

Diary

Book 726

May 1-2, 1944

- A -

	Book	Page
<b>Appointments and Resignations</b>		
Olrich, Ernest L.		
Clayton (Will)-Treasury correspondence upon appointment - 5/1/44.....	726	65
Fred Smith suggestion of Public Relations - 5/1/44.....		68
White suggests small group of economic advisers: See Book 727, page 5		
Appointment at \$1 per year - 5/3/44: Book 727, page 67		
Bell, C.S., reports to HMJr after taking Olrich to Procurement - 5/4/44: Book 727, page 115		
Paul, Randolph E.: Acceptance of retainers while in a leave status		
Discussed by HMJr, O'Connell, and C.S. Bell - 5/1/44...		47
" by HMJr, D.W. Bell, C.S. Bell, Gaston, and O'Connell - 5/2/44.....		131
a) Resignation accepted as of April 25.....		145
<b>Appropriations, Treasury</b>		
June 30, 1945, Act sent to HMJr by Ludlow - 5/1/44.....		83

- B -

#### Black Markets

Payment by check in transactions over \$500 as a means to reduce discussed in Rosenman-Treasury correspondence - 5/1/44.....		58
<b>Business Conditions</b>		
Haas memorandum on situation, week ending April 29, 1944 - 5/1/44.....		70

- C -

Cochran, John J. (Congressman, Missouri)  
See Engraving and Printing, Bureau of  
Couve de Murville  
See France

- D -

#### Deferments, Military

Conference; present: HMJr, Gaston, and C.S. Bell - 5/1/44..		27
a) Recommendations.....		29
1) Engraving and Printing, Bureau of		
2) Mint, Bureau of		
3) Procurement Division		

#### Diplomatic Immunity

Office of Censorship-State-Treasury correspondence concerning remittances destined for enemy territory - 5/1/44.....		93
---	--	----

- E -

	Book	Page
Engraving and Printing, Bureau of		
See also Deferments, Military		
Wage scale - revision of discussed at 9:30 meeting - 5/1/44.....	726	23
a) Cochran, John J. (Congressman, Missouri)-Treasury correspondence concerning - 5/1/44.....		85
Health survey to cut down absenteeism also discussed - 5/1/44.....		23

- F -

Financing, Government

Additional Treasury bill issuance and position of American Bankers' Association Committee and Federal Reserve System discussed in Bell memorandum - 5/2/44.....		171
War Savings Bonds		
Life insurance advertisements also as means of saving discussed by Vinson and HMJr - 5/2/44.....		165
a) Smith memorandum on Office of War Information-Gamble conversations - 5/2/44.....		178
b) Treasury letter to Vinson - 5/8/44: See Book <u>729</u> , page 70		
New England Mutual Life Insurance Company correspondence - 5/12/44: Book <u>730</u> , page 38		
4th War Loan Drive: Panama Canal (Governor of)-Treasury correspondence concerning donation of \$67,257.18 for bomber - 5/2/44.....		175
Foreign Funds Control		
Yugoslavia: State Department attitude toward Royal Yugoslav Government and National Committee of Liberation of Yugoslavia - 5/2/44.....		217
France		
Couve de Murville: HMJr's protest to Department of State concerning the reappointment as representative of French Committee of National Liberation - 5/2/44.....		216

- G -

Ginsberg case  
See Justice, Department of

- I -

Internal Revenue, Bureau of  
See Justice, Department of

- J -

	Book	Page
Justice, Department of		
Arrest of Internal Revenue Agent discussed by HMJr with Treasury group - 5/1/44.....	726	3
a) Gaston-Rosenman conversation reported to Treasury group - 5/3/44: See Book <u>727</u> , page 1		
b) Congressman Cochran (Missouri)- <del>ing</del> conversation reported to HMJr - 5/5/44: Book <u>728</u> , page 4		
Schenley indictments - no mention of Treasury participation commented on in Smith (Fred) memorandum: Book <u>727</u> , page 182		

- K -

Kellens, Vivien  
See Tax Evasion

- L -

Lend-Lease		
U. S. S. R. : Fourth Protocol requirements discussed in memorandum and program - 5/2/44.....		183
United Kingdom		
Aircraft despatched, weeks ending April 14 and 21 - British Air Commission report - 5/1/44.....		90
Gold and dollar holdings as of March 31, 1944 - 5/2/44....		208
Life Insurance		
See Financing, Government: War Savings Bonds		

- M -

Mint, Bureau of		
See Deferrals, Military		
Montgomery, Ward & Company		
Procurement contracts in connection with Lend-Lease, etc., discussed by 9:30 group - 5/1/44.....		16
Editorials - analysis of - 5/17/44: See Book <u>732</u> , page 194		

- N -

Netherlands		
Renewed request for loan discussed in Netherlands Minister of Finance-Jesse Jones-Treasury correspondence - 5/1/44...		100
a) HMJr's cable to FDR - 5/2/44.....		212
b) FDR's reply - 5/3/44: See Book <u>727</u> , page 66		
c) HMJr-Jones conversation - 5/5/44: Book <u>728</u> , page 1		
d) Hull-HMJr conversation; Hull has "15% interest in the matter" - 5/6/44: Book <u>728</u> , page 122		
1) Copies of FDR-HMJr cables sent to Hull: Book <u>728</u> , page 127		
Attitude toward Government-in-Exile - article in London New Statesman and Nation - 5/2/44.....		210

- H - (Continued)

Book Page

New England Mutual Life Insurance Company  
See Financing, Government: War Savings Bonds

- O -

Olrich, Ernest L.  
See Appointments and Resignations

- P -

Panama Canal  
See Financing, Government: War Savings Bonds  
(4th War Loan Drive)

Paul, Randolph E.  
See Appointments and Resignations

Portugal  
See War Refugee Board

Procurement Division  
See also Deferments, Military  
Surplus Property, Disposal of  
See Appointments and Resignations: Olrich, Ernest L.  
For organization chart under Olrich, and Bell memorandum on,  
see Book 727, page 133

- S -

Schenley Indictments  
See Justice, Department of

- T -

Tax Evasion  
Kellems, Vivien: Present status of case given HMJr by  
Sullivan - 5/1/44..... 726 14

- U -

U.S.S.R.  
See Lend-Lease

- V -

War Refugee Board  
Temporary havens of refuge - unwillingness of United Nations  
to provide discussed in draft of memorandum for FDR -  
5/1/44..... 40  
a) Discussion by HMJr, Pehle, and DuBois..... 30,146  
b) Memorandum for FDR - 5/8/44: See Book 729, page 135

War Refugee Board (Continued)

"Free Ports"

American Federation of Labor approval of - 5/8/44:

See Book 722, page 141

National Farmers' Union approval of - 5/12/44: Book 731,  
page 69

FDR's favorable reaction reported to Pehle, Luxford, and  
DuBois by HMJr - 5/16/44: Book 732, page 62

Haven for 1000 refugees to help solve Italian situation:  
Memorandum to FDR, draft of message to Congress, etc. -  
5/18/44: Book 733, page 9

a) Discussed by HMJr, Pehle, and DuBois: Book 733,  
page 1

Portugal: Preliminary report by Special Attache'

Robert C. Dexter - 5/2/44..... 726 225

Yugoslavia

See Foreign Funds Control

May 1, 1944  
9:27 a.m.

1

HMJr: Hello.

Clifton  
Mack: Good morning.

HMJr: Cliff.

M: Yes, sir.

HMJr: I've just gotten a letter from Brigadier General York in regard to the Protocol for Russia.

M: Yes, sir.

HMJr: Now, do you deal with him directly?

M: Yes, I do. I'm on that Committee, Protocol Committee.

HMJr: Because they send me the whole works but they don't send me which part is for us.

M: Oh, I see. Well, I'll be glad to take care of it because we work with that Committee.

HMJr: You do?

M: Yes, sir.

HMJr: Well, I'll send it over to you. I have no -- I've only got this one copy. That's the trouble.

M: Oh, I see. Well....

HMJr: I'll send you this copy and you try to get me another one for my files.

M: That's -- very good.

HMJr: Will you, please?

M: I'll be glad to do it.

HMJr: I'll get it right over to you.

M: Very good and I sent over to you a memorandum this morning on surplus property that calls for your decision. And the State of Illinois claim that they want passenger vehicles because of a flood situation.

- 2 -

HMJr: Yeah, you told me about that.

M: And originally they thought they wanted a hundred and fifty or two hundred and now they have information that they need twenty-five for the Public Health Service and twenty-five for the Public Safety Service.

HMJr: Yes.

M: And I told our Chicago office to go ahead with the preliminary steps so we wouldn't lose any time but pending your approval or decision.

HMJr: Well, I give you -- I give you my approval now.

M: Very good. All right, sir.

HMJr: I give you my approval now.

M: Very good. I'll go ahead then.

HMJr: Thank you.

M: Yes, sir.

May 1, 1944  
9:30 a.m.

GROUP

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

H.M.JR: The principal thing that is bothering me this morning that I want some advice on--I think I know what I want to do--is this relationship between the Treasury and the Department of Justice, Internal Revenue, which is your (Sullivan's) responsibility, where the Department of Justice goes in and arrests one of our men.

Well, I was worrying about it all night. You would expect Governor Dewey to do that kind of a thing, except Governor Dewey happened to cooperate with us when he was District Attorney.

Now, do you have a pencil, John, and paper? I would like to write this kind of a letter: "To the Attorney General: The President of the United States is very busy prosecuting the war. I happen to be very busy raising the money, providing the sinews of war. And you, Mr. Attorney General, seem to be very busy being a busy-body.

"Now, I haven't the time or the inclination to enter into an inter-departmental fight with you, because I think all of us have all we can do to fight the enemy, the Germans and the Japs.

- 2 -

"I am serving notice on you, Mr. Attorney General, that I am asking you in the vernacular to lay off the Treasury Department. I would expect you to act towards me as a fellow Cabinet Member; and if over a period of ten or eleven years agents of the Department of Justice found that two or three out of eighty thousand employees of the Treasury were dishonest, I would expect you to bring this matter to my attention, and not to act as I would expect Governor Dewey to act, as though he caught the Treasury Department, and make capital out of it.

"Now, the net result of what you have done as a fellow Cabinet Member is to discredit the Treasury in the eyes of the public, and in that manner you are undermining the Treasury Department, undermining our efforts in selling war bonds, and I don't expect this matter to happen again. If you do by chance find, as I may find, some agent of the Department of Justice who has been dishonest, I, on my part, will be very glad to turn the evidence over to you.

"This matter is a matter that the Treasury Department has taken care of for over twenty-five years, and I expect it to continue this way. Yours sincerely."

Now, what I would like to do is have a letter written in that spirit. I am going to serve notice on the fellow. If you don't mind my saying so, I think you people have let this thing come on yourselves. I don't know why or now. I mean, it is perfectly silly to send Harold Graves and somebody else over there in conference with this man. I offered to see J. Edgar Hoover, and I was advised not to see him. To let this man get away with a thing like this, I think, is outrageous. He is acting as though he is a member of the Republican regime out to get me. And I am not going to stand for it.

In order to play safe, after this letter is written I want to show it to Samuel Rosenman and get his advice, but I am not going to call him up and be undignified and call him a lot of names, and so forth, and so on. But for the Attorney General to go out and arrest one of our people after we have asked him to turn over the evidence

- 3 -

to us, I think, is outrageous, and I think that you are a bunch of sissies.

MR. PAUL: May I ask what happened here? I don't understand the background.

H.M.JR: The background is that they ran into evidence of an agent of Internal Revenue who was crooked. We asked them to turn the stuff over to us; he didn't do it. He asked our McQuillan to turn the stuff over to him. We didn't do it. I don't know whether it had to do with this case--he wrote us an eight or ten page letter making a lot of statements, and we practically called him a liar in answering him.

MR. PAUL: Before he was arrested?

H.M.JR: As a result of which he said he would like to talk the matter over. Then we sent Graves and somebody else.

MR. GASTON: I made arrangements to see McGranery, and then for one reason or another neither of us was able to keep the appointment until I left town. Then I asked Graves and Irej to go to see him.

H.M.JR: With the net result that on either Friday or Saturday they go in and arrest this fellow and find seventy-five thousand dollars in his place.

Knowing that the FBI was after him, why the hell didn't they get after him and get the evidence first? They have had months of notice. Why didn't Irej and his men, Internal Revenue, go after this fellow and get there first? I don't know what they have been doing.

MR. GASTON: This particular case--

H.M.JR: Why let the FBI make the case?

MR. GASTON: The FBI had the complaint from the taxpayer.

- 4 -

H.M.JR: If they knew something was suspicious, why not investigate? They went into the man's apartment and found seventy-five thousand dollars.

MR. PAUL: This was what case?

MR. GASTON: This is the Ginsberg case, I suppose, in New York.

H.M.JR: What is the matter with Internal Revenue? We have all these agents. They know FBI; they know it is competition in a race. Why not go and get there first?

MR. O'CONNELL: I think that would be worse, Mr. Secretary. It seems to me it would make it even worse to start a competitive race.

H.M.JR: I don't agree with you at all. If we know it is a competitive race, let's get there first.

MR. C. S. BELL: That puts us in the position of having a crooked man in our employ for two or three weeks while we are investigating it, and we know nothing about it.

H.M.JR: Two or three months.

MR. C. S. BELL: The Bridgeport, Connecticut case was two or three weeks.

MR. GASTON: No, this Ginsberg case, I think, we must have heard about three weeks ago.

H.M.JR: Are there two cases?

MR. GASTON: Oh, yes, the Kevil case originated in December, that case in Connecticut. That is another case.

H.M.JR: I don't agree with Joe at all. If we know they are after it, let's get there first.

MR. O'CONNELL: I think the solution comes the way you first suggested, that you have to get a solution at the time. I can't think of anything worse than a continuing competition between us and FBI to chase Revenue agents.

H.M.JR: I am not going to do it; I am going to make sure Rosenman is with me. But I want a stiff letter drafted telling this fellow I haven't the time. I understand from Ireys--I called him up yesterday--that he has a history, that it is twenty-five years that we have done our own stuff, but this idea that we should sit back on our oars and wait until the FBI makes an investigation when they have served notice that they are suspicious of this fellow--this comes under you, you know.

MR. SULLIVAN: I beg your pardon; I haven't been handling this.

H.M.JR: Well, this is Internal Revenue Intelligence; it comes under you.

MR. SULLIVAN: Herbert has been handling the correspondence and everything.

H.M.JR: Why doesn't it come under John?

MR. D. W. BELL: Intelligence doesn't come under Internal Revenue.

MR. GASTON: It is one of those things that we thought affected all the agencies.

H.M.JR: I know you handled it, and what's-his-name-- anyway, I still say it is Nunan. A man in Internal Revenue has been found crooked. We are served notice that this fellow from the FBI is looking into it, and instead of rushing in and getting there first, we let the other people get there first.

Are you handling this?

MR. GASTON: I have been handling this correspondence with the Attorney General of this question of jurisdiction.

MR. O'CONNELL: The next case may involve somebody in Procurement or Customs.

H.M.JR: There are two things: I would like to have this letter, and I would like to have Gaston and Sullivan and O'Connell--do you want to get in on this?

- 6 -

MR. C. S. BELL: Yes, sir.

H.M.JR: Whose side are you on before I put you on?

MR. C. S. BELL: I am very much on your side.

H.M.JR: O.K., you are on the committee. (Laughter)

MR. C. S. BELL: I think they are, too.

MR. GASTON: Don't you think John and I should get hold of McGranery? He hasn't seen anybody but Harold Graves and Irely.

The Attorney General wrote a letter to you saying he had assigned the matter to McGranery to discuss with us. Don't you think we had better get hold of him and find out just where we stand before we write this letter?

H.M.JR: We know where we stand. They made an arrest of a Treasury man.

MR. GASTON: That isn't the first one. They made the Kevill arrest before.

H.M.JR: Well, what is the sense of fooling around with McGranery? Let's serve notice on the Attorney General.

MR. GASTON: We did that in the previous letter.

H.M.JR: Let's do it again.

MR. GASTON: We said we would continue to investigate these cases, and we hoped they would cooperate.

H.M.JR: I want to serve notice on the Attorney General to keep out of my Department, and I don't mean maybe!

MR. PAUL: Of course, if you are successful in that, you don't need to have the other policy. That seems to be the best policy, to serve notice and get an agreement of jurisdiction. Then you don't need to have any rush to see who gets there first.

MR. GASTON: As far as the law is concerned--

H.M.JR: Excuse me. I agree with you, but while this thing is pending, we have to have the rush. But I am not going to sit here and take it. I would like a letter written, and then I would like to show the letter to Judge Rosenman and get his advice, so if the thing is referred by the President to Judge Rosenman, I have seen him first.

Now, from a practical standpoint--

MR. SULLIVAN: I think that is a practical standpoint.

H.M.JR: All right, then that is practical. Furthermore, in this conversation I could go to Mr. Doughton, who I hope is now Chairman of the Interdepartmental Committee on Taxation. Is this his year to be Chairman?

MR. SULLIVAN: I think George's year is about to expire, isn't it, Roy?

MR. BLOUGH: I don't keep up with that; I don't know.

H.M.JR: I think it would be a good time to go to Mr. Doughton and say, "Look, Bob, here we have this tough job; here we have all this trouble; and here is the Attorney General undermining Internal Revenue. Now, does the Committee on Taxation want to stand this?" This is no time that the Attorney General can have any additional trouble on the Hill.

I think Bob Doughton might very well tell the Attorney General that he was very much outraged at reading about FBI-- why don't they go after the things they are supposed to do, and that he wants him to lay off the Treasury Department. And furthermore, "If you are going to get dirty on this thing, we will get very dirty," and Bob Doughton may be worried about the expenses of the Department of Justice. Do they need five thousand men over at FBI? What are they doing; what is their draft status?

He started a fight, now. He has pinched one of my men, and I am not going to stand for it. And I am not going to sit around and argue about it with any McGranery, or whoever it is.

- 8 -

MR. GASTON: He was formerly a member of the Ways and Means Committee.

MR. SULLIVAN: Did you hear Herb's last comment?

H.M.JR: That doesn't make any difference.

MR. SULLIVAN: I think it is very important. Herb reminded you that he was one of the most popular former members of the Ways and Means Committee of the House.

MR. BLOUGH: He wasn't on it long.

H.M.JR: Listen, I don't know whether I will get anywhere with Bob, but I can find out if they want to fight. I don't want to fight; I have too much to tend to. He is acting like--well, this McGranery said between now and election the Attorney General might be criticized if he doesn't--what is he running for? I would expect Dewey to act like this, but he wouldn't. He is acting as though he were a Republican, opposition candidate for something. I am not going to take it.

I want a good stiff letter written, and I am going to show it. I am going to tell him, "I want you to lay off. Stop being a busy-body. Stop sticking your nose in stuff that doesn't concern you. I am too busy raising money," and this and that. "I haven't time to act with you as though you were an opposition candidate."

MR. PAUL: Are there any other incipient cases where arrest hasn't been made?

MR. GASTON: We don't know; they haven't told us of any that they are investigating.

(The Secretary leaves the office temporarily.)

H.M.JR: Well, now, look, Herbert is chairman of this committee. In twenty-four hours will you give me something?

MR. GASTON: Yes.

- 9 -

You say that we should not talk to McGranery? I haven't talked to him yet. Did you sign that letter which I wrote saying I would talk to McGranery?

H.M.JR: That, I don't know; I can't remember.

MR. GASTON: The Attorney General wrote a letter saying he had turned this over to McGranery, and, "Would you assign somebody to talk to him?"

Then I wrote a letter to him saying I would talk to him.

MR. O'CONNELL: As I recall it, you signed a letter saying Mr. Gaston would talk to him.

MR. GASTON: I would like to make one more effort to find out whether McGranery can do anything.

H.M.JR: I am simply saying that you are chairman. If Randolph wants to get in on this thing, he can get in on it. I would like to have him get in on it, but please give me something tomorrow morning, and I will read it. If I like it, I am going to ask Sam whether he will see you, Herbert, and show it to him before the letter goes over. But I am not going to stand here and let the Department of Justice make a pinch on a Treasury man. I am not going to take it. There is no telling what this fellow will do next.

It so happens--and that is why I wanted to send for Hoover--that I have helped J. Edgar Hoover on a number of occasions where he couldn't get from Biddle what he wanted. J. Edgar happens to feel very kindly disposed towards me.

MR. WHITE: Do you attribute this to Biddle and not Hoover?

H.M.JR: The enforcement people think it is Hoover. I personally think it is Biddle.

MR. GASTON: I don't think so.

- 10 -

H.M.JR: I do.

MR. GASTON: We have information through underground channels that Hoover has definite plans, even to the extent of assigning the means and charts of organizations by which he is going to take over the investigative work of other investigative agencies of the Government.

MR. WHITE: And this would be public evidence that he can do something that the Treasury cannot do. He has found the Treasury breaking the law, whereas the Treasury's own Secret Service has not been able to do so. I think, not from this episode alone, but from everything I have heard, this is unquestionably not Biddle. Biddle isn't looking for any fights from you.

H.M.JR: You are wrong. Look at how he agreed with me on how we would deal on alien property with Crowley. He gave me his word and went back completely on it, had an Executive Order drawn up which three months later I got the President to change, completely broke his word. The man for some reason or other has it in for me, and has shown every evidence of it.

MR. GASTON: It is both Hoover and Biddle.

H.M.JR: And I happen to be the man who called up Biddle and told him he was going to be Attorney General. He said, "Are you sure? This is the first I have heard about it."

I said, "Yes, I am sure." And I worked to get it for him. I haven't time. I am sorry I have taken half an hour of time. We have so much important stuff to do, but I have to look after my own Department, and I can't let them make a pinch. I don't care who it is. I am going to deal with Biddle. I am going to hit him on the nose and make it bloody.

MR. GASTON: Maybe it would be all right for you to see Hoover. What do you think about it?

H.M.JR: Not now that they have made the pinch. Before that I wanted to see him. Now that they have made the pinch I am going to write this.

- 11 -

MR. GASTON: This is the second one.

H.M.JR: I didn't even know it. But write a letter and have it for me tomorrow, will you, gentlemen, please?

MR. PAUL: I think you should ask them whether they have any other cases where the arrest hasn't been made.

MR. O'CONNELL: They won't tell you.

H.M.JR: Let's get out of this attitude that we are scared of the Department of Justice and all the rest. If Biddle envisages himself as the OGPU, this country doesn't want a one-man investigating Federal body, and Biddle can't take on any fight with Congress now. He is right up to here, and the War Department tells me he handled this thing terribly out there. So he is in no position, and this is a good time to defend the honor of the Treasury. We will never have a better time.

I don't want to be dirty; I don't want to make trouble for Biddle or do what he did to me, because the President has enough trouble without two Cabinet Members fighting over who is going to arrest a crooked Treasury agent. I don't want it to get into the press, but just tell this fellow, "Now, you lay off me." But I want to make sure I have Judge Rosenman with me before I start. I want to see the Judge before I commit the crime! Is that good sense?

MR. SULLIVAN: I am for it.

H.M.JR: Because if it is a fight, I don't want the fight referred to Byrnes, because I know how he would side. I want to pick my judge and see the judge first. If the judge says, "O.K., hit him," then I am going to hit him.

All right, I am exhausted. Herbert, do you have anything else?

MR. GASTON: No, I haven't anything else.

H.M.JR: I just want to let you know I have some Washington sunshine invigorating me.

- 12 -

MR. SULLIVAN: We give Vivien Kellems until today to clear up thirty-three thousand dollars in taxes for 1943. She telephoned on April 27 and said there was a check for twenty-five thousand in the mail. That leaves a balance of about eight thousand. Collector Johnson thinks we should give her until the first of June to pay the other eight. Fred and I agree.

H.M.JR: All right, softies!

MR. SULLIVAN: George Haas, Tickton, and I talked about getting some reports on salary stabilization; the question is how long the cases have been pending. Barford tells me that their men are abandoning all work for three or four days to get that information, and query whether you want to further hold things up.

H.M.JR: Yes, sir.

MR. SULLIVAN: O.K. That is all, sir.

H.M.JR: I was talking on the phone to Cliff Mack. I have a long complicated thing on the protocol for Russians which evidently is two or three months late. I sent it over to him. They wouldn't take time to tell what is for us, and so forth, anyway. While I was on the phone he said, "Illinois needs very badly fifty automobiles." He sent me a memorandum. I said not to wait, "Go ahead and let them have it," twenty-five for sanitation, and twenty-five for the police or something.

MR. SULLIVAN: I agree.

H.M.JR: So I told him to go ahead. Is that all right?

MR. SULLIVAN: Good. Certainly.

H.M.JR: Another important decision made.

MR. SULLIVAN: You know, Olrich gets here Wednesday.

- 13 -

H.M.JR: Yes, as soon as he comes, if you will trot him in here - and I don't know where you (C.S.Bell) were the other day - yes, I do, too. I told Bell to get in on the thing to make sure it is a nice place. And what the new administrative setup is going to be, he is working on it, and I am sure by now has a complete plan.

MR. SULLIVAN: You want to wait and talk with Olrich, himself, but I think he will probably want an office here and over there.

H.M.JR: I personally think he should be in the factory.

MR. SULLIVAN: I do, too, but I think he might have a place here.

H.M.JR: I don't think these two offices work so well. I didn't with War Bonds - it didn't with Graves. If you don't mind, I wouldn't even offer it to him.

MR. SULLIVAN: Well, I think if I were doing it I would prefer to be over there.

H.M.JR: He ought to be over there with his coat off and his sleeves rolled up. He has got no business over here. I want him over there - unless you disagree.

MR. C.S. BELL: No, sir. I think he should be down there. He is going to have quite a staff, apparently. As John says, we want to kind of wait until we see him and talk it over.

H.M.JR: But I wouldn't suggest it to him. If he says, "I want an office with the Secretary," all right. If you don't mind, I wouldn't suggest it. I mean, Gamble found it didn't work. If he asks for it, it is another thing.

MR. SMITH: Nothing.

- 14 -

H.M.JR: I just want you people to know that sometime this week Fred is going to be entertaining Mr. Orson Welles, and it is up to the rest of the nine-thirty group to look after Mrs. Orson Welles!

MR. SMITH: I am going to get there first.

H.M.JR: You can't be so busy!

MR. SMITH: Well, you have to get the sweet with the bitter.

H.M.JR: I have been unable to find out when they are arriving.

MR. BLOUGH: Call a special meeting.

H.M.JR: Got a new dining-room downstairs.

MR. SMITH: Yes, that is right.

H.M.JR: We will hear the girls swoon outside.

MR. GASTON: She was somebody--

MR. SMITH: She is still somebody! Rita Hayworth.

MR. GASTON: She was the one with the curl that hung down over her forehead.

MR. O'CONNELL: It may be a poor time to mention cooperating with the Department of Justice.

MR. SULLIVAN: What do you mean, "may be"?

MR. O'CONNELL: But in connection with the Ward case in court, one of the issues will probably be whether or not this is a simple retail organization that has nothing to do with the war effort. We dug into it down in Procurement and found we had over a million dollars' worth of contracts with Montgomery Ward in connection with Lend-Lease or relief purchases, and we may have some with some of their subsidiaries.

- 15 -

We have made that information available to the Department of Justice and it may be helpful to them in taking the action.

H.M.JR: I don't know - I am just repeating myself - but personally, after you fellows have thought it over and you bring it to me tomorrow, and after you see Judge Rosenman, I think this fellow should be hit on the nose until it is bloody. He has asked for it. I dealt with Tom Dewey in New York City, as I say.

When we had cases the fellow cooperated and didn't seek to put us in a bad position, and we worked like two law-enforcement agencies who were interested in accomplishing putting people in jail, not like a publicity-seeking stuffed shirt.

MR. WHITE: I think there is general agreement there. The disagreement lies in the fact that you are hitting the wrong nose.

H.M.JR: I don't think so. Well, we will get two noses. Anyway, let's see how we go along. And you might be thinking about the cases when you had to push on the tax question, all of you - I mean, the John L. Lewis case, and the Hamilton Fish case, and a hundred other cases where we have had to push them in order to get stuff, so I can say, "Why don't you tend to the Treasury business?"

MR. PAUL: That, of course, is Biddle's part.

H.M.JR: I mean, where he is dragging his feet.

MR. PAUL: It isn't Hoover's.

H.M.JR: Let's deal with Biddle. I am yet to be convinced this isn't Biddle. Biddle can't run his own Department - let's find out.

MR. PAUL: Jackson admitted to me he couldn't before Biddle came in.

- 16 -

H.M.JR: Let's hit Biddle first. I am personally not worried about Hoover. I have first got to hit Biddle.

MR. O'CONNELL: I had a report to you on Saturday in connection with that employee in Internal Revenue that you sent me a memo on. I spoke to Herb about it just before the meeting. He suggested a slight change in the form of letter I have for you. If you don't mind, I will send it in to you.

H.M.JR: That has been too long coming to me.

MR. O'CONNELL: Well, I gathered that you thought that from the memorandum you sent me. No doubt about that.

H.M.JR: A couple of weeks, isn't it?

MR. O'CONNELL: I think so, yes. When you gave it to me you asked me to go over it myself, which I did. But I didn't think it was of such urgency that I should put other things aside.

H.M.JR: It was of particular interest to me with this fellow McQuillan. It was one of McQuillan's--

MR. O'CONNELL: The file I first had didn't disclose it, but Mr. McQuillan had examined the situation and came to the conclusion a year or so ago that there were not sufficient facts in the record to persuade him anything should be done about it. In fact, the Department decided after very intensive examination, about a year ago, there was no basis for taking any action against the employee. This is a re-hash of the same situation. I think the Department decision was right. That is what this memorandum says.

H.M.JR: I see. Well, anything else?

MR. O'CONNELL: That is all.

- 17 -

MR. HAAS: I have nothing this morning.

H.M.JR: Yes, you have. What about the sewers, and so forth?

MR. HAAS: Oh, that is going to take a little time. In this particular case that you found out about, they don't know anything in Washington.

H.M.JR: Georgie, you mustn't say that. We are right on the eve of an Election!

MR. HAAS: They said that maybe their field office would have. What I have done is this - they were sort of polite to us, but have given us a run-around. I have asked them to give us all the statistics of all these grants by states, and after I have that, I will be able to pick out suspicious ones and ask for the file on those cases. That will save us from going through maybe seven thousand cases. And that letter went out the same date. Charlie Bell signed it as your Administrative Assistant. We also asked for the file on the Bristol case.

H.M.JR: Is there a Bristol case?

MR. HAAS: They don't know anything about it. It may take a couple of weeks before I get it from the field.

MR. SULLIVAN: George, I think there is somebody over there that knows a little bit more about it, now, because I had a call from a mayor in New Hampshire asking me if I would get in touch with a certain office over there and ask them to expedite their consideration of a street-widening project. So there is one office over there that passes approval on these things.

MR. HAAS: Oh, yes, the man's name is Eaton.

MR. SULLIVAN: I did not call up.

- 18 -

MR. O'CONNELL: On that same point, at church yesterday morning it was announced from the altar that they had just obtained a priority with WPB approval to get materials to put an addition to the school. I have an idea there are, throughout the country, a number of entirely reasonable projects to be carried on even in wartime, and a sewer might be one.

The basis for the addition to the school was that there just were not in existence sufficient facilities to teach the children, and WPB, on that basis, evidently did grant the priority.

H.M.JR: I just want the facts.

Randolph, we found some four hundred million dollars being allocated to municipalities for projects. I want to know, are they necessary.

MR. PAUL: Is this information of yours hearsay?

MR. O'CONNELL: I was in church.

H.M.JR: Randolph is good!

MR. SULLIVAN: Not only in church, but awake!

H.M.JR: Was he? Keep after it, George.

Randolph, I see by the papers you think taxes are still going to be high when the war is over.

MR. PAUL: I think that is a safe statement.

H.M.JR: I think it is perfectly safe.

MR. PAUL: I think it is a good thing, however, to pound people with the idea that the end of the war isn't going to be the end of paying taxes.

H.M.JR: What are you going to be able to report?

- 19 -

MR. PAUL: I have a report in my pocket, but I wanted to do something more with it, particularly from the standpoint--

H.M.JR: Which pocket?

MR. PAUL: (Indicating) Trying to call my bluff.

H.M.JR: You were asking him whether he was in church!

MR. PAUL: Yes, but we both stood up.

But I understand - I have talked with Roy since I have seen you - I understand you had some other angles to it from the standpoint of technique and strategy.

H.M.JR: If you are not busy at twelve-thirty, do you want to have lunch with me?

MR. PAUL: All right. I can change the lunch I have. Fine.

H.M.JR: Would you? Is it convenient?

MR. PAUL: Yes, I will change the other lunch.

H.M.JR: Fine. I want to talk to you a little bit.

MR. PAUL: All right.

MR. BLOUGH: I don't think this will tax your brain, but you may want to know that Smith has arranged for us to go to Young and Rubicam tomorrow afternoon to use their facilities in preparing income tax--

H.M.JR: This will or will not tax my brain?

MR. BLOUGH: This will not. You had had some taxing subjects here this morning, and I thought this was not too important but you should know about it.

H.M.JR: This is in a lighter vein?

- 20 -

MR. BLOUGH: Yes, that is it. No commitments have been made on any side, but Fred thinks that Young and Rubicam may be willing to do the work on a non-profit expense basis.

H.M.JR: They wouldn't do that in the days that Smith was there. Maybe they have changed.

MR. SMITH: Smith wasn't outside with a blackjack then!

MR. BLOUGH: We thought we would go up and see what sort of a job they thought it would be, and how much would be involved.

H.M.JR: That is what Orson Welles is going to do?

MR. SMITH: Yes, he is going to make a tax form that is a tax form.

MR. BLOUGH: Yes. You have heard of the tax form of the so-called Dr. Rockwell on the Fred Allen show?

He says his tax form is this, that everybody has to guess what his income is going to be, so you guess what your income is going to be, and you guess how much you ought to pay this time, and then you just send the return in without your name on it and let the Government guess who it is!

H.M.JR: That is wonderful. You are in good humor today, too. All my tax people are full of fresh air.

MR. D.W. BELL: I understand Harpo Marx has a new book out on taxes; it is a scream.

H.M.JR: Harry, do you have something in a lighter vein?

MR. WHITE: Bill Taylor will leave this week.

H.M.JR: You got my memo?

- 21 -

MR. WHITE: Yes. Nothing else.

H.M.JR: Nothing from the various fronts?

MR. WHITE: No, I haven't heard a thing.

H.M.JR: Do you want me to call up Chungking?

MR. WHITE: I think not.

H.M.JR: What is the capital of Siberia? Shall I give them a ring?

MR. WHITE: I think Tobolsk.

H.M.JR: Dan?

MR. D.W. BELL: You gave me this letter to Cochran and said you wanted to talk to Charlie Bell and me about it Saturday. I guess you forgot it. This letter is all right. It just acknowledges his and says we will look into it.

It is really a complicated situation down there. The whole wage scale in the Bureau is a mess, due to various acts. The plate printers get a good deal more than the Superintendent of the Division, and the foremen come below them. Of course, now the foreman's job isn't worth a lot; it is sort of an honorary thing. A fellow with a bad heart, or one leg, or one arm - he gets the job.

H.M.JR: I will have to look into it.

MR. D.W. BELL: They think they ought to have much more pay, and we could do away with them altogether except for the union. You can't do away with them because of the union. But I think we might write a complete letter.

H.M.JR: You don't need foremen or heads of departments?

- 22 -

MR. D.W. BELL: I wouldn't go that far. I wouldn't go beyond the foremen!

H.M.JR: O.K. (The Secretary signs letter to Mr. Cochran)

MRS. KIOTZ: As long as we have waited so long, if you are going to write them a full letter--

MR. C.S. BELL: It is going to take two or three days to get all of the material.

H.M.JR: I think this should go out.

MR. D.W. BELL: He has raised a question there about Treasury people, and about Mr. Hall being on this Wage Board.

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

MR. D.W. BELL: We got all but nineteen million dollars of the billion, six hundred million certificates. It is about the best we have done.

MR. C.S. BELL: We are going ahead with the health survey down in the Bureau of Engraving and Printing, seeing if we can hold down some of the absenteeism. We have it as high as twenty-five percent on Mondays. That tapers off until Saturday, about seventeen percent.

H.M.JR: Did you see the study Mr. Swope made of that when he was here?

MR. C.S. BELL: No, sir. We had the Census man over. He has made a similar study of the Bureau of the Census. Al Hall, and Mrs. Doyle, and Public Health doctors--

H.M.JR: Find out about the study that Gerard made.

MR. C.S. BELL: We have about four deferments a little later.

- 23 -

MR. D.W. BELL: They are getting too much money.

H.M.JR: Anybody else want to see me? Anybody want to ride out with me to Secretary Knox's funeral? I will be leaving here about twenty minutes past one. Does anybody want to go?

MR. SULLIVAN: The funeral is at two.

H.M.JR: That is time enough, isn't it? I am picking up Mrs. Morgenthau at twenty minutes of. Does anybody want to go?

MR. SULLIVAN: we are going from the house.

MR. D.W. BELL: I didn't think I would go. I thought you and John would want to go.

H.M.JR: Well, if anybody wants to go--

MR. SULLIVAN: I want a car just to take me out to the house.

H.M.JR: I imagine it will be most of the afternoon, won't it?

MR. SULLIVAN: It sounds like a pretty long affair.

H.M.JR: Were you there at his side?

MR. SULLIVAN: They sent for me about half past nine and I was there until about quarter past twelve. Then we decided that I would come down town and get a bit to eat and come back. Then Major Dillon could come down. He died. I was lunching with Joe. He died at a little after one o'clock. I had been there up until about three quarters of an hour before he died.

H.M.JR: Must have taken a sudden turn for the worse.

MR. SULLIVAN: He did that at midnight, sir. They called at around twelve, Thursday night.

- 24 -

H.M. JR: Do you mean Thursday night?

MR. SULLIVAN: Yes, I do. There never was a chance - not the slightest.

H.M. JR: Well, it is a great loss.

MR. SULLIVAN: There were quite a few of his New Hampshire associates down there. I am sort of taking care of them.

H.M. JR: All right.

MR. BLOUGH: Is it all right for me to be in New York tomorrow for this Young and Rubicam matter?

H.M. JR: What are you going to do?

MR. BLOUGH: Take up the problem of tax returns - to get a popular tax return. But I don't have to go if you expect to take up tax matters tomorrow.

May 1, 1944  
10:25 a.m.

DEFERMENTS

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

H.M.JR: Swoboda. Is this the fellow in Physical Culture?

MR. BELL: No, sir. He is in the Bureau as a plate printer. Fifty-five hundred is his salary. He is thirty-two.

H.M.JR: The only one I question is Stephens in the Procurement Division.

MR. BELL: He was Cliff's leading man out on the Pacific.

H.M.JR: My God, he has more leading men! Now where is he?

MR. BELL: He is still out there.

H.M.JR: He is thirty-five.

(The Secretary signs deferment request, attached.)

H.M.JR: Do you have any more?

MR. BELL: That is the crop.

H.M.JR: Herbert, I am glad you are back. I missed you.

MR. GASTON: I didn't expect to be back until you called me up this morning.

- 2 -

H.M.JR: Weren't you back?

MR. GASTON: No, I didn't expect to be back until Wednesday morning.

MRS. KLOTZ: That is a shame.

H.M.JR: I disagree with you. Gaston was carrying this thing, and I wanted him back.

## DEFERMENTS

April 28, 1944.

Name	Title	Age	No. of Children
<b><u>ENGRAVING AND PRINTING</u></b>			
Swoboda, Frederick H. (Key List)	Plate Printer	32	None
<b><u>PROCUREMENT DIVISION</u></b>			
Stephens, Thomas C. (Key List)	Regional Director	35	1
<b><u>MINT BUREAU</u></b>			
Matheron, Maurice J. (Not on Key List)	Operator of Sweeps Cellar	35	1
Mahoney, Bertram J. (Key List)	Foreman, Refinery Cellroom	31	1

The Agency Committee recommends that the above 4 employees be deferred.

/ Charles S. Bell  
Acting Chairman

/ Joseph G. Jordan

Approved: May 1, 1944

/ H. Morgenthau, Jr.  
Secretary of the Treasury.

May 1, 1944  
11:00 a.m.

JEWISH EVACUATION

Present: Mr. Pehle  
Mr. DuBois

H.M.JR: Now, I have read this document and, quite frankly, I don't understand the construction of it at all. Is it a memorandum to the President from you; is it a memorandum from the Board; or a memorandum from you to the Board? (Refers to attached Memorandum for the President)

MR. PEHLE: It is a memorandum from the Board to the President.

H.M.JR: That is no way to write a memorandum.

MR. PEHLE: What is troubling you?

H.M.JR: I mean, it reads like a memorandum from Pehle to the President. If that is what you want--

MR. PEHLE: That is not what I want.

H.M.JR: In the first place - this is a little thing - on Page 2 it says, "...take the Jewish refugees in Spain to a small camp" - I would name the camp, because the President knows about the camp. What is it called?

MR. PEHLE: Camp Lyautey, near Fidhala.

H.M.JR: He keeps thinking - he created it. That will register, won't it? It is near Casablanca, isn't it?

MR. PEHLE: That is right.

- 2 -

H.M.JR: Then, "John W. Penie has strongly recommended that this Government act at once" - that is the part I don't get.

MR. DuBOIS: The reason for that, Mr. Secretary, is that if the Board Members agree to present this to the President - but the Board Members, as such, probably won't be prepared - at least Stimson - to sign a statement on which it says that the Board has strongly recommended. This is something that the Executive Director has recommended to the Board, and the Board has agreed to pass on to the President.

H.M.JR: You don't say that.

MR. PEHLE: Well, we can. It wasn't intended to--

MR. DuBOIS: We can just say, "It has been proposed," if that is necessary. But it seems to me that the Executive Director has worked with this for four months and for him to "strongly recommend this step be taken" is--

H.M.JR: It is a most peculiar document.

If you want to say that the Board is forwarding this at the direction--

MR. PEHLE: At the what?

H.M.JR: At the request, or some word - the Board is forwarding this at the request of. In the first place, it is too long and the President will never read it.

MR. PEHLE: All right. We have another alternative, that this would be a covering memo. (Hands the Secretary a one-page memorandum to the President, attached)

It would transmit a memorandum comparable to this with a few small changes.

H.M.JR: Let me read it. This is a much better form of transmittal.

- 3 -

MR. DuBOIS: Just transmit attached memorandum.

H.M.JR: This makes sense.

MR. PEHLE: All right. I think I see your point on Page 2. We will re-cast that.

H.M.JR: As far as I am concerned, I don't mind that John Pehle is doing this. It is all right with me, but I don't think it would set very well with the other people.

MR. PEHLE: Our only point, I assume that you appreciate, is to make it as strong as we can make it. That is all. But we will re-cast it so it sounds better.

MR. DuBOIS: We can put stronger words in Pehle's mouth than we can put in the mouths of Members of the Board.

H.M.JR: I don't think you are doing Pehle any good.

MR. PEHLE: All right. We will re-cast that.

H.M.JR: Now, this last page - "Decision of the Board"--

MR. DuBOIS: That will come off.

MR. PEHLE: The whole last page will come off, in view of--

H.M.JR: Why did you hold out on that?

MR. PEHLE: Only because this is the way we presented it to Stimson. Then we were worried about the fact the document was so long. This is an alternative way to do it. The change in Page 6 is moved up to that short memorandum.

H.M.JR: Yes, but there are several things here that hit me wrong.

- 4 -

MR. PEHLE: I think the answer probably is that this is a document which has been changed a number of times, and therefore there are some inconsistencies in it. But I think the covering sheet will probably remove that. It isn't intended to be anything other than a straight memorandum from the Board to the President.

H.M.JR: What is the next move?

MR. PEHLE: To get Mr. Hull to sign it. Mr. Stimson is ready to sign it. It is a long document for Mr. Hull to go over. The only difficulty is whether Stimson's doubts will create more doubts in Hull's mind. It has been cleared with Stimson, and it has now been cleared with you. If we can get Hull to sign it without having it re-discussed at a Board Meeting, there is added advantage.

MR. DuBOIS: There is a second disadvantage; if you send it to Hull he will undoubtedly, my guess would be, refer it to Berle to review.

~~H.M.JR:~~ H.M.JR: Then what?

MR. PEHLE: You don't know Berle's reaction. You never can tell about him. Stettinius talked to him before he went away and he was all right.

H.M.JR: He will be back in a couple of days.

MR. PEHLE: If it is going to be a short time--

MR. DuBOIS: Well, if you can wait four or five days--

H.M.JR: You can find out when he will come back.

Will Stimson sign this?

MR. PEHLE: Yes, he will. He didn't want to sign it until he knew whether - he is ready to sign.

- 5 -

H.M.JR: I think it is a mistake for me to sign first.

MR. PEHLE: I don't think you should, either.

H.M.JR: Do you want to go over and see if you can see him?

MR. PEHLE: I don't think I should go over there without you. I will. It is just the strength of it, that is all.

MR. DuBOIS: The only thing is, Mr. Secretary, this is obviously an awfully big move.

H.M.JR: I don't want to go over and see the man alone, and go around it this way. I want the whole Board.

MR. DuBOIS: The only difference is, if you went over with Mr. Pehle you might get Hull to sign - much more likely to get Hull to sign, I would think, than if John went over alone.

H.M.JR: It is such a peculiar way to do the thing.

MR. DuBOIS: Why?

H.M.JR: You have got one person in a corner and another person in a corner.

MR. PEHLE: It has been discussed at a Board Meeting and agreed to put up to the President--

H.M.JR: Then why make me go over there?

MR. PEHLE: We can send it over, or I can take it over. It isn't a question of making you go over, Mr. Secretary, as you know.

H.M.JR: You can't make me go over.

MR. PEHLE: No, obviously, but--

- 6 -

MR. DuBOIS: Well, it all depends, Mr. Secretary, it seems to me - this whole issue depends on whether or not you are behind this enough to really fight for it. I have the feeling that you are probably not.

H.M.JR: That is correct.

