Committees on October 5 of last year. At that time, I told you I would like to keep you informed of progress, and accordingly I appreciate this opportunity to bring you up to date.

Since I last talked to you, we have discussed the principles of the International Stabilization program with bankers, labor representatives and other interested groups in Washington, Chicago, Boston, Philadelphia, New York, and other cities.

- 3 -

Out of these meetings came helpful suggestions, many of which were incorporated in our plans.

The vast majority of those with whom we have talked are inclined to look favorably upon the principle of co-operation to maintain stable and orderly exchange rates. Informed opinion seems to point to private investment on a world-wide basis as vital to post-war recovery and reconstruction; and the stabilization of currencies among the United Nations through the medium of an international fund, is generally believed to be a necessary prerequisite to this investment.

- 4 -

I believe we cannot expect American business men, nor business men of any nation, to take major financial risks, immediately upon the heels of a catastrophic global war, without some assurance that steps have been taken to prevent their investments from being jeopardized by unduly fluctuating money values and severe exchange restrictions.

Having studied the world picture after the last war, we are all agreed that an effort must be made to prevent, insofar as possible, harmful fluctuations of currency; and to prohibit deliberate manipulation of currencies in an effort to secure unfair competitive advantage in world trade.

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When I was here on October 5, I spoke of a projected International Bank for Reconstruction and Development.

Because discussions on the Bank were initiated somewhat later they are not yet completely finished. I can tell you, however, that there is considerable support for the general principles embodied in the World Bank, and that good progress has been made.

Those with whom we have discussed the problem of reviving post-war international investment regard the Bank as essential to the expansion of international trade and the maintenance of a high level of business activity.

- 6 -

They believe it necessary to take steps to encourage and aid private investors in providing an adequate volume of long-term investment capital for productive purposes.

The discussions we have had contemplate the establishment of a Bank for Reconstruction and Development to facilitate long-term investment capital through private financial agencies by guaranteeing and participating in loans made by private investors. The Bank would also supplement investment of private financial agencies, if this becomes necessary, by lending for productive purposes from its own resources when private capital is otherwise not available on reasonable terms.

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A full statement of recommendations on the establishment of such a Bank, and of the principles on which such a Bank should be based, is still in preparation by technicians. It is my hope that this statement of principles will soon be completed and that it will be issued later. Before it is published, I shall fully inform your Committees.

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- (3) To give confidence to member countries by making the Fund's resources available to them under adequate safeguards, thus giving members time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.
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During the period of transition following the war, member countries would be permitted to retain their exchange controls with the expectation that these would gradually be relaxed.

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I am frank to say that in my opinion the agreement of the technical experts to these principles constitutes a long step on the way toward preventing a breakdown of currencies and the imposition and retention of restrictive and discriminatory exchange measures after the war. Through international cooperation now we can assure a stable and orderly pattern of post-war exchange rates.

The purposes set forth in this Joint Statement have long been the international monetary policies of the United States. For years it has been our objective to have these policies adopted by other countries.

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April 20, 1944

Harry White.

Secretary Morgenthau.

Please write a letter for me to sign to Ambassador Winant thanking him for the assistance he has given us this last week with the English on this monetary matter. I call him Gil so address it, "Dear Gil".

Letter in - 4/21/44 -

TREASURY DEPARTMENT *AK*

INTER OFFICE COMMUNICATION

DATE April 20, 1944

TO Secretary Morgenthau
FROM Charles Bell *Bell*

Of approximately 11,000 males between 18 and 37 inclusive, employed in the Treasury Department, there were as of March 15, 1944, 340 deferred from military service on occupational grounds. Of this number 118 deferments were made at the request of the Department. Of the 118 cases deferred at the Department's request one falls in the 18 to 25 age group; six in the 26 to 29 age group; and 111 in the 30 to 37 age group.

The remaining 222 were deferred by local draft boards without the request of the Department. It is likely that in many of these cases the draftee sought occupational deferment direct. In this group five fall in the 18 to 25 age group; 29 in the 26 to 29 age group; and 188 in the 30 to 37 age group. As you know draft boards are being notified that the Department does not request deferment on occupational grounds in these cases; however, before such letters go to the draft boards our bureaus have an opportunity to review each case and make a decision then as to whether or not it is desired to recommend deferment.

Mr. Charles Bell,
Mrs. Doyle.

April 20, 1944.

Secretary Morgenthau.

What would you think of offering prizes to the employee of the Treasury who makes the best suggestion along the following lines: namely, that by increasing the comfort of the employees and lessening the strain, we can at the same time increase the efficiency of any particular group? Think that over and I would be glad to give small monetary prizes out of my own pocket. After you have thought it over, the two of you might come to see me. I got this idea from reading Mrs. Doyle's memorandum.

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5/15 - 9 1 a s on 7C
5/20 Bell will
report to Peery
when he sees
him today. Fish.

April 20, 1944.

Dear Harry:

As you undoubtedly know, the Fifth War Loan will open June 12 and extend through July 8. Our over-all goal of \$16 billion is larger than that for any previous drive, and we must also sell a greater portion than ever before, \$6 billion, to individuals.

The close cooperation of the War Department in former loan drives has been of great value. During the Fourth War Loan, our six million volunteers, who sold more than 69 million separate War Bonds to individuals, were assisted immeasurably by Army shows, bands, speakers and exhibits of equipment.

I should appreciate it very much if you would be willing to issue an order or directive, similar to that issued for the Fourth War Loan drive, on cooperation between the War Department and the War Finance Program. The assignment to the War Bond Program of a liaison officer in each of the nine Service Commands was most helpful, so I hope that this arrangement can be continued in the forthcoming drive. As before, we will undertake to channel to the Commanding General of each Service Command all requests from State or local War Finance Committees for Army cooperation.

Sincerely,

(Signed) Henry Morgenthau, Jr.

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

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

April 20, 1944

to Secretary Morgenthau

FROM Fred Smith *FS*

Wright Patman respectfully requests that if possible we make the Texarkana speech on Monday night instead of Sunday night. He says Texarkana is in the middle of the Bible belt and he is afraid there will be various reactions from the preachers if we competed with the churches for attention.

Gamble says he has no serious objections to switching it. My own feeling is that if the people down there are so faithful to the church they wouldn't even hear a broadcast on Sunday night and maybe for that reason, the switch is a good idea anyway. That would put the opening speech on Monday, June 12.

April 20, 1944

Mr. Blough

Secretary Morgenthau

In reply to your memorandum dated April 20th on taxation, Point Two, if there is any business in the United States which can stand a 80% tax, it is the cabarets. I, therefore, would like the Treasury position to be that we are in favor of keeping the rate at its present level.

Treasury Department
Division of Tax Research

136

○ Date.....April 20, 1944

To: Miss Chauncey

From: Mr. Blough

Please have brought to
the Secretary's attention
that his consideration of
Point 2 is desired.

RB

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8. 30% L. S. Cabinet
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April 20, 1944

MEMORANDUM FOR THE SECRETARY

Subject: Taxation

Your consideration of Point 2 is requested. No immediate action required.

1. The Committee on Ways and Means met at 10:00 A.M., Wednesday, April 19th. After discussion of possible alternative rate schedules the Committee voted on motion of Mr. Cooper to accept the previously adopted surtax rate schedule appearing in the Bill. Reading of the Bill was then resumed but not completed. No further controversial issues arose. The Committee is meeting again Thursday, April 20 at 10:00 A. M.

2. Congressman Knutson is planning to introduce a resolution to lower the tax on cabarets from 30 percent to 10 percent. Prior to the Revenue Act of 1943 the cabaret tax was 5 percent of the total charge including food. That Act increased the rate to 30 percent, whereas other luxury items were increased from 10 percent to 20 percent. Under the impact of the heavy tax some cabarets are going out of business, while others are changing the methods of operation to escape or minimize the tax.

The Treasury will undoubtedly be asked for its attitude toward the proposed reduction. Mr. Surrey and I are discussing the matter with Mr. Bell, Mr. Gaston, and Mr. Sullivan. It may have political implications out of proportion to the revenue involved.

3. In accordance with my earlier memorandum, the interdepartmental group discussing tax incentives in the postwar period is meeting this afternoon from 2 to 4 P. M. in Room 220.

Roy Blough

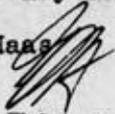
TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 20, 1944

TO Secretary Morgenthau

FROM

Mr. Haas 

This memorandum was prepared by Henry Murphy in response to your request for a short version of a previous memorandum on the same subject.

We have reviewed with you orally in conferences in your office all the materials contained in the memorandum.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE APR 20 1944

TO Secretary Morgenthau
FROM Mr. Haas
Subject The Federal Reserve Ratio

Under existing statutes, the ability of the Federal Reserve System to support the market for United States securities and the credit structure generally is determined primarily by the Federal Reserve ratio -- i.e., the ratio of gold and "lawful money" combined held by the Federal Reserve Banks to their combined note and deposit liabilities. This ratio has a legal minimum of about 37 or 38 percent, the exact figure depending upon a variety of circumstances.

If the ratio should fall below this legal minimum, additional credit could be extended by the Federal Reserve Banks only pursuant to an emergency suspension of requirements by the Board of Governors. Such a suspension would be subject to a penalty tax and would have to be renewed by the Board at fifteen-day intervals -- conditions which might make it difficult or impossible to maintain an orderly market in United States securities.

The fluctuation of the Federal Reserve ratio yearly since the establishment of the System and monthly since the beginning of 1940 is shown on the accompanying chart. The ratio has declined from 91 percent at the end of 1942 to 63 percent at the end of February of this year. This decline will probably continue at about the present rate for the duration of the war and for some time thereafter, unless some definite monetary move is made to check it. As indicated on the chart, we estimate that it will have fallen to about 48 percent by the end of this year.

It is clear that the ratio will not reach or closely approach the legal minimum this year. Until it does, the Federal Reserve System need not stint in its support of the Government security market. It is likely, however, that as the ratio approaches, and perhaps falls below, 50 percent during the year, it will excite increased comment and some skepticism on the part of the market with respect to the ability of the Treasury and the Federal Reserve System to maintain their present support of the Government security market. Any such skepticism should be met with an expression of confidence in the continuance of this ability.

There are a number of measures which might be taken under existing law to increase the Federal Reserve ratio. The most important of these measures would be the issuance of Federal Reserve Bank notes in lieu of Federal Reserve notes. Federal Reserve Bank notes require no reserve; and if their issuance should be substituted generally for that of Federal Reserve notes, the problem of the Federal Reserve ratio would be solved for the duration of even a long war.

The issuance of Federal Reserve Bank notes is authorized by law without limit as to amount. None have been issued since 1933, however, except for about \$660 millions issued during the past year. The issuance of these notes -- and more particularly the somewhat unorthodox manner in which they were issued -- precipitated a storm of protest, and a bill to prevent their further issuance passed the Senate last May and is now pending (inactive) in the House Banking and Currency Committee. Under these circumstances, it would probably be inadvisable to issue additional Federal Reserve Bank notes this year. The issuance of these notes might be well received next year, however, if the need for it is carefully explained and the manner of issuance is altered to meet the criticism directed at last year's operation. If this should prove to be the case, no other action would need to be taken for the duration in order to maintain the Federal Reserve ratio.

Aside from the issuance of Federal Reserve Bank notes, the principal steps which could be taken under existing statutes to check the decline of the Federal Reserve ratio are the following:

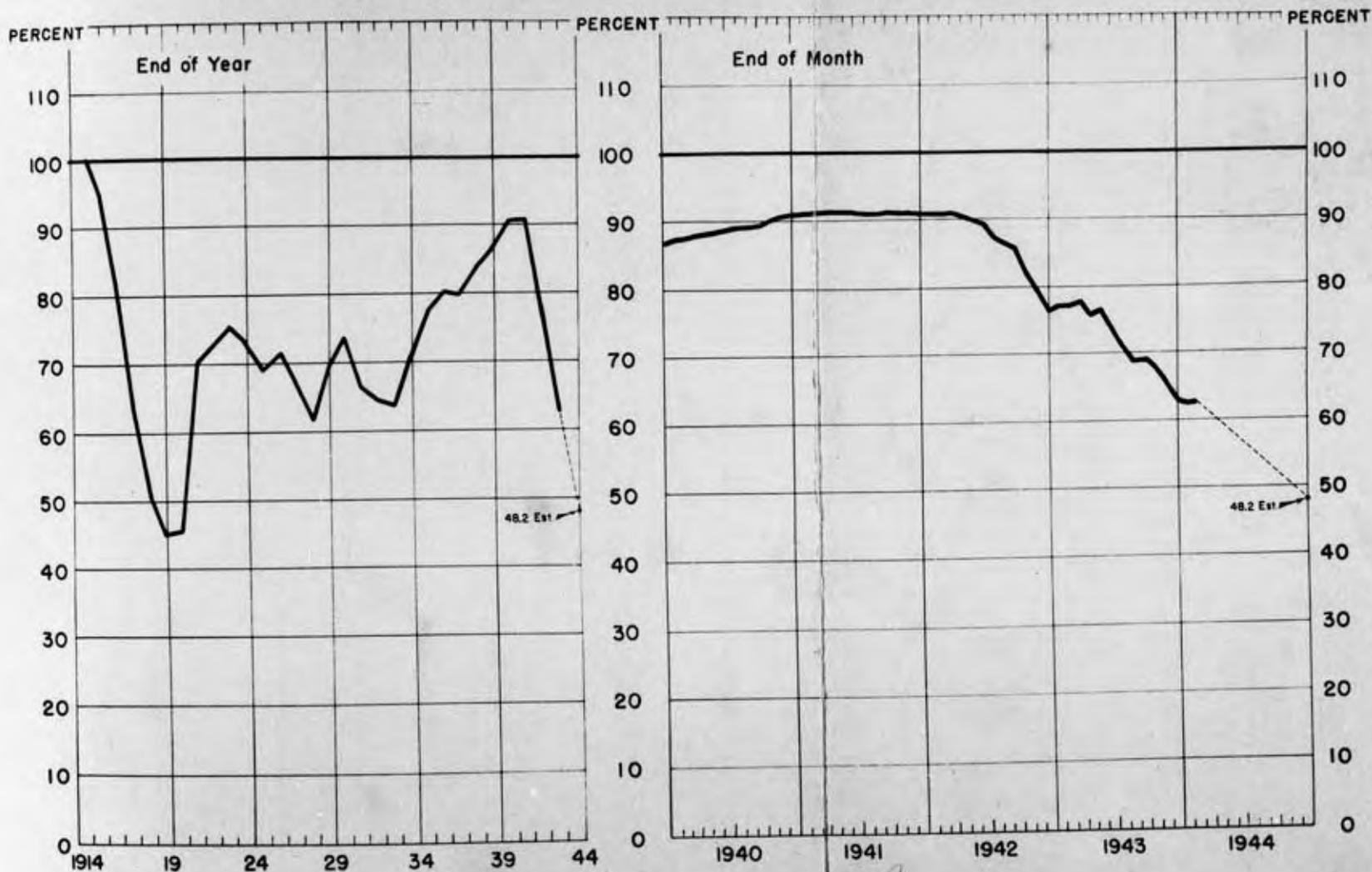
- (1) Reduce member bank reserve requirements
- (2) Monetize additional silver
- (3) Use gold in Stabilization Fund

None of the above measures would do more than check the decline in the ratio for a few months, however. The most potent of them, a reduction of member bank reserve requirements to the statutory minima, would only offset the decline in the ratio for about seven months.

Finally, in addition to remedies available under present statutes, there remains the possibility of seeking an alteration of existing law. Such legislation might be obtained next spring, by which time the necessity for action will probably be clearer to Congress.

Attachment

RATIO OF RESERVE HELD TO COMBINED DEPOSIT AND NOTE LIABILITIES OF FEDERAL RESERVE BANKS



TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 20, 1944

Secretary Morgenthau

H. D. White

Increase in the Earnings of Banks and All Active American Corporations Since 1932.

The net earnings after taxes of all national banks and member banks, recovering from the \$255 million deficit in 1932, climbed gradually to an annual level of nearly \$350 million in the prewar years 1939 to 1940, but shot up rapidly in 1943 to \$563 million, as shown in the following table:

Net Earnings of All National Bank and State Member Banks

(in millions of dollars)

<u>Calendar Year</u>	<u>Before Taxes</u>	<u>After Taxes</u>
1932	-\$188(deficit)	-\$255(deficit)
1937	423	\$337
1938	347	265
1939	432	347
1940	449	349
1941	519	390
1942	532	383
1943	758	563

The earnings after taxes of all active American corporations rose from a deficit of \$5,462 million in 1932 to profits of \$8,555 million in 1940. The rise in their profits was very rapid after 1940 and rose to more than \$8,500 million in 1943, as shown in the following table:

Net Earnings of All American Corporations

(in millions of dollars)

<u>Calendar Year</u>	<u>Before Taxes</u>	<u>After Taxes</u>
1932	-\$5,187(deficit)	-\$5,462(deficit)
1937	5,148	3,872
1938	2,340	1,480
1939	5,272	4,040
1940	7,204	4,655
1941	14,107	6,941
1942	19,850	8,100
1943	22,000	8,550



TREASURY DEPARTMENT
PROCUREMENT DIVISION
WASHINGTON 25



OFFICE OF THE DIRECTOR

April 20, 1944

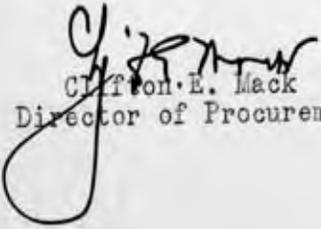
MEMORANDUM TO THE SECRETARY:

Representatives of the Treasury Procurement Division, the Surplus War Property Administration, and the Federal Works Agency met with representatives of the manufacturers and distributors of construction equipment for the purpose of exchanging ideas with regard to the disposal of such equipment when it becomes surplus as a result either of no further need on the part of the armed forces, or of contract terminations.

A conference was held with Mr. Charles Bell to discuss the type of personnel and proposed classifications for the field organizations to handle the recording and accountability control of surplus property by means of the I.B.M. system. The personnel program was approved. Steps are being taken to complete promptly the manual which will provide guidance in this work and to recruit the necessary personnel.

A conference has been arranged with representatives of OPA, RFC, and the Procurement Division for Saturday afternoon to establish the price ceiling for sales of passenger vehicles to dealers. A report will be submitted to you as to the outcome.

Offers received for the motorcycles are now being analyzed and will be reported in a day or two.


Clifton E. Mack
Director of Procurement

143 ✓

Treasury Department
Division of Monetary Research

○ Date.....April 20.....1944

To: Mrs. McHugh

I informed Secretary Morgenthau that Mr. Friedman was leaving by plane at eleven o'clock today and therefore would not be able to go to New York to talk with Governor Lehman unless the Secretary wished Mr. Friedman to delay his trip. Secretary Morgenthau suggested that Mr. Friedman telephone Governor Lehman, to find out what he had in mind. Mr. Friedman telephoned him this morning and spoke to him at some length.

H.D.W.

MR. WHITE
Branch 2058 - Room 214-1/2

*White
J. C. ...
Le for ...
→*

UNITED NATIONS
RELIEF AND REHABILITATION ADMINISTRATION

1344 CONNECTICUT AVENUE
WASHINGTON 25, D. C.

New York, N.Y.
April 17, 1944

Personal

Dear Henry,

I am just in receipt of your letter of April 13, which was forwarded to me from Washington. I am still at Doctors Hospital where I still continue to have treatment for my leg which I think is slowly improving.

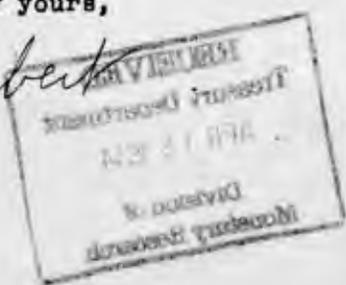
I am sorry that Harold Glasser is not available. I am sure, however, that Mr. Friedman on his arrival in Cairo can be of very substantial value in exploring the whole subject of currency and price control which I think is one of the most important matters with which the British and we will have to deal in any Balkan undertaking. I would very much like to see Mr. Friedman in Washington or here before he leaves for Cairo. My plans with regard to returning to Washington are still indefinite. I will, however, probably be here in New York for the balance of this week and hope to get to Washington early next week. On my return to Washington I think I shall go for a few days either to Walter Reed or the Naval Hospital for further treatment. When Mr. Friedman's plans with regard to leaving for the Middle East are settled I would appreciate it if he would telephone me and I can then arrange for a specific time to see him either here or in Washington. Thanks ever so much for letting me know about Glasser and Mr. Friedman's plans.

It was grand seeing you and Ellie at the hospital a few days ago. I hope to see you soon after my return to Washington.

With affectionate greetings to you and Ellie in which Edith joins me, I am

Very sincerely yours,

Herbert



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

TREASURY DEPARTMENT 

INTER OFFICE COMMUNICATION

DATE

TO Secretary Morgenthau
FROM Joseph J. O'Connell, Jr.

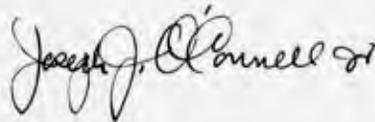
April 20, 1944

For your information
(Argentine gold shipment)

As I understand it, the only practical way of preventing the shipment of gold from Argentine to Switzerland is through use of the British navicert system.

At our request, the State Department has advised the British that this Government does not favor the proposed shipment, and has requested that the British not issue a navicert for it without prior consultation with us. Our information is that the British have not yet replied.

The State Department and the British both know our position in the matter, and presumably the latter will not move to permit the shipment without talking with us. In any event, it is a little too early to approach State again, though we will do so within the next week if we haven't heard from them in the meantime.



Mr. O'Connell
Secretary Morgenthau

April 20, 1944

I have read your memorandum about a shipment of gold from the Argentine. It is not quite clear to me from your memorandum whether this shipment has definitely been held up by the State Department or not. I'd like a clearer memorandum and I positively want to do everything within our power to stop this shipment of gold from ^{Argentine?} ~~Portugal~~ to Switzerland. Undoubtedly it's a German account; at least, that is my strong suspicion.

Furnished. See O'Connell's memo of 4/20/44 -

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD

INTER-OFFICE COMMUNICATION

[Handwritten signature]

DATE
April 20, 1944

TO Secretary Morgenthau
FROM J. W. Penle

For your information:

Apparently the possibility of having Corcoran go to Spain for the War Refugee Board is still not dead. I talked to Corcoran yesterday and he said that he had an appointment to discuss the matter with the President just before the President went away, but the appointment was cancelled at the last minute. Corcoran said he would see the President when he gets back and will ask him whether he is to go to China or Spain.

McDonald is coming down to see me next week. I have real doubts as to whether he could crack the Spanish situation however.

[Handwritten signature: J. W. Penle]

April 20, 1944.

AMREP,

ALGERIA.

1202, Twentieth.

Agreement has been reached in principle between American and British Governments to transfer to UMRBA full responsibility for operation and maintenance of refugee camp at Fedhala near Casablanca.

Detailed arrangements as to transfer of responsibility are now being worked out. It is proposed that the American and British Governments should retain responsibility of transporting refugees to North Africa and that UMRBA's primary responsibility would be to maintain refugees after their arrival in North Africa. Responsibility for eventual resettlement of refugees not to be repatriated will remain unchanged, although under terms of UMRBA Agreement UMRBA will assist in repatriation of refugees who are to return to their original countries. Effective date of transfer will occur after appropriation by United States Congress of funds for contribution to UMRBA, which is expected before the middle of June.

UMRBA is instructing Beckelman to take up with French authorities in Algiers with respect to proposed transfer in order to obtain their consent as required, by UMRBA Agreement to operations in French territory. You are requested to join with Beckelman in discussions with the French to the extent necessary, although, since French Committee is member of UMRBA, the initial approach should be made by Beckelman on behalf of UMRBA. UMRBA has informally notified French representatives how of these plans. It is understood that the British Government is issuing similar instructions to Algiers.

HULL
(DA)

WB VEB

IASCHUNKO 4/18/44
Accompanied by hotelegraph.

April 20, 1944.

CABLE TO CAIRO

From War Refugee Board to MacVeagh

Reference your no. 88 of April 13, 1944.

War Refugee Board is extremely interested in project involving escape of Jews from occupied territory to Italy and Mediterranean region. Please advise War Refugee Board of any further developments in this situation, particularly result of mentioned approach to Tito. Board is prepared to arrange for any assistance, including funds.

April 20, 1944

3:00 p.m.

fh; jbj; jwp

TELEGRAM SENT

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

April 20, 1944

midnight

RESTRICTED

AMEMBASSY,

LONDON.
3169
FOR THE AMBASSADOR.

Reference your no. 2696 of April 3, 1944 concerning relief to refugees in Rome.

War Refugee Board has been advised by representative of American Jewish Joint Distribution Committee in Portugal that 1,400,000 lire have already been borrowed in Rome against the \$20,000 credit established in London.

War Refugee Board is discussing with Apostolic Delegate in Washington possibility of making future remittances for this program direct from United States through Vatican channels. American Jewish Joint Distribution Committee is prepared to make further sums available for this relief work but will wait outcome of aforementioned discussions.

HULL
(GLW)
HULL

WRB:GLW:KG
4/20/44

BC

SE

WT

S/CR

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
TO: Secretary of State, Washington
DATED: April 30, 1944
NUMBER: 3233

SECRET

In accordance with the request contained in the Department's 3005, April 15, we immediately sought consent of the British Government. The head of the Relief Section in NWV was simultaneously approached because of the urgency of the matter. Even though the reply of the British Government is not yet available, we find the opinion of the cited Section Head (W. A. Camps who in Greek relief matters is the most influential British official) is agreeable to diverting of a Swedish ship engaged in Greek relief, the choice to be left to the Swedes though the RANDALAND seems likely and conditional on Russian and German naval and air safe conducts; but to any approach made to Germany before the departure from the Baltic (schedule for April 25 or 26) of the last of the three additional and two replacing Swedish ships approved by the Germans for the Greek relief fleet, Camps is emphatic that whatever anticipatory arrangements be made he would object strenuously.

Shall I guide my discussion with the Swedish Minister in the same sense, if this proves to be the line taken by the British when their reply is received? Valuable time may be saved by your advance instructions.

Both the Foreign Office and the Ministry of War Transport were approached by us upon receipt of the Department's cable of March 31, No. 2516. Instructions have gone forward to Gibson Graham which are generally favorable, according to an informal statement made yesterday by latter Ministry.

VINANT

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Helsinki
TO: The Secretary of State, Washington
DATE: April 20, 1944
NUMBER: 341

SECRET

The following Message is for the War Refugee Board.

Along the lines of my message number 303 dated April 3 I have had some further informal discussion regarding refugee questions and with reference to the intentions of the Board in respect to Finland, I would appreciate some guidance. It is my belief that the Government of Finland would issue a declaration of its willingness to facilitate the movement of refugees as envisaged in airgram from the Department dated 7:30 p.m., February 29, paragraph 6. The political implications involved will, however, be overlooked by the Department. The Government of Finland may sooner or later link the welfare of its three hundred thousand Karelians who in all probability would leave the area to be ceded under current peace terms to Russia by Finland, or the one hundred and fifty thousand who are already in West Finland, with the general plan for the amelioration of Refugees' conditions. With reference to assistance for fifty thousand Ingrians from the USSR in Germanland, a question may also be raised. Up to the present time, however, these points have not been made to me.

As the Department knows, the Government of Finland on the other hand, on a basis of international cooperation at this time would be strongly attracted by any opportunity to associate itself with western democracies and would in all probability issue a declaration of the type in question for this reason.

As my number 82 this is being repeated to Stockholm for Olsen.

The Jewish Community has advised me and the report is confirmed by the Swedish Legation, that the Government of Sweden has decided to allow entry of the 106 refugees which paragraph eight of my telegram in reference mentioned, into Sweden. It is indicated by the Assistant Chief of the Political Department of the Foreign Office that it might be opportune to make a statement in connection with the travel of these refugees, if a statement were forthcoming. It was asked by him whether any governments other than ours have made declarations up to the present time and he would like to know their contents if such declarations have been made.

GULLION

DCR:MPL
4/21/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The Allied Control Commission, Naples
TO: The Secretary of State, Washington
DATE: April 20, 1944
NUMBER: 3590

SECRET

Murphy sends the following message.

At the suggestion of the Combined Chiefs of Staff a study of the civilian relief problem in Italy has recently been made and completed by Patrick Malin, Vice President of the Inter-governmental Committee on Refugees. With regard to non-Italian persons in Italy especially Jews, Malin although he found arrangements satisfactory for the relief of Italians, considered that further steps should be taken with a view to ensuring the dispensation of adequate relief and to arranging their evacuation or repatriation where possible.

The following recommendations which ACC and AFHQ have approved are put forward by Malin to supplement the foregoing:

One. Sir Clifford Heathcote Smith, late British Consul General at Alexandria, to be appointed as resident representative in Italy of IGCON refugees.

Two. To work in Italy under Heathcote Smith on the issuance of Palestine immigration certificates, the appointment of a representative of a Jewish agency which the Government of Palestine has approved.

Three. The authorities of France to be asked to accommodate some 750 Jewish refugees in a camp established at Fedhala by UNRRA.

Four. The present policy of excluding organizations other than British and American from Italy Allied Red Cross to be maintained.

UNSIGNED

DCR:MPL
5/5/44

ORIGINAL TEXT OF TELEGRAM SWYT

FROM: Secretary of State, Washington
TO: American Consul, Jerusalem
DATED: April 20, 1944
NUMBERS: 86

CONFIDENTIAL

The War Refugee Board requests that you deliver the following message to Chief Rabbi Isaac Herzog:

QUOTE. Your radiograms of April 4 and 7 have been received.

The safety of Jewish and other holders of Latin American passports in Vittel and other camps has been a matter of deep concern to this Government. It has made repeated efforts to save all these persons. To this end, it has approached the governments of Spain, Switzerland and Latin American countries involved and is maintaining constant communication with Inter-governmental Committee and International Red Cross.

Special steps have been taken to save the lives of 238 persons deported from Vittel.

The Board hopes that, as a result of these efforts, the danger threatening these persons will be averted.
Signed, John W. Fehle, Executive Director, War Refugee Board. UNQUOTE.

HULL

CIRCULAR

155

CONFIDENTIAL

April 20, 1944
7:35 p.m.

FOR THE PERSONAL AND CONFIDENTIAL INFORMATION OF THE
AMBASSADORS AT SAN JOSE, SAN SALVADOR, GUATEMALA,
TEGUCIGALPA, MANAGUA, QUITO AND ASUNCION.

With further reference to the Department's circular airgram of January 26, 7 p.m., and to subsequent communications on refugee matters, you are informed that the Department has now authorized the American consular officers in Switzerland to issue up to four thousand quota immigration visas to refugee children up to sixteen years of age without regard to religion, nationality or stateless status, to close relatives residing in enemy, enemy-occupied or controlled territory, or to the availability of means of transportation to the United States. The purpose of this authorization is to facilitate the escape to Switzerland of orphaned or abandoned children by giving assurances to the Swiss Government that these children will not remain in Switzerland after the termination of hostilities in Europe. The authorization contains provisions for the continued renewal of the visas until such time as adequate transportation facilities to the United States become available. Private sources have posted bond with the Attorney General of the United States to assure this Government that the immigrating children will not become public charges.

If there are private agencies in the country to which you are accredited, willing and able to undertake a program for the care of refugee children, the War Refugee Board is confident that it can make arrangements to provide these agencies with adequate funds for the maintenance, education and welfare of as many children as the Government of that country would be willing to admit. Should it prove necessary, funds would undoubtedly be available to meet transportation expenses from Switzerland to that country.

Kindly approach appropriate officials of the Government to which you are accredited, inform them of the foregoing and request them to give assurances to the Swiss Government of their willingness to accept up to a fixed number of refugee children in a manner similar to this Government. For the information of the Government to which you are accredited, it is conservatively estimated that there are in France alone eight to ten thousand abandoned or orphaned refugee children.

Should that Government be willing to make this humanitarian offer, please request the Ministry of Foreign Affairs to authorize its chief of mission in Bern to issue the appropriate number of immigration visas and to maintain their validity until suitable transportation facilities from Switzerland to its country become available. The Government may be informed that the special representative of the War Refugee Board attached to the American Legation in Bern will be glad to cooperate with the diplomatic and consular

- 2 -

officers of the other American Republics in this as well as in all other refugee matters.

Please report by telegraph whether this suggestion has been favorably received by the Government to which you are accredited and, if so, the number of children it is prepared to admit.

HULL

HULL

Sent to: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Ecuador and Paraguay.

WRB:GLW:KG

ARA

WE

VD

A-77

SECRET

2:30 PM

Sent by Secret Courier

AMBASSY

April 20, 1944

TEGUCIGALPA (HONDURAS).

FOR THE PERSONAL AND CONFIDENTIAL ATTENTION OF THE AMBASSADOR.

Refer our previous communications regarding War Refugee Board. Reference is made to Department's airgram March 31, 1:05 p.m. Minister Harrison at Bern has informed us that the Swiss Foreign Interests Division has advised him informally that the Spanish government had been requested by the Germans to inquire into the bona fides of certain Latin American passports, held by internees in enemy-controlled territory and that the Latin American governments have denied responsibility as well as any claims of the persons holding such passports. Please approach appropriate officials of the government to which you are accredited and inquire whether it has received any such inquiries through the government of Spain or otherwise from the Germans with respect to the validity of passports held by such internees and if such inquiry has been made, please ascertain the nature of the response, if any.

In view of the perilous situation in which these internees find themselves, the conclusion has been reached that perhaps the only way of safeguarding the lives of these unfortunate victims of Nazi persecution is forthwith to initiate through proper channels negotiations

Tegucigalpa A-77

- 2 -

negotiations for an exchange of nationals for which these people will be eligible. In contemplating such exchange negotiations, it is not expected that the government to which you are accredited will physically admit any such persons into its territory even on a temporary or tentative basis. This Government is prepared to take full responsibility for all arrangements necessary to route these persons to places elsewhere.

Proceeding on this basis, please approach the government to which you are accredited with the request that it give its approval to the Government of the United States approaching the German government through appropriate channels with a view to initiating such negotiations. Please also advise appropriate officials of the government of Honduras that similar requests are being made of other Latin American countries, it being the hope of this Government that it will be put in a position to initiate exchange discussions on a hemispheric basis. Please also advise such officials that in any exchange negotiations that may be entered into, it is of course understood that unquestioned citizens of the United States and of the Latin American countries will be considered by this Government as being in a category entitled to priority over others.

Please also request the government to which you are accredited on humanitarian grounds, affirmatively to approach the German government through the protecting power with a demand that the lives of all persons holding passports issued in its name or claiming its citizenship on the basis of consular documents be safe-

guarded /

Tegucigalpa A-77

- 3 -

guarded and that they be given all rights, privileges and immunities accorded to civilian internees of enemy nationality to whom the Geneva Convention regarding the treatment of prisoners of war is currently applied by analogy.

In view of the imminent danger in which the persons concerned find themselves, you are requested to act with the greatest possible dispatch.

Finally, we communicate to you, for communication to the government to which you are accredited, the substance of a cable which the Department has sent to our Minister at Bern as follows: QUOTE
Although the motives of the Germans in according better treatment to Jews of Polish origin holding passports and other documents issued in the names of Latin American countries are not too clear, it would appear that they include (1) some hope that they might be considered exchange material against Germans in the Western Hemisphere and (2) some fear that their ill-treatment might afford the Latin American countries a pretext for further limiting the freedom and economic activities of Germans resident in such countries.

The measure reported in your 1958 of March 30 may be an indication that Germany is beginning to doubt whether such Jews are considered exchange material and whether their treatment would affect the treatment of Germans in Latin America. This Government regards it as essential that these doubts be promptly and effectively dispelled.

Tegucigalpa A-77

- 4 -

Accordingly, please request the good offices of the Swiss Government in informing the Germans that this Government is undertaking discussions with Latin American countries for a further exchange of Germans in the Western Hemisphere for persons in German-controlled territory and that in this connection, the United States considers that all persons in Vittel and elsewhere holding passports and other documents issued in the names of Latin American countries will be eligible for such exchange.

Simultaneously, please request the appropriate Swiss authorities to advise the Germans that in the meantime this Government expects that these persons will be accorded the same rights, privileges and immunities that the German government expects will be accorded to Germans in the Western Hemisphere. You may add that a considerable number of German civilians interned by various Latin American countries have been placed by such countries in the custody of the United States and are presently in such custody within continental United States.

For your information, the substance of this message is being communicated to our Missions in the Latin American countries concerned. We are also making inquiry of such Latin American countries with respect to the authenticity of the information informally conveyed to you by the Swiss Foreign Interests Division which you referred to in your 1994 of March 31 UNQUOTE

SPECIAL INSTRUCTIONS TO THE AMBASSADOR.

You are instructed to memorize the contents of this airgram, burn the document and discuss the matter orally with the government

Tegucigalpa Am77

- 5 -

to which you are accredited. Such report as you submit to the Department on this subject should be by secret courier.

HULL

WRB:GLW:KG
4/19/44

ARA

WE

SWP

TELEGRAM SENT

PLAIN

April 20, 1944

AMERICAN CONSULATE

CASABLANCA

61, twentieth
FOR BECKELMAN FROM

1. British and American Governments have agreed in principle to transfer to UNRRA of responsibility for maintenance and operation of refugee center at Casablanca.
2. Plans are to develop as soon as possible detailed agreement as to conditions and date of transfer. UNRRA proposes that British and American Governments should retain responsibility for transport of refugees to North Africa, UNRRA's primary responsibility being for care and maintenance of refugees after arrival at North African seaport. Responsibility for finding new places for their eventual settlement will remain unchanged by transfer although UNRRA is prepared to assist in repatriation of such persons as can and are willing to return to countries of origin or of former residence. Expectation is that terms of transfer will also include some understanding as to supply arrangements as for example possible extension of present agreement with military for furnishing of supplies. Proposed date of transfer is some time after U. S. Congress appropriates money for UNRRA probably in four to six weeks.
3. Take up with French authorities in Algiers the proposed transfer in order to obtain their consent pursuant to Article I, paragraph 2 (a) of the UNRRA agreement, clearing with them also as to any discussions which you deem necessary with authorities in Morocco. British and American representatives in Algiers are being instructed to join with you in discussions with French whenever necessary although since French Committee is member of UNRRA initial approach should be made by you as UNRRA representative. We are informally notifying French representatives here of the above plans.
4. Would appreciate your cabled recommendations as to terms to be included in understanding referred to in paragraph 2. Also cable results of your talks with French in line with paragraph 3.

