

Diary

Book 728

May 5-7, 1944

- B -

	Book	Page
Balance of Payments		
See International Transactions		
Boy Scouts of America		
Treasury congratulates them on 34th annual meeting of National Council - 5/6/44.....	728	153

- C -

Cabaret Tax		
See Revenue Revision		
China		
United Kingdom loan to - White memorandum - 5/6/44.....		140
a) Copy of Halifax's memorandum to Hull with draft text of announcement to be made in House of Commons.....		142,144
Correspondence		
Mrs. Forbush's mail report - 5/5/44.....		84

- E -

Elliott, Harriet		
See Financing, Government: War Savings Bonds (5th War Loan Drive)		

- F -

Financing, Government		
War Savings Bonds		
For report following visit by HMJr and C.S. Bell see War Finance Division		
Navy given permission to reproduce War Savings Bonds and U.S. currency in training film - 5/5/44.....		75
5th War Loan Drive: Field trip described by Miss Elliott to Treasury group - 5/5/44.....		29
a) Copy of Coyne's talk.....		147

- G -

Gold		
Great Britain: Continued large purchases (\$350 million so far this year) discussed by White at 9:30 meeting - 5/5/44....		12

- H -

Hill, Lister (Senator, Alabama)		
Congratulated on primary victory - 5/5/44.....		72
a) Hill's response - 5/8/44: See Book 729, page 121		
Hueper, Remi P. (General)		
See War Department		

	Book	Page
International Transactions		
Crowley suggests Committee to deal with; Treasury considers it involves Bureau of Accounts (accounting problem) and Monetary Research (balance of payments problem); discussion at 9:30 group meeting - 5/5/44.....	728	20
Italy		
For inquiry into HMJr's trip see Morgenthau, Henry, Jr.		

Latin America		
Mexico: Closing of international bridges because of overtime pay controversy discussed by Gaston at 9:30 meeting - 5/5/44.....		4
Lend-Lease		
United Kingdom		
Federal Reserve Bank of New York statement showing dollar disbursements, week ending April 26, 1944 - 5/5/44.....		77
Aircraft flight delivery as at April 30, 1944 - British Air Commission report - 5/5/44.....		82

Mexico		
See Latin America		
Morgenthau, Henry, Jr.		
Italian Trip: Inquiry into expenses of by General Accounting Office discussed by HMJr, D.W. Bell, C.S. Bell, Smith, and O'Connell - 5/5/44.....		58

Navy Department		
See Financing, Government: War Savings Bonds		

Pepper, Claude (Senator, Florida)		
Congratulated on primary victory - 5/5/44.....		73
a) Pepper's acknowledgment - 5/23/44: See Book 734, page 283		
Post Office Department		
Postal Notes: Authority to issue contained in bill passed by House - discussion by 9:30 group - 5/5/44.....		18
Post-War Planning		
Currency Stabilization		
International Conference		
See also Books 724 and 727		
United Kingdom: Debate in Commons to start May 10 - Halifax informs HMJr - 5/5/44.....		45
U. S. S. E.: HMJr and White invited to luncheon - 5/5/44...		47
State Department told of effective help of Harriman and Hamilton in Moscow - 5/8/44: See Book 729, page 134		

- P - (Continued)

	Book	Page
Procurement Division		
Surplus Property, Disposal of: Olrich progress reports - 5/6/44.....	728	157,159

- R -

Revenue Revision

Cabarct Tax

Surrey resumé of situation - 5/6/44.....	120
HMJr-Surrey-Blough conversation - 5/8/44: See Book <u>729</u> , page 72	

- T -

Taxation

See Revenue Revision

- U -

U.S.S.R.

See Post-War Planning: Currency Stabilization  
(International Conference)

Hull tells HMJr "Russians want \$2 billion loan" - 5/6/44... 123

United Kingdom

See China

" Gold

" Post-War Planning: Currency Stabilization  
(International Conference)

- W -

War Department

Hueper, Remi P. (General): McCloy-HMJr conversation  
concerning reported letter from Somervell to Marshall  
saying that HMJr endorses for Fiscal Director of the  
Army - 5/5/44..... 53  
(See also Book 730, page 51, - 5/9/44)

War Finance Division

HMJr and C.S. Bell visit; Bell memorandum on conditions  
found - 5/5/44..... 27  
a) HMJr-Drew Pearson conversation - 5/5/44..... 67

War Refugee Board

Reports

May 1-6, 1944..... 161  
" 8-13, 1944: See Book 731, page 114  
" 15-20, 1944: Book 734, page 60

War Savings Bonds

See Financing, Government

May 5, 1944  
9:33 a.m.

HMJr: Hello.

Operator: Go ahead.

HMJr: Hello.

Jesse Jones: Hello, Henry.

HMJr: How are you, Jesse?

J: Pretty fair. And you?

HMJr: I'm all right. -- about the same. Jesse, you know you wrote me about a proposed loan to the Netherlands.

J: Yeah.

HMJr: And I wrote you a little note that I wanted a little time.

J: Yeah.

HMJr: Well, you remember, I consulted with the President about it when you put me up -- put it up to me -- oh, I don't remember, six months or something ago.

J: Yeah.

HMJr: So, I consulted with him once more and he seems interested and said to wait until he got back because he'd like to get in on it himself.

J: Yeah.

HMJr: So, I thought I'd pass that along to you.

J: All right. Of course, when this thing was first mentioned to me by -- by what's-his-name -- Van Den Broek, I spoke to the President about it.

HMJr: Yes.

J: And he -- he was favorable to it.

HMJr: Yeah.

J: Well, then it got clogged up, I think, somewhere else.

HMJr: Yeah.

J: Maybe in your office or somewhere else.

HMJr: Yeah.

J: And then I had this next letter which I sent you a copy of.

HMJr: Yeah.

J: And I felt the way to do it was to -- to write to you about it and write to Hull about it and write to Leo Crowley about it....

HMJr: Yeah.

J: ...which I did and -- in the belief that it's a good thing to do. Otherwise, I would have dropped it.

HMJr: Well, have you heard from either Hull or Crowley?

J: I think -- let's see now -- I think I have an engagement today with somebody. They've been wanting to see me for a couple of days, but I've been busy with my washing.

HMJr: With your washing?

J: With my washing -- week's washing.

HMJr: Oh, yeah.

J: I think today I'm going to see somebody from the State Department.

HMJr: Yeah.

J: And I don't know whether I've heard from Crowley or not.