MR. DuBOIS: Now, my own feeling is the thing doesn't have a chance as long as you feel that way about it, to be very frank with you. I think it is fair to say that we feel that this thing is not only important from the refugee standpoint, it is the most important step that you could take in the refugee field, but I think it is also an important step from many points of view.

H.M.JR: I don't see it.

MR. DuBOIS: From the psychological warfare point of view, and everything else. I don't think - we just found a couple of days ago that the AF of L passed a resolution - last September, wasn't it?

MR. PEHLE: That is right.

MR. DuBOIS: ...recommending this very same thing, in substance. Many organizations have written in to us.

H.M.JR: I don't want to be in the position of jockeying. I am perfectly willing to go.

MR. PEHLE: We are not trying to jockey.

H.M.JR: Get Stimson off by himself, and then get me.

MR. PEHLE: No, Stimson's objections have been stated in full in here. He says this is a very fair document. It is very difficult. The only reason about a Board Meeting is it is very difficult to get the three top Cabinet people together, these days.

H.M.JR: I know it.

- 7 -

MR. PEHLE: Maybe the best thing to do is to let Stettinius clear it through State.

H.M.JR: You don't think you can do it by going alone?

MR. PEHLE: Well, that is a matter of judgment, Mr. Secretary. I doubt it. I think it is a long document, and he is a tired man, and I don't think he would sign it.

H.M.JR: Well, why don't you find out when Mr. Stettinius is going to be back? It can't be many days. And the President isn't back, anyway, and won't be back for a few days. He would never act on this thing where he is now.

MR. PEHLE: Oh, I wouldn't send it to him.

H.M.JR: Well, you are not losing any time.

MR. PEHLE: All right. But if you have doubts about this thing, I would like to know what they are.

H.M.JR: No, I just don't want to be out on the front on it.

MR. DuBOIS: Is it, Mr. Secretary, that you are not sold on the wisdom of this from the refugee standpoint, that you feel it isn't the time to do it?

H.M.JR: No, I just don't think you can get it through Congress.

MR. PEHLE: What we are shooting for is not to go through Congress.

H.M.JR: Well, the President shouldn't do it, then. He shouldn't get Congress down on him. After hearing what you--

- 8 -

MR. PEHLE: That is what Stimson says. Do you agree with Stimson? He says that the President shouldn't do it without Congressional approval.

H.M.JR: I have told you that right along.

MR. PEHLE: I didn't understand that.

MR. DuBOIS: I didn't understand that.

H.M.JR: I have said that right along. What was the purpose of the whole idea? He said you could get approval?

MR. PEHLE: No, what I saw McCormack about was how Congress would react if the President did it.

H.M.JR: Oh, I don't think the President should do it without Congressional--

MR. DuBOIS: I have always thought strongly you should do it without going to Congress.

H.M.JR: Well, I don't.

MR. PEHLE: Then, frankly, Mr. Secretary, I don't think it represents a fair statement of your views. If you feel that way - I disagree strongly with that, myself.

H.M.JR: That is your privilege.

MR. PEHLE: The more I have been with this issue, and the more there has been publicity on it, the more support we have gotten. We haven't gotten any blasts.

H.M.JR: I still say I don't think the President should take this on. You certainly should consult the leaders.

MR. PEHLE: Oh, that is something else.

- 9 -

H.M.JR: That is the first step. I know what they will say. They will tell them not to do it.

MR. PEHLE: Well, I suppose it depends on how he puts it up to them, to some extent.

H.M.JR: But I certainly think they should be consulted. I certainly don't think--

MR. PEHLE: Now, which is it? Is it you don't think he ought to do it by Executive Order, even after consulting the leaders?

H.M.JR: No, I think that this is something that Congress should be consulted upon. It is my opinion. He may differ.

MR. PEHLE: Well, I think that takes more thinking on our part at this point. I think we have to recanvass it now.

H.M.JR: Well, supposing you recanvass it, because I think, from all the evidence of Congress, that if he did this thing, that they could get a resolution through countermanding any Executive Order.

MR. DuBOIS: I don't believe it.

MR. PEHLE: Not today, in view of the Elections.

H.M.JR: When they attacked these people like Walter Winchell, and so forth, there wasn't one man got up.

Well, supposing you people have another look at it. I am glad - well, it is the first talk we have had.

I would like to keep this. (Referring to memorandum to the President)

I don't think this is something that the President

- 10 -

should do by Executive Order. You say that is Stimson's view?

MR. PEHLE: Sure it is Stimson's view. It is stated in there in his words. It is the Attorney General's view.

MR. DuBOIS: He says the President can do it by Executive Order, but it would be unwise for him.

H.M.JR: I must have read it too quickly.

MR. PEHLE: The Attorney General's views and Stimson's views are in there.

H.M.JR: That is fine. We will have another talk.

Draft

40 ✓  
5/1/44

MEMORANDUM FOR THE PRESIDENT

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

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

The overwhelming humanitarian reasons for taking this action, and the considerations involved in deciding whether this step should be taken now by Executive action or submitted to Congress, are discussed in the memorandum.

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

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

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

Secretary of State.

Secretary of the Treasury.

Secretary of War.

Attachment.

41

MEMORANDUM FOR THE PRESIDENT

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

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

Why This Is The Main Obstacle

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

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

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

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

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

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

(5) And such a step would certainly cause the neutral countries to encourage the entry of more refugees into their territory since they would then know that they would not be required to keep all refugees until the war ends. Thus, one of the reasons why we are not meeting with any success in Spain is the fact that the Spaniards are not convinced that we will take the refugees off their hands. Although we have been stating for a long while that we are going to take the Jewish refugees in Spain to a small camp in North Africa, none have been moved there to date. This has been due primarily to the reluctant attitude of the French. And the inarticulate major premise of the French attitude undoubtedly is the conviction that such refugees are to be dumped and left in French Africa and that neither the United States nor Great Britain will receive them.

#### Proposed Solution

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

#### Nature and Benefits of Proposal

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

(2) The principal United Nations involved have already agreed that each of them will receive after the war its nationals who have fled for their lives and have been given asylum in other countries. These nations have also agreed that it is a part of their settled policy to assure such conditions in enemy and enemy occupied countries as will permit the return thereto of all persons displaced therefrom who have sought refuge elsewhere. This agreement, already concurred in by the United States, Great Britain, the Soviet Union, Luxembourg, Yugoslavia, Norway, The French Committee, Greece, Belgium, Poland, Czechoslovakia, and the Netherlands should serve to make clear to those concerned that such refugees as may be accepted in camps here will be returned to their homelands at the end of the war.

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

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

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

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

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

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

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

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

Question of Congressional Approval

Secretary Hull, Secretary Morgenthau and Secretary Stimson carefully considered this proposal at the meeting of the Board on March 21. Although there was no disagreement as to the potential benefits of such a program, Secretary Stimson felt that it was a matter which should be presented to Congress for its approval. Secretary Stimson's views on this, in his own words, are as follows:

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

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

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

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

"But even if the obtaining of such commitments were possible, I am informed that the mere introduction of these people today on such a scale and for humanitarian purposes alone would be contrary to existing American law. In this connection I am not at all clear

that the war power of the President would be held to cover a transaction like this which has no direct connection with the prosecution of the war.

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

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

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

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

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

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

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

- 6 -

Decision of the Board

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

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

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

We would appreciate an early expression of your views.

Secretary of State.

Secretary of the Treasury.

Secretary of War.

May 1, 1944  
4:30 p.m.

STATUS OF RANDOLPH PAUL

Present: Mr. O'Connell  
Mr. C.S. Bell

H.M.JR: Had you people had a chance to get this Paul episode straightened out? What is the status of that?

MR. O'CONNELL: I have it now. I will outline it as well as I can from what I understand of it. The day after he resigned as General Counsel and, as I understood it, pursuant to that arrangement you and he talked about he was put on the other role as Assistant to the Secretary, and the following day resigned from that. I understood that the transfer was made solely for the purpose of permitting him to collect his annual leave, and--

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

MR. O'CONNELL: That certainly was my understanding.

H.M.JR: I told him I wanted him to stay on and do this thing. I have asked him to do thing. I appointed him. Nobody said he was going to resign. Has he resigned?

MR. O'CONNELL: Yes--

MR. BELL: He has not resigned legally. He is still on the pay roll. We paid him last pay day and next pay day, as Assistant to the Secretary. We have done that for about everyone that gets out.

H.M.JR: He said that the General Counsel, Joe O'Connell, told him he could go out and practice law because he resigned as Assistant to the Secretary and was therefore simply able

- 2 -

to get his accumulated leave, and therefore he could practice law, and he has had two separate cases.

MR. O'CONNELL: That is what I did tell him, and I based it on the proposition that, as I understood it, the only purpose of keeping him on was to let him get his leave. He signed his resignation, and I gave it to Norman Thompson the day he was assigned on the other role. Mr. Thompson's office has been holding it until the day his leave expires, June 3. He has been on leave ever since, getting the leave to which he is entitled.

H.M.JR: Is he Assistant to the Secretary or not?

MR. BELL: Assistant to the Secretary.

H.M.JR: Then how could he practice law?

MR. O'CONNELL: Well, that gets you to a legal question that I have probably muffed.

H.M.JR: It is a question of horse sense. As Assistant to the Secretary, how can he take retainers?

MR. O'CONNELL: People resign from the Department every day and immediately start to work for someone else the following day. That goes for every person that leaves the Department. When Tarleau, or anyone else leaves the Department, they are on a pay status and are paid during all the time they are on leave, and they start to work for somebody else the day after they leave here. They get compensation in every case, and they get paid while they are working for the other fellow.

H.M.JR: But he is, today, Assistant to the Secretary.

MR. O'CONNELL: For purposes of getting his leave, as I understood it, and for no other purpose.

MR. BELL: The only inconsistency in the whole thing, Mr. Secretary, is that Mr. Paul has appeared before the Department rather recently. If he were still out working

- 3 -

at anything and not appearing before the Department there would be no inconsistency about continuing him on to use up his leave as an Assistant to the Secretary.

H.M.JR: Now, wait a minute. I have been around here long enough that I know my onions. I put the man on as Assistant to me. I mean, to stay. The idea was he was going to stay on for months. Nobody said anything to me about practicing law. Nobody said it was a subterfuge. It was in lieu of his leave pay, which he couldn't have gotten unless he had gone through something and I had kept him on as General Counsel.

MR. O'CONNELL: Well, we are at cross purposes, but--

H.M.JR: Or appointed him as Assistant General Counsel.

MR. O'CONNELL: We did it before, but we could do the same thing.

H.M.JR: Well, you should have talked to me. I am bothered with a thousand unimportant details. I never had it in my mind. I have asked him to come to my ninety-three Group and to do post-war studies. I took it for granted he was Assistant, and he is Assistant to me.

MR. O'CONNELL: He has been on leave ever since he was Assistant.

H.M.JR: But he is Assistant to me, and as such - I am willing to leave it up to anybody - he is not entitled to practice law.

MR. O'CONNELL: I know that. That is the situation that came up to me first on Saturday of this past week. I know that is wrong. He cannot practice law.

H.M.JR: He said you said he could.

MR. O'CONNELL: I took the position that by virtue of putting in his resignation as he did - and I was entirely wrong, undoubtedly - but I understood the

- 4 -

transfer was made for two purposes: One, to vacate the General Counsel's office so the vacancy could be filled; and secondly, to avoid the necessity for his giving up the leave that he had earned during the time he was here. And the fact that he was put as Assistant to the Secretary instead of Assistant to General Counsel, as we did with Ed Foley, was just to my mind a different method, and I understood the purpose was entirely the same.

H.M.JR: Whom did you ask?

MR. O'CONNELL: I didn't ask anyone other than read the exchange of letters, and Mr. Paul told me his understanding was to that effect.

I understood he said the same thing to you this noon, although I wasn't there, either.

H.M.JR: Look, fortunately for me, at every single conversation up to the time he left, Herbert Gaston was present, so don't go by my memory. We could ask Herbert Gaston. He was present at every single one. So when he gets here tomorrow, we will ask him.

Don't let's you and I argue what Paul and I thought, but ask Herbert, who was at every single conference up to and including the luncheon after he resigned as General Counsel and was Assistant to the Secretary.

Now, as a matter of fact - I am tired now - it was a complete afterthought in my appointing him as Assistant to me.

Herbert will tell you, it was an afterthought.

MR. BELL: For the purpose of having him work for you and not for the purpose of getting his leave?

- 5 -

H.M.JR: Dual, but the leave part was incidental. I wanted his services. I told the President. I have told Jimmy Byrnes that he was here, available to help us. It is clear in my mind. We will talk to Herbert tomorrow. But leave that out; don't take my word for it.

(The Secretary leaves the conference temporarily.)

H.M.JR: There was a convoy lost with five hundred men on it. I double-checked to make sure it wasn't Henry. I just heard it wasn't.

Look, as to what was in his mind, let's leave it go for the minute. You check it with Herbert Gaston. Let's take it as of today. He is assistant to me. Never mind what the purpose was.

MR. BELL: He doesn't think so, sir, Paul. You see, I have a signed slip from Paul asking for his annual leave up until June 3.

H.M.JR: But look, old man, don't get me confused. Mr. Paul is Assistant to the Secretary of the Treasury. Never mind the reason why. After all, you can't go into court and say that I made him that in order to get his annual leave, can you?

MR. BELL: Yes, sir, that is legitimate.

H.M.JR: You can say that?

MR. BELL: Yes, sir.

H.M.JR: You can say that I am paying him at the rate of ten thousand a year?

MR. BELL: Yes, sir, you have the right to pay that to Assistants.

H.M.JR: In lieu of his annual leave?

MR. BELL: Yes, sir, it is a legal right. That is only about two years old.

- 6 -

MR. O'CONNELL: It is something he earned before he resigned as General Counsel.

H.M.JR: I am not saying he didn't earn his annual leave, but I am saying I can't make him --

MR. BELL: We have a Comptroller General case moving a man from one classification to another for the purpose of annual leave.

H.M.JR: Well, say you are right. Then can he still take retainers between now and then?

MR. O'CONNELL: No.

MR. BELL: And he can't appear before the Department in a tax case.

MR. O'CONNELL: During the period that he is on leave between now and the time he resigns he cannot--

H.M.JR: That is what he said you said he could do.

MR. O'CONNELL: That is right.

MR. BELL: I don't think Joe told him that.

H.M.JR: He said that Joe said he could practice law.

MR. O'CONNELL: That is right, and he could practice law.

H.M.JR: But has he appeared?

MR. O'CONNELL: Yes, he did last Wednesday. That is why the question came up.

H.M.JR: I can't do this tonight, but for God's sake, put this thing together for everybody's sake, and Paul, of all people!

- 7 -

MR. BELL: Well, Mr. Secretary, there is no damage done if we take his resignation as of April 26, which is the beginning of the next pay period. He didn't practice up until that time, and he is perfectly willing to give it to us and sacrifice fifteen hundred dollars for the leave, which only proves again that he hasn't the notion that he is an Assistant to the Secretary.

MR. O'CONNELL: He gave me his signed resignation and signed a leave slip the day after he was appointed Assistant to the Secretary. That is entirely consistent with my understanding of the purpose of his being put in that other job.

H.M.JR: Well, do you mind asking Herbert Gaston tomorrow, who was at every single meeting? But let's say that you are right, see? He is Assistant to the Secretary for a reason. It doesn't make any difference. I say, "Has he the right to practice before the Treasury?"

MR. BELL: No, sir.

H.M.JR: You boys had better straighten it out.

MR. O'CONNELL: It can be done very rapidly by accepting the resignation as of the 25th of April.

MR. BELL: He is agreeable to that.

MR. O'CONNELL: Oh, yes, he was willing to sacrifice anything. That is why I thought the purpose of this in the first instance was for leave. He was entirely willing to give it up, as I understood it.

H.M.JR: Yes, I would like to go through this once more tomorrow with Gaston. Have you talked to him since I have seen him?

MR. O'CONNELL: Yes, just after lunch.

H.M.JR: He is willing to give it up?

MR. BELL: Oh, yes. He realizes now that he should, but I don't think he thought of it earlier.

- 8 -

H.M.JR: May I say this now to both of you, see? I don't care who the person is in the Treasury, it is your jobs, both of you, to protect me and the good name of the Treasury, and I don't care who the person is, using this as an extreme, the McReynolds case. And if you see that I am careless, I want to be told. I want to be told first by both of you.

MR. BELL: Well, as soon as he told you--

H.M.JR: Now, wait a minute. Starting with me, it is the responsibility of you two people to see that I don't make any mistakes unwittingly, or anybody else. I have no favorites. It is a job, and everybody, starting with myself-- now, do we understand each other?

MR. BELL: We had this same thing up with Tarleau.

H.M.JR: Now, wait a minute, I have something very definite in mind. Do you understand me?

MR. BELL: Yes, sir.

MR. O'CONNELL: Yes, sir.

H.M.JR: Starting with me and everybody else right down, no favorites, no monkey business, no special privileges. It is more on you two fellows than anybody else, and you can start with me.

MR. O'CONNELL: There is one little thing I might mention as the sort of thing that I should have done in this case, just before Randolph--if he asked for a file from the Bureau in connection with a matter which was perfectly legitimate for him to examine, the file came over from the Bureau after he had resigned, and I told him he could not see the file. I was trying to be consistent with the theory that as of the date he signed the resignation he was on the pay status solely for the purpose of getting his pay. I haven't let him see anything or talk about the routine operations that he would be concerned with.

- 9 -

H.M.JR: I think I ought to talk to Paul in a very nice way if he is practicing before the Bureau. This idea of his having his old office and all the rest of it should stop. And he should be the first one--

MR. O'CONNELL: There is no question about it.

H.M.JR: He said you told him this two year business didn't apply, and he only found it out. But I still think that a thing like this should have been brought immediately to my attention, and the point is, I don't want to find out these things myself, see? If I hadn't found it out, I don't know how long it would have run.

MR. O'CONNELL: Well, we will do it.

H.M.JR: You have inherited a job. If you had had this thing for six months, I wouldn't have let you off so easy. But you are new.

MR. BELL: We had the same thing with Tarleau.

H.M.JR: I mean the whole business, these papers, you should pass on them. He shouldn't be able to change a man's status without your knowing it. I am going to take it up once more with Gaston.

May 1, 1944  
5:11 p.m.

HMJr: Hello.

D. W. Bell: Hello.

HMJr: Dan, I was just reading the letter that you wrote to Rosenman about five-hundred dollar checks. I still can't see why we shouldn't stop issuing anything more than twenty-dollar bills.

B: You mean five-hundred dollar bills?

HMJr: No, I don't see why we should issue anything more than twenty-dollar bills.

B: Yeah.

HMJr: I wish - I wish you'd give that serious consideration.

B: I have.

HMJr: Well, give it again.

B: We've talked about it and talked about it. I ....

HMJr: Well, we can talk ....

B: I think it would have been fine if we'd have done it at the beginning of the war, but I - I'm just a little scared of fooling with the currency at this time.

HMJr: Well, do you mind making a note and bringing it up at the next Staff meeting?

B: Yep. Be glad to.

HMJr: Please. Thank you.

B: All right. Ah - I've got a ....

HMJr: (Coughs) Excuse me.

B: .... I've got an understanding with Eccles on Treasury Bills ....

- 2 -

HMJr: Yeah.

B: .... and we've all agreed now that they should be increased to a billion two....

HMJr: Yeah.

B: .... beginning this week. Is that okay with you?

HMJr: Well, I've got to talk to you about it, Dan. It's too important to ....

B: It's one of those things, you know, we've been talking since last financing, and ....

HMJr: Well, let me ....

B: .... they've wanted a double rate.

HMJr: Well, talk to me about it tomorrow.

B: Yeah, I'd like to do it for Wednesday - by Wednesday.

HMJr: I'm available tomorrow.

B: Okay. Right.

57326

MAY 1 1944

Dear Sam:

I have your letter of April 24, passing along a suggestion of a friend that black market operations might be reduced by a requirement that all transactions in excess of \$500 must be settled by check.

We have been studying the related problems of the increase of money in circulation and the use of currency, particularly in large denominations, to conceal illegal transactions. Our conclusions, at the present time, are that it would be advisable to deal with these questions separately and not, as your friend suggests, to go after the illegal transactions indirectly by legislation affecting the currency. As you realize, the proposal to require all transactions in excess of \$500 to be settled by check would require legislation, and such legislation would, in effect, convert the money of the United States from unlimited to limited legal tender, while giving to bank checks a quasi legal tender power which they do not now possess. Such action would, moreover, penalize legitimate transactions as well as illegal transactions. I believe it is possible to act against black market operations under the provisions of the price control and stabilization laws, and to avoid thereby the disadvantages which I have mentioned.

I appreciate the thoughtful interest which prompted your friend's suggestion.

Sincerely,

(Signed) Henry

Honorable Samuel I. Rosenman  
The White House  
Washington, D. C.

APLT:hr

4/28/44

EK JWB

THE WHITE HOUSE  
WASHINGTON

April 24, 1944

57326

Dear Henry:

I am passing along to you the following excerpt from a letter which a friend of mine sent to me:

"Perhaps this suggestion is on the fantastic side but one of my partners thinks that black marketing might be drastically reduced if through Treasury regulation or legislation a transaction in excess of \$500. had to be settled by check.

"If this idea has any merit, I assume you will pass it along to the proper channels; if it hasn't, I am sure you have a spacious waste basket."

With kindest regards,

Very sincerely,



SAMUEL I. ROSENMAN

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

THE UNDER SECRETARY OF THE TREASURY  
WASHINGTON

May 1, 1944.

MEMORANDUM TO THE SECRETARY:

Referring to your memorandum of April 13, 1944 regarding your conversation with Gordon Rentschler on the system they had worked out for getting \$1 million a week of new deposit money, I talked with Dr. Burgess in Rentschler's absence about this matter and he had Vice President Sheperd look into it. Sheperd advised Burgess that the principal increase in their interest deposits is due to current savings and that there has been very little indication that any of this money has come out of hoarding. He said that a great many of the new savings accounts are for soldiers, coming from allotments which they have made to their wives and other members of their families and many of the accounts are coming from women who are going into jobs to take the place of men who leave for military service. Burgess didn't think there was anything new in this and that most banks were having about the same experience.

*swB*



## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE  
May 1, 1944

TO Secretary Morgenthau

FROM Fred Smith *FS*

Attached is a carbon copy of my memorandum to Mrs. Morgenthau.

General Greenbaum would like to know if you want the "Battle Of New Britain" for your next movie night. It is the latest in Frank Capra's series.

Attachment

Mrs. Morgenthau

May 1, 1944

Fred Smith (signed) Fred Smith

This is to let you know that we will be expecting you in the projection room at 2:00, Tuesday.

For your information, here are the films to be reviewed, out of which we hope to get a three and one-half to four-hour course in what the war is all about. The ones marked with a star are the least important, and we will review these in the morning. If any are outstanding, we will play them again in the afternoon.

I think you can be very helpful on this, and I appreciate your taking the time.

Prelude to War .....	60 minutes
Battle Of China .....	60 minutes
* Earthmovers .....	20 minutes
* How Good Is A Gun .....	20 minutes
Tremendous Trifle .....	20 minutes
Lifeline .....	20 minutes
AAF Report .....	40 minutes
* Communique #6 .....	20 minutes
* Communique #7 .....	20 minutes
* Communique #8 .....	20 minutes
Battle of New Britain .....	65 minutes

FS:mlf

From Paul.  
May 1st 1944

63

## THE PROBLEMS OF POSTWAR TAXATION

### Summary

#### I. General considerations.

Postwar includes (1) the transition period, and (2) the period after the transition. The belief is widespread not only that wartime rates are too high but that some elements in the tax structure would interfere with achieving full employment. The extent to which the distribution of the tax burden can be changed depends on the level of postwar expenditures, the level of the national income, and the yield of the tax system. A tentative analysis indicates that there may be room for minor adjustments but not for wholesale readjustments.

#### II. Possible postwar revisions of specific taxes.

A. Individual income tax: Little change in structure but the question of rates and exemptions at the bottom and rates at the top.

B. Estate and gift taxes: No rate decrease seems necessary but major revision either in the form of a transfer tax or of an accessions tax would be desirable.

C. Excise taxes and the general sales tax: Some reduction in excise taxes will be necessary for enforcement purposes (for example, in liquor, to prevent bootlegging) or to avoid repression of the taxed industries. A general sales tax should be avoided.

D. Payroll taxes and social security: The enlargement of social security benefits and coverage, together with higher rates of payroll tax, are involved.

E. Corporation taxes: The high corporate rates and the double taxation of distributed corporate profits present the big problems here. The elimination of double taxation is probably the most difficult of the postwar tax problems.

F. Tax incentives for business: Many special incentives devices have been recommended, most of which would probably not be of much value.

- 2 -

### III. The transition period

During the transition period, some of the most important problems will be: (1) The speeding up of refunds on account of carry-backs and the postwar credit of 10 percent of the excess profits tax, as well as other payments which may be due the taxpayer from the Government; (2) the revision of the carry-back of losses and unused excess profits tax credits; (3) the fixing of a date of repeal of the excess profits tax, whether immediately after the end of the war or some time thereafter; and (4) the rapidity with which steps should be taken to move other wartime taxes to the proposed postwar rates.

May 1, 1944

OFFICE OF WAR MOBILIZATION  
SURPLUS WAR PROPERTY ADMINISTRATION

~~65~~

OFFICE OF ADMINISTRATOR

May 1, 1944

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

Personal

Dear Henry:

Thanks for your note of this date.

I certainly would not select anyone to work with the Treasury without being perfectly sure that you and John and Mr. Olrich looked him over and approved of him.

Sincerely yours,



W. L. Clayton

The Honorable

Henry Morgenthau, Jr.

Secretary of the Treasury

May 1, 1944

*Personal*

Dear Will:

I was very glad to learn from your personal note of April 29th that you are as pleased as I am that we persuaded Mr. Olrich to come with us.

I note from your letter that you are looking for a "top man in the merchandising field". I would appreciate it if, before you appoint such a man, you would give Mr. Olrich and myself an opportunity to look him over to make sure he is the type of person with whom we can work to our mutual advantage.

Sincerely yours,

**(Signed) H. Morganthau, Jr.**

Mr. W. L. Clayton,  
Administrator,  
Office of War Mobilization,  
Surplus War Property Administration,  
811 Vermont Avenue, N.W.,  
Washington 25, D.C.

*Boyer/Steininger  
5/1/44 12:00*

OFFICE OF WAR MOBILIZATION  
SURPLUS WAR PROPERTY ADMINISTRATION

OFFICE OF ADMINISTRATOR

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

PERSONAL

April 29, 1944

Dear Henry:

Just a line to congratulate you and Mr. Ernest L. Olrich on his appointment in connection with the disposal of surplus property.

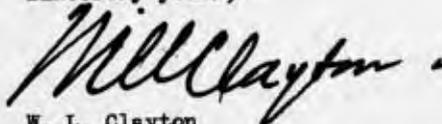
From my impression of one meeting with Mr. Olrich, and from a knowledge of his background and experience, I believe you have found the right man.

I also believe that Mr. Olrich will derive great satisfaction in his work with you and John Sullivan and in the performance of a very important and useful public service.

In due course, we will have here a top man in the merchandising field, who will represent us in working with Mr. Olrich in fixing policies, and making necessary day to day decisions, so that there will be no delay at any time.

With regards and best wishes,

Sincerely yours,



W. L. Clayton  
Administrator

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

cc: Mr. Jehn Sullivan

## TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date

TO Secretary Morgenthau  
FROM Fred Smith *FS*

May 1, 1944

The man we ought to get to handle Public Relations for Olrich, is Harold Smith, who was my good right-hand man at Young and Rubicam, whom you met once in New York.

Smith is 35, has two pre-Pearl Harbor children, is 1A in the draft and is slated to be inducted next month. However, his draft board would defer him if he were in an essential job, instead of in an advertising agency.

I am wondering if we would want to ask for his deferment, if only until such time they again start taking men in that age bracket, regardless of essentiality.

*no*

*S-M, FS*

Mr. Smith to speak to the Secretary and he will explain why the answer is no.



OFFICE OF THE DIRECTOR

TREASURY DEPARTMENT  
PROCUREMENT DIVISION  
WASHINGTON 25

*[Handwritten initials]*



69

May 1, 1944

MEMORANDUM TO THE SECRETARY:

The Army Service Forces have instructed the Ordnance Division to declare 5000 jeeps surplus to us. The Ordnance Division in turn is determining the points from which surplus should be declared and the quantities from each location. Thus far we are advised that 50 jeeps are being declared surplus to us in Region 4, which includes the States of Ohio, Kentucky, Indiana, and West Virginia. A further report will be submitted as soon as we have more information as to the condition of this equipment.

A conference was held with representatives of the tanning industries for further discussions on the disposal of shearlings.

*V. C. C. Y.  
E. C. C. S.  
Jeeps  
[unclear]*

*[Signature]*  
Clifton E. Mack  
Director of Procurement

# TREASURY DEPARTMENT

70

INTER OFFICE COMMUNICATION

CONFIDENTIAL

DATE May 1, 1944

TO Secretary Morgenthau

FROM Mr. Hagg

Subject: The Business Situation,  
Week ending April 29, 1944.

## Summary

Industrial production: Industrial activity decreased slightly in March and the FRB adjusted index of production dropped to 242 from 244 in the previous month. This compares with the war-time peak of 247 reached in October and November 1943. An important factor in the decline was a 6 percent drop in coal production from the previous month's unusually high level. Munitions output rose 3 percent in March after declining for 3 consecutive months.

Commodity prices: Commodity prices showed little change last week, with the BLS index of 28 basic commodities off 0.1 percent. Tightness in the feed situation held cash grain prices steady around ceiling levels. Cotton prices eased slightly, while prices of non-support weights of hogs were off noticeably.

Security prices: Stock prices at New York held steady last week on light trading. Publication of the U. S. Steel report for the first quarter showed earnings better than expected, but high costs took the company out of the excess-profits bracket. Dollar bonds of Axis-occupied countries have recently strengthened.

Farm parity: With average farm prices unchanged last month, the index of prices received by farmers fell below the level of the corresponding month a year earlier for the first time since December 1939. Since the index of prices paid by farmers was also unchanged, farm prices continued to average 115 percent of parity, the same as in the preceding two months. A year ago the parity ratio was 122.

Corn situation: To obtain supplies for the hard-pressed corn processors, the CCC was made the sole purchaser of corn in 125 counties in five Mid-Western states last week. By providing free shelling service at the farm and transportation to the local elevator, the CCC will in effect be granting farmers a subsidy of from 1 to 5 cents per bushel.

- - - -

- 2 -

### Industrial production slightly lower in March

Despite an increase in munitions output and further expansion in steel production, industrial activity declined slightly in March and the FRB adjusted index of production dropped to 242 from 244 in February. On an unadjusted basis, the index has now declined 10 points from the war-time peak attained last October, but after allowance for seasonal factors, the decline has been only 5 points or about 2 percent. (See Chart 1.)

Production in the important transportation equipment and machinery industries decreased moderately in March, although aircraft and merchant ship deliveries increased. According to a preliminary WPB report, machine tool shipments during the month showed a small rise for the first time in a year, but the total of less than \$51 millions contrasted sharply with shipments of \$125 millions in March 1943. Nondurable goods output showed a small decrease in March, largely due to a further decline in chemical production. On the other hand, the output of manufactured foods declined less than seasonally, and was 11 percent greater than in March 1943. Minerals production fell off, chiefly due to a 6 percent drop in coal output resulting from manpower shortages and a return to the 6-day work week in the anthracite mines.

### Munitions output gains

The over-all output of munitions rose 3 percent in March, according to the WPB, after declining for 3 consecutive months. Aircraft production rose to a new high, and on a weight basis increased 9 percent over the February level. Landing craft production rose 26 percent, while total deliveries of naval craft showed a gain of 5 percent, although they failed to meet scheduled requirements.

### Restrictions on civilian goods conversion modified

Further gains in munitions output in coming months were forecast last week by the WPB chairman. About four-fifths of the entire munitions program is slated for further increases, including such items as aircraft, landing craft, large trucks and heavy artillery. A new peak in war production is expected to be reached by August, and in view of this fact it was indicated that civilians could not expect any early general increase in civilian goods supplies. Nevertheless, at the beginning of last week the WPB revoked the order issued earlier in April which tightened up on civilian goods production in

- 3 -

1943 labor shortage areas. In connection with the revocation, the WPB indicated that a new and less sweeping order was being drawn up which would omit certain essential programs from the restrictions. Among the items which are expected to benefit from the action are electric irons, alarm clocks and work clothes.

#### Steel output at new peak

Industrial activity during April has been featured by further gains in steel output, with operations last week rising to 100 percent of capacity, thus breaking all previous weekly tonnage output records. Indicative of the sustained heavy demand for steel, the Chairman of the U. S. Steel Corporation revealed last week that cancellations and cut-backs have been offset by new orders booked by the corporation, and as a consequence there has been no over-all loss of business.

Unfilled orders of the Bethlehem Steel Corporation dropped 21 percent in the first quarter of 1944, due almost entirely to a reduction in shipbuilding bookings. Despite the decline, unfilled orders on April 1 were equivalent to nearly a year's billings at the first quarter's rate of operation, and average quarterly billings for 1944 are expected to approximate the first quarter rate provided there is no change in the military program.

#### Stock prices steady

After a further decline at the beginning of the week, stock prices later improved moderately as selling attributed to invasion uncertainties abated. Daily average stock transactions on the New York Exchange declined 22 percent from the previous week, while closing stock prices on Saturday were virtually unchanged from week-earlier levels. (See Chart 2.)

Publication at mid-week of the U. S. Steel Corporation's first quarter earnings report probably was a moderately stimulating market factor, as quarterly earnings of \$1.23 per share were better than some observers had expected. An interesting feature of the corporation's earnings report was the revelation that higher employment and other costs took the company out of the excess profits bracket in the first quarter. Despite a rise in sales of nearly \$42 millions over the first quarter of 1943, mounting costs, including a \$26 million rise in payrolls, cut income taxes to \$15 millions from \$23 millions a year earlier.

- 4 -

### Dollar bonds of Axis-occupied countries rise

Prospect of an early invasion of Western Europe, and the successes of the Russian armies in Eastern Europe, have in recent months stimulated speculative interest in the dollar bonds of Axis-occupied countries. Indexes which we have compiled for a limited group of dollar bonds of Western and Eastern European countries now under Axis control show that these bonds have recently risen to the highest levels since 1939. (See Chart 3, upper section.) It will be noted that, following sharp declines touched off by the German invasions of Poland and of Norway and Denmark, prices at the end of 1940 were only about one-fifth of the level prevailing at the end of February 1939, just before the German absorption of Czechoslovakia.

With the exception of a short-lived rise after Russia was brought into the war in 1941, sustained improvement in prices of these bonds did not get under way until the North African campaign was opened in November 1942. Since that time, prices of the Western European bonds have shown a steady recovery, and recently have been quoted at nearly 70 percent of the February 28, 1939 level. In line with inherently greater speculative characteristics, the Eastern European bonds have shown a more erratic upward trend. However, as will be seen in the lower section of Chart 3, in recent weeks these bonds have displayed greater strength than those of Western Europe, probably in reflection of the advances of the Russian army. While the Eastern European bonds at the end of last week stood slightly higher in relation to the base period than the Western European bonds, it must be remembered that at the end of February 1939, the former were already selling at depressed levels while the Western European issues were selling above or near par.

### Commodity prices show little change

Commodity prices showed little change last week, although the BLS index of 28 basic commodities was down 0.1 percent. (See Chart 4.) Hog prices for weights covered by the Government support program declined slightly to the support levels, while prices of non-support weights declined noticeably. Continued heavy hog marketings, together with a less active demand, resulted in large carryovers of hogs at several markets. Cotton prices eased slightly and rosin prices declined sharply. Reflecting the opening of the production season, rosin prices have declined for the fifth consecutive week.

- 5 -

The feed supply situation continues very tight, with cash grain prices holding around ceiling levels. Large imports of Canadian grain, however, have been arriving recently both by rail and by boat. Argentina is reported to have an excellent corn crop this year, following a near-failure last year, with the crop estimated at 358 million bushels, or 17 percent above the 1937-42 average. There has consequently been some discussion in the trade concerning possible importation of Argentine corn.

A program to utilize surplus stocks of potatoes for livestock feed was announced by the Minnesota state AAA chairman recently. The CCC will purchase potatoes in that state at the support prices of from \$1.65 to \$1.80 per 100 pounds for No. 1 potatoes, and will resell them immediately to farmers for feed at 30 cents per hundred pounds. At this price, potatoes are said to compare favorably with grain as livestock feed. Other measures taken to support potato prices and to utilize surplus stocks have included the dehydration of potatoes for alcohol production and livestock feed.

The BLS all-commodity index in the week ended April 22 declined 0.2 percent. Lower prices for several farm products largely accounted for the decline. Onion prices were off sharply as a result of an improved supply situation. Having moved in a very narrow range during the past year, the all-commodity index at 103.6 is only 0.2 percent higher than a year ago, but is 38.1 percent above the pre-war level of August 1939.

#### Farm prices lower than a year ago

Farm prices on the average were unchanged last month, and the farm price index fell below the level of the corresponding month a year earlier for the first time since December 1939. The index has moved in a narrow range during the past year, and at 196 percent of the 1909-14 average the index for April was 0.5 percent below that of April 1943, but it was 120.2 percent above the pre-war level of August 1939. While prices of fruit, grains, tobacco and oil-bearing crops have shown a substantial rise during the past year, these increases have been offset by appreciably lower prices for meat animals, eggs, and truck crops. Price ceilings, rationing, and very heavy production of meat animals, eggs, and truck crops, have been largely responsible for stabilizing the index.

- 6 -

Fruit prices in April rose more than 10 percent to an all-time high, 46 percent above the average for this group a year ago. Strawberry prices were sharply higher than last year, with receipts only about half as large. Prices of apples, grapefruit and oranges showed moderate increases for the month. The indexes of grain and cotton prices were up slightly. (See Chart 5.) On the other hand, sharp declines in the prices of tomatoes and carrots helped produce a 9 percent decline in the truck crop index. Dairy products prices were off slightly with the seasonal upswing in production, and egg prices declined substantially. The farm price of eggs on April 15 averaged 27.1 cents per dozen, as compared with 33.7 cents a year ago.

As the index of prices paid by farmers (including interest and taxes) also was unchanged from the preceding month, farm prices continued to average 115 percent of parity. During the past year the index of prices paid has gradually risen, while the index of prices received has shown little change. Consequently, the parity ratio has tended to decline. (A year ago farm prices averaged 122 percent of parity.) All principal farm products are now at or above parity except wheat, cotton, hay, peanuts, rye and lemons.

#### CCC made sole purchaser of corn in five states

In a move to obtain needed supplies for corn processing plants, the CCC last week was made the sole legal purchaser of corn in 125 counties of Nebraska, Minnesota, Iowa, Illinois, and Indiana for a period of 60 days. Although the CCC will pay the local elevator ceiling price, it will provide shelling service at the farm and transportation to the local elevator without cost, thus in effect granting a subsidy to farmers ranging from 1 to 5 cents per bushel. The only exception to the CCC-purchase order is that feeders presenting evidence of immediate need, upon obtaining authorization from the county AAA committee, may purchase limited supplies from farmers.

To further stimulate the flow of corn to processing plants, the OPA announced last week a reduction of 75 cents per hundredweight in the ceiling prices of hogs weighing more than 240 pounds, effective May 15. This provision is intended to discourage the feeding of hogs to heavier weights. While this action may have little immediate effect on hog prices, which are now substantially below the new ceiling levels, it should serve as a warning to farmers against over-feeding. Hog prices now show the least favorable relationship to corn prices since December 1940, and the continued heavy hog marketing, including sizable numbers of hogs lacking desirable finish, indicates a certain amount of liquidation.

- 7 -

Meanwhile the corn processing industry continued to operate last week at sharply reduced levels, with several large plants shut down. The Argo, Illinois, plant of the Corn Products Refining Co., which is the largest in the country, was forced to close Saturday for lack of corn supplies. The Pekin plant of this company has been closed for three weeks and the Kansas City plant has sufficient corn to maintain operations at only 40 percent of capacity. The entire industry, according to press reports, has recently been able to purchase only 25 percent of normal requirements despite the set-aside orders of the Government. Stocks for the industry are reported to have dwindled to a two-weeks' supply.

#### Persistent rains continue to delay planting

Persistent and excessive rains have continued to delay planting in most agricultural sections of the country, particularly in the South, and farming operations are now from 2 to 4 weeks behind the normal schedule in many areas, according to the Weather Bureau. Floods have occurred during the past week in parts of Oklahoma, Kansas, Missouri, Iowa, and Illinois, which have caused some damage to crops, with the Mississippi River reported at the highest flood stage in a century in the St. Louis area. The shortage of farm labor adds to the seriousness of any delay in farm operations this year.

In the South, the planting of corn, peanuts, and cotton has been considerably delayed, according to press reports, which may cause a reduced acreage of these crops. In the Central Plains area a reduction in the oat acreage appears likely because of the late season, but acreage intended for this crop will probably be diverted to corn and soybeans. Winter wheat and pastures, on the other hand, have progressed favorably, except that growth has been retarded in some areas by abnormally low temperatures.

#### Civilian dairy supplies larger

Larger civilian supplies of dairy products are indicated for the second quarter of this year, as reflected in the increase in butter and cheddar (American type) cheese allocations for civilian use recently announced by the WFA, a reduction in the ration value of butter to 12 points from 16 previously, and an increase in quotas governing the sales of fluid cream and fluid milk by-products. Civilian butter supplies in the months April through June, the Department of Agriculture recently stated, will probably be about the same as in March,

- 8 -

and larger than in any month since January 1943, while cheddar cheese supplies will be about 40 million pounds monthly as compared with around 30 million pounds available during previous months.

Since butter production has been increasing without any adjustment in the ration cost of butter, stocks have apparently been built up to a point at which the OPA felt that a reduction in the ration cost this month was feasible. Milk dealers during the next two months will be permitted to sell 100 percent as much cream and milk by-products (chocolate drink, butter-milk, cottage cheese, etc.) as they sold in June 1943, as compared with a previous limitation of 75 percent. Quotas on fluid milk will remain at 100 percent, but sales may be expanded since quotas on cream and milk by-products are transferable to fluid milk in most cases.

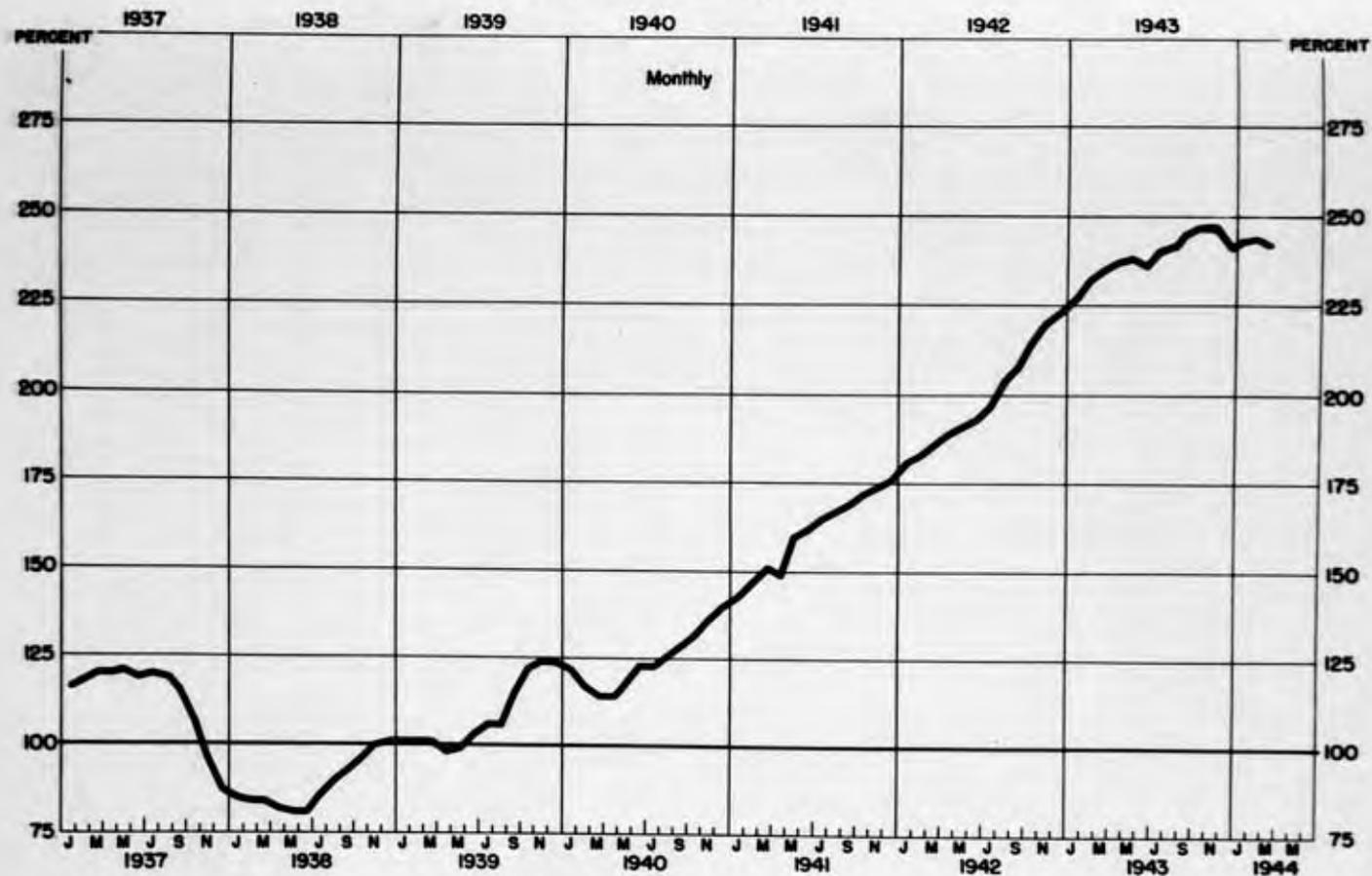
#### Milk production outlook improved

The increase in civilian dairy supplies is largely the result of a greater than usual seasonal increase in milk production, although some improvement in the dairy outlook for the entire year is apparent. While milk production fell below year-earlier levels during the latter part of 1943, it was recently shown a more favorable comparison, and in March was slightly above the record levels of the year before. The small increase was due to a larger number of cows, since production per cow was somewhat lower than that of last year. Milk production in 1944, the WFA now estimates, may equal that of 1943, whereas a few months ago a slight decline had been anticipated. Improved dairy incomes as a result of the dairy production payment program, together with a relatively mild winter, have been factors in the improvement in the milk production outlook. Moreover, the number of milk cows will probably continue to increase during the year, due to the relatively high price of cows for milk in relation to the price of cows for slaughter.