HULL
(GHE)Forwarded by
JGJohnson/fh
18 Apr 44

DCR:RLH:ATM

AIR MAIL

No. 415.

LEGATION OF THE
UNITED STATES OF AMERICA

Lisbon, April 20, 1944.

Subject: Transmission of Memorandum Prepared by
Dr. Robert C. Dexter, Unitarian Service
Committee, Lisbon, in Response to Treasury
License Issued to the Unitarian Service
Committee.

CONFIDENTIAL

The Honorable

The Secretary of State,
Washington.

Sir: ~~ma~~

I have the honor to refer to the Department's telegram of April 8, 1944, which states that the Treasury Department has issued License No. W-2167 to the Unitarian Service Committee of Boston, Massachusetts, and which conveys the substance of the license, and to transmit herewith a memorandum prepared by Dr. Robert C. Dexter in response to the telegram. Dr. Dexter, who has been European Director of the Unitarian Service Committee, will become Special Attache for Refugee Matters to the American Legation, Lisbon, when the position is approved by the Portuguese Foreign Office.

Respectfully yours,

For the Minister,

James E. Wood,
Financial Attache.

Enclosure:

Memorandum.

File No. 814.4/300

JEW:lr

Enclosure to despatch No. 415
dated April 20, 1944 from
American Legation, Lisbon

MEMORANDUM

Lisbon, April 12, 1944.

To: James E. Wood, Financial Attache,
American Legation, Lisbon.

From: Dr. Robert C. Dexter, European Director,
Unitarian Service Committee.

- 1) The Unitarian Service Committee appreciates exceedingly the information contained in the cable dated April 8, 1944 from the Department of State and especially the general attitude contained therein.
- 2) As far as remittances from Portugal to France are concerned, at the present moment the permission is purely academic as no funds have been remitted here specifically under the terms of the license. It was Dr. Robert C. Dexter's understanding when he left the United States that the license granted to Portugal was only an alternative one in case the funds for France could not be sent through Switzerland. It was his further understanding that \$10,000 was to be sent to Switzerland shortly under a similar license.
- 3) In view of the various complications presented by the license, it is the policy of the Unitarian Service Committee to consult the Financial Attache of the Legation, and only to make purchase of francs with his approval. It is assumed that such approval would be satisfactory to the Legation here and to the State and Treasury Departments in Washington.
- 4) In case facilities develop rapidly for sending money into France for purposes mentioned in the license, the Unitarian Service Committee would like advice as to whether funds already in Lisbon, but not specifically allocated for the purposes envisioned by the license, may be used for remittances to enemy occupied territory. Such remittances would be made only upon prior approval of the Financial Attache. This question is asked only in order to facilitate transmission in an emergency.

CORRECTION

April 20, 1944

BJR

In cable from Lisbon 1145 April 18, 11 a.m.
War Refugee Board page 2, line 4 insert "can arrange"
after "believe".

DIVISION OF COMMUNICATIONS AND RECORDS

CSB

AMT-558

PLAIN

Lisbon

Dated April 20, 1944

Rec'd 3:50 p.m.

Secretary of State,

Washington.

1176, Twentieth, 11 a.m.

Following Message is from Joseph Schwartz for War Refugee Board and Leavitt, Joint Distribution Committee, New York.

"Barlas supplies following figures concerning emigration services from Turkey to Palestine from December 1943 to March 31, 1944. Local Turkish residents 1084 of whom 194 required assistance. From Bulgaria 276 including 46 children who arrived in March. From Hungary 169, from Greece 176, from Rumania 285, which includes 239 SS MILCA passengers who arrived March. Financial statements not yet ready but will advise as soon as available. Thus far Turkish repatriates arriving from France No. 340 of whom 175 receiving assistance which over a period of 6 weeks amounted 14,000 Turkish pounds. Resnik advises passengers boarding both steamships MILCA and MARITZA at Constanza were required to pay fantastic sums."

NORWEB

RE

LEG-635

PLAIN

Lisbon

Dated April 20, 1944

Rec'd 6:12 p.m.

Secretary of State,
Washington.

1183, April 20, 6 p.m.

Following telegram number 2 is for War Refugee Board and Rabbi Stephen Wise, President Jewish Congress, New York, from Isaac Weissman.

"We enthusiastically welcome nomination Dexter representative War Refugee Board closest collaboration already established. Considering nature general rescue work Dexter and myself agreed upon closest confidential cooperation between Jewish Congress and Board, am therefore giving him information concerning work extensively developed by Congress here. Regular groups rescued orphans now arriving. Fully appreciate promised American visas but since delegate Jewish agency just arrived from London with visas Palestine should take preference for following reasons: First, according Jewish faith orphans belong Jewish Community who in Palestine have created special institutions adoption and vocational training youth groups; secondly, Palestine community long experienced reception such groups; thirdly, our experience shows children dispersed foster parents risk being lost Judaism. Please intervene immediately with Director War Refugee Board urging him favor Palestine destination all children having no relatives USA".

NORWEB

EJH

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: April 20, 1944
NUMBER: 1558

SECRET

FROM THE WAR REFUGEE BOARD TO MINISTER HARRISON.

The War Refugee Board requests that you deliver the following message to Dr. Gerhart Rigner, Geneva: QUOTE
Please advise whether you can resume contacts with Willy, his superiors and associates, and others exercising similar authority. If this is possible, would appreciate your views as to possibility of arranging for evacuations from Hungary to neutral countries or for holding up deportations or permitting sending relief to those detained. If any such arrangements possible, please indicate amounts you consider would be involved and extent to which such amounts could remain in neutral countries. Also is Willy reliable. Signed Nahum Goldmann, World Jewish Congress. UNQUOTE.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: April 20, 1944
NUMBER: 2508

CONFIDENTIAL

Legation's cable dated March 6, no. 1366, is referred to herewith.

Regarding test shipments of food parcels to Allied Nationals in German concentration camps, please see letter of September 1, 1943, from James, Special Representative in Geneva of American Red Cross to Mitchell, Director of Insular and Foreign Operations of American Red Cross.

HARRISON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Bern
TO: The Secretary of State, Washington
DATE: April 20, 1944
NUMBER: 2610

SECRET

The following message refers to your number 1269 dated April 13, and to number 1270 also dated April 13, 1944.

The Government of Switzerland has been requested by the Legation to extend protection to Hager and Wachtel whose cases were mentioned in my number 1994 dated March 31 until specifically advised to the contrary and similar action will be taken on cases of this kind in the future. On April 14 we requested the immediate return to Vittel of two hundred and thirty-eight persons.

It is assumed by the Legation that the authority given in the telegram under reference to extend protection to documentation applicants who are awaiting the decision of the Department applies only to such refugee cases and does not alter the customary procedure of withholding protection to ordinary cases which are referred to the Department for decision such as cases of cooperation in the war effort of the enemy, doubtful loyalty, repatriation, first time application, et cetera. In later cases the Legation will continue to request the Swiss representative to withhold protection until the decisions of the Department are received, unless instructed otherwise.

HARRISON

DGR:MPL
4/26/44

CABLE TO AMBASSADOR STEINHARDT, ANKARA, TURKEY FROM WAR REFUGEE BOARD

This is WRB cable to Ankara No. 28

As previously advised, you should effect in Turkey all insurance required by charter for SS TARI except war risk on vessel. As indicated in our No. 306 of April 8 war risk on vessel will be placed here through War Shipping Administration. Advise us immediately when TARI is ready to depart in order that war risk insurance can be placed here. This matter has been discussed with Hirschmann who is in complete accord.

April 20, 1944

3:00 p.m.

JBF:bbk - 4/19/44

TELEGRAM SENT

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

April 20, 1944

midnight

RESTRICTED

AMEMBASSY

MOSCOW

978

FOR THE AMBASSADOR FROM WAR REFUGEE BOARD.

Please refer to Department's circular airgram of January 26 in regard to the establishment of the War Refugee Board, also to War Refugee Board cables nos. 554, March 11, and subsequent telegram on same subject.

The Executive Director of the Board John W. Pehle has informed the Department that in conformity with the President's Order of January 22, the Board proposes to appoint Mr. Robert J. Scovell, former representative of the American Red Cross in Russia and now on the headquarters staff of that organization, as the Special Representative of the Board with the designation by the Department as Special Attache to the Embassy on war refugee matters. The Presidential Order provides that the State Department shall appoint such Special Attaches on the recommendation of the Board, that they shall have diplomatic status, and that their duties and responsibilities shall be defined by the Board in consultation with the State Department.

It is/

-2-#978, April 20, midnight, to Moscow.

- 2 -

It is understood that Mr. Scovell is personally known to you. It is assumed that there will be no objection on the part of the Russian Government to this designation, although you may in your discretion approach the Russian authorities informally, if you consider it necessary or advisable to do so. If Mr. Scovell's appointment meets with your approval, please advise us accordingly in order that his designation may be made effective at once.

If Scovell is appointed we propose to advise him through you that:

(a) He is charged with the duty and responsibility of carrying out the Board's policies and programs in Russia;

(b) He is responsible to the Ambassador and should discuss his activities and problems with him regularly and fully;

(c) The Embassy will provide him with the necessary communication facilities in carrying on his official duties;

(d) He should extend all possible assistance to the Ambassador in carrying out instructions contained in the airgram and cablegrams referred to above;

(e) He should work with and give all possible assistance to public and private agencies operating in Russia in this field regardless of whether such organizations are American, foreign or international;

(f) He should develop and assist in the development of programs and implementation of measures for the rescue, transportation, maintenance and relief of refugees;

(g) He should forward to the Board recommendations and frequent reports on progress of work and difficulties encountered;

(h) In so far as the Trading with the enemy Act is concerned, the Secretary of the Treasury has vested in the War Refugee Board and its representatives in the field full authority to communicate with enemy territory to carry out the purposes of

the Order/

-3-#978, April 20, midnight, to Moscow.

- 3 -

the Order. The Secretary of the Treasury has also delegated to the War Refugee Board and its representatives the power to authorize any public or private agencies who may be subject to the provisions of our Trading with the enemy Act to communicate with enemy territory for the purpose of carrying out the Order.

Scovell is authorized to act accordingly upon your confirmation of his designation.

HULL
(GLW)

MRB:GLN:KG
4/20/44

HE

A-5/3

S/OR

MJK-652
 This telegram must be
 paraphrased before being
 communicated to anyone
 other than a Government
 Agency. (BR)

Rio de Janeiro

Dated April 20, 1944

Rec'd 8 p.m.

Secretary of State,

Washington.

1471, April 20, 6 p.m.



FOR THE SECRETARY OF THE TREASURY FROM THE
 AMBASSADOR.

I personally transmitted to the Minister of Finance your message in regard to the Joint Statement recommending the establishment of an international monetary fund. He was deeply appreciative of your interest in this matter and suggestion of joint action. Finance Minister, Souza Costa, asked me to inform you that he would have released for publication on April 22 the revised Joint Statement and that he would at the same time make appropriate comment in regard to Brazil's desire to collaborate in international monetary control plans.

FOR THE DEPARTMENT - The above refer to the Department's 1251, April 18, 10 p.m., and 1264, April 20. Embassy is translating final revision Joint Statement for use Finance Ministry in its public statement.

CAFFERY

RB

TELEGRAM SENT

KEM

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

April 20, 1944

Midnight

AMEMBASSY,

LONDON.

3175

FOR THE AMBASSADOR

DEPARTMENT OF STATE
DIVISION OF

APR 22 1944

COMMUNICATIONS
AND RECORDS

This is a personal message from the Secretary of the Treasury to the Chancellor of the Exchequer.

QUOTE In accordance with the desire of the President which I communicated to you in our cable no. 2651 we are planning to call a conference beginning the last week in May. It is expected that the President will invite the United and Associated Nations to send representatives to a formal financial and monetary conference. The chief items on the agenda will be the drafting of proposals for the establishment of an international monetary fund and an international bank for reconstruction and development.

The President has indicated that he will appoint
me head

-2- #3175, April 20, midnight, to London.

me head of the American delegation and will indicate in his letter that he hopes that each government will have its delegation headed by its chief financial officer. It is contemplated that the delegates will be instructed by their respective governments to assemble for the purpose of preparing concrete proposals to be formally presented later to the respective governments for their acceptance or non-acceptance.

It would be very helpful to me if I could have your personal views on these contemplated arrangements as soon as possible. It is important that there be no delay, as there is very little time to spare for completing arrangements. I should like to stress again the urgency of holding the conference before the political conventions in June. As soon as I hear from you we shall be prepared to discuss with you on an informal basis the calling of a drafting committee to begin work as soon as a conference is officially called.

END QUOTE

HULL
(DA)

FMA:EGC:ja SA

KEM-598

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

London

Dated April 20, 1944

Rec'd 5:02 p.m.

Secretary of State,
Washington.

US URGENT

3253, April 20, 7 p.m. (SECTION ONE).

Department's 3077, April 18, midnight.

The following is an urgent message from the Chancellor of the Exchequer to Secretary Morgenthau:

"I thank you for your personal message of April 18. Arrangements are being made for publication here on Saturday morning to fit the timing of publication in the United States. We are informing the Dominions of the agreed changes in the statement but owing to the difficulties of synchronizing our publication with yours, I doubt whether it will be possible for any of them to publish simultaneously though they may be able to make some announcement. As for the representatives of the European countries who are in England, we shall send them a copy of what we publish but no question of simultaneous publication or announcement by them could arise.

"Two. I note



-2- #3253, April 20, 7 p.m. (SECTION ONE) from London.

"Two. I note that you propose to make a general statement on the same lines as that by our Government though not necessarily in identical language.

"Three. Owing to other parliamentary business already determined, it is not possible for me to give you a clear indication when contemplated debate will take place. If for any reason it had to be deferred for a considerable period, I could not expect you to hold back on that account from any action you might wish to take.

"Four. If the general reception of the statement of principles indicates to your Government that a further conference at an early date is desirable, we should try to fall in with your plans though I am sure you will understand that for various reasons both travel and communications will be very difficult to arrange.

"I think I should make plain to you our conception of the nature of the conference that might be held. The statement of principles will have appeared on April 22 and this will be the first occasion upon which many countries who are important in international commerce and whose adherence to the scheme would be necessary
for its successful

-3- #3253, April 20, 7 p.m. (SECTION ONE) from London.

for its successful operation will be definitely aware of its contents. It is an important statement about postwar international cooperation and its important issues. My judgment is that a conference at the end of May, if indeed it can be arranged at that date, in view of the difficulties I have mentioned should be summoned for the purpose of examining the statement of principles and establishing a detailed text which would then be the subject of formal consideration by governments so that they could declare their attitude to the scheme as a whole.

WINANT

LMS

KEM-590

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

London

Dated April 20, 1944

Rec'd 5:02 p.m.

Secretary of State,
Washington.

US URGENT

3253, April 20, 7 p.m., (SECTION TWO).

Five. As regards the Bank for Reconstruction and Development, I have received your draft statement of principles which you were good enough to send me. Meanwhile Mr. Opie will have informed Dr. White of our general views on the plans you have published and will, I hope, have been in a position to give Dr. White a memorandum which we had prepared. There is no disagreement between us as to the objectives of such a scheme but as you will have observed, we approach it from a rather different standpoint and I very much doubt whether it would be practicable for us to reach agreement on a joint statement of principles without a further conference between our respective experts. The conference on the monetary fund might provide the opportunity for this.

"In these

-2- #3253, April 20, 7 p.m. (SECTION TWO) from London.

"In these circumstances I think your suggestion that you should explain to the Congressional Committee that the statement of principles which you have sent me is being released as having the approval of the experts of a number of countries is premature and might give rise to misunderstanding. Should it not be presented at this stage as representing the views of the technical experts of the United States?"

(END OF MESSAGE.)

WINANT

LMS

OFFICE
SECRETARY OF TREASURY

1944 APR 21 PM 2 28

TREASURY DEPARTMENT

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTEL No. 127

Information received up to 10 a.m., 20th April, 1944,

1. NAVAL

EAST INDIES. 19th. Aircraft from carriers supported by Eastern Fleet attacked SABANG (SUMATRA). Wireless installations, dockyard, airfield and other targets were hit and large fires left burning, including oil fuel cistern. 2 destroyer escort vessels set on fire, 2 medium-sized ships hit and 24 aircraft destroyed on ground. Our loss 1 aircraft, pilot safe.

2. AIR OPERATIONS

WESTERN FRONT. 18th/19th. 4048 tons were dropped on Marshalling Yards in FRANCE.

19th. U.S. heavy bombers attacked targets at KASSEL, ESCHWEDE, PADERBORN, GUTTERSLOH, LIPPSTADT and WERL dropping a total of 1284 tons with results generally good to excellent. Enemy casualties by fighters 16, 1, 2 for loss of five bombers and 2 fighters. Medium and fighter bombers dropped 454 tons on Coastal Defences N.E. FRANCE, railway centres at HASSELT, NAMUR and MALINES as well as 315 tons on military objectives in Northern France.

19th/20th. 12 enemy aircraft operated over KENT, SUSSEX and SURREY with slight penetration to LONDON area. Damage and casualties slight.

18th/19th. Casualties in LONDON area now reported - 51 killed and 150 seriously wounded.

HUNGARY. 16th/17th. Allied bombers dropped 67 tons on BUDAPEST.

BULGARIA and RUMANIA. 17th. U.S. heavy bombers dropped 426 tons on railway centres SOFIA and 333 tons at SAVA near BELGRADE. Enemy casualties by bombers and fighters 24, 3, 9.

17th/18th. Allied bombers dropped 65 tons on PLOVDIV Marshalling Yards 80 miles E.S.E. of SOFIA.

ITALY. 18th. Weather restricted bombing. Near UDINE fighters scored 6, 2, 5 in combat and 11, 2, 9 on ground for loss of 5 fighters.

April 21, 1944¹⁸⁴ ✓
9:04 a.m.

Wright
Patman: Hello. This is Patman, Mr. Secretary.

HMJr: How are you?

P: Fine. I hope you're all right.

HMJr: I just wanted to tell you how I'm looking forward to coming down to your meeting.

P: Well, I'm certainly glad of that. And we're looking forward to it, too, Mr. Secretary, and we'll do everything in the world to make it a success.

HMJr: Well, I'm sure it will and I think it's a fine idea and I'm glad you all want me.

P: Yes, sir. And that's the middle of the Gulf Southwest, you know.

HMJr: I know.

P: And, by-the-way, will you give out the statement from here -- from your office?

HMJr: That I'm going to go?

P: Yes.

HMJr: I'll tell them to.

P: All right. I think that would be better. And I was talking down there and our friends think that you should invite these Governors, too. We're going to invite them.

HMJr: I see.

P: And if you'll do it, that will just cinch things.

HMJr: Well, I'll talk that over and I don't see why I can't, seeing it's to be a War Bond meeting.

P: That's right, War Bond meeting -- and also invite the War Bond Finance Chairman, you see, from each State.

HMJr: Fine.

P: I'll furnish Fred Smith the names, if it's all right.

HMJr: Fred Smith.

P: Yeah.

HMJr: That's the fellow.

P: Is he the one to deal with?

HMJr: Yeah.

P: All right, sir. Well, I'll do that.

HMJr: Fine. And thank you for defending my honor again yesterday.

P: All right. Did you see that in the Record?

HMJr: (Laughs)

P: Well, I'll watch that and I'll be there this afternoon. ~~later~~

HMJr: He's just -- that fellow's crazy.

P: Oh, he is crazy. He's just a nut.

HMJr: And I don't think the Republicans like him any better than I do.

P: I don't think so.

HMJr: But somebody has got to answer him and answer him quickly just the way you did.

P: Well, it should be answered, yes. That speech got a lot of notice, that Mr. O'Connell fixed up for me.

HMJr: It did?

P: Oh, yes. It received lots of notice around over the country.

HMJr: Well, I'm delighted.

- 3 -

P: Yes, sir.

HMJr: I'm delighted.

P: Say, this afternoon, is there any reason why that should be a secret meeting?

HMJr: Ah

P: What I mean, closed?

HMJr: Do you mean as far as the Press goes?

P: Yes.

HMJr: I don't know. You see, what we're worried about is we're not supposed to give anything out until eight o'clock tonight and all the other countries do it at the same time.

P: Well, why don't you just say that, then, when you come that as far as you are concerned, you wouldn't object to it except for that agreement.

HMJr: All right. I'll talk with Smith about it in a few minutes.

P: All right, sir. This fellow -- there's no use of yielding to him on account of -- saying it's a secret meeting and so on.

HMJr: Oh, no. What I've done, you see, I've run up against him on this -- what do they call it -- "Coinage, Weights and Measures" -- you see?

P: Uh huh.

HMJr: And he talks and I've gotten so I just don't answer him.

P: Well, he's got some crack-pots around him that gets up these questions like Crawford. Crawford has a bunch of crack-pots, too.

HMJr: I see. Well, I just -- I got so I just don't answer him.

P: Yeah.

HMJr: And it makes him wild.

P: Yes. Well, you tell the fellows down there to watch things up here and if they want anybody answered for you, to let me know.

HMJr: Fine.

P: All right.

HMJr: Thank you.

P: All right, I sure do thank you, Mr. Secretary, and I'm delighted that you're going to be down with us.

HMJr: Well, I'm looking forward to it.

P: Well, thank you very kindly, sir. It pleases us very much.

HMJr: Bye.

P: Bye.

April 21, 1944
9:20 a.m.

Treasury
Operator: The Secretary is on the wire, operator.

Overseas
Operator: Hello.

HMJr: Hello.

Operator: Mr. Henry Morgenthau, Jr.?

HMJr: In person.

Operator: On the overseas call for Mr. William Averill
Harriman....

HMJr: Yes.

Operator:we're all ready and I'd like to advise you
in the interest of National security....

HMJr: Yes.

Operator:you are requested to refrain from discussing
departure or arrival, name or location of ships....

HMJr: Yes.

Operator:military topics of any kind....

HMJr: Yes.

Operator:technical weather information....

HMJr: Yes.

Operator:or any other information which may aid or
comfort the enemy.

HMJr: All right.

Operator: Just a moment now for Mr. Harriman.

HMJr: Thank you.

Foreign
Operator: Hello, sir.

HMJr: Hello.

- 2 -

Operator: Hello, sir.

HMJr: Hello. Hello.

Averill
Harriman: Hello.

HMJr: Hello.

H: Henry?

HMJr: Yes.

H: This is Averill.

HMJr: Good morning.

H: Have you gotten the cables I sent last night?

HMJr: No, I have not.

H: Do you mind inquiring at the State Department?

HMJr: I'd love to.

H: The answer, now, is "yes".

HMJr: The answer, now, is "yes"?

H: With the request not to discuss it until you've seen my cables.

HMJr: Now, wait a minute. See if I've got it -- the answer, now, is "yes" but I shouldn't discuss it until I see your cable?

H: Yes, because there are certain aspects about it that you will have to look at before you -- for you to make up your mind about before you

HMJr: Averill, we -- you'll have to repeat slowly because this is not too good.

H: I say there are certain statements in connection with this that you will have to

HMJr: There are certain things in the cable that I ought to see?

H: Hello?

- 3 -

HMJr: Hello.

H: I say, my cable gives you a suggestion.

HMJr: Averill, can you hear me?

H: I hear you perfectly.

HMJr: Hello?

H: I say, I hear you perfectly.

HMJr: Well, I hear you off and on. I should -- let me see if I got this right. There are certain things in the cable that I should see before I make any announcement?

H: Yes.

HMJr: Is -- hello?

H: Hello.

HMJr: Well, I'll get hold of Dean Acheson and tell him to get me the cable right away.

H: Yes. And don't do anything until you have read the cable.

HMJr: I will do nothing until I have read the cable.

H: And ask Mr. White to get in touch with the experts there.

HMJr: And ask White to be in touch with the experts in Washington?

H: Yes. Ask Mr. White to get in touch with the experts and see if they have heard from their people.

HMJr: I'll do that.

H: I'd appreciate very much being told what your decision is.

HMJr: I -- the minute we make one I'll let you know.

H: Yes. Okay.

- 4 -

HMJr: Thank you so much for your help.

H: Not at all.

HMJr: Thank you.

H: Good luck to you.

HMJr: Bye.

H: Bye.

April 21, 1944
9:27 a.m.

192✓

HMJr: Hello.

J. E. Brown: Good morning, Mr. Secretary.

HMJr: Good morning. I've tried to reach Mr. Acheson and I couldn't. Now, Ambassador Harriman just called me from Moscow....

B: Yes.

HMJr: And he said there's a very important cable there for me somewhere in the State Department.

B: Yes.

HMJr: Now, I'm going up on the Hill with Mr. Acheson at a quarter of ten.

B: Uh huh.

HMJr: And we've been waiting for this answer from Russia. Now, is there any way

B: Well, now, Mr. Secretary, he may have sent it but it may not have arrived.

HMJr: Well.

B: You know with the problem -- it's the old problem of getting telegrams back and forth to Moscow with the atmospheric conditions....

HMJr: Yeah. Well, now, look. Will you do this for me? Will you ask whoever is in charge of your code room and so forth and so on....

B: Yes.

HMJr: to give this thing priority?

B: I'll be very glad to do that.

HMJr: And then the second you've got it, let Mrs. Klotz know, herself.

B: Yes.

HMJr: She'll send a Secret Service man over to get it and he can rush it up to me on the Hill.

- 2 -

B: Fine.

HMJr: See?

B: I'll be very glad to do that.

HMJr: But I mean, whatever it is, if there's one from Harriman, please give it first priority.

B: Yes, indeed.

HMJr: Because I'm awfully anxious to get it.

B: All right, sir.

HMJr: Because he's

B: I'll take care of that right away.

HMJr: He says the Russians have said "yes" with certain qualifications.

B: Uh huh.

HMJr: Now, if I can tell these four Committees on the Hill that they've said "yes"

B: Yes.

HMJr: Would you give it as immediate attention

B: I'll -- I'll do that right away, sir.

HMJr: Thank you.

B: Fine. Not at all.

April 21, 1944
9:35 a.m.

DEFERMENTS

Present: Mr. C.S. Bell
Mr. Jordan
Mrs. Klotz

MR. BELL: Mr. Jordan doesn't go along with me on one - Taggart of Procurement. He has only been with us for two months. I warned Cliff that for the future not to take on people that are subject to the draft without first clearing with us, but I have talked with Mr. Gaston about this case and we both feel that he should be deferred because of his age.

MR. JORDAN: He has only been in the Treasury three months.

H.M.JR: Oh, he has been in the Government. Oh well, there has to be some incentive to work for the President. (The Secretary approves deferment list No. 1, attached)

MR. BELL: This is Charlie Adams' case. He has declined a commission in the Navy at Ted Gamble's request. Ted thinks the sun rises and sets in him. As far as we know he is doing a grand job. Since McNamara has left, he has absorbed practically that entire field of work.

H.M.JR: He is not on the key list, though.

MR. BELL: That is true. I am reasonably sure we can get him on the key list.

MR. JORDAN: The Committee has refused to put administrative positions in the Bureau on the key list.

- 2 -

MR. BELL: That is true, but this is different. This is a recent reclassification. We have had no opportunity to put this on the key list. Actually the man has to be an accountant, and if we don't work it one way, we will another.

H.M.JR: Are we asking three months or six months?

MR. BELL: In the case of Adams? I think he ought to be deferred for six months.

H.M.JR: It doesn't say here.

MR. JORDAN: You see, all of our requests go over for six months and they sometimes cut them down.

H.M.JR: That is all right. (The Secretary signs the deferment application of Charles W. Adams, attached)

Is that all?

MR. BELL: Yes, sir.

April 19, 1944.

DEFERMENTS

Name	Title	Age	No. of children
<u>INTERNAL REVENUE:</u>			
Scott, Matthew J.	Chief, Employment Tax Division (Arizona)	37	4
Siegle, Sol	Agent	34	None
<u>MINT BUREAU:</u>			
Neisser, Philip B.	Asst. Supt. of Melting and Refining (Philadelphia)	33	1
<u>PROCUREMENT DIVISION:</u>			
Taggart, Maurice J.	Asst. Chief, Finance Div.	36	2
Weiss, Basil F.	Chief, Lend-Lease Transportation and Storage Division	30	1
<u>TREASURER'S OFFICE:</u>			
Issacs, Hayden E.	Fiscal Accountant	34	1
<u>WAR FINANCE DIVISION:</u>			
Henry, Edgar Cowden	Deputy Manager (Texas)	33	1

Deferment for the above 7 employees is recommended by the Agency Committee:

Charles S. Bell
 I approve all of the above cases with the exception of request for deferment of Maurice J. Taggart:

Joseph A. Jordan

Approved: APR 21 1944
 (Signed) H. Morgenthau, Jr.

 Secretary of the Treasury.

April 19, 1944

The Committee on Deferments gives approval to the attached request for the deferment of Mr. Charles W. Adams, Assistant to the National Director, War Finance Division. Mr. Adams is 31 years of age, is married and has two children.

Mr. Adams exercises overall administrative control of the activities of the War Finance Division, including the headquarters office in Washington and 156 field offices; coordinates the work of the two branches of the organization (departmental and field); makes executive decisions pertaining to all administrative matters; formulates basic policies and carries out the National Director's desires in connection with all aspects of the program. Because of Mr. Adams' wide experience and training derived in carrying on this work since the inception of the organization, and his knowledge of the entire program as it relates to both the departmental and field services, the loss of his services would seriously impair the War Bond activity.

Charles S. Bell
Acting Chairman

Joseph A. Jordan

Approved: APR 21 1944

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

April 21, 1944
9:40 a.m.

APPEARANCE BEFORE CONGRESSIONAL COMMITTEES

Present: Mr. Smith
Mr. Shaeffer
Mrs. Klotz

H.M.JR: Good morning.

Patman thinks it will be helpful if the press was in this afternoon on account of this fellow White. But I don't see how we can let them in this afternoon if we don't let them in this morning. I don't think we will let the press in.

MR. SMITH: You mean into the sessions?

H.M.JR: Yes. This is Washington. This is the Office of the Secretary of the Treasury.

MR. SMITH: I didn't know what you were talking about. I am not sure that Rayburn isn't planning, because he said something yesterday very clearly about this being open to the public, and I was going to check up, but there is no way to do it.

H.M.JR: We can check up when we go on the Hill. I don't think it should be.

MR. SMITH: I don't think it should be this morning because of the - I don't think you dare have a meeting this morning because they will have it before the Senators have it. I think that is wrong.

H.M.JR: Well, get organized. I will be ready in a couple of minutes.

- 2 -

MR. SMITH: There is one word that Mr. Bernstein says is vital that we stick in on Page 16.

MR. SHAEFFER "Economic policy" isn't it? I have it in this mimeographed copy.

MR. SMITH: On Page 16. "Any other agreements."

H.M.JR: What line?

MR. SMITH: Second line. "...few other agreements" - it should be, "...few other economic agreements."

H.M.JR: I will be outside in a few minutes.

Any leaks from last night?

MR. SHAEFFER: No, sir. Not a line in the paper. The Journal columnist had a piece quoting Sol Bloom.

H.M.JR: Do you think I should try to do anything with Pearson about when they saw the Secretary - about a stenographer taking notes? He keeps talking about my having dictaphones all the time.

MRS. KLOTZ: I wouldn't. If I would say anything to him, I would have him for lunch.

MR. SHAEFFER: Yes.

MR. SMITH: I think that will be good, if you could take it. I don't think that is damaging. That is just so much noise.

MRS. KLOTZ: And I would laugh at it.

MR. SMITH: If you were anybody but the Secretary of the Treasury, it would be alarming, but I am not sure that it is such a terribly bad idea for the Secretary of the Treasury to be cautious.

MR. SHAEFFER: It wasn't printed locally.

April 21, 1944
12:23 p.m.

HMJr: Hello.

Operator: Ambassador Gromyko.

HMJr: Hello.

Ambassador Gromyko: How do you do, Mr. Secretary?

HMJr: How are you?

G: Thank you. I am all right. How are you today?

HMJr: Fine. Well, we had a very good message from Mr. Harriman.

G: Yes, I am familiar with it.

HMJr: You are familiar?

G: Yes.

HMJr: And I am very happy about it.

G: Uh huh.

HMJr: And we've sent an answer through Mr. Harriman to Mr. Molotov.

G: Uh huh.

HMJr: But I wanted to, also, send one through you.

G: Uh huh.

HMJr: And -- telling them how happy I am that I was able to tell the Committee this morning....

G: I will do....

HMJr:that the Soviet Government was going to associate themselves with us.

G: He's already advised us.

HMJr: Excuse me?

G: He has already advised us.

- 2 -

HMJr: I don't understand that.

G: We have been -- did you receive the full text which was handed to the Ambassador?

HMJr: I am not sure. The trouble is that the one that was handed to the Ambassador came through to us and it was very much "garbled".

G: I see. Well, Mr. Secretary, we will transmit to you the very short, very brief text of the -- which was handed to the Ambassador by Mr. Molotov.

HMJr: Could I get that before a quarter of two?

G: Before a quarter of -- yes, you will get it.

HMJr: And I'll be here in my office if he would come but before....

G: Yes.

HMJr:a quarter of two.

G: Yes. Because I received it and I am expecting the chauffeur will arrive within several minutes to the Embassy and I will give this text to him....

HMJr: Yes.

G:and will ask him to transmit it to you immediately.

HMJr: Here at the Treasury.

G: All right.

HMJr: Because I go back up again to testify before the House.

G: All right. The best wishes for you in this difficult work.

HMJr: Well, you'll be interested -- I was testifying and Senator Vandenberg, who is -- you know who he is.

G: (Laughs) I think I know a little bit.

HMJr: Yes. Well, Senator Vandenberg whispered to me. He said, "Henry, I'm for this plan."

G: Uh huh.

HMJr: So that's -- makes it a success in the Senate, if he's for it.

G: I see. I see. Well, I am delighted, too, that you and I received such a wire.

HMJr: Yes, it gives me a very happy feeling and the experts will -- they'll get together. If we can't do any other way, we'll give them some Vodka and I'll give them some American Bourbon.

G: (Laughs)

HMJr: And we'll make the Russians drink the Bourbon and the Americans drink the Vodka and then they'll get together.

G: (Laughs) That is right.

HMJr: How's that? All right. Thank you.

G: Thank you for calling.

HMJr: Thank you.

G: Good bye.

April 21, 1944

Mr. Collado took with him up on the Hill the cable which the State Department received from Harriman for Mr. Morgenthau. He delivered it to Mr. Morgenthau at the Committee hearing where Mr. Morgenthau was testifying this morning on the establishment of an International Monetary Fund. The hearing was adjourned for a couple of minutes while Mr. Morgenthau read the cable, and Bernstein, Collado and Smith left the hearing and drafted a reply, which the Secretary read to the Committee. The reply is attached hereto.

United States Senate

WASHINGTON, D. C.

We have just received a message from Moscow

that the Soviet experts ^{associate themselves with} ~~agree with~~ the general

principles of the Joint Statement, and that

the Joint Statement will be published in

Moscow. There are some points of detail on

which they wish to continue discussion after

the principles have been published.

SEP 7 - 1950 - 106 - 104 - 1010
1600 - 10 - 24

Statement of Secretary Morgenthau before Sen. 205
Coms. on Foreign Relations, Banking and Currency,
and the Special Committee on Post-War Economic
Policy and Planning,

and before the
House of Representative Coms. on Foreign Affairs,
Ways and Means, Banking and Currency, Coinage,
Weights and Measures, and Special Com. on Post-
War Economic Policy and Planning

Friday, April 21, 1944

Gentlemen:

I am happy to tell you today that technical experts of the United Nations have agreed upon a set of basic principles for an International Monetary Stabilization Fund. This is a great step forward. It is of greatest importance to all of us who believe that the nations of the world can cooperate in dealing with international economic problems.

Technicians representing some of these thirty nations have prepared a joint statement of the principles which are agreed upon. This statement does not, of course, bind any government to participate in the Stabilization Fund, though it does mean that the Fund will be recommended to each of the governments as a practical means of meeting post-war monetary problems.

- 2 -

I want to call particular attention to some of the facts contained in this joint statement, but before I do that, I should like to review with you some of the things that have happened since I appeared before these Committees on October 5 of last year. At that time, I told you I would like to keep you informed of progress, and accordingly I appreciate this opportunity to bring you up to date.

Since I last talked to you, we have discussed the principles of the International Stabilization program with bankers, labor representatives and other interested groups in Washington, Chicago, Boston, Philadelphia, New York, and other cities.

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Out of these meetings came helpful suggestions, many of which were incorporated in our plans.

The vast majority of those with whom we have talked are inclined to look favorably upon the principle of co-operation to maintain stable and orderly exchange rates. Informed opinion seems to point to private investment on a world-wide basis as vital to post-war recovery and reconstruction; and the stabilization of currencies among the United Nations through the medium of an international fund, is generally believed to be a necessary prerequisite to this investment.

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I believe we cannot expect American business men, nor business men of any nation, to take major financial risks, immediately upon the heels of a catastrophic global war, without some assurance that steps have been taken to prevent their investments from being jeopardized by unduly fluctuating money values and severe exchange restrictions.

Having studied the world picture after the last war, we are all agreed that an effort must be made to prevent, insofar as possible, harmful fluctuations of currency; and to prohibit deliberate manipulation of currencies in an effort to secure unfair competitive advantage in world trade.

- 5 -

When I was here on October 5, I spoke of a projected International Bank for Reconstruction and Development.

Because discussions on the Bank were initiated somewhat later they are not yet completely finished. I can tell you, however, that there is considerable support for the general principles embodied in the World Bank, and that good progress has been made.

Those with whom we have discussed the problem of reviving post-war international investment regard the Bank as essential to the expansion of international trade and the maintenance of a high level of business activity.

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They believe it necessary to take steps to encourage and aid private investors in providing an adequate volume of long-term investment capital for productive purposes.

The discussions we have had contemplate the establishment of a Bank for Reconstruction and Development to facilitate long-term investment capital through private financial agencies by guaranteeing and participating in loans made by private investors. The Bank would also supplement investment of private financial agencies, if this becomes necessary, by lending for productive purposes from its own resources when private capital is otherwise not available on reasonable terms.

- 7 -

A full statement of recommendations on the establishment of such a Bank, and of the principles on which such a Bank should be based, is still in preparation by technicians. It is my hope that this statement of principles will soon be completed and that it will be issued later. Before it is published, I shall fully inform your Committees.

Now I should like to explain briefly some of the basic principles upon which the technicians are agreed in connection with the International Monetary Fund.

- 8 -

Here are the purposes and policies as set forth in the joint statement:

- (1) To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.
- (2) To facilitate the expansion and balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment and real income, which must be a primary objective of economic policy.