HMJr: Well, anyway, I thought I'd let you know.

J: Okay.

HMJr: I don't imagine it will be more than a couple of days now.

J: Well, it's all right. It can just -- it's in the mill for us to work out....

HMJr: Yes.

J: .... if, as and when we should.

HMJr: Right.

J: Okay.

HMJr: Thank you.

May 5, 1944  
9:30 a.m.

GROUP

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

(The Secretary held a telephone conversation with Jesse Jones.)

H.M.JR: He has written to the President and Crowley, but he couldn't remember whether he had heard from them or not. He said that when he went to see the President originally the President was for it--a loan to the Netherlands.

MR. WHITE: That "originally" meant six months ago, I presume.

H.M.JR: I suppose so.

I just had Irey in here on a personal matter, and he took a couple of minutes--do you want to tell the group-- I mean, I didn't send for him.

MR. GASTON: I see.

Well, Irey is quite a friend of Jack Cochran of Missouri, who is out in the Naval Hospital at Bethesda. He has been going out to see him now and then, usually about once a week. He was out there yesterday, I think it was. Cochran told him or made some inquiry--at any rate Irey told him about this

- 2 -

controversy with the Department of Justice, about FBI investigating Treasury personnel. Cochran was tremendously interested and stirred up about it. But he told Irey that McGranery had been out to call on him, and McGranery indicated to Cochran that he might be able to arrive at some agreement with us. Is that about the substance of it?

H.M.JR: Yes, but of course Irey wants you to see McGranery. But I still think in view of that letter we ought to sit tight. I should think we would act as though we were not worried.

MR. GASTON: McGranery may try to see us.

H.M.JR: That is what I told Elmer, which would be much better.

MR. SULLIVAN: I tried to get McGranery last night. I have been house hunting for him, and I got a house picked out and called him up. I didn't get him, but he got his house, anyhow. I picked it out. I picked out a couple of others for him, and he got there too late. He picked this one out at the same time I did and got the house before I had a chance to get hold of him.

I would leave it alone; I don't think we should initiate it.

H.M.JR: Anything else, Herbert?

MR. GASTON: I think I ought to tell you that there is at least a fifty-fifty chance we may have to close all the international bridges on the Mexican border on Sunday. We held a long conference with the attorneys for the bridge owners yesterday and went as far as I thought it was possible for us to go. We told them we would endorse their proposal that the legislation for relief of liability for this overtime pay be made retroactive to cover all the payments they had made and payments made against them.

The attorney put it up to the bridge owners, and they voted, no, they would not reinstate their bonds.

- 3 -

However, Tom Lynch and I had a good conference with Senator Taft last night, who has been authorized to draft a bill for the Finance Committee and to introduce it today. We got that bill pretty well lined up, and we got Taft to accept our retroactive proposal, and I think if that bill is introduced today, and especially if it is passed, there is a pretty fair chance that we will get the bridge people to change their minds.

This Army representative that talked to Commissioner Johnson didn't think there was any danger of serious trouble and that the Army could handle it so far as the Army was concerned.

H.M.JR: But who knows about it in the State Department, what you are doing?

MR. GASTON: It has been pretty well explained. I can check up on that today.

H.M.JR: Would you please?

MR. GASTON: So that they thoroughly understand it--

H.M.JR: Will you, definitely?

MR. GASTON: ...I thought we might put out a release today also on the thing.

H.M.JR: Anything else?

MR. GASTON: I think that is all.

H.M.JR: John?

MR. SULLIVAN: You asked for a list of the cases in which we had to push Justice, you know, and Phil Wenchel prepared these. Joe and I are in accord that it doesn't make much of a case. That meeting yesterday afternoon was the shortest they have ever had. They were out by four o'clock. It didn't start until half past three. The most important thing they had decided was they would meet only once every two weeks from now on.

- 4 -

H.M.JR: Who does he have as assistant, Clayton--who has he been able to get?

MR. SULLIVAN: Bridgman is his assistant, his deputy. He has been with the RFC.

H.M.JR: Is that the right name?

MR. SULLIVAN: Yes.

MR. O'CONNELL: His name is Temple Bridgman. He is a metal man.

MR. SULLIVAN: He comes from San Francisco, I think. He has other people there.

H.M.JR: Did he get Clarence Francis.

MR. SULLIVAN: Not that I know of. He hadn't the last I knew. He has tried to keep his organization down.

H.M.JR: I knew he was trying to get three or four people.

MR. SULLIVAN: He will probably have twenty before he gets through.

H.M.JR: What else?

MR. SULLIVAN: That is all, sir.

MR. O'CONNELL: You probably saw in the paper that Senator McCarran started hearings again in connection with the liquor business. Nelson was on the stand yesterday and is going to be on the stand again today. After the end of the hearing, McCarran indicated that it was planned to continue to call witnesses from the Government and outside until he got to the bottom of this situation. It is possible that he might ask for someone from the Treasury Department. He hasn't, as yet.

H.M.JR: I don't think Berkshire makes the best witness.

- 5 -

MR. O'CONNELL: No. Offhand, I would hope that we would not be called upon to testify in this hearing, because it seems to me that with Nelson and Marvin Jones, with the primary responsibility in the situation, that it would be unfortunate if we were more or less forced to line up with the McCarran view and put more pressure on them for a holiday before they are ready to do it. Every interest that we have is in favor of a holiday, I think, because our two interests are black markets and taxes.

H.M.JR: And holidays--

MR. SULLIVAN: I noticed in the paper that Don Nelson commented that there might be something to one of these suggestions, and he would go into it.

MR. SMITH: That was the Schwengel plan. Do you remember General Schwengel had the idea of buying alcohol from Cuba and bringing it up and swapping it? Nelson got out from under by saying there might be something that didn't involve a holiday and the rest.

MR. GASTON: I should add to that picture that we got reports from Cuba from Braden, the Ambassador, that there was danger of an organized attempt to smuggle liquor into the U. S. when the quota limits were reached.

I had a talk down in Miami with Wyatt our new supervising Customs Agent, and with Captain Whitbeck of the Coast Guard, and they are going over today to Havana to investigate the situation. Whitbeck suggested that we might need to ask for the declaration of these Customs enforcement areas, what we had during the previous smuggling regime off the Florida Coast, so that the Coast Guard could patrol more effectively.

MR. SULLIVAN: Do you want me to find out from Nelson just how he feels about this new suggestion?

H.M.JR: Yes.