Since the next two months are the peak months for dairy production, the percentage of butter production to be set aside for the Government will be increased to 40 percent in May from the 10 percent set aside last month. (The amount was 50 percent in May 1943.) The cheese set-aside has also been increased from 55 to 60 percent, but this percentage is smaller than the 70 percent set-aside required during May and June last year.

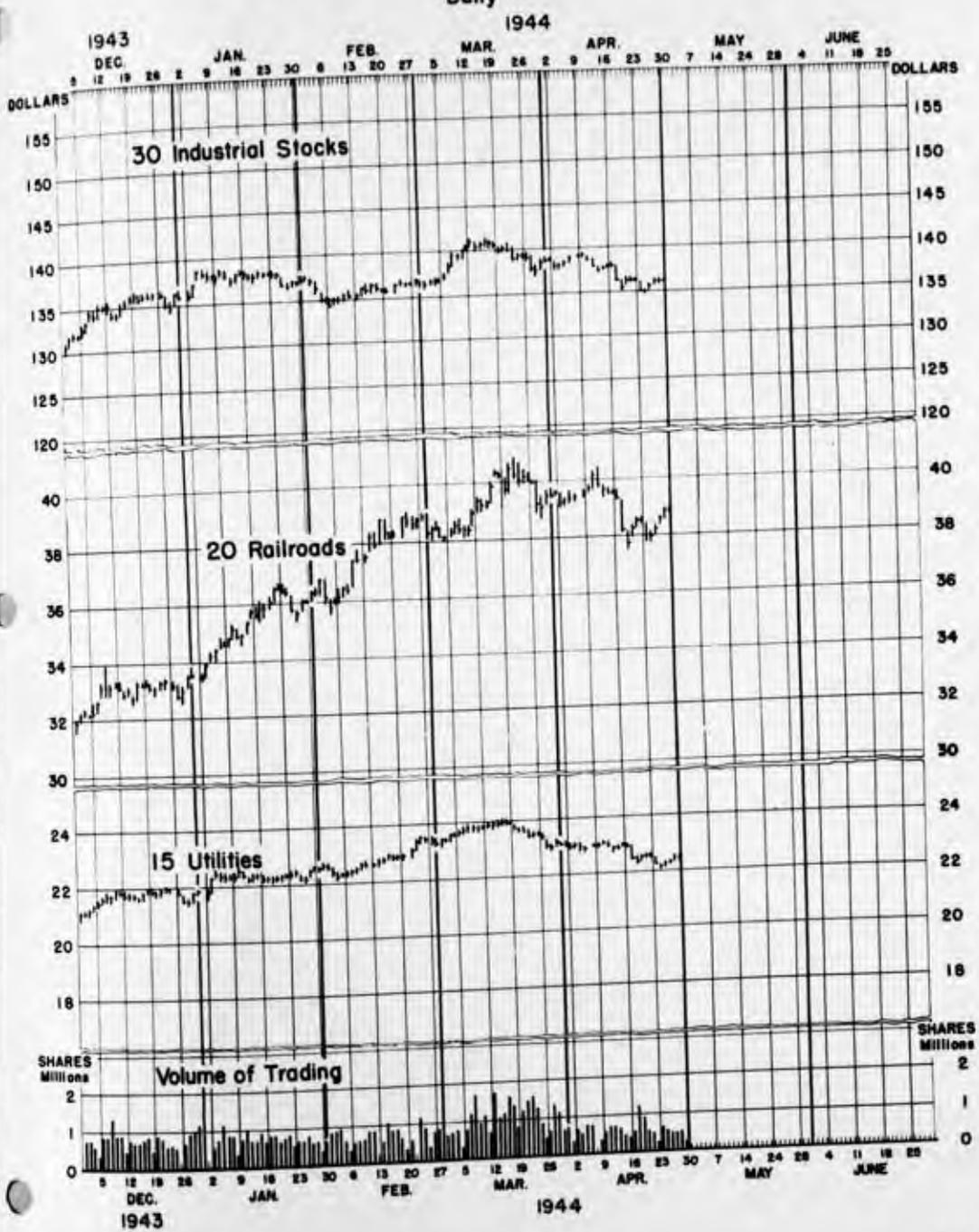
# F.R.B. INDEX OF INDUSTRIAL PRODUCTION, REVISED

1935-'39=100, Seasonally Adjusted



# STOCK PRICES. DOW-JONES AVERAGES

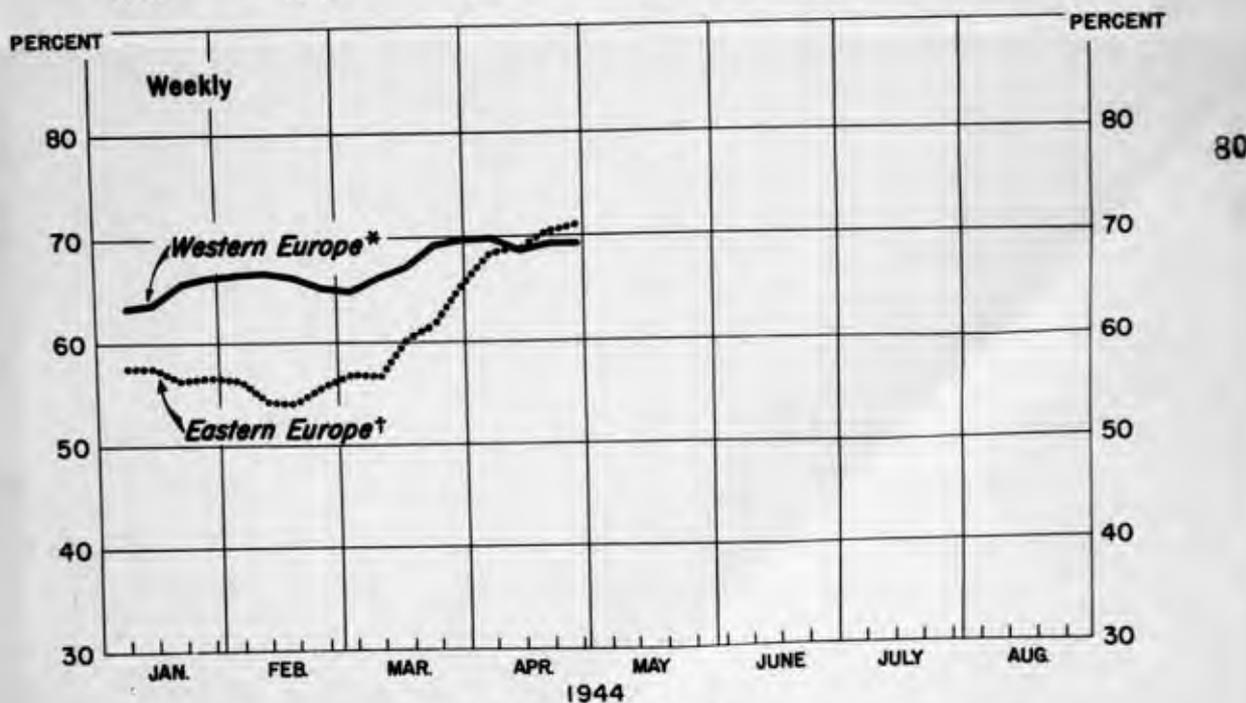
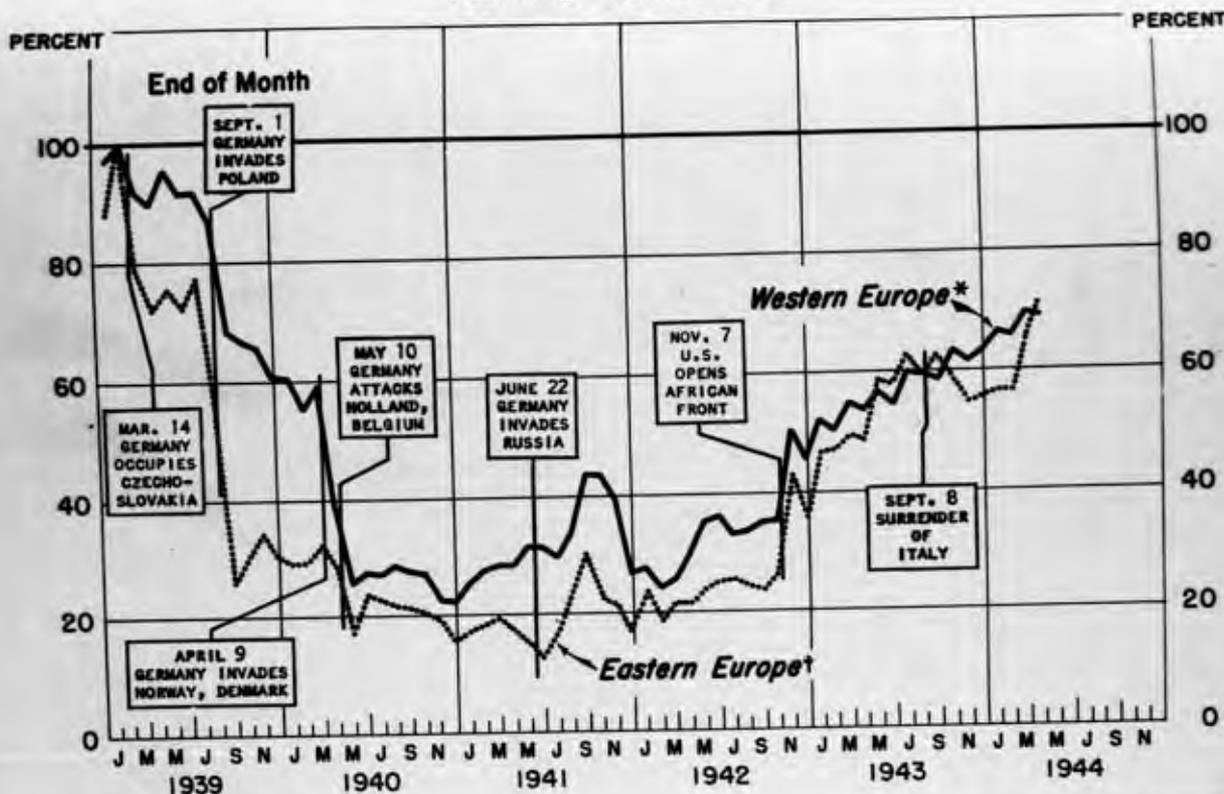
Daily



Office of the Secretary of the Treasury  
Bureau of Research and Statistics

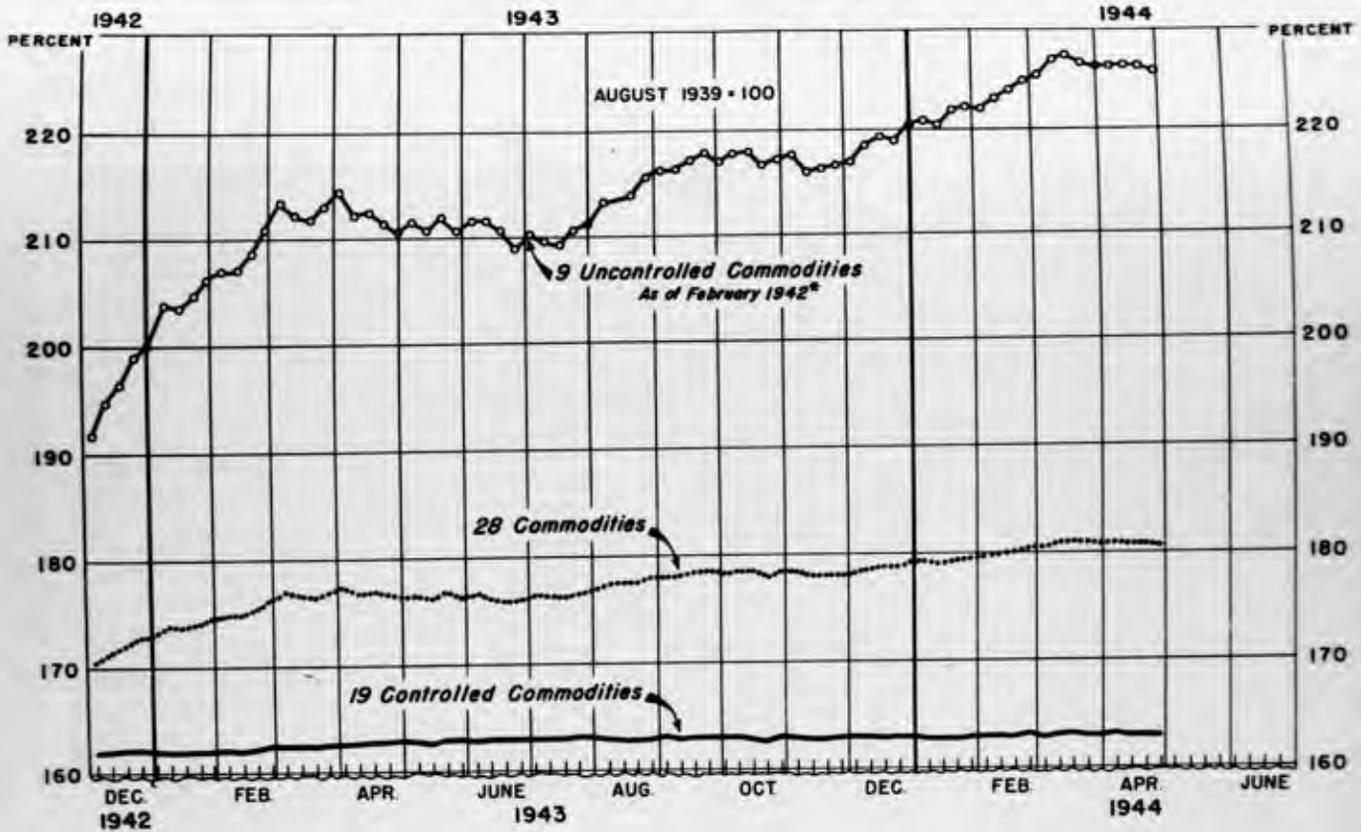
# PRICES OF SELECTED DOLLAR BONDS OF AXIS OCCUPIED COUNTRIES

February 28, 1939=100

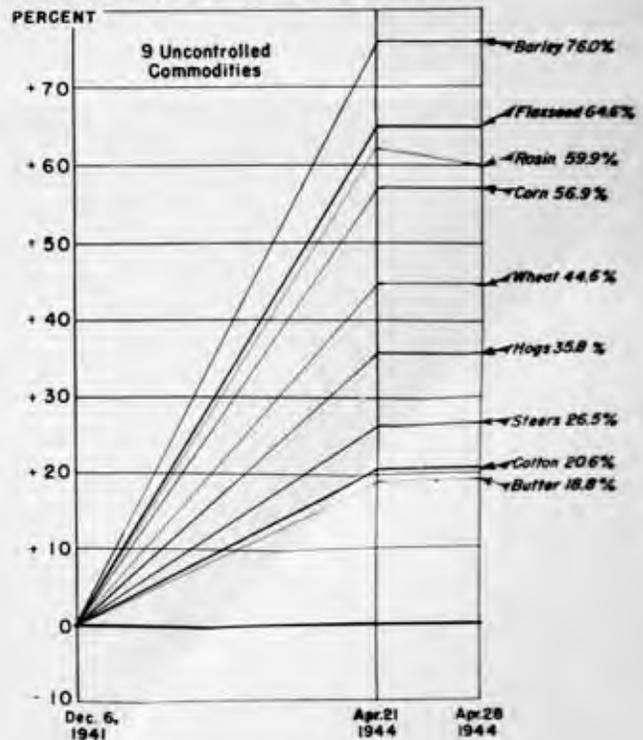
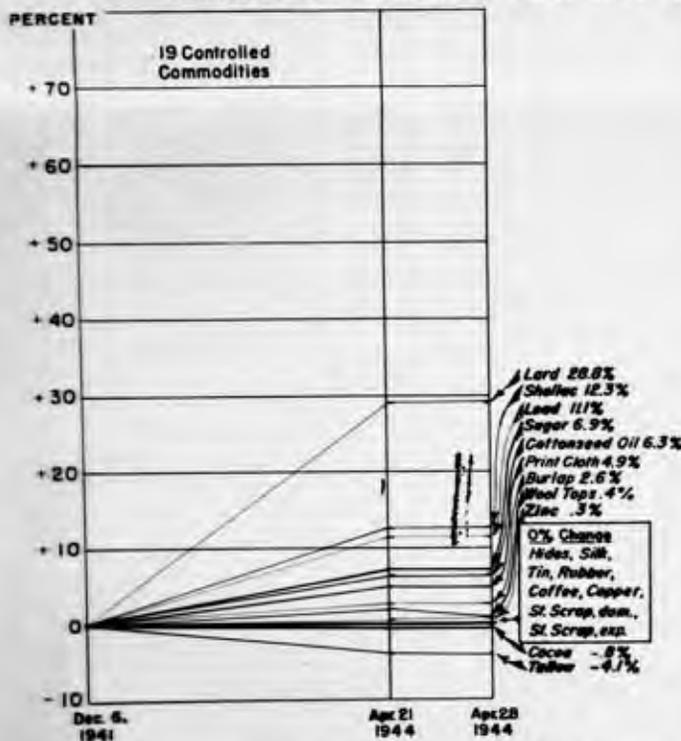


\* Denmark 6's, 1942; Antwerp 5's, 1958; Copenhagen 5's, 1952  
 † Czechoslovakia 8's, 1951; Poland 4 1/2's, 1968, assented; Serbs, Croats and Slovenes 8's, 1962

# MOVEMENT OF BASIC COMMODITY PRICES



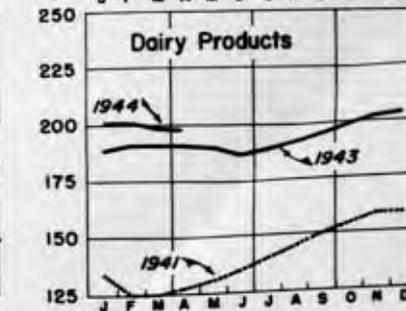
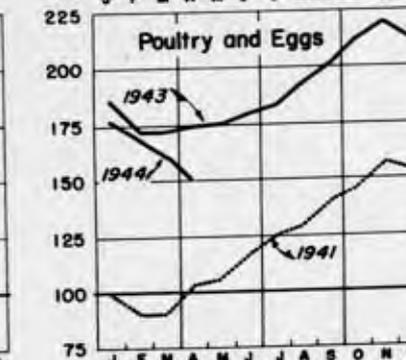
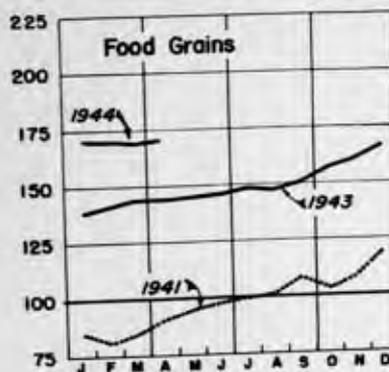
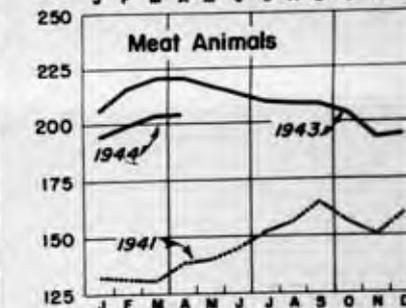
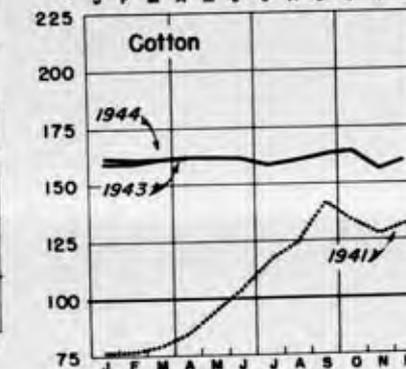
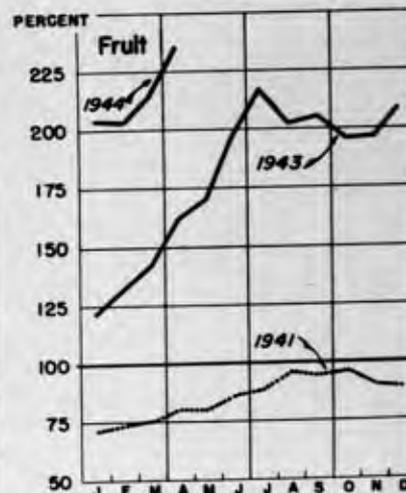
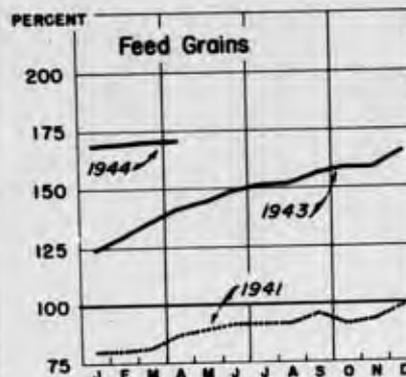
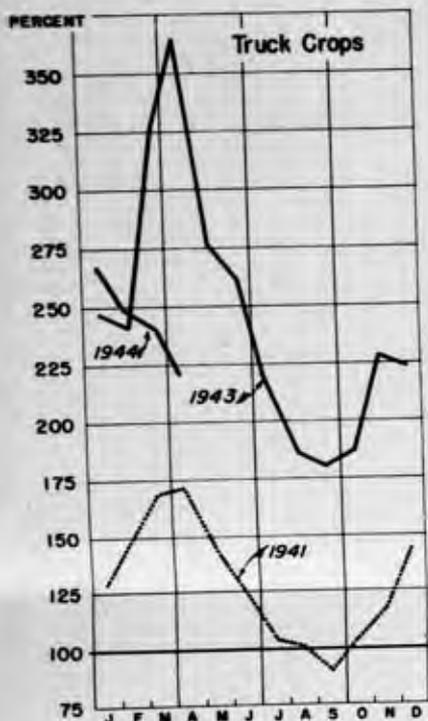
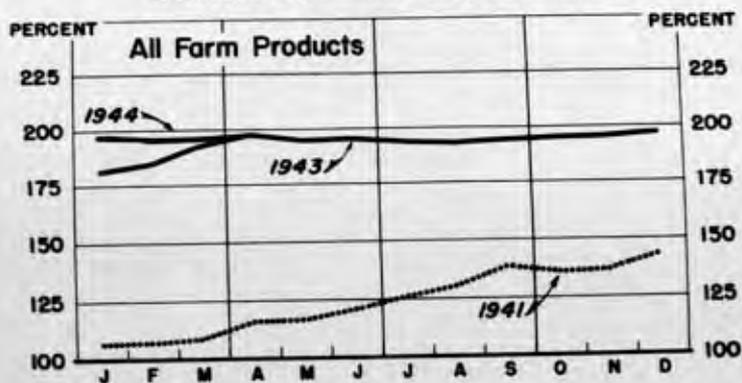
## PERCENTAGE CHANGE DEC. 6, 1942 TO APR. 21, AND APR. 28, 1944



\*All commodities in index are now under some form of price control, except rosin and cotton.

# AVERAGE PRICES RECEIVED BY FARMERS

Indexes, August 1909-July 1914=100



MAY 1 1944

Hon. Louis Ludlow,  
Chairman, Treasury Sub-Committee  
on Appropriations,  
House of Representatives.

Dear Mr. Ludlow:

I am grateful for the copy of the Treasury  
Appropriation Act for 1945 which you were kind  
enough to send me.

I would like to take this opportunity to  
thank you also for the cooperation and assistance  
which you extended to us in connection with your  
Committee's consideration of our estimates.

With kindest personal regards, I remain

Sincerely,

(Signed) H. Morganthau, Jr.

CRS/jm  
4/28/44

CRS      RM

New Treasury Approp-  
riation Law. Compli-  
ments of

84

[PUBLIC LAW 293—78TH CONGRESS]

[CHAPTER 175—2D SESSION]

[H. R. 4133]

AN ACT

Miss  
Sudlow

Making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1945, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

#### TITLE I—TREASURY DEPARTMENT

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Treasury Department for the fiscal year ending June 30, 1945, namely:

##### OFFICE OF THE SECRETARY

Salaries: Secretary of the Treasury, Under Secretary of the Treasury, Fiscal Assistant Secretary of the Treasury, two Assistant Secretaries of the Treasury, and other personal services in the District of Columbia, including the temporary employment of experts, \$412,500: *Provided*, That no part of the money appropriated by this title shall be used to pay the salaries of more than eighteen messengers assigned to duty in the Office of the Secretary.

Reimbursement to District of Columbia, benefit payments to White House Police and Secret Service forces: To enable the Secretary of the Treasury to reimburse the District of Columbia on a monthly basis for benefit payments made from the revenues of the District of Columbia to members of the White House Police force and such members of the United States Secret Service Division as are entitled thereto under the Act of October 14, 1940 (54 Stat. 1118), to the extent that such benefit payments are in excess of the salary deductions of such members credited to said revenues of the District of Columbia during the fiscal year 1945, pursuant to section 12 of the Act of September 1, 1916 (39 Stat. 718), as amended, \$25,000.

##### FOREIGN FUNDS CONTROL

Foreign funds control: For all expenses necessary in carrying out the functions of the Secretary of the Treasury under sections 3 and 5 (b) of the Act of October 6, 1917, as amended (50 U. S. C. (App.) 3, and 50 U. S. C. (Suppl. 1941) 5 (b)), and any proclamations, orders, regulations, or instructions issued thereunder; and in exercising fiscal, financial, banking, property-control, and related functions, authorized by law, and administered by the Treasury Department in foreign countries and arising out of military operations of the United States; including personal services; printing; maintenance, repair, and operation of a motor-propelled passenger-carrying vehicle; and reimbursement of any other appropriation or other funds of the United States or any agency, instrumentality, Territory, or

possession thereof, including the Philippine Islands, and reimbursement of any Federal Reserve bank for printing and other expenditures; \$4,000,000.

#### DIVISION OF TAX RESEARCH

Salaries: For personal services in the District of Columbia, including the employment of experts, \$169,295.

#### OFFICE OF TAX LEGISLATIVE COUNSEL

Salaries: For personal services in the District of Columbia, including the employment of experts, \$103,300.

#### DIVISION OF RESEARCH AND STATISTICS

Salaries: For personal services in the District of Columbia, \$181,500.

#### OFFICE OF GENERAL COUNSEL

Salaries: For the General Counsel and other personal services in the District of Columbia, \$150,000.

#### DIVISION OF PERSONNEL

Salaries: For the Chief of the Division, and other personal services in the District of Columbia, \$191,495.

#### OFFICE OF CHIEF CLERK

Salaries: For the Chief Clerk and other personal services in the District of Columbia, \$345,000.

#### MISCELLANEOUS AND CONTINGENT EXPENSES, TREASURY DEPARTMENT

For miscellaneous and contingent expenses of the Office of the Secretary and the bureaus and offices of the Department, including operating expenses of the Treasury, Treasury Annex, Auditors', and Liberty Loan Buildings; financial journals, purchase (including exchange) of books of reference and lawbooks, technical and scientific books, newspapers, and periodicals, expenses incurred in completing imperfect series, library cards, supplies, and all other necessary expenses connected with the library; not exceeding \$17,000 for traveling expenses, including the payment of actual transportation and subsistence expenses to any person whom the Secretary of the Treasury may from time to time invite to the city of Washington or elsewhere for conference and advisory purposes in furthering the work of the Department; freight, expressage, telegraph and telephone service; maintenance and repair of motortrucks and three passenger automobiles (one for the Secretary of the Treasury and two for general use of the Department), all to be used for official purposes only; file holders and cases; fuel, oils, grease, and heating supplies and equipment; gas and electricity for lighting, heating, and power purposes, including material, fixtures, and equipment therefor; floor covering and repairs thereto, furniture and office equipment, including supplies therefor and repairs thereto; purchase and repair of uniforms for elevator conductors; awnings, window shades, and fixtures; cleaning supplies and equipment; drafting equipment; flags;

hand trucks; ladders; miscellaneous hardware; streetcar fares not exceeding \$650; thermometers; lavatory equipment and supplies; tools and sharpening same; laundry service; laboratory supplies and equipment; removal of rubbish; postage; not to exceed \$30,000 for stationery for the Treasury Department and its several bureaus and offices, and field services thereof, except such bureaus and offices as may be otherwise specifically provided for, including tags, labels, and index cards, printed in the course of manufacturing, packing boxes and other materials necessary for shipping stationery supplies, and cost of transportation of stationery supplies purchased free on board point of shipment and of such supplies shipped from Washington to field offices; and other absolutely necessary articles, supplies, and equipment not otherwise provided for; \$250,000: *Provided*, That the appropriations for the Bureau of Accounts, Bureau of the Public Debt, Internal Revenue Service, Procurement Division, Office of the Treasurer of the United States, Division of Disbursement, and Foreign Funds Control for the fiscal year 1945 are hereby made available for the payment of items otherwise properly chargeable to this appropriation, the provisions of section 6, Act of August 23, 1912 (31 U. S. C. 669), to the contrary notwithstanding.

Printing and binding: For printing and binding for the Treasury Department and its several bureaus and offices, and field services thereof, except such bureaus and offices as may be otherwise specifically provided for, including materials for the use of the bookbinder, located in the Treasury Department, but not including work done at the New York Customhouse bindery authorized by the Joint Committee on Printing in accordance with the Act of March 1, 1919 (44 U. S. C. 111), \$24,000.

#### CUSTODY OF TREASURY BUILDINGS

Salaries of operating force: For the Superintendent of Treasury Buildings and for other personal services in the District of Columbia, including the operating force of the Treasury Building, the Treasury Annex, the Library Loan Building, the Belasco Theatre Building, the Auditors' Building, and the west and south annexes thereof, \$580,000.

#### FISCAL SERVICE

##### BUREAU OF ACCOUNTS

Salaries and expenses: For salaries in the District of Columbia and all other expenses (except printing and binding) of the Bureau of Accounts, including contract stenographic ~~reporting~~ services, stationery (not to exceed \$10,000), supplies and equipment; purchase and exchange of lawbooks, books of reference, periodicals, and newspapers; travel expenses, including expenses of attendance at meetings of organizations concerned with the work of the Bureau of Accounts, \$830,000.

Salaries and expenses, deposit of withheld taxes: For all necessary expenses incident to the deposit of withheld taxes in Government depositories pursuant to the Current Tax Payment Act of 1943, including personal services in the District of Columbia; not to exceed \$47,000 for printing and binding; and reimbursement to Federal

Reserve banks for printing and other necessary expenses, \$675,000.

Printing and binding: For printing and binding for the Bureau of Accounts, \$32,000.

Division of Disbursement, salaries and expenses: For all necessary salaries and expenses, except printing and binding, of the Division of Disbursement, including personal services in the District of Columbia, stationery, and travel, \$3,750,000: *Provided*, That with the approval of the Director of the Bureau of the Budget there may be transferred to this appropriation and to the appropriation "Printing and binding, Division of Disbursement" from funds respectively available for such purposes for the Agricultural Adjustment Agency, Federal Housing Administration, Federal Public Housing Authority, Federal Surplus Commodities Corporation, Federal Prison Industries, Railroad Retirement Board, United States Maritime Commission, the Federal Crop Insurance Corporation, the Commodity Credit Corporation, the Food Distribution Administration, and the Farm Security Administration, such sums as may be necessary to cover the expense incurred in performing the function of disbursement therefor.

Printing and binding: For printing and binding, Division of Disbursement, including the cost of transportation to field offices of printed and bound material and the cost of necessary packing boxes and packing materials, \$82,500.

Contingent expenses, public moneys: For contingent expenses under the requirements of section 3653 of the Revised Statutes (31 U. S. C. 545), for the collection, safekeeping, transfer, and disbursement of the public money, transportation of notes, bonds, and other securities of the United States, transportation of gold coin and gold certificates transferred to Federal Reserve banks and branches, United States mints and assay offices, and the Treasury, after March 9, 1933, actual expenses of examiners detailed to examine the books, accounts, and money on hand at the several depositories, including national banks acting as depositories under the requirements of section 3649, Revised Statutes (31 U. S. C. 548), also including examinations of cash accounts at mints, \$400,000.

Recoinage of silver coins: To enable the Secretary of the Treasury to continue the recoinage of worn and uncurrent subsidiary silver coins of the United States now in the Treasury or hereafter received, and to reimburse the Treasurer of the United States for the difference between the nominal or face value of such coins and the amount the same will produce in new coins, \$200,000.

Relief of the indigent, Alaska: For the payment to the United States district judges in Alaska (not to exceed 10 per centum of the receipts from licenses collected outside of incorporated towns in Alaska), to be expended for the relief of persons in Alaska who are indigent and incapacitated through nonage, old age, sickness, or accident, \$20,000.

Refund of moneys erroneously received and covered: To enable the Secretary of the Treasury to meet any expenditures of the character formerly chargeable to the appropriation accounts abolished under section 18 of the Permanent Appropriation Repeal Act of 1934, approved June 26, 1934, and any other collections erroneously received and covered which are not properly chargeable to any other appropriation, \$75,000.

Payment of unclaimed moneys: To enable the Secretary of the Treasury to meet any expenditures of the character formerly chargeable to the appropriation accounts abolished under section 17 of the Permanent Appropriation Repeal Act of 1934, approved June 26, 1934, payable from the funds held by the United States in the trust fund receipt account "Unclaimed moneys of individuals whose whereabouts are unknown", \$15,000.

#### BUREAU OF THE PUBLIC DEBT

Salaries and expenses: For necessary salaries and expenses connected with the administration of any public debt issues and United States paper currency issues with which the Secretary of the Treasury is charged, including the purchase of lawbooks, directories, books of reference, periodicals, newspapers, and stationery (not to exceed \$45,000), the maintenance, operation, and repair of a motor-propelled passenger-carrying vehicle for use of the Destruction Committee, and personal services in the District of Columbia, \$5,900,000.

Printing and binding: For printing and binding for the Bureau of the Public Debt, \$65,000.

Distinctive paper for United States securities: For distinctive paper for United States currency, including transportation of paper, traveling, mill, and other necessary expenses, and salaries of employees and allowance, in lieu of expenses, of officer or officers detailed from the Treasury Department, not exceeding \$50 per month each when actually on duty, \$929,000: *Provided*, That in order to foster competition in the manufacture of distinctive paper for United States securities, the Secretary of the Treasury is authorized, in his discretion, to split the award for such paper for the fiscal year 1945 between the two bidders whose prices per pound are the lowest received after advertisement.

Expenses of loans: The indefinite appropriation "Expenses of loans, Act of September 24, 1917, as amended and extended" (31 U. S. C. 760, 761), shall not be used during the fiscal year 1945 to supplement the appropriations otherwise provided for the current work of the Bureau of the Public Debt, and the amount obligated under such indefinite appropriation during such fiscal year shall not exceed \$100,500,000 to be expended as the Secretary of the Treasury may direct: *Provided*, That the proviso in the Act of June 16, 1921 (31 U. S. C. 761), limiting the availability of this appropriation for expenses of operations on account of any public debt issue to the close of the fiscal year next following the fiscal year in which such issue was made, shall not apply to savings bond transactions handled by the Federal Reserve banks for account of the Secretary of the Treasury.

#### OFFICE OF THE TREASURER OF THE UNITED STATES

Salaries: For personal services in the District of Columbia, Office of the Treasurer of the United States, \$4,075,000: *Provided*, That with the approval of the Director of the Bureau of the Budget, there may be transferred to this appropriation and to the appropriations "Printing and binding, Office of the Treasurer of the United States" and "Contingent expenses, Office of the Treasurer of the United

States", from funds respectively available for such purposes for the Agricultural Adjustment Agency, Home Owners' Loan Corporation, Tennessee Valley Authority, Federal Farm Mortgage Corporation, Reconstruction Finance Corporation, Federal land banks and other banks and corporations under the supervision of the Farm Credit Administration, Railroad Retirement Board, Federal Crop Insurance Corporation, United States Maritime Commission, Food Distribution Administration, Farm Security Administration, Federal Housing Administration, Federal Public Housing Authority, Commodity Credit Corporation, and corporations and banks under the Federal Home Loan Bank Administration, such sums as may be necessary to cover the expenses incurred on account of such respective activities in clearing of checks, servicing of bonds, handling of collections, and rendering of accounts therefor.

Contingent expenses, Office of the Treasurer of the United States: For all necessary expenses, other than personal services and printing and binding, including travel expenses and purchase of periodicals and books of reference, \$400,000.

Salaries (reimbursable): For personal services in the District of Columbia, in redeeming Federal Reserve notes, \$85,000, to be reimbursed by the Federal Reserve banks.

Printing and binding: For printing and binding for the Office of the Treasurer of the United States, \$115,000.

#### BUREAU OF CUSTOMS

Salaries and expenses: For collecting the revenue from customs, for enforcement, as specified in Executive Order Numbered 9083, of certain navigation laws, for the detection and prevention of frauds upon the customs revenue, and not to exceed \$100,000 for the securing of evidence of violations of the customs and navigation laws; for expenses of transportation and transfer of customs receipts from points where there are no Government depositories; not to exceed \$84,500 for foreign living allowances; not to exceed \$500 for subscriptions to newspapers; not to exceed \$85,000 for stationery; not to exceed \$12,000 for improving, repairing, maintaining, or preserving buildings, inspection stations, office quarters, including living quarters for officers, sheds, and sites along the Canadian and Mexican borders acquired under authority of the Act of June 26, 1930 (19 U. S. C. 68); and for the purchase (not to exceed one hundred and fifty at a price of not exceeding \$1,300 each), maintenance, repair, and operation of motor-propelled passenger-carrying vehicles when necessary for official use in field work; for the payment of extra compensation earned by customs officers or employees for overtime services, at the expense of the parties in interest, in accordance with the provisions of section 5 of the Act approved February 13, 1911, as amended by the Act approved February 7, 1920, and section 451 of the Tariff Act, 1930, as amended (19 U. S. C. 261, 267, and 1451), the receipts from such overtime services to be deposited as a refund to the appropriation from which such overtime compensation is paid, in accordance with the provisions of section 524 of the Tariff Act of 1930, as amended; for the cost of seizure, storage, and disposition of any merchandise, vehicle and team, automobile, boat, air or water craft, or any other conveyance seized under the provisions of the customs

laws, for the purchase of arms, ammunition, and accessories; not to exceed \$700,000 for personal services in the District of Columbia exclusive of ten persons from the field force authorized to be detailed under section 525 of the Tariff Act of 1930, and reimbursement, at not to exceed 3 cents per mile, of employees for travel performed by them in privately owned automobiles while engaged in inspecting, guarding, admeasuring, examining, sampling, investigating, and storekeeping duties within the limits of their official station, \$25,500,000.

Printing and binding: For printing and binding, Bureau of Customs, including the cost of transportation to field offices of printed and bound material and the cost of necessary packing boxes and packing materials, \$85,000.

Refunds and drawbacks (indefinite appropriation): For the refund or payment of customs collections or receipts, and for the payment of debentures or drawbacks, bounties, and allowances, as authorized by law, there is hereby made available such amount as may be necessary.

#### OFFICE OF THE COMPTROLLER OF THE CURRENCY

Salaries: Comptroller of the Currency and other personal services in the District of Columbia, \$276,600.

Printing and binding: For printing and binding for the Office of the Comptroller of the Currency, \$17,000.

#### BUREAU OF INTERNAL REVENUE

Salaries and expenses: For salaries and expenses in connection with the assessment and collection of internal-revenue taxes and the administration of the internal-revenue laws, including the administration of such provisions of other laws as are authorized by or pursuant to law to be administered by or under the direction of the Commissioner of Internal Revenue, including one stamp agent (to be reimbursed by the stamp manufacturers) and the employment of experts; the securing of evidence of violations of the Acts, the cost of chemical analyses made by others than employees of the United States and expenses incident to such chemists testifying when necessary; telegraph and telephone service, postage, freight, express, necessary expenses incurred in making investigations in connection with the enrollment or disbarment of practitioners before the Treasury Department in internal-revenue matters, expenses of seizure and sale, and other necessary miscellaneous expenses, including stenographic reporting services; for the acquisition of property under the provisions of title III of the Liquor Law Repeal and Enforcement Act, approved August 27, 1935 (49 Stat. 872-881), and the operation, maintenance, and repair of property acquired under such title III; for the purchase (not to exceed thirty-four), hire, maintenance, repair, and operation of motor-propelled or horse-drawn passenger-carrying vehicles when necessary, for official use of the Alcohol Tax and Intelligence Units in field work; printing and binding (not to exceed \$2,000,000); and the procurement of such supplies, stationery (not to exceed \$1,400,000), equipment, furniture, mechanical devices, laboratory supplies, periodicals, newspapers for the Alcohol Tax Unit, ammunition, lawbooks and books of reference, and such other articles as may be necessary,

\$143,400,000, of which amount not to exceed \$13,910,000 may be expended for personal services in the District of Columbia: *Provided*, That not more than \$100,000 of the total amount appropriated herein may be expended by the Commissioner of Internal Revenue for detecting and bringing to trial persons guilty of violating the internal-revenue laws or conniving at the same, including payments for information and detection of such violation.

Refunds and payments of processing and related taxes: For refunds and payments of processing and related taxes as authorized by titles IV and VII, Revenue Act of 1936, as amended; for refunds of taxes collected (including penalties and interest) under the Cotton Act of April 21, 1934, as amended (48 Stat. 598), the Tobacco Act of June 28, 1934, as amended (48 Stat. 1275), and the Potato Act of August 24, 1935 (49 Stat. 782), in accordance with the Second Deficiency Appropriation Act, fiscal year 1938 (52 Stat. 1150), as amended, and as otherwise authorized by law; and for redemption of tax stamps purchased under the aforesaid Tobacco and Potato Acts, there is hereby continued available, during the fiscal year 1945, the unexpended balance of the funds made available to the Treasury Department for these purposes for the fiscal year 1944 by the Treasury Department Appropriation Act, 1944.

Additional income tax on railroads in Alaska: For the payment to the Treasurer of Alaska of an amount equal to the tax of 1 per centum collected on the gross annual income of all railroad corporations doing business in Alaska, on business done in Alaska, which tax is in addition to the normal income tax collected from such corporations on net income, the amount of such additional tax to be applicable to general Territorial purposes, \$21,850.

Refunding internal-revenue collections (indefinite appropriation): For refunding internal-revenue collections, as provided by law, including the payment of claims for the prior fiscal years and payment of accounts arising under "Allowance or draw-back (Internal Revenue)", "Redemption of stamps (Internal Revenue)", "Refunding legacy taxes, Act of March 30, 1928", and "Repayment of taxes on distilled spirits destroyed by casualty", there is hereby appropriated such amount as may be necessary: *Provided*, That a report shall be made to Congress by internal-revenue districts and alphabetically arranged of all disbursements hereunder in excess of \$500 as required by section 3 of the Act of May 29, 1928 (sec. 3776, I. R. C.), including the names of all persons and corporations to whom such payments are made, together with the amount paid to each.

#### BUREAU OF NARCOTICS

Salaries and expenses: For expenses to enforce sections 2550-2565; 2567-2571; 2590-2603; 3220-3228; 3230-3238 of the Internal Revenue Code; the Narcotic Drugs Import and Export Act, as amended (21 U. S. C. 171-184); the Act of June 14, 1930 (5 U. S. C. 282-282c and 21 U. S. C. 197-198) and the Opium Poppy Control Act of 1942 (21 U. S. C. Supp. II, 188-188n), including the employment of executive officers, attorneys, agents, inspectors, chemists, supervisors, clerks, messengers, and other necessary employees in the field and in the Bureau of Narcotics in the District of Columbia, to be appointed as authorized by law; the securing of information and

evidence of violations of the aforementioned laws and regulations promulgated thereunder; the costs of chemical analyses made by others than employees of the United States; the purchase of such supplies, equipment, mechanical devices, books, stationery (not to exceed \$6,000), and such other expenditures as may be necessary in the several field offices; cost incurred by officers and employees of the Bureau of Narcotics in the seizure, forfeiture, storage, and disposition of property under the Act of August 9, 1939 (49 U. S. C. 781-788) and the internal-revenue laws; hire, maintenance, repair, and operation of motor-propelled or horse-drawn passenger-carrying vehicles when necessary for official use in field work; purchase of arms and ammunition; in all, \$1,338,467, of which amount not to exceed \$195,904 may be expended for personal services in the District of Columbia: *Provided*, That not exceeding \$10,000 may be expended for the collection and dissemination of information and appeal for law observance and law enforcement, including cost of printing, purchase of newspapers, and other necessary expenses in connection therewith and not exceeding \$1,500 for attendance at meetings concerned with the work of the Bureau of Narcotics: *Provided further*, That not exceeding \$10,000 may be expended for services or information looking toward the apprehension of narcotic law violators who are fugitives from justice: *Provided further*, That moneys expended from this appropriation for the purchase of narcotics including marijuana, and subsequently recovered shall be reimbursed to the appropriation for enforcement of the narcotic and marijuana laws current at time of the deposit.

Printing and binding: For printing and binding for the Bureau of Narcotics, \$4,000.