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- (3) To give confidence to member countries by making the Fund's resources available to them under adequate safeguards, thus giving members time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.
- (4) To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.

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- (5) To assist in the establishment among member countries of multilateral payments facilities on current transactions, and to aid in the elimination of foreign exchange restrictions which hamper the growth of world trade.
- (6) To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.

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The joint statement recommends that all of the United and Associated Nations subscribe approximately \$8 billion to the Fund in the form of gold and local currency. The resources of the Fund would be available under adequate safeguards to help member countries to maintain exchange stability and to correct maladjustments in their balance of payments. Member countries would be able to buy foreign exchange from the Fund with their own currencies, to the extent of their quotas, in order to meet international payments consistent with the purposes of the Fund.

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The par value of currencies of member countries would be expressed in gold and could be changed only at the request of member countries after consultation and approval of the Fund. The Fund would approve a requested change in parity only if it were essential to correct fundamental disequilibrium. Prompt consideration would be given to requests for necessary adjustment of exchange rates. Member countries would not allow their exchange rates to fluctuate outside a narrow range based on the agreed gold parity.

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Voting power in the Fund would be closely related to quotas. A member country could withdraw from the Fund immediately by giving notice in writing, and obligations would be liquidated within a reasonable time.

During the period of transition following the war, member countries would be permitted to retain their exchange controls with the expectation that these would gradually be relaxed.

- 14 -

I am frank to say that in my opinion the agreement of the technical experts to these principles constitutes a long step on the way toward preventing a breakdown of currencies and the imposition and retention of restrictive and discriminatory exchange measures after the war. Through international cooperation now we can assure a stable and orderly pattern of post-war exchange rates.

The purposes set forth in this Joint Statement have long been the international monetary policies of the United States. For years it has been our objective to have these policies adopted by other countries.

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We know of no better way of assuring general adherence to these policies than through international cooperation in an International Monetary Fund.

We believe that it is of the greatest importance that all of the United Nations are in agreement on the best means to deal with these international financial problems after the war. This is concrete evidence that the United Nations can and will work together in establishing a peaceful and prosperous world just as they are now fighting together to destroy tyranny and oppression.

International cooperation on monetary and financial matters is the keystone of successful cooperation on all international economic problems.

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Unless we agree to expand world trade and develop the world economy, few other ^{economic} agreements which we might make will or can be effective.

The tentative proposals that have been under discussion by the technical experts are part of a program for cooperation on international economic problems among the United Nations. The objectives of this program are the expansion and development of international trade, the restoration of international investment for productive purposes, the maintenance of stable and orderly exchanges. Through these means, we can contribute to a high level of employment and production.

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The establishment of an International Monetary Fund and a Bank for Reconstruction and Development are important steps in the attainment of the objectives of this broad program.

I want to emphasize again that the discussions up to now have all been of a technical nature and exploratory in character. Whatever has been done represents the views of the technical experts of this country and of other countries that have been studying these questions. The United States is not in any way committed until Congress has taken action.

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It is my hope that after studying the recommendations of the technical experts, the governments of the United Nations will come to the conclusion that there is sufficient basis of agreement at a technical level to warrant the convening of a formal conference.

I am happy to say that the President has authorized me to state that if a conference is held, it is his intention to invite direct Congressional participation in the work of the United States Delegation.

Joint Statement by Experts on the Establishment
of an International Monetary Fund

Sufficient discussion of the problems of international monetary cooperation has taken place at the technical level to justify a statement of principles. It is the consensus of opinion of the experts of the United and Associated Nations who have participated in these discussions that the most practical method of assuring international monetary cooperation is through the establishment of an International Monetary Fund. The principles set forth below are designed to constitute the basis for this Fund. Governments are not asked to give final approval to these principles until they have been embodied in the form of definite proposals by the delegates of the United and Associated Nations meeting in a formal conference.

I. Purposes and Policies of the International Monetary Fund.

The Fund will be guided in all its decisions by the purposes and policies set forth below:

1. To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.

2. To facilitate the expansion and balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment and real income, which must be a primary objective of economic policy.

3. To give confidence to member countries by making the Fund's resources available to them under adequate safeguards, thus giving members time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.

4. To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.

5. To assist in the establishment of multilateral payments facilities on current transactions among member countries and in the elimination of foreign exchange restrictions which hamper the growth of world trade.

6. To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.

II. Subscription to the Fund.

U.S. \$2.5 Billion
U.K. \$1.2
U.S.S.R. \$0.9
China \$0.5

1. Member countries shall subscribe in gold and in their local funds amounts (quotas) to be agreed, which will amount altogether to about \$3 billion if all the United and Associated Nations subscribe to the Fund (corresponding to about \$10 billion for the world as a whole).

2. The quotas may be revised from time to time but changes shall require a four-fifths vote and no member's quota may be changed without its assent.

3. The obligatory gold subscription of a member country shall be fixed at 25 percent of its subscription (quota) or 10 percent of its holdings of gold and gold-convertible exchange, whichever is the smaller.

U.S. \$625 million

III. Transactions with the Fund.

1. Member countries shall deal with the Fund only through their Treasury, Central Bank, Stabilization Fund, or other fiscal agencies. The Fund's account in a member's currency shall be kept at the Central Bank of the member country.

2. A member shall be entitled to buy another member's currency from the Fund in exchange for its own currency on the following conditions:

(a) The member represents that the currency demanded is presently needed for making payments in that currency which are consistent with the purposes of the Fund.

(b) The Fund has not given notice that its holdings of the currency demanded have become scarce in which case the provisions of VI, below, come into force.

(c) The Fund's total holdings of the currency offered (after having been restored, if below that figure, to 75 percent of the member's quota) have not been increased by more than 25 percent of the member's quota during the previous twelve months and do not exceed 200 percent of the quota.

Quota will fall more than 4 years or less than any country.

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- (d) The Fund has not previously given appropriate notice that the member is suspended from making further use of the Fund's resources on the ground that it is using them in a manner contrary to the purposes and policies of the Fund; but the Fund shall not give such notice until it has presented to the member concerned a report setting forth its views and has allowed a suitable time for reply.

The Fund may in its discretion and on terms which safeguard its interests waive any of the conditions above.

3. The operations on the Fund's account will be limited to transactions for the purpose of supplying a member country on the member's initiative with another member's currency in exchange for its own currency or for gold. Transactions provided for under 4 and 7, below, are not subject to this limitation.

4. The Fund will be entitled at its option, with a view to preventing a particular member's currency from becoming scarce:

- (a) To borrow its currency from a member country;
- (b) To offer gold to a member country in exchange for its currency.

5. So long as a member country is entitled to buy another member's currency from the Fund in exchange for its own currency, it shall be prepared to buy its own currency from that member with that member's currency or with gold. This shall not apply to currency subject to restrictions in conformity with IX, 3 below, or to holdings of currency which have accumulated as a result of transactions of a current account nature effected before the removal by the member country of restrictions on multilateral clearing maintained or imposed under X, 2 below.

6. A member country desiring to obtain, directly or indirectly, the currency of another member country for gold is expected, provided that it can do so with equal advantage, to acquire the currency by the sale of gold to the Fund. This shall not preclude the sale of newly-mined gold by a gold-producing country on any market.

7. The Fund may also acquire gold from member countries in accordance with the following provisions:

- (a) A member country may repurchase from the Fund for gold any part of the latter's holdings of its currency.

Half payment must be made in gold if country has more than its quota.

(b) So long as a member's holdings of gold and gold-convertible exchange exceed its quota, the Fund in selling foreign exchange to that country shall require that one-half of the net sales of such exchange during the Fund's financial year be paid for with gold.

They must use the increase in holdings to clear local currency from Fund.

(c) If at the end of the Fund's financial year a member's holdings of gold and gold-convertible exchange have increased, the Fund may require up to one-half of the increase to be used to repurchase part of the Fund's holdings of its currency so long as this does not reduce the Fund's holdings of a country's currency below 75 percent of its quota or the member's holdings of gold and gold-convertible exchange below its quota.

IV. Par Values of Member Currencies.

remains and

1. The par value of a member's currency shall be agreed with the Fund when it is admitted to membership, and shall be expressed in terms of gold. All transactions between the Fund and members shall be at par, subject to a fixed charge payable by the member making application to the Fund, and all transactions in member currencies shall be at rates within an agreed percentage of parity.

2. Subject to 5, below, no change in the par value of a member's currency shall be made by the Fund without the country's approval. Member countries agree not to propose a change in the parity of their currency unless they consider it appropriate to the correction of a fundamental disequilibrium. Changes shall be made only with the approval of the Fund, subject to the provisions below.

3. The Fund shall approve a requested change in the par value of a member's currency, if it is essential to the correction of a fundamental disequilibrium. In particular, the Fund shall not reject a requested change, necessary to restore equilibrium, because of the domestic social or political policies of the country applying for a change. In considering a requested change, the Fund shall take into consideration the extreme uncertainties prevailing at the time the parities of the currencies of the member countries were initially agreed upon.

4. After consulting the Fund, a member country may change the established parity of its currency, provided the proposed change, inclusive of any previous change since the establishment of the Fund, does not exceed 10 percent. In the case of application for a further change, not covered by

the above and not exceeding 10 percent, the Fund shall give its decision within two days of receiving the application, if the applicant so requests.

5. An agreed uniform change may be made in the gold value of member currencies, provided every member country having 10 percent or more of the aggregate quotas approves.

V. Capital Transactions.

1. A member country may not use the Fund's resources to meet a large or sustained outflow of capital, and the Fund may require a member country to exercise controls to prevent such use of the resources of the Fund. This provision is not intended to prevent the use of the Fund's resources for capital transactions of reasonable amount required for the expansion of exports or in the ordinary course of trade, banking or other business. Nor is it intended to prevent capital movements which are met out of a member country's own resources of gold and foreign exchange, provided such capital movements are in accordance with the purposes of the Fund.

2. Subject to VI below, a member country may not use its control of capital movements to restrict payments for current transactions or to delay unduly the transfer of funds in settlement of commitments.

VI. Apportionment of Scarce Currencies.

1. When it becomes evident to the Fund that the demand for a member country's currency may soon exhaust the Fund's holdings of that currency, the Fund shall so inform member countries and propose an equitable method of apportioning the scarce currency. When a currency is thus declared scarce, the Fund shall issue a report embodying the causes of the scarcity and containing recommendations designed to bring it to an end.

2. A decision by the Fund to apportion a scarce currency shall operate as an authorization to a member country, after consultation with the Fund, temporarily to restrict the freedom of exchange operations in the affected currency, and in determining the manner of restricting the demand and rationing the limited supply among its nationals, the member country shall have complete jurisdiction.

VII. Management.

1. The Fund shall be governed by a board on which each member will be represented and by an executive committee. The executive committee shall consist of at least nine members including the representatives of the five countries with the largest quotas.

2. The distribution of voting power on the board and the executive committee shall be closely related to the quotas.

3. Subject to II, 2 and IV, 5, all matters shall be settled by a majority of the votes.

4. The Fund shall publish at short intervals a statement of its position showing the extent of its holdings of member currencies and of gold and its transactions in gold.

VIII. Withdrawal.

1. A member country may withdraw from the Fund by giving notice in writing.

2. The reciprocal obligations of the Fund and the country are to be liquidated within a reasonable time.

3. After a member country has given notice in writing of its withdrawal from the Fund, the Fund may not dispose of its holdings of the country's currency except in accordance with the arrangements made under 2, above. After a country has given notice of withdrawal, its use of the resources of the Fund is subject to the approval of the Fund.

IX. The Obligations of Member Countries.

1. Not to buy gold at a price which exceeds the agreed parity of its currency by more than a prescribed margin and not to sell gold at a price which falls below the agreed parity by more than a prescribed margin.

2. Not to allow exchange transactions in its market in currencies of other members at rates outside a prescribed range based on the agreed parities.

3. Not to impose restrictions on payments for current international transactions with other member countries (other than those involving capital transfers or in accordance with VI, above) or to engage in any discriminatory currency arrangements or multiple currency practices without the approval of the Fund.

X. Transitional Arrangements.

1. Since the Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of the war, the agreement of a member country to provisions III, 5 and IX, 3 above, shall not become operative until it is satisfied as to the arrangements at its disposal to facilitate the settlement of the

- 7 -

balance of payments differences during the early post-war transition period by means which will not unduly encumber its facilities with the Fund.

2. During this transition period member countries may maintain and adapt to changing circumstances exchange regulations of the character which have been in operation during the war, but they shall undertake to withdraw as soon as possible by progressive stages any restrictions which impede multilateral clearing on current account. In their exchange policy they shall pay continuous regard to the principles and objectives of the Fund; and they shall take all possible measures to develop commercial and financial relations with other member countries which will facilitate international payments and the maintenance of exchange stability.

3. The Fund may make representations to any member that conditions are favorable to withdrawal of particular restrictions or for the general abandonment of the restrictions inconsistent with IX, 3 above. Not later than three years after coming into force of the Fund any member still retaining any restrictions inconsistent with IX, 3 shall consult with the Fund as to their further retention.

4. In its relations with member countries, the Fund shall recognize that the transition period is one of change and adjustment, and in deciding on its attitude to any proposals presented by members it shall give the member country the benefit of any reasonable doubt.

Transmitted by Secret Service Agent Slye
at 4:20

Sent to Mr. Latta's Office

To be sent by pouch.

*Copy of telegram # 1380 from
Moscow enclosed.*

April 21, 1944

My dear Mr. President:

I thought you would like to know some of the things that have been happening behind the scenes in connection with our testifying before the Senate and House Committees.

Only by telling the English that I would go up and testify whether I heard from them or not were we finally able to get an agreement out of them to go along with the principles involved. The Russians also have been stalling us, and yesterday I called up both Harriman in Moscow and Ambassador Gromyko here to put all the pressure I could on them to get the Russians to come along. I never got an answer from the Russians until I was in the middle of my testimony before the four Committees in the Senate this morning. You will find the message attached to this letter. I thought you would be most pleased that the Soviet Government decided to go along with us "to secure due effect in the rest of the world". In other words, they want to be associated with us in the eyes of the world. State and Treasury both think this is highly significant, as I am sure you will also.

Before leaving the hearing in the Senate, Senator Vandenberg whispered to me that he would support this program. The fact that I was able to tell the Senate that you would appoint members of Congress to the American Delegation made a great hit.

I am dictating this letter between hearings, so I do not know how I will be received in the House this afternoon, or what kind of publicity we will get in the morning papers, but I am hoping for the best.

- 2 -

I was so happy to learn that both Jimmy and Franklin received highly deserved promotions, and may I extend my congratulations to you as their father.

With warm regards,

Sincerely yours,

(Signed) Henry

The President,

The White House.

MEMORANDUM FOR THE SECRETARY.

April 21, 1944.

Mail Report

Although this week's mail was heavier than that of last week, no new subject appeared. Bond matters accounted for roughly 70%; the other 30% of the week's receipts concerning taxes, checks, currency, and now and then a Foreign Fund problem.

The Fifth Drive continued to figure prominently in the mail. Our correspondents submitted slogans, songs, and poems; offered personal services; and outlined possible drawbacks that might be overcome by preliminary planning. Several writers wanted new types of bonds, especially small ones. Many asked that the \$5,000 limit be raised so that quotas may be reached more easily by sale of E Bonds during the next Drive.

While there were again very few complaints about delays in receiving bonds, there were 20 reports of overdue interest. The 67 bonds submitted for redemption through this office represent an average for recent weeks.

Requests for tax refunds, some of them pathetically urgent, rose sharply. Evidently this is going to be a sore spot in Treasury relations with the public, particularly the new taxpayers. There were few additional requests for simplification of forms, and perhaps a dozen appeals for reconsideration of deduction of charitable donations in the proposed Withholding Act. Occasionally a letter would point out that because of present rates, the manpower shortage is made worse inasmuch as workers refuse to put in overtime, only to have their wage gains nullified by the taxes that are imposed.

Publicity about the decline in U. S. gold holdings prompted several inquiries. A number of these letters were submitted by Senators and Congressmen.

Shirley E. Forbush

General Comments

Mrs. George V. Linden, Dallas, Texas, wrote to the President, enclosing a letter from her husband, who is a Corporal in the Army in Africa. The correspondence was referred to the Treasury for handling, and the letter from Corporal Linden reads in part as follows:

" * * * So the fellows at your office have heard about the money being made on the exchange of currency. Yes, some of the boys have made quite a nest egg for themselves by this method. It works this way: The American value of the franc, for instance, is \$.02, but the franc may be purchased on the black market for \$.01. Accordingly, on the exchange of a black market franc one would make 100% profit. You can imagine how much one could accumulate by this method. The biggest steal though is accomplished on the exchange of Chinese currency. An American dollar can be exchanged for 120 Chinese dollars on the black market, and these black market dollars can then be converted back to American dollars via draft at 40 Chinese dollars for 1 American dollar, a neat profit of 200%, i.e. 3 for 1. For every winner there must be a loser, and the loser in these steals is the U. S. Government, for both the franc and the Chinese dollar are babies of the U. S. Treasury. Maybe it is smart like the lads told you, but it does seem strange for Americans to fight for their country with their hands and their hearts while kicking her in the stomach with their feet. Your own husband may be overconscientious, but after working in the Internal Revenue for so many years, I instinctively yearn to protect the Government's interest. The War Department, however, has issued regulations prohibiting a member of the Armed Forces to use his position for personal gain via the franc black market route, but as far as I know, the Chinese swindle racket is still in vogue. * * * "

- 2 -

Norman Somers, Binghamton, N.Y. I think that you are doing a tremendous job very well. I know that you must be very busy steering our country through this crucial period, but I thought I'd write to you and add a bit of encouragement. Perhaps you face as many problems as Alexander Hamilton, and I am sure you will take care of them as well as he. * * * I am 15 years old and am in the 9th grade. I heard a man on the radio the other day who told about those filthy counterfeiters. We have so many opportunities in the United States today, and yet those people have to try to make money the easy way. They should be out working in war plants, helping our war effort in a nice clean way instead of sneakily turning out ersatz bills. Keep up the good work, Mr. Morgenthau.

Dr. Herman Sharlit, New York City. My converted war risk insurance of World War I will become completely paid up next year. It has occurred to me that our Government should consider offering holders of such matured policies annuities on the ~~surrender~~ of the said policies. The annuity return, beginning at the age which insurance practices make feasible, should be based not alone on the cash surrender value of the policy, but should include old age and war veteran benefits which would ultimately accrue to war veterans. * To the extent to which war veterans may be encouraged to convert and maintain their policies to maturity, such a proposal as herein suggested should go a long way towards automatically solving the veterans' pension problem. Naturally, should such an offer be put into effect, those accepting annuities would be excluded from any veterans' pensions that would ultimately be voted. The adjusted service bonds of World War I, which reach maturity in June, 1945, also merit consideration at this time. I trust that simple machinery will be set up for exchanging those bonds for some series next year. It is inconceivable that those of us who overcame the temptation these many years to cash them, would seek to redeem them next year. * * *

- 3 -

Anna Laslo, Washington, D. C. I take the liberty of approaching you in this rather unusual way, but I can't think of any other means by which I would be able to help the cause of the European Refugees, which cause is the dearest to my heart. I have no cash on hand which I could offer to aid this most worthy cause, but I have some 100 dollars in the U. S. Retirement Fund, which accumulated during my employment with the U. S. Government from the 18th of June 1942 to the end of August 1943. I would like to contribute this sum toward the fund of the European Refugee Board. * * * I sincerely hope that I'm not imposing on you too much when I'm pleading with you to kindly use your good influence to get that money paid out to you as soon as possible, and then please use it toward the fund of the European Refugee Board. I would consider it a privilege if you would kindly accept this little contribution from me. * * *

Senator Arthur Capper sends the following letter he has received from Mark D. Mitchell, Independence, Kan. Henry Taylor has broadcast over the radio the news that we are printing enormous quantities of money to take care of military currency, and shipping it to foreign countries; that gold is being taken out of the Depository at Fort Knox, Kentucky, and shipped to foreign countries like China, India and Arabia for the alleged purpose of stabilizing the currency of these nations. It seems that these shipments of currency printed in the United States is a contingent liability of the Federal Government, and that no systematic entry has apparently been made covering this liability, and that it seems to me a thorough investigation of this procedure on the part of Congress is a necessary thing in order to protect the stability of our currency here at home, as well as to protect the War Bonds which we have bought, and protect the value of our life insurance policies.

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Favorable Comments on Bonds

W. C. Rogers, Arkansas Senate, Nashville, Arkansas.
For two or three days in succession, I have heard the Commercial Bank, of Shreveport, Louisiana, in their advertising broadcasts, refer to their facilities for assisting those who have been patriotic enough to buy bonds. I may be mistaken, but this seems to me to be demoralizing to the legitimate sale of bonds in that it will give the average a thought that he can get rid of his bonds any time after sixty days. I think this fact, though true, should always be soft-pedaled in selling War Bonds. I believe a note to that bank in your official capacity will be all that is necessary. My best wishes, Mr. Morgenthau. You are doing a wonderful job and doing it well.

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Unfavorable Comments on Bonds

J. L. Shepherd, Milan, Missouri. * * * A man and his wife, who were on Old Age Assistance roll, owned eighty acres of land without any improvements. Last May they sold same with the idea of buying a small piece of property as a home. After paying some debts, they had around \$700 left in the bank. * * * When the Bond Drive came along, they were prevailed upon to put this money in War Bonds until such time as they could buy a home. They did not do this until they consulted the cashier of the bank, who was County Chairman of the Bond Drive, as to whether they could get the money back when needed, as it takes a little time, as you know, to cash these bonds. He informed them that he would take care of them as soon as they bought property, without having to wait to cash the bonds. They then bought bonds with this money amounting to \$625. Then along comes the investigator of the O.A.A. and suspends them from Old Age Assistance because they have these bonds; in other words, penalizing them for letting the Government have the use of their money until such time as they could find a home to buy. I have talked with the cashier of the bank (who has been very active in the Bond Drives) and he agrees that if this action is not challenged, it is going to hurt the bond effort in this County, and if it is the policy of the O.A.A. Commission of Missouri, it will hurt the State Bond effort. Looks like a case of bond sabotage, pure and simple.

James V. B. Post, West Orange, N. J. * * * Evidently the Treasury Department in Washington, and others, have not been informed of this paper shortage as we have just been the recipient of a citation from the Treasury for services rendered on behalf of the last War Loan Drive. Most of the people I have spoken to, who assisted in the last Drive, felt it their duty to assist in whatever

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manner they could, but they did not expect to receive any citations for doing this work. The one I received is only one of millions sent out from Washington, and I have seen other citations four or five times bigger than this one, which have been given, as near as I can make out, to practically anyone working in a war plant. Besides using critical paper, I know very well that it took at least the services of several hundred people, or more, to design and print these citations, plus the thousands of stenographers required to address the envelopes. The cost of doing all this work just at a time when the country certainly should be economizing as much as possible, runs up to a mere one hundred million dollars or more. We feel that this is all so unnecessary with the shortage of manpower and everything else. * * *

E. J. Connor, Connor Company - Wholesale Plumbing and Heating Supplies, Peoria, Illinois. The writer has been offered and his services have been accepted to do more or less 100% work for a few months in connection with the next bond campaign. * * * In discussing the failure of many Illinois rural counties to come even close to their quotas, a banker told me these facts. Farmers are not using the banks either in depositing their receipts and transactions. Neither are they using safety deposit boxes. All of their deals are now selling for cash, and paying the same way. They don't put the money in the bank, as thereby they have records, and income tax auditors cannot check them, and they want to forget and have no records. * * * They don't want to and don't do their share of bond buying. * * * Labor and business pay their share of taxes and buy bonds, because they can't do otherwise, perhaps, but results are the same. I know the farmers - my business is indirectly with them. Also own some farms. Farmers are exceedingly prosperous and should do their share, but are not. * * * But farmers should be scared, that would be much better selling argument than logic or patriotism.

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Robert E. Ausenbaugh, Evansville, Ind. There is a problem existing at the Evansville shipyard - contractors Missouri Valley Bridge and Iron Company - concerning the payroll bond deductions. It has been bad all along, and is growing worse all the time. Employees have from 4 to 5 bonds due them all the time before they receive perhaps 1 in 1 month. The thing is getting worse, and if not corrected, the employees are going to stop the payroll plan. As for myself, I am sure we will get the bonds due us, sometime, and would buy all the bonds I can afford anyway. But lots of employees, less interested in bond buying than I am, are almost ready to quit on this account, and lots of them would not buy bonds otherwise. * * *

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Unfavorable Comments on Taxation

G. E. Avery, Wethersfield, Conn. In December 1942 I bought a few United States Treasury Notes, Tax Series A, for the purpose of paying future income tax obligations to the Government. Since then, the withholding tax law has been passed, and I cannot use the two that I have left for such purpose, as the balance of my tax due each year is less than the face value of the notes. Will you advise me as to what to do with these notes, and if presented for redemption will I lose the accrued interest, and thus be penalized for trying to cooperate with the Government? This same letter was sent to the local Collector of Internal Revenue on February 7th, to which I have had no reply.

Louis L. Baere, Peerless Fibre Company, Cohoes, N.Y. The currently existing high tax rates are having a strange repercussion on the manpower situation in our country today. Due to the rates, a good many of the working people feel that taxes take the bulk of their overtime wage from them so that, as a result, numbers of men and women alike have refused to work additional hours. This situation has held true in my own plant here and also prevails in a good many plants throughout the country, according to my conversations with other mill owners. It has occurred to the writer that the Treasury Department should endeavor, both in the interests of realizing greater taxes and at the same time promoting maximum use of our manpower, to put out some publicity in order to ameliorate this situation. * * *

A. E. Hotson, Shreveport, La. On my attempting to file Form 1040-ES with the local office of the Bureau of Internal Revenue, Shreveport, La., as required, I was refused a receipt in any form. In view of the ease with which slips of paper can be mislaid, wrongly

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filed or destroyed, I believe my request was reasonable, and that no honest person, whether Federal employee or otherwise, would or should refuse a receipt when cash or important papers are tendered. Kindly advise if instructions covering issuance of receipts have or will be issued from your office.

Palmer Conger, Philadelphia, Pa. Will you please give me the information about my returned tax money which the Government owes me? For I have overpaid my taxes for 1943, the amount is \$69.21 which I was told in February 1944 that the Government would give me this money back in a month or six weeks. I have not received this money yet and I would like to know when I will get it. I need this money now to help pay my rent, and to carry me till I get a payday. I would be very grateful if you can send me the \$69.21 as soon as you can. Thanking you kindly.

Copy of letter written by Ray Alvis, McAllen, Texas, to Frank Scofield, Collector of Internal Revenue, Austin, Texas. I have your letter of March 20th saying that you had received my protest dated January 25th, but that I should have sent it to Dallas. Now on April 7th you sign a letter saying that I failed to file a protest. The cheapest and easiest thing that I can do is to pay you your \$28.00 that I do not owe you, and at least be rid of you for the moment. It is the principal of extortion involved. Being dogged to exasperation. I spent a great deal of time with your field investigator. Offered to furnish proof of any entries that he might question. When he was making out his so-called "exhibit", I insisted that he was duplicating figures and that it was incorrect. He didn't want the facts though - he just wanted to make all the trouble that he could. You suggest that I go to the Tax Court in Washington. If gas is available later in the year, I will most

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certainly do it. Travelling conditions are too difficult now. I would like to see my Senator, Congressman and Mr. Morgenthau in person. Go ahead and carry your illegal and dishonest claim to court. I flatly refuse to pay you more than the law requires. If I have to, I would prefer to spend the rest of my time in Alcatraz than be hounded to death.

Alex Rexion, Department of Cooperative Work, Fenn College, Cleveland, Ohio. On the income tax documents that we citizens must file we are continually reminded that we shall be penalized unless we do this or that on time, and in other ways dictated to by the Government. All of that is, I suppose, as it should be. But would it not be good if the Government itself practiced what it preaches? For instance, I overpaid my income tax last year, and requested that the Government refund me the sum I paid beyond that which was required by the Government. Nearly 40 days have passed since I filed my annual return, and as yet I have not received the money I have coming. I have more than \$100 coming, and this would serve me well now instead of later in the year. The rumor is going the rounds that it is foolish for us to expect any refund from the Government. How true is this rumor?

M. E. Peterson, Principal, Winnetka School, Canoga Park, California. Again I must protest at the excessive taxation on my salary. This time the particular protest is because I have been forced to pay far in excess of my actual tax. On my last return, March 15th, the Government owed me \$96.00 which I have been promised as a refund. However, over the radio a few nights ago we were told that such refunds might not come to us for a year because "The Government simply hasn't got it". In making up my tax estimate I find that the Government, according to the present rate of withholding, will owe me \$76.00; and that is before any deductions for contributions, taxes, interest, and

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so on, are made. The amount will probably be over \$100.00. Have you any reasonable explanation for the inability of your office to figure closer than this? We "white collar" people are literally beaten into the dust. * * * The critical feeling which I have with reference to excessive taxation, and the fact that refunds are not forthcoming, is shared generally by the many millions of "white collar" wage-earners in the United States. * * *

Emile Ramel, Brooklyn, New York. About three months ago I filed my income tax return with the office at Hoyt and Schermerhorn Streets so as to give that office a chance or plenty of time to check same before the week of the March 15th rush. I overpaid \$28.85, based on my weekly salary, and asked for a refund, as I will be again overpaid for 1944, based on the 20% deduction at the source. Have heard nothing from them and could not get any information of a satisfactory nature in answer to my letter. Could your office do anything to expedite matters?



TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON 25



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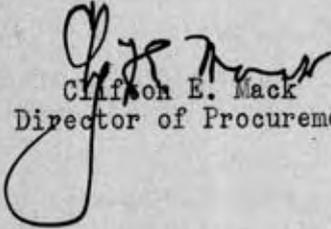
OF THE DIRECTOR

April 21, 1944

MEMORANDUM TO THE SECRETARY:

Sale of corrugated sheet steel, originally purchased for Lend-Lease, has just been completed. 3,172,000 pounds of steel were involved in this sale, and the price secured was \$118,003.00.

There were no other unusual activities today which seem to merit inclusion in this memorandum. Some study was devoted to the proposed Office of Price Administration Supplementary Order governing sales by Government agencies. Our general opinion is that the proposed regulations are much more complex than is necessary.


Clifton E. Mack
Director of Procurement

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 21, 1944

TO Secretary Morgenthau

FROM Mr. White *HDW*1. Stabilization Fund's Gold Transactions

During the three months ending March 31, 1944, the Stabilization Fund sold approximately \$359.7 million in gold to foreign countries principally to be earmarked for their accounts with the Federal Reserve Bank of New York. Sales by countries were as follows:

<u>Country</u>	<u>Sales in millions of dollars</u>
Afghanistan	5.985
Argentina	64.837
Bolivia	.499
Chile	5.096
Colombia	15.050
Cuba	14.999
Guatemala	5.075
Haiti	.500
Iran	4.000
Paraguay	.500
Peru	1.995
Portugal	19.950
Salvador	2.063
Switzerland	19.951
Turkey	29.925
United Kingdom	150.288
Uruguay	7.482
Vatican City	.499
Venezuela	<u>10.969</u>
Total	359.663

During the same period, the Stabilization Fund sold \$15.7 million in gold to acquire local currency in India and

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the Middle East for the purpose of financing United States war expenditures. Sales by countries were as follows:

<u>Country</u>	<u>Millions of dollars</u>
India	11.572
Iran	2.007
Egypt	<u>2.079</u>
Total	15.658

The Fund purchased approximately \$5.0 million in gold from the earmarked account of the Royal Netherlands Government.

In order to maintain its gold balance, it also purchased \$341.5 million of gold from the Treasury General Fund.

As a result of the above transactions there was a net decrease of approximately \$28.7 million in the Stabilization Fund's gold holdings to about \$14.3 million as of March 31.

2. Treasury Gold Stock

During this quarter, the Treasury's gold stock decreased \$337.7 million from \$21,937.5 million to \$21,599.8 million as of March 31. Known and estimated amounts of sales and acquisitions were as follows:

<u>Sales</u>	<u>Millions of dollars</u>	
Sold to the Stabilization Fund	341.5	
Sold to industry	7.0	
Miscellaneous	<u>5.1</u>	
Total		353.6

Acquisitions

Newly-mined domestic	3.4	
Imports sold directly to mints and assay offices	11.1	
Miscellaneous (coin and scrap)	<u>1.4</u>	
Total		<u>15.9</u>
Net decrease in the Treasury gold stock		\$337.7

3. Total Gold Holdings of the United States

	<u>December 31, 1943</u>	<u>March 31, 1944</u>
Treasury Gold Stock	\$21,937,509,984	\$21,599,752,837
Stabilization Fund Gold	<u>42,907,236</u>	<u>14,277,104</u>
Total	\$21,980,417,220	\$21,614,029,941

The decrease in the gold holdings of the Treasury and the Stabilization Fund during this quarter was \$366.4 million.

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE April 21, 1944

TO Secretary Morgenthau
FROM Mr. White *HDW*
Subject: Lend-Lease Exports to Russia

1. In February, 1944, United States lend-lease exports to Russia totalled approximately \$200 million as compared with about \$285 million in January, 1944.

2. Among the principal non-military items were:

- Motor trucks (all sizes) (\$13 million)
- Wool cloth and dress goods (\$10 million)
- Dried eggs (\$7 million)
- Lard (\$3 million)
- Canned meat, ex. chicken (\$3 million)
- Wheat flour (\$3 million)

3. Among the munitions sent were:

- 159 P-39 pursuit fighters
- 20 P-40 pursuit fighters
- 215 light and medium tanks
- 90 50 cal. aircraft machine guns
- 50 50 cal. anti-aircraft machine guns
- 192 40 mm. anti-aircraft guns
- 18 3 in. 50 cal. naval anti-aircraft guns
- 12 5 in. 38 cal. naval anti-aircraft guns
- 2,077 scout cars
- 1,122 motorcycles
- 273 railway freight cars

4. Shipments to Eastern Russia, presumably on Russian boats via Vladivostok or some other Siberian port, accounted for about \$38 million of the total of approximately \$200 million exported during the month under review.

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY

April 21, 1944

CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended April 12, 1944, showing dollar disbursements out of the British Empire and French accounts at the Federal Reserve Bank of New York and the means by which these expenditures were financed.

E.M.B.

FEDERAL RESERVE BANK
OF NEW YORK

April 20, 1944.

CONFIDENTIAL

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

I am enclosing our compilation for the week ended April 12, 1944, showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Very truly yours,

/s/ H. L. Sanford,

H. L. Sanford,
Assistant Vice President.

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

Enclosures

COPY

ANALYSIS OF BRITISH AND FINISH ACCOUNTS
(In Millions of Dollars)

Week Ended April 12, 1944

Strictly
Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)									Net Incr. (+) or Decr. (-) in £ Funds (d)	BANK OF FRANCE		
	D E B I T S				C R E D I T S						Total Debits (e)	Total Credits (e)	Net, Incr. (+) or Decr. (-) in £ Funds (d)
	Total Debits	Gov't Expendi- tures (a)	Transfers to Official Canadian Account	Other Debits	Total Credits	Proceeds of Sales of Gold	Receipts Official (b)	Transfers Official Australian Account	Other Credits (c)				
First year of war (a)	1,792.2	605.6	20.9	1,166.7	1,828.2	1,356.1	52.0	3.9	416.2	+ 35.0	866.3(f)	1,095.3(f)	+ 299.0
War period through December, 1940	2,782.3	1,425.6	20.9	1,335.8	2,793.1	2,109.5	108.0	14.5	561.1	+ 10.8	878.3	1,098.4	+ 220.1
Second year of war (b)	2,203.0	1,792.2	3.4	407.4	2,169.8	1,193.7	274.0	16.7	705.4	- 13.2	38.9	8.8	- 30.1
Third year of war (c)	1,235.6	904.8	7.7	223.1	1,361.5	21.8	5.5	57.4	1,276.8	+ 125.9	18.5	4.4	- 14.1
Fourth year of war (d)	764.0	312.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 308.3	10.3	1.0	- 9.3
1943													
September	49.4	16.8	10.6	22.0	86.2	-	-	15.0	71.2	+ 36.8	-	-	-
October	38.2	16.0	-	22.2	115.4	-	-	40.5	74.9	+ 77.2	-	-	-
November	65.9	42.4	5.9	17.6	89.0	-	-	3.5	85.5	+ 23.1	-	-	-
December	98.1	16.2	-	81.8	134.5	-	-	26.5	98.0	+ 36.4	-	-	-
1944													
January	44.6	22.2	10.6	12.0	127.5	-	-	1.0	126.5	+ 52.7	-	-	-
February	143.8	14.2	2.1	127.4	144.5	-	-	29.0	115.5	+ 0.7	-	-	-
March	152.9	71.1	12.5	69.3	133.3	-	-	24.5	108.8	- 19.6	-	-	-
April													
May													
June													
July													
August													
Week Ended													
March 22, 1944	6.7	1.0	-	5.7	29.8	-	-	-	29.8	+ 23.1	-	-	-
March 29, 1944	12.8	6.8	-	6.0	43.5	-	-	-	43.5	+ 30.7	-	-	-
April 5, 1944	75.0	9.4	8.4	57.2	16.9	-	-	6.5	10.4	- 58.1	-	-	-
April 12, 1944	57.3(h)	3.5	-	53.8(i)	26.1(k)	-	-	10.0	16.7(l)	- 30.6	-	-	-

See attached sheet for Footnotes.

France (through June 29, 1940) \$13.2 million
 England (through June 19, 1940) \$22.6 million
 England (through June 20, 1940 to March 12, 1941) \$54.9 million
 England (since March 12, 1941) \$11.2 million

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (k) below.
- (d) Reflects net change in all dollar holdings payable on demand or maturing in one year.
- (e) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (f) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (g) For monthly breakdown see tabulations prior to April 23, 1941.
- (h) For monthly breakdown see tabulations prior to October 8, 1941.
- (i) For monthly breakdown see tabulations prior to October 14, 1942.
- (j) For monthly breakdown see tabulations prior to September 29, 1943.
- (k) Includes \$ 4.5 million apparently representing current and accumulated dollar proceeds of sterling area services and accompanying exports, and \$7.3 million in connection with the expenses of our armed forces abroad.
- (l) Of which \$50.1 million represents cost of gold purchased for export.