MR. SULLIVAN: All right.

- 6 -

I agree with Joe that there is nothing in this for us except grief.

H.M.JR: Or a bottle of twenty year old Bacardi.

MR. GASTON: We could get it. I was offered plenty of cigars down there, and I don't smoke cigars.

MR. SULLIVAN: Why didn't you bring them back for the Secretary then?

H.M.JR: It is so different from anything you taste in this country.

MRS. KLOTZ: It is like brandy, isn't it? It is wonderful.

MR. GASTON: I will tell Wyatt we want some good Cuban Bacardi. They call it "ancient;" it is twenty years old, and comes in a brown bottle.

MRS. KLOTZ: With a long neck.

MR. SULLIVAN: You both certainly remember all the details; it must be good.

MR. GASTON: You will be interested to know that the Coast Guard people down there still think they are in the Treasury. They talk about what we do, and so forth.

H.M.JR: Good.

MR. O'CONNELL: You may have seen in the paper this morning about the Bank of Brazil refusing to permit a transfer of nine and a half million dollars of Jugoslavia's funds at the request of General Tito.

H.M.JR: Did you see the answer I got from the State Department about Tito?

MR. O'CONNELL: I did.

- 7 -

H.M.JR: You know, I don't want to get started on this, but I don't know whether the State Department, the Army, and the President are just three different people. From all accounts the Army is doing everything to help Tito, and the State Department writes me this hifalutin' letter; they recognize King Peter. Didn't I send you that letter?

MR. WHITE: Yes, you did.

H.M.JR: What are we going to do about it?

MR. WHITE: We had one discussion on it. We don't see what way there is out of it except to accept the State Department decision, because the other one would determine what government to deal with, unless you want to take it up with the President.

H.M.JR: No, keep it in mind. I have two things now in the State Department.

MR. WHITE: We are dragging our heels on some out-payment because we asked them for some information and the State Department also asked them for information. They haven't given us adequate information.

H.M.JR: Well, drag some more.

MR. WHITE: There is no payment being made.

MR. SULLIVAN: Do you know George Vournas, the president of Ahepa, the Greek-American society?

H.M.JR: No, I just know Skouras.

MR. SULLIVAN: Well, George was with the Army over there, and his story about the way we have lost the Greek-- it is just terrible.

H.M.JR: I could have told you that after our trip to Cairo, what they were doing. They are losing. That was last October. They have done the same in Italy.

MR. SMITH: The way Harry treated King Peter, it is a wonder they didn't openly declare war on us.

- 8 -

MR. WHITE: Yes.

H.M.JR: The way Harry insisted that I call on King George of Greece!

MR. SMITH: That is right.

H.M.JR: Here we were in front of the palace, and the custom is instead of calling you go in and sign the royal book, you see. These fellows said, "I don't want to go in. What will I tell my wife?"

I called on King George.

I said, "Now listen, Harry, this is the Government; you have to go in."

Well, finally I got back and pushed, and the American Minister pulled, and in an undignified manner we got Harry to the threshold; then we held his hands and blindfolded him, and he signed the book.

MR. SMITH: Did you ever look to see whether he signed his own name?

MR. WHITE: Well, the episode which really started the trouble with Yugoslavia was you left early; in fact, I think you left before the movie began.

H.M.JR: I went down and let the movie house get dark and then crawled out.

MR. WHITE: Nobody saw you. Fred and I were sitting there. After the movie was over, nobody was supposed to leave the room until the King rises and goes out, but we thought we could make it in the interim between the end of the picture and when the lights went on. We got caught just about half way, running for the door. And I think that has created a good deal of trouble between us. It just isn't done.

H.M.JR: Incidentally, I don't know whether I can see the War Department Chinese film, but you might have it in the place this afternoon, if they can have it.

- 9 -

MR. SMITH: All right.

H.M.JR: Then I will just have it here. You might want to amuse Harry.

MR. O'CONNELL: I am all through.

MR. SMITH: I have nothing.

MR. HAAS: I have nothing.

H.M.JR: When are you going through with those sewer projects, George?

MR. HAAS: Well, we are annoying them every day. They promised originally--I don't know whether we are going to get the letter from Nelson this week. They are sixty-four dollar questions. Their promise was a reasonable delivery for what we asked. We couldn't have done any better if they had asked us the same thing.

H.M.JR: When I am through with this meeting, if I want to know what the war bond sales are--are they set up across the way?

MR. HAAS: I haven't looked in the last few days.

H.M.JR: Do you want to step out a minute to ask Tickton and Lindow; then come back. Right after this meeting I want to go in there.

MR. WHITE: The latest figures for the British balances are close to two billion dollars. That doesn't include the offsets. We received a letter, a very troublesome letter to answer, from Congressman Smith of Wisconsin. I don't remember ever getting any from him before. He wants to know why it is that we are paying Britain for currency used by our troops while we are at the same time lend-leasing them so much material, giving them so much credit, and why they are getting so much gold. They have bought another fifty million dollars' worth of gold this last week, making a total, I think, of three hundred and fifty million dollars this year. They are pursuing a policy of taking the gold out. I spoke to Opie a couple of weeks ago.

- 10 -

H.M.JR: What is his first name?

MR. WHITE: Redvers.

H.M.JR: Where did he get that from?

MR. WHITE: I don't know. It is certainly a very unusual name. I spoke to him, saying that obviously the money that the British had was theirs and they could buy gold or not if they wished. I said, "But sooner or later it is going to leak out somehow, these very large shipments of gold which are leaving the country, because they are taking it out." They are not only buying it, but taking it out of the country. And I said that it might cause some embarrassing questions. "They might want to reconsider if they are buying gold to keep it on earmark here, at least." If they want to buy gold, they might prefer to keep it in dollars.

He agreed and said he would speak to his Government, but apparently either they haven't made a decision on it--so I suspect we will hear more about it. We are trying to answer a troublesome letter.

One of the ways which England apparently is now adopting to keep its dollar balances down is--there was a report in the paper; we have no other information with respect to it--that India is going to be permitted to have her dollars that she gets from her trade set aside for herself. That is, she is not going to put them into the common pool. That may amount to as much as anywhere from a hundred to a hundred and fifty million dollars a year.

H.M.JR: She is going to set them aside?

MR. WHITE: Set them aside, yes. Now, just how they are going to handle it--they may handle it as an offset, or may not include it in the U. K. balances. We will make inquiry. I saw it in a newspaper. If the newspaper reports the facts, I think it is a little curious that they have made a decision on that without first consulting us.