#### BUREAU OF ENGRAVING AND PRINTING

For the work of engraving and printing, exclusive of repay work, during the fiscal year 1945, United States currency and internal-revenue stamps, including opium orders and special-tax stamps required under the Act of December 17, 1914 (26 U. S. C. 1040, 1388), checks, drafts, and miscellaneous work, as follows:

Salaries and expenses: For the Director, two Assistant Directors, and other personal services in the District of Columbia, including wages of rotary press plate printers at per diem rates and all other plate printers at piece rates to be fixed by the Secretary of the Treasury, not to exceed the rates usually paid for such work; and all other necessary expenses, except printing and binding, including engravers' and printers' materials and other materials, including distinctive and nondistinctive paper, except distinctive paper for United States currency and Federal Reserve bank currency; purchase of tabulating machine card checks; equipment of, repairs to, and maintenance of buildings and grounds and minor alterations to buildings; periodicals, examples of engraving and printing, including foreign securities and stamps, and books of reference, not to exceed \$500; traveling expenses not to exceed \$15,000; articles approved by the Secretary of the Treasury as being necessary for the protection of the person of employees, not to exceed \$2,200; stationery, not to exceed \$5,000; transfer to the Bureau of Standards for scientific investigations in connection with the work of the Bureau of Engrav-

ing and Printing, not to exceed \$15,000; and maintenance and driving of two motor-propelled passenger-carrying vehicles; \$10,000,000, to be expended under the direction of the Secretary of the Treasury.

Printing and binding: For printing and binding for the Bureau of Engraving and Printing, \$5,500.

During the fiscal year 1945 all proceeds derived from work performed by the Bureau of Engraving and Printing, by direction of the Secretary of the Treasury, not covered and embraced in the appropriations for such Bureau for such fiscal year, instead of being covered into the Treasury as miscellaneous receipts, as provided by the Act of August 4, 1896 (31 U. S. C. 176), shall be credited when received to the appropriations for such Bureau for the fiscal year 1945.

#### SECRET SERVICE DIVISION

Salaries: For the Chief of the Division and other personal services in the District of Columbia, \$85,000.

Suppressing counterfeiting and other crimes: For salaries and other expenses under the authority or with the approval of the Secretary of the Treasury in detecting, arresting, and delivering into the custody of the United States marshal or other officer having jurisdiction, dealers and pretended dealers in counterfeit money, persons engaged in counterfeiting, forging, and altering United States notes, bonds, national-bank notes, Federal Reserve notes, Federal Reserve bank notes, and other obligations and securities of the United States and of foreign governments (including endorsements thereon and assignments thereof), as well as the coins of the United States and of foreign governments, and persons committing other crimes against the laws of the United States relating to the Treasury Department and the several branches of the public service under its control; purchase (not to exceed twenty), hire, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles when necessary; purchase of arms and ammunition; stationery (not to exceed \$7,500); traveling expenses; and for no other purpose whatsoever, except in the performance of other duties specifically authorized by law, and in the protection of the person of the President and the members of his immediate family and of the person chosen to be President of the United States, \$1,629,000: *Provided*, That of the amount herein appropriated not to exceed \$15,000 may be expended in the discretion of the Secretary of the Treasury for the purpose of securing information concerning violations of the laws relating to the Treasury Department, and for services or information looking toward the apprehension of criminals.

White House Police: For one captain, one inspector, four lieutenants, six sergeants, and one hundred and eight privates, at rates of pay provided by law, \$300,000, notwithstanding the provisions of the Act of April 22, 1940 (3 U. S. C. 62).

For uniforming and equipping the White House Police, including the purchase, issue, and repair of revolvers, and the purchase and issue of ammunition and miscellaneous supplies, to be procured in such manner as the President in his discretion may determine, \$9,000.

Salaries and expenses, guard force, Treasury buildings: For salaries and expenses of the guard force for Treasury Department buildings in the District of Columbia, including the Bureau of Engraving and Printing, including purchase, repair, and cleaning of uniforms,

maintenance, repair, and operation of motor-propelled passenger-carrying vehicles, and the purchase of arms and ammunition and miscellaneous equipment, \$600,000: *Provided*, That not to exceed \$100,000 of the appropriation "Salaries and expenses, Bureau of Engraving and Printing", may be transferred to this appropriation to cover service rendered such Bureau in connection with the protection of currency, bonds, stamps, and other papers of value the cost of producing which is not covered and embraced in the direct appropriations for such Bureau: *Provided further*, That the Secretary of the Treasury may detail two agents of the Secret Service to supervise such force.

Printing and binding: For printing and binding for the Secret Service Division, \$7,000.

#### BUREAU OF THE MINT

Salaries and expenses, Office of the Director: For personal services in the District of Columbia and for assay laboratory chemicals, fuel, materials, balances, weights, stationery (not to exceed \$700), books, periodicals, specimens of coins, ores, and travel and other expenses incident to the examination of mints, visiting mints for the purpose of superintending the annual settlement, and for the collection of statistics relative to the annual production and consumption of the precious metals in the United States, \$108,000.

Transportation of bullion and coin: For transportation of bullion and coin, by registered mail or otherwise, between mints, assay offices, and bullion depositories, \$12,800, including compensation of temporary employees and other necessary expenses.

Salaries and expenses, mints and assay offices: For compensation of officers and employees of the mints at Philadelphia, Pennsylvania; San Francisco, California; and Denver, Colorado; the assay offices at New York, New York; and Seattle, Washington, and the bullion depositories at Fort Knox, Kentucky; and West Point, New York, including necessary personal services for carrying out the provisions of the Gold Reserve Act of 1934 and the Silver Purchase Act of 1934, and any Executive orders, proclamations, and regulations issued thereunder, and for incidental and contingent expenses, including traveling expenses, stationery (not to exceed \$2,900), new machinery and repairs, arms and ammunition, purchase and maintenance of uniforms and accessories for guards, protective devices, and their maintenance, training of employees in use of firearms and protective devices, purchase of two and the maintenance, repair, and operation of three motor-propelled passenger-carrying vehicles, cases and enameling for medals manufactured, net ~~wastage~~ in melting and refining and in coining departments, loss on sale of sweeps arising from the treatment of bullion and the manufacture of coins, not to exceed \$500 for the expenses of the annual assay commission, and not exceeding \$1,000 for the acquisition, at the dollar face amount or otherwise, of specimen and rare coins, including United States and foreign gold coins and pieces of gold used as, or in lieu of, money, and ores, for addition to the Government's collection of such coins, pieces, and ores; \$5,500,000.

Printing and binding: For printing and binding for the Bureau of the Mint, \$7,000.

## PROCUREMENT DIVISION

Salaries and expenses: For the Director of Procurement and other personal services in the District of Columbia and in the field service, and for miscellaneous expenses, including office supplies and materials, stationery (not to exceed \$27,500), purchase of motortrucks and maintenance and operation of such trucks and motor-propelled passenger-carrying vehicles, telegrams, telephone service, traveling expenses, office equipment, fuel, light, electric current, and other expenses for carrying into effect regulations governing the procurement, warehousing, and distribution by the Procurement Division of the Treasury Department of property, equipment, stores, and supplies in the District of Columbia and in the field (including not to exceed \$500 to settle claims for damages caused to private property by motor vehicles used by the Procurement Division), \$1,190,000: *Provided*, That the Secretary of the Treasury is authorized and directed during the fiscal year 1945 to transfer to this appropriation from any appropriations or funds available to the several departments and establishments of the Government for the fiscal year 1945 such amounts as may be approved by the Director of the Bureau of the Budget, not to exceed the sum of (a) the amount of the annual compensation of employees who may be transferred or detailed to the Procurement Division, respectively, from any such department or establishment, where the transfer or detail of such employees is incident to a transfer of a function or functions to that Division and (b) such amount as the Director of the Bureau of the Budget may determine to be necessary for expenses other than personal services incident to the proper carrying out of functions so transferred: *Provided further*, That when there has been or shall be transferred from any agency of the Government to the Procurement Division any function of warehousing, and the agency from which such function is being transferred is authorized at the time of such transfer to perform functions of procurement, warehousing, or distribution of property, equipment, stores, or supplies for non-Federal agencies the Procurement Division is authorized during the fiscal year 1945 to continue the performance of such functions for such non-Federal agencies where such functions are to be discontinued by the agency from which the warehousing function has been transferred, and the receipts, including surcharge, for all issues to and all advances by all non-Federal agencies shall be credited to the general supply fund: *Provided further*, That payments during the fiscal year 1945 to the general supply fund for materials, and supplies (including fuel), and services, and overhead expenses for all issues shall be made on the books of the Treasury Department by transfer and counterwarrants prepared by the Procurement Division of the Treasury Department and countersigned by the Comptroller General, such warrants to be based solely on itemized invoices prepared by the Procurement Division at issue prices to be fixed by the Director of Procurement: *Provided further*, That advances received pursuant to law (31 U. S. C. 686) from departments and establishments of the United States Government and the government of the District of Columbia during the fiscal year 1945 shall be credited to the general supply fund: *Provided further*, That during the fiscal year 1945 there shall be available from the general supply fund for per-

sonal services in the District of Columbia not to exceed \$1,250,000: *Provided further*, That per diem employees engaged in work in connection with operations of the fuel yards may be paid rates of pay approved by the Secretary of the Treasury not exceeding current rates for similar services in the District of Columbia: *Provided further*, That the term "fuel" shall be held to include "fuel oil": *Provided further*, That the reconditioning and repair of surplus property and equipment for disposition or reissue to Government service, may be made at cost by the Procurement Division, payment therefor to be effected by charging the proper appropriation and crediting the general supply fund: *Provided further*, That all orders for printing and binding for the Treasury Department, exclusive of work performed in the Bureau of Engraving and Printing and exclusive of such printing and binding as may under existing law be procured by field offices under authorization of the Joint Committee on Printing, shall be placed by the Director of Procurement in accord with the provisions of existing law.

Repairs to typewriting machines (except bookkeeping and billing machines) in the Government service in the District of Columbia and areas adjacent thereto may be made at cost by the Procurement Division, payment therefor to be effected by charging the proper appropriation and crediting the general supply fund.

No part of any money appropriated by this or any other Act shall be used during the fiscal year 1945 for the purchase, within the continental limits of the United States, of any standard typewriting machines (except bookkeeping, billing, and electric machines) at a price in excess of the following for models with carriages which will accommodate paper of the following widths to wit: Ten inches (correspondence models), \$70; twelve inches, \$75; fourteen inches, \$77.50; sixteen inches, \$82.50; eighteen inches, \$87.50; twenty inches, \$94; twenty-two inches, \$95; twenty-four inches, \$97.50; twenty-six inches, \$103.50; twenty-eight inches, \$104; thirty inches, \$105; thirty-two inches, \$107.50; or, for standard typewriting machines distinctively quiet in operation, the maximum prices shall be as follows for models with carriages which will accommodate paper of the following widths, to wit: Ten inches, \$80; twelve inches, \$85; fourteen inches, \$90; eighteen inches, \$95.

Federal property utilization: For necessary expenses of the Procurement Division in connection with the transportation, handling, warehousing, safeguarding, rehabilitating, transferring to Government agencies, and otherwise disposing of supplies and equipment, including personal services in the District of Columbia and elsewhere, stationery (not to exceed \$45,000), purchase (including exchange) of books of reference and periodicals, printing and binding (not to exceed \$40,000), and advertising, \$6,250,000.

Printing and binding: For printing and binding for the Procurement Division, including printed forms and miscellaneous items for general use of the Treasury Department, the cost of transportation to field offices of printed and bound material and the cost of necessary packing boxes and packing materials, \$150,000, together with not to exceed \$4,000 to be transferred from the general supply fund, Treasury Department.

Appropriations of the Treasury Department for the fiscal year 1945 shall be available, in accordance with the Standardized Government Travel Regulations, the Subsistence Expense Act of 1926, as amended (5 U. S. C., ch. 16), and the Act of February 14, 1931, as amended (5 U. S. C. 73a), for the payment of travel expenses to and from their homes or regular places of business and per diem in lieu of subsistence at place of employment of persons employed intermittently away from their homes or regular places of business by the Treasury Department as consultants and receiving compensation on a per diem when actually employed basis.

No part of any appropriation or authorization in this Act shall be used to pay any part of the salary or expenses of any person whose salary or expenses are prohibited from being paid from any appropriation or authorization in any other Act.

This title may be cited as the "Treasury Department Appropriation Act, 1945".

## TITLE II—POST OFFICE DEPARTMENT

The following sums are appropriated in conformity with the Act of July 2, 1836 (5 U. S. C. 380, 39 U. S. C. 786), for the Post Office Department for the fiscal year ending June 30, 1945, namely:

### POST OFFICE DEPARTMENT, WASHINGTON, DISTRICT OF COLUMBIA

#### OFFICE OF THE POSTMASTER GENERAL

Salaries: For the Postmaster General and other personal services in the office of the Postmaster General in the District of Columbia, \$278,500.

#### SALARIES IN BUREAUS AND OFFICES

For personal services in the District of Columbia in bureaus and offices of the Post Office Department in not to exceed the following amounts, respectively:

Office of Budget and Administrative Planning, \$40,430.  
Office of the First Assistant Postmaster General, \$787,500.  
Office of the Second Assistant Postmaster General, \$648,100.  
Office of the Third Assistant Postmaster General, \$1,013,000.  
Office of the Fourth Assistant Postmaster General, \$560,000.  
Office of the Solicitor for the Post Office Department, \$140,000.  
Office of the chief inspector, \$341,233.  
Office of the purchasing agent, \$69,000.  
Bureau of Accounts, \$318,000.

#### CONTINGENT EXPENSES, POST OFFICE DEPARTMENT

For contingent and miscellaneous expenses; including stationery and blank books, index and guide cards, folders and binding devices, purchase of free penalty envelopes; telegraph and telephone service, furniture and filing cabinets and repairs thereto; purchase of tools and electrical supplies; maintenance of two motor-driven passenger-carrying vehicles; floor coverings; postage stamps for correspondence addressed abroad, which is not exempt under article 49 of the Buenos Aires Convention of the Universal Postal Union; purchase and

exchange of lawbooks, and books of reference; newspapers, not exceeding \$200; expenses, except membership fees, of attendance at meetings or conventions concerned with postal affairs, when incurred on the written authority of the Postmaster General, not exceeding \$2,000; and expenses of the purchasing agent and of the Solicitor and attorneys connected with his office while traveling on business of the Department, not exceeding \$1,200; and other expenses not otherwise provided for; \$131,900.

For printing and binding for the Post Office Department, including all of its bureaus, offices, institutions, and services located in Washington, District of Columbia, and elsewhere, \$1,350,000.

Appropriations hereinafter made for the field service of the Post Office Department, except as otherwise provided, shall not be expended for any of the purposes hereinbefore provided for on account of the Post Office Department in the District of Columbia: *Provided*, That the actual and necessary expenses of officials and employees of the Postal Office Department and Postal Service, when traveling on official business, may be paid from the appropriations for the service in connection with which the travel is performed, and appropriations for the fiscal year 1945 shall be available therefor: *Provided further*, That appropriations hereinafter made, except such as are exclusively for payment of compensation, shall be immediately available for expenses in connection with the examination of estimates for appropriations in the field including per diem allowances in lieu of actual expenses of subsistence.

### FIELD SERVICE, POST OFFICE DEPARTMENT

#### OFFICE OF THE POSTMASTER GENERAL

Travel expenses, Postmaster General and Assistant Postmasters General: For travel and miscellaneous expenses in the Postal Service, offices of the Postmaster General and Assistant Postmasters General, \$3,000.

Personal or property damage claims: To enable the Postmaster General to pay claims for damages, occurring during the fiscal year 1945, or in prior fiscal years, to persons or property in accordance with the provisions of the Deficiency Appropriation Act, approved June 16, 1921 (5 U. S. C. 392), as amended by the Act approved June 22, 1934 (48 Stat. 1207), \$75,000.

Adjusted losses and contingencies: To enable the Postmaster General to pay to postmasters, Navy mail clerks, and assistant Navy mail clerks or credit them with the amount ascertained to have been lost or destroyed during the fiscal year 1945, or prior fiscal years, through burglary, fire, or other unavoidable casualty resulting from no fault or negligence on their part, as authorized by the Act approved March 17, 1882, as amended, \$55,000.

#### OFFICE OF CHIEF INSPECTOR

Salaries of inspectors: For salaries of fifteen inspectors in charge of divisions and seven hundred and ninety-five inspectors, \$3,273,400.

Traveling and miscellaneous expenses: For traveling expenses of inspectors, inspectors in charge, the chief post-office inspector, and the assistant chief post-office inspector, and for the traveling expenses

of four clerks performing stenographic and clerical assistance to post-office inspectors in the investigation of important fraud cases; for tests, exhibits, documents, photographs, office, and other necessary expenses incurred by post-office inspectors in connection with their official investigations, including necessary miscellaneous expenses of division headquarters, and not to exceed \$500 for books of reference needed in the operation of the Post Office Inspection Service, \$962,133: *Provided*, That not exceeding \$14,600 of this sum shall be available for transfer by the Postmaster General to other departments and independent establishments for chemical and other investigations.

Clerks, division headquarters: For compensation of three hundred and forty-three clerks at division headquarters and other posts of duty of post-office inspectors, \$1,026,716.

Payment of rewards: For payment of rewards for the detection, arrest, and conviction of post-office burglars, robbers, highway mail robbers, and persons mailing or causing to be mailed any bomb, infernal machine, or mechanical, chemical, or other device or composition which may ignite, or explode, \$55,000: *Provided*, That rewards may be paid in the discretion of the Postmaster General, when an offender of the classes mentioned was killed in the act of committing the crime or in resisting lawful arrest: *Provided further*, That no part of this sum shall be used to pay any rewards at rates in excess of those specified in Post Office Department Order 15142, dated February 19, 1941: *Provided further*, That of the amount herein appropriated not to exceed \$20,000 may be expended in the discretion of the Postmaster General, for the purpose of securing information concerning violations of the postal laws and for services and information looking toward the apprehension of criminals.

#### OFFICE OF THE FIRST ASSISTANT POSTMASTER GENERAL

Compensation to postmasters: For compensation to postmasters, including compensation as postmaster to persons who, pending the designation of an acting postmaster, assume and properly perform the duties of postmaster in the event of a vacancy in the office of postmaster of the third or fourth class, and for allowances for rent, light, fuel, and equipment to postmasters of the fourth class, \$65,800,000.

Compensation to assistant postmasters: For compensation to assistant postmasters at first- and second-class post offices, \$11,128,500.

Clerks, first- and second-class post offices: For compensation to clerks and employees at first- and second-class post offices, including auxiliary clerk hire at summer and winter post offices, printers, mechanics, skilled laborers, watchmen, messengers, laborers, and substitutes, \$309,970,500.

Contract station service: For contract station service, \$2,700,000.

Separating mails: For separating mails at third- and fourth-class post offices, \$491,500.

Unusual conditions: For unusual conditions at post offices, \$800,000.

Clerks, third-class post offices: For allowances to third-class post offices to cover the cost of clerical services, \$11,500,000.

Miscellaneous items, first- and second-class post offices: For miscellaneous items necessary and incidental to the operation and pro-

tection of post offices of the first and second classes, and the business conducted in connection therewith, not provided for in other appropriations, \$2,820,000.

Village delivery service: For village delivery service in towns and villages having post offices of the second or third class, and in communities adjacent to cities having city delivery, \$1,261,000.

Detroit River service: For Detroit River postal service, \$11,960.

Carfare and bicycle allowance: For carfare and bicycle allowance, including special-delivery carfare, cost of transporting carriers by privately owned automobiles to and from their routes, at rates not exceeding regular streetcar or bus fare, and purchase, maintenance, and exchange of bicycles, \$1,670,000.

City delivery carriers: For pay of letter carriers, City Delivery Service, and United States Official Mail and Messenger Service, \$199,000,000.

Special-delivery fees: For fees to special-delivery messengers, \$15,750,000.

Rural Delivery Service: For pay of rural carriers, auxiliary carriers, substitutes for rural carriers on annual and sick leave, clerks in charge of rural stations, and tolls and ferrage, Rural Delivery Service, and for the incidental expenses thereof, \$107,690,000, of which not less than \$200,000 shall be available for extensions and new service.

#### OFFICE OF THE SECOND ASSISTANT POSTMASTER GENERAL

Star-route service: For inland transportation by star routes (excepting service in Alaska), including temporary service to newly established offices, \$19,600,000.

Star Route and Air Mail Service, Alaska: For inland transportation by Star Route and Air Mail Service in Alaska, \$500,000.

Powerboat service: For inland transportation by steamboat or other powerboat routes, including ship, steamboat, and way letters, \$570,000.

Railroad transportation and mail messenger service: For inland transportation by railroad routes and for mail messenger service, \$138,180,000: *Provided*, That separate accounts be kept of the amount expended for mail messenger service.

Railway Mail Service: For fifteen division superintendents, fifteen assistant division superintendents, two assistant superintendents at large, one hundred and twenty chief clerks, one hundred and twenty assistant chief clerks, clerks in charge of sections in the offices of division superintendents, railway postal clerks, substitute railway postal clerks, joint employees, and laborers in the Railway Mail Service, \$80,248,000.

Railway postal clerks, travel allowance: For travel allowance to railway postal clerks and substitute railway postal clerks, \$4,075,000.

Railway Mail Service, traveling expenses: For actual and necessary expenses, general superintendent and assistant general superintendent, division superintendents, assistant division superintendents, assistant superintendents, chief clerks, and assistant chief clerks, Railway Mail Service, and railway postal clerks, while actually traveling on business of the Post Office Department and away from their several designated headquarters, \$64,000.

**Railway Mail Service, miscellaneous expenses:** For rent, light, heat, fuel, telegraph, miscellaneous and office expenses, telephone service, badges for railway postal clerks, rental of space for terminal railway post offices for the distribution of mails when the furnishing of space for such distribution cannot, under the Postal Laws and Regulations, properly be required of railroad companies without additional compensation, and for equipment and miscellaneous items necessary to terminal railway post offices, \$400,000.

**Electric-car service:** For electric-car service, \$230,000.

**Foreign mail transportation:** For transportation of foreign mails, except by aircraft, \$575,000.

**Balance due foreign countries:** For balances due foreign countries, fiscal year 1945 and prior years, \$2,250,000.

**Indemnities, international mail:** For payment of limited indemnity for the injury or loss of international mail in accordance with convention, treaty, or agreement stipulations, fiscal year 1945 and prior years, \$8,000.

**Foreign air-mail transportation:** For transportation of foreign mails by aircraft, as authorized by law, including the transportation of mail by aircraft between Seattle, Washington, and Fairbanks, Alaska, via intermediate points, \$3,785,000.

**Domestic Air Mail Service:** For the inland transportation of mail by aircraft, as authorized by law, and for the incidental expenses thereof including travel expenses, and including not to exceed \$55,100 for supervisory officials and clerks at air-mail transfer points, \$35,000,000.

#### OFFICE OF THE THIRD ASSISTANT POSTMASTER GENERAL

**Manufacture and distribution of stamps and stamped paper:** For manufacture of adhesive postage stamps, special-delivery stamps, books of stamps, stamped envelopes, newspaper wrappers, postal cards, and for coiling of stamps, and including not to exceed \$26,150 for pay of agent and assistants to examine and distribute stamped envelopes and newspaper wrappers, and for expenses of agency, \$6,036,000.

**Indemnities, domestic mail:** For payment of limited indemnity for the injury or loss of pieces of domestic registered matter, insured and collect-on-delivery mail, and for failure to remit collect-on-delivery charges, \$1,500,000.

**Unpaid money orders more than one year old:** For payment of domestic money orders after one year from the last day of the month of issue of such orders, \$300,000.

#### OFFICE OF THE FOURTH ASSISTANT POSTMASTER GENERAL

**Post office stationery, equipment, and supplies:** For stationery for the Postal Service, including the money-order and registry system; and also for the purchase of supplies for the Postal Savings System, including rubber stamps, canceling devices, certificates, envelopes, and stamps for use in evidencing deposits, and free penalty envelopes; and for the reimbursement of the Secretary of the Treasury for expenses incident to the preparation, issue, and registration of the bonds authorized by the Act of June 25, 1910 (39 U. S. C. 760); for miscellaneous equipment and supplies, including the purchase and

repair of furniture, package boxes, posts, trucks, baskets, satchels, straps, letter-box paint, baling machines, perforating machines, stamp vending and postage meter devices, duplicating machines, printing presses, directories, cleaning supplies, and the manufacture, repair, and exchange of equipment, the erection and painting of letter-box equipment, and for the purchase and repair of presses and dies for use in the manufacture of letter boxes; for postmarking, rating, money-order stamps, and electrotype plates and repairs to same; metal, rubber, and combination type, dates and figures, type holders, ink pads for canceling and stamping purposes, and for the purchase of time recorders, letter balances, scales (exclusive of dormant or built-in platform scales in Federal buildings), test weights, and miscellaneous articles purchased and furnished directly to the Postal Service, including complete equipment and furniture for post offices in leased and tender quarters; for the purchase (including exchange), repair, and replacement of arms and miscellaneous items necessary for the protection of the mails; for miscellaneous expenses in the preparation and publication of post-route maps and rural-delivery maps or blueprints, including tracing for photolithographic reproduction; for other expenditures necessary and incidental to post offices of the first, second, and third classes, and offices of the fourth class having or to have rural-delivery service, and for letter boxes; for the purchase of atlases and geographical and technical works not to exceed \$1,500; for wrapping twine and tying devices; for expenses incident to the shipment of supplies, including hardware, boxing, packing, and not exceeding \$75,500 for the pay of employees in connection therewith in the District of Columbia; for rental, purchase, exchange, and repair of canceling machines and motors, mechanical mail-handling apparatus, accident prevention, and other labor-saving devices, including cost of power in rented buildings and miscellaneous expenses of installation and operation of same, including not to exceed \$38,900 for salaries of thirteen traveling mechanics, and for traveling expenses, \$3,900,000: *Provided*, That the Postmaster General may authorize the sale to the public of post-route maps and rural-delivery maps or blueprints at the cost of printing and 10 per centum thereof added.

**Equipment shops, Washington, District of Columbia:** For the purchase, manufacture, and repair of mail bags and other mail containers and attachments, mail locks, keys, chains, tools, machinery, and material necessary for same, and for incidental expenses pertaining thereto; material, machinery, and tools necessary for the manufacture and repair of such other equipment for the Postal Service as may be deemed expedient; accident prevention; for the expenses of maintenance and repair of the ~~mailing equipment~~ shops building and equipment, including fuel, light, power, and miscellaneous supplies and services; maintenance of grounds; for compensation to labor employed in the equipment shops and in the operation, care, maintenance, and protection of the equipment shops building, grounds, and equipment, \$2,370,000, of which not to exceed \$884,495 may be expended for personal services in the District of Columbia: *Provided*, That out of this appropriation the Postmaster General is authorized to use as much of the sum, not exceeding \$15,000, as may be deemed necessary for the purchase of material and the manufac-

ture in the equipment shops of such small quantities of distinctive equipments as may be required by other executive departments; and for service in Alaska, Puerto Rico, Philippine Islands, Hawaii, or other island possessions.

**Rent, light, fuel, and water:** For rent, light, fuel, and water, for first-, second-, and third-class post offices, and the cost of advertising for lease proposals for such offices, \$10,700,000.

**Pneumatic-tube service, New York City:** For rental of not exceeding twenty-eight miles of pneumatic tubes, hire of labor, communication service, electric power, and other expenses for transmission of mail in the city of New York including the Borough of Brooklyn, \$572,900: *Provided*, That the provisions of the Acts of April 21, 1902, May 27, 1908, and June 19, 1922 (39 U. S. C. 423), relating to contracts for the transmission of mail by pneumatic tubes or other similar devices shall not be applicable hereto.

**Pneumatic-tube service, Boston:** For the rental of not exceeding two miles of pneumatic tubes, not including labor and power in operating the same, for the transmission of mail in the city of Boston, Massachusetts, \$24,000: *Provided*, That the provisions not inconsistent herewith of the Acts of April 21, 1902 (39 U. S. C. 423), and May 27, 1908 (39 U. S. C. 423), relating to the transmission of mail by pneumatic tubes or other similar devices shall be applicable hereto.

**Vehicle service:** For vehicle service; the hire of vehicles; the rental of garage facilities; the purchase, maintenance, and repair of motor vehicles, including the repair of vehicles owned by, or under the control of, units of the National Guard and departments and agencies of the Federal Government where repairs are made necessary because of utilization of such vehicles in the Postal Service; accident prevention; the hire of supervisors, clerical assistance, mechanics, drivers, garagemen, and such other employees as may be necessary in providing vehicles and vehicle service for use in the collection, transportation, delivery, and supervision of the mail, and United States official mail and messenger service, \$20,750,000: *Provided*, That the Postmaster General may, in his disbursement of this appropriation, apply a part thereof to the leasing of quarters for the housing of Government-owned motor vehicles at a reasonable annual rental for a term not exceeding ten years: *Provided further*, That the Postmaster General may purchase and maintain from this appropriation such tractors and trailer trucks as may be required in the operation of the vehicle service: *Provided further*, That no part of this appropriation shall be expended for maintenance or repair of motor-propelled passenger-carrying vehicles for use in connection with the administrative work of the Post Office Department in the District of Columbia.

**Transportation of equipment and supplies:** For the transportation and delivery of equipment, materials, and supplies for the Post Office Department and Postal Service by freight, express, or motor transportation, and other incidental expenses, \$300,000.

**PUBLIC BUILDINGS, MAINTENANCE AND OPERATION**

**Operating force:** For personal services in connection with the operation of public buildings, including the Washington Post Office

and the Customhouse Building in the District of Columbia, operated by the Post Office Department, together with the grounds thereof and the equipment and furnishings therein, including telephone operators for the operation of telephone switchboards or equivalent telephone switchboard equipment in such buildings jointly serving in each case two or more governmental activities, \$30,000,000: *Provided*, That in no case shall the rates of compensation for the mechanical labor force be in excess of the rates current at the time and in the place where such services are employed.

**Operating supplies, public buildings:** For fuel, steam, gas, and electric current for lighting, heating, and power purposes, water, ice, lighting supplies, removal of ashes and rubbish, snow and ice, cutting grass and weeds, washing towels, telephone service for custodial forces, and for miscellaneous services and supplies, accident prevention, vacuum cleaners, tools and appliances and repairs thereto, for the operation of completed and occupied public buildings and grounds, including mechanical and electrical equipment, but not the repair thereof, operated by the Post Office Department, including the Washington Post Office and the Customhouse Building in the District of Columbia, and for the transportation of articles and supplies authorized herein, \$6,000,000: *Provided*, That the foregoing appropriation shall not be available for personal services except for work done by contract, or for temporary job labor under exigency not exceeding at one time the sum of \$100 at any one building: *Provided further*, That the Postmaster General is authorized to contract for telephone service in public buildings under his administration by means of telephone switchboards or equivalent telephone switching equipment jointly serving in each case two or more governmental activities, where he determines that joint service is economical and in the interest of the Government, and to secure reimbursement for the cost of such joint service from available appropriations for telephone expenses of the bureaus and offices receiving the same.

**Furniture, carpets, and safes, public buildings:** For the procurement, including transportation, of furniture, carpets, safes, safe and vault protective devices, and repairs of same, for use in public buildings which are now, or may hereafter be, operated by the Post Office Department, \$550,000: *Provided*, That excepting expenditures for labor for or incidental to the moving of equipment from or into public buildings, the foregoing appropriation shall not be used for personal services except for work done under contract or for temporary job labor under exigency and not exceeding at one time the sum of \$100 at any one building: *Provided further*, That all furniture now owned by the United States in other public buildings or in buildings rented by the United States shall be used, so far as practicable, whether or not it corresponds with the present regulation plan of furniture.

**Scientific investigations:** In the disbursement of appropriations contained in this title for the field service of the Post Office Department the Postmaster General may transfer to the Bureau of Standards not to exceed \$20,000 for scientific investigations in connection with the purchase of materials, equipment, and supplies necessary in the maintenance and operation of the Postal Service.

Deficiency in postal revenues: If the revenues of the Post Office Department shall be insufficient to meet the appropriations made under title II of this Act, a sum equal to such deficiency in the revenues of such Department is hereby appropriated, to be paid out of any money in the Treasury not otherwise appropriated, to supply such deficiency in the revenues of the Post Office Department for the fiscal year ending June 30, 1945, and the sum needed may be advanced to the Post Office Department upon requisition of the Postmaster General.

This title may be cited as the "Post Office Department Appropriation Act, 1945".

### TITLE III—GENERAL PROVISIONS

Sec. 301. No part of any appropriation contained in this Act shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment, the salary or wages for which are paid from any appropriation contained in this Act, shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

Sec. 302. If at any time during the fiscal year 1945 the termination of the Act entitled "An Act to provide temporary additional compensation for employees in the Postal Service" approved April 9, 1943, or of the Act entitled "An Act to provide for the payment of overtime compensation to Government employees, and for other purposes", approved May 7, 1943, shall be fixed by concurrent resolution of the Congress at a date earlier than June 30, 1945, the appropriations contained in this Act shall cease to be available on such earlier date for obligation for the purposes of the terminated Act and the unobligated portions of appropriations allocated for the purposes of such terminated Act shall not be obligated for any other purposes of the appropriation during the fiscal year 1945.

Sec. 303. This Act may be cited as the "Treasury and Post Office Departments Appropriation Act, 1945".

Approved April 22, 1944.

MAY 1 1944

My dear Mr. Cochran:

This will acknowledge receipt of your letter of April 25, 1944, relative to the adjustment of the salaries of foremen of plate printers in the Bureau of Engraving and Printing.

The matters presented by you will be given careful consideration, and as soon as a decision is reached you will be fully informed.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Honorable John J. Cochran,  
House of Representatives,  
Washington, D. C.

JAJ:mc:je

CONGRESS OF THE UNITED STATES  
HOUSE OF REPRESENTATIVES  
WASHINGTON, D. C.

COMMITTEES  
CHIEFMAN, COMMITTEE ON BUSINESS  
EXHIBITIONS OF THE EXECUTIVE DEPARTMENT  
COMMISSION, WEIGHTS AND MEASURES  
SELECT COMMITTEE ON CONSERVATION OF  
WILDLIFE RESOURCES  
MUNICIPAL BIRD CONSERVATION  
COMMISSION

April 25, 1944

PERSONAL ATTENTION

Honorable Henry Morgenthau, Jr.  
Secretary of the Treasury

My dear Mr. Secretary:

I have received a letter dated April 19 and signed by Honorable Charles S. Bell in answer to my letter to you in which I urged the adjusting of the salaries of foremen, plate printers, and so forth in the Bureau of Engraving and Printing so this group would receive the same benefits that are paid foremen at the Government Printing Office.

It is true that the foremen are now paid on a per diem basis and receive time and a half for all hours worked in excess of forty, and I assume it is likewise true that at times the salary more than equals the pay of employees of the Printing Office. This is due, however, to this overtime work.

I do not want to be critical at all but it seems to me that I am warranted in appealing to you to have this matter reconsidered. First let me say it is my understanding that the group that considered the request of the foremen was composed of a Mr. Slindes, Mr. Hall, the Director of the Bureau of Engraving and Printing, and Mr. Wilson, Chief of the Appointment Division. It is also true that Mr. Wilson has been critically ill for quite a time and had little opportunity to hear this case. I did talk to Mr. Wilson about the case and from the conversation I felt that he was inclined to side with the foremen, or at least he felt very sympathetic. Here we find a situation where the Director of the Bureau that is involved in a controversy is sitting on a committee to render a decision in connection with that controversy. I do not think that is sound business judgment.

The same principle involved in this controversy existed in connection with certain officials of the Fire Department in the District of Columbia. Their salary was less than the salary of officials of the Police Department of equal rank. Only yesterday the House completed action on Senate Bill 1757 equalizing the salaries of officers and members of the Police Force and the Fire Department.

On June 1, 1928, Mr. George Carter, who was then the Public Printer, advanced the rate paid foremen of these craftsmen to \$3600 a year, leaving the foremen of the Bureau of Engraving and Printing hundreds of dollars behind, and as was to be expected, the Bureau foremen made a request of Mr. Hall for equalization. While he has maintained the same pay status for the tradesmen all these years, he has denied any equal compensation for the foremen. If you were one of them, can you say you would have been contented with Mr. Hall's decision?

Then, September 15, 1941, the present Public Printer increased these same positions to \$4000 basic salary, and this was with the consent of the Joint Committee on Printing of Congress.

The foremen requested Mr. Hall for consideration and he refused.

The foremen in the Bureau of Engraving and Printing were placed on a per diem basis August 1, 1942 without a hearing. They wanted a settlement of the basic pay problem and not the overtime. As I understand it, they did not want their status changed.

It is true that the foremen's compensation in some cases amounted to over \$4500 but they were required to work over 500 hours overtime to get it.

The purpose of this letter is to urge that further consideration be given to the matter and that a new committee be appointed and that neither Mr. Hall nor any of the foremen be members but that both sides have a right to appear before the Committee and state their case. I cannot conceive but this is fair. If you do not desire to do that, then appoint some official to reconsider the matter, let the foremen choose a member, and then let the two of them choose a third.

Sincerely yours,

*John J. Cochran!*

May 1, 1944

My dear Mrs. Knox:

Nothing that I might write could convey adequately the deep feeling of grief and personal loss that your husband's death has brought to me.

I have been happy to be able to claim him as a close personal friend. His dauntless courage and energy, his unflinching cheerfulness and the warmth and vigor of his personality have been a source of strength to me as I know they have been to all of his associates here in Washington.

The magnificent record that he has made in office is a legacy to his country that cannot soon be forgotten.

Mrs. Morgenthau joins me in expressing most heartfelt sympathy with you in your sorrow.

Sincerely,

(Signed) Henry Morgenthau, Jr.

Mrs. Frank Knox  
4704 Linnean Ave., N.W.  
Washington, D. C.

HEG:pm



**TREASURY DEPARTMENT**

INTER OFFICE COMMUNICATION

Date

May 1, 1944

TO Herbert Gaston  
FROM Secretary Morgenthau.

I would appreciate it if you would write a letter for me to sign to Mrs. Frank Knox. I'd like to make it a very warm letter to express warm feeling as I was very fond of Frank Knox and I think he did a wonderful job. He had great courage and leadership. Thank you.

**BRITISH AIR COMMISSION**

1785 MASSACHUSETTS AVENUE  
WASHINGTON, D. C.

TELEPHONE HOBART 9000

PLEASE QUOTE

REFERENCE NO. ....

With the compliments of British Air Commission  
who enclose Statements Nos. 133 and 134 --  
Aircraft Despatched -- for the weeks ended  
April 14th and April 21st respectively.

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

May 1, 1944.

STATEMENT NO. 133  
 Air Despatched from the United States  
 Week Ended April 14th, 1944

<u>TYPE</u>	<u>DESTINATION</u>	<u>ASSEMBLY POINT</u>	<u>BY SEA</u>	<u>BY AIR</u>	<u>FLIGHT DELIVERED FOR USE IN CANADA</u>
<u>CONSOLIDATED</u>					
Liberator B VI	M.E.	M.E.		2	
Liberator B VI	India	India		7	
Liberator B VI	Canada	Canada			3
<u>GLENN MARTIN</u>					
Marauder III	M.E.	M.E.		32	
Baltimore V	M.E.	M.E.		9	
<u>VEGA</u>					
Ventura GR V	U.K.	U.K.		3	
Ventura GR V	S. Africa	S. Africa		4	
<u>DOUGLAS</u>					
Boston IV	U.K.	U.K.		1	
Dakota III	U.K.	U.K.		4	
Dakota III	M.E.	M.E.		3	
Dakota III	India	India		9	
Dakota III	Canada	Canada			1
<u>BOEING</u>					
Catalina IV B	U.K.	U.K.		8	
<u>CURTISS</u>					
Kittyhawk	Australia	Sydney		10	
<u>REPUBLIC</u>					
Thunderbolt	Madras	India		10	
Thunderbolt	Karachi	India		35	
<u>NORTH AMERICAN</u>					
Mustang	U.K.	U.K.		6	
<u>NOORDUYN</u>					
Harvard	U.K.	U.K.		67	
<u>STINSON</u>					
Reliant	U.K.	U.K.		10	
<u>BEECH</u>					
Beechcraft UC #5	U.K.	U.K.		3	
Total:			141	82	4

Operations Division  
 British Air Commission

April 21, 1944

mmh  
 File V-17

## STATEMENT NO. 134

TOP SECRET

Aircraft Despatched from the United States  
Week Ended April 21st, 1944

<u>TYPE</u>	<u>DESTINATION</u>	<u>ASSEMBLY POINT</u>	<u>BY SEA</u>	<u>BY AIR</u>	<u>FLIGHT DELIVERED FOR USE IN CANADA</u>
<u>CONSOLIDATED</u>					
Liberator B-VI	M.E.	M.E.		5	
Liberator B-VI	India	India		9	
Liberator B-VI	Canada	Canada			5
<u>GLENN MARTIN</u>					
Marauder III	M.E.	M.E.		41	
Baltimore V	M.E.	M.E.		13	
<u>VEGA</u>					
Ventura GR V	M.E.	M.E.		3	
<u>DOUGLAS</u>					
Boston IV	U.K.	U.K.		4	
Dakota III	U.K.	U.K.		5	
Dakota III	M.E.	M.E.		6	
Dakota III	India	India		3	
Dakota III	S. Africa	S. Africa		1	
<u>BOEING</u>					
Catalina IV B	U.K.	U.K.		9	
<u>BEPCO</u>					
Expediter II	Canada	Canada			3
<u>NORTH AMERICAN</u>					
Mustang	U.K.	U.K.		4	
Mustang	N.W. Africa	Casablanca		14	
Harvard	U.K.	U.K.		14	
<u>NOORDUYN</u>					
Harvard	U.K.	U.K.		32	
<u>GRUMMAN</u>					
Wildcat	U.K.	U.K.		2	
Avenger	U.K.	U.K.		6	
<u>DOUGHERT-SIKORSKY</u>					
Corsair	U.K.	U.K.		11	
<u>FAIRCHILD</u>					
Argus	U.K.	U.K.		15	
<u>REPUBLIC</u>					
Thunderbolt	India	Karachi		12	
Thunderbolt	India	Madras		10	
<u>BEECHER</u>					
Beechcraft	U.K.	U.K.		27	
Beechcraft UC 45	India	Karachi		12	
<u>STINSON</u>					
Reliant	U.K.	U.K.		6	
			165	99	8

Total:

Note: Statement No. 131. Destination of 1 Dakota III reported exported to U.K. has been changed to N.W. which leaves 5 Dakota III to U.K.

Movements Division, British Air Commission

April 20, 1944.

Regraded Unclassified

25

MAY 1 1944

My dear Mr. Price:

This is to acknowledge receipt of your note of April 26, 1944 and the copy of the letter and memorandum you sent to the Secretary of State relating to the use of the diplomatic pouch for remittances destined for enemy territory. I appreciate your calling my attention to the matter and I share your concern lest the diplomatic pouch be employed to carry to our enemies material of importance from a standpoint of security.

The Department has given much thought and study to the problem created by the evasion of Treasury financial controls through the abuse of the immunity afforded diplomatic pouches, and would cooperate gladly with any appropriate measures that may be suggested to remedy the situation.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Honorable Byron Price,  
Director, Office of Censorship,  
Washington, D. C.

HEM:le  
4/23/44

THE OFFICE OF CENSORSHIP

WASHINGTON - 25

**CONFIDENTIAL**

April 26, 1944.

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

My dear Mr. Secretary:

I am enclosing, for your information, a copy of a letter and memorandum I have sent today to the Secretary of State indicating that remittances destined for enemy territory are being forwarded under diplomatic immunity by the Irish Consul General in New York City. I would be glad to have any comment you may care to make.

Sincerely yours,

*Byron Price*  
Byron Price,  
Director.

Enclosure

**CONFIDENTIAL**

- 25

April 26, 1944.

**CONFIDENTIAL**

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

My dear Mr. Secretary:

I am enclosing herewith a memorandum which comes to me from our Postal Censorship Division indicating that certain remittances on behalf of Alexander McKee, a British subject, and destined for enemy territory, are being forwarded by the Irish Consul General in New York City.

The amount of these remittances is quite small but it occurs to me that if the Irish Consulate in New York is willing to forward these remittances it may be willing to include in its official pouch material of far greater importance from the standpoint of security.

The memorandum is forwarded for such action as the Department of State may deem advisable and also in the hope the Department may have some suggestion to make to Censorship.

Sincerely yours,

Byron Price,  
Director.

Enclosure

**CONFIDENTIAL**

## CONFIDENTIAL

Mr. G. R. Ball, an official of the Agency, Bank of Montreal, 64 Wall Street, New York City, has offered the following confidential information.

Mr. Alexander McKee, a Britisher born in the Irish Free State and now located at New Goldfields of Venezuela, Ciudad Bolivar, Venezuela, apparently is married to a German whose maiden name was Friedl Seidenwasser and who was in Holland when that country was overrun by the Germans. She subsequently returned to her previous home and on the 26th of January 1941 requested that her mail be addressed to her at Menalin, Pomerania, Germany.

Prior to the entry of the United States into the war, the German woman used the New York Agency of the Bank of Montreal as a means of communicating with her husband and he arranged remittances for her through the same bank. Subsequently, the bank informed the German woman it did not wish to receive any further communications from her or to carry out any banking transactions on her behalf.

Since the entry of the United States into the war Mr. McKee occasionally has instructed the New York Agency of the Bank of Montreal to pay certain amounts, e.g. June 1943 \$200., November 1943 \$400., February 1944 \$200. to the Irish Consul General, Leo T. McCauley at 405 Lexington Avenue, New York City to the debit of McKee's account. These payments are made by check in the name of Leo T. McCauley and are deposited by the latter in the Central Hanover Bank & Trust Company, and the cancelled checks bearing the personal endorsement of Mr. McCauley are returned, after clearing, to the New York Agency of the Bank of Montreal.

It is conceivable that the Irish Consul General, by means of the diplomatic pouch, is the medium of communications from this country to Eire which result in the payment of funds to an enemy national in Germany and in the corresponding provision to the Germans of foreign exchange. In view of the delicate situation of the Irish Free State in these critical moments, it is considered that this information should be brought to your attention.