CONFIDENTIAL BANK OF AMERICA (and its U.S. Branches)

PERIOD	Total Official to		Other	Total	Official A/C	Other	Total	Net Incr. (+) or Decr. (-) in (Austr.)	Credit	Debit		Total	Sales	Credit	Total	Orders	Credit in Funds (e)				
	Total	A/C								For Own	For French							Other	Total	Total	Total
First year of war (1940)	123.0	16.6	205.4	20.9	38.7	32.4	+ 181.7	38.7	38.7	110.7	42.0	+ 230.2	57.9	14.5	43.4	62.4	50.1	12.3	+ 4.5		
Second year of war (1941)	450.4	0.3	528.5	198.6	7.7	360.0	+ 40.5	107.2	107.2	123.9	88.5	+ 1.6	72.2	16.7	55.5	69.8	17.2	62.9	18.3	+ 9.0	
Third year of war (1942)	523.8	0.3	528.5	398.6	7.7	360.0	+ 40.5	107.2	107.2	123.9	88.5	+ 1.6	72.2	16.7	55.5	69.8	17.2	62.9	18.3	+ 9.0	
Fourth year of war (1943)	723.6	-	723.6	958.8	47.1	742.3	+ 235.2	197.0	197.0	123.9	88.5	+ 1.6	72.2	16.7	55.5	69.8	17.2	62.9	18.3	+ 9.0	
First year of war (1944)	176.8	0.3	176.5	55.1	-	55.1	- 91.7	39.7	36.5	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
Second year of war (1945)	32.3	-	32.3	78.5	10.6	59.5	+ 22.9	16.8	15.0	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
Third year of war (1946)	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
Fourth year of war (1947)	30.3	0.5	29.8	88.6	15.0	61.3	+ 58.3	21.6	24.5	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1947	22.3	-	22.3	78.5	10.6	67.9	+ 46.2	6.0	1.0	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
January	25.4	-	25.4	118.5	23.1	93.3	+ 93.1	31.3	29.0	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
February	30.3	0.5	29.8	88.6	15.0	61.3	+ 58.3	21.6	24.5	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
March	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
April	32.3	-	32.3	78.5	10.6	67.9	+ 46.2	6.0	1.0	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
May	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
June	30.3	0.5	29.8	88.6	15.0	61.3	+ 58.3	21.6	24.5	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
July	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
August	32.3	-	32.3	78.5	10.6	67.9	+ 46.2	6.0	1.0	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
September	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
October	30.3	0.5	29.8	88.6	15.0	61.3	+ 58.3	21.6	24.5	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
November	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
December	32.3	-	32.3	78.5	10.6	67.9	+ 46.2	6.0	1.0	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1944	176.8	0.3	176.5	55.1	-	55.1	- 91.7	39.7	36.5	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1945	32.3	-	32.3	78.5	10.6	67.9	+ 46.2	6.0	1.0	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1946	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1947	30.3	0.5	29.8	88.6	15.0	61.3	+ 58.3	21.6	24.5	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1948	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1949	32.3	-	32.3	78.5	10.6	67.9	+ 46.2	6.0	1.0	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1950	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1951	30.3	0.5	29.8	88.6	15.0	61.3	+ 58.3	21.6	24.5	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1952	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1953	32.3	-	32.3	78.5	10.6	67.9	+ 46.2	6.0	1.0	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1954	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1955	30.3	0.5	29.8	88.6	15.0	61.3	+ 58.3	21.6	24.5	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1956	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1957	32.3	-	32.3	78.5	10.6	67.9	+ 46.2	6.0	1.0	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1958	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1959	30.3	0.5	29.8	88.6	15.0	61.3	+ 58.3	21.6	24.5	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1960	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1961	32.3	-	32.3	78.5	10.6	67.9	+ 46.2	6.0	1.0	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1962	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1963	30.3	0.5	29.8	88.6	15.0	61.3	+ 58.3	21.6	24.5	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1964	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1965	32.3	-	32.3	78.5	10.6	67.9	+ 46.2	6.0	1.0	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1966	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1967	30.3	0.5	29.8	88.6	15.0	61.3	+ 58.3	21.6	24.5	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1968	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1969	32.3	-	32.3	78.5	10.6	67.9	+ 46.2	6.0	1.0	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1970	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1971	30.3	0.5	29.8	88.6	15.0	61.3	+ 58.3	21.6	24.5	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1972	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1973	32.3	-	32.3	78.5	10.6	67.9	+ 46.2	6.0	1.0	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1974	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1975	30.3	0.5	29.8	88.6	15.0	61.3	+ 58.3	21.6	24.5	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1976	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1977	32.3	-	32.3	78.5	10.6	67.9	+ 46.2	6.0	1.0	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1978	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1979	30.3	0.5	29.8	88.6	15.0	61.3	+ 58.3	21.6	24.5	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0	20.0	+ 3.2		
1980	25.7	-	25.7	118.5	23.1	89.2	+ 79.7	6.6	4.8	10.6	16.8	+ 22.9	22.9	15.0	1.8	26.5	20.0</				

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD

INTER-OFFICE COMMUNICATION

DATE April 21, 1944

TO Secretary Morgenthau
FROM J. W. Pehle

When and if you have time you may be interested in reading the attached excerpt from the debate in the House of Commons on the Inter-Governmental Committee.



[Mr. McCorquodale.]
means of establishing their rights if it is reasonable and practicable. The Bill also brings in many hundreds of thousands of volunteers who were previously left out. For that reason alone, if for no other, the Bill will be justified. It is an integral part, if only a part, of the Government's great scheme for resettlement after the war, and for that reason I commend it warmly to the House.

Question put, and agreed to.

Bill accordingly read the Third time, and passed.

SUPPLY

Considered in Committee.

[Mr. CHARLES WILLIAMS in the Chair]

CIVIL ESTIMATES, SUPPLEMENTARY
ESTIMATE, 1943

CLASS II

FOREIGN OFFICE

Motion made, and Question proposed,

"That a Supplementary sum, not exceeding £1,525, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the salaries and expenses of the Department of His Majesty's Secretary of State for Foreign Affairs and the salary of Minister of State."

Mr. Munder (Wolverhampton, East): I hope that we may have some explanation of the precise duties which the Minister of State will perform. It would be interesting if the Foreign Secretary could let us know how it is proposed to allocate his duties between this country and abroad. I am delighted that the appointment has been made. I cannot think of anything more satisfactory for the foreign affairs of this country than that my two right hon. Friends should be associated together in their conduct. I hope that my support will not be too damaging to them. I think that the sum of £1,525 which it is proposed to spend on my right hon. Friend is money which will be very well spent.

The Secretary of State for Foreign Affairs (Mr. Eden): It is intended that my right hon. Friend should assist me in the general conduct of foreign policy under the guidance of the War Cabinet. I need hardly say that I warmly welcome his assistance. I have no doubt that I shall stand in need of it, and of any other help I can find, in future as our problems get heavier, as I have no doubt they will.

As regards the actual work, I think the arrangement is really much the same as we have often had in the past in the Foreign Office. We have often had three persons, the Secretary of State and two Under-Secretaries, or perhaps the Secretary of State and the Chancellor of the Duchy, or some other Minister holding an office which does not entail work on its own account, in order to assist our deliberations. Generally, my right hon. Friend will also interest himself in the economic side of our work, as he has been doing, and the knowledge which he has gained at a number of conferences will be invaluable to us.

Question put, and agreed to.

CLASS II

DIPLOMATIC AND CONSULAR SERVICES

Motion made, and Question proposed,

"That a Supplementary sum, not exceeding £31,873, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the expenses in connection with His Majesty's Embassies, Missions and Consular Establishments Abroad, and other expenditure chargeable to the Consular Vote; certain special grants and payments, including grants-in-aid; and sundry other services."

Mr. Granville (Suffolk, Eye): I gather that we are now considering the Votes in connection with the Inter-Governmental Committee of refugees and relief of prisoners of war and contributions for the funds of the International Red Cross.

The Deputy-Chairman: Yes, that is so.

Mr. Granville: The Paper says that the additional provision required is a contribution towards the funds of the International Red Cross Society

"in recognition of the work of the society in the relief of prisoners of war."

It goes on to say:

"The expenditure out of this grant-in-aid will not be accounted for in detail to the Comptroller and Auditor General."

I quite understand that, but I thought we might have been told a little more about it.

The Minister of State (Mr. Richard Law): I must apologise to the Committee, and in particular to the hon. Member who has just spoken, and who has very kindly given way to me. I was not quite quick enough off the mark, but I hope I shall be able to give him satisfaction on the very important matter that we are discussing.

I do not think that it will be necessary to give any very long or detailed explanation of the first sub-head of the Supplementary Estimate, which is the grant-in-aid for the relief of prisoners of war, in the form of a further contribution towards the Funds of the International Red Cross. The Committee has always supported right through the war the efforts which the International Red Cross have made to improve the lot of prisoners of war and I do not suppose for a moment that the Committee would wish to withhold any further support that they could give to the International Red Cross.

The additional sum required under the Supplementary Estimate is not a big one, £3,873. The purpose of it is to enable the International Red Cross to maintain a sub-office in Shanghai, where they hope, and we hope, they will be able to be of some service to the very large number of British civilians who are interned in Shanghai, and of course, to help too, I hope, the very much smaller number of British prisoners of war who are there. We are quite satisfied that the International Red Cross is doing as much as possibly can be done for our prisoners of war and our fellow countrymen and women who are interned in the Far East. The fact that it cannot do more is in no way due to any lack of good will or of knowledge and effort on the part of the International Red Cross. It is simply, as I am afraid we all know, due to the attitude of the Japanese authorities: I have no doubt that the Committee will approve this grant-in-aid and I will, if I may, pass on to the second sub-head, the grant-in-aid for the Intergovernmental Committee on Refugees. Here I think it would probably be for the convenience of the Committee if I dealt with this matter fairly fully, because it is some time since we had a Debate on this tremendously important subject.

This is not the first time that we have had to come to the House to ask for provision for the Inter-Governmental Committee on Refugees, but we have never come to the House for provision on this scale, or indeed, anything like it. In 1938, the Committee was asked to provide £1,450, and in 1940 and 1941 provision was made on the same sort of scale. Since then, there has been no vote for the Intergovernmental Committee. Now I am asking the Committee, not for £5,000 but for

£50,000. I think hon. Members will have seen from the Estimate that that is only by way of instalment. On another occasion we shall be asking the Committee to underwrite our proportionate share of what we think may be the expenses of the Inter-governmental Committee in the coming year. That figure is £1,000,000, a provisional figure, and we have undertaken to underwrite £500,000 and the United States have undertaken to underwrite the other £500,000.

The difference between what we were asking in 1939 and 1940 for the Inter-governmental Committee and what we are asking now is an indication of the great growth there has been in this hideous problem of refugees. The comparison between £2,000 and £50,000—or, indeed, £500,000—is not out of place as a comparison of the growth in the horror and complexity of the problem. It is a measure of the determination and seriousness of purpose with which His Majesty's Government and the Government's representative on the Inter-governmental Committee are tackling the refugee problem.

It may be for the convenience of the Committee if I give a brief review of the events which led to the reconstitution of the Inter-governmental Committee. The refugee problem was, unfortunately, already of monstrous proportions before the war, and it is difficult to realise now that, even before the war, when civilised Governments like the Government of this country, and others, were in relation with the German Government, something like 400,000 human beings were being driven like cattle across the borders of Germany and were either expelled, or had to take refuge in other lands, to avoid a worse fate. It was to meet this appalling situation that developed even before the war that the President of the United States took the initiative in summoning a conference at Evian in 1938. Out of that conference grew the Inter-governmental Committee on Refugees.

The primary function of the Inter-governmental Committee in those days was to negotiate with the German Government so that the lot of those unhappy people might be improved and their escape from Germany facilitated: in short, so that the cruelty of the German authorities and the German people might, in some degree, be mitigated. I think it is a fact

[Mr. Law.]
that, before the war, the Inter-governmental Committee was able to do a great deal in mitigation. It co-ordinated the activities of the various voluntary societies and carried out an examination into the prospects of finding other homes for those unhappy people in various parts of the world. On the outbreak of war, all that work had to cease. There was another meeting of the executive of the Inter-governmental Committee in Washington in October, 1939, but, for the next two or three years after that, it never met again. There was, indeed, no scope or work that could usefully be done.

The work of the Inter-governmental Committee seemed to come to an end when the war broke out, but, of course, the problem remained. With every day that passed, the refugee problem increased in size, difficulty and horror, until it is calculated now that, when the war in Europe comes to an end, there will be something like 20,000,000 human beings who have been uprooted from their homes in Europe. A figure like that is so big that it is almost meaningless. It is literally true that the human imagination cannot comprehend the full extent of human misery contained in a figure of that magnitude. It very soon became clear, as the war progressed and as the refugee problem became more acute, that there was a problem which could be tackled with hope of success only upon the international plane. Accordingly, as hon. Members are aware, representatives of His Majesty's Government and the Government of the United States met some months ago at Bermuda, and went exhaustively into the whole refugee problem.

One of the recommendations which the Bermuda conference made was that there should be instituted at once international machinery to deal with the problem, and, as the Inter-governmental Committee still existed—though it had not been active for some time—it was thought to be the most satisfactory form of international machinery. Accordingly, in, I think, August last, the Executive of the Inter-governmental Committee met under the chairmanship of my right hon. Friend the Member for Horsham and Worthing (Earl Winterton). The executive consists, as the Committee are probably aware, of representatives of the United Kingdom,

the United States, the Netherlands, Brazil, the French National Committee of Liberation and Argentina. I would like to take this opportunity of saying how much His Majesty's Government appreciate the fact that the Inter-governmental Committee is still able to call upon the experience of my Noble Friend the Member for Horsham and Worthing in matters concerning refugees; and upon his wide sympathy and deep interest in regard to this matter. I would like at the same time to pay a tribute to the other representatives of other Governments who are serving on the Inter-governmental Committee at the present time. Other Governments are represented by their Ambassadors. It is a remarkable thing that these men, busy and over-burdened as they are, have been able to devote so much time to this hideous problem of refugees. And it is very much to the general advantage that they have been able to give that time, because it is an indication to the world as a whole of the importance which is attached to a solution of it by the respective Governments.

Mr. Lipson (Cheltenham): Does the right hon. Gentleman's reference to the amount of time these members have given mean that this Committee has met frequently since the Bermuda Conference?

Mr. Law: It has met several times since the Bermuda Conference. I know from my own experience that all the members of it take a most keen and deep interest in the problem. The Bermuda Conference recommended that the Inter-governmental Committee should be revived, that its membership should be extended and that its Mandate should also be extended. In accordance with that recommendation the Executive of the Inter-governmental Committee issued invitations to a number of other Governments who had not previously been associated with the work to join the Committee, and I understand that replies have already been received, affirmative replies, from Czechoslovakia, Egypt, India, Luxemburg, Poland, the Union of South Africa and the Soviet Union.

But it was necessary not only to expand the membership. It was necessary also to alter its Mandate. As I said earlier the original function of the Inter-governmental Committee was, in the main, to negotiate with the German

authorities. Clearly that was no longer possible at the time when the Inter-governmental Committee was revived. It was limited under its original Mandate to dealing with refugees from Germany, Austria, and later on the Sudetenland. Clearly, that again was inappropriate. Its scope had to be much wider than that. Perhaps the most important change that has been made in the Mandate of the Inter-governmental Committee is this: under its original Mandate the Inter-governmental Committee had no financial responsibility of any kind for the maintenance of refugees. Clearly if that provision was maintained it could not do any effective work whatever, so the Mandate was revised, so that there now comes within the purview of the Committee refugees from the whole of Europe, and it was revised further so that the Committee can spend money upon the maintenance, the transfer and preservation of refugees. In other words, in the new reincarnation, the Inter-governmental Committee has changed from being in the main a piece of co-ordinating machinery into an executive office which will be able, of its own initiative, to undertake tasks in connection with the safety of refugees.

I think the Committee is aware that Sir Herbert Emerson, the League of Nations High Commissioner for Refugees, has for some time been the Director of the Inter-governmental Committee. I think it must be a matter for great congratulation that he has been confirmed in his appointment as Director of the Executive Committee. Sir Herbert Emerson, of course, continues to be League of Nations High Commissioner. It is very valuable that the two bodies which are dealing with refugee problems should have a link between them in the person of the Director. I suppose there is no one in this country, or indeed in the world, who has so wide a knowledge of this problem as Sir Herbert Emerson. I am sure too that there is no one whose heart is more deeply in it.

Sir Herbert Emerson is the Director. Under this new organisation an American citizen, Mr. Patrick Malin, who has had great experience of welfare work is Vice-director, and Doctor Sillem of the Netherlands is Secretary-General. In addition, Doctor Kullmann the Deputy League of Nations High Commissioner, is Honorary Assistant Director of the Inter-govern-

mental Committee. With a team like that, there is, I can assure the Committee, every prospect that the executive machinery of the Inter-governmental Committee on refugees will be built up into an effective piece of machinery in conditions permit. It is being steadily built up now. I hope very much that the Committee will not press me to go into details of the work of the Inter-governmental Committee. This refugee problem is one of those in which the more one talks about what is being done the less chance there is of achieving anything. I think the Committee realises that fully as well as I do but I would just like to say this about what has been done.

The Vice-Director, Mr. Malin, is on a visit to North Africa and Italy, where he has been seeing conditions on the spot. The honorary Assistant Director, Doctor Kullmann, has just returned from a visit to Switzerland, where he has been going into the whole question of refugees. It is, I understand, the intention of the Executive Committee to have permanent representatives in those centres which are mainly concerned with the refugee problem. I can assure the Committee that the Inter-governmental Committee is making every possible effort to forward the work of rescue that is consistent with the effective prosecution of the war.

I would like to say just a word about the actual financial arrangements. The administrative expenses of the Inter-governmental Committee are being covered by a percentage contribution by all the member Governments. Our percentage is 12 per cent, and it is calculated that that will amount to £4,000 in the following year. It does not actually appear in this Vote because the Executive have enough funds to carry on until the end of March, but next year the Committee will be asked to make provision for something in the nature of £4,000 for administrative expenses. The operating expenses are another matter. They are likely to be very considerable. Indeed, we must all of us hope that they will be considerable because the greater the expenditure on operations the more chance there is of our being able to do something practical for the relief and rescue of the oppressed peoples of Europe.

As I said earlier it has been calculated that operating expenses will amount to

[Mr. Law.]
 £1,000,000 in the coming 12 months. The United States Government and ourselves have agreed to underwrite that £1,000,000. It was necessary, I think, to take that action because we could not afford delay, and we could not afford a long period in which neither the Committee nor the Director knew where they stood, but I should make it clear to the Committee that the other member Governments are being asked to contribute to the fullest extent to these operating expenses. I have no doubt that they will wish to share in this very important humanitarian work. Therefore, we may expect that though we are underwriting £500,000 we shall not be called on, in the event, to supply anything like that amount. However that may be I am quite sure that the Committee would not wish the Inter-governmental Committee on refugees to be under any disability at all through lack of finance.

There is just one more thing which perhaps I ought to add. As I have said the Executive Committee has met several times and, of course, it is the Executive Committee which directs and supervises the work of the whole organisation, but it may well be that the time will come when it is desirable to have a plenary meeting of the Committee, and I am able to say now that is being borne in mind by the Executive Committee. When opportunity offers I have no doubt they will give the fullest consideration to the possibility of calling together such a session. I do not think I have anything more to say at this stage. I expect that other hon. Members will be making contributions to our discussion, and if necessary I shall be very glad to reply to them. But I do commend most heartily this Vote to the Committee. I am sure that the Committee will want the Inter-governmental Committee to have the fullest possible support and that the Committee looks forward to its achieving, within the limitations imposed by war, very considerable results.

Mr. Granville: I apologise for having stood between the Committee and that very interesting statement which the right hon. Gentleman has made. I will only detain hon. Members for one or two moments before the Committee go on to discuss the second part of this Vote on Refugees. I would like very briefly to

refer to prisoners of war under the heading BB, which is:

"Relief of prisoners of war; contribution towards the funds of the International Red Cross (Grant in Aid)."

I understand from the right hon. Gentleman that the sum which is being voted is £3,873. As he says, of course, the Committee will not grudge the Government this item. I am sorry it is so small. I understood from the Minister for State that it is our contribution towards the setting up of an office in the Far East by the International Red Cross Society. I was rather sorry that the right hon. Gentleman did not tell us a little more about this because we have all a considerable number of constituents who are extremely anxious after the statement which was made in the House by the Foreign Secretary with regard to what is happening to our prisoners in the Far East, and the atrocities that have been committed by the Japanese. Although I understand that there is a great deal of anxiety and tremendous interest in this problem of the international refugees I am sorry that the right hon. Gentleman did not take a little more time in his speech to tell us what it is hoped to achieve by the setting up of this office by the International Red Cross in Shanghai because, so far—I shall be very brief about this—we have had, I think, two statements from the Foreign Secretary about what is happening out there, and we have also had a statement from someone connected with the International Red Cross. My view is that there is a feeling in the minds of the relatives and dependants of our prisoners of war in the Far East that these statements are somewhat contradictory. One was reassuring and others gave facts of brutal treatment. I realise that it might be difficult for the Foreign Secretary to give us all the information which is available to him from men who have escaped from the Far East, but I think it would be better if he could give us a little more information on what is intended with regard to this office which is to be set up. Is it hoped that, as a result, His Majesty's Government or our military authorities or the Red Cross will be able to make some contact with the Japanese Government, and make representations which will secure an alleviation of the conditions of our prisoners of war in their hands?

Mr. Law: I am extremely sorry if I gave the impression that I was dealing in a

cursory way with the questions which the hon. Member has just touched upon. I certainly appreciate fully, and I do not think anybody could fail to appreciate, the deep anxiety which prevails throughout the country about the conditions of our prisoners of war and internees—

Mr. Granville: I thought the right hon. Gentleman wished to interrupt me. Perhaps I might be allowed to finish, as I have already been interrupted once. I know the difficulties of the Foreign Office. The difficulties of distance and the attitude of the Japanese constitute a tremendous handicap to the Government in trying to get improvement in the state of affairs, but I hope the Government will remember that this Japanese war may go on for years. What is to happen? I ask them to put themselves in the position of the dependants of these prisoners, who suddenly get this statement from the Foreign Secretary after they had received post-cards from prisoners saying that they were well treated.

The Deputy-Chairman: The hon. Member said he hoped the Debate would be short. He is now going into the question of the length of the war and a great many other things. This is a narrow Amendment, and I hope that he will keep to it.

Mr. Granville: Very well. I will confine myself to saying that I hope that in setting up this office no money will be spared, and no amount of initiative be lacking on the part of the Government in supporting the Red Cross, so that we shall have more information as to what is happening to our prisoners of war who are suffering in Japanese hands. I hope that the right hon. Gentleman will give a full assurance on that point.

Mr. Law: I apologise for interrupting the hon. Member just now; I thought he had finished. I was saying that we were conscious of the very deep interest in the House and in the country on the matters on which the hon. Member has touched. He asked whether the opening of this new office would lead to more success in the representations made by the International Red Cross to the Japanese authorities. It is really impossible to give any answer. One must hope that it will lead to improvement. It will certainly lead—I think it is bound to lead—to some improvement. The functions of the International Red Cross, as the hon. Member is probably

aware, are to transmit lists of prisoners of war, to distribute parcels, to visit camps, and so on. The Japanese authorities have been extremely stiff about allowing the International Red Cross to exercise their rights: in fact, they have not allowed them to exercise their rights, in spite of repeated representations, in what are called the occupied territories, the Philippines, Malaya, the Netherlands East Indies, and so on.

Mr. Mathers (Linlithgow): Are the Japanese authorities parties to the Convention?

Mr. Law: I will tell my hon. Friend that in a moment. As I was saying, in spite of repeated pressure from the International Red Cross and the protecting Power, the Japanese have refused to allow any visits to camps in the occupied territories. With regard to the obligations of the Japanese under the Geneva Convention, the Japanese Government did not ratify the Convention, but at the beginning of the war in the Far East they said that they were going to observe its provisions. How little they have kept their word the Committee are aware.

Miss Rathbone (Combined English Universities): While I do not intend to trouble the Committee with a very long speech, I am afraid I shall have to depart from the welcome brevity which has marked practically all the speeches in to-day's Debates, because I have a fair amount to say about the work of this Committee. This is the first opportunity we have had since 19th May of a general Debate on the refugee question. When some of us have asked in recent months for such an opportunity, we have been reminded that the opportunity would come when we discussed this Vote. That is my excuse for going in a little more detail into some of the questions which are troubling myself and others who are interested in refugees. Is it not rather significant of the importance attached to different aspects of the question, that not long ago we spent an entire day discussing U.N.R.R.A., and that the amount we then voted was £80,000,000, while now, when we have our first opportunity since May of discussing the work of the Inter-Governmental Committee, the subject is sandwiched in between other subjects on a very busy day, and the amount we are asked to vote is £50,000. I was glad to hear that that

[Miss Rathbone.]

covers only administrative expenses, and that the expenditure on the operative work of the Committee is likely to be something in the nature of £1,000,000.

I am not making any comparison between the Inter-Governmental Committee and U.N.R.R.A. U.N.R.R.A. covers a vast field. Its job is to deal with the whole post-war problem of rehabilitating distressed Europe. Dealing with displaced populations, who include refugees—that seems the new fashionable term for refugees—is only one part of its work. But this Inter-Governmental Committee on Refugees also covers a pretty vast field. Consider some of its responsibilities. I noted that my right hon. Friend said that he did not want to go into detail in discussing its work, and that it would be better not to go into details. I quite recognise that, but there are certain facts known to us all as to the kind of work it has to do. First, it is responsible, I gather, for concerting immediate rescue measures for the victims of Nazi oppression, so far as they are dependent upon inter-governmental action; for instance, the removal from the neutral States of the overflow of those refugees they have taken in, and the maintenance of those refugees who are removed from neutral countries to havens of temporary refuge, and also of refugees who have escaped directly from enemy areas. We heard that the Deputy-Director, Mr. Malin, has been in Italy and North Africa, where, no doubt, he was considering that problem. We know that many thousands of refugees were found in that part of Italy which has now been liberated from the enemy.

Also, in regard to its post-war plans—and I attach extreme importance to this—the Committee is responsible for negotiating arrangements with neutral Powers as to what help we can give them in removing, now or after the war, the burden of refugees that they carry, so that they may be willing to take larger numbers. Obviously, what the small neutrals do largely depends on whether the burden is going to be a permanent burden or whether they can count on other nations relieving them of a part of it or assisting them with the maintenance of their refugees. For all this work what machinery has the Inter-Governmental Committee? It has a small office,

with several rooms, in Lower Regent Street. It has four people, whose identity has been described by my right hon. Friend: Sir Herbert Emerson, his American deputy, his Swiss deputy, and the Dutch secretary to the Committee—an admirable team. I know them all. I have the highest esteem for them all. They have wide experience and great knowledge of refugee problems, and their hearts are in their jobs. Sir Herbert, especially, has worked at this problem for a long time. He has a background of Civil Service experience and very great knowledge. We can be confident that any work done by a team like that will be done with the utmost discretion, with high technical efficiency. No rash promises will be made, and there will be no unwise publicity. It will all be in the best traditions of British and other diplomacy. But that technique has its disadvantages. It is inevitably slow—work that has to be consented to by a large number of nations working together has, I suppose, inevitably to be slow.

But when one thinks of the machinery of that little office, with three or four rooms, four people, with their two or three typists, and £50,000 which we are voting to-day for their expenses, one thinks of the tasks allotted to them. How many of the millions of men, women and children who are threatened not merely with death, but with torture, can be rescued? What is to be done with them if they are rescued, and, then, what is to be done with them after the war? It is just a little as though, seeing a number of people escaping from a hungry tiger, you sent after them a stage coach, drawn by four white horses, when what you needed was a Rolls-Royce. It seems rather a leisurely machine, and a small machine. I am not complaining; I suppose an Inter-Governmental Committee has to work in that way. We have been told that there are 36 member States on that Committee. They have not yet met in plenary session, but we are told that a meeting is likely to be arranged. That is not likely to lead to a quick result. When you have 36 Government representatives meeting together like this, every one of them will ask, "What does my Government think of it?" before they agree to anything. Then as to their Executive. I am not going to criticise them in the least. I have no justification for doing so, and I am told that they

work together admirably, but it is rather odd to note that you have the Argentine also—I make no comment, but note the name—and also the Netherlands and Brazil as members, the Liberation Committee of France is a member, and the other two members are the United States and ourselves. So far so good, but it is rather curious that most of the countries which are the chief victims of persecution, such as Poland, Czechoslovakia and the U.S.S.R. are not, as far as I know, represented on this Executive. Nor are the chief neutral countries which have space to receive refugees—Sweden and Switzerland. The Executive was appointed in 1938, but it has never been reviewed or added to with a view to making it rather more realistic. Is it not possible for something to be done about that?

Now I come to a more important point. Many of us have had our minds on this point for over a year, and we then suggested that what was wanted in this country was a new organ of Government which would co-operate with the Inter-Governmental Committee so as to secure the full-time concentration of first-class minds on this question. Well, only two or three weeks ago the United States did that very thing. President Roosevelt set up a War Refugee Board, composed of the Secretary of State, Mr. Cordell Hull, the Secretary of the Treasury, Mr. Morgenthau, and the Secretary of State for War, Mr. Stimson. We have a sub-committee of the Cabinet here composed of three equally eminent Ministers, but the difference is that the American Board's functions are clearly defined and it has a full-time Executive Director. Its functions are set out in a pamphlet—which I have here—

The Deputy-Chairman: I think we are getting a little wide, because if it is possible to pay a tribute to the American representatives on this Board, in a wide way, such as is now being done, it would be equally possible to criticise them, and it is not within the duty of this Committee to criticise or otherwise comment on the representatives of a foreign Government in that way. I did not wish to stop the hon. Lady before, but I do not think we must go any further.

Miss Rathbone: I bow to your Ruling, Mr. Williams, but the point I wanted to make was that the Inter-Governmental

Committee can only act, just as the League of Nations did, through the individual Governments represented on the Committee. It cannot do anything itself except on a small scale, because all its action depends upon what the individual Governments may do, and, therefore, I want to say that, while we gladly vote this money, we should supplement the work of this Committee by insisting that an organ similar to the Board in the United States, with a full-time executive director in constant touch with the director in the United States, should be set up. The American Board has direct access to the President himself. The object is that it would make it so much easier for the Inter-Governmental Committee to do its work if it had in London a body representing His Majesty's Government which really is carrying out the recommendations made by the Inter-Governmental Committee.

This is a vast problem. This Inter-Governmental Committee is an inevitably slow mechanism in tackling so vast a problem as the problem with which it has to deal. There are questions of shipping and transport, collecting of refugees, questions as to where refugees are to be kept until permanently settled, and questions of negotiations with neutrals. There are questions of food supplies and so forth. It is a huge business, and it is the one hope of rescue for millions of people, nearly every one, in a way, a separate problem. You really cannot work it unless the nations represented on the Committee have their separate machinery for co-operation with the Inter-Governmental Committee, for perpetually working backwards and forwards as between it and themselves to carry out the projects planned on a far bigger scale than would be possible if the work depended on a Committee with so small a mechanism of operation.

This is my last word. I ask the Committee to recognise that we in this country have a rather special responsibility for this Inter-Governmental Committee. We ought to take the initiative and set a lead to other nations by what we ourselves are doing to help the Inter-Governmental Committee. For one thing, the Committee is situated in London, while the headquarters of U.N.R.R.A. are in the United States, where we expect that a good deal of the planning out will be

[Miss Rathbone.]

done. The chairman of the Inter-Governmental Committee and the British representative on it is the Noble Lord the Member for Horsham (Earl Winterton), and therefore the Committee looks a good deal to him, because we know his great interest in this problem, and we want to see that he is able to say to his Committee that the British Government is going to do so-and-so and thus give a lead for the whole of the world. There is another reason for our special responsibility. We know that though very many of these threatened millions are non-Jewish, the majority of them are Jewish—the Jews being the one race which Hitler threatens with wholesale extermination of men, women and children, and he is doing it. He threatens to exterminate the entire Jewish population of Europe. Well, we hold the gates of Palestine and we promised the Jews a National Home there—

The Deputy-Chairman: I am afraid the hon. Lady must keep off Palestine and the Home for Jews. If we once begin to discuss that, there will be absolutely no end to it, and it has nothing to do with the Question before the Committee.

Miss Rathbone: In our hearts, it was very much to do with it, because we always remember how many people are already massacred who might be alive and happy now if they had been allowed to go to that promised land. We remember also that the British Empire is a big place. If I cannot mention Palestine, for God's sake, let us find a place somewhere in the Empire where these people can get in. I was reminded by the Under-Secretary for the Home Department in putting a question—

The Deputy-Chairman: We cannot go into Home Office matters on this Vote.

Miss Rathbone: I will not go further with it. But if it was a mistake to mention the Home Office, it was not my mistake but that of the Under-Secretary in telling me that I should be able to raise the question on this Vote. We vote this money gladly and only wish that the sum we are voting was larger. I hope the Vote for the operational activities of the Inter-Governmental Committee, which we shall be asked to agree to later, will be larger because we have a heavy responsibility in this matter. Let us save

all the threatened victims we can and not grudge the money, but vote it gladly.

Mr. Lipson (Cheltenham): I am sure the Committee will understand why it was somewhat difficult for the hon. Lady to keep within the rules of debate. We know how very strongly she feels on this subject, and how much she has done herself to arouse public opinion to a sense of responsibility in the treatment of refugees, and we are extremely grateful to her. I welcome the increase in the amount of the grant from £2,000 to £50,000, with the promise of underwriting £1,000,000 for further operations, because this increased expenditure, I hope, means an increase of activity. One naturally asks oneself—Is the amount that is being spent even now enough, and are we really tackling this problem as it ought to be tackled, because we were reminded by the right hon. Gentleman, in introducing the Vote, that this is a problem which is really beyond what the imagination can conceive, and therefore the action dealing with it ought to be in accordance with the need. We were asked not to inquire into the details of the work. We will respect that request, but we are very much left in the dark as to what actually is being done. So far as we are told today, all that has been done is that certain machinery has been set up, but we did not find, in the information given to us, any sense of urgency or of the importance of the time factor. There are millions of tragedies behind this particular problem, so we ask ourselves how many lives are being saved and whether this problem can be tackled only by the orthodox method associated with inter-governmental committees.

I would like to ask the member of that Committee in what spirit they approach this problem. Do they see it in this light? Supposing the positions were reversed, and, instead of them being an inter-governmental committee trying to bring succour and relief to victims of Nazi terror, they were those victims and were themselves the refugees? Could they honestly say that they themselves, in those circumstances, would be satisfied with what was being done by the Inter-Governmental Committee? It seems to me that that is a very fair test. But for the grace of God, the position might have been reversed, and, instead of the Inter-Governmental Committee being in the

position of being able to help, they might themselves have been needing this help, and I want to submit, in all earnestness, that that is the test they should apply to this problem. I have to confess that I cannot find anything in the record of achievement of the Inter-Governmental Committee to justify any very great confidence that they are alive to the urgency of this problem, and that the action they have taken is commensurate with the need.

Mr. Silverman: Will the hon. Member not agree that, within the limits which they exercise, they do show a sense of urgency, and that, after all, we should be very grateful to them?

Mr. Lipson: Surely the answer to that is this—that, if the limits of their powers are too narrow or too confined, the Committee ought to say so, instead of saying that they are able to deal with the problem, when they know they are not in a position to do so.

Earl Winterton (Horsham and Worthing): I gather that my hon. Friend is criticising my Ambassadorial colleagues on the Committee and myself—the representatives of the United States and other countries—when he talks of "they." It is only in order to make the point clear that I have interrupted.

Mr. Lipson: We are asked to vote a sum of money towards the work of an Inter-Governmental Committee. It is only right that we should ask, Are we getting value for the money that is being spent?; is enough money being spent?; and is the dividend in the shape of lives being saved adequate?

Whereupon, the GENTLEMAN USHER OF THE BLACK ROD being come with a Message, The CHAIRMAN left the Chair.

Mr. SPEAKER resumed the Chair.

ROYAL ASSENT

Message to attend the Lords Commissioners.

The House went; and having returned—

Mr. SPEAKER reported the Royal Assent to:

1. Landlord and Tenant (Requisitioned Land) Act, 1944.
2. Courts (Emergency Powers) (Scotland) Act, 1944.

3. Prize Salvage Act, 1944.
4. Guardianship (Refugee Children) Act, 1944.
5. Supreme Court of Judicature (Amendment) Act, 1944.
6. Disabled Persons (Employment) Act, 1944.
7. House of Commons Disqualification (Temporary Provisions) Act, 1944.
8. Income Tax (Offices and Employments) Act, 1944.

SUPPLY

Again considered in Committee.

[MAJOR MILNER in the Chair]

Question again proposed:

"That a Supplementary sum, not exceeding £53,873, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the expenses in connection with His Majesty's Embassies, Missions and Consular Establishments Abroad, and other expenditure chargeable to the Consular Vote; certain special grants and payments, including grants in aid; and sundry other services."

Mr. Lipson: I should like to make it clear that, in the remarks that I am making, I am not concerned with personalities but with a very great tragic human problem. I have to ask myself whether the machinery and the means we have taken to deal with this problem bear a proper relation to it, and are adequate. This matter of the rescue of refugees is on my conscience, as I believe it is on the conscience of a great many people, and we in this Committee have a very definite responsibility in the matter.

Therefore I would say this. It may be necessary to conceal a great deal of the work of the Committee, but many of us feel that we are not in a position to estimate the value and the importance and the seriousness of the work that this Committee is carrying out, and we would like a complete assurance as to whether the machinery is adequate for its purpose or not and, if it is adequate, that the machinery is being used to the full so that the object in mind may be achieved. We would also like an assurance that the Committee will not hesitate to use, if need be, unorthodox methods to try and save human lives. We would also like it to be considered whether it is advisable to supplement the action taken by the Inter-Governmental Committee by similar action

[Mr. Lipson.]

to that which President Roosevelt has found it necessary to take in America—he was apparently so impressed with the urgency of the problem that he thought inter-governmental machinery by itself was not sufficient. I would like further consideration to be given to that matter.

We in this country are engaged in a life and death struggle. That was true when we began the war, it still is true, and we can only hope to succeed in that struggle by God's help. If we go to God and ask Him to help us in our trouble, I think we ought to put ourselves in a position to say to Him that we have helped those we were in a position to help. That is the test which I would apply to the work of this Inter-Governmental Committee. Here are these hapless refugees, for whom we have a special responsibility. Can we honestly say, with a clear conscience, that impressed by the urgency of the problem, by the importance of the time factor, we have done everything that is humanly possible to save human lives? Unless we can give a satisfactory answer to that, I submit we have not done what we ought to have done. To do anything less than the maximum possible in a problem of this kind, is simply not good enough.