H.M.JR: Did you see in the Times of the 4th, "India Closes Deal with Britain"?

- 11 -

MR. WHITE: That is it. That is the first news we had of the item.

Also, incidentally, India has given us a preliminary letter saying they think they may need more silver soon. But we are answering them and telling them there is plenty of time to consider that.

But I don't imagine there is anything we want to do at this stage of the game with the British balances, but I thought you would want to know that they are increasing, and we'll probably have difficulties.

H.M.JR: All right.

MR. WHITE: We just got a reply from the British with respect to exchange rates, and I want you to know what we have done there, because it may need your backing. There is a discrepancy between the rate and the cross-rate.

H.M.JR: Between whom?

MR. WHITE: The direct rate and the cross-rate. The cross-rate is four dollars and three cents.

H.M.JR: Between whom?

MR. WHITE: Sterling and dollars. And the cross-rates--we have used a four-dollar rate in Italy and we don't want to use it in France. We want to change it in Italy.

Now, I have told the British that if the odd rate is selected by France, that we want the even rate with Italy, because otherwise we will have to change the Italian rate so it will be an odd rate. The reason I mention it is because a good deal more importance is placed by the public and by the Army on whether we have the odd or the even rate, and it will look as though we got the short end of a deal if all the odd rates were ours. So I have insisted that we have one or the other, depending on which France chooses.

- 12 -

H.M.JR: You know how the President feels about odd rates?

MR. D.W. BELL: That is what caused all the trouble.

MR. WHITE: That is right.

H.M.JR: He doesn't like odd rates.

MR. WHITE: That is right.

MR. D.W. BELL: It would have to be odd if you are sticking to the four, three and a half.

MR. WHITE: And we have asked the British whether they would consider changing that to an even rate. They considered it at Cabinet and gave their reasons why they couldn't accept it this time.

MR. D.W. BELL: Not bad reasons.

MR. WHITE: Good reasons.

H.M.JR: Halifax was here for almost an hour and a half last night on this business. He didn't know too much about it, but a cable had come in yesterday from Winant that looks as though the English might come along.

I don't want to say, but I don't think it is up to us to ask the President again unless we hear from Winant again, do you?

MR. WHITE: I don't think so, in view of the fact they are having a meeting today in which some decision--

H.M.JR: I thought we would sit tight. That was a nice cable from Winant.

MR. WHITE: He is apparently working hard.

H.M.JR: To show you how tight the lid is on in England - there is a man here by the name of Harold Butler,

- 13 -

of the British Treasury - I think he is almost the head civil servant in the Treasury, isn't he?

MR. D.W. BELL: He is the Minister, isn't he?

MR. WHITE: He is pretty high.

H.M.JR: And he can't go back to England right now; the traffic both ways has been so shut down for security. And the Belgian Minister of Foreign Affairs and the Belgian Prime Minister wanted to come over here. They won't provide visas to let them out. They really shut down.

MR. WHITE: The Army won't let Bill Taylor go for ten days or so unless we use your influence.

H.M.JR: They won't? I tell you how to get it-- McCloy.

MR. WHITE: That is what I was going to suggest.

H.M.JR: You know McCloy well enough?

MR. WHITE: Yes, I do, if I can tell him I speak for you.

H.M.JR: Yes, I asked McCloy when he was here for lunch if he was to go on that Committee. He has sent the cable with the approval of the State Department. I want to get him over there.

MR. WHITE: Everything is set, and they are agreeable.

H.M.JR: Ask McCloy if he would please give the word; tell him that I am worried. Will you do that? Tell McCloy that I want him, and would he please give him the word.

MR. WHITE: I will do that.

H.M.JR: Because the sooner he gets over there, the better. I am sure McCloy will arrange that.

- 14 -

MR. GASTON: Did you see Archie Lockhead yesterday? You knew he was going to China?

H.M.JR: Sure. His contract is up. He hopes to go over there and get it renewed.

MR. D.W. BELL: That isn't what he told me.

MR. GASTON: He told me that K'ung had sent for him.

MR. D.W. BELL: His five-year contract is passed and he has renewed it. I think it is passed. He left here in '37 or '38? His contract has been renewed; I am sure of that, because he and his wife were down here earlier in the year.

MR. WHITE: Was it more than a year renewal, Dan?

MR. D.W. BELL: I think it was a three-year renewal.

H.M.JR: Anyway, I asked him to give K'ung and Chiang my regards. I am not going to give him anything. He is working for Chinese companies and is well represented over there.

In that letter which you got from you man - this fellow, is that the Ambassador? It says Wei said we wanted T.L. Soong.

MR. WHITE: T.L. Soong is a brother.

H.M.JR: Who was the man he said said that?

MR. WHITE: Hsi Te Mou, who is a banker who was sent here in one of the delegations.

H.M.JR: That isn't the Ambassador?

MR. WHITE: No, I understand that that sort of thing goes on right along. They communicate with each other as to what is being said and they never know that it gets back.

- 15 -

H.M.JR: The Ambassador's name was Wei?

MR. WHITE: Yes, Wei; this is Hsi Te Mku who communicated back to China. I spoke of the very great contribution that T.L. Soong was making. Soong is there and they are sending him back. As a matter of fact, he makes no contribution whatsoever.

You asked me to speak to you about that question of the delivery of the President's message to Chiang Kai-shek directly or indirectly.

H.M.JR: Let that go.

MR. WHITE: That is all.

MR. D.W. BELL: We have used about half of that billion dollars in gold being shipped from Fort Knox, so I think we ought to keep it around a billion, and I would like to do the same thing again with respect to about half a billion dollars down to New York. It is a little better than shipping a billion at a time.

H.M.JR: What else?

MR. D.W. BELL: The Post Office Department sent a couple of representatives over about a week ago to talk to Mr. Hall about getting some models for postal notes somewhat similar to a money order. They are going to attach stamps to them of some kind. I haven't gotten the details. Mr. Hall told me about it and I told him when the letter came in I wanted to see it.

Secondly, there was a bill passed the House which authorized the Postmaster General to issue postal notes, although I think he has some authority for doing it under an old law. I think that is getting pretty close to Treasury notes or currency, and I have asked them to give us the details on it. I have also asked with respect--

MR. O'CONNELL: We have the bill and I have read it. It is very short and there may be more to it than you

- 16 -

could tell from reading the bill.