## CONFIDENTIAL

ROYAUME DE BELGIQUE

43/6

Washington, May 1, 1944

149

leure

My dear Mr. Secretary:

I am enclosing herewith a letter Mr. Gutt, the Belgian Minister of Finance and Economic Affairs, asked me to forward to you.

May I avail myself of this opportunity to renew to you the assurances of my highest esteem.

Very sincerely yours,  
The Belgian Ambassador:



Honorable  
Mr. C. V. Whelan, Jr.  
Secretary of the Treasury  
WASHINGTON, D. C.





May 1, 1944

Harry White  
Secretary Morgenthau.

Please acknowledge the receipt of Jesse Jones' letter to me on the <sup>Dutch</sup> Greek loan and say that I am studying it and will let him have an answer in a couple of days. I'd like to have this by twelve o'clock, please. - *Letter signed 5/1/44 -*

MAY 1 1944

My dear Mr. Secretary:

This will acknowledge your letter of April 22, 1944 enclosing a copy of a statement from Minister J. Van Den Broek of the Netherlands Government-in-Exile. The renewed request for a loan to the Netherlands, set forth in these papers, is being given careful consideration and I will advise you further in respect to my views in a few days.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

The Honorable,

The Secretary of Commerce.

WR:nd -5/3/44

THE SECRETARY OF COMMERCE  
WASHINGTON

April 22, 1944

Dear Mr. Secretary:

Enclosed herewith copy of letter received from Mr. Van Den Broek, the Netherlands Minister of Finance.

Mr. Van Den Broek spoke to me about this loan some seven months ago, and, after a conference with the President I told the Minister that I thought we would be able to grant the loan provided it was on a strictly secured and business basis.

The RFC is authorized by law to make loans of this character when properly secured by investments in this country. You will recall that we made a loan to Great Britain and Northern Ireland for \$425,000,000, secured in this manner, and it is working out very satisfactorily. The Netherlands want to be in a position now to place orders for reconstruction materials that will enable industry to go immediately into such work when production for war eases up.

The Netherlands want to repay the money over a period of 15 years, with interest at  $3\frac{1}{2}\%$ , and are willing, if we wish, to have the loan transferred to a so-called International Bank, if and when one is ready for business, or to private investors.

The Netherlands is a rich government, amply able to repay its obligations. They will need assistance as will other overrun countries, and should be generally helpful in the reconstruction period.

My own view is that the loan should be authorized now by the RFC, under conditions that the money be spent in this country and that any orders placed by the Netherlands be first checked with the RFC and WPB.

Please let me have your views.

Sincerely yours,

*James Jones*  
Secretary of Commerce

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

COPI

MINISTER  
VAN FINANCIEN  
(Royal Netherlands Treasury)  
Tel.: De Waal 2027

PINNERS HALL

Gr. Winchester Street

London, E. C. 2.

3484

The Honorable Jesse Jones,  
Secretary of Commerce,  
Lafayette Building,  
Washington, D. C.

Dear Mr. Jones,

Shortly after returning to England in September 1943 I was informed that the plans for the granting of a loan to the Netherlands Government by the R.F.C. could not, at least for the time being, materialise. I need not tell you how disappointed I was to hear this and I am writing you because I know that the scheme to borrow at present a certain sum of money against collateral was considered by you to be businesslike and sound.

As you are fully aware, my Government has so far paid its own expenses during the war and it still prefers, as long as it can possibly manage to do so, to continue that policy. I am convinced that international banking circles consider the credit of Holland to be of a very high order and there is not the slightest doubt that private banks in the U.S.A., if they were allowed to do so, would gladly lend money to the Netherlands against certain guarantees. However, at present your Government does not permit them to grant loans to foreign countries.

The reason why I did not succeed in entering into an agreement with the RFC, although you, Mr. Cordell Hull and many others were in favour of it, was, I believe, that the U. S. Treasury was of opinion that the transaction was more or less premature, particularly so because the Treasury was preparing, and at that time already discussing, plans for an International Stabilization Fund and an International Bank for Reconstruction. I told you on several occasions that, in the event of the R.F.C. immediately granting a loan, my Government would be quite willing and prepared at the proper moment, to transfer such a loan to the planned International Bank once such a bank has been established. Also you know that I wanted to be in a position to have at my disposal certain funds in the U.S. in order to be able to enter into negotiations with various producers in your country in connexion with post-war problems.

Six months have elapsed since we discussed this matter and I should like to reopen this question.

An International Stabilization Fund has been discussed, but although some arrangement may be reached in the near future, it will certainly take a considerable time before anything like the originally contemplated scheme can be expected to materialise.

Negotiations and discussions regarding a Bank for Reconstruction will have to be started and I am afraid that I am not being very pessimistic in saying that a lot of water will go down the Mississippi before such a bank becomes a reality. What will happen in the meantime?

...the interests of my country the Netherlands Government must continue with the preparation of post-war plans and take all possible measures for facilitating and speeding up the reconstruction of its industry and the re-establishment of the economy of the country immediately after its liberation. We are, therefore, more or less obliged, if we cannot rely upon acquiring credits in the U.S.A., to find out what we can do elsewhere. I do not need to explain to you what the result will be. Countries without, or practically without resources, and with a completely different and, if I may say so, a much lower standard of reliability and credit than my country, will after the war approach the U.S. for help and support. To avoid unemployment, their requests for credits will very likely be favourably received. We, on the other hand, will in the meantime have entered into negotiations with other countries and the danger exists that in order to help our people in the quickest possible way, we will have to rely upon British industry exclusively. It is even imaginable that populations in liberated countries will press upon their Governments to renew unduly soon relations with German industry, if they feel their Allies cannot help them.

You may well ask yourself: "Why is van den Broek so anxious to get credits in America and why does he not lay much more stress on the necessity of getting credits in a country so much nearer to his own - England?" Because, Mr. Jones, I believe that it will be essential that the Netherlands East Indies re-establish their business relations with the U.S. as soon as the Japs are beaten. If we are to be sellers to the U.S. in the future we should also plan now to be buyers when this can and should be done, namely, immediately after the liberation of Holland.

May I remind you that in 1941 about three hundred million dollars worth of goods were imported into the U.S.A. from the Netherlands East Indies, consisting mainly of rubber, tin, quinine, tobacco and kapok. We were buying weapons.

I hope you will understand my feelings and the frank way in which I present my problems to you. Really the idea of postponing an arrangement to grant credits to a country like Holland, a country that has so greatly contributed in the past to the development of the U.S., financially and otherwise, until world wide plans have materialised, does not, in my opinion, make sense. I am writing you this because the possibility of coming to business may now be slightly better than six months ago. If this is so, I would gladly pay a short visit to Washington. You will also understand, however, that I should prefer not to be away from England in case there is an invasion of Western Europe. When the curtain rises over the darkness in which my compatriots have been living now for almost four years, I want to be on the spot, because at that time I propose to do all I can to assist to the best of my ability in the rebuilding of my country.

If there is a reasonable chance of coming to a settlement on the lines we have discussed, which I consider to be of mutual interest, and on the understanding that my Government will be prepared to transfer a loan by R.F.C. to an International Bank as soon as this is considered desirable, will you kindly let me know by either dropping me a note or sending me a cable?

Looking forward to a reply,

With kind regards, Sincerely yours,  
(Signed) J. Van Den Broek  
Netherlands Minister of Finance

104

SECRET BY COURIER

May 1, 1944

A-211

4:00 p.m.

SENT BY SECRET COURIER

EMBASSY,  
SAN JOSE (COSTA RICA).

Refer to Department's circular airgrams of March 31, 1:05 p.m., of April 11, 11:00 a.m. and of April 22, 7:30 p.m. The Department has now been apprized that Papal Nuncio at Bern informed Minister Harrison that Vatican had attempted to work out relief measures for Jews holding Costa Rican documents and interned by Germany. Apparently, the question of eventual immigration as result of possible exchange was raised in addition to the question of recognition of documents. Costa Rica is reported to have replied that it is disposed to recognize passports issued by its Consuls only to the extent of eight families, and that these families would be allowed to remain in Costa Rica only for the duration of the war, unless the persons concerned are either farmers or industrialists.

At the time this reply is reported to have been given to Vatican, the assurance contained in our circular airgram of April 11 had evidently not (repeat not) yet reached Costa Rican government. It is therefore felt advisable to reiterate the assurance of this Government that Costa Rica will not (repeat not) be expected to grant physical admission to any of the persons concerned in the event of exchange or of any other procedure leading to their release. Under these assurances, Costa Rica would not (repeat not) be asked to permit any of these persons to enter its territory even temporarily, unless it so desires. Accordingly, the numerical limitation stated in Costa Rican reply to the Vatican seems no longer justified, and the hope is expressed that Costa Rica will agree to act in the sense of our circular airgram of April 11 without any numerical limitations whatsoever.

In the light of these assurances, please impress upon the Costa Rican Government the extreme urgency with which this Government views the necessity of acting favorably without delay on proposals previously submitted and detailed in the airgrams under reference. You should impress upon Costa Rican officials that since failure to act would almost certainly spell death for the persons involved, and that since no (repeat no) responsibilities or obligations would result for Costa Rica from acquiescence in our requests, we would be sorely disappointed if Costa Rican authorities should not (repeat not) whole-heartedly cooperate with our efforts to save these people.

The foregoing message was repeated to Managua, as the Department's airgram No. A-151, at 4:00 p.m.

HULL

WEB:GLW:KG

ARA

4/27/44

A-143

SECRET BY COURIER

10:45 a.m.

SENT BY SECRET AIRGRAM

AMEMBASSY,  
SAN SALVADOR (EL SALVADOR).

May1, 1944

FOR THE PERSONAL AND CONFIDENTIAL INFORMATION OF THE AMBASSADOR.

With reference to Department's circular airgrams of March 31 1:05 p.m., of April 11, 11:00 a.m. and of April 22, 7:30 p.m., the Department had been apprized that Papal Nuncio at Bern informed Minister Harrison that Vatican had attempted to work out relief measures for Jews holding Salvadorean documents and interned by Germany. Apparently, the question of eventual immigration as result of possible exchange was raised in addition to the question of recognition of documents. Salvador is reported to have given a negative reply, presumable because it was not (repeat not) prepared to permit persons in question actually to enter Salvador.

At the time this reply is reported to have been given to Vatican, the assurance contained in our circular airgram of April 11 had evidently not (repeat not) yet reached Salvadorean government.

Please verify information received from Bern and reiterate this Government's assurance that, in the event of exchange, Salvador will not (repeat not) be expected to grant physical admission to any of the persons concerned even on a temporary or tentative basis.

In the light of these assurances, please impress upon the Salvadorean Government the extreme urgency with which this Government views the necessity of acting favorable without delay on proposals previously submitted and detailed in the airgrams under reference.

You should impress upon Salvadorean officials that since failure to act would almost certainly spell death for the persons involved, and that since no (repeat no) responsibilities or obligations would result for Salvador from acquiescence in our requests, we would be sorely disappointed if Salvadorean authorities should not (repeat not) whole-heartedly cooperate with our efforts to save these people.

The foregoing message was repeated to Guatemala City as the Department's ~~airgram~~ No. A-308, 12:45 p.m.

HULL  
GLW

WRB:GLW:KG  
4/27/44

ARA

SWF

SECRET AT SOURCE

A-135

4:40 p.m.

SENT BY SECRET AIRGRAM

AMBASSY

ASUNCION (PARAGUAY)

FOR THE PERSONAL AND CONFIDENTIAL INFORMATION OF THE AMBASSADOR

With reference to Department's A-118 of April 11 and A-129, April 22, 5:45 p.m., the Department has now been apprized that Papal Nuncio at Bern informed Minister Harrison that Vatican had attempted to work out relief measures for Jews holding Paraguayan documents and interned by Germany. Apparently, the question of eventual immigration as result of possible exchange was raised in addition to the question of recognition of documents. Paraguay is reported to have replied that the passports of Polish Jews at Vittel have been recognized by Paraguay.

It is further learned from Vatican sources that the trouble arose when the proposal was made to exchange these Jews for Germans located in South America. Jews who had Paraguayan passports were included in the list by Germany. A protest was made by Paraguay which stated that the passports had been illegally issued and Paraguay refused to recognize the passports. The Germans withdrew as a result of this and protection was suspended by Spain.

At the time this attitude is reported to have been taken by Paraguay, the assurance contained in our circular airgram of April 11 had evidently not (repeat not) yet reached Paraguayan government.

Please verify information received from Bern and reiterate this Government's assurance that, in the event of exchange, Paraguay will not (repeat not) be expected to grant physical admission to any of the persons concerned even on a temporary or tentative basis.

In the light of these assurances, please impress upon the Paraguayan Government the extreme urgency with which this Government views the necessity of acting favorably without delay on proposals previously

-2 A-135 to Asuncion (Paraguay) May 1, 1944

proposals previously submitted and detailed in the airgrams under reference. You should impress upon Paraguayan officials that since failure to act would almost certainly spell death for the persons involved, and that since no (repeat no) responsibilities or obligations would result for Paraguay from acquiescence in our requests, we would be sorely disappointed if Paraguayan authorities should not (repeat not) whole-heartedly cooperate with our efforts to save these people.

HULL

WRE:GLW:OMH  
4/27/44

ARA

SWP

RPA

SECRET

A-330

8:40 p.m.

May 1, 1944

AMERICAN MISSION,

LIMA (PERU).

FOR THE PERSONAL AND CONFIDENTIAL INFORMATION OF THE  
AMBASSADOR.

With reference to your 541 of April 24. The nationalities represented in the prospective immigration of children cannot be stated definitely by the War Refugee Board. The belief is however that they would be principally Polish, French, Belgian and stateless of German and Austrian origin. The humanitarian aspect of the action suggested to the Peruvian Government should be given emphasis.

HULL

HULL  
(glw)WEB:MMV:KG  
5/1/44

ARA

A-194  
3:55 P.M.

SENT BY SECRET AIRGRAM

SECRET BY COURIER

EMBASSY

May 1, 1944

MONTEVIDEO, URUGUAY

FOR THE PERSONAL AND CONFIDENTIAL OF THE AMBASSADOR

With reference to the Department's circular airgrams of March 31, April 11 and April 22 the Department and War Refugee Board are informed that a certain number of Jews, mostly of Polish origin, now in German-controlled territory, hold passports and consular documents issued in the name of Uruguay. It is requested therefore that you attempt to obtain cooperation of Uruguayan authorities in American efforts to save these people in the same manner in which the cooperation of other Latin American countries has been requested, whose documents are found to have been issued to Jews in German-held territory.

Department understands that Vatican had also attempted to work out relief measures for Jews in German-held territory holding Uruguayan documents. Apparently, the question of eventual immigration as result of possible exchange was raised in addition to the question of recognition of documents. Uruguay is reported to have replied that each case would be considered individually.

Please verify above information and emphasize that Department's request does not (repeat not) involve immigration but on the contrary contains assurances that Uruguay will not (repeat Not) be expected to admit persons concerned even on a temporary basis. Accordingly, we hope that Uruguay, in the interests of humanity, will postpone any questioning of said documents, meanwhile requesting Germans to accord holders treatment to which Uruguayans are entitled, and will also agree to the persons concerned being considered exchange material for German nationals held in this hemisphere provided such holders of Uruguayan passports are sent to havens elsewhere.

In the light of these assurances, please impress upon the Uruguayan Government the extreme urgency with which this Government views the necessity of acting favorably without delay on proposals previously submitted and detailed in the airgrams under reference. You should impress upon Uruguayan officials that since failure to act would almost certainly spell death for the persons involved, and that since no (repeat no) responsibilities or obligations would result for Uruguay from acquiescence in our requests, we would be sorely disappointed if Uruguayan authorities should not (repeat not) wholeheartedly cooperate with our efforts to save these people.

Please advise Department of the result of your efforts.

The foregoing message was repeated to Santiago, No. A-296, 12:40 p.m.

WRB:GLW:OMH  
4/28/44

AIA RPA HULL

CABLE TO AMBASSADOR CORRIGAN AT CARACAS, VENEZUELA

Department and War Refugee Board very gratified results reported in your A-323 of April 15. Please convey Venezuelan authorities this Government's appreciation of their attitude. Simultaneously, please ascertain whether affirmative approach through protecting power has yet been made. If not (repeat not), please urge immediate action.

\*\*\*\*\*

May 1, 1944  
10150 a.m.

RAksiat jp

4/29/44

AIRGRAM SENT

SECRET BY COURIER

SECRET CIRCULAR AIRGRAM

May 1, 1944

7:35 p.m.

FOR THE PERSONAL AND CONFIDENTIAL INFORMATION OF THE AMBASSADORS  
AT MONTEVIDEO, GUATEMALA CITY AND SANTIAGO. Habana

The following airgrams have been sent by the Department to the  
American Ambassadors in certain South American countries and are  
repeated to you for your information:

March 31, 1944, 1:05 p.m. "Information has been received that  
there are in enemy-occupied Europe a number of persons holding passports  
issued in the names of various Latin American countries including the  
country to which you are accredited. Our information is that in a  
large number of cases such persons are interned under conditions which  
are immeasurably better than the treatment they would receive if they  
did not have such passports. It is reported that without such passports,  
such persons would be transported to Poland and death.

The plight of these refugees was the subject of a memorandum pre-  
sented to the Department by the Polish Ambassador in Washington on  
December 24, 1943, in support of the request of his government that this  
Government intercede on humanitarian grounds to save the persons con-  
cerned from deportation to Poland by interceding to prevent the with-  
drawal of these passports in cases in which they may have been improperly  
issued.

The following are excerpts from a report of Dr. Kullman, Vice  
Director of the Intergovernmental Committee, who has recently made  
an exhaustive investigation of the matter in Switzerland: QUOTE It is  
estimated that 4,000 (passports) have been issued from Switzerland and  
it is known that others have been issued from other neutral countries  
including Sweden. Some informants estimated the total number to be  
as high as nine to ten thousand but some thought that it did not exceed  
5,000. In Switzerland it (the securing of the passports) was organized  
by private individuals and reached such proportions that the Swiss  
Federal Government had to intervene. Legal action was taken against  
several of the organizers and at the same time inquiry was made regard-  
ing the authority of some of the representatives of the South American  
states to carry on these transactions.

There seems little doubt that the German authorities are aware of  
what has been going on but for reasons of their own they have hitherto  
not adopted a general policy of withdrawing the passports. While in  
any cases the possession of these documents has afforded the owners  
protection against persecution and even special treatment in some of  
the camps, in other cases they have afforded no protection at all and  
particularly so where the persons concerned were not interned. Original-  
ly the German authorities seem to have cherished the hope that the per-  
sons with these South American passports might constitute a basis for  
the exchange of German nationals in South American countries and it is  
not improbable that they still have vague hopes of this. Other reasons  
have been.....

-3- CIRCULAR, May 1, 7:35 p.m.

have been suggested for their lack of consistency. Recently however they have been making inquiries through some of the protecting powers of the South American Governments concerned regarding the genuineness of the documents and they have been submitting lists of persons concerned with a view to verification UNQUOTE

Sir Herbert Emerson, Director of the Intergovernmental Committee, on the basis of the foregoing recommends that the Latin American Governments in whose names such passports have been issued, be approached on two points, QUOTE (first) that the Governments should refrain from withdrawing the passports which have been issued and (second) that if and when the protecting power on the request of the German authorities submits lists of persons with such passports they should instruct the protecting power that the passports have been confirmed UNQUOTE

Although the Department does not condone the unauthorized issue of passports, it does not follow that the Department should withhold its intercession in a situation in which the lives of so many persons are at stake. The Department and the War Refugee Board agree with Emerson that where thousands of human lives lie in the balance because of war conditions and enemy persecutions, appropriate steps should be taken to avoid the nonrecognition by the Germans of such passports.

The Department understands that these passports, appearing on their face to have been issued by competent officials, are valid until they are cancelled. While Department agrees that the Government to which you are accredited is entirely within its right in cancelling such passports, it urges that the right of cancellation be not exercised until the holders shall have reached a place of safety, so that the act of cancellation shall not be, in essence, condemnation of the holder to a terrible death. All that is here asked is that the Government to which you are accredited deal with the question at a time when it shall occasion the least possible measure of human suffering.

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

April 11, 1944, 11:00 a.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.....

-3- CIRCULAR, May 1, 7:35 p.m.

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 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 to which you are accredited 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 safeguarded 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...

-4- CIRCULAR, May 1, 7:35 p.m.

that these doubts be promptly and effectively dispelled.

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

April 22, 1944, 7:30 p.m. "Referring to the Department's circular airgrams of April 11, 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 Emerson, 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 11 and March 31 are needed. You may also wish to inform such officials.....

115  
-5- CIRCULAR, May 1, 7:35 p.m.

officials but in addition to the approach to Switzerland referred to in our circular airgram of April 11, 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  
(GLW)

Sent to: Uruguay, Guatemala and Chile.

WEB:GLW:KG:OMH  
4/28/44

S/CR

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London  
TO: Secretary of State, Washington  
DATED: May 1, 1944  
NUMBER: 3556

SECRET

ATTENTION OF THE WAR REFUGEE BOARD.

In accordance with instructions as contained in the Department's 2292, of March 25, and 3243, of April 22, the Embassy has on several occasions approached the Foreign Office in regard to the proposal to establish havens for refugees in Tripolitania and Cyrenaica. In connection with the proposal a responsible official at the Foreign Office stated today that there were involved political problems, but that the Foreign Office was actively pursuing the matter and was in touch with British officials on the spot with regard to the establishment of this haven for refugees. This official informally stated that the case had become further complicated by the fact that many Arabs had moved into some of the regions under consideration for havens. Assurance was given the Embassy that, as soon as possible, a formal reply would be forthcoming.

WINANT

ORIGINAL TEXT OF TELEGRAM (LST)

FROM: Secretary of State, Washington  
TO: AMLEGATION, Lisbon  
DATED: May 1, 1944  
NUMBER: 1229

SECRET

CABLE TO NORWEB, LISBON, FOR DEXTER

Reference your no. 1168, April 19, and no. 1183, April 20. Following message is for Dexter from Fehle:

"In connection with proposals of Weissman concerning rescue of hidden children from France through Spain to Portugal, you are requested immediately to contact Dr. Joseph Schwartz of the American Jewish Joint Distribution Committee who, as you know, is extremely competent and experienced in this field. You should take advantage of his knowledge and background in this particular program. Schwartz is already operating such a rescue program under appropriate Treasury license, text of which was cabled to Ambassador Norweb, permitting the necessary communication with persons in enemy territory as well as the necessary financial transactions. It should be noted that aside from its wide experience in this type of operation and adequate personnel the American Jewish Joint Distribution Committee has substantial funds available and has shown its willingness to cooperate wholeheartedly on all our rescue programs.

"It is appreciated that the problem of working with the various private organizations in Portugal cannot be resolved from this end. While it is, of course, our policy to work in harmony with all organizations, the Board feels that the program to rescue children from France would be greatly endangered if two organizations without coordination through you should be trying to rescue the same children with the possibility that fewer lives are saved. Since our main goal is to rescue the maximum number of children in the shortest possible time, we feel you should use your best judgment in utilizing all agencies in those ways that will best achieve our aim.

"The problem of where to send the children who are actually rescued should, of course, be determined after they have been saved and depends upon existing facilities at that time."

THIS IS WRB CABLE TO LISBON NO. 8.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Lisbon  
TO: Secretary of State, Washington  
DATE: May 1, 1944  
NUMBER: 1307

SECRET

Following is WRB no. 11.

According to latest news approximately one hundred children and adults, rescued by Jewish Congress, are in Spain at present. On May 1, first group of our children arrived in Lisbon. In order to keep work going satisfactorily it is necessary to borrow money on personal credit. I am trusting that it will be repaid by WRB. Please ask WRB director to instruct Dexter to refund \$5,000 to me which has been borrowed to present time. Although he has funds here he should be given authority to make payment. In addition I urge that you ask War Refugee Board to put \$50,000 at disposition of Lisbon Embassy for purpose of providing funds for rescue and support of more children and for rescue of adults. It is plan of both adults and children to go to Palestine, and we are to be responsible for their care. Their departure from occupied territory is expected shortly. Our rescue work terminates and frontier organization disintegrates in same way (?) (?) (?) unless these funds are received from WRB or some other source.

NORWEB.

NOTE: Last part of message garbled (serviced).

NCB-852

PLAIN

Lisbon

Dated May 1, 1944

Rec'd 6:23 p.m.

Secretary of State,  
Washington,  
1316, May 1, 6 p.m.  
WEB 13

FOLLOWING FROM JOSEPH SCHWARTZ FOR LEAVITT JOINT  
DISTRIBUTION COMMITTEE NEW YORK.

"Following report received from Shanghai first  
four months 1944 through local community:

"All figures below mentioned are local dollars  
and in thousands. Our credit balance first January  
1944 received during January February March 1944  
various local loans and Swiss donation total 34894  
receipts in April almost nil total receipts 26652.  
Expenditures for feeding, 15487; housing, 3911; medical,  
992; cash instead of food 2039; monetary assistance  
loans 143; various donations, 240; administration  
expenses, 96, total, expenditure until 31st March  
approximately 23000. Since April first till today  
spent entire cash balance approximately 3652. Are  
without funds and without possibility of paying over-  
due bills and without money for May expenditures  
estimated 140.00 Swiss francs. At present impossible  
borrowing locally urgent help required telegraph  
immediately in case no assistance forthcoming  
immediately will be forced to stop next week hot  
meals and reduce bread distribution. Mailing  
monthly statements with fullest particulars."

Local community will make special one time grant  
\$5,000 to meet emergency. SS MILGA arrived Istanbul  
from Constanza yesterday carrying 272 refugees who  
leaving by train today for Palestine. This is  
fourth boatload to arrive."

HORWEB

EJH  
WED

804-862

PLAIN  
Lisbon  
May 1, 1944  
Rec'd 7:28 p.m.

Secretary of State  
Washington.

1317, May 1, 6 p.m.

WRB 15.

FOR WAR REFUGEE BOARD AND RABBI STEPHAEN WISE  
NEW YORK FROM WEISSMAN.

Regret despite intervention of others Joint (\*) will not collaborate or finance maintenance rescued children unless children handed to them. Consider absolutely indispensable that arriving orphans should remain in our care for preparations and expedition to Palestine. Have arranged with respective Governments for payment maintenance of their Nationals. Majority of children Allied Nationals. Concerning few stateless children sending aml report with suggestions. Have already organized reception centers here. Will send Congress regularly data and photos children.

First group six children arrived May first. Following children have relatives in US: Helene Spielmann 14 years, and Paul Spielmann, 10 years, Uncle Hermann Spielmann, Brooklyn, watchmaker, street address unknown; Edith Tieberg, 15 years, Uncle Margosches first name unknown, Editor THE DAY, New York; Edith Affenkraut, 14 years, married sister Sophie Specter, 3729 North Seventeenth, Philadelphia; Malvina Bodner, 12 years, Uncle Jacob Bodner, diamond cutter, Brooklyn, street address unknown. Spielmanns Tieberg and Affenkraut all have additional relatives in Palestine and desire go there. Please trace relatives in America through Jewish Press if necessary and advise relatives opinion regarding children's destination.

Second group arriving May 3. Cable reply.

NORWEB

EJH

WTD

(\*) Apparent omission.

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Portugal  
TO: Secretary of State, Washington  
DATED: May 1, 1944  
NUMBER: 1308

## CONFIDENTIAL

This is WRB's no. 12.

We refer herein to the Embassy's no. 1307 of May 1  
and WRB's no. 11.

Definite authorization to pay for maintenance of  
children from WRB funds here should be given the Embassy.  
Am also of the opinion that for any immediate anticipated  
needs the sum of \$50,000 asked for is entirely too large.

NORWEE

DSH-843

This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (SQ-00)

Stockholm

Dated May 1, 1944

Rec'd 5:44 p.m.

Secretary of State,

Washington.

1534, May 1, 4 p.m.

This is number 6 for War Refugee Board.

Information reported in Department's 755 (War Refugee Board's 6) appears to be in error since there is no knowledge of any such ships locally. Reports may be based on fact that in June 1943 approximately 5 tons of used clothing arrived from the United States on Swedish Vessel destined for Polish war refugees. Such clothing is now stored in free harbor awaiting authorization from London and Washington to distribute same to needy in Poland. Polish Legation here recently cabled Polish Embassy in Washington to renew request for authorization to distribute this clothing.

JOHNSON

WTD

JEL

DEPARTMENT OF STATE

Paraphrased and sent May 1, 2 p.m.

Foreign Economic Administration

CONFIDENTIAL

AMLEGATION,

BERN.

1508

FROM CROWLEY AND STONE, FEA.

Your 1334, March 4, 2122 April 6, and 2305

April 13.

We are requesting NEW to approve immediately the entire list of foodstuffs and medical supplies, and to instruct British Legation at Bern accordingly. Please take prompt action subject to confirmation by London.

HULL  
(GHK)

DCB:RLH:ATM SWP

WTStone  
Liaison  
RA-813-HSKiaer  
4/25/44  
cc: Gerden

RECT-830

PLAIN

Bern

Dated May 1, 1944

Rec'd 5:30 p.m.

Secretary of State,  
Washington.

2758, first.

Axis press and agencies report following developments Hungarian Jewish situation:

One. Internment in concentration camps 300,000 Jews residing sub-Carpathian Russia and other declared military operations districts including both sexes all ages except doctors, druggists, and workers in war industries. Internment commenced late March now completed with largest camps located neighborhood Munkacs and Ungvar.

Two. Establishment legal basis for creation Jewish ghettos throughout Hungary by decree providing Jews in communities under 10,000 population may be compelled move other communities and Jews in communities over 10,000 may be forced live specified residential areas closed to non-Jews.

Three. Institution effective May 3 of restrictions on consumption meat, fats, and sugar, by Jews with special rations meat only for Jewish heavy workers in war industries.

HARRISON

CAW  
WTD

PARAPHRASE OF TELEGRAM RECEIVED

FROM: ANCONSULATE GENERAL, Istanbul  
TO: Secretary of State, Washington  
DATED: May 1, 1944  
NUMBERT 270258

SECRET

The following developments in the Jewish situation in Greece are reported by repatriated Turkish Jews: On the 24th of March all registered Jews in Athens were confined at Haidari concentration camp. On the following days registered Jews from the provinces arrived. The Haidari camp was evacuated on April 2, and repatriation was ordered for Portuguese, Turkish, and Spanish Jews. Argentine Jews were left in cam (\*) and there were loaded on trains for unknown destination, believed to be the Resienstadt, all others possibly totaling 4,000.

The suggested assistance (see Department's telegram of April 26, 1944, no. 257) has been complicated by these developments since there are officially no Jews in Greece, the Jews who are registered having been removed while the Jews in hiding have lost the last remnant of rights through failure on their part to comply with registration order issued by the Germans.

The foregoing was repeated to Cairo for Mac Veigh and was repeated as my no. 10 to Algiers.

SQUIRES

(\*) Apparent omission

DCR: IDB:FB 5/3/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington  
TO: AMEMBASSY, Moscow  
DATED: May 1, 1944  
NUMBER: 1081

SECRET

CABLE TO AMBASSADOR HARRIMAN, MOSCOW

The War Refugee Board requests that you deliver the following message to Samuel Chobrutaky, Moscow Jewish Community, Spasogliniatchevsky #8, Moscow, U.S.S.R.:

QUOTE Our Vaad Hatzala Emergency Committee Relief and Rescue Agency comprising Rabbinical and other Orthodox organizations interested in obtaining information regarding position of Jews, in territories freed by Russian Army with view to sending relief, if needed. We suggest you as head of Jewish community in Moscow present matter to your Government and request information regarding situation, need of and possibilities for giving relief. Inform us if you have complete list Rabbis and Yeshiva scholars. Advise us giving details by message to War Refugee Board, Washington, through American Embassy, Moscow, or through Soviet channels. Vaad Hatzala Emergency Committee Rabbis Rosenberg, Silver, Levinson, Kotler, Kalmanowits, Grosowski UNQUOTE.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: Moscow  
DATED: May 1, 1944, 7 p.m.  
NUMBER: 1551

US URGENT MOST IMMEDIATE

With reference to my 1506, April 29, 5 p.m. and your 1052, April 27, 8 p.m., I regret that I have not been able to get a reply to the question raised by the Secretary of the Treasury despite efforts throughout yesterday and today to see the Commissar of Finance and Vyahinski or Molotov. All government offices are closed today and tomorrow because of official Soviet holidays. Our efforts to obtain a reply shall be continued although it seems likely that the delay probably springs from the fact that the Soviets have not yet reached a decision, in addition to the difficulties presented by the preparation for the holidays and the holidays themselves.

The foregoing should be brought to the attention of the Secretary of the Treasury.

HAMILTON

FMA:EGC:ja  
5/2/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: Moscow  
DATED: May 1, 1944, 7 p.m.  
NUMBER: 1551

US URGENT MOST IMMEDIATE

With reference to my 1506, April 29, 5 p.m. and your 1062, April 27, 8 p.m., I regret that I have not been able to get a reply to the question raised by the Secretary of the Treasury despite efforts throughout yesterday and today to see the Commissar of Finance and Vyshinski or Molotov. All government offices are closed today and tomorrow because of official Soviet holidays. Our efforts to obtain a reply shall be continued although it seems likely that the delay probably springs from the fact that the Soviets have not yet reached a decision, in addition to the difficulties presented by the preparation for the holidays and the holidays themselves.

The foregoing should be brought to the attention of the Secretary of the Treasury.

HAMILTON

FMA:EGG:ja  
5/2/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: Moscow  
DATED: May 1, 1944, 7 p.m.  
NUMBER: 1531

US URGENT MOST IMMEDIATE

With reference to my 1508, April 29, 5 p.m. and your 1062, April 27, 8 p.m., I regret that I have not been able to get a reply to the question raised by the Secretary of the Treasury despite efforts throughout yesterday and today to see the Commissar of Finance and Vyahinski or Molotov. All government offices are closed today and tomorrow because of official Soviet holidays. Our efforts to obtain a reply shall be continued although it seems likely that the delay probably springs from the fact that the Soviets have not yet reached a decision, in addition to the difficulties presented by the preparation for the holidays and the holidays themselves.

The foregoing should be brought to the attention of the Secretary of the Treasury.

HAMILTON

FMA:EGG:ja  
5/2/44

SECRET

OPTEL No. 139

Information received up to 10 a.m., 1st May, 1944.

1. NAVAL

On 29th/30th Motor Torpedo Boats off HAVRE claim to have damaged a group of E-boats. A Greek Submarine sank a caique off CRETE 13th. On 28th one of H.M. Submarines torpedoed and probably sank a German controlled Greek ship of 4,700 tons loaded with munitions on passage from PIRAEUS to CRETE. Several U-boats attacked a homeward bound convoy from North RUSSIA on 30th and sank one ship.

2. AIR OPERATIONS

WESTERN FRONT. 29th/30th. ST. MEDARD-EN-JALLES. 268 tons H.E. dropped. Series of explosions started lasting half an hour. Ground defences negligible, no fighters. CLERMONT FERRAND - 217 tons, mostly H.E., practically no opposition from ground or air.

30th. 295 U.S. heavy bombers despatched. Fortresses attacked airfields at LYON-BRON 248 tons, and CLERMONT FERRAND 263 tons. One Fortress missing. Liberators bombed military constructions PAS DE CALAIS 181 tons. Sorties by light and medium bombers and fighters totalled 2,766. Attacks made on military constructions 583 tons; Transportation targets 533 tons, and airfields 61 tons. Enemy casualties reported:

In the air 25, 1, 9  
On the ground 17, 2, 20.

Ours - 9 aircraft missing.

30th/1st. 492 aircraft despatched:

Goods yards SOMAIN, 12 miles north of CAMBRAI	138
Goods yards PARIS/ARCHERES	132
German Air Force ammunition dump MAINTENON	116
Mosquitoes to SAARBRUCKEN and DUREN	33
Sea Mining	48
Bomber Support, Intruders and Leaflets	25

1 Halifax missing and 2 aircraft crashed, crews safe. Preliminary reports: MAINTENON - huge fires and spectacular explosions. ARCHERES - attack well concentrated. SOMAIN - attack well concentrated in later stages.

FRANCE. Reference OPTEL 138. TOULON. 29th. 1,171 tons dropped.

ITALY. 28th. 1,573 offensive sorties flown mainly against communications and supply dumps in central sector. 3 enemy aircraft destroyed, 1 of ours missing.

28th/29th. Wellingtons and Liberators dropped total 60 tons at GENOA and PIOMBINO.

30th. Principal attacks by heavy bombers:

Aircraft factories VARESE	180 tons
MILAN BRESSO	140 "
Railway Centres - MILAN	263 "
ALLESANDRIA	492 "

Four bombers missing.

May 2, 1944  
9:30 a.m.

STATUS OF RANDOLPH PAUL

Present: Mr. D. W. Bell  
Mr. Gaston  
Mr. O'Connell  
Mr. C. S. Bell  
Mrs. Klotz

H.M.JR: Herbert, you sat in on all my conferences with Paul, so your memory will be fresh on this thing. What was your impression--why did I make Paul Assistant to the Secretary?

MR. GASTON: So that he could pick up his accumulated annual leave.

H.M.JR: Was it in your mind that I would keep him just for that period, or longer?

MR. GASTON: That was my understanding, that you would keep him for that period, that he would be on leave and would be drawing salary as Assistant to the Secretary until he used up his accumulated annual leave, and then he would be off the pay roll.

H.M.JR: I felt that he was going to stay and do work, and I gave him assignments, and so forth, and so on.

MR. GASTON: Well, I think that was more or less left open, that you would call him back, because you did discuss the question or some things that you did want to ask his advice on. That, of course, would extend the period during which he would draw salary for annual leave. But that was the purpose of putting him on the pay roll, to allow him to be paid up for the annual leave.

- 2 -

MR. D. W. BELL: I understood the matter of doing some work came after the question of his being Assistant for his annual leave.

MR. GASTON: That is true. That was an afterthought.

H.M.JR: It was?

MR. O'CONNELL: Yes. Several weeks after that Randolph was at a staff meeting. You asked him to come down to a meeting to do something on post-war taxes.

MR. GASTON: When you had lunch with him a day or two after his resignation was announced, I was there.

H.M.JR: Evidently my memory was wrong. But it doesn't affect this thing one way or the other. Now, what I want to know is--let me just tell you what happened: Paul had lunch with me yesterday. By accident I found out--he told me that he had a case, two cases, which he has taken retainers for. It turns out that one of them was before the Bureau. And he told me yesterday that he had just sort of found out--I don't know whether he found out; it wasn't very clear--maybe Joe told him--that this law about not being able to practice for two years before the Treasury wasn't so.

Now, Paul consistently told me that one of the reasons he was anxious--this, I am sure--was that the two years should begin to run--

MR. GASTON: He told me that, and told you that. He said he was a little uncertain about how broad the scope was of that law, but at the same time he didn't want any question to arise.

H.M.JR: Now, he suddenly finds out that he can practice law.

MR. D. W. BELL: There isn't any question, is there, that he can practice on any case that wasn't before him?

MR. O'CONNELL: Yes. The thing that Randolph didn't recall was that in the tax bill which was passed a month

- 3 -

or six weeks ago there was a provision inserted in the renegotiation section of the bill which permits people who have come to the Treasury, the War Department, the Navy Department, or Maritime Commission since a date in 1940 to practice law before Government agencies as soon as they leave the Government, except in connection with cases that they worked out while they were with us. In other words, they remove the two year prohibition.

H.M.JR: Who got that?

MR. O'CONNELL: Jim MacIntosh and a fellow working for the Navy Department. It was intended to take care of two or three men working for the War and Navy Department Price Adjustment Boards, and they wanted to have it clear.

H.M.JR: Who is MacIntosh?

MR. O'CONNELL: Counsel for the Price Adjustment Board.

H.M.JR: Are you sure it is they who got it in?

MR. O'CONNELL: There were other people affected, but I am sure they did.

H.M.JR: Will you tell me how Paul didn't know that thing was in there?

MR. O'CONNELL: Well, I think he did know, as well as I knew, but he had been thinking for months about resigning. This particular provision was in and out of the bill. It was put in in the House and taken out in the Senate, and ultimately back in in conference. It is a perfectly anomalous provision, nothing to do with the rest of the bill.

I think in Paul's thinking of the two-year prohibition, which has existed for years, he didn't have in mind any more than I did the proposition that this amendment eliminated that two-year provision.

MR. GASTON: Doesn't the date make it fit him?

- 4 -

MR. O'CONNELL: Yes, because it applies to people who came to the Department after May 27, 1940. He came in 1941.

H.M.JR: Are you sure that nobody in the Treasury had anything to do with it?

MR. O'CONNELL: Absolutely, because the provision was inserted in the Ways and Means Committee sub-committee while the bill was being considered by the sub-committee. The Treasury had no one present there; the War and Navy Departments handled the bill.

After the provision was put in in the House, Stan Surrey talked to me about it; we talked to Wenchel, Paul, and a number of others. The question was, "Should we oppose the provision as one which would unduly relax the legal requirements with respect to practicing?" We came to the conclusion that regardless of how much there was in this in the way of relaxation, that the Secretary still had the power that he had always had with respect to controlling the regulations--the rules with respect to people admitted to practice before the Treasury Department, and we did not have any basis for opposing this. The Department of Justice took the same view, and the provision was left in.

I can assure you a hundred percent that no one in the Treasury Department had anything to do with respect to the introduction of the provision. We were never asked before any committee whether we liked the provision, and we never took a position with respect to it. And Mr. Paul had nothing to do with it, nor did anyone in the Treasury Department. I can promise you that. It is a broadening of a provision contained in the renegotiation statute of the year before. You see, it is written in terms of the Departments that have authority to renegotiate. It was intended to cover people who are connected with renegotiation in the agencies which have the power. But as written, it covers all employees in the Departments who have the authority to renegotiate. So Treasury employees, War, Navy, Maritime, and RFC employees are covered by it and granted that exception.

- 5 -

MR. D. W. BELL: It covers tax cases, too?

MR. O'CONNELL: Any employee regardless of the type of case.

H.M.JR: But they cannot practice before the Bureau of Internal Revenue?

MR. O'CONNELL: Yes, they can. The statute reads to the effect--it is citing the various criminal statutes--the ones that prevent representing clients before the Government--"Nothing in these statutes shall be deemed to prevent any person by reason of service in a Department--" now, those are the agencies with authority to renegotiate--"during the period or a part thereof beginning May 27, 1940, and ending six months after the termination of present hostilities, from acting as counsel, agent, or attorney for prosecuting any claim against the United States." Nothing will prevent them from doing that, in the statute, "Provided that such persons shall not prosecute any claim against the United States, one involving any subject matter directly connected with any such person was so employed, or, two, during the period such person is engaged in employment in the Department." Now, that means that when you leave the Department you are no longer subject to the rule of the old statute, which is 190 of Title five.

H.M.JR: When did Paul find out that he could practice before the Bureau?

MR. O'CONNELL: Well, I told him at the time that he submitted his resignation, which was on the 22nd of March. I told him, and that was where I was wrong, that when he was no longer with the Department he was completely free to practice law, and he was free to the extent that this made him free from any two-year rule with respect to what he could do after he had left the Department.

Now, where I was wrong--and there is no law other than the practice on the subject--I assumed that the purpose of having him submit a resignation on the 22nd of March was to sever all of his connections with the Department at that time, except the connection necessary to collect his pay.

- 6 -

Now, the practice has been--and I have since found out that Tim Mooney had the same difficulty; Tim Mooney sacrificed, I think, four or five thousand dollars in earned leave, because he was concerned about the propriety of his practicing law while he was on leave status from the Government.

H.M.JR: Isn't the maximum around thirty-two hundred?

MR. C. S. BELL: No, sir.

MR. O'CONNELL: No, you can accumulate up to ninety days. Actually you can get about four months.

MR. C. S. BELL: No, you are pretty close.

MR. O'CONNELL: It was about four months' pay.

MR. C. S. BELL: Carry over ninety days and accumulate what you have in the year.

H.M.JR: That would be a third. Three times five would be fifteen.

MR. O'CONNELL: I am a little high.

H.M.JR: I think you will find it is around thirty-two hundred, but that is unimportant.

MR. O'CONNELL: In Tim Mooney's case, when he resigned, I learned after this question about Paul came up--the thing I missed was, it never occurred to me that Randolph was going to have any cases before the Government before he had exhausted his leave, and I didn't focus on the problem. But I felt--and there is no law either way--the only thing is, the practice has been that regardless of your resignation, unless your leave has expired, you are not--

H.M.JR: Yes, sir, you said you had heard of his practicing before the Bureau as of Saturday.

MR. O'CONNELL: That is right. The way it came up was, last Wednesday he appeared up in Newark in connection

- 7 -

with a trust case, and I believe our lawyer up there raised the question with him as to whether he was entitled to appear in that case.

H.M.JR: Our lawyer?

MR. O'CONNELL: When he came back here on Friday he tried to speak to me, and I was busy and out of the office. He spoke to Tietjens. Saturday morning Norman and I talked about it. We wrote to the lawyer in Newark and said we had the matter under consideration.

I told Randolph we were re-examining the thing, but it was very doubtful, and my doubts were confirmed on Monday as to whether, even though he had severed all connections except for leave pay, he could with propriety represent a client before the Government. Now, that is the problem during the time he is still on a leave status, but he has done all he could to sever his connections, except sacrifice his leave.

MR. GASTON: The question of propriety is no question at all; it is grossly improper.

Now, the second thing is, it seems to me there is something in that statute about the regulations of the Department applying--haven't we regulations which forbid it?

MR. O'CONNELL: No, well, not if he has left the Government, because we have a regulation that says that you cannot practice law in violation of Section 190. This is an amendment to 190.

MR. GASTON: But our regulations would not be amended by the amendment to 190.

MR. O'CONNELL: Oh, yes, this is an amendment to 190. We say a man may not practice law in connection with a matter after he leaves the Treasury, if he had anything to do with it, if he was in the division that handled the case, or if it is in violation of Section 190. Section 190 has been changed.

- 8 -

MR. GASTON: I have three points: One is that it is grossly improper.