Mr. Silverman (Nelson and Colne): I would like at once to dissociate myself, and any organisation interested in this matter with which I may be concerned, from any kind of criticism, implied or express, direct or indirect, of the Inter-Governmental Committee. So far as I am aware its work is done with efficiency and urgency and in a spirit of co-operation to which no one who speaks with any sense of responsibility, could fail to pay earnest and sincere tribute. Nobody would pretend, however, that the work they are doing is going to rescue all those threatened by the evil thing that stalks throughout Europe to-day. I will have a word or two to say about that a little later on, but I thought it was right to say so much at once, so that there should be no doubt about it.

We are concerned to-day with a Supplementary Estimate and we cannot bring in and debate large issues of general policy. One can only deal with the new circumstances that have necessitated a Supplementary Estimate at all, new cir-

cumstances that have arisen since 19th May, I think it was, when last the House or the Committee had any opportunity of discussing these matters. There have been, since 19th May, great changes in Europe in the circumstances that these measures are designed to meet. John Peble, a member of the executive of the body in America charged with these matters, said the other day, quite rightly, that unless this job were done within the next few months there would be no job left to do. It is in that spirit that the problem has to be approached. I would like to direct the attention of the Committee to some of the things that have in fact been happening since May of last year, because, not merely do things happen, but we get knowledge of them. I have a copy of a document which has reached London. It only concerns Poland and I think it only concerns the Jews. May 1, in passing, say that I speak in this matter as a Jew, and as a Jew I would say at once that this is by no means entirely a Jewish problem—not by any means—and no Jew, knowing the facts, would think that it was, or would lose any opportunity of pointing out that it was not.

It remains true, however, what the hon. Lady said, that it is very largely a Jewish question, and that among the refugees the Jews are the only ones against whom the Nazis have declared a policy of complete extermination, regarding them—as they expressly say—as belligerent enemies. I do not quite know what they mean by that because, if the Jews were really belligerent enemies, I suppose the Geneva Convention would apply to them, and certainly no attempt is made to make it apply. But the Nazis regard themselves as making war upon them in the sense of rooting them out utterly, in an endeavour to solve what is sometimes called the Jewish question by the extermination in Europe of any Jews at all. That policy is to be resisted from outside, but it is also resisted from within, and I want to draw the attention of the Committee to some things that are happening. This report comes from the Jewish National Committee, operating somewhere in Poland, and it reached London in February of this year. In this report it is stated—

"Last month we still reckoned the number of Jews in the whole territory of Poland as 250,000 to 300,000. In a few weeks not more

than 50,000 of us will remain. In the last moments before death the remnants of Polish Jewry appeal for help to the whole world. The blood shed by 3,000,000 Jews in Poland will pursue not only the Hitlerite beasts but all those who uttered words but did not act to save a people condemned to extermination by the Hitlerite murderers. May this, perhaps our last voice from the abyss, reach the ears of the whole world."

There follow descriptions of mass murders.

"In the early days of November, 1943, all the Jews in the two large concentration camps in Poland numbering 25,000 people, were completely annihilated. On Wednesday, November 3rd, the 10,000 Jews in the camp of Travniki were marched out, surrounded and machine-gunned. The women and children were loaded into 50 lorries, transported to the execution place and murdered by machine-gunning. On Friday, November 5th, several thousand Jews were massacred in a similar way in the district of Lubin."

I am not going to weary the Committee with a further recital of horrors, but there are others of the same kind. They resist.

"On the fourth day, the Jewish youth of Bialystok attacked their persecutors with hand-grenades, fire bombs and a couple of machine-guns, killing and wounding several hundred Germans and Ukrainians. The Germans brought up, as in Warsaw, field-artillery and tanks with 1,000 armed policemen and S.S. and many detachments of Ukrainians. They set fire to the ghetto from all sides. The violent fighting continued for eight days. Afterwards, the Jews set fire to, and destroyed the notorious death-camp of Treblinka in the region of Chelm-Lublin. The Jews organised themselves into fighting groups and attacked the Germans and Ukrainians, disarming and killing the majority of them. They burnt the gas-chambers and the crematoria, and the survivors fled to the forests in the neighbourhood."

It is against that kind of background that we are considering to-day this Supplementary Estimate. It will grow as military defeat after military defeat is forced upon the Germans. As they retreat, the last retiring German soldier will kill the last available Jew. What proposals have we to make about that? I would like to make one or two practical suggestions. I understand that the right hon. Gentleman is going to reply. I cannot ask him to give positive and constructive replies to all the things that I propose to suggest now, but I do hope they will be urgently and sympathetically considered, and that if anything can be done about it, it will be done without undue delay.

When the news first became known of this active initiation of the policy of complete extermination, there was enacted in this Chamber an historic scene, when a

declaration was made of the intentions of all the United Nations. That declaration was simultaneously made elsewhere. I would suggest to the right hon. Gentleman that the time has come when a new declaration might be made. It is doubtful whether it has very much effect, but it has some. We do know that there are people in Europe who listen. We do know that there are people in Europe who react. We have information about heroic acts done in enemy-occupied countries which have the effect of actual rescue, and many of us think that a new declaration made now, a new joint warning by the heads of the Allied Nations, might be heard. But not only a warning; a declaration, that the satellite States could hear, about the special measures they could take to stop the deportation, persecution and killing of the Jews. A call made in the name of the leaders of the United Nations to the peoples of Europe to do what they could to prevent massacres, and the deportations preliminary to massacres. It is not a thing which requires any expenditure of money, energy or machinery; it is a declaration which, if it succeeded in saving any lives, would be justified. I think it is realised that the declaration that was made before was not altogether without effect. A new one made now might be very opportune indeed. Certainly the neglect of it would be difficult to justify if there was only the remotest prospect that the making of it would succeed in saving any lives at all.

I would like to say something about the particular machinery that this Supplementary Estimate is designed to pay for. I have already said something about the spirit in which the work of this Committee is done, but they are charged with looking after refugees, that is to say, looking after people who have already escaped. It is only when a man, woman or child has succeeded in escaping from somewhere or other that he or she comes under such jurisdiction and powers as the Inter-Governmental Committee possess. Obviously, that cannot be enough, because there ought to be some way of creating refugees, of getting people out so that they could acquire the status of refugees and this machinery become responsible for them. I am inclined to think that it was along those lines that the United States were thinking when they set up the United States War Refugees Board.

[Mr. Silverman.]

We have been asked not to talk too much about certain matters and nobody would dream of doing so but people can be got out, they are being got out, and some attempt ought to be made at active rescue.

If the United States thought it worth while to set up special Government machinery alongside the Inter-Governmental Committee might it not be worth while to consider whether we, too, ought not to set up parallel machinery in this country? I do not refer to this by way of praise, censure or criticism of the United States at all; I point to it as an example of the way in which one of our principal Allies is attempting to meet their obligations when faced with exactly the same problem. It was not a light thing for the United States to do. They have not set up their Board merely for the sake of adding machinery to machinery. Presumably, there is a practical function which that Board will carry out. If that is so is it not reasonable to inquire whether similar machinery might not be set up here to carry out the same kind of functions, which, I think, are distinguished from the functions of the Inter-Governmental Committee, in the way I have indicated?

May I say, in passing, that I am afraid there is a growing feeling that the initiative in these matters, the active urgency of endeavour, is passing from London to Washington? I think that if there were any justification for such a view it would be a very great pity, because we here have a proud and long record of rescue of the victims of political and religious persecution, extending over many centuries. It is one of our proudest traditions; it is one of the things we stand for in the world. Nobody pretends that we have ceased to stand for it, but there is a tendency to push over the initiative in these matters to the United States of America. I think we ought to be careful of that; we ought to resume the initiative ourselves. It is not merely in accordance with our traditions to do so, but also because we are 3,000 miles nearer the scene. I am not at all sure whether some of the machinery we have here is not a little cumbrous, whether the delay in considering matters, reaching plans and carrying them out is not longer than sometimes it might be. I know that the Minister feels as keenly about these

matters as I do, but I would invite him most earnestly to look again at this aspect of the question and make quite certain that our country does not take the second place; instead of the first place, which both practical politics and our traditions would compel us to occupy.

I would like to see created in this country machinery parallel to the United States War Refugees Board. I would like to see it done in a large way, in such a way as would make it clear to the world that we do recognise the heavy obligations which rest on our shoulders in these matters and that we do not intend to lag behind anybody in the discharge of those obligations. I would like to urge continued and even closer co-operation with those bodies in the world which are charged with the responsibility of practical rescue wherever it is possible. Bodies like the World Jewish Congress and the National Rescue Committee in Palestine are both actively engaged in such rescue work as can be done. I would like to see a method evolved of associating bodies of that kind with the Inter-Governmental Committee, with the State machinery, wherever it may be set up, concerning itself with active rescue and organisation of rescue. A large number of people who are getting out are Stateless. They themselves might be organised and be in some way or other represented on these bodies, because nobody knows more about the means of rescue than they do. I need not say any more about other matters which have been dealt with by my hon. Friend the Member for the Combined English Universities (Miss Rathbone).

In conclusion, may I repeat that the urgency of this matter is extreme, that it is literally true that those you save within the next few months will be the only ones who can be saved, since afterwards none will be left? Do not let us have it on our conscience that there were people who might have been saved but who were not saved because we were not willing to take from our other pressing obligations the time, energy or machinery necessary to save them. If the employment of that time, energy or machinery were to delay victory by a single day none of us would ask for it to be taken, but it is not correct to say that the only way of saving these people is by ensuring a quicker victory. As defeat crowds upon defeat for the enemy so massacre crowds upon massacre.

The very coming of victory may mean the extermination of the last remnants of the Jewish people in Europe. Well, if that sacrifice were necessary in order again to bring freedom to the world, let it be made. But no one is certain that it is necessary. At any rate, do not let it be on our conscience that there were any lives at all that might have been saved that we neglected to save.

Lieut.-Colonel Sir Walter Smiles (Blackburn): I intervene in this Debate only after hearing the last two speeches. One would imagine that the only refugees in the world at present were Jews. Great publicity is given to every atrocity against the Jews, and it is the feeling of many people in this country that 10 times the publicity is given to the Jews in this matter as to members of other races who are maltreated or murdered. That feeling is springing up, and it would be just as well for my hon. Friend the Member for Cheltenham (Mr. Lipson) and my hon. Friend the Member for Nelson and Colne (Mr. Silverman) not to forget that.

Mr. Lipson: I did not mention the word "Jew" once in my speech.

Mr. Silverman: Perhaps the hon. and gallant Member opposite would do me the courtesy of remembering that I expressly said in my speech very much what he is saying now.

Sir W. Smiles: I apologise if I am wrong, but we shall see in Hansard later what was said. At any rate, I think the hon. Member for Nelson and Colne mentioned some organisation for rescue work in connection with Jewish refugees.

Mr. Silverman: I expressly said that this problem was not by any means an exclusive Jewish problem and that no Jew thought it was so. I also said that, nevertheless, it was largely a Jewish problem.

Miss Rathbone: I think I know all the organisations working on this problem. We are perpetually stressing that it is not only a Jewish problem. Many non-Jewish people have been, and are being, victimised, but the majority of the victims are Jews. Everybody knows that that is so. Hitler's policy of exterminating a whole people is confined to the Jews. They are the principal victims.

Sir W. Smiles: I expected to have a good many interruptions, because no-

body can mention a topic like this without exciting a good deal of feeling. But I always imagined that the Jews were members of a religion and not of a race. For that reason it would surely be better for us to talk about the Poles or the Greeks, or any one else, and include the Jews in that. I have been in touch with some of the Polish organisations during the past week and I have heard something of the terrible atrocities committed and the massacres, and I have heard of the gas chambers. I have believed what I have heard to be true, although when you hear it for the first time you would almost imagine that it was far-fetched. However, after hearing of these things from peoples lips one believes them to be true, even in 1944. But these people were talking about the Poles that were massacred; they were not talking about those of one religion. If we are to give relief and help—and I am quite sure that every penny the Foreign Secretary asks for would be agreed to without demur in this House—let us at any rate give to the Belgians and the Greeks also. I get letters from my own constituency, from the Society of Friends I think it is, and they tell me that the Belgians and the Greeks have suffered more than any one else. I suppose nobody really knows, perhaps even the Foreign Secretary himself hardly knows, who has suffered the most, but I am quite sure that when a Debate on this subject takes place it will be very much better for the newspapers to give publicity to the fact that we are voting money for the Greeks, the Poles and the Belgians rather than for those of one religion only.

Mr. Graham White (Birkenhead, East): Whatever the hon. Member for Nelson and Colne (Mr. Silverman) may or may not have said in the course of his speech, there was one sentence which will dwell in the memory of all who heard it, and that was the striking phrase that if the sacrifice were necessary of all the Jewish lives in order that liberty might come again to the world, then let it be made. Having made that statement, I do not think anyone would want to cavil at anything else he might have said. He expressly said in his opening sentences that he was not speaking for the Jews alone and, indeed, who would propose to limit this discussion to the question of the Jews? We are, in fact, living witnesses of a most repugnant phenomenon

[Mr. White.]

in history. We have enemies inspired by a fanaticism which apparently is even stronger than any inspiration and effort which has been inspired by good purposes. In the last few weeks they have stated their intention to fight to the last man in this fifth year of war and then to commit suicide in large numbers. They are inspired by the same fanaticism to wreak their vengeance on anybody who would prevent them.

I would support the hon. Member for Nelson and Colne in his suggestion that machinery, the counterpart of that which has been set up in Washington, might be set up in this country if I did not believe that the right hon. Gentleman who carries the responsibility in this House had not considered it an unworkable piece of machinery. I hope it might at least go forth from the House of Commons to-day that as we were all of one mind when we passed the original Resolution on this matter so there is no difference of opinion among us to-day. We Members of the House of Commons are aware that there are some aspects of this terrible manifestation that it might be unwise to discuss. We realise that may be so, and we are consequently very guarded in anything we may say.

What we do want from the right hon. Gentleman is an assurance that nothing which could conceivably be done to save even one life will be neglected. My hon. Friend the Member for Nelson and Colne said that, as events march on, there may in a few months be no problem of this particular kind to solve, but I am not sure that I am as pessimistic as that. There are events on the horizon which will make the satellite countries reflect very seriously as to their course of action and it may well be, sooner rather than later, that events will take place which will make some of the satellite countries, who are now holding down large populations, consider very seriously whether even at this late stage they cannot do something which can be placed on the credit side of their balance sheet. I do not know what can be done. The right hon. Gentleman may have some means at his disposal, and I emphasise that aspect of the affair. I only intervened because I wanted to express my conviction that we were unanimous in the matter. There has never been any difference of opinion. We, as individual

Members, have not the responsibility; it lies upon the shoulders of my right hon. Friend, and he himself must seek the best way out.

Mr. Astor (Fulham, East): I am going to back up the words spoken with such eloquence by the hon. Member for East Birkenhead (Mr. G. White). I am interested in the refugee question, and in the Middle East I actually had to look after a very large refugee camp of Greeks. I want to make one or two points which I think are important. It is very important to keep perfectly separate the refugee question and Palestine. We were able to get enormous help in the Lebanon, Palestine and Egypt from the local inhabitants because there was no question of creating—

The Chairman: I am sorry to interrupt the hon. Member but we cannot discuss conditions in Palestine on this Vote.

Mr. Astor: With great deference I will avoid that point. I only wanted to skate over it very briefly, because it has, to some extent, almost prejudiced the possibility of getting Jewish refugees out of Eastern Europe, and I think that, whatever may be people's feeling in the matter, it does not in any way take away from the Christian duty to get as many of these refugees out as we possibly can. If we neglect to do anything now which can possibly be done, we shall curse ourselves later on for our short sightedness. In the recent pamphlet of my right hon. Friend the Minister of Health it said there were not enough dentists in this country to provide treatment for all the children in need of it. I wonder how many Jewish dentists before the war—

The Chairman: The hon. Gentleman is now encroaching upon the Home Office. That matter does not arise here.

Mr. Astor: I only wanted to suggest certain considerations which might influence a representative of that Committee in his attitude towards refugees.

Earl Winterton (Horsham and Worthing): I can give my hon. Friend the assurance that my opinion will not be biased by any of the matters he has mentioned, one way or the other.

Mr. Astor: I very much regret that my noble Friend is not going to be influenced to some extent—

Earl Winterton: My hon. Friend is trenching on a very dangerous form of argument. I have no Ministerial responsibility. Ministerial responsibility rests with my right hon. Friend opposite. I merely represent his views.

Mr. Astor: I am very sorry if anything I say may not be able to sway my noble Friend, but I hope I am still at liberty to mention certain considerations in which he may take an interest on reflection. I hope we shall not follow the American system of setting up a special office, because all my experience is that these new mushroom Government Departments are never strong enough to deal with a really strongly-entrenched Government Department.

The Chairman: The hon. Member is not entitled to discuss the arrangements made by another country. Will he please confine himself to the subject matter of the Estimate.

Mr. Astor: With deference, Major Milner, the hon. Member for Nelson and Colne (Mr. Silverman) mentioned the possibility of having some form of separate office. I do not want to go further than he did. I was only following up what he said on the purely practical point that it is not the best system of organisation to start a special body but to get a really high official in an existing Department specifically charged with this. On the question of what we can say to neutral countries, the principle has been admitted that the satellite Powers can work their passage back. We have definitely made a distinction between the treatment of Germany and the treatment of the satellites. We must make it absolutely clear that one of the factors influencing our treatment of the satellite Powers after the war is their attitude towards the refugees within their borders. There is a wide divergence, and we should make it quite clear and explain to them that in our relief operations immediately after the war, in any sanctions that we may impose, in our general treatment of them politically, this will be a factor which will definitely influence our treatment of them. I want to reiterate what has been said, that this should go out from the House of Commons as having been backed up by representatives of every party.

Mr. Gower: I should like to go in the same direction and in

the same tone as the hon. Member for East Fulham (Mr. Astor). If I were not able to convince the Committee that this is a case of exceptional urgency I should not have felt it worth while to listen to the speeches already made. My first reflection is that we are a highly fortunate body of politicians to occupy the only available place in Europe for a discussion on this subject. In this small island we are separated from the mainland of Europe by a very narrow sea, and we have been able to escape the sense of dread, fear and horror which closer acquaintance with the problem has conveyed to people in various parts of Europe. This is not really a Jewish question, though the Jewish people are involved to perhaps a greater extent than anyone else. There are other refugees—Greeks, Yugoslavs, Belgians, French, Norwegians and Danes have been mentioned—many of whom have found a home away from home and many of whom are here enjoying our hospitality, if it can be termed such.

I regard it as a very great privilege for Members of this House to be able to attend this offer and to make this modest provision of £50,000, envisaging a larger expenditure later on, to be applied to what is called operational expenditure. Operational expenditure is very difficult to define, but it certainly means the making of provision for the reception, maintenance, transport and regulation of this very unhappy traffic which is now taking place surreptitiously under clandestine arrangements. Many are escaping. They are leaving the areas of danger and coming within reach of a helping hand and what we are proposing is that at least £50,000 shall be available to extend that and to meet halfway those people who are fleeing from the wrath of their enemies on the Continent and seeking salvation and sanctuary in this very fortunate country and in other parts of the world.

I agree with the right hon. Gentleman who is responsible for the Estimate that this is not the end, but the beginning of a very large plan of salvation, in which we are joined directly by the United States, who have committed themselves to the same financial extent as we have done. I should like us not to be too squeamish about the nationality and the religion of the people we are saving. This is the anniversary of the patron saint of my country. His name was David, but

[Mr. Grenfell.]

David originally was not a Welsh name. David was a Jew, a lovable character, a brave man and a human man, and the David who became the patron saint of our country was equally lovable and equally brave. The oaths that we take, the vows we offer in this House were originally based upon a Jewish institution and a great Jewish character, who lived his life and died equally bravely as he had lived. There is the problem.

I should like us to dismiss the priorities in this matter. A Jew is no more entitled to sympathy in distress than anyone else, and I do not think anyone else says that in the House, but it is a lamentable fact that millions of people are homeless in Europe. No one can predict the proportion of those who can get away from the areas of danger, but certainly there are areas where life is very uncertain, and there is no object more worthy of human sympathy than a hunted human being. I did some work in relation to the Sudeten Germans in the time of Munich and I was privileged to conduct the two first parties from Prague to Gdynia. It was very uncomfortable for me, but I willingly incurred the risks and discomfort and fatigue attendant upon those journeys.

I shall always remember the courtesy of the Foreign Secretary of those days. There was no hesitation at all, and on the direct applications that I made to him sufficient sums were made available to send 400 people who were in immediate danger of their lives. They were German speaking people—there may have been some Jews among them—and they were in danger. On that journey I had occasion to go through Poland and I saw the Polish ghetto. I, who had always been sympathetic with the history of that race, saw in a way I had never previously witnessed the limitations and hardships long ago imposed on the Jewish community. There are people who have escaped from Hungary and other places, and if there is anything we can do in Parliament to help them we should do it.

I congratulate my right hon. Friend on the sympathy and understanding he has shown. He is a worthy son of a worthy father. This just gives him an opportunity which is natural to him, and I believe that he will avail himself of it. It is an opportunity which will be fully

taken by us in this House and shared by our people. Do not let us be afraid to tell our people about these things. In this country 1 per cent. of our population is of the Jewish race. What is wrong with the 99 per cent. that they should not be told? In Germany the percentage is also 1 per cent. We know what was wrong with the German Reich and the German people. We must carry out our work of charity, rescue and salvation regardless of race. I hope that the Committee will dedicate itself to-day, not merely by supporting this Vote, but by doing and preparing to do something much more in the next six or twelve months than we have done in this regard in the last two or three years. If this Vote is only a spur to greater effort to help these people towards personal security, we shall have done a good day's work in this Committee.

Mr. Law: I am sure that my hon. Friend the Member for Gower (Mr. Grenfell) truly represented the views of the Committee when he welcomed the payment which it is proposed that we should make towards the expenses of the Inter-Governmental Committee. I am sure, too, that he represented the views of hon. Members when he urged that the refugee problem should not be left only to the Inter-Governmental Committee, but that we should work at it in other ways ceaselessly until we can get some kind of solution. The hon. Gentleman the Member for Nelson and Colne (Mr. Silverman) referred us back to the dark and hideous background against which we have to consider this problem. I think he was quite right to do so. He was right to impress upon us once again, not only the importance of the problem, but its urgency. The hon. Member made what was certainly a dismal prophecy, and what may prove to be a true prophecy, when he said that, as defeat drew nearer Germany, so the excesses against the Jews would increase in intensity. That may be so, but I hope that it will not be so. I am more inclined to agree with my hon. Friend the Member for East Birkenhead (Mr. Graham White) when he reminded us that as defeat drew nearer to Germany, so the satellite countries would attempt to re-insure by treating these unhappy people more decently and giving them the sanctuary which they lack at the present time.

The hon. Member for Nelson and Colne asked me to consider various

he made, and, in particular, the possibility of making a new declaration which he described, I think, as a call to the peoples of Europe from the heads of the United Nations. Certainly that will be considered, but in the meantime I would remind the hon. Gentleman and my hon. Friend the Member for East Fulham (Mr. Astor), who also touched upon the necessity of giving warning, particularly to the satellites of Germany, that there has never been any doubt about the attitude of opinion in this country and, indeed, of world opinion, to what has been going on in Europe under German rule and to the persecution of the Jews and the general treatment of minorities and refugees. No one in any of the satellite countries can be in any doubt of the fact that the British attitude and, indeed, the world attitude, towards them after the war is bound to be affected by the way they act in this matter of Jewish persecution. There can be no doubt whatever of that, and, indeed, the satellite countries are now getting very serious warnings through the wireless, to which we must hope they are paying due attention. I have no doubt that the Committee will vote the Supplementary Estimate for this purpose, but more than one of my hon. Friends have expressed their feeling that what we are doing in voting this money, and, indeed, what the Inter-Governmental Committee can do, is not really sufficient for the problem. I was, incidentally, glad that the hon. Member for Nelson and Colne dissociated himself from the criticism of the Inter-Governmental Committee which the hon. Member for Cheltenham (Mr. Lipson) made earlier. I am sure that that criticism was not in any way justified and that the Members of the Committee are treating this matter with just the seriousness and sincerity which the hon. Gentleman himself would require.

My hon. Friend the Member for the English Universities (Miss Rathbone) took the same point of view as the hon. Member for Cheltenham. She, too, felt that the machinery of the Inter-Governmental Committee was not enough. She compared it to a stage coach when what she wanted was a Rolls Royce. She criticised the smallness of the present office of the Committee in London and the number of typists from the size of the office and from the size of the office and the number of typists the theory that the Inter-Governmental Committee was not doing its job. She, the hon. Member for

Cheltenham and the hon. Member for Nelson and Colne stressed the fact, as it seemed to them, that this must be so and that the Inter-Governmental Committee cannot be up to its job because the President of the United States has just recently created the War Refugee Board. I hope that I may be able to persuade my hon. Friends, or to persuade the Committee as a whole, that that is a fallacy, and that the fact that the War Refugee Board has been set up in the United States is not in any sense a criticism of the Inter-Governmental Committee.

Mr. Silverman: No doubt the right hon. Gentleman will recognise that, when I advocated the setting up of machinery in this country parallel to the War Refugee Board of the United States, I was not doing so in any way as a criticism of the Inter-Governmental Committee. The point I was making was, that as the Inter-Governmental Committee was charged with the fate of refugees after they had become such, there ought to be governmental machinery to provide the Committee with the raw material.

Miss Rathbone: I think we all must make it clear that none of us were criticising the Inter-Governmental Committee when speaking of the War Refugee Board. The Inter-Governmental Committee, because it is inter-governmental, must depend upon the actions of the Governments represented upon it, and therefore, both Governments should have their own separate machinery for dealing with the work. Such machinery would supplement and not supersede the Inter-Governmental Committee.

Mr. Law: I am afraid that I must have expressed myself badly, and I apologise to hon. Members and to the Committee for doing so. I did not really mean to imply that they had said that the institution of the War Refugee Board was a criticism of the Inter-Governmental Committee, but I did mean to imply, and I think it is clear that what I am going to say now is a true representation of what they said, that, in their view, the institution of the War Refugee Board showed that there was a gap which had to be filled and which the Inter-Governmental Committee was not filling. I do not think that even that criticism is altogether justified.

Mr. Lipson: Did not the right hon. Gentleman himself say that the work of the Inter-Governmental Committee was not sufficient by itself to deal with this problem?

Mr. Law: Yes, Sir, and if the hon. Member had had a little more patience he would have found that I was going to repeat exactly that argument. I spoke earlier in the Debate about the necessity for international co-operation in these matters. I think every hon. Member would agree that there are some matters which can be handled far better by an inter-governmental body of this kind than by any particular Government, but that does not at all rule out the necessity that, as well as international action, there has to be national action in these matters. For that reason, His Majesty's Government welcomed most heartily the institution of the War Refugee Board in the United States, and we shall be willing, and indeed anxious, to give that War Refugee Board, as a part of the United States administration, our very warmest support and sympathy. We are working on all these matters in the closest relations with the United States administration. I do not know whether it is generally known among hon. Members that we have recently sent instructions to every one of our missions abroad likely to be involved in refugee matters that they should seek out and collaborate with their American opposite numbers on refugee matters to the fullest extent in their power.

I know that I cannot go very far in discussion of the War Refugee Board without transgressing the Ruang which you have given, Major Milner. On the other hand, there has been such a great deal said about the War Refugee Board and so many appeals have been made to the Government here to institute a similar body in this country that I hope I may, without getting into trouble, just touch upon that aspect of the matter. I do not think that hon. Members who have raised the question of the Joint Refugee Board quite realise the constitutional difference between this country and the United States. Under our system of ministerial responsibility it would, in fact, be impossible for us to institute an independent body which would control Ministers and heads of other Departments outside it; in fact, there is not the same need for

such a body in this country. There is already a Cabinet Committee concerned with these matters, and that Cabinet Committee has at its disposal an administrative staff in the form of the Refugee Department of the Foreign Office, so we really have the substance of what the President of the United States has just instituted, in the shape of the War Refugee Board. For constitutional reasons, I do not see how we could imitate the structure of that Board, and, for practical reasons, I cannot see that we should gain any advantage from imitating it.

Miss Rathbone: One thing that struck us very much was that the American Board had a whole-time executive director, who was directly in touch with three Secretaries of State and had direct access to the President. Has the Refugee Department of the Foreign Office access to Ministers and to the Prime Minister in the same way?

The Chairman: We cannot go into the details of this organisation. The right hon. Gentleman has said quite sufficient about it.

Mr. Law: Might I answer, in a sentence, what the hon. Lady has asked? We have really got exactly what she wants. We have a full-time administrative staff, not in the persons of single directors, but in the shape of the staff of the Refugee Department of the Foreign Office. That staff is directly responsible to my right hon. Friend and, through him, to the Cabinet Committee. I do not think there really is the practical difference that some hon. Members imagine there to be.

I do not think there were any other points raised in the Debate. I think the Committee has made it abundantly clear that it wants the work of rescue for these unfortunate people to be proceeded with with the utmost possible vigour and dispatch. I can assure the Committee that His Majesty's Government are prepared to do everything they possibly can to find a solution of this problem, in co-operation with other nations where that is necessary, and individually as a Government where that is possible.

Question put, and agreed to.

Resolved:

That a Supplementary sum of £1,000,000 be granted to His Majesty's Government.

the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the expenses in connection with His Majesty's Embassies, Missions and Consular Establishments Abroad, and other expenditure chargeable to the Consular Vote; certain special grants and payments, including grants in aid; and sundry other services."

CLASS V

OLD AGE PENSIONS

Resolved:

"That a Supplementary sum, not exceeding £150,000, be granted to His Majesty to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the payment of Old Age Pensions, pensions to blind persons, and for certain administrative expenses in connection therewith."

Resolutions to be reported upon the next Sitting Day; Committee to sit again upon the next Sitting Day.

REPORT [11th February]

Resolutions reported:

CIVIL ESTIMATES, SUPPLEMENTARY ESTIMATE, 1943

CLASS II

DOMINION SERVICES

1. "That a Supplementary sum, not exceeding £10, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for sundry Dominion services, including certain grants in aid, and for expenditure in connection with Ex-Service Men in Eire, and for a grant in aid to Eire in respect of compensation to transferred officers."

DEVELOPMENT AND WELFARE (SOUTH AFRICAN HIGH COMMISSION TERRITORIES)

2. "That a Supplementary sum, not exceeding £20,800, be granted to His Majesty to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the development of the resources of the South African High Commission Territories and the welfare of their peoples."

CLASS V

SUPPLEMENTARY PENSIONS

"That a Supplementary sum, not exceeding £100, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the payment of Supplementary Pensions to certain persons in receipt of Widows' Pensions."

CLASS VI

MINISTRY OF AGRICULTURE AND FISHERIES

4. "That a Supplementary sum, not exceeding £10, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the salaries and expenses of the Ministry of Agriculture and Fisheries, and of the Royal Botanic Gardens, Kew, including grants, grants in aid and expenses in respect of agricultural education and research, eradication of diseases of animals, and improvement of breeding, etc., of live stock, land settlement, improvement of cultivation, drainage, etc., regulation of agricultural wages, agricultural credits, and marketing; fishery organisation, research and development, control of diseases of fish, etc.; and sundry other services including certain remanet subsidy payments."

DEPARTMENT OF AGRICULTURE FOR SCOTLAND

5. "That a Supplementary sum, not exceeding £8,520, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the salaries and expenses of the Department of Agriculture for Scotland, including grants for land improvement, agricultural education, research and marketing, expenses in respect of regulation of agricultural wages; certain grants in aid, and remanet subsidy payments."

STATE MANAGEMENT DISTRICTS

6. "That a supplementary sum, not exceeding £10, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the salaries and expenses of the State Management Districts, including the salaries of the central office, and the cost of provision and management of licensed premises."

CLASS X

MINISTRY OF AGRICULTURE AND FISHERIES (WAR SERVICES)

7. "That a Supplementary sum, not exceeding £30, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the cost of the war services of the Ministry of Agriculture and Fisheries."

MINISTRY OF AIRCRAFT PRODUCTION

8. "That a Supplementary sum, not exceeding £10, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the salaries and expenses of the Ministry of Aircraft Production."

MINISTRY OF FUEL AND POWER

9. "That a Supplementary sum, not exceeding £10, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the salaries and expenses of the Ministry of Fuel and Power."

MINISTRY OF HEALTH (WAR SERVICES)

10. "That a Supplementary sum, not exceeding £10, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the cost of the war services of the Ministry of Health."

MINISTRY OF HOME SECURITY

11. "That a Supplementary sum, not exceeding £10, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the salaries and expenses of the Ministry of Home Security."

MINISTRY OF SUPPLY

12. "That a Supplementary sum, not exceeding £10, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the salaries and expenses of the Ministry of Supply, including the expenses of the Royal Ordnance Factories."

MINISTRY OF WAR TRANSPORT

13. "That a Supplementary sum, not exceeding £10, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the salaries and expenses of the Ministry of War Transport."

MINISTRY OF WORKS (WAR SERVICES)

14. "That a Supplementary sum, not exceeding £10, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the cost of the war services of the Ministry of Works."

DEPARTMENT OF AGRICULTURE FOR SCOTLAND (WAR SERVICES)

15. "That a Supplementary sum, not exceeding £10, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the cost of the war services of the Department of Agriculture for Scotland."

CLASS II**IMPERIAL WAR GRAVES COMMISSION**

16. "That a Supplementary sum, not exceeding £4,000, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the salaries and expenses of the Imperial War Graves Commission, including purchase of land in the United Kingdom and a grant in aid."

CLASS VIII**SUPERANNUATION AND RETIREMENT ALLOWANCES**

17. "That a Supplementary sum, not exceeding £50,000, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for superannuation

and other non-effective annual allowances, additional allowances, gratuities, compassionate allowances and supplementary pensions in respect of civil employment."

CLASS I**TREASURY AND SUBORDINATE DEPARTMENTS**

18. "That a Supplementary sum, not exceeding £6,000, be granted to His Majesty, to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1944, for the salaries and other expenses in the Department of His Majesty's Treasury and Subordinate Departments, and the salaries and expenses of certain Ministers appointed for special duties."

Resolutions agreed to.

INDIA (ATTACHMENT OF STATES) BILL [Lords]

Order for Second Reading read.

The Attorney-General (Sir Donald Somervell): I beg to move, "That the Bill be now read a Second time."

This Bill is concerned with the parts of India known as Kathiawar and Gujerat in which, together with three Indian States with full administrations, there are a very large number of small, and in some cases very small areas described as States, though I think it would probably be more accurate in the use of language to describe them as estates. They are scattered. Their number is about 400 and the total population is some 800,000. Forty of them are less than a square mile in area, and more than half are about the size of an ordinary rural parish—seven, eight or nine square miles. The problem as to how these areas can best be administered so that those who live in them may have the advantages in such matters as education, health services, communications, and so on which individually owing, as the House will see, to the size of the areas, they cannot of course provide for themselves, has engaged for some years the attention of the Viceroy in his capacity as Crown representative.

The reason for submitting this Bill to Parliament is a recent decision in the local court which is called the Court of the Judicial Commissioner in which appeal from courts established by the representative for these small areas was heard. This Judicial Commissioner's Court held that the Viceroy had been taking

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

APR 21 1944

TO

Secretary Morgenthau

FROM

Mr. Pehle

I am attaching herewith a copy of the report of the War Refugee Board for April 10 to 16, 1944.

Attachment.

APR 21 1944
TREASURY DEPARTMENT
OFFICE

Developments during the week of
April 10 - 16, 1944

1. STATEMENT ON AXIS ATROCITIES

Ambassador Steinhardt has advised that the President's statement of March 24 was publicized in the Turkish and Balkan press and on the radio, and that he has been informed it made a deep impression on the people of the Balkan and central European countries. It has been suggested to Steinhardt by Bulgarian, Hungarian, and Rumanian sources that the President's statement be broadcast in all Slavic and European languages at least once a day by the Algiers and American radio stations. Since a great many people in the Balkan area do not have radios, Steinhardt also suggested that pamphlets containing the President's statement be dropped from Allied planes on bombing missions over Europe.

The British Foreign Office has advised Winant that on and since the issuance of the British statement of March 30 by Mr. Eden, similar in content to the statement of the President, the British have been taking action paralleling our own in the psychological warfare field by broadcasting their statement in all foreign broadcasts, particularly for the purpose of having it come to the notice of the satellite governments and their people.

2. COOPERATION WITH OTHER GOVERNMENTS

(a) Neutrals

(i) Spain

In response to our specific plan of operations in Spain to further the evacuation of refugees to and through that country, recently proposed to Hayes, the Ambassador has informed us that he feels no such plan should be put into effect until it becomes apparent that our efforts to stimulate the influx of refugees into Spain will render insufficient the facilities now existing for their care. According to Hayes, the latter facilities in the form of Blickenstaff's organization are adequate to cope with

- 2 -

present problems and have the support of the Spanish Government, which Hayes believes would look with disfavor upon the plan outlined by the Board.

With respect to the rejection of certain refugees who had applied for admission to Camp Lyautey, by the French authorities, we have advised Ackermann to use his own judgment in the matter of pressing the French to admit those rejected refugees who had been in Spain since prior to 1933. The French have made some concessions in their policy regarding admissibility to Lyautey as a result of our representations and it is felt that it may be undesirable to press them further in this matter.

In an effort to induce the Spanish and Portuguese Governments to grant asylum to additional refugee children, instructions have been sent by the State Department to our Missions at Madrid and Lisbon, similar to the instructions recently transmitted to our diplomatic representatives in Switzerland, providing for the issuance of 1,000 immigration visas to refugee children from France, who arrive in Spain and Portugal on and after January 1, 1944, and before July 1, 1944.

(ii) Portugal

Dr. Robert C. Dexter has accepted the appointment, approved by Minister Norweb, as the Board's Special Representative in Lisbon and as Special Attache to the Legation on war refugee matters.

(iii) Sweden

About two months ago we were advised by Minister Johnson that, although the Swedish Government had been urged to make a public appeal to Germany to permit refugee children to come to Sweden from Poland, it had not taken action on the ground it was clear that Germany would reject such an appeal, if made. We subsequently received a report from London indicating that circumstances would appear to be favorable at this time to encourage the Swedish Government to request Germany to release up to 20,000

- 3 -

refugee children of all nationalities. Accordingly, we have drafted a cable to Johnson which is pending at State, asking him to approach the Swedish Government and request that it take such action. We are pointing out to Johnson, for the information of the Swedish Government, that such an appeal should not now prejudice the possibility of refugees escaping unnoticed, a fear previously expressed by the Swedes, since the evacuation of refugees from Denmark has now been completed, and stating that we would undertake to meet the Swedish request made in this connection in 1943 with respect to assurances as to the eventual evacuation of the children from Sweden, the delivery of additional foodstuffs for their assistance while in Sweden and the furnishing of financial assistance to aid in their maintenance while there.