From reading the bill, it is just a variation of the money order. They are non-transferable, non-assignable. They are not even "bearer" notes.

It is a money order technique with stamps to be attached to the money order for odd amounts, because the money orders will be in items of fifty cents to ten dollars. To that extent they are like currency.

They are non-transferable and I doubt very much if you can make a very strong argument.

H.M.JR: Do I have to get into it?

MR. D.W. BELL: No, I just wanted to tell you about it.

H.M.JR: I didn't mean to interrupt you.

MR. D.W. BELL: Do you know whether the notes are taxable?

MR. O'CONNELL: Taxable?

MR. D.W. BELL: I have a little suspicion that there was an attempt here to get around the money order tax. Congress just raised the rates and the money order business has fallen off.

MR. O'CONNELL: I should not think they would be exempt from the tax.

MR. D.W. BELL: I just wanted to call it to your attention.

H.M.JR: Yes, sir.

MR. D.W. BELL: That is all I have.

- 17 -

MR. C.S. BELL: Crowley has written you suggesting that a Committee be set up to deal with international transactions, the Committee to deal with the importance of record. We find that Bob Maxwell has been doing this kind of thing for the last eight months when the Bureau of the Budget started this back in September 1943. So yesterday, at your suggestion, Bob Maxwell and a representative from Mr. White's office went over.

H.M. JR: I thought the easiest way was to say, "Let them both go."

MR. C.S. BELL: Now we are at the point of appointing one or the other, or both.

H.M. JR: Well, speak up.

MR. WHITE: I don't think it matters who is representative as long as one of our people go, because it is pre-eminently a Balance of Payments problem; it think it is less an accounting problem. But if Maxwell has been going, let him be the representative, provided he understands that one who works on it for us, either Dickens or Miss Kistler, goes along. There is no reason why they can't cooperate.

MR. D.W. BELL: It started last year, sometime - Tidings raised a question on Lend-Lease, and then McKellar got into it. McKellar asked us to see what we could do about setting up some records, so Mr. Bartelt came to me. I asked him to go to the Budget and see if the Budget wouldn't head the Committee; then I put Bob Maxwell on the Committee. They have rendered quite a report, and in the report they recommended that an Interdepartmental Committee be set up to follow this record business. It is largely accounting, Harry, because it is a question of reporting to Congress. McKellar has set up a set of books, up in the Appropriations Committee, which is unusual. He gets these reports and records them. Now, did you notice his report yesterday on Lend-Lease? In addition to Lend-Lease, he gave all other payments of the Federal Government abroad. That

- 18 -

is what is behind the whole thing. It may get into the Balance of Payments, which you should certainly be in on. It is largely an accounting matter.

H.M.JR: What is the matter with your man, Maxwell, going, and little Miss Kistler going, too?

MR. D.W. BELL: I think that is all right. I keep Maxwell in on it because he has been in from the beginning.

MR. WHITE: I think that would work. I say it is a Balance of Payment problem because you have to know what payments to record. Some are not really net payments; some are gross, and so forth. But I think the solution is to let Maxwell be the member, and let one of our people go along.

H.M.JR: I congratulate you, Charlie, on accomplishing that.

MR. C.S. BELL: You asked for a report yesterday on special events in the War Bond Drive. There are five pending items, none of them are too urgent. It can all wait until Ted gets back.

H.M.JR: Do they have anything signed, sealed, and delivered?

MR. C.W. BELL: Yes, sir; they have a total of twelve projects that are signed, sealed, and delivered.

H.M.JR: Miss Elliott is coming in here at thirty and the following people are invited to listen to her - it is not a must - I don't know what you are doing, Dan--

MR. D.W. BELL: I am free.

H.M.JR: I would like George and Fred and Herbert, if you are free.

MR. GASTON: Right.

- 19 -

H.M.JR: She is a very able reporter.

MR. C.S. BELL: That is a report. (Hands Secretary memorandum on War Finance Division)

H.M.JR: Did you hear any repercussions of the visit?

MR. C.S. BELL: Yes, sir. They called my office before I got back. They are all very distressed. It was Ted Gamble's office.

H.M.JR: Let's have it.

MR. C.S. BELL: They admitted they were vulnerable.

MR. D.W. BELL: Weren't they working hard just before you got there?

MR. C.S. BELL: No, sir. That is the report you asked for on that.

H.M.JR: According to Miss Elliott they have had a wonderful thing in the field, which is good, but they have got to leave a first-class executive behind to run the office. You can't leave four hundred people with nobody directing.

Now, what else?

MR. C.S. BELL: That is the crop.

H.M.JR: All right. Well now, George, in a minute I will be across the street with you. If anybody isn't up to date on War Bond sales and are interested, they are invited.

H.M.JR: When are we going to stop issuing anything above twenty dollar bills?

MR. D.W. BELL: Oh, I don't know.

H.M.JR: How about you, feller?

- 20 -

MR. D.W. BELL: I may have a conference today with Szymczak and Hugh Leach about the Norfolk situation. George and I have been doing a little talking, but I am still not convinced that we ought to do it.

MR. HAAS: I am scared of that. I would rather do the whole business in the piece, and I am scared of the pieces as well as the whole business.

H.M.JR: That is what I call the Old Gold method of testing: You go into a small town, and if it works we go into a State.

MR. HAAS: I am still afraid of it.

H.M.JR: What are you scared of, George?

MR. HAAS: I think a small test will get just as much publicity. If you went full-force, it would look as if you had perfect confidence in what you are doing. This way, it puts a cloud on the whole business; it shows you are worried.

H.M.JR: I am not worried. If it was left to me, I would tell them to withdraw everything above a twenty dollar bill tomorrow. I don't see what there is to be worried about.

MR. HAAS: I am afraid of that, but I would rather do that than experiment.

H.M.JR: What are you afraid of if you withdraw all bills above twenty dollar bills in circulation?

MR. HAAS: I think inflation is purely psychology, mainly. We have all the materials for inflation, but the psychology isn't developed to that stage. I think anything we do down here - some people have some anxiety, and that would feed to that anxiety. Right now you have people who are sharpshooting.

- 21 -

H.M.JR: But why? Nobody has given me a reason. Tell them the truth, that in order to make it difficult - a lot of people are running around with a lot of big bills in their pockets. We want to make it difficult for them because we want them to lend it to us.

MR. GASTON: They are lending it to us without interest when they hold the big bills, aren't they?

MR. HAAS: You sent a nice letter to the President on this one time, giving a series of reasons.