Second, he hasn't left the employ of the Department, which makes it illegal.

And third, I think our regulations should be amended to provide that notwithstanding the provisions of this section no person in the Treasury Department is permitted to practice.

MR. O'CONNELL: There is nothing in the regulations about a person in the Treasury--

H.M.JR: But the thing that burns me on this thing is, Randolph Paul, Assistant to the Secretary, at ten thousand dollars a year, appeared in the courts against the Treasury while he was Assistant to the Secretary. You fellows can go through all the somersaults that you want in order to get his leave pay, which is technically correct.

MR. GASTON: I say it doesn't make any difference. I am in agreement with you completely.

H.M.JR: I say that Randolph Paul never should appear in a court against the Treasury while he is Assistant to the Secretary.

MR. GASTON: I agree with you a thousand percent, whether he is working or not working.

H.M.JR: All this moral talk and the rest of the stuff makes me sick to my stomach. And certainly before he went in there--it isn't clear in my mind yet, Joe, how Randolph throws it entirely on you.

MR. O'CONNELL: I think he is to an extent correct, because I advised him, and the purpose of his signing a resignation on the 22nd of March and signing a leave slip on that day was to terminate insofar as it was possible all connection with the Treasury Department. I told him that he was free to practice law. I wasn't thinking in terms of representing anybody before the Treasury, because

- 9 -

it didn't occur to me that that would develop, but that is done every day. Everyone goes to work for somebody the day he leaves. It was only in the Tim Mooney case that somebody wanted to represent a client before the Government that the question arose.

H.M.JR: You can't tell me that Paul, irrespective of the advice you gave him, a very brilliant person, must have realized he was doing something questionable.

MR. GASTON: I would like to ask Charlie what the rule is so far as a person who is on annual leave, who submitted his resignation and then begins to take his annual leave, and his resignation is effective at the conclusion of the annual leave, is concerned. Can he go out and get any ordinary job and accept pay in addition to his annual leave pay?

MR. C.S.BELL: Yes, sir.

MR. O'CONNELL: It is only the conflict that raises the question. There is no statute that says--what we are talking about is the impropriety of a man working in an inconsistent position with the one he is being paid for. That comes up when he is representing a client against the Government.

H.M.JR: Put the other thing on the record about his asking you for a file.

MR. O'CONNELL: Well, I mentioned that to you last night, and I think in fairness to Randolph that this was not improper. I mentioned it because it was consistent with the position I took that he had severed his connections; just before he left he asked for a Bureau file in connection with a matter which was perfectly proper for him to have. When the file was received over in Wenchel's office, he had resigned. Phil called me and said, "I am not going to give Mr. Paul the file, but I will send it to you."

I said, "Go ahead and send me the file."

He sent me the file; it was very interesting, a situation which I have since talked to Roy Blough about.

- 10 -

But I told Randolph he could not see the file because he was no longer connected with us. It was an advertising case. It was the case I mentioned to you at the staff meeting on Monday where this Philadelphia company had advertised, done some institutional advertising by reprinting editorials from PM and other magazines. We had a letter from Stam asking whether the advertising was deductible. It is quite a bad case.

H.M.JR: Which side is Paul on?

MR. O'CONNELL: I haven't any idea.

H.M.JR: Is he retained?

MR. O'CONNELL: Oh, no, he asked for the file while he was General Counsel. Somebody complained to him.

H.M.JR: Oh, I thought he was being retained.

MR. O'CONNELL: Oh, no.

H.M.JR: Of course, aside from everything else, it makes such a jackass out of me. Here I am--I didn't know anything about this. He sits in his old office.

MR. O'CONNELL: He only comes in every once in a while.

H.M.JR: But he is practicing before the Bureau.

MR. O'CONNELL: There is no escape from that.

MR. GASTON: If he has cases before the Bureau and intends to go through with them he has to be cut off the pay roll. Either that, or he has to give up the cases.

- 11 -

H.M.JR: He is not going to give up the cases.

MR. O'CONNELL: They will cut him off as of the 25th of April. He has been paid up to that point. It was the day after that he appeared in Newark.

H.M.JR: When was the last day he was paid?

MR. O'CONNELL: The 25th. He appeared on the 26th. It is a coincidence, but is a good one.

MR. GASTON: To protect him, that has to be done.

H.M.JR: How about protecting the Treasury?

MR. GASTON: I mean, protecting both. It is just as important to protect him from his point of view, if he needs that protection, as well as the Treasury.

MR. O'CONNELL: He needs it more, but I am more wrong in this than any other one person.

H.M.JR: I think you are, but I appreciate your forthrightness in admitting it, instead of arguing about it. That is why I made this little speech to you and Charlie last night.

Now, where is his resignation?

MR. C. S. BELL: I have it in my office.

H.M.JR: Is it signed?

MR. C. S. BELL: Yes, sir.

- 12 -

MR. O'CONNELL: Dated the 22nd of March; it has been there since the 22nd of March.

MR. C.S. BELL: He didn't put an effective date; he left that to us.

MR. O'CONNELL: That is as Assistant to the Secretary.

H.M.JR: You have had that, as Assistant to me?

MR. C.S. BELL: Yes, sir, effective June 3, but he didn't put an effective date. I just got a little card from Norman - "Make this effective June 3."

H.M.JR: What did Paul do about it.

MR. C.S. BELL: He signed it.

MR. O'CONNELL: It is dated the 22nd of March.

MR. C.S. BELL: The 29th - he didn't put the effective date in because he didn't know what that was.

MR. D.W. BELL: He left it to Norman to figure out.

MR. GASTON: That was apparently an advance resignation that he could use to close up their records, when his annual leave expired.

MR. O'CONNELL: No, I dictated that resignation. I had a purpose in doing it. I made it, "I hereby resign as Assistant to the Secretary" period. He signed it. I talked to Norman about it, whether he should not say, "effective at the expiration of the annual leave."

The theory of having it signed at that time, in my mind, and having him sign the leave slip at that time, was to cut everything off except his right to get leave. I was trying to do it that way, and Norman seemed to think that would be effective.

- 13 -

Now, we weren't thinking, primarily, of the fact he would want to practice before the Treasury. It never occurred to anybody. I understood he was going to take a vacation and wasn't going to do anything for several months.

H.M. JR: Certainly filled Gaston and myself with that, didn't he?

MR. GASTON: Yes, he told me he wasn't so sure about how far this two-year limitation went, but at the same time, as a matter of ethics, he wouldn't want to take any case before the Treasury Department within the two-year period. So he was anxious that period would begin to run.

H.M. O'CONNELL: That is right. Anyhow, all he did was sign the resignation. The simple thing now is to accept the resignation, effective April 25. Isn't that right, Charlie? Isn't it true that all the Secretary has to do is to accept the resignation, effective April 25?

MR. C.S. BELL: That is right. Put a date in there and then change his leave card.

H.M. JR: I don't want any tampering. This says June 2.

MR. O'CONNELL: That is the expiration of the leave. He signed it at the front end, when the leave starts.

H.M. JR: "I submit herewith my resignation as Assistant to the Secretary."

MR. D.W. BELL: When you acknowledge that you will accept it effective as of June 2. That is what you would have done, normally. Now you accept it effective as of April 25.

MR. C.S. BELL: That is correct. That is why those little red marks there - acceptance June--

- 14 -

H.M.JR: Then it is all right. You don't have to do any tampering?

MR. C. S. BELL: Not a thing, no, sir.

H.M.JR: Will you fix that up today?

MR. C. S. BELL: Yes, sir.

H.M.JR: Or have you already done it?

MR. C. S. BELL: No, sir.

H.M.JR: Well, that is that. It is unfortunate. Do I have to say anything to Paul?

MR. O'CONNELL: No.

MR. D. W. BELL: Does he know?

MR. O'CONNELL: We told him yesterday afternoon.

H.M.JR: I would rather say it to him, myself.

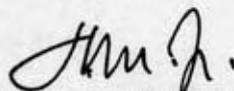
MR. GASTON: He should have asked for it, himself.

April 25, 1944

Dear Randolph:

As requested in your letter of March 29, I accept your resignation as Assistant to the Secretary, to be effective at the close of business on April 25, 1944.

Sincerely,



Secretary of the Treasury.

Mr. Randolph E. Paul,  
Assistant to the Secretary,  
Treasury Department.

*Paul*

May 2, 1944  
10:15 a.m.

JEWISH EVACUATION

- Present: Mr. Gaston
- Mr. White
- Mr. Pehle
- Mr. Luxford
- Mr. DuBois
- Mr. Smith

(The Secretary reads from notes of April 8)

H.M.JR: The point is that we should sound out Congress. You went as far as John McCormack, didn't you?

MR. PEHLE: Yes.

H.M.JR: And McCormack told you he was for it himself, but he wouldn't even think of introducing a little bill he had because he knew he couldn't get it through.

MR. PEHLE: As far as getting legislation through Congress, that is right. Since then there has also been, Mr. Secretary, as you recall, two things: One, the Gallup Poll that the White House took which was much more favorable than we had anticipated--

H.M.JR: The White House took?

MR. PEHLE: Yes, sir. That was taken pursuant to the request of the White house. Niles did it on his own, without our knowledge or request.

H.M.JR: Niles isn't White House yet.

- 2 -

MR. PEHLE: Well, he is Assistant to the President, and I assume--

H.M.JR: Well, anyway, he asked the Gallup Poll to do it.

MR. PEHLE: I don't know the inside of the arrangement. They have apparently an arrangement whereby the questions the White House are interested in, the Gallup Poll takes a poll. And they took a poll, copy of which I have here, which I sent to you, showing seventy percent of the people who were sounded out approved it, twenty-three percent disapproved, and seven percent didn't have any reaction. The question was not put in its most favorable way. It could have been put much more favorably than it was. Secondly, growing out of a press conference that I had, more or less by accident, there was considerable newspaper publicity and there has been a lot of radio publicity.

McCormack introduced into the record all of Grafton's articles on free ports, which is the same idea put in different terms. All of the publicity has been favorable. We have received from organizations such as the YWCA, and the Federal Council of Churches of Christ in America, and the American Friends, and other organizations, very strong support. And the only opposition we have gotten are three or four letters, most of which are anonymous letters of the crank type.

So, since we have talked, I, at least, have grown much more confident of the public acceptance of this thing.

H.M.JR: well, when did we have that meeting over in Hull's office when we brought this up? Was it before or after this April 8?

MR. PEHLE: It was before.

MR. GASTON: March 21, I think.

- 3 -

H.M.JR: I don't see why you men were so surprised yesterday, or acted so surprised, that I had changed my position, and so forth and so on. The way I left it was that you should go and sound out Congress. You were very doubtful on April 8, too.

MR. PEHLE: I was very doubtful as to whether legislation could be put through Congress.

H.M.JR: You know and I know that you can't get any legislation through Congress.

MR. PEHLE: I am still doubtful. I am less doubtful than I was because of the public acceptance of this thing when there has been so much publicity. It was on the front page of both the Herald Tribune and New York Times. We have had no Congressman raise Cain about it.

H.M.JR: Let me change my position. I don't think it has been changed - I read this very carefully and I repeat myself - I don't want to put the President on the spot. That is what I said.

Now, we send this thing to him, knowing that you can't get the immigration laws changed at this time, and there is nothing that has been brought to me except a very bad report from McCormack as far as the Congressional attitude is concerned.

Now, I don't believe that the President should do this by Executive Order.

MR. PEHLE: That is the part where we disagree, Mr. Secretary.

H.M.JR: That is all right. I think your comparison to the fifty destroyers is ridiculous. There is no more comparison between this and the fifty destroyers than - well, I don't know.

- 4 -

My job - one reason I wanted White here - my job is to look after the President's interests, and I think, for us to dump this thing in the President's lap, urging him to do this by Executive Order, knowing the temper of Congress - well, I just can't go on.

MR. DuBOIS: That memorandum doesn't urge him to do it by Executive action. It puts up four alternatives, to let him take his choice. He may well feel it is wiser to do it that way.

H.M.JR: It puts me in the position of urging him to do it. You don't say I am opposed to doing it by Executive Order.

MR. DuBOIS: We say that Mr. Stimson, in particular, did not feel it should be done.

H.M.JR: You can add me to that, because I don't think it is in the President's interests to ask him to do something at this time by Executive Order, which, from my impression of the temper of Congress, is going contrary to the temper of Congress.

MR. LUXFORD: Mr. Secretary, I gather it would be your opinion that Congress would not enact any legislation necessary here. I gathered that from your statement. If that is true, then there is no hope for the camp program.

H.M.JR: Now, wait a minute. I went over this whole thing. were you in the room?

MR. LUXFORD: I was here.

H.M.JR: We talked about the thing and at that time Pehle was entirely in my corner.

MR. LUXFORD: I wasn't here at the other meeting.

H.M.JR: No, but I read this. What I am worried about is this: It is all right to have this fellow

Grafton, or whatever his name is, and some other people go through these things. It is all right. Everybody is for it, just like McCormack is.

McCormack says, "John, I am for this thing, but you let the President do this thing by Executive Order, then you see the wolves jump on him and the Congress takes action to vitiate what he has done." And I believe that they could.

Now, it is one thing, as I say, to do the fifty destroyers, for which, incidentally, we got something in return, but I am not even going to compare the two because the one is the fighting of the war and the other thing is the saving of lives. I don't think the two things are comparable.

MR. LUXFORD: Saving lives is the narrow objective, but in the broader plane the destroyer deal represented a change in the thinking of a lot of people in this country on what our part was in the war. Right now, this has a broader aspect, too. It means a change in this Government's attitude on a major problem.

MR. DuBOIS: This is more than--

H.M.JR: Just a minute. What you people have avoided, and you haven't taken this thing head on, and that is to find out what Congress would do. Now, that I asked you to do, and you haven't done it. You asked one person; you got unfavorable reaction and you stopped. Now, what I want to know is this, that if the President did this thing by Executive Order, what are the chances that the Congress would overrule him?

Mr. DuBOIS: Of course, it is an entirely different thing, Mr. Secretary, to try to test that out before he does it, as distinguished from trying to find their temper after he does it.

- 6 -

H.M.JR: But you are on record that you would like to see the President do the thing and then have the Congress override him.

MR. DuBOIS: I never said that.

H.M.JR: Oh, yes, you said that right at the bottom; you said that might be good.

MR. DuBOIS: My point is that there is no chance.

MR. PEHLE: Just the opposite, Mr. Secretary.

H.M.JR: Just let me see.

MR. PEHLE: It is on Page 5, the bottom paragraph, which I insisted go in.

MR. DuBOIS: Of course I wouldn't want this done if I thought the Congress would override it. It would be the worst thing in the world.

MR. SMITH: That isn't the worst; it wouldn't be that they overrode it, but they certainly would have an anti-propaganda campaign that would shake the world.

MR. PEHLE: I don't think so.

MR. LUXFORD: I have changed completely.

MR. SMITH: You haven't been west of Pennsylvania.

MR. DuBOIS: Miss Laughlin just got back from a trip around the country and she reported a very favorable reaction.

MR. SMITH: That is just one person.

MR. DuBOIS: Well, the Gallup Poll is very convincing.

H.M.JR: This is what I read--

- 7 -

MR. DuBOIS: I would like to put my position a little differently. I feel that we can get the President to send a strong message to Congress, and that we have a reasonable chance of getting it through, particularly at this time. But in any event, I feel if he is unwilling to act on his own, that we should run the risk of having it turned down in order to try to get it through Congress. That is a different point.

H.M.JR: "I feel so strongly this is the essence of a real success in this program" - but I feel we might as well make the issue clear now, once and for all. It is different.

MR. DuBOIS: But I knew you had the turn-down.

H.M.JR: But it was the turn-down of the President, not the Congress.

But I still feel, and I would like to hear from White and Gaston, that what we are recommending - at least what you are asking me to recommend to the President - is he do this thing by Executive Order - and then what happens to the President?

MR. WHITE: Well, I share your concern with respect to the paramount desideratum; namely, will - if I understand it correctly - will this seriously adversely affect the position of the President and his chances for re-election? If it is going to seriously jeopardize his chances for re-election, or significantly so, I think it should be avoided at all costs, because I think it is more important that he be re-elected and do larger things, than run the chances of not being re-elected in order to accomplish these minor results.

If that is the concern that is playing a major role in our own judgment, I find myself completely in sympathy.

H.M.JR: I am asking your advice. These men want me to go on record to the President that he do this by Executive Order.

- 8 -

MR. WHITE: Yes, I am leading up to that.

H.M.JR: I have got to make up my mind here. Should I, or shouldn't I, go along?

MR. WHITE: That is right. I said that if that is the consideration, as I understand it, and nothing else other than that consideration, if my opinion bears any weight in this matter.

In other words, in my opinion the only thing that would deter me from making the recommendation that he do it by Administrative action would be the conclusion, or the feeling, or the judgment, that by so doing, he would significantly jeopardize his chances for re-election more than are already in existence. I don't feel it would be a significant factor in determining his election. Therefore I am unqualifiedly in favor of recommending that he do it by Administrative action. I don't think Congress would override him.

I don't think that Congress would pass the bill in any case, or at least I have my doubts, and I think that if he would do it Administratively - and there is a grave question there - but that decision, I think, should be his.

Certainly, in my judgment, we should not hesitate to recommend it to him, unless, as I say, one can make a strong case for saying that by so doing he would jeopardize his re-election. Since I don't feel it would, I feel that, unquestionably, the recommendation ought to be that he should do it by Administrative action if he sees fit.

H.M.JR: Herbert?

MR. GASTON: I am inclined to think that he should consult more leaders of Congress before he takes any other action, a group of the real leaders - Barkley, Mayburn, McCormack, Martin, and whoever is the Republican leader in the Senate. If they say, "We probably couldn't get a bill through, but there won't be any violent action in Congress if it is done by Executive action," then I would go ahead and do it by Executive action. If he submits it to Congress, I would have him submit it with a strong message.

- 9 -

MR. DuBOIS: We have the alternative in there, Mr. Gaston.

MR. GASTON: Before doing anything--

MRS. KLOTZ: That is all in there.

MR. GASTON: That is one of the alternatives, but as I understand, we are discussing which is the preferable alternative.

MR. WHITE: Take the position of these leaders, Herbert. If there is the slightest doubt in their minds, they are not impelled very strongly to take what they would regard as the slightest chance. I think that at a time like this they would be cautious on any problem you asked them, no matter how small it was. No matter how important, they would say, "Let things alone; it is too dangerous at this stage of the game."

I think that is a decision which the President could make, because the President is confronted, as these leaders are not, with the responsibility of that choice, and I think that the answer you would get from every one of them would be, "Well, on the whole at a time like this I think it is better to let sleeping dogs lie, and let's see what we can do next year." It is unfortunate, but I am inclined to think that would be their answer. And I don't think that their evaluation at this time is a good one, because there is nothing on the other side pushing them. There is no responsibility, no great emotional feeling on their part.

MR. PEHLE: Particularly if it is put up to them by somebody other than the President. McCormack we could sound out, because we knew he had some feelings and interest about this. But for somebody down the line to say, "If the President does something, what will you do?" that smacks almost of impertinence to do that. I mean, the President is the man. He has his own ideas as to what Congress does, and he is the one who has to consult them as to what he does. Maybe he doesn't want to consult them, but that is something he ought to decide, I believe, Mr. Secretary.

MR. LUXFORD: Mr. Secretary, if I could speak from my own experience, when this thing was first raised, I was afraid of public reaction. I was brought around; that is,

- 10 -

we argued the thing out, that it did have a chance. The more I have seen of it, and of public reaction on the basis of the trial balloons that were thrown out, it has been favorable. Now, just along that same line, Will Rogers, Jr. said the other night--it was very interesting to me--on this issue of the Jewish problem, he said he had been amazed at the warm response there was in the American public for any measures of this kind, that everybody had misjudged and felt that we were cynical and harsh. If you only give them a chance, they will carry you through on this kind of a measure. It is just that people are too freely misjudged. I had misjudged it.

MR. DuBOIS: Everybody has been saying that labor would be opposed. We just found out the other day, almost by accident, that the AF of L passed a resolution in their October meeting recommending this very same thing.

H.M.JR: Fred?

MR. SMITH: I don't think that anybody has any evidence one way or another, frankly. I think that you are talking about--well, take Will Rogers, for example. He is very much in favor of this. He is very likely to say exactly what he said in a sort of "whistling in the dark" way, although it might be true. I am not saying it isn't true; I don't know. Your favorable editorials are a drop in the bucket, and I think they carry no weight whatsoever as evidence.

One thing I would like to hit first of all is--you bring up the destroyer deal--whether that is pertinent or isn't, you are all overlooking the fact that about half a million dollars was spent before the President made a move on that, and by some of the ablest public opinion people in the country in advertising and everything else. The ground was cultivated for that better than the ground has been cultivated for anything before or since. That has not been done on this, and I certainly wouldn't think of doing it unless you could find somebody, not a Jewish organization, but an organization of the same type as the Committee to aid the Allies, to sink a half million or a quarter of a million dollars into doing a job over a period of three or four

months, and see what happens. Now, you have that part of it underway; then you can go into Congress; you can get some Congressmen to bring this thing up on the Floor after your ground has been laid, again I say, and get it knocked around there by experts and see what happens. Then if the thing looks all right, you can do either of two things. Either it would be obviously safe for the President to do it by Executive Order, or it would be obvious that even if he asked Congress to do it and came out for its support, it would be done. But I don't think you can do this right out of a clear sky. I don't think you can put the President in that position.

Here is one thing, Harry, you have to bear in mind: The President has the minority vote. Therefore, the Republicans have nothing to lose.

MR. WHITE: Well, you are not selling a new brand of tomatoes; do a half million dollars of advertising. You have had the equivalent of billions of advertising in the sense that the public is aware of the general situation. There have been innumerable accounts and stories, particularly in the last five or six months, of the problem, and I think it is a little unreasonable to say that you have to prepare the ground. The ground is either prepared, or there is nothing you will ever do about it.

MR. SMITH: You are wrong, Harry. The ground is prepared for being sorry for the situation. The ground is not prepared for opening up this country to let other people in, no matter what kind of refugees they are. I am not specifically saying Jewish, but any kind of a foreigner, anybody who comes in from the outside. I don't believe we are ready to open up our borders yet to do that. I think as soon as you got west of Pennsylvania you would have the most violent reaction in the world if it were done without proper preparation.

MR. DuBOIS: One difficulty of preparation--you might as well forget it if you wait three or four months.

MR. SMITH: If you had a lot of money spent in much less time than that you could test it out. But I still say that it is either that or nothing.

- 12 -

MR. LUXFORD: How do you ignore the Gallup Poll report?

MR. SMITH: I am not sure it is a good Gallup Poll.

MR. PEHLE: What do you mean by that?

MR. SMITH: I don't know whether Gallup did it or how widespread it was.

MR. PEHLE: I don't know; it was the method used by the White House to test public opinion on issues.

MR. SMITH: Maybe it is all right. I am not disparaging it.

MR. WHITE: I think there are some things in which the President has to lead, provided he doesn't jeopardize the major issue; merely because he may get some people sore at him who won't vote for him anyhow, or some other people sore who might vote for him is not at issue. The question is, is it a desirable thing to do? What is the cost of doing it? What is the cost of not doing it? I say if it doesn't jeopardize his chances of election, then it is his function as a leader, and for other reasons.

MR. PEHLE: And he will know better than anybody else in the world, it seems to me, whether this is a thing that will jeopardize his chances. I can't even talk in terms of jeopardizing his chances, because the people who are going to get aroused on this hate him with an undying anger anyhow.

H.M.JR: I have heard enough. I would like to tell you how I feel about this thing so there will be no misunderstanding. I am prepared to say that I am for this. I am prepared to say it to the President. But I want to make it perfectly plain that he will have to make up his own mind how he wants to do it. And I don't want to put methods into his mouth or endorse the thing as to how he should do it. I don't want to say he should do it by Executive Order, by Congress, by this, or that. I am simply willing to say, "Mr. President,

- 13 -

I am prepared to recommend this to you as a good thing. You will have to decide how you want it received."

MR. DuBOIS: I think, in effect, that is what it says.

MR. WHITE: Will he know that he can do it by Executive Order without saying so?

MR. DuBOIS: We give him four alternatives.

H.M.JR: Of course, what they do is--

MR. DuBOIS: The decision of the Board is that he submit these four alternatives to you, and the only thing we say--

H.M.JR: Now, look, fellows--

MR. WHITE: It may be slanted.

MR. PEHLE: Of course it is slanted. You can't take the slant out. It is slanted in the direction of getting the thing done--this memorandum. Of course it is.

MR. LUXFORD: You wouldn't do your job if you didn't slant it.

MR. PEHLE: That is right.

H.M.JR: That is where I was going to make my little speech. I don't deal with the President that way, and I want to deal with him on the same level that I always deal with him. That is why when I send him cables down on this thing he takes what I tell him without looking into whether it is slanted or not. That is why I get these prompt replies in connection with Harry. That is just why I object to this thing. I don't want you to take offense, but what I am saying is offensive, what I am going to say. I don't want to be smart with him. And I don't want you boys to be too smart with me.

Over a long period I have gotten along all right with him, and I want to maintain that position with him. I am

- 14 -

here looking after his interests. In order to accomplish something, I don't want to be too smart.

MR. LUXFORD: Mr. Secretary, no one for a minute thinks that is smart. On the other hand, I defy anyone to say they don't have a slant on anything. Anything is slanted; if you make it neutral, it is slanted.

H.M.JR: No, no, we were very, very careful. You were here that night when I went over that. You complimented me the next morning, insisting that Harry make up his mind before--

MR. LUXFORD: That didn't go into the slant of it, I believe.

H.M.JR: It changed that sentence, though.

MRS. KLOTZ: That was not putting the President on the spot.

H.M.JR: But I don't want to make it embarrassing for him so he feels, "Well, now, the War Refugee Board has put this thing up to me."

MR. PEHLE: It can't be too embarrassing when Stimson argues at great length and we spread out his argument, saying, "Don't do it by Executive Order." The Attorney General's recommendation is right in here.

MR. DuBOIS: I thought this was more loaded against it than for it, as a matter of fact. It gives four alternatives, and gives the views.

H.M.JR: But I want to be on record that I am not recommending the method. I am recommending the project.

Now, you fellows want him to do it by Executive Order. How can you put the thing in there so that it is clear that I am not telling him how to do it?

MR. PEHLE: We can find a way to do that.

- 15 -

MR. GASTON: I don't find an objectionable slant in here, so far as I have seen it. It is slightly slanted, particularly because the argument--

MR. PEHLE: Is in favor of the project.

MR. GASTON: The argument against the Stimson conclusion is stated last. But after all, it is merely stating on the other hand--there is this to consider on the one hand, and on the other hand--

MR. PEHLE: When I said it was slanted, Herbert, I meant it was slanted strongly in favor of doing something. I thought we were very fair with Mr. Stimson, who feels much stronger about the President not doing it on Executive Order than you do. I felt it was a very fair statement. That is what he told me, "You put it very fairly."

MR. WHITE: I should imagine the President has a right to expect that you have given this more thought than he has, and being a member of the Board and having given it more thought that you would have some views, not only as to whether it should be done, but also as to what might be done. For example, you are convinced, or you at least feel that Congress would not pass it. Now, I think that may be information which he may not have at his disposal. I don't quite see the harm in indicating that you would feel there would be considerable difficulty in getting Congress to pass it. But you think it ought to be done. Therefore, that suggestion is, it ought to be done some other way. After all, you are on the Board. It isn't as though you were interfering in some business that isn't yours. You are speaking as a member of the Board, just as Stimson is speaking as a member of the Board.

H.M.JR: What would satisfy me is, where in the body of this thing where you are talking of what Stimson thinks and of what the Attorney General thinks, if you will put in that Morgenthau thinks that before he does anything he should consult with the appropriate Members of Congress, period.

MR. PEHLE: Perfect.

- 16 -

H.M.JR: Just leave off "Not with the view."

MR. PEHLE: Sure.

H.M.JR: That is what you said.

MR. GASTON: That is what I said, and I think for two reasons: I am inclined to believe as John says, that the sentiment of this country would be for this thing, considerably more than the majority. But when you take this Executive Order action, you bring in another issue which is the issue of defiance of Congress in acting on an important national question without consultation with Congress. That is a different issue from the issue of whether you ought to have camps for refugees saying--

H.M.JR: I simply want to be quoted as saying that I think he should consult with the appropriate Members of Congress before taking any action, but leaving out what he should--just on the over-all problem. See?

MR. PEHLE: Certainly. That is perfectly agreeable.

H.M.JR: Is that agreeable?

MR. PEHLE: Certainly. Of course.

H.M.JR: If you will put that into the body--

MR. PEHLE: I agree fully with that. I think he ought to, too.

H.M.JR: Is there any difference between us on that?

MR. PEHLE: No, not on that point.

H.M.JR: That is all. Say that I am in favor of the thing, but before he takes any steps he should consult with the appropriate Members of Congress.

MR. PEHLE: Right.

H.M.JR: What do you want me to do then to push this thing along?

- 17 -

MR. PEHLE: If you would sign it, it would be easier for me to get Hull to sign it, and then get Stimson to sign it.

H.M.JR: This will be changed?

MR. DuBOIS: It will be. The attached memorandum, I take it, you want changed.

H.M.JR: Yes.

MR. DuBOIS: The best thing, if you could do it, of course, Mr. Secretary, would be if you and Mr. Penle could see Mr. Hull. That would be the best without your even signing it.

MR. PEHLE: Or, if you could call him and say, "This is a memorandum--"

H.M.JR: You have something else there that is ahead of you on this thing.

MR. PEHLE: What?

H.M.JR: Argentina.

MR. LUXFORD: We ought to get an answer today on that, Mr. Secretary.

H.M.JR: Well, get an answer on that, and then this will come next. 2

MR. PEHLE: All right.

H.M.JR: If you fellows feel it helps you to go over there, I am willing.

MR. PEHLE: Oh, it helps; sure, it helps.

H.M.JR: In the room here, the President will not be back until the end of the week.

- 18 -

MR. PEHLE: The end of this week? Mrs. Roosevelt indicated at her press conference yesterday that it would probably be another week yet.

H.M.JR: The word we have is the end of the week, isn't it?

MR. GASTON: I didn't check.

MRS. KLOTZ: I did. It is the end of the week.

H.M.JR: Let me just read this again carefully.

Would you have any objection to making two number one?

MR. WHITE: I think it probably belongs as number one.

MR. PEHLE: What, two? No, we can change the order.

H.M.JR: Make two number one.

MR. PEHLE: We will do that.

MR. WHITE: I am wondering, isn't the President entitled to know how many you expect? That would make an awful lot of difference.

MR. PEHLE: What is that?

MR. WHITE: Would you expect fifty thousand, or a hundred thousand.

MR. PEHLE: We said that even if no people were brought over, this would be a very substantial step.

H.M.JR: You rewrite that. No time is being lost, because we have all agreed that we shouldn't send this. Have you any feelings on the suggestions I have just made?

MR. LUXFORD: No, it is all right with me.

MR. DuBOIS: It is all right.

- 19 -

H.M.JR: Don't tell me you agree with me! I may be wrong.

MR. LUXFORD: No. We could ask more, but that is all right.

MR. SMITH: I still say that you ought to take some trouble to cut some of the opposition out from under him before you do it.

MR. PEHLE: We have done some of that.

H.M.JR: You should do more.

MR. PEHLE: We can't.

MR. WHITE: You ought to spend about fifty million dollars to eliminate anti-Semitism--money that returns a dividend of minus forty percent!

H.M.JR: Well, we will hear about the thing today?

MR. LUXFORD: That is what they told you on Friday. Do you want us to nudge them?

H.M.JR: Yes.

May 2, 1944  
11:55 a.m.

165

HMJr: Hello.

Fred  
Vinson: Henry, what I wanted to talk with you about was the advertising that comes out of the War Advertising Council work.

HMJr: Oh, yes.

V: Ah -- it's in regard to mentioning insurance, and if so, in what manner. I understand that the O.W.I. boys have talked to some of your fellows and there's a difference of opinion about this situation and I want to talk with you about it.

HMJr: Well, I'm not familiar with it, Fred, but I'll find out who's handling it and call you back.

V: Well, the situation ....

HMJr: Or I'm available any time.

V: The situation is simply this ....

HMJr: Yeah.

V: .... and as far as we're concerned, frankly, it don't make a great deal of difference.

HMJr: Yeah.

V: As far as I'm concerned.

HMJr: Is this life insurance?

V: Yes.

HMJr: Yeah.

V: They've got two proposals.

HMJr: Yeah.

V: And I'll read it to you so you can have that background.

HMJr: Please.

V: Now, after -- they say what people can do to help hold down the cost of living and insure a sound state of the nation. "1. Buy only what you really need."

HMJr: Yes.

V: "Check ceiling prices and so forth. Don't take advantage of war conditions to ask more money for yourself."

HMJr: Yes.

V: "4. This is the -- Save, pay off debts, protect yourself and family against a rainy day with adequate life insurance and savings."

HMJr: Yes.

V: "Buy and hold all the War Bonds you can afford."

HMJr: Yes.

V: Now, as an alternative to that "4" ....

HMJr: Yes.

V: .... this is suggested: "Buy and hold all the War Bonds you can afford ...."

HMJr: Yes.

V: "--dash-- to pay for the war and insure your future -- period -- Save -- period -- Keep up your life insurance."

HMJr: I see.

V: Now, that has a little less emphasis on the -- on the life insurance end of it.

HMJr: Well, Fred, would you be a little more explicit? I don't quite understand what you want me to say or do.

V: Well, it's -- it's O.W.I. who is in contact with some of your fellows.

HMJr: Yeah.

- 3 -

V: And I forget -- I ought to know their names -- Smith ....

HMJr: Yeah.

V: And I'm inclined to think -- ah -- White.

HMJr: Yeah.

V: Now, one of them took one position and one of them took the other position about having any specific empha -- specific reference to the purchase of life insurance.

HMJr: I see.

V: Now -- on the ground that that might be hurtful to the sale of War Bonds....

HMJr: Well....

V: ....and that ....

HMJr: Seems kind of far-fetched to me.

V: Well, it does to me except for one further piece of information.

HMJr: Yeah.

V: On the side against putting it in ....

HMJr: Yeah.

V: .... that is, as to buying -- now, on that side it was said that some high-powered salesmen took the advertisement out and used it to pump up the sales of life insurance.

HMJr: I see.

V: But it seems to me that that might be a pretty good thing. I don't -- I didn't want to do anything that would interfere with your War Bond sales.

HMJr: Yeah.

V: And I would think that it would be a minimum....

HMJr: Yeah.

V: .... of disadvantage.

HMJr: Yeah.

V: Personally, I like the alternative one better.

HMJr: I see.

V: Because it puts the emphasis on "Buy and hold all the War Bonds you can afford ...."

HMJr: Yeah.

V: " .... to pay for the war and insure your future."

HMJr: Yeah.

V: "Save, keep up your life insurance."

HMJr: Yeah.

V: See?

HMJr: Yeah. Well, let me look into it and I'll give you a call back. How's that?

V: All right. Now, they're wanting -- they've been pressing me and I should have called you a long time ago and....

HMJr: Well....

V: ....if you can check .... (12:00 o'clock sirens blow)

HMJr: Wait a minute. I can't hear. We've got all these whistles.

V: I say, they've been pressing me about them and I should have called you a long time ago but I just didn't -- I just -- it looked to me like a kind of plicayunish matter one way or the other.

HMJr: Yeah.

V: Whatever you say about it, why, I'll do.

HMJr: Well, thank you.

V: All right, Henry.

HMJr: Thank you.

V: Bye.

HMJr: Bye.

On the end of Fred Vinson record.

Operator: Yes, sir.

HMJr: Who is this?

Operator: Spangler.

HMJr: Am I clear?

Operator: You are now.

HMJr: Well, let me just say -- this is a conversation with Fred Vinson. I'd like it typed and a copy sent to Fred Smith and after he's digested it and has the answer, please talk to me promptly. Now, that's that.

Operator: All right.

THE UNDER SECRETARY OF THE TREASURY  
WASHINGTON

May 2, 1944

MEMORANDUM FOR THE SECRETARY'S FILES

This confirms what I told the Secretary this morning in our walk around the Elipse.

In our cash position estimate, which was the basis for Mr. Haas' memorandum on financing, in our talks with the ABA Committee and with the representatives of the Federal Reserve System, we included \$100 million a week of additional money to be obtained through the issuance of additional Treasury bills beginning April 6 and running through until the first week of June, when it would be further increased to \$200 million a week, increasing from time to time thereafter until we had raised, out of a total of about \$13 billion directly from the banks, \$7 billion additional through the sale of Treasury bills. We also included an increase of \$2 billion in the May 1 certificate of indebtedness.

It will be recalled that the Bankers approved the bill program but recommended that the additional funds which we contemplated raising through the May 1 certificate be eliminated at this time because they thought it would help the Drive. It will also be recalled that Mr. Eccles and Mr. Sproul, while agreeing in principle with the recommendation that additional bills should be issued, wanted us to change the rate from 3/8% to 1/2% for four months and submitted a memorandum along this line.

In our discussions with the Federal Reserve people I told them that we could not agree to the increased bill rate, whereupon Mr. Eccles asked for a few days in order that he might submit an alternative to the proposal first submitted. They have worked on this alternative practically the whole month of April, submitting it to me the middle of last week. They propose that we do all of our interim financing through the issuance of additional Treasury bills -- that we offer initially \$1,200 million Treasury bills



each week, an increase of \$200 million over the present issue, which would include \$600 million of three months 3/8% bills and \$600 million of six months 5/8% bills. They would place a buying rate of 5/8% and a repurchase option on these new bills. It was their contention that the banks do not want the 3/8% bill, that the Federal Reserve System will eventually get all of these bills. They believe that if we would issue the 5/8% bill the banks would again become interested in them and in addition we would get quite a lot of additional corporate balances; that the 3/8% bill would be nothing more than a money market instrument which the Federal Reserve Banks would get and which would be the medium through which excess reserves are supplied.

We considered this memorandum here in the Treasury and came to the conclusion that we should not adopt the Federal Reserve suggestions for the following reasons:

1. Many uncertainties lie immediately ahead of us. People seem to have the invasion jitters and there is some question being raised now in the minds of market people as to whether the Federal Reserve System will be able to maintain the market if the contemplated invasion is a failure. It is also a political year and comment is beginning to be heard on the declining Federal Reserve ratio, and it is just preceding a war financing program where the goal is the largest we have yet had.

2. If the rate is changed to 5/8% as suggested by the Federal Reserve, we believe it will be interpreted as the first step towards the change in the pattern of Government securities interest rates. This may have an adverse effect on the Fifth War Loan.

3. In effect, the 3/8% and 5/8% rates, with posted buying and repurchase agreement by the Federal Reserve System, are rates for one-day money. We do not see how the Federal Reserve can maintain two rates like this.

170

- 3 -

Under all the circumstances I told Mr. Eccles yesterday over the telephone that I felt the Treasury should not adopt his suggestions and that I was going to recommend strongly to the Secretary that he not go along for the reasons enumerated above. I told him that we had now lost a whole month in our bill program, excess reserves were down to \$600 million, the market was not any too strong, and I thought it was time we increased the bills to \$1,200 million instead of \$1,100 million as originally contemplated, (1) in order to pick up some of the balance that we had lost through delay in inaugurating the program, (2) in view of the fact that the money market apparently needs some bills, and (3) that currency is going out at the rate of about \$100 million a week and I can see no earthly excuse for paying more than  $3/8\%$  on the excess reserve being provided by the Federal Reserve (except those provided as a result of support given the bond market) and on the currency provided largely for hoarders.

Mr. Eccles said that he agreed there ought to be additional bills and if we could not agree on this proposition that they have submitted, he saw no objection to going ahead with \$1,200 million in bills next week. He said he would like to have a promise that after the Fifth War Loan Drive we would again consider this matter. If we are not satisfied with this, he would like to have us consider a certificate of indebtedness at  $3/4$  of  $1\%$  instead of the  $7/8\%$ ; that we eliminate the  $7/8\%$  certificate from any drives subsequent to the Fifth War Loan Drive; and that we replace the certificate in the Drive with either a  $1\%$  or a  $1-1/4\%$  note.

I told him that we would be glad to take a look at it right after the Fifth War Loan Drive. I also said it was possible that the \$1,200 million bills issued between now and then will give some indication as to whether the banking system wants additional bills.

- 4 -

I also talked with Bob House, going over practically the same story that I told Mr. Eccles. He said he saw no objection to going ahead with the bill program as contemplated herein. He thought it would be a good thing to increase them to \$1,200 million next week.

The Secretary approved the program of increasing Treasury bills beginning the week of May 11 to \$1,200 million, to continue each week on that basis until the cycle is completed unless otherwise instructed.

*sub*

25.

MAY 2 - 1944

My dear Governor Edgerton:

It is a pleasure to acknowledge receipt of your letter of March 26, 1944, enclosing a check in the sum of \$67,257.18 representing a donation to be applied against the cost of the construction of a bomber for the armed forces.

It is gratifying to note that these funds were collected as an incident of the Canal Zone Fourth War Loan program by means of carnivals designed to provide entertainment for the public and also stimulate interest in the purchase of war bonds and stamps.

Please express the appreciation of the Treasury to Mr. T. Gabriel Dague, owner of the Star and Herald, who sponsored a campaign for funds in the cities of Panama and Colon and other towns.

Very sincerely yours,

H. MORGENTHAU, JR.

Secretary of the Treasury

Maj. Gen. Glen H. Edgerton  
Governor of the Panama Canal  
Balboa Heights  
Canal Zone

VB:mkh



THE PANAMA CANAL  
CANAL ZONE  
EXECUTIVE DEPARTMENT

326 462

Balboa Heights, C. Z.,  
March 28, 1944.

VIA AIR MAIL

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

Mr. Secretary:

There is transmitted herewith check No. 3,912, dated March 20, 1944, in the amount of \$67,257.18, by the Collector, The Panama Canal, representing a donation to be applied against the cost of the construction of a bomber for the armed forces.

This gift is made in pursuance of the provisions of Section 1101 of the Second War Powers Act, 1942, approved March 27, 1942.

These funds were collected as an incident of the Canal Zone Fourth War Loan program, during which War Bond Carnivals were held from February 7 to 12, 1944, on the Atlantic and Pacific sides of the Isthmus. The carnivals were designed to provide entertainment for the public and at the same time to stimulate interest in the purchase of War Bonds and Stamps, and a part of the general receipts, as well as the direct outright contributions made for this specific purpose, were applied to a "Bomber Fund."

While this contribution is not sufficient to finance the construction of a bomber, it is hoped that the source of these funds can be identified on the bomber towards the purchase of which they are applied.

The "Bomber Fund" idea was taken up enthusiastically in the Republic of Panama, and its oldest newspaper, the STAR AND HERALD, owned by Mr. T. Gabriel Duque, sponsored a campaign for funds in the cities of Panama and Colon and other towns. As a result of that campaign, \$325.60 was contributed to the fund and is included in the remittance enclosed.

Very respectfully,

*Glen E. Edgerton*  
GLEN E. EDGERTON  
Governor

Enclosure:  
Check No. 3,912

67,257.18  
ck

C-1229

CERTIFICATE SENT *4-3-44*

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

177  
Date  
May 2, 1944

TO Secretary Morgenthau  
FROM Fred Smith *FS*

(1) Providing we can get him travel priorities, Orson Welles is leaving Hollywood immediately after his radio show next Thursday night, May 11, and will be here for four days, going back in time for the following radio show.

(2) I am borrowing the man from WPB to take over the movie operation we have planned in conjunction with the War Department. He has had excellent experience in organizing this kind of an operation. He will stay with it through the experiment, and will organize showings during the War Loan by both local Bond Committees and industrial concerns. He is starting today.

Bill Maloney of B.B.D. & O. could not be spared since he has lost all of his assistants to the war. However, he recommended two people at C.B.S. and I will call Paul Kesten to see if one can be borrowed to help organize the showmanship angle.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE May 2, 1944

TO Secretary Morgenthau  
FROM Fred Smith

Mr. Hettinger of OWI talked to Gamble about the Stabilization advertising, which up to this time has advised people to buy War Bonds and to invest in life insurance, etc.

Gamble opposed this, saying that nothing should be mentioned in the advertisements but War Bonds.

Hettinger then talked to me, without telling me at first that Gamble opposed it. My opinion was that since we were trying to get people to invest money for inflation purposes, that it was just as well to give them several options instead of saying War Bonds or nothing.

They then said Gamble had taken this positive view, and I told them it was more Gamble's job than mine, but that the only possible difficulty I could see was the possibility that the Government would encourage investment in life insurance, and then have a company "go bust"; but I felt this was a little far fetched.

I advised Hettinger to talk to Vinson about it since Vinson is running the advertising campaign. If he agreed with Gamble, then there would be no argument. If he didn't, they could settle the argument between Gamble and Vinson, which they are apparently trying to do.

May 2, 1944

My dear Fred:

I find that Ted Gamble, who is in charge of selling War Bonds, is attending a meeting on the West Coast. He will be back at the end of the week. If you do not mind, I would like to delay answering your inquiry in regard to life insurance advertising until his return.

Sincerely yours,

~~(Signed)~~ Henry

Honorable Fred M. Vinson,  
Director,  
Economic Stabilization Board,  
Washington, D.C.

May 2, 1944

My dear Mr. President:

I thought you would be interested in seeing a copy of the very nice letter which I received from Bob Doughton.

Yours sincerely,

(Signed) Henry

The President,  
The White House.

by ss apt to Mr  
Latta's office to  
be sent via pouch

COMMITTEE ON WAYS AND MEANS

HOUSE OF REPRESENTATIVES

WASHINGTON, D. C.

April 27, 1944

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

Dear Mr. Secretary:

May I extend to you and to your staff my appreciation for their sincere and helpful aid in the preparation of H.R. 4646, the Individual Income Tax Simplification Bill recently reported by the Committee on Ways and Means. I think the results of our deliberations on this bill show how much can be accomplished by having our staff and the Treasury staff, including the staff of the Bureau of Internal Revenue, work together in the formulation of suggestions to be presented to our committee. Through their joint efforts, the greatest good can be accomplished in assisting our committee in formulating tax legislation. I am more than gratified with the way in which your staff cooperated with our staff in the preparation of this legislation.