(iv) Turkey

On April 7 the Bulgarian "S.S. Maritza" arrived at Istanbul from Constanza with 244 Jewish refugees. Turkish authorities agreed to permit this group to land and have furnished them with rail transportation to Palestine although, according to Steinhardt, only a few of the refugees had Turkish visas and Palestine certificates. We have also received word from Steinhardt that the "S.S. Bellacitta" was expected to sail from Constanza on April 9.

The Turkish Ambassador has advised us that it is his understanding that his government is no longer insisting upon a guarantee to replace the "S.S. Tari" in the event of loss with a passenger vessel but that it will accept a guarantee of a cargo ship. The governments of Switzerland and Sweden and the Holy See have been asked to support the request of the International Red Cross for a German safe-conduct for the "S.S. Tari." We have been advised by our Mission at Stockholm that the Swedish Minister to Berlin has been instructed to support the IRC request for safe-conduct for this vessel. The Russian Ambassador at Ankara has informed Steinhardt that his government is granting safe-conduct for the "S.S. Tari." Although the signing of the charter party for the "S.S. Tari" should be delayed as long as possible until more definite word with regard to German safe-conduct is

- 4 -

obtained, we are authorizing Steinhardt to use his own judgment in this matter and to charter the "S.S. Tari" when and if he deems it advisable.

We have received a communication from Steinhardt that a member of the Swedish Legation at Ankara has expressed the belief that a Swedish vessel, "S.S. Bardalanda" now in the eastern Mediterranean, might be made available to transfer refugees from Constanza to Haifa. Steinhardt stated that this ship could be used in addition to the "S.S. Tari" and requested that we approach the Swedish Government on the matter. The "S.S. Bardalanda" is one of the Swedish vessels engaged in the Greek relief program and we are cabling Winant requesting that he take up with British Government the use of this vessel since our previous efforts to obtain the diversion of Swedish vessels engaged in Greek relief were opposed by the British who apparently did not wish to have any of these ships diverted for refugee evacuation. If Winant obtains the approval of the British Government to the proposed use of this vessel, he will then take up our request with the Swedish Ambassador in London, also asking the Swedish Government to obtain a German safe-conduct for the "S.S. Bardalanda."

Steinhardt also advised that, since there apparently were a sufficiently large number of refugees to justify the use of ships in addition to the "S.S. Tari," and, since the obtaining of a German safe-conduct for the "S.S. Tari" is uncertain, that the JDC representative at Lisbon should resume and attempt to conclude his negotiations for a Portuguese vessel. The JDC has cabled its representative at Lisbon to this effect and we have asked Norweb and Dexter to give him all possible assistance in his effort to obtain a Portuguese ship for evacuating refugees from Rumania.

(b) Yugoslavia

Ackermann has recommended that Saxon, who has just returned to North Africa from Bari, be recalled to Washington at once to review the details of the refugee situation,

- 5 -

particularly the possibilities of rescue operations in and through Partisan territory. The Partisan representatives, according to Ackermann, claim to have done much already in this direction but they are handicapped by lack of ships, supplies, and money.

(c) India

A report has been received from our Mission at New Delhi to the effect that the standing finance committee of the Indian Legislative Assembly has approved the proposal to pay India's contribution toward the administration expenses of the Intergovernmental Committee. India has accepted the invitation to become a member government subject to approval by its Legislative Assembly. No reply has as yet been received from the government to our Mission's approach as a result of the instructions contained in the circular airgram of January 26. Our Mission believes, however, that the Indian Government intends to limit its assistance in refugee matters to the payment of India's share of the administration expenses of the Intergovernmental Committee.

(d) Latin American Countries

In an endeavor to induce the Latin American Republics to give assurances to Switzerland similar to those we have given by means of the instructions issued to the U. S. Consular offices in Switzerland regarding the issuance of immigration visas to refugee children arriving in Switzerland, cables have been despatched to our Missions in Brazil, Panama, Cuba, Dominican Republic, Colombia, Peru, Chile, Uruguay, Mexico, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Ecuador and Paraguay, requesting that the governments of these countries give such assurances to the Swiss Government. Those Latin American governments which do not have consular representatives in Switzerland qualified to issue visas are being advised that U. S. Consular offices are prepared, if they so desire, to issue such visas on behalf of the respective Latin American governments. We are also advising the Latin American governments that the Special Representative of the War Refugee Board attached to the American Legation at Bern will be pleased

- 6 -

to cooperate with the diplomatic and consular offices and the governments of the Latin American Republics.

(e) Canada

In an effort to obtain action by the Canadian Government parallel to that taken by this government, we have cabled the Embassy at Ottawa asking that the appropriate officials of the Canadian Government be advised of the instructions which were recently issued to United States Consular offices in Switzerland, authorizing the issuance of 4,000 immigration visas to refugee children arriving in Switzerland with the view of facilitating by such issuance the escape of additional refugee children to Switzerland and suggesting that the Canadian Government take similar steps with regard to 1,000 children. Canada had previously expressed its willingness to accept 1,000 refugee children from France.

3. SPECIAL PROJECTS

(a) Internees in Occupied Europe holding Latin American Passports.

Reports from Switzerland indicate that 238 Jews who had been interned at Vittel have been evacuated to an unknown prison. This was apparently done upon the ground that they possessed only accommodation passports issued by certain Latin American countries and consequently they were not eligible for exchange for German citizens in Latin America. Reports were also received that the Spanish Government had been requested by the Germans to inquire into the validity of the Latin American passports held by these persons and that the Latin American governments had denied responsibility. The private agency making these reports stated that only by assuring the Germans that an exchange is being prepared for these people could they be saved. We have cabled Harrison that it is essential that German doubts as to whether these persons are exchange material must be promptly and effectively dispelled and we have asked him to request the Swiss to use their good offices to inform the Germans that this government is

- 7 -

undertaking discussions with Latin American countries for further exchanges of Germans in the western hemisphere for persons in German-controlled territory; that this government considers all internees who were at Vittel to be eligible for such exchange and that the Germans should be advised that in the meantime we expect these persons to be accorded the same treatment which Germany expects to be accorded to her citizens in the western hemisphere.

Cables to our Missions in Costa Rica, Ecuador, El Salvador, Haiti, Peru, Nicaragua, Venezuela, and Paraguay, have also been despatched. We are asking that these governments be asked to give their approval to this government's approaching the German Government through appropriate channels with a view to initiating such exchange negotiations. We also are requesting these Latin American governments to themselves approach the German Government through the protecting power with the demand that all persons claiming their citizenship on the basis of passports or consular documents be accorded the same treatment as that given to prisoners of war under the Geneva Convention.

We have also cabled our Embassy in Madrid requesting it to report to the Spanish Government our vital interest in this matter and the pending discussions with the Latin American countries regarding a further exchange of civilians with Germany, setting forth the position of this government in the matter and requesting the Spanish Government to act at once to correct the impression which may have been created in Germany that there is a lack of interest on the part of the Latin American countries in the treatment of these persons who hold documents issued in the names of such countries.

We have also asked both the Swiss and Spanish Governments to make every effort to have the 238 persons, removed from Vittel, returned thereto.

- 8 -

(b) Jewish Labor Committee Program for Evacuations
From France.

Upon the recommendation of the Board, a license was issued to the Jewish Labor Committee permitting its representative in Portugal to carry on relief and evacuation operations in enemy territory. An initial remittance of \$10,000 was authorized to begin operations designed to rescue persecuted persons from France.

J. W. P. H. C.

EMBASSY OF THE
UNITED STATES OF AMERICA
Buenos Aires, Argentina,

14547

April 21, 1944

Subject: Situation in Argentina as regards Relief and
Rescue of Jews in Europe

The Honorable.
The Secretary of State,
Washington.

Sir:

1/ I have the honor to transmit herewith a memorandum prepared by Mr. John F. Griffiths of the Embassy staff in which an attempt is made to reply to the inquiries set forth in the fourth paragraph of the Department's circular airgram of January 26, 7 p.m.

In brief, it may be said that the consensus of opinion among persons and organizations interested in the rescue and relief of Jews is that as long as the present Argentine governmental regime remains in power it will be useless to look to the Argentine authorities for any assistance whatsoever in reaching a solution of the problem.

Enclosure:
memorandum
840.1
ELR:ard
To Department in original.

Respectfully yours,

/s/ Edward L. Reed

Air Mail

(Enclosure No. 1 to despatch 14547
of from Buenos Aires
regarding relief and rescue of
Jews in Europe.)

CONFIDENTIALMEMORANDUM

To : Mr. Reed April 19, 1944

From : Mr. Griffiths

Subject : The Existing Situation in the Argentine with
respect to Jewish Refugees and Rescue Work

As is naturally to be supposed, the local organizations interested in cooperating with UNRRA and other established agencies for the rescue of victims of Nazi persecution are now few in number, as the result of the early closure by the June 4 Revolutionary Government of all organizations known to harbor sympathies for the cause of the democracies. No noticeable change in the official attitude has as yet made itself felt.

With particular reference to organized efforts in furtherance of the rescue of Jewish refugees, under a Government that enjoys no popular support other than that grudgingly furnished by anti-democracy "nationalists" in whose platform hatred for Jews holds a prominent place, I take it there is no hope for anything but official hostility. That hostility existed during the Castillo regime, expressed in the main by bureaucratic obstruction. To that sort of obstruction the present Government has added positive measures such as prohibiting public acts to raise funds, and refusing to permit the entry of Jews into the country.

An outstanding example of official obstructions is furnished by the history of a project to bring to the Argentine 1,000 Jewish children under 12 years of age. President Castillo was with difficulty prevailed upon to issue a decree permitting that humane act, but it was provided that the decree should be null and void after December 31, 1943. Came the June 4 revolution and the military Government refused to use its offices, through diplomatic action, to seek permission from the Nazi Government to remove the children from Germany. Came December 31, 1943 and 1,000 Jewish children who might have been rescued remained in Germany.

- 2 -

In the course of the past year and so far this year, except for the restricted purpose activities of the Sionists (Committee to Raise Funds for the Reconstruction of the Palestine), what Jewish rescue activities have been carried on have been almost exclusively in the hands of two local Jewish organizations and their activities have been limited to the raising and transmittal of funds. Those two organizations are:

- 1) Central Committee (Comite Central)
- 2) Jewish Junta to Aid Refugees (Junta de Ayuda Judia a Refugiados)

The "Central Committee" is a nation-wide organization formed and operating under the auspices of the D.A.I.A. (Delegacion Argentina de Asociaciones Israelitas). Most of the funds they are able to raise, principally from small but widely popularized subscriptions and gifts, are administered for Jewish relief work through such agencies as the American Jewish Congress, of New York, the Joint Distribution Committee, also in New York, and the Relief Committee in Geneva. From time to time funds are sent directly for use in individual cases, to help transport refugees from some European port of exit to the Palestine, for example.

The "Jewish Junta to Aid Refugees" is a somewhat dissident organization, limited in number and made up mainly of a group of wealthy Jewish Argentines who insist on determining the destination and use of the funds they contribute. Funds raised by them since their establishment around the first of the current year total some 60,000 pesos.

During the year 1943 approximately 460,000 pesos were raised by the D.A.I.A. sponsored "Central Committee" and upwards of 450,000 pesos were raised by the "Committee to Raise Funds for the Reconstruction of the Palestine".

Probably it is known in Washington that D.A.I.A. has offered, clearly in good faith I believe, to cooperate with UNRRA to the fullest extent local circumstances permit. That cooperation, strictly limited by the hostile attitude of the present political set-up, would be principally through the American Jewish Congress as the intermediary.

- 3 -

Plans for future activities of the D.A.I.A. and of other agencies with similar objectives in the Argentine are necessarily indefinite. Much will surely be done if there comes a radical change in the Government which would doubtless bring with it a more reasonable attitude toward the whole question of immigration. Until such change is brought about, relatively little can be done.

Once made possible by governmental acquiescence, arrangements could at once be made to handle upwards of 2,000 refugee families through the Jewish Colonization Association alone. That association has large land holdings in the provinces of Entre Rios, Santa Fe, La Pampa, Santiago del Estero and Buenos Aires. I understand there are some 200,000 hectares (about 300,000 acres) available for refugee colonists. It is calculated that 100 hectares for each colonist would be a proper distribution.

Then, there is a sort of suburban agrarian society known as Fomento Agrario with holdings in the province of Buenos Aires, about 90 kilometers from the Capital where they established, some 5 years ago, a colony called Avigdor, peopled by German Jews. The concentration is on truck farming, dairying and poultry raising and the normal distribution of land in this case is of 2 hectares for each colonist. I have not been able to learn how much land they might have available for refugees.

It is quite evident, though, that with governmental cooperation, and with the cooperation of other governments, in the course of a few years the Argentine could absorb millions, not merely thousands. No conceivable political change would make possible the willing acceptance of a very large proportion of Jews among those proposed millions, though.

J.F.G.

GNY - 846

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

Canberra

Dated April 21, 1944

Rec'd 10:25 a.m.

Secretary of State,

Washington.

48, April 21, 11 a.m.

The Legation has sent a formal note to the minister for External Affairs stressing the urgency of the refugee question which has also been discussed formally with members of the Department of External Affairs (reference Department's telegram No. 40 of April 14, 10 a.m. embodying a message from the War Refugee Board). A reply stating the position of the Australian Government is promised at as early a date as possible. I, however, anticipate considerable delay as questions raised involve basic governmental policy on migration. The duties of the Inter-Governmental Committee referred to in my airgram No. A-6 of February 17, 1 p.m. do not include war time relief problems. The immediate question must be referred to the Minister for the Interior who will probably wish to take it to Cabinet. The Prime Minister's absence will doubtless delay action, so I believe approach to him in Washington might be useful. For background I suggest my airgram A-36 of December 6, 1943, 1 p.m. be made available to the War Refugee Board.

UNSIGNED

END

Habana
Dated April 21, 1944
Rec'd 8:20 p.m.

KE4-57

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

Secretary of State,

Washington.

401, April 21, 6 p.m.

Embassy lacks sufficient information concerning Laredo to approve scholarship although files reveal nothing unfavorable (Department's 344, April 18). He is understood to be nephew of former President Laredo Bru.

BARDEN

BB

CABLE TO AMBASSADOR WINANT, LONDON, FROM WAR REFUGEE BOARD

The War Refugee Board requests that you transmit the following message to Dr. Ignacy Schwarzbart, 45 Queens Court, London, W.2: QUOTE The question of the internees in Vittel Titmoning Liebenau Compiègne and Belsen-Bergen is given the closest attention by the War Refugee Board. The United States government has requested Switzerland and Spain to inform the German authorities that it is prepared to consider all internees in possession of Latin American passports as exchange material. Steps have also been taken to secure cooperation of Latin American countries. Signed Goldmann, World Jewish Congress, New York. UNQUOTE

April 21, 1944
11:45 a.m.

LSLesser:als 4/21/44

TELEGRAM SENT

293

GMV

This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (SC-00)

April 21, 1944

1 p.m.

SECRET

AMEMBASSY,

MADRID.

1108

FOR THE AMBASSADOR FROM WAR REFUGEE BOARD

The Spanish Government has on several occasions in the past, as the result of intercession by the Holy See whose humanitarian efforts on behalf of the persecuted refugees of Europe have resulted in the saving of thousands of lives, extended protection to groups of Sephardic Jews in Axis occupied areas and has intervened with Germany to accomplish their evacuation to Spain after release from concentration camps.

The War Refugee Board has now been informed that 400 such Sephardic Jews residing in Athens have recently been interned in a concentration camp. To forestall deportation to Poland and almost certain death it is vital that these Sephardic Jews be given Spanish protection.

You are requested to approach appropriate Spanish officials to advise them of the situation of this group and to enlist the aid of the Spanish Government in the rescue of these refugees. You are authorized to give full assurance to the Spanish Government that funds will be available for the support in Spain of such of these persons as may be evacuated to Spain and that prompt action to speed their departure from Spain to other places of refuge will be taken. Kindly advise the Department of all developments in this matter.

The foregoing has been repeated to Bern for Tittman.

HULL

WRB:GLW:KG
4/20/44

WE

SE

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Embassy, Madrid
TO: The Secretary of State, Washington
DATE: April 21, 1944
NUMBER: 1397

SECRET

Representations have been made by the Embassy to the Foreign Office covering the points brought up in number 992 dated April 10 from the Department, including the return of two hundred and thirty-eight internees who have been removed from Vittel according to a report. In number 1090 dated April 19 from the Department a Foreign Official says that although the Government of Spain has no information regarding the latter report it has given assurance that it will attempt to learn the facts as soon as possible with a view toward endeavoring to arrange for the return of these refugees.

That similar representations on the part of representatives of other American Republics concerned will support the demarche of the Embassy is assumed.

HAYS

DCM:MPL
4/26/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Stockholm
DATED: April 21, 1944
NUMBER: 724

SECRET

FROM WAR REFUGEE BOARD TO MINISTER JOHNSON AND OLSEN,
AT STOCKHOLM.

War Refugee Board is gratified by the Legation's efforts reported in your 908 and 1209 of March 16 and April 8. Please continue watching over situation in Finland and, as soon as sign of danger appears for Jews and central-European refugees there, urge the Swedish Government to carry out its informal undertaking reported in your 908, in line with its generous performance in the case of Danish Jews. Please also take all appropriate steps to ensure that knowledge of Swedish readiness to admit these people is known in proper quarters in Finland.

While the Finnish situation should be clearer to observers in Sweden than it is here, the Board is extremely perturbed over the possibility of a sudden deterioration which would make rescue action impossible. It fully relies on you, however, to see to it that action be taken before this group of people is placed in jeopardy of their lives.

The Board notes that the informal undertaking reported in your 908 deals only with 113 Jewish refugees. This figure corresponds, on the basis of the Board's information, to the number of Jewish refugees from Germany and Austria only. On the basis of past events elsewhere, the Board considers that equal danger undoubtedly threatens many additional persons. According to the Board's information, Finland has 475 Danes, 131 Italians, 192 Norwegians, 144 Poles, 172 refugees from other countries occupied by Germany and a local Jewish community of about 1500, of whom 940 have Hansen passports. Clearly, in the event of increased German influence, local and refugee Jews and many non-Jewish refugees would be equally threatened with Jewish refugees from Germany and Austria. You are requested therefore to ask that Swedish undertaking be extended to cover all of these persons. You will note that the total is less than half the number of the Danish Jews accorded refuge in Sweden.

Please keep the Board informed regarding result of your action.

This is WEB Stockholm Cable No. 3.

CABLE TO MINISTER JOHNSON AND OLSEN, STOCKHOLM

Reference is made to your 1235 of April 11. War Refugee Board appreciates importance of Hellsted statement regarding extent of danger from Gestapo to many Germans, Swedes and others. Board is charged with rescuing QUOTE the victims of enemy oppression who are in imminent danger of death UNQUOTE regardless of religion, nationality or stateless status. Accordingly, Board would warmly welcome Swedish action to afford rescue to all groups in Finland which would especially be endangered as a result of increased German influence.

The above, however, does not detract from Board's deep concern about equal or greater danger threatening 113 Jewish refugees from Germany and Austria and about 2600 others referred to in our No. _____ of _____. Board's attitude on this score is fully explained in aforementioned cable, and Board fully associates itself with your representations reported in your 1209 of April 8.

Accordingly, the Board trusts that the Hellsted statement is not (repeat not) intended to modify the confidential assurance given by Bohman and reported in your 908 of March 16. Please obtain confirmation of said assurance and, should you consider that danger is imminent, please press for immediate action.

Concerning Hellsted's remark that permission to refugees and others to enter Sweden would amount to discrediting Finnish government, Board suggests that you refer him and other Swedish officials to Bohman statement reported in your 908 to the effect that the Finnish government has itself applied for the admission of Jewish refugees.

With respect to the questions reported in your 1235, the Board holds that all persons referred to in our _____ of _____ are in danger. It is prepared to make arrangements for the evacuation from Sweden, as soon as practical, of all persons, other than Swedes, who may be accorded refuge in Sweden, and for the maintenance in Sweden of such refugees who cannot claim the support of their own governments.

For your information, Board has requested Gullion to report on possibility using Fidalinas escape-route to Sweden from German-held Baltic areas, particularly Lithuania. Board....

- 2 -

would appreciate your view and comments as to feasibility of such escape.

Reference made Olsen's No. 3. Board gratified by favorable Swedish reaction to his appointment and approves statements made to press.

This is WRB Cable No. 4

April 21, 1944

11:45 p.m.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Stockholm
TO: The Secretary of State, Washington
DATE: April 21, 1944
NUMBER: 1379

SECRET

According to Hellstedt Swedish visas have been authorized for one hundred central European refugees now in Finland, as a starter - please refer to number 1235 dated April 11 from the Legation. It was stressed by Hellstedt that visas are being granted for humanitarian reasons since the refugees are panicky and not (repeat not) because the Government of Sweden believes there is any danger.

JOHNSON

DCR:MPL
4/22/44

ONE-998

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

Bern

Dated April 21, 1944

Rec'd 5:41 p.m.

Secretary of State,

Washington.

2550, April 21, 3 p.m.

My telegram No. 2,320 of April 14.

It is reported from Budapest that Hungarian Jewish Commissioner Madre declared there April 18 that while Jews are not now to be concentrated into a ghetto they will be accommodated in districts where "terroristic aviation attacks are to be expected". Hungarian press early in April announced the evacuation of residential quarters in the exposed factory and other districts of the capital and its suburbs. Madre's statement which has been publicised in the German press apparently refers to such areas and is intended to make propaganda use of the some 400,000 Jews now resident in the Hungarian capital.

HARRISON.

END

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
 TO: Secretary of State, Washington
 DATED: April 21, 1944
 NUMBER: 2561

CONFIDENTIAL

Department's cable no. 1166 dated April 6 is referred to herewith.

Following is substance of message from Blochhaime for Andre Mayer:

Here there has been great interest in the President's statement but I agree with you that an effort must be made to give it more effect. Swiss Government's official attitude concerning Jewish and non-Jewish refugees is as you state, but at times there have been deviations from rules under pressure of public opinion, thanks particularly to tireless efforts of organizations and individuals. There is such arbitrariness and secrecy involved, and it is impossible to secure exact statistics.

For time being, apparently, rejections are not numerous, principally because of few arrivals due to danger in approaching heavily guarded frontier and travel difficulties, but restrictive policy undoubtedly has heretofore prevented arrival of great number of wretched Jews of both sexes who are now deported, imprisoned or dead and it still acts as deterrent on efforts to escape.

Various persons concerned with the problem have been contacted by me and I believe it is useless to form new group here or stir up new movement here. There is being done or tried everything possible that can be done within the country.

United Nations Governments, to expect radical change in situation, should: 1. Refer to Government of Switzerland to take over substantial share of cost of upkeep of new refugees. 2. Give Swiss Government formal undertaking that with this reasonable length of time after end of war all refugees entering after given date will be removed.

The first point is of secondary importance. Point number two is essential and is very core of the question, according to competent adviser. We have reason to believe that, with such guarantee, Swiss Government could be induced to open its frontiers either under pressure of opinion or of its own accord. The time for such initiative to have effect appears ripe.

TELEGRAM SENT

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

April 21, 1944

1 p.m.

U.S. URGENT

AMBASSY,

MOSCOW.

980

FOR THE AMBASSADOR FROM THE SECRETARY OF THE TREASURY

I am most grateful for your help in securing a favor-
able reply. (Reference yours ~~1980~~ of ~~last night~~ ~~last night~~)
Please deliver this personal message to the People's
Commissar for Foreign Affairs and the People's Commissar
of Finance.

NOTE I wish to express my sincere thanks for your deci-
sion to have the experts of the Soviet Union associate
themselves with the principles of the Joint Statement of
experts recommending the establishment of an International
Monetary Fund. We regard the publication of the Joint
Statement as of the greatest importance. It is further
evidence that our two countries are determined to work
side by side in the solution of international monetary
and financial problems.

-2- #980, April 21, 1 p.m., to Moscow.

I am in accord with the circumstances mentioned in your message. I assure you will instruct the technical financial delegation of the Soviet Union to associate themselves with the principles of the Joint Statement. They have already been informed of the substance of your message. EMD QUOTE

HULL
(ECC)

FIA :ECC : ja
4/21/44

NOT TO BE RE-TRANSMITTEDSECRETCOPY NO. 11OPTEL No. 128

Information received up to 10 A.M. 21st April 1944.

1. NAVAL

Home Waters: 18th/19th One of H.M. Destroyers and 2 M.T.B.'s damaged a number of E-Boats suspected of mine-laying off ISLE OF WIGHT. 20th/21st. Mine laying by aircraft off HUMBER suspected.

Mediterranean Hostile shelling in ANZIO port area increased on 18th and 19th. U.S. Destroyer intercepted 4 E-Boats West of ANZIO on 20th, one probably sunk, another damaged.

2. MILITARY

Russia Russians have repelled heavy German attacks on bridgehead S.W. of WARVA and there has also been heavy fighting S.W. of STARNOPOLE.

Burma In ARAKAN our troops have captured a hill feature 3 miles N. of BUTHIDAUNG. Japanese attacks on our positions 25 miles S.W. of IMPHAL and near IMPHAL-TIDDIM road have been repulsed.

3. AIR OPERATIONS

Western Front 20th Escorted Fortresses and Liberators (9 missing) dropped 1640 tons through ground haze on military objectives in Northern FRANCE.

Medium bombers attacked coastal defences and military objectives in NORTHERN FRANCE. Other aircraft bombed railway centres at CASIL and CAMBRAI airfields, 4 enemy aircraft destroyed in air and 4 on ground.

Of a 5-ship convoy off FRISIAN ISLAND, Beaufighters sank a 2,000 tons ship and set fire to 3 escort vessels. 20th/21st, aircraft despatched: COLOGNE 379, railway depots PARIS LA CHAPELLE 269, OFFIGNIES 196, LENS 175, CHAMPIGNY 14, BERLIN 8, Bomber support 26, Intruders 36, Sea-mining 38, Leaflets 32.

Preliminary reports indicate 16 bombers missing, results apparently satisfactory.

About 30 enemy aircraft flew over scattered inland areas without apparent coordination, in YORKSHIRE, LINCOLNSHIRE and SUFFOLK, causing slight damage. Later 6 believed Intruders operated briefly over NORFOLK and SUFFOLK. 2 enemy aircraft destroyed by night fighters.

Italy 20th Fortresses dropped 91 tons on ANCONA and 138 tons on VENICE Harbour. Liberators dropped 66 tons on bridge at FANO, 41 tons on MESTRE, 285 tons on dock at MALFALCONE and in UDINE area, 85 tons at TRIESTE.

April 22, 1944

Mr. White
Secretary Morgenthau

Would you please prepare a letter for my signature to Mr. Harriman along the same lines as the one which you wrote to Ambassador Winant yesterday. Thank you.

Letter in for Sig. 4/26/44

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April 22, 1944

Mr. White

Secretary Morgenthau

Would you please let me know whether the lend-lease on silver to India has gone through. I also would like to know how much silver, through one method or another, we have let India have this year.

White's memo in 4/25/44

306 ✓
89

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

~~XXX~~

DATE Apr. 22, 1944

TO Secretary Morgenthau
FROM Mr. White *HDW*
Subject: Status of lend-leasing 90 million ounces of silver to India.

We have been informed by the State Department that an understanding has been reached with the British Government with respect to the guarantees to be given for returning the silver lend-leased to India to the United States Treasury. We understand that the agreement with the British will be kept secret.

As soon as the British sign the formal documents, the State Department will advise the Foreign Economic Administration to put through the requisition for lend-leasing the silver to India.

We are keeping in close touch with both the State Department and the Foreign Economic Administration and will be prepared to expedite the shipment of the silver to India when the requisition is completed.

A total of 20 million ounces of silver was lend-leased to India in 1943 and 10 million ounces has been lend-leased to date in 1944.

25

April 22, 1944.

Dear Mr. Batt:

In the absence of the Secretary, I am acknowledging your letter of April 20, which enclosed a copy of Mr. Donald M. Nelson's regular monthly report to the President on production performance against materials and equipment commitments of the Third Russian Protocol. I shall be very glad to bring your letter and the report to Mr. Morgenthau's attention as soon as he returns to the office.

Sincerely yours,

(Signed) W. S. KlotzW. S. Klotz,
Private Secretary.Mr. V. L. Batt,
War Production Board,
Washington, D. C.

KP/dbs

WAR PRODUCTION BOARD

WASHINGTON, D. C.

April 20, 1944

IN REPLY REFER TO:

The Honorable
The Secretary of the Treasury

My dear Mr. Secretary:

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

Sincerely yours,



W. L. Batt

Attachment

WAR PRODUCTION BOARD

WASHINGTON, D. C.

April 17, 1944

SECRET

IN REPLY REFER TO:

My dear Mr. President:

Attached hereto is a tabulation showing progress made during March, and during the nine months ending March 31, 1944 towards fulfilment of Third Protocol materials and equipment production programs for the Union of Soviet Socialist Republics. There is also attached a summary of the major problems and developments which have marked production aspects of the program during the first three quarters of the Protocol period.

Respectfully yours,

/s/

Donald M. Nelson

The President
The White House
Washington, D. C.

Attachments

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SUMMARY OF PRODUCTION DEVELOPMENTS IN THE SOVIET
MATERIALS AND EQUIPMENT PROGRAM IN THE
FIRST THREE QUARTERS OF THE THIRD
PROTOCOL PERIOD

I. MATERIALS

Because of the easing of the domestic materials situation, as well as because of intensification of efforts to arrange satisfactory delivery schedules, stated Soviet requirements for all important materials are being met in full. Except for a few minor items, it has not been necessary for some time to reduce a request of the USSR for a raw material or semi-fabricated product because of supply considerations.

Shipping limitations continue to restrict the flow of several bulky items. Aside from this, however, materials are going forward at the rate desired by the USSR. Aluminum to the full amount requested has been scheduled for the last half of the Protocol year. The same is true of copper base alloys, carbon steel, alloy steel, railway materials, ferro-alloys, and all major chemicals. Nickel, several special alloy wires, and a few special purpose chemicals have been held under the amounts requested by the USSR because of continued tight supply conditions, but even in the case of these there has been a very substantial increase in average monthly shipments during the past quarter and further increases are scheduled for the current quarter.

II. INDUSTRIAL EQUIPMENT

The present status of the Third Protocol industrial equipment program must be considered against the background of (a) the stocks situation, (b) delays in the submission of new orders, and (c) the impact of several domestic programs, particularly the landing craft program, which have been granted overriding priorities because of strategic considerations.

At the beginning of the Third Protocol period there was concern lest the new industrial equipment program offered the USSR result in the accumulation of excessive stocks. Calculations which weighed the tonnage of items held in this country as of July 1, 1943 and the tonnage of items scheduled for delivery during the coming twelve months against prospective shipping seemed to indicate that stocks of industrial items might get out of hand in the same way that stocks of steel and certain other materials had gotten out of hand during the Second Protocol period. Because of

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this, those charged with over-all responsibility for the Russian program were inclined to discourage application of pressures to expedite deliveries of industrial items. It was generally felt unwise to insist upon shipments at a given rate simply because such a rate had been set up in the Protocol schedule, and without regard to whether the equipment thus made available could be lifted.

To an extent, developments have demonstrated that there was justification for this attitude. Despite conservatism re expediting deliveries, the tonnage of industrial equipment held in Ordnance and Treasury warehouses increased from some 97,000 short tons as of June 30, 1943 to some 167,000 short tons as of March 31, 1944.

It should be noted, however, that a very small number of items were responsible for this situation. Of the 167,000 short tons held in storage on March 31st, approximately 130,000 consisted of machine tools, forging presses and hammers, power equipment, and complete industrial plants. Stocks of all other industrial equipment, which included some sixty odd categories of maintenance and replacement items indispensable for the operation of the industrial establishment of the USSR, totalled only some 47,000 short tons.

Of more importance in holding back industrial equipment than the conservatism of US officials was the delay of Soviet representatives in preparing and submitting specifications against Third Protocol offers. It will be recalled that in reports prepared by the War Production Board during the first half of the Protocol period attention was repeatedly called to the necessity of requisitions being cleared immediately if adequate time were to be allowed for production cycles required for completion of orders before the end of the Protocol period. Despite these and other efforts of the WPB, however, a large part of the new orders authorized under the Third Protocol was not cleared until December, January, and February. Among the items affected were electric furnaces, rolling mills and auxiliary equipment, wire drawing machines, cranes, pumps, control instruments, small cutting tools, etc.

This late forwarding of requisitions inevitably raised grave scheduling problems, it not being possible to arrange for shipment over a five to seven month period the quantities of critical items which had been offered for delivery over a twelve month period. This was especially true since a number of urgent domestic programs, all of which conflicted with Russian items in regard to components, fabricating facilities and labor, were given overriding priorities during the very months in which the Russian items had to be scheduled.

The general effect of these several factors was that for many types of equipment going to the USSR, production was behind Protocol offers at the close of the third quarter of the Protocol period. Total deliveries of industrial equipment, in terms of dollar value, were only slightly under the amount promised, and all indications were that between March 31st and the end of June shipments will be increased to a point which will insure the US having made available from the over-all standpoint at least \$431,000,000 - - i.e. the amount offered in the Protocol. However, this is due to accelerated shipments in the case of several relatively easy items. In spite of it, the USSR will not have received the amount of several important items which the US promised to make available.

The detailed outlook by categories is as follows:

Cemented Carbide Tips and Blanks: Although there was some delay in the clearance of Third Protocol orders, it was possible to work out satisfactory schedules and all contracts are expected to be completed by June 30, 1944.

Small Cutting Tools: New Third Protocol orders were very slow in coming in, and considerable difficulty was experienced in arranging for placement of contracts. In several cases orders had to be shifted from one company to another and special expediting pressures were necessary. The great majority of orders are expected to be completed by June 30th, but a few important ones will probably be carried over into the Fourth Protocol period.

Measuring Tools: The same difficulties were experienced in the case of measuring tools as for small cutting tools. Most of these difficulties have been overcome, but it is nevertheless anticipated that a few orders will be carried over and the full Protocol promise will not be met.

Abrasive Grains and Abrasive Products: Despite relatively tight supply conditions, it was possible to schedule orders satisfactorily, and shipments at the end of the third quarter were ahead of Protocol promises. A principal reason for this was the fact that all orders were cleared very early in the Protocol period.

Machine Tools: The Third Protocol machine tool offer was one of the most ambitious made by the US. It represented more than 15% of total production schedules for the corresponding period in the US. However, the entire offer was covered by orders placed in advance of the opening of the Third Protocol period, and, because of this, it was possible immediately to put the program on a sound, scheduled basis.

Through January, average monthly shipments of machine tools were above the rate promised. In February and March there was a slight falling off, largely because manufacturers were finding it necessary to spread remaining orders which they had on their books in such a way as to enable them to maintain their labor supply, etc., at a level which would insure their being in a position to take care of future emergency orders which might come in. Although this resulted in accumulative deliveries through March falling under the amount promised, this has caused little concern. Stocks of Soviet machine tools at the end of March were very large, totalling more than 40,000 short tons or approximately \$70,000,000. Nevertheless, it is expected that during the next three months, shipments will again increase with the result that by June 30th practically all orders will have been completed.

Electric Furnaces: Although the electric furnace industry is generally in good shape, difficulties have been experienced in the execution of the Russian program. The offer of \$12,000,000 was relatively large, requiring an appreciable percentage of total US capacity. At the same time, orders were late in coming in; there was an unexpected concentration in the small size range; and certain components, notably instruments, fractional motors, and frequency changer sets, offered problems because of conflict with domestic programs. As a result of these factors, it appears likely that deliveries during the Protocol period will fall short of the \$12,000,000 promised by \$2,000,000 to \$3,000,000. Nevertheless, it is felt that adequate supplies of furnaces are being, and will continue to be, made available to meet shipping availabilities and to take care of all reasonable Soviet requirements.

Rolling Mills and Equipment, and Equipment For Blast, Hearth, and Coke Furnaces: Total Third Protocol offers for equipment of this type amounted to \$26,000,000. These offers were formulated to cover a specific list of equipment which the USSR had indicated that it urgently needed and which it was found could be scheduled for delivery during the period May, 1943 - June, 1944. However, there were delays of several months before problems in regard to supply of the equipment were cleared up by the FEA and the Soviet Purchasing Commission. As a result, the WPB found it necessary to notify the FEA that insufficient time remained for orders to be placed and fabrication completed by June 30th. It was subsequently agreed, however, to go ahead with the program with it being understood that the equipment, with the exception of a few minor items which required short lead factors, would not be completed prior to the opening of the Fourth Protocol period.

The program as finally approved included a rail and structural mill, a blooming mill, electrical equipment for the above mills, fish plate and tie plate installations, Bessemer converters, hot metal mixers, transfer cars, coke cars, hot metal cars, turbo blowers, de-watering equipment, and foundry equipment. It is anticipated that supply of this equipment will contribute to the recovery of the Soviet steel industry and will consequently help the USSR to meet more fully its steel requirements from its own resources and reduce the quantity required from this country.

Presses, Forges, Hammers, and Related Equipment: Under the \$30,000,000 Third Protocol program were included such items as forging presses, hammers, shears, bolt and nut equipment, punching presses, manipulators, maxi-presses, etc. Among these were some of the largest machines of this type which have ever been produced.

Few production problems have been encountered in connection with the program. However, the entire program has been repeatedly set back through diversion of items to the small truck program, the malleable iron program, the landing craft program, and other domestic programs. In consequence, by June 30th there probably will not have been delivered more than \$24,000,000 against the promised \$30,000,000. However, stocks of equipment of this type held on USSR account are very large, totalling as of March 31st more than 25,000 tons, and it is felt that the rate of shipment is adequate to meet realistic Soviet needs.

Wire Drawing Equipment: The \$2,000,000 Third Protocol offer was intended to cover seventy-seven machines which had been ordered in advance of June 30, 1943, and thirty-five additional machines which the USSR stated that it wished to order after June 30th.

In the case of the old orders for seventy-seven machines, production has been in accordance with schedule and all will be completed before June 30, 1944. The dollar value involved is approximately \$1,000,000. In the case of the new orders for thirty-five machines, clearance was not worked out by the Soviet Purchasing Commission and the FEA until February. These orders will consequently have to be carried over into the Fourth Protocol period.