H.M.JR: If you want to explore that, then let's stop all interest payments.

MR. GASTON: I can't see that, either.

H.M.JR: I am not recommending that. I have been all through this business of banking and starting with postal savings - our friend who is the head of the now - that was his great thing before he came with us. He made himself famous advocating postal savings and no demand deposits in any banks.

MR. HAAS: There is a group outside who are sharp-shooting. I think they are organized with funds. What is that fellow's name -

MR. WHITE: I am a little bit troubled, too, possibly for slightly different reasons. I think that the move hardly warrants the reasons that you want to initiate it for. I think we had considered many times the withdrawal of the large bills for other reasons, but for the reason you give at this stage of the war, I am a little bit doubtful about how much results you will get.

H.M.JR: England has done it; Canada has done it. I tell you what I would like you to do for me. Send Viner a message to come down here and let him study this, see? George, you take a train and see if Walter Stewart will see you, and go up and see him at his home and talk to him about it. Let's get a couple of outside minds, will you?

- 22 -

MR. HAAS: Yes, sir.

H.M.JR: Will you send a wire to Viner?

MR. BELL: Yes. We are studying that, but as I say, we are afraid of it, and we will give you a report next week. I think it is a dangerous thing to tamper with right now. It is only two and a half billion dollars of a hundred dollars and up.

MR. HAAS: Henry made a study about the safety deposit boxes. You could get all that - most black market operators would put it in a box - I have forgotten what the figures were--

MR. D.W. BELL: Your big increase has been in the five, ten, and twenty.

H.M.JR: O.K.

26  
Read by Mr. Smith  
5/8/44

MEMORANDUM

May 5, 1944.

TO: The Secretary  
FROM: Mr. Sullivan

JNS

For your information. No action necessary.

Donald Nelson tells me that he has not finished his investigation of the recently made suggestion to relieve the shortage of potable alcohol, but his off-hand opinion is that it appears feasible. Briefly, the suggestion is that competent engineers be sent to Cuba to try to increase the production of Cuban alcohol. This alcohol when imported here would be used for industrial purposes and an equal amount of potable alcohol manufactured in this country would then be made available for distillers.

He said that the principal difficulty with this suggestion arose out of the shipping shortage.

He agreed to inform me when he arrived at his conclusion as to the adoption or rejection of this plan.

*Don*  
**TREASURY DEPARTMENT**

INTER OFFICE COMMUNICATION

*MS*  
 DATE May 5, 1944

TO Secretary Morgenthau  
 FROM Charles Bell

This is in response to your request for a short memorandum on conditions found in the War Finance Division yesterday afternoon on an inspection tour on which you had me accompany you.

I regret to have to record that in all of my Government experience I have never seen a more vivid demonstration of clock-watching than was found on the entire seventh floor of the Washington Building. Almost without exception the employees in the scantily filled quarters were engaged in conversation, very evidently not official, and reading magazines; in many offices candy and cokes were being consumed; and the entire seventh floor would have left anyone with the impression that there was little or no work being done.

While not presenting as unfavorable appearance as the seventh floor, the offices on the sixth floor were not examples of efficiency and industry. This was also applicable to parts of the fifth floor. On the New York Avenue side from the 15th Street frontage the offices appeared to be orderly, and while not humming with activity, they presented a rather favorable picture.

In fairness to Mr. Gamble and the other members of his staff, I feel that I should mention that many of the persons who appeared to be doing nothing beyond reading magazines ~~this~~ <sup>afternoon</sup> are personally known to me to be high class, efficient clerks who have worked measureless hours of overtime in periods before and during drives when the staff officers were present. I feel that the display ~~this~~ <sup>afternoon</sup> can be charged up definitely as a management problem rather than to wilful abuse on the part of employees in the absence of their superiors.

- 2 -

I know that Mr. Gamble would not condone a situation of this kind. As a corrective measure plans should be developed whereby employees of this class will be provided with work assignments when the officials are away or permitted to take some of the accumulated annual leave which they have piled up. From a management point of view there appeared to be no one in charge. While it had been reported that Mr. Mager was left in charge of the organization, inquiry revealed that he was in New York yesterday. It is unfortunate that Mr. Adams, while on the job and supervising his own staff efficiently, was not aware of the fact that he was the ranking officer in charge of operations at the moment, there apparently having been no notice given him by Mr. Mager when he left the city.

I had talked with Mr. Adams first thing Thursday morning about his being away when all of the other staff members were in the field, and he had promised me that he would discuss this with Mr. Gamble as soon as he returned and that in the future there would always be a responsible person in charge of the Division. This suggestion was made to Adams well in advance of your telling me that you wished to make the inspection tour.

May 5, 1944  
10:30 a.m.

WAR FINANCE PROGRAM

Present: Miss Elliott  
Mr. D.W. Bell  
Mr. C.S. Bell  
Mr. Haas  
Mr. Gaston  
Mrs. Klotz  
Mr. Smith  
Mr. Lindow

H.M.JR: You are the first person I have heard to come back from the trip.

MISS ELLIOTT: I will start with this. It is the best piece of organization work I have ever seen done in my life. I have never seen conferences that were organized with the efficiency and the expertness that that was done.

Of course, I came back to it after having been out of the office for weeks and started in with it, and - I don't know - in fact, when we started out, I was a little worried about the program.

(Mr. Gaston and Mrs. Klotz enter the conference)

MISS ELLIOTT: Ted did a very wise thing. He had a review of the whole operation for two years in figures, and then hit right straight from the shoulder and told them exactly what the situation is and what would be expected of them in June.

Well, when we started in Boston, and I watched the crowd pretty carefully, I was a little frightened because I wondered how they would take it. There was a seriousness about it, but you could feel the response of the crowd even there in the first meeting in Boston.

- 2 -

Then they followed that, of course, with the functional Division reports, and each one was given. Mr. Engelsman gave to the point and a very fine review of the whole payroll savings program and what was expected. The thing that impressed me all the way through was the way each report dovetailed into the other and made a concise picture.

(Mr. Lindow enters the conference)

Mr Coyne closed the morning session with a general review of the whole thing that had been done, and I might say, just literally lifted their crowd out of their seats in every single place. He made a magnificent speech. That was the morning meeting.

Then we went into the luncheon meeting where Mr. Lane with his pictures and reports reviewed the whole publicity thing. I have never seen people more enthusiastic about what had been prepared for them than they were, and it was presented in such a way that nobody could miss it.