Now that we have seen the results which can be accomplished through such cooperation, I hope we shall be able to have it continued in connection with future revenue bills.

We have the utmost confidence that this joint effort and cooperation of all members of the committee, and those who have aided them in its preparation, has resulted in a bill that provides simplification that will lessen the difficulties of making income tax returns and strengthen our income tax system.

Cordially yours,

*R. E. Doughton*  
R. E. Doughton,  
CHAIRMAN



TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON 25



OFFICE OF THE DIRECTOR

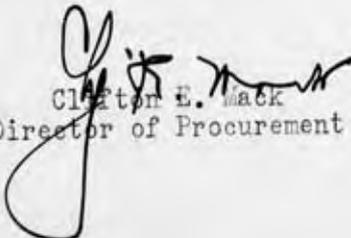
May 2, 1944

*AA*

MEMORANDUM TO THE SECRETARY:

Mr. H. Dewitt Smith, Executive Vice-President, Metals Reserve Company (RFC) advised me today that he intends to recommend to Mr. Clayton that we handle the disposition of scrap gold, inasmuch as the limited quantities indicated can no doubt be used by the Bureau of the Mint. A discussion has been arranged for tomorrow afternoon with representatives of the Army Service Forces, Army Air Forces, Bureau of the Mint, and this office to develop the information as to what may be involved. I will report to you further.

A meeting is being arranged with the Automotive Council for War Production to discuss procedures relative to the disposal of surplus automotive equipment.

  
Clayton E. Mack  
Director of Procurement



TREASURY DEPARTMENT  
PROCUREMENT DIVISION  
WASHINGTON 25

**SECRET** 83 ✓



OFFICE OF THE DIRECTOR

May 2, 1944

MEMORANDUM TO THE SECRETARY:

With reference to your memorandum of May 1st concerning the listing of proposed requirements for the U.S.S.R. under the Lend-Lease Act for the fiscal year 1945, General York has been advised that the Procurement Division is prepared to purchase and service that part of the total proposed requirements for the U.S.S.R. which consists of the types of commodities usually purchased by the Procurement Division for the Foreign Economic Administration.

The specific requirements for which shipping can be foreseen and which comes within the eligibility rules of the Lend-Lease Act, is scheduled as \$846,542,300 in the budget presentation which is planned for hearing before the House Appropriations Committee during next week.

The requirements proposed in the listing which you sent to me, and returned herewith, is in excess of the dollar amount shown in the budget estimates for U.S.S.R. supplies, which fact will be taken into consideration by the Foreign Economic Administration before the proposed requirements are scheduled in the formal Protocol.

Clifford E. Mack  
Director of Procurement

Attachment

TO: SECRETARY OF TREASURY 184

I HAVE 'PHONED BRIGADIER  
GENERAL YORK.

CEM

5/3/44

From Mr. Wack

THE PRESIDENT'S SOVIET PROTOCOL COMMITTEE  
WASHINGTON 25, D. C.

SECRET 185

OFFICE OF THE EXECUTIVE  
ROOM 148  
1901 CONSTITUTION AVENUE NW.

My dear Mr. Secretary:

Under date of 14 February 1944, the President wrote you as follows:

"Russia continues to be a major factor in achieving the defeat of Germany. We must therefore continue to support the U.S.S.R. by providing the maximum amount of supplies which can be delivered to her ports. This is a matter of paramount importance.

"The U.S.S.R. has been requested to state requirements for a Fourth Protocol, to cover the period from July 1, 1944 to June 30, 1945. It is desired that, within the limitations of available resources, every effort be made to meet these requirements.

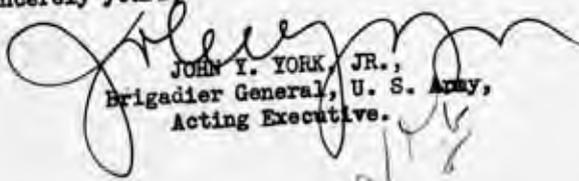
"Pending the formulation of the Fourth Protocol, it is my desire that every effort be made to fulfill the provisions of the Third Protocol, which terminates June 30, 1944."

The requirements of the U.S.S.R. (copy of which is attached), have now been submitted to the President's Soviet Protocol Committee. These requirements have been apportioned to the various interested agencies, including your Department. Due to unforeseen circumstances, the submission of these requirements is considerably behind schedule. It is therefore desirable that the offerings to be made by your Department be submitted to the Protocol Committee at the earliest practicable date.

In accordance with the desires of the President, it is requested that your response to the Soviet requirements be as generous as circumstances permit.

For the Chairman, President's Soviet Protocol Committee:

Sincerely yours,



JOHN I. YORK, JR.,  
Brigadier General, U. S. Army,  
Acting Executive.

Attachment

The Honorable

The Secretary of the Treasury

SECRET

PROGRAM OF REQUIREMENTS FOR  
 ARMAMENTS, EQUIPMENT AND MATERIALS FOR  
 SUPPLY TO THE U.S.S.R.  
 BY THE GOVERNMENT OF THE UNITED STATES  
 DURING THE PERIOD JULY 1, 1944 TO JUNE 30, 1945

(All weights are given in short tons)

GROUP I.ARMAMENTS AND MILITARY EQUIPMENTITEM 1 - AIRPLANES

Amount requested..... 4,140

2400 Pursuit Planes	- "P-39" or "P-63"
600 Medium Bombers	- "B-25"
300 Heavy Bombers	- "B-24"
240 Heavy Bombers	- "B-17"
360 Transport Planes	- "C-47"
120 Transport Planes	- "C-46" or "C-57"
120 Flying Boats	

Spare engines and propellers - 30% of those  
 installed on the planes,

Airplane spare parts - 20% of value of plane.

Engine spare parts - 15% of value of plane.

Propeller spare parts - 15% of value of pro-  
 peller.

ITEM 2 - TANKS

Amount requested..... 3,000

Tank spare parts to be supplied in accordance  
 with United States Army standards.

SECRET

ITEM 3 - TRUCKS

Amount requested..... 144,000

Spare parts: 30% of value of truck per  
U.S.S.R. specification.

ITEM 4 - SCOUT CARS /Jeeps/

Amount requested..... 6,000

Spare parts - 20% of value of "Jeep".

ITEM 5 - PRIME MOVERS FOR ARTILLERY

Amount requested..... 5,000

Including: Tractors - medium .... 4,000  
Tractors - heavy..... 1,000

Spare parts: 20% of value of item,

ITEM 6 - DIESEL ENGINES GMC - 471 for artillery  
prime movers..... 4,000

ITEM 7 - MOTORCYCLES

Amount requested..... 12,000

Spare parts in accordance with United  
States standards.

ITEM 8 - ROAD CONSTRUCTION MACHINES..... 2,000

ITEM 9 - SNO / PLOUGHS ..... 300

ITEM 10 - ANTI-AIRCRAFT GUNS 90 mm. .... 240

- 3 -

<u>ITEM 11 - POWDER</u> .....	80,000 tons
<u>ITEM 12 - TOLUOL</u> .....	40,000 tons
<u>ITEM 13 - T.N.T.</u> .....	65,000 tons
<u>ITEM 14 - AMMUNITION</u> for 90 mm. anti-aircraft.....	2,000 shells per gun
for tanks.....	4 sets per tank
for planes.....	15 sets per plane
<u>ITEM 15 - RADIO STATIONS, RADIO LOCATORS AND OTHER RADIO EQUIPMENT ACCORDING TO SPECIFICATIONS</u> .....	18,642 units
<u>ITEM 16 - TELETYPE APPARATUS</u> .....	1,000 units
<u>ITEM 17 - FIELD TELEPHONES</u> .....	100,000 units
<u>ITEM 18 - FIELD TELEPHONE WIRE</u> .....	250,000 miles
<u>ITEM 19 - SWITCH BOARDS, Army Field Type</u> for 60-100 lines each.....	800 units
<u>ITEM 20 - PRIVATE AUTOMATIC BRANCH EXCHANGE</u> for 200 lines each	100 units
<u>ITEM 21 - THREE CHANNEL TELEPHONE CARRIER</u>	90 units
<u>ITEM 22 - FIELD BATTERY CHARGING STATIONS</u>	2,500
<u>ITEM 23 - SUBMARINE CABLE</u> .....	600 km.
<u>ITEM 24 - MARINE CABLE</u> .....	1,200 km.

SECRET

- 4 -

NAVAL STORES

<u>ITEM 1</u> - SUBMARINE CHASERS /110 feet/ .....	38
<u>ITEM 2</u> - TORPEDO BOATS.....	30
<u>ITEM 3</u> - MINESWEEPERS:	
Minesweepers of the displacement 850 tons .....	30
Trawling and navigation equipment in accordance with specifications.....	100 sets
<u>ITEM 4</u> - ESCORT VESSELS AND PATROL CRAFTS of the dis- placement from 200 to 1,200 tons.....	20
<u>ITEM 5</u> - ICEBREAKERS OF THE "NORTH WIND" TYPE with power 12,000 HP .....	2
<u>ITEM 6</u> - TANKERS /3000 - 6000 tons/ .....	10
<u>ITEM 7</u> - SEA-GOING TUGS .....	30
<u>ITEM 8</u> - BOOM-TENDERS WITH THE CARRYING POWER 25-50 TONS ....	3
<u>ITEM 9</u> - FLOATING HOISTING CRANES WITH THE CARRYING POWER 100 TONS .....	3
<u>ITEM 10</u> - CABLE SHIPS .....	2
<u>ITEM 11</u> - MARINE DIESEL ENGINES, DIESEL GENERATORS, PUMPS, COMPRESSORS, STEAM AUXILIARY MECHANISMS, TURBO- MECHANISMS, ELECTRIC EQUIPMENT - All in accordance with specifications.....	3,712 units
<u>ITEM 12</u> - ELECTRIC CONTROL APPARATUS AND ELECTRIC FITTINGS in thousand dollars .....	500
<u>ITEM 13</u> - COMPRESSING, DISTILLATING, PUMPING AND OXYGEN STATIONS FOR THE NAVY BASES.....	88 units
<u>Including:</u>	
Compressing stations for 225-250 atmosphere .....	10 units
Distillating stations for 500 tons of the boiler water per day.....	3 units
Water pump station 100 cubic meters per hour.....	20 units
Oxygen stations to 20 cubic meters.....	55 units

SECRET

SECRET

- 5 -

ITEM 14 - NAVIGATION-NAUTICAL EQUIPMENT AND APPARATUSIncluding:

Lighthouse equipment.....	100 units
Nautical apparatus in thousand dollars.....	3,000
Beacon lanterns.....	500 units

ITEM 15 - DIVER SHIP SALVAGE EQUIPMENT in accordance with specifications..... 992 units

GROUP II.METALS, CHEMICALS AND OTHER MATERIALS

<u>ITEM 1</u> - Aluminum ingots and duraluminum .....	70,000 tons
<u>ITEM 2</u> - Cobalt .....	180 tons
<u>ITEM 3</u> - Nickel / including in steel and nonferrous alloys/ including pure nickel cathodes.....	13,000 tons 11,000 tons
<u>ITEM 4</u> - Magnesium.....	4,000 tons
<u>ITEM 5</u> - Molybdenum concentrates.....	4,480 tons
<u>ITEM 6</u> - Copper electrolytic /including in copper based alloys roddeed copper and cable/..... Including pure copper wire bars and ingots...	150,000 tons 60,000 tons
<u>ITEM 7</u> - Zinc .....	10,000 tons
<u>ITEM 8</u> - Copper goods and tubes .....	5,000 tons
<u>ITEM 9</u> - Brass and bronze products.....	80,000 tons
<u>ITEM 10</u> - Copper cable and wire .....	20,000 tons
<u>ITEM 11</u> - Nichrome wire.....	600 tons
<u>ITEM 12</u> - Special alloys wire.....	600 tons

SECRET

SECRET

- 6 -

<u>ITEM 13</u> - Ferrovandium.....	1,200 tons
<u>ITEM 14</u> - Ferromolybdenum.....	1,200 tons
<u>ITEM 15</u> - Ferrotungsten.....	1,500 tons
<u>ITEM 16</u> - Bimetal strip .....	24,000 tons
<u>ITEM 17</u> - Polished drill rods.....	480 tons
Including high speed drill rods.....	280 tons
<u>ITEM 18</u> - Tool steel.....	25,000 tons
Including high speed tool steel.....	6,720 tons
<u>ITEM 19</u> - Stainless steel.....	4,000 tons
<u>ITEM 20</u> - Cold drawn and cold rolled steel in rods, bars, sheets and strip .....	112,000 tons
<u>ITEM 21</u> - Hot rolled steel .....	200,000 tons
Including steel beams.....	25,000 tons
<u>ITEM 22</u> - Tin plate.....	50,000 tons
<u>ITEM 23</u> - Steel wire.....	35,000 tons
<u>ITEM 24</u> - Steel rope .....	12,000 tons
<u>ITEM 25</u> - Steel tubes.....	140,000 tons
Including alloy tubes .....	20,000 tons
<u>ITEM 26</u> - Rails and accessories .....	250,000 tons
<u>ITEM 27</u> - Car and locomotive steel tires .....	42,000 tons
<u>ITEM 28</u> - Other metals and metal products.....	30,000 tons
<u>ITEM 29</u> - Petroleum products .....	500,000 tons
/Plus an additional 300,000 tons to be de- livered from Abadan/	
<u>ITEM 30</u> - Ethylene Glycol .....	4,000 tons
<u>ITEM 31</u> - Phenol .....	12,000 tons
<u>ITEM 32</u> - Methanol .....	12,000 tons

SECRET

100 101 102 103 104 105

- 7 -

<u>ITEM 33</u> - Urotropine .....	4,400 tons
<u>ITEM 34</u> - Glycerine .....	4,400 tons
<u>ITEM 35</u> - Caustic soda .....	30,000 tons
<u>ITEM 36</u> - Ethyl Alcohol .....	180,000 tons
<u>ITEM 37</u> - Acetone .....	6,000 tons
<u>ITEM 38</u> - Butyl Alcohol .....	8,000 tons
<u>ITEM 39</u> - Butyl Acetate .....	6,000 tons
<u>ITEM 40</u> - Ethyl Acetate .....	5,000 tons
<u>ITEM 41</u> - Casein .....	1,700 tons
<u>ITEM 42</u> - Potassium-Butyl-Xanthate.....	1,350 tons
<u>ITEM 43</u> - Camphor.....	800 tons
<u>ITEM 44</u> - Various chemicals .....	18,000 tons
<u>ITEM 45</u> - Tires, tubes and other rubber products containing rubber in them.....	40,320 tons
<u>ITEM 46</u> - Map paper .....	3,000 tons
<u>ITEM 47</u> - Parchment paper .....	3,000 tons
<u>ITEM 48</u> - Condenser paper .....	150 tons
<u>ITEM 49</u> - Fibre .....	1,000 tons
<u>ITEM 50</u> - Sisal rope .....	4,000 tons

GROUP III.

LOCOMOTIVES AND RAILROAD FLAT CARS

<u>ITEM 1</u> - LOCOMOTIVES .....	1,500
<u>ITEM 2</u> - ELECTRIC LOCOMOTIVES .....	50
<u>ITEM 3</u> - RAILROAD FLAT CARS .....	10,000
<u>ITEM 4</u> - DUMPCARS .....	2,000

S E C R E T

SECRET

- 8 -

GROUP IV.INDUSTRIAL EQUIPMENT

<u>ITEM 1</u> - MACHINE TOOLS /in thousand dollars/ .....	225,000
<u>ITEM 2</u> - PRESSES, FORGING AND ROLLING MILLS EQUIPMENT /in thousand dollars/.....	140,000
Rolling Mills and accessory equipment /in thousand dollars/.....	80,000
Presses, Hammers, Forging Machines, Shears and accessory equipment /in thousand dollars/..	60,000
<u>ITEM 3</u> - POWER AND ELECTRICAL EQUIPMENT /in thousand dollars/ .....	228,000
<u>ITEM 4</u> - EQUIPMENT FOR METALLURGICAL PLANTS /in thousand dollars/ .....	40,000
for blast furnaces.....	8 sets
for open hearth furnaces.....	20 sets
for Bessemer converters.....	4 sets
for Coke ovens.....	10 sets
<u>ITEM 5</u> - ELECTRIC FURNACES.....	800
<u>ITEM 6</u> - INDUSTRIAL PLANTS AND UNITS	
Complete plant for production nitric acid - capacity 150 tons per day on the base of gasi- fication of anthracite.....	1
Plant for synthesis of ammonia - capacity 60-80 tons per day.....	1
Plant for production of synthetic phenol - capacity 7,000 tons per year .....	1
Installation for divisor of pyrolysis gas .....	10
Shop for repairing automats and instruments ...	1

SECRET

- 9 -

Plant for production of synthetic acetone and butyl alcohol .....	2
Plant for production of ethyl alcohol - capacity 50,000 tons per year .....	1
Plant for production of butadine by Houdry method-capacity 15,000 tons per year .....	1
Plant for production of styrol - capacity 12,500 tons per year .....	1
Plant for production of synthetic rubber /ncoprene/ capacity 10,000-15,000 tons per year	2
Plant for production of synthetic rubber /Buna S/ capacity 30,000 tons per year.....	1
Installation for production of acetic acid....	1
Installation for production of glucose.....	1
Installation for production of coke benzole...	1
Hydrostabilization units for hydrogen plants..	1
Installation for production Phthalic Anhydride.	1
Installations for production of building parts and building materials.....	119
Refinery units .....	10
Oxygen units .....	180
<u>ITEM 7</u> - VARIOUS INDUSTRIAL EQUIPMENT /in thousand dollars/.....	370,000
<u>Including:</u>	
Power shovels.....	700/
Portal /Gantry/ cranes.....	45/
Overhead cranes.....	450/
Various cranes .....	900/
Compressors, turbo and gas blowers, ex-hausters and fans /in thousand dollars/....	25,000

SECRET

- 10 -

Various Pumps /in thousand dollars/ .....	20,000
Mining and Ore Dressing Equipment /mills, crushers, drilling rigs, perforators /drills/ etc. /in thousand dollars/.....	105,000
Hoisting and transporting equipment, jacks mining hoist, winches, conveyors, transporters, electric lift trucks, diesel driven locomotives, etc. /in thousand dollars/ .....	60,000
Welding Equipment /in thousand dollars/.....	12,000
Valves and fittings /in thousand dollars/.....	15,000
Pneumatic Tools /in thousand dollars/ .....	5,000
Equipment for Automatic Block Signal System for Railroads /in thousand dollars/ .....	10,000
Other equipment /in thousand dollars/ .....	50,000
<u>ITEM 8</u> - CONTROL AND MEASURING INSTRUMENTS AND TESTING MACHINES /in thousand dollars/.....	10,000
<u>ITEM 9</u> - HARD ALLOYS, CUTTING AND MEASURING INSTRUMENTS /in thousand dollars/.....	26,000
Hard alloys /in thousand dollars/.....	4,000
Cutting instruments /in thousand dollars/.....	16,500
Measuring tools /in thousand dollars/.....	5,500
<u>ITEM 10</u> - ABRASIVES.....	10,000 tons
Abrasive grains.....	4,000 "
Abrasive products.....	6,000 "
<u>ITEM 11</u> - GRAPHITE ELECTRODS AND OTHER GRAPHITE PRODUCTS.....	9,000 tons
<u>ITEM 12</u> - BEARINGS, ROLLERS AND BALLS /in thousand dollars/ .....	12,000
<u>ITEM 13</u> - VARIOUS INDUSTRIAL MATERIALS /in thousand dollars/ .....	5,000
<u>ITEM 14</u> - ELECTRIC POWER CABLE.....	4,000 km.
<u>ITEM 15</u> - VARIOUS EMERGENCY EQUIPMENT AND MATERIALS /in thousand dollars/ .....	57,000

SECRET

SECRET

- 11 -

GROUP V.QUARTERMASTER GOODS

<u>ITEM 1</u> - SOLE LEATHER .....	18,000 tons
<u>ITEM 2</u> - RETANNED UPPER LEATHER .....	4,000 tons
<u>ITEM 3</u> - ARMY SERVICE SHOES /in thousand pair/ .....	5,000
<u>ITEM 4</u> - ARMY WOOL CLOTH /thousand yards/.....	18,000
<u>ITEM 5</u> - COTTON UNIFORM CLOTH /in thousand yards/.....	25,000
<u>ITEM 6</u> - DUCK-TARPULIN /in thousand yards/ .....	3,000
<u>ITEM 7</u> - WEBBING /in thousand yards/ .....	12,000

GROUP VI.FOOD PRODUCTS

<u>ITEM 1</u> - WHEAT, FLOUR, CEREALS, RICE AND BEANS .....	400,000 tons
<u>ITEM 2</u> - SUGAR .....	350,000 tons
<u>ITEM 3</u> - CANNED MEAT .....	420,000 tons
<u>ITEM 4</u> - MEAT PRODUCTS.....	20,000 tons
<u>ITEM 5</u> - ANIMAL FATS.....	320,000 tons
<u>ITEM 6</u> - VEGETABLE OIL .....	225,000 tons
<u>ITEM 7</u> - CONCENTRATES.....	160,000 tons

GROUP VII.MEDICAL SUPPLIES

Medical supplies in thousand dollars .....	12,000
--	--------

SECRET

SECRET

- 12 -

Industrial equipment and armament delivery of which extends or will extend beyond the term of the Third Protocol, as well as industrial equipment already ordered and that which shall be ordered against \$300,000,000 provided by the Third Protocol, shall be delivered in excess of the Fourth Protocol Program.

SPECIFICATION FOR RADIO STATIONS, RADIO LOCATORS, DIRECTION FINDERS AND OTHER RADIO EQUIPMENT.

<u>ITEM 1</u> - Radio Stations output more than 1 kw .....	142
<u>ITEM 2</u> - Radio Stations output less than 1 kw .....	10,800
<u>ITEM 3</u> - Marine Radio Stations output 100-600 watts.....	480
<u>ITEM 4</u> - Radio Direction Finders .....	200
<u>ITEM 5</u> - Radio Receivers .....	4,000
<u>ITEM 6</u> - Radio Locators /Radars/ .....	970
<u>Including:</u>	
Aircraft type.....	500
Ground type.....	220
Marine type.....	250
<u>ITEM 7</u> - Radio Altimeters .....	2,000
<u>ITEM 8</u> - Radio Beacons.....	50
<u>ITEM 9</u> - Radio Tubes /in thousands/ .....	5,000
<u>ITEM 10</u> - Radio Measuring Equipment and Radio Parts /in thousand dollars/.....	3,000
<u>ITEM 11</u> - Combination Power Supply units for field radio stations.....	15,000

SECRET

SECRET

- 13 -

SPECIFICATIONS FOR MARINE DIESEL ENGINES,  
DIESEL GENERATORS, PUMPS, COMPRESSORS, STEAM AUXILIARY  
MECHANISMS, AND ELECTRIC EQUIPMENT.

<u>ITEM 1</u> - Marine diesel engines 1600 HP .....	12
<u>ITEM 2</u> - Marine diesel engines 1200 HP .....	100
<u>ITEM 3</u> - Marine diesel engines 101 - 500 HP .....	500
<u>ITEM 4</u> - Marine diesel engines 31 - 100 HP .....	350
<u>ITEM 5</u> - Marine diesel engines 9 - 30 HP .....	200
<u>ITEM 6</u> - Marine gasoline engines "Packard" 1200 HP ...	200
<u>ITEM 7</u> - Marine gasoline engines "Hall Scott" .....	50
<u>ITEM 8</u> - Marine gasoline engines 101 - 300 HP .....	400
<u>ITEM 9</u> - Marine gasoline engines 13 - 100 HP .....	200
<u>ITEM 10</u> - Diesel-Generators - various power .....	100
<u>ITEM 11</u> - Various pumps.....	500
<u>ITEM 12</u> - Various compressors.....	300
<u>ITEM 13</u> - Steam auxiliary mechanisms .....	200
<u>ITEM 14</u> - Electric Equipment /marine/ .....	600

SPECIFICATIONS FOR DIVER AND SHIP RISING EQUIPMENT

<u>ITEM 1</u> - Salvage stations.....	100 sets
<u>ITEM 2</u> - Rubber pontoons - capacity from 4 to 100 tons	120
<u>ITEM 3</u> - Compressors with various capacities .....	120
<u>ITEM 4</u> - Water pumps .....	240
<u>ITEM 5</u> - Jetting apparatus.....	28 sets

SECRET

S E C R E T

- 14 -

<u>ITEM 6</u> - Underwater Electric Water pumps .....	40
<u>ITEM 7</u> - Electric welding and cutting apparatus for the underwater welding and cutting.....	48 sets
<u>ITEM 8</u> - Station for underwater lighting .....	96 sets
<u>ITEM 9</u> - Pneumatic tools for underwater works .....	160 sets
<u>ITEM 10</u> - Underwater metal detectors .....	40 sets

S E C R E T

PROGRAM OF REQUIREMENTS FOR  
ARMAMENTS, EQUIPMENT AND MATERIALS  
FOR SUPPLY TO THE U.S.S.R.  
BY THE GOVERNMENT OF CANADA  
DURING THE PERIOD JULY 1, 1944 to JUNE 30, 1945

/all weights given in short tons/

G R O U P 1

ARMAMENT AND MILITARY EQUIPMENT

ITEM 1. Airplanes bombers "Mosquito".....120

Spare Engines and propellers 30% of number  
of planes

Airplane spare parts 20% of value of Plane

Engine spare parts - 15% of value of Plane

Propeller spare parts 15% of value of plane

ITEM 2. Powder.....20.400 tons

ITEM 3. Radio Stations, Radio locators and other  
radio equipment in accordance with the  
Specification.....2.300

Including:

Radio stations # 19.....2.200

Radio locators.....100

NAVAL STORES

ITEM 1. Wooden minesweepers.....10

ITEM 2. Oxygen stations up to 20 cubic meters.....10 units

G R O U P 2

RAW MATERIALS

- ITEM 1. Aluminum in ingots.....36.000 tons
- ITEM 2. Pure nickel cathodes.....2.400 tons
- ITEM 3. Cadmium.....360 tons
- ITEM 4. Lead.....50.000 tons
- ITEM 5. Rails and accessories.....70.000 tons

G R O U P 3

Rail Road Flat Cars.....2.000

G R O U P 4

INDUSTRIAL EQUIPMENT

- 1. Machine Tools /in thousand dollars/.....7.000
- 2. Presses, Forging and Rolling Mill equipment  
/in thousand dollars/.....4.000
- 3. Power - Electric equipment /in thousand dollars/21.000
- 4. Various industrial Equipment /in thousand  
dollars/.....12.000

G R O U P 5

Wheat flour.....300.000 tons

- 3 -

1. Industrial Equipment and Armament delivery of which extends or will extend beyond the terms of the third Protocol must be delivered in excess of the Fourth Protocol program.
2. Delivery of wheat and flour will be revised with the view of increasing the quantity depending upon transport facilities.

100 100 100 100 100

PROGRAM OF REQUIREMENTS FOR  
ARMAMENTS, EQUIPMENT AND MATERIALS FOR  
SUPPLY TO THE U.S.S.R.  
BY THE GOVERNMENT OF THE UNITED KINGDOM  
DURING THE PERIOD JULY 1, 1944 to JUNE 30, 1945

/All weights given in long tons/

GROUP 1.

ARMAMENTS AND MILITARY EQUIPMENT

- ITEM 1. AIRPLANES .....2.400
- INCLUDING: "Spitfire".....1.200
- "Mosquito".....1.200
- Spare engines and propellers for the planes  
30% of number of planes.
- Airplane spare parts 20% of value of plane
- Engine spare parts 15% of value of plane
- Propeller spare parts 15% of value of the propeller
- ITEM 2. TANKS - Subject to further negotiations.
- ITEM 3. POWDER .....5.400 tons
- ITEM 4. RADIO STATIONS, RADIO LOCATORS AND OTHER  
EQUIPMENT ACCORDING TO SPECIFICATION .....1.900

NAVAL STORES

- ITEM 1. SUBMARINE CHASERS /large type/.....20
- ITEM 2. MINESWEEPERS /wooden/ .....20

SECRET

- ITEM 3. TRAWLING AND NAVIGATION EQUIPMENT ACCORDING TO SPECIFICATION.....532
- ITEM 4. OXYGEN UNITS UP TO 20 CUBIC METERS.....25 sets

G R O U P II.

ITEM

RAW MATERIALS

- ITEM 1. L E A D .....6.000 tons
- ITEM 2. T I N .....2.000 tons
- ITEM 3. STEEL POLISHED DRILL RODS .....60 tons
- ITEM 4. PETROLEUM PRODUCTS .....300.000  
/short tons/  
Subject to submission in Abadan according to the agreement with the U.S. Government whereby the latter will deliver this quantity to the United Kingdom from the aviation gasoline provided for this purpose by the U.S. Government.
- ITEM 5. CREOSOL .....190 tons
- ITEM 6. RUBBER /from Ceylon/.....30.000 tons
- ITEM 7. INDUSTRIAL DIAMONDS /in thousand dollars...2.000
- ITEM 8. GRAPHITE /Ceylon/.....1.200 tons
- ITEM 9. SHELLAC .....2.400 tons
- ITEM 10. JUTE AND ITS PRODUCTS.....7.500 tons
- ITEM 11. SISAL AND ITS PRODUCTS.....6.000 tons
- ITEM 12. W O O L /Scoured/.....6.000 tons

S E C R E T

- 3 -

GROUP III.INDUSTRIAL EQUIPMENT

<u>ITEM 1.</u> MACHINE TOOLS /in thousand dollars/.....	18.000
<u>ITEM 2.</u> PRESSES, FORGING AND ROLLING EQUIPMENT /in thousand dollars/.....	500
<u>ITEM 3.</u> POWER-ELECTRIC EQUIPMENT /in thousand dollars/..	5.000
<u>ITEM 4.</u> VARIOUS INDUSTRIAL EQUIPMENT /in thousand dollars/.....	5.000
<u>ITEM 5.</u> CONTROL AND MEASURING INSTRUMENTS AND TESTING MACHINES /in thousand dollars.....	1.500

Industrial Equipment and armament delivery of which extends or will extend beyond the terms of the Third Protocol must be delivered in excess of the Fourth Protocol Program.

2. Medical Supplies will be furnished in the quantities agreed upon with the Red Cross.

3. Specification for Radio Station, Radio Locators and other radio equipment:

1. Radio Locators.....	1.900
INCLUDING: Aviation type.....	1.000
Ground type.....	200
Marine type.....	200
With the projectors 150 centimeters.....	500
2. Radio Tubes /valves/.....	1.000
3. Measuring apparatus and instruments and radio parts /in thousand dollars/...	1.000

S E C R E T

SPECIFICATION FOR TRAWLING  
AND NAVIGATION EQUIPMENT

ITEM 1. ANTI-SUBMARINE SOUND DETECTORS.....430

ITEM 2. HYDRAULIC LOGS.....75

ITEM 3. ELECTRIC-MAGNETIC SWEEPING EQUIPMENT.....14

ITEM 4. INSTRUMENTS AND APPARATUS FOR SWEEPING  
MAGNETIC AND ACUSTIC MINES.....10

ITEM 5. EQUIPMENT FOR SWEEPING MINES ALONGSIDE  
PIERS AND DOCKS /Portable sweeping units/.....3

May 1, 1944

Mr. Mack  
Secretary Morgenthau

In accordance with our telephone conversation, I am sending you herewith a communication from General John Y. York, Jr., and I would appreciate your giving this matter your prompt attention. This is the only copy I have, so would you please let me have another copy for my files.

Please advise me what portions of these requirements will be taken care of by the Treasury.

Letter dated April 29th from General York on requirements of Soviet.

UNITED KINGDOM TREASURY DELEGATION

BOX 880  
BENJAMIN FRANKLIN STATION  
WASHINGTON, D. C.

TELEPHONE EXECUTIVE 2888

2nd May 1944.

Dear Dr. White:

In continuation of my letter of 4th April, the following are the figures for our gold and dollar holdings in million dollars as at March 31st, 1944.

Gold	1,182	
<u>Less gold liabilities</u>	<u>306</u>	
Net gold		876
Official dollar balances	739	
<u>Less dollar liabilities</u>	<u>153</u>	
Net dollars		<u>586</u>
Net gold and dollars		<u>1,462</u>

Yours sincerely,

  
P.E. Harmer.

Dr. H.D. White,  
Assistant to the Secretary,  
United States Treasury,  
Washington, D.C.

1 Grosvenor Square,  
London, W.1.

May 2, 1944

Dear Henry:

Thank you for your letter of April 24. It is very satisfying that the fundamental agreement has now been worked out on the financial plan. I was very glad to have been able to do what I could over here.

It was good to talk to you on the telephone the other day.

With kindest regards,

Sincerely,

*John Gilbert Winant*

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

Treasury Department  
Division of Monetary Research

574  
210

Date May 2, 1944.....19

To: Miss Chauncey

From: Mr. White

The Secretary might be interested in the views of one Dutch citizen on the extent to which the present Dutch Government-in-Exile represents the people of Holland.

H.D.W.

of this émigré administration deserted his Queen and the Allied cause by escaping to Holland at the first opportunity. He was replaced by a fanatical Calvinistic Professor of Law, Gerbrandy, as head of a lightweight team of careerist politicians and Civil Servants. Gerbrandy's Cabinet was recognised and is still regarded by the British Government as representative of the Netherlands, and all the Dutch people stand for to-day. The truth is that it no more represents Holland than the Chamberlain administration represented the guts and endurance of the British people.

The months passed; conditions in Holland became severe. Seyas Inquart, the German Governor, having tried—without success—the velvet glove, soon revealed the iron hand. Holland's reaction was vehement; an underground movement was born, and from the tales brought by the many brave men and women who had to flee to England, it became abundantly clear that out of the tears and bloodshed a new Holland was born. It was a renaissance comparable to Britain's, though the circumstances and motives were different. For once, Holland was guided not by the old neutrality-addicted politicians, but by an active group of people of all classes and creeds, with two aims in life—the destruction of the oppressors and the rebuilding of a new Netherlands in which the émigré Government certainly has no place.

Ever since it was formed, Gerbrandy's Government has planned a military dictatorship for Holland upon its return. A clique of Dutch professional officers, reactionary to a degree, admirers of Nazi philosophy (see Leonard Moseley's *Parachutes Over Holland*) persuaded the Queen to act as saleswoman for their proposal to establish a "state of siege" as a first stage. This, said the Queen on the radio, would provide for "the removal of all undesirable elements"—a term which might include anybody, especially as the "state of siege" is to be administered by the "military authority," which in Holland is a very different thing from the British conception. The greatest fear of these Dutch officers is that the British authorities, with their "absurd liberalism," may interfere with their proposed purge. Its justification? The argument is that the Dutch underground movement is "infiltrated with communism." Obviously, as in all underground movements, the Communists play a leading part in Dutch resistance. They have the necessary experience of underground organisation and cell-forming. But after the ejection of German troops from Holland, the Communists would cease to be of great importance, as the job would then become one of reconstruction rather than sabotage; their influence would be diminished to their (quite small) numerical proportions. Communist infiltration gives no excuse for a "state of siege." Its imposition (I have the testimony of many non-Communist underground fighters arrived from Holland) would result in a rising by all who to-day are actively aiding the Cause.

Now Britain, in that event, could do one of three things. (1) British troops might be used to quell the rising by force in the interests of Dutch reaction. This would be a bitter blow to Dutch patriots who have looked for four anxious years towards Britain for their liberation. (2) Alternatively, it might be decided to let the Dutch fight it out amongst themselves. This surely could not be in Britain's interest. After years of Nazi tyranny, civil war would reduce Holland to anarchy and demoralisation. (3) British military occupational forces might take over the administration of Holland until proper elections could be held.

The last is the only course which merits adoption. British troops are generally popular in occupied countries, and would be much liked in Holland. But a British military occupation could be no more than a temporary solution. Apart altogether from Dutch feelings in the matter, the British Army expects to be demobilised, after liberation, with no more delay than it can manage. There must, therefore, be a long-term plan for Holland by

follow an immediate "preventive" occupation by British forces. Now on November 25, 1943, that staunch friend of Great Britain, Dutch-born General Smuts, made a speech before the Empire Parliamentary Association, in which he gave his audience the following explosive matter "to consider and ponder":—

Should we not cease as Great Britain to be an island? Should we not work intimately together with those small democracies in Western Europe which by themselves may be lost, as they are lost to-day, and as they may be lost again? . . . They have learned their lesson that standing by themselves on the Continent . . . they are lost. Surely they must feel that their place is with . . . Great Britain . . .

We have evolved a system in the Commonwealth which opens the door for developments of this kind. To-day in the Commonwealth we have a group of sovereign states working together, living together in peace and in war under a system that has stood the greatest strain to which any nation could be subjected. They are all sovereign states, they retain all the attributes, functions and symbols of sovereignty. Other neighbouring nations, therefore, living the same way of life and with the same outlook, can with perfect safety say "That is our group; why are we not there? With full retention and maintenance of our sovereign status, we choose that grand company for our future in this dangerous world." It is naturally a question for the States of Western Europe to settle for themselves. It is for them to say whether . . . they should not help themselves by helping to create out of closer union with Great Britain a great European State, great not only in its world-wide ramifications, great not only as an empire and a Commonwealth stretching all over the continents, but great as a power on this Continent, an equal partner with the other Colossi in the leadership of the nations.

Was this unique invitation extended with the approval of the British Government? Maybe it was. It came more easily from Smuts than from a British statesman. But if we regard Smuts' suggestion as harmonising with the views of the Empire, we should probably not be far wrong. And though the invitation extended to all small democracies in the West of Europe, Holland can be termed the most natural aspirant for membership of the British Commonwealth of Nations, since its interests are closely interwoven with those of the Empire. Geographically, Britain's Far Eastern possessions link up with the Netherlands East Indies. Holland's small West Indian possessions are intermingled with British islands. Commercially, to all intents and purposes, our large commercial undertakings (Royal-Dutch-Shell, Unilever and rubber interests) are jointly owned. Historically, the destinies of both nations run on parallel lines of colonial aspirations. Both are seafaring nations. We Dutch would not come empty-handed and could contribute our experience, from which the Empire would derive great benefits, in the fields of colonial administration and international commerce. Holland, in turn, would benefit greatly, apart from military security, by association with Britain in the art of government, practical liberalism, finance and law.

After Smuts had spoken, the Dutch Government spokesman, Foreign Minister Van Kleffens, went in front of the microphone and, in a speech to Holland, pooh-poohed the whole idea, planting the seeds of doubt as to Britain's military strength after the war—a point on which he can rest assured. There are difficulties to overcome; one is the position of the Royal House. But they amount to nothing that Great Britain, with its flair for compromise in consultation with the other Empire members, cannot settle. Shortly there will be a meeting of the Grand Council of the British Empire, attended by all the Dominion Premiers. What a golden opportunity to enlarge upon General Smuts' conception of the British Commonwealth of Nations as a living organism, capable of growth. As to Holland's attitude, obviously the people to decide the issue are those who are fighting to-day at Britain's side in the East, on sea and in the air, and along the front lines of the Low Countries, not members in their homes, and a few (or a few) here, possibly some in Holland in their work.

## ANGLO-DUTCH UNION

[The author of this challenging article is a Dutch engineer who settled in England in 1937 and is now engaged in the production of munitions for the Allied cause.]

THE Government of the Netherlands, which in May, 1940, found shelter and recognition in Great Britain, was an ineffective Government, which had endeavoured, and failed, to preserve its balance on the lucrative tightrope of neutrality. It arrived in England, hall-marked by the authority of Queen Wilhelmina; but on its arrival its moral collapse was complete. Numerous high-ranking officers came straight from Holland (under circumstances which after the war will have to be closely examined), while small bands of gallant men fought their way through Belgium and France and were lucky to gain the coast and transportation to England. Moreover, there was the usual stream of civilian refugees. All were completely stunned and overwhelmed by the violent events taking place around them. The only person who held her head erect with royal dignity, with faith in the future and confidence in her new-found hosts and protectors, was the Queen herself. Princess Juliana, with her children, was shipped off to Canada, to safeguard the dynasty; her husband Prince Bernhard proceeded to indulge in his mania for speed cars, while the British people prepared to resist invasion.

The ramshackle Dutch Government set itself up in London, called up its subjects for service, tried to levy taxes, voted its members a substantial salary increase, and started to enjoy the amenities of British hospitality. The first Prince Minister

Delivered to White House Map Room by

212

Secret Service Agent at 4:30 p.m. - May 2, 1944

May 2, 1944

TELEGRAM FOR THE PRESIDENT FROM THE  
SECRETARY OF THE TREASURY

I have received a letter from Jesse Jones recommending that a new request of the Dutch Government for a loan of unspecified amount, secured by investments in this country, should be authorized by R.F.C. The proceeds of the loan are to be used for purchases here of reconstruction materials as soon as circumstances permit.

It is my view that this loan would be politically unwise for the rest of the year for the following reasons:

1. It constitutes a post-war commitment and prejudices an important issue which has not yet been decided on policy grounds either by yourself or by Congress.

2. To grant this loan at this time would be an open invitation to all the other governments-in-exile and other Allies to put in their applications for large loans direct from the U. S. Government.

3. Holland is one of the relatively few foreign governments that at the appropriate time should have no difficulty borrowing from the private investment market at reasonable rates of interest. I believe we ought to be very hesitant to give the impression that we are likely to compete with private investment markets for loans to good borrowers.

4. The Dutch Minister of Finance in a memorandum accompanying the Jones letter states that a refusal by the U. S. to grant this loan will force Holland to enter into negotiations with other countries and to rely upon British industry exclusively. The Minister further states that unless the loan is granted, his Government may find it necessary to reestablish relations immediately upon liberation with German industry.

- 2 -

I am sure you will not like the implied threat by the Dutch Minister any more than I do.

If you agree, I will advise Jesse Jones that in my opinion the granting of the loan at this time would be premature and would constitute a policy commitment on loans for post-war purposes to governments-in-exile that we are not currently prepared to undertake.

DM/jm 5/2/44

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

215 ✓

AA  
DATE Aug 2, 1944

TO Secretary Morgenthau

FROM Mr. White *HOW*

Subject: Allied Bombing and the Protection of Allied Property under German Control

A week ago, the Minister of Luxembourg and P. Dupong mentioned the fact that the iron and steel works in Luxembourg had not been bombed as yet and that they had high hopes for the continued safety of these plants during the rest of the war. These plants are important producing centers for Germany and apparently well within bombing range from British bases. This conversation, coupled with suspicions which have been voiced about the extent to which chemical plants in North Italy have been immune from bombing, and recent cables in connection with the rehabilitation of heavy industrial equipment in Norway, raise some questions which should be called to your attention.

The Italian Chemical Plants are owned by the Firelli interests and are closely related to the British chemical cartel. For some time the interested U. S. Government departments have been considering placing the Firelli interests on the Proclaimed List and the fact that such action has not yet been taken may be tied in with the absence of bombing raids on these plants to date.

It may be worth inquiring why these objectives have not been bombed.

You will recall the startling disclosures made some years ago of collusion with the enemy in the safeguarding of industrial properties from shelling and bombing during the last war. These disclosures resulted in major political repercussions and serious loss of faith in the leadership of the Allies. For instance, when the Briey Basin fell under German control, it was discovered that the iron and steel works owned by the Comite des Forges and the Union des Industries Metallurgiques et Minières were delivered to the Germans intact. Moreover, while this industrial area was occupied by the Germans the region was never effectively bombed, although sham attacks took place. Throughout the war the Germans extracted valuable strategic ores.

MAY 2 1944

My dear Mr. Secretary:

It has been brought to my attention that M. Massigli, Commissioner of Foreign Affairs of the French Committee of National Liberation, has submitted the name of M. Couve de Murville as the Committee's representative on the Allied Advisory Council for Italy.

During the period in which M. Couve de Murville was Commissioner of Finance in French Africa, his cooperation in financial and other matters of important interest to the United States Government and to the United States Treasury Department left much to be desired.

During my visit last fall to French North Africa, United States Treasury representatives there demonstrated to me the uncooperative attitude and obstructionist tactics of M. Couve de Murville. Discussions were held with Mr. Robert Murphy and M. Couve de Murville and one of his assistants, at which time representatives of the Treasury, with ample justification from the record, made clear their dissatisfaction. Shortly thereafter, M. Couve de Murville was replaced as Commissioner of Finance by M. Mendes-France.

The Treasury Department would regard it as unfortunate if M. Couve de Murville were again placed in a position where his attitude and sympathies would conflict with those of our Government and obstruct the close cooperation which we feel is essential to effective operations in the Mediterranean theater.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The Honorable,

The Secretary of State.

LCA:WHT:JRB:EM:Dirb 4/27/44

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE MAY 2 1944

TO : Secretary Morgenthau

FROM : J. J. O'Connell, Jr.

FOR YOUR INFORMATION

You will recall that we received a cablegram on March 23, 1944, from the National Committee of Liberation of Yugoslavia requesting that no withdrawals of funds of the National Bank of the Kingdom of Yugoslavia be permitted unless approved by the National Committee of Liberation of Yugoslavia.

At the time there were pending with Foreign Funds Control requests of the Government in Exile to transfer the balance of funds still held in accounts of the Banque Nationale du Royaume de Yougoslavie (\$1,300,000) to an account in the name of the Royal Yugoslav Government. After discussing the matter with you, a letter was sent to Secretary Hull in which we stated, "In view of the objections to further transfers which have now been interposed by Marshall Tito, the question is squarely raised as to whether it is appropriate for the Treasury to permit the transfer of the balance of the central bank assets to an account in the name of the Royal Yugoslav Government. Under these circumstances, and apart from overriding political considerations, the Treasury would not authorize this transfer."

After asking that the transfer be permitted, Secretary Hull in his reply makes this very revealing remark:

"It may be useful to observe that this Government, like all the United Nations, continues to recognize the Royal Yugoslav Government. The only relationship which exists between the Government of the United States and the National Committee of Liberation of Yugoslavia is of a strictly military nature, relating to the policy to furnish aid to all the resistant forces in Yugoslavia engaged in driving the Germans from their country."