Excavators: The \$12,500,000 offered under the Third Protocol included some \$7,000,000 of old orders for Treasury procured items and an estimated \$5,500,000 of War Department procured items. Since formulation of the Third Protocol, however, a re-survey by the War Department has revealed that no equipment which can properly be classified "Excavator Equipment" is being procured by that agency for the USSR. (Equipment which was originally considered "Excavator Equipment" is now classified under truck

and tractor cranes and various construction equipment.) To all intents and purposes, therefore, the Third Protocol excavator program is not a \$12,500,000 but a \$7,000,000 program.

Even for a \$7,000,000 program, numerous scheduling difficulties have been encountered. US capacity is almost entirely taken up by Army, Navy, and the British and US surface mining programs. Further, equipment being procured for the USSR is of such nature that only two companies are capable of handling it. Because of these difficulties, it is expected that it will be necessary to extend several important contracts beyond June 30, 1944.

Cranes: The actual Third Protocol program is substantially larger than the \$22,000,000 offered. The reason for this is that many of the items being procured by the War Department which were formerly classified as "Excavator Equipment" properly fall under this category.

Production problems of a serious nature have been encountered. In the case of special metallurgical cranes such as ladle cranes and ingot strippers, difficulty has been experienced in securing bearings. Also, after much preliminary work had been completed, Soviet representatives insisted upon changes in specifications made necessary by war developments in the USSR. Mining hoists, which form an important part of the program, were placed on order only late in the Protocol period and several components, notably gears and electrical equipment, have slowed down production. For the program as a whole, set-backs have resulted from conflicts with the rubber program and with the landing craft program. Because of these various factors, it is not expected that all contracts will be completed by June 30th.

Compressors, Gas Blowers, Extractors, and Fans: The Third Protocol program was not presented to the WFB until December, 1943 - January, 1944. A few orders have only recently been submitted. Retarded deliveries have been entirely due to this delay, as the program offers no production problems.

Pumps: Pumps being supplied under the Third Protocol are considered one of the most important items in the industrial equipment program. Included are a group of exceptionally large pumps intended for use in the re-establishment of reservoir and water systems contaminated or destroyed in the occupied territories, mining pumps needed for the reopening of Donets coal mines, special chemical pumps, etc. No Third Protocol requisitions were placed until after the first of January, 1944.

Despite this, and despite difficulty in securing required bearings and motors, it has been possible to arrange satisfactory schedules and few contracts will have to be carried over.

Welding Equipment: The welding equipment program has gone smoothly. Schedules are satisfactory and it is expected that the full Protocol commitment will be met without difficulty. Items being supplied under the program are designed for repair work on barges, railways, and structural shapes in buildings, as well as for use in the manufacture of tanks, trucks, etc.

Valves and Fittings: A substantially larger program than the \$3,000,000 offered is being carried out under the Third Protocol, a number of important orders having been accepted under the emergency equipment category. The program is proceeding smoothly and satisfactory deliveries are being maintained.

Pneumatic Tools: Third Protocol orders for pneumatic tools are being procured by the War Department and it is understood that satisfactory progress is being made on them. Data as to details have not been made available by the War Department, however. All pre-Third Protocol orders, which are being procured by Treasury, will be completed before June 30th.

Control Instruments and Testing Machines: Included in this category of equipment are circular and linear dividing machines, universal and hydraulic testers, dynamometer testers, proving rings, tool makers microscopes, etc. All items will be completed and delivered by June 30, 1944, except circular and linear dividing machines. Prior to the outbreak of the war, circular and linear dividing machines were not produced in the US, Europe being the sole source of supply. One US company has developed fabricating facilities but its capacity is limited to one or two machines a year. The USSR has twenty-one on order. Most of these will necessarily have to be carried over into the Fourth Protocol period.

Anti-Friction Bearings: As pointed out in previous reports, the Soviet anti-friction bearings program has come into conflict with requirements of the landing craft program, the heavy duty truck program, the synthetic rubber program and the agricultural equipment program, as well as other important domestic programs. As a result, it will not be possible to produce by June 30th the \$15,000,000 promised. A special effort is being made to deliver such bearings as Soviet representatives state are most urgently needed for their war effort, but from the overall standpoint it is expected that we will fail to meet the formal commitment by some \$3,000,000 to \$5,000,000.

Block Signal System: The Third Protocol program consists of a block signal system designed for 3,000 kilometers of railways under ideal conditions or 5,000 to 10,000 kilometers under reasonably satisfactory working conditions. The equipment being supplied is identical to that required for domestic use with the exception of centralizers which are peculiar to USSR operations.

Work on the system is proceeding satisfactorily and it is anticipated that virtually all shipments from plant will have been completed by June 30th.

Power Program: The Third Protocol power program consisted of approximately \$40,000,000 of equipment ordered, but not delivered, during the Second Protocol period, and \$57,000,000 of new Third Protocol orders.

Of the orders carried forward from the Second Protocol, roughly 98% were completed by the end of March, 1944. The items still to be delivered, principally boilers, spare parts, switch gear, and process piping, will all be finished and shipped from plant in the next few weeks.

In the case of the \$57,000,000 of equipment placed under order since July 1, 1943, it is expected that approximately 60% (about \$33,000,000) will be shipped from plant by June 30, 1944. Inability to complete the remaining 40% is largely the result of re-engineering and re-designing upon which the Russians have insisted. When the new Third Protocol program was offered to the USSR, it was anticipated that work done on plants previously supplied would make possible proceeding with production without preliminary engineering. However, because of changing conditions in the USSR, Russian representatives felt it necessary to ask for new specifications in many instances. After re-designing had been completed, the bill of materials already worked out for components, etc. could not be used for the new plants and complete re-surveys had to be made. This resulted in loss of approximately three months in the placing of orders for components and other materials. Steel plate particularly caused trouble because space in mill schedules was lost for a period of several months. A further cause of delay in the program was conflict with urgent domestic programs, particularly the landing craft program.

Auxiliary Industrial Equipment: This category includes a wide variety of equipment of which the most important are electric motors, other electrical equipment, engines and turbines, industrial trucks and tractors, petroleum refinery equipment, oil well drilling equipment, communications equipment, smelting and alloying equipment, hand tools, and agricultural machinery. The Third Protocol offer for all equipment

of this type was limited to \$36,500,000. However, orders on the books as of June 30, 1943 considerably exceeded this amount. Further, additional items have been approved under the emergency equipment offer.

Deliveries under this category have been generally satisfactory. Competition with other programs has delayed completion of electric motors and other electrical equipment, but despite this, the flow of these items has been large. Some of the other equipment included in this category has been held up because of difficulty in securing components, but this again has not seriously affected the situation of the USSR, ample supplies having been made available to meet the more pressing needs of that country.

Altogether, through March 31st a total of \$67,000,000 of auxiliary equipment had been shipped from plant, and it is anticipated that at least \$33,000,000 additional will be shipped between the end of March and June 30th.

STATUS OF MATERIALS AND EQUIPMENT PRODUCTION PROGRAMS UNDER THE THIRD RUSSIAN PROTOCOL AS OF APRIL 1, 1944
(MARCH DELIVERY DATA SUBJECT TO REVISION)

Protocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. Mar. 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - Mar. 31, 1944	Percent of 3rd Protocol Program Completed as of Apr. 1, 1944	Ratio of Actual Deliveries to Prot. Sched. (Prot. Sched.=100)	Balance to be Produced as of Apr. 1, 1944 To Complete 3rd Protocol Prod. Program	Comments
NON-FERROUS METALS									
3	Aluminum (Ingot and Fabricated)	S.T.	35,760	14,982	72,946	204	272	(37,186 Excess)	Aluminum shipments to date consist of 5,278 S.T. rod and tubing; 18,444 S.T. sheet; and 49,224 S.T. ingot including secondary.
4	Nickel								
A	Pig Nickel	S.T.	3,500	300	3,900	108	144	(300 Excess)	Includes shipment on U.S. account of 800 S.T. from U.K. stocks. The 274 S.T. shown as the Third Protocol production program is the quantity selected by the U.S.S.R. out of a total of 600 S.T. originally offered.
B	Nickel in Naval Scrap	S.T.	274	0	274	100	133	0	
C	Nickel in Steel and Other Non-Ferrous Products	S.T.	2,400	108	1,681	70	93	719	Contained nickel deliveries to date consist of 923 S.T. in steel; 337 S.T. in nichrome wire and strip; 295 S.T. in cupro-nickel strip; and 126 S.T. in various other products including pure nickel products.
5	Molybdenum	S.T.	4,000	333	3,330	83	111	670	
6	Copper, Electrolytic	S.T.	(121,400)	(13,725)	(88,371)	(73)	(97)	(33,029)	Electrolytic copper figures refer to copper contained in various materials requiring copper which are being supplied the U.S.S.R. Deliveries to date include 64,854 S.T. contained in copper base alloys; 10,025 S.T. contained in copper goods and tubes; 674 S.T. contained in bismuth; and 12,818 S.T. contained in wire mill products. In addition to the copper program shown, the U.S.S.R. has made arrangements for the supply of 16,800 S.T. of copper wire bars during the remainder of the Third Protocol period.

Protocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. Mar. 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - Mar. 31, 1944	Percent of 3rd Prot. Program Completed as of Apr. 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of Apr. 1, 1944 To Complete 3rd Protocol Prod. Program	Comments
NON-FERROUS METALS (Continued)									
7	Copper Base Alloys	S.T.	107,520	15,974	55,227	82	109	19,233	
8	Magnesium	S.T.	4,032	336	3,024	75	100	1,008	
9	Zinc	S.T.	13,440	1,120	10,080	75	100	3,360	
11	Copper Goods and Tubes	S.T.	15,000	1,275	10,025	67	85	4,975	
29	Special Non-Ferrous Alloy Wires	S.T.	100	13	90	90	120	10	The Third Protocol provides that up to 269 S.T. of special non-ferrous wires may be ordered. Until the present, however, only 100 S.T. have been requisitioned. The Third Protocol production schedule is, therefore, limited to this amount. Deliveries to date include .4 S.T. of tungsten alloy wire; 2.9 S.T. of constantan wire; .4 S.T. of tantalum wire; 33.1 S.T. of alsteel and chromel wire; 15.9 S.T. of monel, everdur and beryllium bronze wire; 5.7 S.T. of enamelled manganese wire; 19.8 S.T. of molybdenum wire; .5 S.T. of manganese wire; 5.7 S.T. of round manganese wire; 5.3 S.T. of bare thermocouple wire; and .3 S.T. of Kanet molybdenum wire.
30	Nichrome Wire	S.T.	538	23	422	78	104	116	On urgent request of the U.S.S.R., the U.S. has agreed to undertake supply of 134 S.T. in addition to the amount originally offered in the Protocol. However, due to an acute shortage of chromium metal, difficulty is being encountered in scheduling this added quantity. In consequence, it will probably be necessary to carry a large part of it over into the Fourth Protocol period.

Protocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. Mar. 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - Mar. 31, 1944	Percent of 3rd Prot. Program Completed as of Apr. 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of Apr. 1, 1944 To Complete 3rd Protocol Prod. Program	Comments
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NON-FERROUS METALS (Continued)

93	Cadmium	S.T.	112	28	56	50	100	56	<p>The Third Protocol cadmium commitment was originally included in the Canadian schedule, but due to a difficult supply situation in Canada, the U.S. agreed to take this over as the 112 S.T. due in the second half of the Protocol period.</p> <p>The production program shown is for the first half of the Third Protocol period; the ratio of actual deliveries to the Protocol schedule has, therefore, been adjusted to take this into account. The October shipment completed the full original Protocol offer. The U.S.S.R. recently requested the increase of the Protocol offering by 75 S.T. The U.K. has agreed to supply one-half of this along with the 80.5 S.T. included in its Protocol schedule. The U.S. will supply the remainder.</p>	
94	Cobalt	S.T.	80.5	0	80.5	100	133	0		
Total Non-Ferrous Metals (Excluding Item 6, Copper, Electrolytic)			S.T.	185,896.5	34,192	194,135.5	104	139	(7,279 Excess)	

FERRO-ALLOYS

12	Ferrosilicon	S.T.	-	0	57	-	-	-	<p>Because of the stocks situation, Third Protocol offers to supply up to 78 S.T. of ferrosilicon and 446 S.T. of ferrochrom per month are considered inoperative.</p>
13	Ferrochrome	S.T.	-	0	0	-	-	-	

Protocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. Mar. 31, 1964	Made Available at Mill in U.S.A. July 1, 1963 - Mar. 31, 1964	Percent of 3rd Prot. Program Completed as of Apr. 1, 1964	Ratio of Actual Deliveries to Prot. Sched. (Prot. Sched.=100)	Balance to be Produced as of Apr. 1, 1964 To Complete 3rd Protocol Prod. Program	Comments
FERRO-ALLOYS (Continued)									
55A	Ferromolybdenum	S.T.	1,456	0	1,120	77	183	336	} Ferromolybdenum, ferromanganese, and ferrotungsten have been scheduled in the quantities shown under the Third Protocol production program as substitutes for an equivalent tonnage of ferrosilicon and/or ferrochromium. Included in these quantities are 336 S.T. ferromolybdenum, 134 S.T. ferromanganese, and 224 S.T. ferrotungsten which are currently being approved for delivery in the second quarter, 1964.
56	Ferromanganese	S.T.	358	0	224	63	150	134	
57	Ferrotungsten	S.T.	1,004	0	526	49	148	538	
	Total Ferro-Alloys	S.T.	-	0	1,927	-	-	1,008	
ALLOY STEEL									
16	Polished Drill Rod								
B	High Speed	S.T.	96	11	85	89	119	11	
C	Other Alloy	S.T.	45	3	40	89	119	5	
17	High Speed Tool Steel	S.T.	4,480	203	4,551	104	139	(171 Excess)	
18	Tool Steel								
B	Alloy X12	S.T.	672	70	665	99	132	7	
C	Alloy X12M	S.T.	672	64	611	91	121	61	
D	Other Alloys	S.T.	4,850	525	4,912	101	135	(62 Excess)	
19	Cold Finished Bars	S.T.	11,200	933	9,395	84	112	1,805	
20	H.R. Alloy Bars and Billets	S.T.	67,267	9,018	55,669	83	111	11,598	
23	Stainless Steel								
A-B	Sheets and Strip	S.T.	3,007	409	3,130	104	139	(123 Excess)	
C	Bars	S.T.	756	55	593	78	104	163	
25	Steel Wire								
A	Mild Wire	S.T.	1,344	80	1,215	90	120	129	
B	Alloy 232	S.T.	1,344	228	1,054	79	105	286	
C	Other Alloy	S.T.	0	0	191	-	-	(191 Excess)	

Protocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. Mar. 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - Mar. 31, 1944	Percent of 3rd Prot. Program Completed as of Apr. 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of Apr. 1, 1944 To Complete 3rd Protocol Prod. Program	Comments
<u>ALLOY STEEL (Continued)</u>									
27	Steel Alloy Tubes	S.T.	994	188	1,222	123	164	(228 Excess)	
A	1 1/2 Cr. - 1/2 Ni.	S.T.	8,625	937	7,606	88	117	1,019	
B	1/2-3/4 Chrome	S.T.	0	0	0	-	-	(9 Excess)	
C-E	Carbon, 1/2 Moly., Pipe Sizes	S.T.	0	0	0	-	-	316	
F	1/2 Moly. Ball Bearing Tubes	S.T.	5,376	779	5,060	94	125		
28	Stainless Steel Wire	S.T.	1,747	163	1,609	92	123	138	
29	Special Alloy Wire	S.T.	784	26	819	104	139	(35 Excess)	
	Total Alloy Steel	S.T.	113,259	13,692	98,540	87	116	14,719	
<u>CARBON STEEL</u>									
101-S	Rails, Accessories and Other Railway Material	S.T.	-	18,699	188,648	-	-	-	Approximately 110,000 S.T. of carbon steel have been scheduled for delivery prior to June 30, 1944, in addition to the 345,397 S.T. originally included in the Third Protocol program.
10	Copper Clad Strip (Bimetal)	S.T.	-	4,167	5,852	-	-	-	
16A & 16A	Plain Carbon Tool Steel and Drill Rod	S.T.	-	808	6,515	-	-	-	
19D	Plain Carbon Bullet Core	S.T.	-	43	11,736	-	-	-	
24	Template	S.T.	-	1,511	36,504	-	-	-	
-	Other Carbon Steel	S.T.	-	1,526	70,017	-	-	-	
	Total Carbon Steel	S.T.	345,397	26,714	319,372	92	123	26,025	
<u>CHEMICALS</u>									
36	Phenol	S.T.	-	1,653	8,701	-	-	-	The 650 S.T. shown as the quantity delivered through March 31 is 350 less than that delivered through Feb. 29 due to a cut-back agreed to by Soviet representatives.
38	Ethylene Glycol	S.T.	-	0	50	-	-	-	

Pro- tocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. Mar. 1, 1944 - Mar. 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - Mar. 31, 1944	Percent of 3rd Prot. Program Completed as of Apr. 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of Apr. 1, 1944 To Complete 3rd Protocol Prod. Program	Comments
CHEMICALS (Continued)									
45	Methanol	S.T.	-	0	3,395	-	-	-	
46	Urotropine	S.T.	-	225	4,975	-	-	-	
61A1	Glycerine	S.T.	6,720	0	7,707	115	153	(987 Excess)	
61A3	Caustic Soda	S.T.	40,320	272	24,925	62	84	15,395	
38A	Ethyl Alcohol	S.T.	107,520	0	114,278	106	141	(6,758 Excess)	} 61,600 S.T. of ethyl alcohol have been scheduled for delivery during the Third Protocol period in addition to the 107,520 S.T. originally included in the Third Protocol program.
61A5	Acetone	S.T.	5,137	420	3,198	62	83	1,039	
61A	Other Chemicals	S.T.	12,096	1,248	5,347	69	92	3,749	
	Total Chemicals	S.T.	-	3,818	176,176	-	-	-	
MARINE AND SUBMARINE CABLE									
1	Marine Cable	KM.	764	7	198	25	33	586	} Old orders for marine and submarine cable have been largely completed whereas deliveries of new orders have not yet begun because of lead factors.
2	Submarine Cable	FM.	319	1	120	38	51	199	
	Total Marine and Submarine Cable	KM.	1,103	8	318	29	39	785	
POWER AND RELATED CABLE									
74	Insulated Cable and Wire (Copper Content)	S.T.	-	754	11,170	-	-	-	} Old orders for power and related cable have been largely completed whereas deliveries of new orders have not yet begun because of lead factors.
74a	Bare Cable and Wire (Copper Content)	S.T.	-	113	1,542	-	-	-	
	Total Power and Related Cable	S.T.	21,000	867	12,712	61	81	8,288	

Pro- tocol Item No.	Item	Unit	3rd Protocol Production Program	Wade Available at Mill in U.S.A. Mar. 31, 1944	Wade Available at Mill in U.S.A. July 1, 1943 - Mar. 31, 1944	Percent of 3rd Prot. Program Completed as of Apr. 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of Apr. 1, 1944 To Complete 3rd Protocol Prod. Program	Comments
MISCELLANEOUS MATERIALS ITEMS									
80	Sheet Fiber	S.T.	1,000	0	1,370	137	183	(370 Excess)	
83	Parchment Paper	S.T.	1,680	0	0	0	0	1,680	} To date no requisitions have been submitted by Soviet representatives.
83A1	Lithograph Map Paper	S.T.	-	550	2,221	-	-	-	
83A	Condenser Paper	S.T.	73	19	56	77	103	17	} Because of delays in the submission or requisitions, production of condenser paper was not begun until January.
83B	Cigarette Paper	S.T.	336	0	0	0	0	336	
INDUSTRIAL AND RELATED EQUIPMENT									
15A	Cemented Carbide Tires and Wheels	\$	3,000,000	11,631	1,180,183	39	52	1,819,817	} See attached text for comments.
15B	Small Cutting Tools	\$	15,000,000	960,311	8,512,250	57	76	6,487,750	
15C	Measuring Tools	\$	3,000,000	151,503	1,020,223	34	45	1,979,777	
67B	Abrasive Products	\$	4,000,000	80,861	3,571,833	89	119	428,157	
67	Machine Tools	\$	120,000,000	5,623,400	84,246,050	71	95	35,053,950	
63	Electric Furnaces	\$	11,600,000	583,528	4,456,067	38	51	7,143,933	
64A	Rolling Mills and Equipment	\$	16,000,000	207,946	1,529,211	10	13	14,470,789	
64B	Presses, Forges, Hammers and Related Equipment	\$	30,000,000	746,491	17,071,641	57	76	12,928,359	
64C	Wire Drawing Equipment	\$	2,000,000	178,538	203,625	10	13	1,796,375	
65A	Excavators	\$	12,500,000	276,139	2,856,175	23	31	9,643,825	

Protocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. Mar. 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - Mar. 31, 1944	Percent of 3rd Prot. Program Completed as of Apr. 1, 1944	Ratio of Actual Deliveries to Prot. Sched. (Prot. Sched.=100)	Balance to be Produced as of Apr. 1, 1944 To Complete 3rd Protocol Prod. Program	Comments
INDUSTRIAL AND RELATED EQUIPMENT (Continued)									
65B	Truck and Tractor Cranes	\$	22,000,000	1,482,126	16,683,240	76	101	5,316,760	} See attached text for comments.
65C	Other Cranes	\$							
65D	Compressors, Gas Flowmeters, Blowers and Fans	\$	9,000,000	88,179	3,778,534	42	56	5,221,466	
65E	Pumps	\$	8,000,000	214,075	4,396,734	55	73	3,603,266	
65F	Mining Equipment, Ore Dressing, Handling and Transporting Equipment	\$	10,000,000	172,452	5,183,325	52	69	4,816,674	
65G	Equipment for Blast, Hearth and Coke Furnaces	\$	10,000,000	226,722	1,278,778	13	17	8,721,222	
65H	Welding Equipment	\$	4,400,000	138,645	2,698,452	61	81	1,701,548	
65I	Valves and Fittings	\$	3,000,000	117,803	3,041,610	101	135	(41,610 Excess)	
65J	Pneumatic Tools	\$	5,000,000	194,635	2,262,470	45	60	2,737,530	
65K	Auxiliary Industrial Equipment	\$	36,500,000	2,021,282	57,875,218	186	248	(31,375,218 Excess)	
66	Control Inst. and Testing Machines	\$	1,700,000	42,672	769,189	45	60	930,811	
67	Anti-Friction Bearings	\$	15,000,000	857,058	7,053,649	47	63	7,946,351	
111	Block Signal System	\$	14,591,500	690,212	4,033,453	28	37	10,558,047	
140	Power Equipment	\$	75,000,000	3,316,794	44,179,362	59	79	30,820,638	
	Total Industrial and Related Equipment	\$	431,291,500	16,402,964	288,581,273	67	89	142,710,227	

Pro- tocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. Mar. 1, 1944 - Mar. 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - Mar. 31, 1944	Percent of 3rd Prot. Program Completed as of Apr. 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of Apr. 1, 1944 To Complete 3rd Protocol Prod. Program	Comments
MISCELLANEOUS EQUIPMENT ITEMS									
67A	Abrasive Grain	S.T.	4,000	1,432	6,312	158	211	2,312	
68A	Graphite Electrodes	S.T.	5,757	396	4,621	80	107	1,136	
68B	Other Graphite Goods	S.T.	1,691	16	693	41	55	998	
68C	Graphite Powder	S.T.	1,120	177	1,712	153	204	(592 Excess)	
78	Tires, Tubes, Other Rubber Products (Rubber Content)	S.T.	40,320	1,460	24,571	61	81	15,749	
82	Metallic Cloth and Screen	\$	1,000,000	54,316	431,484	43	57	568,516	

War Production Board
Foreign Division
Program Review Branch
April 15, 1944

MR. HAYES

Mr. Hall said for you to show this to the Secretary. It is an informal thing and no acknowledgment is necessary.

yes -


Miss Klotz:
Let me know whether H. White has seen this. *H.M.J.*

Office of the Under Secretary

DEPARTMENT OF STATE
WASHINGTON



In reply refer to
71A

April 22, 1944

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and transmits for his information a copy of a note dated April 20, 1944 received from the British Embassy regarding a loan of £50,000,000 by the United Kingdom to China.

Enclosure:

From British Embassy,
note no. 225, dated
April 20, 1944.



G.L.

CONFIDENTIAL

No. 225

Ref. 493/25/44

His Majesty's Ambassador presents his compliments to the Secretary of State and has the honour to inform Mr. Hull that His Majesty's Principal Secretary of State for Foreign Affairs proposes to make an announcement in the House of Commons on or about April 22nd, 1944, regarding the agreement which is to be signed on that day on the subject of a loan of £50,000,000 by His Majesty's Government in the United Kingdom to China. A copy of the draft text of this announcement is attached hereto and Viscount Halifax would be grateful if Mr. Hull would consider it as confidential until after it has been made public in London.

2. As Mr. Hull is aware, discussions have been going on for some considerable time between His Majesty's Government and the Chinese Government regarding this loan, and Viscount Halifax has been instructed to inform Mr. Hull that the agreement now to be signed represents, with minor alterations, the basis on which His Majesty's Government in the United Kingdom have, since the inception of the negotiations, been ready to offer this credit.

3. The main points of the loan agreement are as follows:-

(a) His Majesty's Government in the United Kingdom agree to provide up to £10,000,000 in the first instance to secure an internal loan. An eventual increase in this amount, if it should be found that

/more

Regraded Unclassified

CONFIDENTIAL

DRAFT TEXT OF ANNOUNCEMENT TO BE MADE BY HIS
MAJESTY'S PRINCIPAL SECRETARY OF STATE FOR
FOREIGN AFFAIRS IN THE HOUSE OF COMMONS

A formal agreement is being signed today on the subject of the loan by His Majesty's Government to China of up to £50,000,000. Under the terms of the agreement, which carries out the offer made by His Majesty's Government to the Chinese Government some time ago, up to £50,000,000 will be available for financing of goods and services required by China in the sterling area, for purposes arising out of the war. A second agreement covering munitions, arms and military equipment on lend-lease terms by the United Kingdom to China has been signed at the same time. Pending the signature of agreements, the cost of goods and services required by China from the sterling area for war purposes has been met from earlier British credits; munitions etc., have been provided on lend-lease terms in anticipation of present agreement. The limit of our assistance to China remains as always, one of transport and not one of finance.

I am sure that the House will show by satisfaction that these agreements have now been concluded and that in this, as in other ways, we have made manifest our desire to give all the help to China that lies within our power.

Page 2.

more could be effectively used for such a scheme, is not excluded.

(b) The credit is not to be used for sterling savings certificates.

(c) His Majesty's Government in the United Kingdom agree to use, during the war, of £10,000,000 for printing bank-notes in the Sterling Area, and for outstanding and future payments on orders already placed under previous credit arrangements.

(d) His Majesty's Government in the United Kingdom agree that the Chinese Government may earmark the sum of £50,000,000 for the purchase of goods in the Sterling Area for war purposes.

The remaining £10,000,000 would then be available for such of the purposes covered by the Agreement as might prove necessary.

(e) His Majesty's Government in the United Kingdom agree to make payments which fall due after the end of the war on contracts properly concluded, with their concurrence, for goods which could reasonably be expected to arrive in time to serve "war purposes".

4. Viscount Halifax has also been informed that the opportunity presented by the signing of this loan agreement will be taken to sign the Lend Lease agreement between His Majesty's Government in the United Kingdom and the Chinese Government which was originally proposed in February 1942, and which, although unsigned, has in fact been in operation since April 1942.

BRITISH EMBASSY,

WASHINGTON, D.C.,

April 20th, 1944.

Developments during the week of
April 17 - 22, 1944

1. COOPERATION WITH OTHER GOVERNMENTS

(a) Russia

A reply has been received from the Soviet Government to the memorandum left by Ambassador Harriman with respect to the creation and objectives of the Board. This reply states in substance that the policy of the Soviet Government has been, and still is, to aid in every way possible the victims of persecution by Hitlerite Germany.

In a cable to Harriman we have asked that appropriate authorities of the Soviet Union be approached in an effort to ascertain whether, in view of the positive action recently taken by both the United States and British Governments in reiterating their attitude toward Nazi war crimes and atrocities, the Soviet Government would take similar action. We have indicated our belief that such a statement on the part of the U.S.S.R. would have a profound effect upon the leaders and people of Rumania and Hungary.

(b) Greek Government-in-Exile

According to a report from the U. S. Legation in Cairo, the Royal Hellenic Government has welcomed the creation of the Board and has indicated its desire to cooperate in alleviating the refugee problem. A memorandum left with the Legation in Cairo stresses the great hunger and other hardships visited upon the Greek people as a result of German occupation. The memorandum also points out that persons in danger can escape from Greece with relative ease because of that country's geographical position.

(c) Turkey

Ambassador Steinhardt reports that the Turkish Government has now put into effect a plan worked out before Hirschmann's departure, for the evacuation of refugees from the Balkans by rail via Turkey.

- 2 -

We have been advised that Turkish repatriates are also arriving in Turkey from France, in groups of fifty or so and at regular intervals, this repatriation being a direct result of our representations through Hirschmann and Steinhardt to the Turkish Government.

With respect to further "illegal" voyages by the "Milka" and "Maritza" -- that is, evacuations in which the proper maritime papers, Palestine immigration certificates, and Turkish entrance and transit visas are lacking, Ambassador Steinhardt indicates that if the number does not go beyond 500 refugees per month, he is reasonably sure that entry and transit can be arranged with the Turkish Minister for Foreign Affairs as each occasion arises, subject to the limited carrying capacity of the railroad to the Syrian frontier from Istanbul. Because of the recent substantial increase in the transit to Palestine from Istanbul of refugees arriving "legally," Steinhardt estimates that this 500 is the maximum number of refugees arriving illegally each month for whom rail transportation could be provided.

In a cable to Ankara we are advising Steinhardt that we have now obtained from the War Shipping Administration and from the Foreign Economic Administration authorization to commit this Government to the replacement of the "S.S. Tari," in the event of the loss of that ship in projected evacuation efforts, with a passenger vessel, as requested by the Turkish Government. In order to remove the one remaining obstacle, the granting of safe-conduct by the German Government, we are requesting that Steinhardt urge both the International Red Cross representative in Ankara and the Apostolic Delegate from Istanbul to arrange to see von Papen in person. Steinhardt is also being asked to advise us when the "Tari" is ready to depart, in order that war risk insurance may be placed here.

(d) Switzerland

The appointment of Roswell McClelland as the Board's Special Representative in Bern, Switzerland, and as Special Attache to the Legation on war refugee matters, has been confirmed.

Minister Harrison has reported that the Swiss Government has declined to request German safe-conduct for the "S.S. Tari" in the projected Turkish evacuation on the ground that Swiss support of such a request would impede the efforts of the International Red Cross in that direction.

- 3 -

The Swiss Government indicated, however, that it would not refuse to consider participation in a joint step which other neutral states might decide to undertake in this matter for exclusively humanitarian motives. Harrison subsequently reported that a similar position had been taken by the Swiss Government with respect to IRC representations concerning safe-conduct for the "S.S. Bellacitta."

We have cabled Harrison that both the Swedish and Turkish Governments have already acted in support of the IRC request for German safe-conduct for the "Tari" and we have suggested that Harrison may wish to bring these circumstances to the attention of the Swiss Government in renewed efforts to obtain an affirmative decision.

(e) Sweden

We are continuing our efforts to arrange for the use of a Swedish ship, notably the "S.S. Bardalanda," in Turkish evacuation efforts.

With respect to the President's statement of March 24, Minister Johnson reports a fairly general coverage in Stockholm newspapers, with less coverage throughout the rest of Sweden. Excerpts from the President's statement were given in official Swedish news broadcasts in the Swedish language over short, medium, and long wave lengths. The statement was also relayed through underground channels to Norway and Denmark and may thus come to the attention of occupation forces in those countries. Informal requests by the Legation that prominent government officials publicly comment on the statement were unsuccessful.

Johnson also reports that the Swedish Government has agreed to make every effort to hasten action on the part of the Germans with respect to the granting of safe-conduct for the "S.S. Tari." The matter of safe-conduct for the "S.S. Bellacitta" is also being taken up with the Swedish Government.

(f) Guatemala

In reply to State's circular airgram of January 26, Ambassador Long advises that little or nothing is being done officially in Guatemala toward the rescue or relief of persecuted elements in Europe, although since 1933 permission has been granted for nearly 1,000 refugees to enter

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Guatemala. The Guatemalan Government reportedly permits the entry of refugees for permanent residence where such refugees are able to obtain a guarantee of support from relatives already residents or nationals of that country; in some instances refugees have been able to gain entry for permanent residence without local sponsors. However, in all cases entry is granted only under the provisions of a law which severely restricts the pursuits of immigrants. Alleged abuses of entry restrictions led to a government decree in March 1929, closing business establishments owned or operated by refugees, requiring the registration of business houses, and calling for the licensing of agents working on a commission basis.

Ambassador Long indicated his belief that if any representations are to be made to the Guatemalan Government with respect to the acceptance of refugees, the chances of success would be greatly enhanced if any such proposal could be presented in specific terms, particularly with respect to the number of persons proposed and their probable length of stay.

(g) Finland

On the basis of informal discussions, Minister Gullion reports his belief that the Finnish Government would in all probability issue a declaration with respect to its willingness to facilitate the movement of refugees. The Finnish Foreign Office has indicated that, if such a statement is to be made, its release will be timed to coincide with the projected evacuation of certain Jewish refugees from Finland to Sweden.

In a cable to Helsinki now pending at State, we are asking Gullion to report on the possibility of using Finland as an escape route to Sweden from German-held Baltic areas, particularly Lithuania, and on the possibility of cooperation from the Finnish Government in this connection.

2. APPROACHES TO THE SATELLITES

In response to our request that the International Red Cross send effective representation to Hungary in order to protect the well-being of groups facing persecution there under the recent German occupation, the IRC has advised Minister

- 5 -

Harrison in Bern that for the time being it does not contemplate any such special delegation. The IRC is said to feel that under present circumstances such a mission might be considered as inconsistent with its traditional and conventional competence.

Minister Harrison has also reported on recent developments in the Jewish situation in Hungary. Increasing restrictions against Jews are noted, including those relating to general urban accommodations. Aryanization of banks and commercial and industrial enterprises is said to be proceeding. The establishment of ghettos or internment centers is also foreseen. Mass deportations to the east, however, are reported to hinge upon military developments. Significantly, Jews have been forbidden to leave Budapest despite the official evacuation of that city.

3. RESCUE AND RELIEF PROJECTS

(a) Relief to Jews in Rome

The American Jewish Joint Distribution Committee representative in Portugal reports that 1,400,000 lire have already been borrowed in Rome against the \$20,000 credit established in London for relief to Jewish refugees in Rome. The recipient organization in Rome, Delasem, has asked that the funds originally deposited in London be credited in its name in the United States in dollars, along with such additional funds as may be forthcoming from the JDC on the basis of previous requests.

(b) Abandoned Children from France

Minister Harrison has advised us that despite repeated informal representations on the part of the Swiss Government to Vichy with respect to the release of abandoned children facing deportation in France, Laval's decision was negative, with no explanation being given. It was urged that no publicity be given concerning Swiss intervention in this matter or Vichy's refusal, for fear of halting further efforts by the Swiss Government in this direction.

In a cable pending at State we are asking Minister Harrison and Board Representative McClelland to request that appropriate instructions be issued to the Swiss Legation at Vichy with respect to a formal approach to Laval on the matter. We are also requesting our Ministers in Lisbon and Dublin to approach the Portuguese and Eire Governments with requests for parallel action.

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According to a report from the JDC representative in Lisbon, during the past four or five weeks over 300 such children from France have reached Switzerland clandestinely and are being cared for by local groups.

(c) Evacuations to Italy and the Mediterranean Area

According to a report from the U. S. Legation in Cairo, the British Foreign Office has instructed its Yugoslavian Embassy to approach Tito with a view to obtaining his active aid in facilitating the escape of Jews from Hungary through Partisan territory. Our great interest in facilitating such escapes to Italy and the Mediterranean area, has likewise been indicated in a cable to Cairo. Our Legation there has been advised that arrangements can be made for any assistance necessary, including financial, in order to enable these refugees to reach places of safety.

(d) Rescue of Jews in Athens

We have learned that 400 Sephardic Jews, Spanish nationals residing in Athens, have recently been imprisoned in a concentration camp. As a result of intercession by the Holy See, the Spanish Government has on several occasions in the past been prevailed upon to recognize groups of Sephardic Jews in Axis-held territory as Spanish nationals. For this reason, we are cabling Harold Tittmann, U. S. representative at the Vatican, asking him to approach Vatican officials so that the Papal Nuncio at Madrid may be advised of this situation and his aid enlisted in obtaining Spanish recognition, thereby forestalling deportation and almost certain death.

(e) Evacuation of Refugees from Finland

Some time ago Minister Johnson reported from Stockholm that Sweden had refused entry to 113 Jewish refugees who had gone to Finland from central Europe in 1938 and 1939, despite repeated requests on Johnson's part and despite the fact that the Finnish Government itself had made application for the admission of these refugees to Sweden. Johnson subsequently prevailed upon the Swedish Government to re-examine the case, in view of the danger of serious persecution, not only to the Jewish refugees in question but to

- 7 -

local Jews and many non-Jewish refugees who would be equally threatened as a result of increasing German influence in Finland. We have now guaranteed to make arrangements for the evacuation from Sweden, as soon as practical, of all threatened persons other than Swedes who may be accorded refuge in Sweden, and for the maintenance while in Sweden of such refugees who cannot claim the support of their own governments. As a result, Swedish visas have now been authorized for 100 of the central European refugees now in Finland "as a starter."

(f) Latin American Passports

Minister Harrison has communicated to us the details of approaches made by the Vatican to various Latin American governments in an attempt to work out relief measures and possible evacuation plans for Jews interned in Axis territory who hold passports or papers issued by these governments. Under the circumstances reported, our efforts toward exchange arrangements become all the more urgent. Accordingly, we are cabling Harrison to proceed with all possible despatch in pressing Spain and Switzerland to inform the German authorities that we are prepared to consider as exchange material all internees in occupied territory who hold Latin American passports. In this connection we are asking Harrison to note that we are advising Latin American countries that this Government does not expect such countries physically to admit any of these persons, but that arrangements will be made for refuge elsewhere. We are also communicating with the Vatican and requesting its support in our efforts on this basis.