The thing that impressed me tremendously all the way through in this was that such good planning had been done to present to the group the picture in the best possible way.

It is the best thing - now, I was in the Kansas City meeting, and I went through the country last summer, held six meetings, and then again I went back through the country in December. In this conference, between times, and before the meetings in the afternoon, I talked to a good many men all over the country, and I didn't - to use a perfectly good expression - hear one sour note.

They realized that it was a tough job, they recognized that they have got a real problem on their hands, but there was no atmosphere of unhappiness about it, and tremendous confidence in the leadership. That was the thing that I felt quite happy about.

When they go to those people and give them the biggest job they have ever had, and they take it in the spirit - now, down in Atlanta, for example, in the

- 3 -

Administrators' Meetings, South Carolina, for example, was a little disgruntled about the quota, and finally Florida said, "That is all right; we will take part of South Carolina's quota." They rose up and said, "South Carolina never dumped its responsibility on anybody; we won't do anything of the kind."

Now, all the way through, in all meetings, that was the atmosphere, as I saw it. The atmosphere that this is a tough job, but it has been well organized, "You haven't minced words with us; you have told us what we have to do, and we are going to see it through."

As I said--

H.M. JR: May I ask you a question? What is this group telling the people as to why they should buy war bonds? What is the philosophy today that they are using in the field?

MISS ELLIOTT: Of course, the same things we have used all the way through; naturally, they have to. The question of the inflation - they have talked about this money - and Ted Gamble gave that picture in his opening address on the additional money.

Of course, we went back and reviewed for them the amount of money that we have gotten, and then he gave them in a magnificent way a financial statement on the amount of money that people are earning and showed how that had increased, and gave them the comparative figures which, of course, taken in one way would indicate that a good job hadn't been done, but showing what the increase in the income of the country was, and then what that meant to them in terms of bonds.

Then he, of course, went into the whole question of the sacrifice on the part of their responsibility in it. Mr. Coyne, I think, took that part of it more than Ted. Ted took the financial side of it.

- 4 -

Then, of course, everybody in all of their speeches hit pretty hard on the fact that it is the civilian responsibility to support this war. Peter Odegard did the best thing I have ever heard him do in Portland.

H.M.JR: Was he on this trip?

MISS ELLIOTT: No, sir, just in Portland. I heard him give this speech in St. Louis last winter on what makes America great - what is it that held America together. I would give anything in the world, Mr. Secretary, if you had heard that speech. Peter Odegard in Portland went back and gave a very quick and a very condensed review of what has held America together, and then, in a magnificent way, he told you what your concept was in this voluntary program, and the spirit of that thing.

Then he wove into the climax of his speech the fact that the principle and the ideals in this voluntary program is that spirit which has come down through, which you conceived of, as he said, in the creation of this voluntary program and giving the people of America the opportunity to feel that they were really a part of this great war effort, and giving them the chance, not by compulsion, but from their own spiritual feeling to do this.

He literally lifted that crowd cheering out of their seats in Portland. That was the response.

H.M.JR: How did he happen to go?

MISS ELLIOTT: He was out in Seattle.

H.M.JR: To see his friend?

MISS ELLIOTT: He said that his six brothers - or something. I didn't ask. But the thing that interested me, and I could hardly sleep thinking about it at night after each meeting, was the fact that there was a grim determination to see the thing through, but back of it all was a spirit of unity and a spirit of cooperation and pulling together, that I haven't felt in any of the other four trips that I have made across the continent and back.

- 5 -

H.M.JR: It is very encouraging. Now, let me ask you this. What do they do in these meetings in the way of trying to sell the war to the people? Do they try to sell the war at all?

MISS ELLIOTT: Each speech - Ted, as I said, opened the thing with a very definite financial statement, brilliantly done.

H.M.JR: Has anybody seen the thing?

MR. HAAS: Yes, he went to school. He gave Lindow's talk, I think.

MR. LINDOW: Those are the charts I was going to show you before, Mr. Secretary. He has wall-sized versions of them.

MISS ELLIOTT: Man after man in this country, clear across this continent, says to me, "Anybody who doesn't know now, after hearing the speech of Ted Gamble, about the financial picture, is plain dumb." I agree.

MR. HAAS: He did a lot of work on it so he could master it.

MISS ELLIOTT: That is the thing about this whole conference that impressed me - the fact that there weren't any ragged edges anywhere. Then each person - I tried in my speech - I spoke on each morning meeting for twenty minutes to connect it with the war effort more than just the details of women's organizations. I will just leave somebody else to tell you whether I did that job or not. I don't know, but that was my chore in it.

Mr. Coyne's speech which, as I said, was one of the greatest things in the whole conference, tied it in definitely with the war effort; and then at each one of the luncheon meetings a local man presided, which I felt was a very wise thing and there, as he called on different people they would weave it into the war effort. They were all conscious.

- 6 -

You would feel, as I didn't feel last December, even more than ever before, the consciousness of the war, and all over the country it was that way. The mention of this thing, and the fact of how this tied into it--

H.M.JR: The thing that bothers me, Miss Elliott - there is something wrong somewhere, see? The people in the War Department tell just a different story as to what is happening. Now, the War Department and their people who are responsible for keeping the people in the factories say that they are all leaving and going back to other jobs. There is all this other thing.

Now, you get in this very enthusiastic report about how everybody feels, but the War Department, through their millions of employees in civilian life, tell a different story. What is wrong? Here you come back bubbling over, and here is this man, Colonel--

MR. SMITH: Colonel Dow.

H.M.JR: ...who is responsible for incentive in the War Department, he comes back - I mean, their figures just don't show this spirit at all.

MISS ELLIOTT: Now you must remember that we had in these meetings the key people in the War Finance Division. They were the people, the men and women, and of course, from my point of view I was very happy to see more women in all of these meetings - more than ever before - that, of course, was a great satisfaction to me. But we have the people there who are responsible.

They recognize the fact that if they put over the Fifth War Loan they have got to get more volunteers. You don't keep the same kind of organization set up in between drives that you do for a drive. I will use this illustration: We had every afternoon a meeting with the women - I met just with the women and went over the details of the women's organization, impressing on them, of course, the fact that they had to have many more women volunteers to put this over - with the exception of Oklahoma - they have got a pretty bad situation there, so far as the women are concerned.