*J.O.C.*

217 ✓  
Photostat to be written  
5/2 to talk to  
Reay

AMERICAN EMBASSY  
near the  
GOVERNMENT OF GREECE

Cairo, Egypt  
May 2, 1944.

No. 107

Subject: Situation of Jews in Greece and suggestions for assistance, principally financial, to be given them.

The Honorable  
The Secretary of State,  
Washington.

Sir:

With reference to my despatch no. 82 of March 27, 1944, transmitting a copy of a communication dated February 14, 1944, together with a copy of its enclosure, from Mr. A. Cohen of the Royal Hellenic Ministry of Foreign Affairs to the Jewish communities of the United States regarding the situation of Jews in Greece, I have the honor to transmit herewith a copy of a memorandum dated April 27, 1944, which Mr. Cohen has furnished this Embassy giving further details concerning this matter, including estimates as to the number and whereabouts of Jews in Greece, and suggesting that financial assistance be sent them and that efforts to effect their escape to the Middle East be intensified.

Mr. Cohen believes that, since the deportation of approximately 55,000 Jews from Salonika to Poland, there remain between 20 and 25,000 living in Greece, of which a large proportion are in Athens with lesser numbers in various specific provincial towns and on Crete and Corfu. Some have succeeded in joining the guerrillas and perhaps 400 have escaped from the country in the last ten months, but the majority are still in hiding with Christian families. He suggests that their lot, as regards both their continued maintenance in secret in Greece and their eventual escape would be greatly ameliorated if financial assistance could be sent them.

A certain

- 2 -

A certain number of these unfortunates, Mr. Cohen adds, are of non-Greek nationality, particularly Spanish, and until recently have been afforded protection by their Governments. He is of the opinion that such protection has diminished in recent months and he believes it would be helpful if steps could be taken to stimulate further activity in this regard especially by Spain and Turkey.

The Embassy has informed Mr. Cohen that his information and suggestions will be brought to the attention of the War Refugee Board, through the Department. At the same time a copy of this despatch, and its enclosure, is being transmitted to the Embassy at Ankara for the information of the representative of the Board and of the representatives of other governmental agencies likely to be concerned with the matter there.

Respectfully yours,

Lincoln MacVeagh

Enclosure:

Memorandum by Mr. Cohen concerning  
situation of Jews in Greece.

cc: Ankara

File no. 848  
Sent in hectograph to Dept.  
HAH/WB/hcm

Enclosure no. 1 to Despatch  
no. 107, dated May 2, 1944,  
from American Embassy, Cairo,  
Subject: Situation of Jews  
in Greece and suggestions for  
assistance, principally finan-  
cial, to be given them.

Memorandum by Mr. Cohen  
concerning Situation of Jews in Greece

April 27, 1944.

1. The Jewish population affected by the deportation to Poland carried out by the German authorities in Greece exactly one year ago, amounts to 60,000 which is roughly 3/4 of the entire Jewish pre-war population of Greece. They were chiefly the Jews from Salonica (55,000) and those living in the smaller communities of Macedonia and Thrace, i.e. Sangada, Verria, Niacussa, Florina, Serres, Drama, Cavalla, Zanthie, Comotini (Giornoultzina), Alexandropolis (Dedeagatch), Demotika, Crestreas, Scoufli.

2. The Jews of the following nationalities: Italian, Spanish, Swiss, Turkish, Iranian, British and American have been exempted of the deportation in Poland which measure mainly applied to Greek Jews. The Jews of alien nationality did not exceed 1,000. Of the Greek Jews those who were able to escape to the hills and who joined the guerilleros as well as those who reached other parts of the country (mainly Athens) do not exceed 4,000. There are serious reasons to fear that most of those who were shifted to Poland in sealed railway trucks (horse carriages) were exterminated when they ultimately reached their destination.

3. Following the Italian collapse, early in October 1943 the German authorities endeavoured to put into force, in Athens and the rest of Greece - which was so far under Italian administration - the same anti-Jewish measures as in Salonica. But thanks to the acquired experience, the valuable help and assistance of the Greek Orthodox Church, of all classes of the Christian population and of the different organizations of partisans, and also owing to their restricted number the immense majority of the Athenian Jews numbering then about 8,000 found refuge in Christian houses where they are being hidden under false Christian identities. Only a small number of them were able to escape, up to now, in the Middle East. With regard to the Jews from the small country towns they joined the partisans and they are sharing since last October, their fate including the women and children.

- 2 -

4. The order issued by the German Military Command in October 1943 in Athens stated that all Jews who would be caught after the expiration of an interval of 5 days given for their registration would be shot and that Christians who would by any means help them would be sent into concentration camps. A further more recent order extends the death penalty to Christians who hide Jews. A concentration camp has been established in the surroundings of Athens where numerous Jews who were recently arrested as well as some who have been compelled to surrender themselves spontaneously within the last 6 months are being sent. It is considered unlikely that any of them will survive the ill-treatment applied.

5. The greatest risk sustained by the Athenian Jews remain the intensification of the hunting which may at any moment be ordered by the Gestapo which would easily lead to their capture. Besides, whilst the liberation of Greece is not as rapid as one would have expected it last October, there are serious reasons to believe that the moral standing of all those hiding Jews, falls at the same time as their resources are being exhausted.

6. If consideration is given to help efficiently Jews from Athens it is not sufficient to extend their means of escaping by sea, whose results were very meagre so far. It is essential to send as soon as possible funds and above all to see that these funds are well distributed. One must bear in mind that in this final period all the Jews who will be caught will have been lost on account of their lack of financial means. As regards Jews from provincial towns who have joined the partisans in the hills, they must also be helped by the sending of funds, foodstuffs and medicines. It is reckoned that about 20-25,000 Jews still live in Greece.

7. The tragedy of the Jews in Greece has entered a new phase about a month ago. According to information from reliable sources all the Jews of Athens - owing to lack of funds which would have enabled them to hide themselves - began since October 1943 to register themselves with the Gestapo. Their number reached about 2,000 by March 1944, when they were all sent to concentration camps near Athens preliminary to deportation to Poland.

8. Among those who were arrested there are all the foreign nationals Jews numbering about 300 chiefly Spaniards, a few Portuguese and Argentinians. It would appear that they have all shared the fate of Greek Jews. The only difference which the Germans have apparently made is as regards their property which has not been confiscated but has been left to the care of the Spanish Legation in Athens. The Jewish nationals of Spain, Portugal and Argentine had in the past enjoyed the efficient protection from their Governments. Spanish Jews from Salonica numbering 365 were repatriated and are at present in Spain. Jews of Turkish, Swiss etc., nationality who

- 3 -

lived in Greece were allowed to return to their respective countries. There is no doubt that the 300 foreign Jews in Athens would be saved if their respective Governments took up firm attitude towards the German authorities.

9. At the same time as all the registered Jews in Athens were being arrested the Gestapo has been systematically endeavoring to discover the many ones who are still hiding. The Gestapo has been offering as a reward 50% of the property belonging to any Jew whose hiding place is revealed to them. In consequence of the foregoing several arrests were made and executions have followed swiftly.

10. It is reported that the Jews of the little Community of Heraclion in Crete were all shot by the Germans several months ago in a field outside the town.

11. The following are the Greek towns where there still were Jews after those from Macedonia and Thrace had been deported to Poland and the approximate number of families in each town:

I.	Athens	2,000
II.	Halkis	120
III.	Volos	300
IV.	Larissa	280
V.	Triccula	70
VI.	Karditsa	20
VII.	Jannina	300
VIII.	Arta	60
IX.	Preveza	60
X.	Kastorva	230
XI.	Corfu	350
XII.	Zante	25
XIII.	Patras	60
XIV.	Canea	300
XV.	Pethymo	30

The above numbers of families may have been increased by refugees from Macedonia.

Mr. Cohen  
Legal Advisor at Greek Foreign Office.

PROPOSED TELEGRAM TO AMERICAN LEGATION, HELSINKI

Refer your 341 of April 30. While granting the desirability of an official Finnish statement on victims of Nazi oppression and persecution War Refugee Board feels, and the Department agrees, that the political factors as reported by you may be considered to outweigh any advantages that might accrue through the issuance at this time of such a statement by the Finnish Government.

The Board would appreciate, however, your employing delaying tactics with the Foreign Office in the event that the statement might be considered opportune and of value at some later date.

With reference to movement from Finland to Sweden of various refugee groups and Finnish Jewish community listed your 303, April 3, Minister Johnson has just reported that Swedish Government does not believe that minority groups in Finland are in serious danger from the Germans but that refuge would probably be extended if Finnish Government requested Swedish Government to allow entry of these persons on ground that they may be in jeopardy in Finland.

Should circumstances so warrant, you are in your discretion authorized to approach appropriate officials of the Finnish Government in this connection. Please keep abreast of developments which may make desirable the movement from Finland of potential victims of the Gestapo in the event the Germans take action in Finland paralleling that taken by them in Hungary, Rumania and Bulgaria, and keep the Department advised.

Repeat information to Stockholm, Sweden.

\*\*\*\*\*

May 2, 1944  
10:05 A.M.

MStandiah:LSLesser:lcm 4/29/44

KEM-250

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

Tegucigalpa

Dated May 2, 1944

Rec'd 9:40 p.m.

Secretary of State,

Washington.

133, May 2, 5 p.m.

It is assumed that my despatch No. 1002 of April 28 entirely covers the matters discussed in the Department's circular airgram of April 22, 7:30 p.m., received this afternoon.

Does the Department desire any further action here?

FAUST

WSB  
JT

AIRMAIL

No. 455

EMBASSY OF THE  
UNITED STATES OF AMERICA

Lisbon, May 2, 1944

Subject: Transmitting Preliminary Report on Activity  
for Refugees in Portugal for War Refugee Board

The Honorable  
The Secretary of State  
Washington

Sir:

I have the honor to transmit herewith a preliminary report, prepared by Dr. Robert C. Dexter, Special Attache to this Embassy, on the activity in Portugal in behalf of refugees. Provided that the Department perceives no objection, it would be appreciated if the report would be forwarded to Mr. John W. Pehle, Director of the War Refugee Board.

Respectfully yours,

For the Ambassador:

/s/ Edward S. Crocker  
Counselor of Embassy

Enclosure

Report

300  
MCR/mvd

Enclosure to despatch no. 455 dated May 2, 1944, from  
the Embassy in Lisbon

Preliminary Report

To: John W. Pehle  
Director, War Refugee Board

From: Robert C. Dexter  
Special Attache, American Embassy, Lisbon.

April 26, 1944.

Since I have actually been functioning as your representative in the Embassy approximately one week, there is not very much in the way of concrete accomplishments to report. There are, however, certain matters en train and there are certain indications pointing either to possibilities of success in our efforts or suggesting possible difficulties. It therefore seems advisable that I send you this report. There are certain points on which the cooperation of the Board in Washington may be helpful and there are other matters on which it will be exceedingly desirable to have your advice.

Attitude of Embassy

First of all I wish to record my appreciation of the cordial and helpful attitude adopted by the entire staff of the Embassy in Lisbon from the Ambassador down. As I already indicated to you, the Ambassador was most friendly in his interview with me on receipt of your cable, and that cordiality and friendliness, together with genuine interest in the task we are undertaking, continues. Prior to my taking over the work here the main responsibility for carrying out your directives has rested and still rests so far as the Embassy is concerned, on the Counselor of the Embassy, Mr. Edward S. Crocker, and I desire to express to you my appreciation not only of the way in which Mr. Crocker has been helpful to me but also of his untiring efforts to carry out your suggestions and the willingness with which he has assumed heavy burdens in addition to multitudes of others which he has been carrying. I sincerely hope that the present cordial and friendly relation will continue as it makes the work ever so much easier and pleasanter.

- 2 -

Attitude of Private American Agencies

There are, as you know, five or possibly six American or American affiliated agencies functioning here in Portugal dealing to a greater or less degree with the problems of refugees. The reason that I am somewhat in doubt as to the number is that I am not altogether clear where to classify the representative of the World Jewish Congress. This is an international body but its strongest single constituent group is that in the United States, so that practically speaking it seems fair to include it among the American agencies.

The largest and most important single agency in Portugal is the American Joint Distribution Committee, whose director is Dr. Joseph Schwartz. Dr. Schwartz and his associates have been cooperative and have made more use of the facilities of communication accorded by the War Refugee Board than any other agency. Considering the size of the agency and its long history of effective work for Jewish refugees, one might have thought that they would have considered the appointment of a representative of the War Refugee Board unnecessary and an infringement on their autonomy, but so far at least no such attitude has developed.

The second large Jewish agency is the HICEM, the director of which is also an American, Dr. James Bernstein. The HICEM is, in one sense, an international agency also, as prior to this war most of its resources came from Europe. Since the war, however, the resources of HICEM have almost entirely come from the Joint Distribution Committee, consequently from the United States. The HICEM is primarily concerned with transportation. Dr. Bernstein has been ill and I have not seen as much of him as the other persons involved, but I see no reason to believe that he will not cooperate in our endeavors.

The third agency in chronological order, that is in length of time which it has served in Portugal and in financial budget is the Unitarian Service Committee. I have officially turned over all my responsibilities in connection with that Committee to Mrs. Dexter, but under the circumstances I see no reason to be disturbed about lack of cooperation. This Committee is mainly concerned with non-Jewish refugees and, as will be indicated below, has a very heavy responsibility in connection with Spanish republicans.

- 3 -

The American Friends Service Committee, under the direction of Mr. Phillip Conard, has been established here a shorter time than the Unitarians or the Joint and has a smaller budget. They carry a case load of both Christians and Jews which is not as large as that of the Unitarians. Mr. Conard has been very friendly but there is one difficulty as to policy which has already arisen, which I shall comment on later. I think it can be straightened out.

The American-Polish Relief Committee has a representative here, Mr. Victor Piskorski. This Committee has been primarily concerned with the shipment of food parcels to Poland, for which it has had a special license from the United States. It is also concerned in a minor degree with the care of Polish refugees and, at a conference held yesterday in the Embassy, Mr. Piskorski indicated that there was a possibility of his Committee bringing out of France a large number of Polish children. Up to the present time this Committee has not functioned in as close cooperation with the other refugee committees, as I believe it could. This has not been the fault of Mr. Piskorski, however, and I believe that with the attachment of an officer to the Embassy concerned with refugee problems we can bring about a closer integration of the Polish-American Committee into the general picture. This will, I hope, result in our getting out a larger number of Polish refugees than might otherwise have been the case. Mr. Piskorski's attitude is exceedingly cordial and he is to be counted on for effective cooperation.

The American Red Cross has had a representative in Lisbon for a considerable time, Mr. Ronald Klein. The Red Cross is not primarily a refugee organization per se, but in making plans for any large and cooperative movement the Red Cross should be included. The Red Cross has facilities which none of the other private organizations have, and Mr. Klein's personal attitude is exceedingly friendly. One of my hopes is to bring the Red Cross also into closer cooperation and contact with the problems which we are facing.

The most recent American private organization to establish itself here in Lisbon is a representation of the American National Catholic Welfare Council. Its representative is Dr. Henry Aziel. This committee naturally is concerned with Catholic refugees. Dr. Aziel has only been in Lisbon for a couple of months and is at the present time feeling his way very carefully. Just how much this agency can do in getting out refugees from occupied countries is uncertain at the

- 4 -

present time but it may well be that they will be exceedingly helpful in our relations with Spain. They already have an American representative in Spain, Miss Eileen Eagan. She is returning from Spain shortly and when she comes back I desire to have a conference with her and see if she cannot help us smooth the way of refugees across the Peninsula. Dr. Amiel naturally is very dependent for advice on the longer established agencies and seems very grateful for any cooperation which the Embassy here can give. I think we can count on him to the full insofar as he can be of effective service.

The last agency is the World Jewish Congress previously referred to. This organization has had a representative in Lisbon, Mr. Isaac Weissman, who came to Lisbon as a Turkish citizen but now possesses a Polish passport. Mr. Weissman came here in 1942 I believe, and has been exceedingly active ever since his arrival. He on the one side, and the Joint Distribution Committee, the HICEM and the local Jewish community on the other, seem to have an outstanding feud. Whether this is due to a difference of ideologies - Weissman's organization is Zionist and the others are neutral on the Zionist question - or to a difference of general policies - the World Jewish Congress has always been in close touch with underground movements in the occupied countries and has not hesitated to use technically illegal means in helping refugees, and the others have tried to be technically "correct" - or whether it is due to personalities, it is difficult to say. The fact remains that there are difficulties. Weissman, more than any other representative of the agencies here, has shown a most cordial - if not a proprietary - interest in the War Refugee Board. The Unitarian Service Committee has been more closely in touch with Dr. Weissman than any of the other refugee organizations here and he has appreciated its support at difficult times very much. Consequently he welcomed my appointment with almost too open arms. At the same time it must be said that Weissman has contacts with the refugee governments, with the underground in various countries and has unlimited persistence and devotion. The British Embassy has very close relations with Dr. Weissman although their officials recognize his shortcomings as much as the rest of us. His cordiality and friendliness will be an asset in our program but at the same time we must not allow ourselves to fall entirely into his hands or those of his organization. It is going to be difficult to steer a middle course as we wish to avail ourselves of the opportunities which his organization provides;

- 5 -

but this is what we must try to do unless we are going to antagonize the other Jewish organizations.

#### The Problem in Portugal at present

The general problem in Portugal at present has been adequately covered in the memorandum sent you recently enclosing the report of the British Embassy to the Foreign Office. In regard to this report, which was prepared by Mr. Peter Garran, Second Secretary of the British Embassy, it should be said that his data was almost entirely derived from reports given him by the various private agencies here. Mr. Garran has been designated by the British Embassy to handle refugee problems and he has the able assistance of another member of the staff of the Embassy, Mr. John Hart. With both of these men this office works in the closest contact and harmony.

There are no further comments that need to be made at the moment on the situation here except to once more query you regarding the situation of Spaniards. Before I left the United States you had already sent a representative to Mexico to intervene with the Mexican Government and secure if possible 500 Mexican visas for Spanish republicans in Spain or Portugal. You were also taking up the matter of transit visas for the Spaniards across the United States in case that should be necessary. I have had no word from you as to the success of your efforts and should appreciate very much hearing about it. May I point out once more that the evacuation of these Spanish refugees from Portugal would help a lot in softening the attitude of the Portuguese Government toward the admission of other refugees from the occupied countries and it is absolutely vital for their own welfare. They are, at the moment, the only large number of refugees who are in immediate danger in this country. And they constitute a very real problem for the Unitarian Committee and to a lesser degree for the Friends Service Committee, both of which organizations have a number of Spanish cases, although the Unitarian Committee has the much larger number.

#### Incoming Refugees from Occupied Areas

At the present moment the indications are, as described in cables and memoranda previously sent, that we may have an influx of child refugees coming from France via Spain. That influx

has not yet materialized but the preparation for it has been made during the last week or ten days. Formal notes have been sent by both the British and American Embassies to the Portuguese Foreign Office indicating the possibility of the arrival of a number of children who will have no proper papers. The International Police have indicated to the British Embassy's representative that if the Foreign Office and the Government approved, they would be willing to receive these children even without transit visas for Portugal, provided that we, in our turn, would see that they were provided for while here and that plans for their migration would be made within a reasonable time. In view of your recent cable regarding American visas for such children and your promise to provide for them while in Portugal, we felt that we could make such guarantees. In addition, the British Government has advised the Portuguese Government that visas for Jewish children would be available for Palestine. At the present moment a representative of the Jewish agency, Mr. Lichtenstein, a Palestinian, is here and has authority to issue such visas. We therefore have two possibilities for migration.

As indicated to you in a recent cable, this presents a problem as well as a possibility. There is almost certain to be some conflict between the American Jewish agencies, which I judge would prefer the children to go to the United States, and the World Jewish Congress, which would prefer the children to go to Palestine. For the moment at least, since there is likely to be a ship for Palestine in the next month or two, it would seem to me that it would be best, in case children come in soon, to send as many as possible to Palestine as the expenses of transportation are cheaper, the facilities for their care on arrival apparently just as good if not better, and one very important thing, they would be nearer their parents and friends in Europe after the end of the war. However, we can take no sides in this possible controversy. The Joint Distribution Committee is apparently willing to send children to Palestine when there is transportation, but if transportation is not available, they naturally desire to send them to the United States. I hope we can iron out this situation without any real clash.

Some of the difficulties are illustrated, however, by what has happened within the last few days. According to Dr. Weisman's report, his organization brought four children over the Pyrenees at their expense. When they landed in Barcelona they were immediately arrested by the Spaniards, and the World Jewish Congress, as yet having no representation in Spain, could not do anything for them. The Joint Distribution Committee was appealed to and its representative had the children released in his care.

Now the Joint Distribution Committee is claiming that these are their children. A similar situation arose regarding forty Jewish men, who had to call on the Joint Distribution Committee and the Quakers in Spain for assistance, although Weissman claims that they were brought out of France through the agency of his organization. I fear that there are going to be many similar problems unless we here, and perhaps particularly you in the United States, can somehow get these two important Jewish organizations to work in harmony. This lack of harmony is going to affect our work, is going to make it more difficult for us to get people out, and is certainly going to present heavy and unnecessary problems to your representatives abroad.

Dr. Weissman claims that the first contingent of six children from France will reach Portugal within the next day or two. He is making his own arrangements quite independent of the Jewish agencies here for their reception and care and is calling on the War Refugee Board for financial support. In view of your telegram and since the number is comparatively small, I have agreed to furnish the necessary support for these six and perhaps for a small number of others, who he indicates will be coming soon. But it will be far better and less expensive for the War Refugee Board if these children can be cared for by other Jewish agencies here, who apparently are ready and willing to do so. The difficulty seems to be a matter of control and organizational prestige. Frankly, it seems to me that the children are a bit like the unfortunate child on whom Solomon was asked to pass judgment, where the woman who was not the mother was willing the child should be cut in two. I sincerely hope that I can do something here to prevent any such unhappy occurrence and also that you can make the necessary representations to the head offices of the organizations concerned in New York so that they will instruct their representatives to cooperate.

Despite these difficulties, I feel very definitely that so far as children, and probably so far as adults are concerned, Mr. Weissman has the more effective organization to bring people out. He and his group are willing to take chances and that is essential. He claims to have, and I believe does have, representatives in France who are running the risk of their lives in this undertaking, and incidentally I think his organization brings children out at a less cost than the Joint Distribution Committee. This means that there is less American cash that runs the risk of getting into the hands of the Germans.

We shall continue here to work in as close cooperation as possible with both groups. Weissman's group, as indicated in the cable, will certainly need financial support, the other not, but it is my feeling that we will get more people through from Weissman than in the other way.

#### Publicity

Publicity also presents a thorny problem. We realize perfectly well here that the War Refugee Board must justify its existence and must from time to time report to the country regarding its accomplishments. At the same time any reports regarding children or adults gotten out of occupied territories may well mean the end. It is for this reason that we asked in a recent cable that no publicity be released regarding these activities without consultation here. After all, our main objective is to get the people out and if it is killed by publicity, then our usefulness is ended. In this connection also we are going to have a problem with the World Jewish Congress. They are very keen on publicity with their name attached. I do not see any objection to using their name, but I do feel very doubtful about publicity in the press. I am sorry that this is the case, but years of experience in dealing with the evacuation of refugees are back of this feeling on my part, which I must add is shared with many of the officials of the Embassy here with whom I have talked.

#### Joint Distribution Committee Plans

I need not say much regarding the Joint Distribution Committee's plans as you are informed regarding them through their many cables. They, too, have plans for getting out children, some of whom will go directly to Palestine from Spain and others come through here. They have similar plans for adults. Just how many of these plans may be realized, it is difficult to say. The same caution should be used regarding their plans as those of Dr. Weissman. This is another reason why it is unwise to have any publicity until things are really accomplished.

The Joint Distribution Committee is doing an excellent piece of work in bringing children, and adults too, out of the Balkans to Palestine and in this effort we are cooperating through facilitating their communications back and forth to Istanbul as well as to New York.

### The American Friends Service Committee

The only item in this organization's program that needs comment is one which is at present under discussion. Mr. Conard some days ago received a cable from his head office in Philadelphia saying that they had available an appropriation of some \$15,000, which was to be used for bringing French children out of France to Portugal for a period of three months, keeping them here for feeding and physical rebuilding, and then returning them to France. He had not asked the cooperation of this Embassy officially in representing the matter to the Portuguese Government, but was planning to do so through the former Brazilian Ambassador to Paris, who was passing through here, who is a close friend of a very high official of the Portuguese Government. In view of the fact that both the British and the American Embassies are now making representations, to which no answer has as yet been received, regarding refugee children whose very lives are in danger, it seemed to us here that it would be unwise at present to make additional representations to the Portuguese regarding these French children. It might well complicate matters; the Portuguese might think that by accepting this suggestion made by an American committee they would not only please America but please Vichy and the Germans as well, and might feel that there was less risk involved in accepting this suggestion than that of taking in the refugee children. After consultation here, I therefore advised Mr. Conard to cable his head office that the Embassy here recommended a delay in this request. Certainly if such a request were to be made by an American organization it should be made through an American representative. We here hope that you will agree with our decision, which is based on the belief that the main function of the War Refugee Board is to get people out who are in immediate danger, and that all the forces of the American diplomatic representatives should be directed toward that end. If our request is refused, which I do not think it will be, as the police have given approval for the first six to come through, then we might take up the other, but it presents many difficulties. However, our main objection is that it might endanger the original plans.

### Communications

The facilities which the War Refugee Board has offered to the various private agencies of communication through diplomatic channels, have been most gratefully received. The Joint Distribution Committee has availed itself of them extensively and the others to a lesser degree. However, in view of the fact that the sending of cables, particularly if coding is

involved, means a terrific amount of work both for the staff of the Embassy here and for the State Department in Washington, I have suggested to the agencies at a conference held yesterday that wherever possible they use first the ordinary commercial cables. It seemed to me that many cables were being sent that could just as well have gone through the commercial channels. Second, that, where for reasons of speed it was advisable to use diplomatic communication, they wherever possible send their cables in the clear. This means that the cables will go through quicker and actually they will be more accurate, as they are not subject to paraphrase, although I didn't mention this last argument. Third, that code cables should only be sent in cases where it is necessary to keep information out of enemy hands. In general it seems to me that the decision as to whether a cable should be sent coded or in clear should be made at the Embassy rather than by the agency. Sometimes, even, they might send cables which from their point of view would seem perfectly all right to send in clear, which for reasons of security the Embassy might feel should be coded.

Radio Bulletin No. 98, Paragraph 1, Page 3.

The Embassy here has noted with considerable interest this paragraph in the radio bulletin of April 22. Your statement regarding the WRB's function is perfectly clear. I am not quite so clear as to Sir Herbert Emerson's statement to the effect that the principal task of the Intergovernmental Committee will be "looking after the refugees after they reach neutral territory". Does that mean that the Intergovernmental Committee will take the responsibility of refugees here and if so will they have a representative here, or will the WRB represent them as well? I should appreciate elucidation on this point, which I assume will be coming before long. The UNRAA portion of the task is clear except in regard to Palestine, regarding which I have sent you a special memorandum.

Spain

It is becoming increasingly clear to me that success or failure of our task here will to a very large extent depend on the attitude of Spain. Spain can make it possible for refugees to come through or can completely block our plans. And unless the WRB has a strong representative in our Embassy in Spain, little or nothing can be done here. I should appreciate it exceedingly if I were informed as to just what progress has been made in regard to Spain.

Dr. Weissman is planning to visit Spain shortly - he has a Spanish visa - to consult with General Jordana, the Secretary of State for Foreign Affairs, regarding the possibility that the World Jewish Congress open up offices in Spain to receive refugees and also to get the general attitude of the Spanish Government. He has had apparently quite successful conferences with the Spanish Ambassador here, Senor Nicolas Franco, and this Ambassador has asked Mr. Weissman to ask me to call upon him. Mr. Weissman is arranging an interview for me.

Weissman has also suggested that if he did have offices in Spain he would be perfectly willing if it could be arranged to have American representatives, either official or unofficial, of the War Refugee Board work in these offices. They would have to work technically as employees of the World Jewish Congress unless we could get some kind of special permission. Frankly I do not like the idea very much. I wish that we could have representative of our own, or if that is not possible, representatives of the Unitarian Service Committee in Spain who would closely cooperate with the WRB. The important thing, however, is to have an official WRB representative at Madrid, as otherwise our work in Portugal is limited indeed. Such a man ought to be of the type who could contact people who are interested in bringing people out of the occupied territories and it would necessarily take an individual of strong personality and plenty of courage as well as wisdom. Whoever went to Spain should of course be in the closest contact with the WRB representative here, as the problems of the two countries are really in this regard practically one.

#### Financial Licenses

The question of financial licenses bids fair to be one which will consume considerable time here. With the new policy of the Treasury, there will undoubtedly be increasing demands for funds to be sent into enemy countries. Here, your representative will of necessity have to work in the closest cooperation with the Financial Attache of the Embassy. He, and I likewise, must be satisfied, insofar as is reasonably possible, that the funds do not get into enemy hands, and sometimes this is a very difficult thing to be sure about. We shall do our best to check each case, and if we are in doubt will of course advise you and the Treasury. Each license is being worked out by us cooperatively and the information is being gathered so that we both may have it. Incidentally there is a possibility that there will be a demand for an increase of license from the Polish-American Committee, as they have many more demands for food to be sent to Poland than they can supply under their present license. When

that demand comes, we shall try to check over their data and if it seems reasonably sure that the food does not fall into the hands of the Germans, we shall make a recommendation for an increase.

Another problem in connection with the sending of food is the price of food from here. At the present time the price is sky-high, and the Financial Attache and this office are making investigations to see if reduction in the price to American agencies and the simplification of the processes of sending cannot be attained, as I believe if we can save the agencies money they can use their funds to greater advantage.

Conclusion

I have tried to make this report as complete as possible and have stated our problems as well as our possibilities. I should be very happy to have any comments which you care to make and especially urge your cooperation in solving some of the problems which may be best approached at your end. May I say, in conclusion, that, as you have already gathered, the task is not a simple one, that we cannot accomplish all that we would like to accomplish, and that we must be governed ultimately by the policy of our Government, with which we gladly cooperate, not to do anything which would interfere in the slightest with our winning the war or winning the peace.

MFG-13

PLAIN

Lisbon

Dated May 2, 1944

Rec'd 12:31 p.m.

Secretary of State,

Washington.

1326, Second, 1 p.m.

FOLLOWING FROM JOSEPH SCHWARTZ FOR LEAVITT  
JOINT DISTRIBUTION COMMITTEE NEW YORK:

WRB sixteen. "International Red Cross Geneva suggests Portuguese authorities might grant export permits foods other than sardines and dried fruits provided Portugal received compensation corresponding additional imports. Suggest you investigate possibilities with authorities Washington since such arrangement would help feed labor camps especially Yugalavia."

NCWWEB

CSB  
WSB

EMCT - 144

PLAIN

Lieben

Dated: May 2, 1944

Rec'd: 6:02 p.m.

Secretary of State,

Washington.

1327, 2nd, 4 p.m.

WRB 14. Reference Department's 1208, April 29.

Approve appointment, hope Widen arrives soon.

NORWEB

MEM  
EJH

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm  
TO: Secretary of State, Washington  
DATE: May 2, 1944  
NUMBER: 1540

CONFIDENTIAL

American and British Legations, without reference, have proved as cases 276 export to Norway 300 kilograms used shoes and 1,000 kilogram used clothes, because of political implications and urgency of request. This material is to be distributed to victims of recent explosion in Bergen by Donora Committee. Svenska Norgehjälpen contributed clothing and shoes.

Foregoing message was repeated to London in my May 2 telegram no. 359.

JOHNSON

CABLE TO MINISTER HARRISON, BERN, SWITZERLAND

Reference is made to your 2282 of April 13, specifically to passage regarding reply by Cuba to Vatican.

For your information, Ambassador Braden has been instructed to convey to the Cuban authorities the Department's appreciation of Cuban attitude and the assurance that the United States has no (repeat no) objection to Cuban recognition of such documents. Ambassador Winant has been instructed to request a similar British assurance to Cuba. Tittman has been asked to inform Vatican accordingly with a view to further Vatican action.

As regards actual admission, Ambassador Braden has been asked to ascertain Cuba's attitude. Should he find that Cuba is not (repeat not) agreeable to the admission of such persons holding Cuban documents, he has been authorized to repeat to Cuba the assurance given to other Latin American republics to the effect that Cuba will not (repeat not) be expected to admit persons concerned but that they will be routed elsewhere.

Ambassador Hayes has obtained assurance that Spain will endeavor to arrange for return of deported refugees to Vittel.

Among the Latin American countries approached, Honduras and Venezuela have already acceded to all our requests referred to in Department's 1221 of April 10 to you.

Refer to your 2510 of April 20. Appreciate your speedy action concerning 238 deportees. War Refugee Board received unconfirmed report that most or all of 238 deportees from Vittel have been or are being placed in Camp Drancy near Paris. Please take all necessary steps through Swiss, Inter-cross and otherwise to assure their welfare.

Please advise whether Swiss authorities have made the demarches requested in our 1221 of April 10 and in our 1269 of April 13.

THIS IS WRB BERN CABLE NO. 12

May 2, 1944  
9:50 a.m.

BAKmin:jp 4/29/44

## TELEGRAM SENT

PLAIN

May 2, 1944

## AMEMBATION,

BERN.

1527, second

Legation authorized to pay salary and administrative expenses of R. D. McClelland, Special Attache of War Refugee Board at Bern as follows:

- (1) Salary at \$6500 per annum effective date McClelland assumes duties.
- (2) Per diem of \$7.00 effective same date.
- (3) Travel expenses.
- (4) Salaries local staff.
- (5) Miscellaneous expenses for office supplies and equipment.

Combined annual expenditure under last three items estimated not to exceed \$6000.

Include payments in regular accounts for reimbursement by WEB accordance Section W-45 as authorized by its letter of April 22.

Questions raised in Legation's 2669, April 26, are answered as follows:

- (1) Arrangements being made to establish pay adjustment allotment for WEC. Department will authorize payments to McClelland when they are completed.
- (2) Per diem of \$7.00 only authorized at Bern. Maximum per diem of \$8.00 payable only while in travel status in Switzerland and not for periods spent at official headquarters.
- (3) No. Vouchers are to be certified by Legation's certifying officer.
- (4) Yes.

HULL  
(GLW)

PA WREB-37 4/27/28/44

WEB WF A-5/3

ECB-71  
 This telegram must be  
 paraphrased before being  
 communicated to anyone  
 other than a Governmental  
 agency. (RR)

Bern

Dated May 2, 1944.

Rec'd 2:12 p.m.

Secretary of State,  
 Washington.

2770, May 2, 3 p.m.

Swiss committee for aiding Jews in Hungary  
 requests following be transmitted for information  
 War Refugee Board:

"Hungarian Government recently issued a decree  
 designed completely ruin Jews. Real estate bank  
 deposits safes and all valuables must be reported  
 eventually deposited. Businesses have been closed and  
 stocks confiscated. Expected next step will be that  
 confiscated goods will be taken possession of by  
 others.

In committee's opinion all who obtain possession  
 such confiscated goods are under Hungarian law guilty  
 of receiving stolen property and will after the war  
 not only have to restore goods but also to suffer  
 legal consequences.

Committee is firmly convinced that repeated  
 broadcasting of this would have deterrent effect and  
 requests consideration of recommendation by  
 appropriate authorities with a view to immediate  
 action."

END  
 END

HARRISON

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMLEGATION, Bern,  
TO: Secretary of State, Washington  
DATED: May 2, 1944  
NUMBER: 2793

Reference is made herewith to London's telegram to the Legation of April 28, 1944, no. 97, repeating its cable to the Department in answer to the Department's telegram to London of April 26, 1944, no. 3325.

AEFAR 1523 has been received from MEW by my British colleague and this cable gives wide discretion to approve in this case even items which would be referred to London normally and my British colleague has informed London in reply that he is ready to give approval.

2. IRC will be informed by the Legation that it approves of the total \$100,000 purchase program unless instructions to the contrary are received. This withholding action is being taken by us in anticipation of instructions from the Department regarding the question of policy raised in the Legation's cables of April 6, and April 24, 1944, no. 2122, and 2612, and London's cable referred to above.

The foregoing message was repeated as no. 736 to London for information of our Embassy there.

HARRISON

PARAPHRASE OF TELEGRAM RECEIVED

245

FROM: American Legation, Bern  
TO: Secretary of State, Washington  
DATED: May 2, 1944  
NUMBER: 2794

SECRET

Reference my 2591, dated twenty-second of April.  
It is requested by Riegner that there be forwarded  
to the World Jewish Congress the following message:

I submit herewith report of further activities which is in sequence to my March 23 report, transmitted by the Legation's no. 1851, of March 25.

Having countervalue of 134,834 Swiss francs, have transmitted during last month a further 8,100,000 Swiss francs for evacuation. Including groups from Holland and Belgium, during the last months an average of sixty per month crossed the frontier. During the first half of April 46 young Jews evacuated to Spain, while during the second half, an additional fifty are to cross and have probably reached the frontier already. During the coming weeks this number will be increased as it is the most favorable time since spring. We are constantly receiving news from persons who arrived in Spain safely. In assisting Jewish children to cross the Spanish frontier, the Jewish resistance is equally active. Recently the first group of 25 children were brought to Spain. Jewish resistance is largely responsible for their rescue. Hidden persons, especially those in particular political danger, are also being assisted by Jewish resistance. Having denounced and sold Jews to Germany, several special groups of four to five young Jews are charged with punishment and elimination of traitors. Including reports of American Jewish Congress, the resistance has published an illegal newspaper containing instructions to French Jews and news of Jewish life throughout the world. Arrest of the printer has temporarily suspended publication.

Requests transfer of maximum funds possible in view of very satisfactory reports. In the western countries the coming weeks may be the last chance for rescuing Jews.

This report contains confidential information and should in no way be disclosed.

The name Riegner appears as the signer of the foregoing message.

HARRISON

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMEMBASSY, ANKARA  
TO: Secretary of State, Washington  
DATED: May 2, 1944  
NUMBER: 788

## SECRET

Following is Ankara's 49 from the Ambassador for War Refugee Board.

Yesterday the vessel SS MILKA from Constanza carrying 272 Jewish refugees appeared off the Port of Istanbul and asked for permission to enter the port.

The Foreign Minister has directed the refugees to land and has requested the Communications Minister to provide transportation to the Syrian frontier for them in spite of the fact that the vessel again arrived without proper papers and the refugees on board are without Turk entry or transit visas and without Palestine entry certificates. The British in Istanbul are today issuing the requisite Palestine entry certificates.

It is necessary for me to advise the Board to refrain from expressing publicly at this time our appreciation for the Foreign Minister's action in allowing the continued transit to Palestine of Jew refugees arriving in Turkey illegally. It is feared that such public expression at this time might embarrass Turk relations with Arab countries and might be used against the Foreign Minister by his political opponents who are now very active. Therefore it is recommended that any public expressions of appreciation be deferred until later especially since I am advised that the Bulgarian vessel SS MARITZA, which will present a situation similar to the MILKA, is due to arrive in Istanbul shortly.

STEINHARDT

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMEMBASSY, Ankara  
TO: Secretary of State, Washington,  
DATED: May 2, 1944  
NUMBER: 794

## SECRET

The Ambassador sends the following for WEB'S attention.

Today, when I invited the attention of the Assistant Secretary General of the Foreign Office to the fact that no Jewish refugees have arrived from Hungary of late and asked whether the Turk Consul in Budapest might be withholding the granting of Turk visas for any reason in spite of the assurance I received from the Foreign Minister that the granting of the visas would be facilitated. I was informed by Erkin that the Turk Consul at Budapest had sent the Foreign Office word that every Jew entering the Turk Consulate in Budapest was arrested as soon as he left and transported to an unknown place.

The fore-going is WEB's 50 from Ankara.

STEINHARDT

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMEMBASSY, ANKARA  
TO: Secretary of State, Washington  
DATED: May 2, 1944  
NUMBER: 795

SECRET

The following is Ankara's 51 from the Ambassador for the War Refugee Board.

Reference is made here with to the Department's telegram of April 27, 1944, No. 377.

No great difficulty in transporting the refugees who might arrive on the SS TARI from Iskenderun to Haifa by means of schooners or caiques, which probable could be sent from Egypt or Palestine for that purpose, especially at this time of year, is anticipated by me after discussing the matter with Barlas.

While it is yet too soon to give up hope that a safe conduct for the SS TARI will be granted by the Germans, the recent severe strain on relations between Germany and Turkey, resulting from the abrupt discontinuance of chrome shipments to Germany from Turkey, makes it improbable that the safe conduct will now be forthcoming from the Germans. In spite of the fact that requests for safe conduct have been made by the Swedish and Swiss Governments, by the Apostolic Delegate in Istanbul and the Vatican and by the International Red Cross from both Ankara and Geneva, the Turk Foreign Minister's request for safe conduct is doubtless the application to which the Germans are giving the most serious consideration since the TARI is a Turk vessel. It seems unlikely that a safe conduct for the TARI will be granted by the Germans as I have reason to believe that the Germans wish to strike back at the Turks for their action in discontinuing all chrome shipments.

STEINHARDT

A-245

Secret

3:25 pm.

May 2, 1944

AMEMBASSY,

CARACAS (VENEZUELA).

FOR THE PERSONAL AND CONFIDENTIAL INFORMATION OF THE  
AMBASSADOR.

The results reported in your A-323 of April 15 are very gratifying to the Department and the War Refugee Board. The appreciation of this Government of the attitude of the Venezuelan authorities should be conveyed to them. At the same time kindly find out if an affirmative approach has yet been made through the protecting power. Please urge immediate action if this has not (repeat not) occurred.

Hull  
(glw)

HULL

WRB:MMV:KG  
5/1/44

ARA

KEM

AIRGRAM

BY SECRET COURIER

Caracas

Dated May 2, 1944

Rec'd 8 a.m., 8th.

Secretary of State,  
Washington.

A-381, May 2, 3:15 p.m.

Department's secret circular airgram April 22,  
7:30 p.m. for the Ambassador concerning internees in  
German occupied territory holding South American pass-  
ports.

In supplementation of the action reported in my  
secret airgram No. A-323, April 15, 3:10 p.m., I have  
again spoken personally with the Foreign Minister in the  
sense of the circular airgram of April 22, above cited,  
who informed me that his Government is taking active  
measures along the lines indicated and that as soon as he  
had further details in this connection he would inform me.

He added that the Venezuelan Government had no precise  
information regarding the number of Venezuelan passports  
which might have been issued in Europe and reiterated  
his previous statement that these passports would not  
be invalidated by the Venezuelan Government.

CORRIGAN

FPG:JF:fkf

Dictated over the phone by Mr. Collado, of the Department of State, to Mrs. Shanahan, 9:20 a.m., May 3, 1944.

Paraphrase of telegram from Moscow, No. 1547,  
May 2, 7 p.m., Most Immediate.

In further reference to your 1052, April 27, 8 p.m., I have been informed this evening by Vyshinski that the reply of the Soviet Government to the question raised by the Secretary of the Treasury is that the Russians are prepared to accept an invitation to send a delegation to a monetary conference at the end of May, the composition of the delegation to be selected later. Since the Commissar of Finance is too busy in Moscow he would not be able to head the Soviet delegation although ~~Mr~~ Vyshinski stated that the Commissar would very much like to do so. Please inform the Secretary of the Treasury.

(Signed) HAMILTON

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTEL No. 141

Information received up to 10 a.m., 2nd May, 1944.

1. NAVAL

On 28th/29th 30 aircraft attacked ANZIO, 9 claimed destroyed. One of H.M. Submarines off Southern French Coast torpedoed and probably sank one 1,000 ton ship on 27th and one of 2,000 tons on 1st. Now known that ship sunk in convoy from North Russia was a U.S. Liberty Ship. A U.S. Cruiser, 7,000 tons, completed in 1923, has been transferred to Russian Navy and renamed.

2. MILITARY

BURMA. Fighting continues all sectors. We are improving our positions and inflicting proportionately heavy casualties on the enemy. 70 out of 80 Japanese who penetrated our garrison perimeter at KOHIMA on 27th/28th were killed in the counterattack that restored the situation. Our troops operating immediately north of the town are having difficulty owing to steepness of the ground and dense jungle.

3. AIR OPERATIONS

WESTERN FRONT. 30th/1st. 587 tons H.E. dropped at SOMAIN, 526 tons H.E. at ACHERES and 633 tons H.E. and MAINTENON. All attacks considered good, especially latter two where cloudless conditions and good visibility enabled highly satisfactory concentrations to be achieved.

1st. 458 heavy, 430 medium and 453 light and fighter bombers attacked objectives in Northern France and Belgium as follows:

Military Constructions - 254 tons dropped, almost complete cloud conditions, majority aircraft detailed did not attack, results fair, ground opposition moderate.  
Airfields - 116 tons dropped.  
Railway objectives - 1,957 tons, weather conditions generally good, results generally good to excellent.

Casualties reported - Enemy 11, 0, 5. Ours 3 heavy bombers, 4 fighters missing.

1st/2nd. 762 aircraft despatched:

Goods Yards MALINES	132 (2 missing)
ST. GHISLAIN	137 (2 missing)
CHAMBLY Permanent Way Depot	118 (5 missing)
TOULOUSE Aircraft Factory	72
TOULOUSE Explosive Works	67
TOURS Aircraft Repair Works	50
LYON Motor Vehicle Works	75
Other minor operations	111 (1 missing).

All attacks considered good except on MALINES where bombing scattered.

ITALY. 29th. 200 bombers and about 360 fighters attacked communications and other objectives in Central ITALY.  
29th/30th. 8 Liberators attacked GENOA and Wellingtons dropped 29 and 25 tons on SPILIA and LEGHORN respectively.

YUGOSLAVIA. 29th. 35 assorted Liberators attacked BANSKI railway centre dropping 68 tons.