In cables to Bolivia, Costa Rica, El Salvador, Guatemala, Haiti, Nicaragua, Paraguay and Peru on the projected exchange, the substance of the report concerning Vatican efforts is given along with the request that our Ambassadors impress upon the officials concerned the fact that failure to act will almost certainly spell death for the persons involved.

Since certain individuals among the refugees interned in France and Germany claim American citizenship, we are asking that Switzerland, as the protecting power, be advised that while such claims are under investigation and until the Swiss Government is advised to the contrary, we expect such refugees to be treated as U. S. citizens, with all the rights, privileges, and immunities to which such citizens are entitled.

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(g) Joint Exchange Project

We have been urged by the World Jewish Congress to make a special joint effort, with Great Britain, to arrange still another exchange of Jews in German-occupied countries against German nationals in Allied countries. The WJC has indicated that the candidates for exchange which it proposes are some 3500 Jews holding Palestine immigration certificates and whose names have already been supplied by the British Government, through Switzerland as the protecting power, to the Government of Germany. Germany is said to have accepted this principle of exchange, but the lack of German candidates has prevented the exchange from materializing. The holders of these Palestine certificates are now interned in special camps and are in increasing danger of deportation as exchange arrangements are prolonged.

4. COOPERATION WITH THE INTERGOVERNMENTAL COMMITTEE

Discussions in Washington with Sir Herbert Emerson and Patric Malin of the Intergovernmental Committee have now been concluded, complete agreement having been reached with regard to our respective fields of operation. Copies of an exchange of memoranda between the IGC and the Board are being sent to our representatives abroad, reinforcing a mutual desire for the closest cooperation between our respective staffs in attempts to alleviate the refugee problem.

5. PRESS CONFERENCES

During the past week two press conferences were held. In the first instance, Ira Hirschmann was interviewed on accomplishments in Turkey. At the second meeting, Sir Herbert Emerson and Patric Malin of the Intergovernmental Committee were presented and discussion dealt with the agreement reached between IGC and the Board.

(Signed) J. W. Pehle

April 22, 1944
2:30 p.m.

MEMORANDUM

TO: Mrs. Berle
FROM: J. W. Fehle

The World Jewish Congress, of 330 West 42nd Street, New York, has informed the War Refugee Board of its desire to send Dr. Solomon Tocker to various countries in Latin America, to work as representative of the World Jewish Congress in connection with that organization's action to rescue Jews from German occupied areas in Europe. The Board is informed by the World Jewish Congress that Dr. Tocker has lived many years in Latin American countries, has a perfect command of Spanish, enjoys excellent connections in Latin American and therefore, would be of distinct value in furthering refugee rescue work in that area.

As you know, the War Refugee Board is desirous of using the services of any private agency which can assist it in rescuing Jews of Europe who are in danger of imminent death. Accordingly, the Board wishes to register its approval of the proposed journey of Dr. Tocker and would appreciate anything that could be done to facilitate this journey.

More particularly, the Board would request the Department's cooperation in granting Dr. Tocker the necessary re-entry permit to enable him to return to this country. Dr. Tocker is a Polish citizen, admitted to this country as a quota immigrant, and has filed his declaration of intention in view of obtaining American citizenship. It is understood that he has already filed his application for a re-entry permit with the Immigration and Naturalization Service.

You are aware, of course, of the extreme urgency of rescuing European Jews in German-controlled territory, and of the importance of gaining the cooperation of Latin American countries to this end. I trust, therefore, that you will find it possible to enable Dr. Tocker to depart on his mission with the least possible delay.

(Signed) J. W. Fehle

RA:JWP:inp 4/21/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Representatives, Algiers
TO: The Secretary of State, Washington
DATE: April 22, 1944
NUMBER: 1337

CONFIDENTIAL

The following message is from Ankermann, War Refugee Representative No. 14 for the War Refugee Board.

1. I have again discussed with the Partisan general whom AFHQ referred to us the problem of evacuation of the Yugoslavs. The immediate need is for from fifteen to twenty schooners from one hundred to two hundred in size since the repair of the vessels they own will take some time. Since rescue must be done in darkness and since the nights are growing shorter these vessels preferably should have a speed of ten knots at least. For the journey to the Dalmatian Islands from the mainland of Yugoslavia small vessels one to two tons in size are needed.

2. If allocation can be obtained from MEDBO in Italy there are available some 200-ton ships. This will be assisted by strong direction from a high naval authority or from Admiral Land. Motor boats or small ships must be obtained elsewhere since they are not available. As the nights grow shorter the present use of fishing smacks by Yugoslavs becomes more dangerous.

3. For additional report on the Yugoslav situation which is being sent directly from Bari, please get in touch with Robert Wolff, Balkan Desk, R. and A. Branch, Office of Strategic Services, Washington.

CHAPIN

DCR:MPL
4/25/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: Amlegation, Cairo
DATE: April 22, 1944
NUMBER: 30

SECRET

From War Refugee Board to MacVeagh.

War Refugee Board is extremely interested in project involving escape of Jews from occupied territory to Italy and Mediterranean region. Please advise War Refugee Board of any further developments in this situation, particularly result of mentioned approach to Tito. Board is prepared to arrange for any assistance, including funds.

HULL

CABLE TO LONDON

From War Refugee Board to Winant

If an answer has not yet been received from the British with respect to the proposal to establish refugee havens in Cyrenaica and Tripolitania as outlined in our No. 2292 of March 25, 1944, please inquire when answer may be expected.

April 22, 1944
11:15 a.m.

CG-349

PLAIN

London

Dated April 22, 1944

Rec'd 1:25 p.m.

Secretary of State,

Washington.

2217, twenty-second.

Please instruct concerning action to take on travel priority and passport validation raised by following letter dated April 20th from American Joint Distribution Office at London just established by Donald Harwitz.

"The American Joint Distribution Committee is interested in establishing an office in Sweden in order to extend and more effectively carry out its program of relief and rehabilitation. The representative assigned to establish this office is Miss Laura Margolis, an American citizen, who is now in Lisbon, Portugal. We have been informed that transportation to Sweden is now available, this being a prerequisite to having her passport validated for Sweden, and for England in transit. At present we should like very much to obtain a priority for travel to Sweden for Miss Margolis in which case a validation would be granted. Will you be kind enough to take this matter up with Washington so that we may secure a priority and in turn the necessary validations and visas".

War Refugee Board may be interested. Unless Miss Margolis has a special passport indicating that she is travelling on official business the Embassy understands that transportation facilities would not be granted and in all probability Swedish visa could not be obtained.

WINANT

WED

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: Amembassy, London
DATED: April 22, 1944
NUMBER: 3243

SECRET

From War Refugee Board to Winant.

If an answer has not yet been received from the British with respect to the proposal to establish refuge havens in Cyrenaica and Tripolitania as outlined in our No. 2292 of March 25, 1944, please inquire when answer may be expected.

HULL

CABLE TO THE AMERICAN CONSULATE GENERAL AT JERUSALEM

Please deliver the following message from War Refugee Board to Rabbi Joseph Mishkowsky, Meker Chaim, Jerusalem:

QUOTE Necessary you immediately send influential outstanding delegate to Istanbul to cooperate with Griffel. Remitted 25,000 dollars under license 617451-R to Jacob Griffel, Hotel Continental, Beyoglu for rescue. Sternbuch also remitted to him 25,000 francs. Sternbuch cables urgency procuring unlimited number of veteran certificates for Rabbis and religious leaders in grave danger in Hungary and Lithuania. Sternbuch reports these certificates useful for internment privileges in occupied territories and for possibilities of exchange. Necessary you inform American Consulate names of your Vaad Hatzalah Committee and your activities to enable consulate to lend you every support possible. Vaad Hatzalah Emergency Committee, Rabbis Rosenberg, Silver, Levinson, Kotler, Kalmanowitz. UNQUOTE

April 22, 1944
11:15 a.m.

CIRCULARSECRET
Sent by Secret CourierSecret
April 23, 1944SECRET CIRCULAR AIRGRAMFOR THE PERSONAL AND CONFIDENTIAL INFORMATION OF THE AMBASSADORS
AT TROUCIALPA, SAN JOSE, QUITO, SAN SALVADOR, POBÉ-au-FRINCH,
LIMA, MANAGUA AND CARACAS.

Referring to the Department's circular airgrams of April 10, 11:00 a.m., and of March 31, 1:05 p.m., the following is the substance of a message received from London by Sir Herbert Emersch, Director of the Intergovernmental Committee, who is now in Washington: QUOTE According cables Jewish Agency, Jerusalem, new commander Vittel Camp advised March 20 about 250 to 300 internees holding South American passports that they were not recognized by government concerned. It is alleged these persons already isolated for deportation which caused panic and despair. Agency here has partial list of people affected, mostly Polish Jews previously put on list of veteran Zionists, Rabbis, et cetera, for grant of Palestine certificates. Agency trying to obtain from Colonial Office formal assurance to Swiss protecting power that these persons placed on Palestine exchange list in order to stave off deportation UNQUOTE.

In view of the imminent danger which faces the persons involved, and in the light of this Government's deep concern for their welfare, you should communicate to appropriate officials of the Government to which you are accredited the urgency with which favorable responses and active measures along the lines described in our circular airgrams of April 10 and March 31 are needed. You may also wish to inform such officials that in addition to the approach to Switzerland referred to in our circular airgram of April 10, we have also requested Ambassador Hayes similarly to approach the Spanish Government. Please keep the Department promptly advised of all developments in this matter.

Hull

HULL

Sent to: Honduras, Costa Rica, Ecuador, El Salvador, Haiti, Peru,
Nicaragua and Venezuela.WHD:GLW:ED
4/19/44

ARA

WE

SWP

AIRGRAM

From: American Embassy, Habana
 Date: April 22, 1944
 Rec'd: Apr 27 10a

SECRET

Secretary of State,
 Washington, D. C.

Department's confidential circular airgram, April
 15, 7³⁰p.m.

The Joint Relief Committee in Habana, local branch of the Joint Distribution Committee in the United States is the private agency here most qualified and reliable to carry out such work. Its local representative states that he is ready to cooperate but that would have to obtain authorization from his head office. At the Embassy's request, he has taken no action on the matter.

I feel that if the choice of a private agency were left to the Cuban authorities, local irregularities would probably occur, particularly in the distribution of funds. In this connection the Department will recall the disgraceful record of the Cuban authorities with reference to the refugee situation (see despatch No. 6149 of March 1): also the inclusion of ~~Mr.~~ Gustavo GUTIERREZ AND Manuel PEREZ Benitoa on the recently created Cuban War Refugee Board is not encouraging. A recent example of the Cuban Government's attitude was its unsuccessful attempt to swindle refugees out of \$700,000 by freezing the deposits required of immigrants entering Cuba.

I therefore suggest that, before I inform the Cuban Government of the contents of the airgram under reference, the Department ascertain whether the Joint Distribution Committee would be willing to undertake such a program in Cuba. My approach to the Cuban Government might then be (1) to request it to assure the Swiss Government that it will be willing to accept a fixed number of refugee children and (2) to state that I am informed that the Joint Distribution Committee would be prepared to care for the children, through the Joint Relief Committee in Habana, and to make arrangements to provide the latter with the necessary funds.

BRADEN

711
 EMH/jm-dsc

129
6:45 p.m.

~~SECRET~~
Sent by Secret C courier

AMBASSY,

ASUNCION (PARAGUAY).

April 22, 1944

FOR THE PERSONAL AND CONFIDENTIAL INFORMATION OF THE AMBASSADOR.

Referring to the Department's lls of April 10, the following is the substance of a message received from London by Sir Herbert Emerson, Director of the Intergovernmental Committee, who is now in Washington: QUOTE According cables Jewish Agency, Jerusalem, now commander Vittel Camp advised March 20 about 250 to 300 internees holding South American passports that they were not recognized by government concerned. It is alleged these persons already isolated for deportation which caused panic and despair. Agency here has partial list of people affected, mostly Polish Jews previously put on list of veteran Zionists, Rabbis, et cetera, for grant of Palestine certificates. Agency trying to obtain from Colonial Office formal assurance of Swiss protecting power that these persons placed on Palestine exchange list in order to avert off deportation UNQUOTE.

In view of the imminent danger which faces the persons involved, and in the light of this Government's deep concern for their welfare, you should communicate to appropriate officials of the Government of which you are accredited the urgency with which favorable responses and active measures along the lines described in our lls of April 10 are needed. You may also wish to inform such officials that in addition to the approach to Switzerland referred to in our lls of April 10, we have also requested Ambassador Hayes similarly to approach the Spanish Government. Please keep the Department promptly advised of all developments in this matter.

HULL

WED:GLW:KG
4/19/44

ARA

WE

SXP

AIRGRAM

BY SECRET COURIER

FROM

Asuncion

Date: April 23, 1944

Rec'd: May 1 8 a.m.

STRICTLY CONFIDENTIAL

The Secretary of State,
Washington.

A-139, April 23, 10:00 a.m., 1944

I took up with the Foreign Minister on April 20 the points raised in the Department's recent circular airgram, A-118, 11:25 a.m., April 11, 1944, (whose special directions have received compliance.)

The Minister at first stated that he was unaware of any inquiries from the Spanish Government with regard to eastern Europeans in German concentration camps who held Paraguayan passports. He was familiar with the general question, however, and affirmed that his Government will steadfastly recognize the validity of such passports until the war shall have terminated.

The Minister provisionally took a favorable attitude with regard to securing an exchange of persons holding Paraguayan passports for persons of German nationality interned in the United States or elsewhere in the Americas. He accepted the view that this may bring the possibility that Nazi agents in Paraguay,-- some of whom are apparently about to be interned here,-- could eventually be repatriated to Germany. He made written note of the fact that if any bona fide Paraguayan citizens are found in the German concentration camps they will be given preference in any exchange; and also that persons holding Paraguayan passports who are not in reality Paraguayans will not be sent to Paraguay. (On this latter point he assumed that in case any such persons were shown to be skilled agriculturists, Paraguay could and would receive them.) He also clearly understood that this proposal is being made by our Government to the governments of the other Latin American countries involved. He stated that if the Spanish Government on behalf of the German authorities should submit lists of persons holding such passports, the reply would be that the passports are being maintained.

The Foreign Minister likewise inscribed in his notes the request that the Paraguayan Government affirmatively approach the German Government,-- by addressing a note to the protecting power, Spain, through its Charge d'Affaires here,-- to demand that the Paraguayan passports be honored and the.....

2/2, S.O. Airgram A-139, April 22, 10 a.m. Asuncion

348

SPYRIONLY CONFIDENTIAL

AND the holders respected as regards their lives, rights and privileges.

My visit was timed to precede immediately a Cabinet meeting and the Foreign Minister promised to take up the matter with the President after the Cabinet meeting. He stated he was confident of receiving the President's permission to give definitively favorable responses on all the points raised (especially, (a) the approval of negotiations by the United States with Germany for exchanges, and (b) the making of an admonitory remonstrance by Paraguay to Germany).

Dr. CHIRIARI then summoned the Undersecretary, who has been in charge of the problem for some months past and the latter took me to his office and showed me not of the correspondence file. From the file, and from the Undersecretary's statements, the following situation was developed:

By Decree No. 207 of September 4, 1945, the Paraguayan Supreme Court decided (a) that Sr. Rodolfo HUGLI, Paraguayan Honorary Consul at Bern, Switzerland, should be dismissed from his position, and (b) that the passports which he had issued to eastern Europeans showing them to be Paraguayans should be annulled.

During the next three or four months, however, the Paraguayan Government received appeals from Poland, Belgium and Holland through their representatives at Buenos Aires requesting that the passports not be annulled, for humanitarian reasons; and late in December had the same request from this Embassy, made at the Department's suggestion. The reply given in all cases was that the Paraguayan Government had not annulled the passports in question and did not intend to do so while the war continues. (See my telegram No. 688, December 28, 3130 p.m., 1945.)

On January 2, 1944, the Foreign Office addressed the Spanish Charge d'Affaires at Asuncion, in response to a note received from him, stating that Consul Hugli had possessed the legal right to confer Paraguayan nationality; but that while the Supreme Court had ordered him to be dismissed and the passports to be treated as null, nevertheless the latter part of this order could not be placed into effect until after the termination of the European War. It further requested the Charge to telegraph to his government asking it to inform the German Government that the passports are still recognized as valid. On January 3, the Foreign Office addressed two separate instructions to the Paraguayan Ambassador in Buenos Aires, who had been approached by the Dutch and Polish Ministers in that capital. He was told to inform the Ministers in question (1) that the passports were recognized as valid for the duration of the war and (2) that it had requested the Spanish Charge here so.....

U. S. S. C. Airtel A-139. April 22, 10 a.m., Asuncion

STRICTLY CONFIDENTIAL

here so to inform the German Government telegraphically via Madrid. On February 8 the Foreign Office addressed a further note to the Spanish Charge confirming its previous note.

The Chairman of the Paraguayan Red Cross, Dr. Andres BARRERO, visited the Foreign Office early this month on behalf of a list of forty cases of interned eastern Europeans holding Paraguayan passports. He received assurances.

On April 10 the Spanish Charge communicated again with the Foreign Office to the effect that since Paraguayan law provides that a Consul can not confer Paraguayan nationality there was not perceived legal consistency in Paraguay's position in continuing to regard the passports as valid. On April 17 the Foreign Office replied flatly and simply reasserting its attitude. (While its note did not so state, the theory of the Paraguayan Foreign Office seems to be that the Supreme Court Decree declaring the passports null need not be given effect immediately.) The Charge of Spain was informed that this Paraguayan action was taken as a result of intercessions by the governments of Poland, Belgium, Holland and (informally) the United States, as well as of several philanthropic organizations, and that it is based on humanitarian grounds.

In response to informal inquiry on the 21st instant the Foreign Minister stated that he had not yet received an affirmative decision as to exchange negotiations and a Paraguayan demand upon Germany.

FROST

801.2
WF/ajl

PARAPHRASE OF TELEGRAM BEST

FROM: Secretary of State, Washington
TO: American Legation, Lisbon
DATED: April 23, 1944
NUMBER: 1133

CONFIDENTIAL

The Treasury has issued license number W-2177 to the Jewish Labor Committee, New York City, and you are requested to inform Paulo Duarte, 17 Rua Padre Antonio, Vierira, Lisbon, that notwithstanding General Ruling Number 11, he is authorized, as their representative in Portugal, to communicate with persons in enemy or enemy-occupied territory for the purpose of arranging for the evacuation of persons in such territory in imminent danger of their lives, to such places of safety or relative safety as he may select.

License W-2177 is exactly identical with license number W-2154 which is described in Department's message of March 18, no. 800, which was issued to the Joint Distribution Committee, except that Section (B) is identical with section (B) of license W-2167 described in Department's message of April 8, no. 991.

You should deem Department's comments in our cable of March 18, no. 800, to apply to License number W-2177 to the same extent as if fully set forth herein. Also you are requested to inform Duarte that the Jewish Labor Committee is remitting the escudo equivalent of \$10,000 to begin operations.

BULL

LHG-574

PLAIN

Listen

Dated April 22, 1944

Rec'd 5:15 p.m.

Secretary of State,

Washington.

1208, twenty-second, 2 p.m.

FOR WAR REFUGEE BOARD.

WEB 3. Acknowledging Department's telegram 1097,
twentieth, WEB 3.

Remittance received. Thanks, Will keep record and
report. Regarding personal expenses, do you wish to
cover all expenses as has been case heretofore or have
you per diem or other arrangement.

FORWEB

LMS

DME-435

PLAIN

Lisbon

Dated April 22, 1944

Rec'd 8:45 p.m.

Secretary of State,

Washington.

1209, twentyscond, 4 p.m.

WEB 4. Please send following Unitarian Service
Committee, 25 Beacon Street, Boston

"Greatly disturbed delay Howard Brock's North
African validation. Urgent he accept French Committee's
invitation soonest. He has French visa laissez passer
and Ambassador Wilson approval. Signed Elisabeth Dexter."

HORNWEB

LMS

EMO-425

This telegram must be paraphrased before being communicated to anyone other than a Government agency. (8000)

Lisbon

Dated April 22, 1944

Rec'd 7:52 p.m.

Secretary of State.

Washington.

1214, April 22, 6 p.m.

WEB number five.

Requested by Joseph Schwartz following for War Refugee Board and Leavitt joint distribution New York:

"Six children arrived in Spain as first group and more are expected to follow.

Guides arranged by us brought them thru Pyrennes and they are now in our care in Barcelona. In addition 26 adults came into Spain which makes a total of 94 new arrivals there. Will attempt to provide children with visas under United States Commission plan or, in case of those having close relatives there or preferring Palestine, certificates for Palestine".

NORMEB

WEB

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

Please deliver the following message from War Refugee Board to Rabbi W. S. Wolbe, 11 Olefsgatan, Stockholm, Sweden:

QUOTE Gravely disturbed your report of Lithuania. Cable War Refugee Board for us through American Legation your rescue plans and if you can utilize funds for relief and rescue of Rabbis and religious leaders in Lithuania. Have cabled \$5,000 Swiss francs to Rabbi Shmulewits through Switzerland. Vaad Mahatzalah Emergency Committee, Rabbi Aaron Kettler and Abraham Kalmanovits. UNQUOTE

THIS IS WEB STOCKHOLM CABLE NO. 5

April 22, 1944
11:15 a.m.

BAKsin:LSLessertals 4/21/44

CABLE TO BUREAU

From War Refugee Board to Harrison

Your 1754 delayed and just received by War Refugee Board.

McClelland's appointment Special Attache on War Refugee Board matters approved effective immediately. He should receive base salary of fifty-six hundred dollars per annum and seven dollar per diem allowance effective when he assumes duties. Salary and per diem payments, as well as miscellaneous administrative expenditures such as travel, clerical staff if needed, office supplies and equipment, and rental if necessary, should be paid directly by the Legation through usual channels, for which Department will be reimbursed by War Refugee Board here. In addition, ten thousand dollar credit in confidential funds for McClelland from President's Emergency Fund being established at once for which McClelland will be responsible to Fahle alone. These confidential funds are not subject to usual government disbursing requirements but McClelland should keep careful record and obtain receipts where possible. These funds may be used at McClelland's discretion but should not (repeat not) be used for administrative expenses of the sort being handled through the regular channels of the Legation. McClelland's duties are as described in our 659. Let us know at once of any obstacles.

April 22, 1944
11:15 a.m.

WStewart; pdk 4/20/44

CABLE TO BERN

From War Refugee Board to Harrison for McClelland

Board delighted that you have accepted appointment as its Special Representative. Fehle sends personal thanks and feels confident that you will do competent job. War Refugee Board will support you to fullest extent. Please do not (repeat not) hesitate to make frequent comments and suggestions.

THIS IS WEB BERN CABLE NO. 3

April 23, 1944
1115 a.m.

WJMark:1sk 4/21/44

CABLE TO MINISTER HARRISON AT BERN

Please deliver the following message from War Refugee Board to Isaac Sternbuch, Postfach 168, St. Gallen, Switzerland;

QUOTE Greatly pleased with your April 7th message. Suggest necessity that such couriers be supplied with larger sums and that such funds be given to outstanding personalities, leaders of communities and former heads of Yeshivoth to save themselves in whatever possible manner. Ready supply you additional funds on request. Vaad Hatzalah Emergency Committee Rabbis Rosenberg Kotler Kahmanowitz. UNQUOTE

THIS IS WRB BERN CABLE NO. 4

April 22, 1944
11:15 a.m.

DRAFT OF CABLE TO AMERICAN LEGATION, BERN

FOR MINISTER AND McCLELLAND

Please request Pilet Golas to issue the instructions to Swiss Legation at Vichy as suggested in first paragraph your 2315 of April 14. In view non-objection Pilet Golas we are approaching Portuguese and Hire Governments with request for parallel action. War Refugee Board would welcome any additional suggestions you may have for expediting emigration from France of orphaned and abandoned children subject to enemy persecution.

For your information consular officers in Spain and Portugal have received instructions similar those transmitted Departments's 891 for issuance 1,000 immigration visas. Governments of Canada and Australia and appropriate other American republics are being approached with suggestion that they make similar offers to Swiss Government regarding children.

THIS IS WEB BERN CABLE NO. 5

April 23, 1944
12:20 p.m.

NSFandish:lem
4-21-44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: Legation, Bern
DATED: April 23, 1944
NUMBER: 1395

CONFIDENTIAL

Reference year No. 2301 April 13, 1944, The Turkish Government has already acted in support of the ICRC request for safe conduct for the SS TARI. The Swedish Government has been asked to support such request and has agreed to do so. Accordingly you may care to bring these facts to the attention of Swiss Government in an effort to persuade it to reconsider its decision. Please keep the Department and War Refugee Board advised on this matter.

THIS IS WEB BEEN CABLE NO. 2

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: Amlegation, Bern
DATED: April 22, 1944
NUMBER: 1400

CONFIDENTIAL

Reference Department's 1221 of April 10 and 1181 of April 7. Our Embassy in Madrid has been fully advised concerning the situation of internees at Vittel and other camps who hold passports, consular documents and other papers issued in the name of certain Latin American countries. The Department's above-mentioned No. 1221 of April 10 was repeated to Madrid. Our Embassy there was requested urgently to report to the Spanish Government this Government's preoccupation with this matter and inform it of our pending discussions with Latin American countries regarding a further exchange of civilians with Germany, of our view that persons in Vittel and elsewhere holding Latin American papers are eligible for such exchange and of our expectation that pending such exchange they would be accorded the same treatment which Germans wish to see accorded their civilians in the Western Hemisphere. It was requested that the Spanish Government be urged to act in Madrid and Berlin to the end that these persons be given every possible protection and that it take steps immediately to correct the impression which might have been created in Berlin regarding the alleged lack of concern of the countries of the Western Hemisphere in the treatment of persons holding papers issued in their name.

With respect to the 238 persons who you reported to have been evacuated from Vittel, our Embassy was instructed to request the Spanish Government to make every effort to secure their return to Vittel.

Please convey the above information to Riegner, Isaac Sternbuch and other interested organizations. Explain to them fully the steps which this Government is taking through the Swiss Government and advise them that cables have been sent to the Latin American countries in whose names papers have been issued opening discussion on the subject of exchange of nationals.

On behalf of the War Refugee Board, please deliver the following message to Isaac Sternbuch from the Vaad Mahatzala Emergency Committee:

"Please ascertain conditions at Camp Zelle, Inform us if you have contact with said camps and what can be done."

Such message should be delivered after you have fully advised Sternbuch as requested above.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: Amlegation, Bern
DATED: April 22, 1944
NUMBER: 1402

CONFIDENTIAL

FROM THE WAR REFUGEE BOARD TO HARRISON, BERN.

The War Refugee Board requests that you deliver the following message to Islambek Khan, Afghan Legation, Bern:
QUOTE Proceeding abroad on business expect to arrive Palace Hotel, Lisbon, May 3. Please come and see me in Lisbon as soon as possible. Signed David Paul Joffo. UNQUOTE.

HULL

TELEGRAM SENT

RP

War Refugee Board

PLAIN

April 22, 1944

AMLEGATION

BERN.
1405, Twenty-second

FOR THE MINISTER. Please deliver the following to
McClelland from War Refugee Board.

WRB no. 3.

Board delighted that you have accepted appointment
as its Special Representative. ~~Wells~~ sends personal thanks
and feels confident that you will do competent job. War
Refugee Board will support you to fullest extent. Please
do not (repeat not) hesitate to make frequent comments and
suggestions.

HULL
(GLW)

WRB:GLW:KG
4/22/44

WE A-S/3

FA

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: April 22, 1944
NUMBER: 1406

SECRET

Reference is made herewith to your cable of April 14, No. 109.

Such safe conduct as the British Government may agree to for the movement of the Tari from Istanbul to Constansa and from thence to Haifa carrying Jewish refugees, is concurred in by the Government of the United States. In Department's cable of March 23, no. 970, the Department had requested the Legation to inform Intercross that this Government concurred in safe conduct for movement of Tari between Constansa and Istanbul.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: April 22, 1944
NUMBER: 2581

CONFIDENTIAL

Reference is made herewith to Department's cable of April 8, no. 1198.

It is stated by Intercross that it is preparing replies to questions one, two and four. Concerning three, Intercross believes that if Joint Distribution Committee purchase foodstuffs in Portugal for delivery to Intercross delegate in Lisbon, matter would be simplified.

HARRISON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: April 23, 1944
NUMBERS 2591

CONFIDENTIAL

Reference is made herewith to my cable of March 25, no. 1852.

It is reported by Riegner that in fourth transaction he has purchased further million French francs from Stitelmann at rate of Swiss francs 1.70 per hundred French francs.

It is stated by Riegner that he is receiving satisfactory reports on continuation of rescue action in France and evacuation of Jewish groups to Spain from Belgium, Holland, and France continues without interruption. A detailed report on these operations is promised by him.

HARRISON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Bern
TO: The Secretary of State, Washington
DATE: April 22, 1944
NUMBER: 2592

CONFIDENTIAL

1. It is requested by Jewish organization here that the funds in question be placed to the credit of Delasem after being retransferred to the United States and placed in any convenient American bank. This request has already been telegraphed to London by Osborne. To enable me to advise the representative please inform me by telegram if and when the operation is completed and I should like also to know the name of the bank.

2. It is requested by organization here that another twenty thousand dollars be deposited for the account of Delasem in the above mentioned American bank. When this is accomplished please advise me by cable.

HARRISON

DCR:MPL
4/24/44

CORRECTION

April 22, 1944

In cable from Ankara 688 April 15 for War
Refugee Board, line 7 delete "presidents" insert
"presidency" delete "Centren" insert "Center". Line
8 "resche" should read "rescue".

DIVISION OF COMMUNICATIONS AND RECORDS

CSB

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Ambassador, Ankara
TO: The Secretary of State, Washington
DATE: April 22, 1944
NUMBER: 725

CONFIDENTIAL

As Ankara's number 41 the following message is for the War Refugee Board.

This morning I was advised by the representative of the Intercross that an intimation had been received by him from Intercross that if the destination of the SS TARI is changed from Haifa to Iskanderun a German safe conduct for the ship might be granted. I have advised Simond that only after all hope of securing a German safe conduct to Haifa must be abandoned would the change be agreeable. Transshipping the refugees at Iskanderun to a United Nations ship would be involved in such a change of destination.

STEINHARDT

DCR:MPL
4/25/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Ankara
TO: Secretary of State, Washington
DATED: April 23, 1944
NUMBER: 726

CONFIDENTIAL

Following is Ankara no. 42 for the WEB.

Referring to the unreserved confidence which Simond expressed to Hirschman that von Papen would secure the German safe-conduct for the SS TARI without delay and that if it has not yet been secured, the Apostolic Delegate to Istanbul and Simond try to see von Papen to press the request and that I confer with Simond personally without delay, please inform Hirschman that since his departure, I have been in constant contact with Simond who has now conferred with von Papen on three occasions and that in addition, the Turk Minister for Foreign Affairs, at my request, has personally twice requested the German safe-conduct of von Papen. From the reports I have received from the Turkish Minister for Foreign Affairs and Simond, I am satisfied that von Papen has been pressing for the safe-conduct from his Government.

STEINHARDT

RECT-561

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

Ankara

Dated April 22, 1944

Rec'd 7:55 p.m., 23rd.

Secretary of State,
Washington.

732, April 22, 3 p.m.

FOR THE WAR REFUGEE BOARD FROM THE AMBASSADOR

Ankara number 43.

I perceive no objection to the Board raising with the Turkish Ambassador in Washington the danger of deportation to approximately 800 Jews in France who claim Turkish nationality.

Department's number 350, April 19.

As the Board is aware the Minister for Foreign Affairs at my request has on two occasions telegraphed the Turkish Ambassador in Vichy to lend every possible assistance to these individuals. It is quite possible that, on receiving word from his Ambassador in Washington that he has been approached, the Minister may again communicate with the Turkish Ambassador in Vichy.

STEINHARDT

WTD

HCB - 563

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

Ankara

Dated April 23, 1944.

Rec'd 7:50 p.m.

Secretary of State,

Washington.

733, April 23, 4:00 p.m.

**ANKARA NUMBER 44 FOR THE WAR REFUGEE BOARD
FROM THE AMBASSADOR.**

Department's number 351, April 19.

I very much appreciate the Board's generous telegram and shall of course continue my efforts to facilitate the disembarkation and transit through Turkey of refugees irrespective of whether their arrival in Turkish ports is legal or illegal.

STEINHARDT

NJK

Treasury Department
Division of Monetary Research

372

O

Date..... May 5, 1944, 19

To: Miss Chauncey

I think the Secretary would
like to read this.

H.D.W.

MR. WHITE
Branch 2058 - Room 214-1/2



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN EMBASSY

Rio de Janeiro, Brazil, April 22, 1944.

My dear Mr. Secretary:

I have received your letter of April 13, 1944, transmitting a draft of the joint statement of experts on the establishment of an international monetary fund. As mentioned in my telegram to you of April 20, I transmitted the final revised draft to Finance Minister Arthur de Souza Costa, who expressed his appreciation for your thoughtfulness and courtesy in suggesting publication in Rio de Janeiro simultaneous with release in Washington and London.

The text was published in full in today's local press and the plan is receiving widespread and favorable publicity in the newspapers and over the radio. As of possible interest to your organization, I enclose a translation of the Finance Minister's public statement which accompanied the publication of the text.

Dr. Octavio Bulhões, Brazil's technical expert in monetary matters, has informed me of his favorable reaction to the preliminary discussions held in Washington last year with Dr. Harry White and his associates.

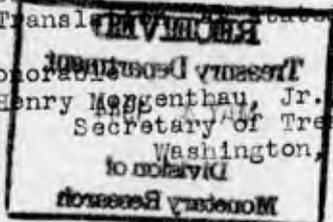
If in the future I can be of assistance to you in this or any other matter, please do not hesitate to call upon me.

Sincerely,

Enclosure:

Translation of text.

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



AGK-400

PLAIN

DEPARTMENT OF STATE Mexico	
APR 23 1944	Dated April 22, 1944
NEWS	REC'd 6:04 p.m.
RECORDS	

Secretary of State,
Washington.

605, Twenty-second

FOR THE SECRETARY OF THE TREASURY FROM THE AMBAS-
SADOR.

All principal Mexico City dailies this morning carry front-page banner headlines and full text of joint statement by experts on the establishment of international monetary fund, clippings are being transmitted by air mail despatch.

MESSERSMITH

CAW

NOT TO BE RETRANSMITTEDSECRETCOPY NO. 11OPTEL NO. 129

Information received up to 10 a.m. 22nd April, 1944.

1. NAVAL.

Anzio. 20th. Ineffective attack by human torpedoes, one of which captured intact and two others probably sunk by patrol craft.

Situation Bombay much improved. Alexandra dock working normally and clearance at Princes and Victoria docks proceeding well.

One of H.M. Submarines off Andamans probably sank 3,500 ton escorted ship 14th and sank a Destroyer 15th.

2. AIR OPERATIONS

Western Front. 20th/21st. Total 4720 tons dropped by R.A.F. as follows:-

Cologne. 1020 tons H.E., 722 incendiary including 244 4,000 pound H.E. thick cloud; almost impossible see markers and flares rapidly lost in clouds; several earlier crews bombed on estimated time arrival. Nevertheless attack appeared well concentrated. Ground defences ineffective; few fighters.

La Chapelle. 1224 tons H.E. attack in 2 phases at about 1-hour interval. Weather clear, some haze. Flares accurate and initial bombing well concentrated but somewhat scattered later on account of smoke spoiling visibility.

Ottignies. 910 tons H.E. weather clear, but ground haze and smoke rendered assessment difficult though bombing appeared accurately concentrated on markers. No ground defences; few fighters.

Lens. 837 tons H.E., moderate cloud. Several explosions reported, including 1 very large. Ground defences insignificant; some fighters.

21st. 238 medium, light and fighter bombers attacked military constructions Northern France. 4 medium 1 fighter bomber missing. 119 Thunderbolts bombed 4 Belgian railway centres.

21st/22nd. Aircraft despatched.

Cologne 24, sea-mining 58, leaflets 15. All returned safely.

Rumania 21st. Escorted Liberators bombed railway centres at Bucharest. 189 tons, and Turnul Severin, 35 tons in bad weather.

Enemy casualties reported in the apr 35:21:31.

Ours 6 Liberators, 5 fighters missing.

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTEL No. 130

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

1. NAVAL

A motor torpedo boat was damaged during engagement between our light forces and some E-boats off DEVONSHIRE on 21st/22nd.

During abortive air attack on ANZIO 21st our A/A claimed six aircraft shot down.

In BLACK SEA between 15th and 20th Russian aircraft claim to have sunk 9 ships and two F-lighters. On evening 20th a U.S. east-bound convoy was attacked by about 25 aircraft east of ALGIERS. Two were destroyed. A U.S. Destroyer, a U.S. Liberty Ship and a British 8,000 ton ship sunk. Two other 7,000 ton ships damaged but reached port. Approximately same time another east-bound convoy attacked northeast of BOUGIE by 15 enemy aircraft. Casualties 1, 1, 3. A French ship, 4,700 tons, was sunk.

2. MILITARY

BURMA. Japanese attack on BISHENPUR 20th repulsed. On IMPHAL-UMHRUL Road our troops have made further progress towards latter place.

3. AIR OPERATIONS

WESTERN FRONT. 22nd. 804 Fortresses and Liberators supported by 48 squadrons fighters sent northwest GERMANY. 627 of them bombed HAMM Goods Yards dropping 1056 tons H.E. and 302 incendiary with results mainly good. 147 of remainder bombed other objectives including HAMM Town, BONN, KOBLENZ and SOEST. Eight Fortresses, 10 Liberators missing and 7 more Liberators reported shot down over this country by German Intruders. Enemy casualties by fighters 3, 0, 1. Ours 1 fighter. 680 Marauders, Mitchells and Bostons and 108 Spitfire bombers attacked military constructions in Northern FRANCE. Two forces of Thunderbolt bombers sent to attack railway targets in FRANCE and BELGIUM. Full reports not yet received.

22nd/23rd. 1124 aircraft despatched:

DUSSELDORF	594 (29 missing)
BRUNSWICK	265 (4 missing)
LAON Goods Yards	181 (9 missing)
MANHEIM	17
Military Constructions,	
N. FRANCE	2
Bomber Support	19
Intruders	22
Leaflets	24

Preliminary reports: DUSSELDORF - Weather clear, markers well grouped and easily seen, bombing well concentrated around them.

BRUNSWICK - Thin cloud, otherwise good visibility, bombing appeared accurate and Mosquito one hour after attack reported good fires. Ten German Intruders operated over EAST ANGLIA. One was destroyed. Spitfires shot down a JU 188 off WICK.