- 7 -

We didn't meet anywhere the attitude that it can't be done. There was that feeling - the feeling that I got out of the whole thing was that these people know that this terrific thing is coming in Europe, that they have got a job to do and that they are not going to be found wanting, and the feeling they haven't done their part at this particular moment in this war. I got that feeling from these people in the way they faced the thing.

Now, in the war plants, I had an opportunity, for example, there in Portland, to talk to some of the people who are connected with the Kaiser shipyards. You take this percentage of shifts of women. A lot of those women have children; they go along and work for three or four months, and then suddenly their whole family situation drops out from under them.

H.M.JR: Why?

MISS ELLIOTT: Children get into difficulties - children ill - they have no place to send them. Kaiser went out and built that magnificent setup of his for taking care of children. I sat there and talked to a woman about her children and she said, "Miss Elliott, it is a wonderful thing for me to take my two-year-old baby in my arms and ride fifteen minutes in a bus, and then put that child in that nursery; and then when my shift is over, go back. The child is sound asleep - pick the child up, put her in my arms and ride fifteen minutes back home. By that time she is wide awake and her whole life has been upset by this, and then I have to go in and cook the meals and get started on the day's work, and get the chores started - maybe have a screaming child on my hands with this disrupted life."

Well, that whole thing is a terrific thing for those women. They are doing the best they can with it, but, of course, the problem of the women with families is a difficult thing.

- 8 -

H.M. JR: You come back convinced that the War Bond Organization is going to put across the Fifth War Loan.

MISS ELLIOTT: Yes, I do. I feel that very keenly.

MR. D.W. BELL: Miss Elliott is really just reporting largely the attitude of the organization and not the attitude of the American people, which the War Department, I take it, is up against.

H.M. JR: But what I am worried about is the customers. Evidently we have got a top-flight sales organization who are ready to sell, but my worry is our customers; are they ready to buy?

MISS ELLIOTT: Well, of course, we went through that in the Fourth War Loan, whether they would or wouldn't, and they did.

I think the Organization - I don't want to overstate this thing, and I hope I am not - but the Organization, the men and women responsible for the thing, feel that they can pull this thing together. They really feel that way.

Now, the impact of the European situation on the minds of the people is going to have a tremendous effect on them.

MR. SMITH: If and when it comes off.

MISS ELLIOTT: Even if it doesn't come off, Mr. Smith, the fact that it is coming, even if it should be delayed - I mean, if it should run by - either way it works, they are sitting on a powder keg and they know it. And the feeling I caught - of course, I could talk with the people coming and going, all around on the outskirts.

I will tell you another thing, Mr. Secretary; at those meetings there are a great many local people. They called them in and met with them.

- 9 -

H.M.JR: That was the purpose.

MISS ELLIOTT: Yes. For example, when we went into a State, not only the top officials were there, but they brought in their men and women workers. They had that same feeling.

My only feeling is that if a top-notch organization with a well presented program and a plan that did not miss anything, anywhere, can put a thing through, it will go. I don't mean they can sit down now and rest on their laurels until June 12.

Another think they are going to do that I think you will be glad to hear about is, in getting this material ready they have made these slides, for example. Each State has a copy. They are going back into the States and hold State meetings and call in local people for that.

I will give you another illustration: We went to Minnesota a day ahead of our meeting to meet with the local people. They had there about five hundred Minnesota men and women in an all-day session that started at nine o'clock in the morning and stopped about five-thirty that evening, in which they went through that whole thing in detail. Ted spoke there that morning and did what he did at the general conference. They had their own program.

I don't want to give you people the impression that they are taking this thing lightly and think it is going to be a Roman holiday. They realize it is going to be a tough job, but there was a feeling in that conference that it was difficult, but they would put it through.

I stayed over in Portland a day and attended a State meeting there. They had a State meeting of county men and women, an all-day meeting, and I sat through that meeting and listened to that discussion. That was with the county leaders, the county men and women. I felt the same thing there with them.

Now, Mr. Ward up in Washington is going right back, and is calling a meeting there.

- 10 -

I don't know about California, because I am not a good judge, Mr. Secretary, of California. I just can't judge what might happen there.

I talked a long time to the Missouri people, and they feel pretty confident. I am just thinking of the different places where I had an opportunity to talk in some detail with some of the people.

H.M.JR: Just to digress a minute, you have been in this thing almost since its beginning. Who is responsible over in War Finance now for the philosophy of War Finance?

MISS ELLIOTT: Well, I would say that Mr. Gamble and Mr. Coyne more than anyone else. I personally feel-- I have said this, and I have written it in my diary for final discussion, that I have never seen a greater team in my life than those two men. They never, all the way through as I have watched it--and I have watched it pretty carefully in this trip--all the way through they balance each other magnificently, and they never have lost sight in any way. As I said to Ted Gamble the other day, the thing that interests me about him as I have watched his development in this is, that in spite of the tremendous load that the man carries in the organization--and it is a tremendous load--he has never, as I see it, lost sight all the way through of the essentials of this thing and the philosophy of the thing.

Mr. Coyne--I don't like to use this word, because I think men may think it is a little effeminate--Mr. Coyne has a more spiritual approach. That speech that Bob Coyne gave six times--and I sat through it--some of the speeches I didn't sit through six times, I will admit. But I heard Mr. Gamble and Mr. Coyne six times. The speech that Mr. Coyne gave to these people, interpreting the spirit of these things and the philosophy of the thing is without any exception one of the finest things I have ever heard. He literally lifted that crowd out of their seats cheering.

H.M.JR: Is it written?

- 11 -

MISS ELLIOTT: Yes, he has written it out.

MR. GASTON: Does he deliver it extemporaneously?

MISS ELLIOTT: He practically did. I will tell you the effect it had on people--then there is something about Bob Coyne's spirit that gets those people. That man stands up and talks to those people, and he not only gets his words over, but he gets the spirit of the thing over. They wired from Ohio to Minneapolis, "Get Bob Coyne's speech down recorded. I will pay for it." That is what the State Chairman of Ohio wired. "I want to run it off in every county in Ohio." He didn't know it was being done.

If any of you people have the idea that they are just dealing with figures and organizations, you are badly fooled. They are not, Mr. Secretary. They have this thing.

H.M.JR: We are not badly fooled, but, unfortunately, the people who are really responsible have been left completely out of the whole picture. Do you see? Nobody in this room knows anything about what is going on. They spend all this time in the field, but they leave me in a complete vacuum. That is the unfortunate part.

MISS ELLIOTT: I didn't know.

H.M.JR: You say I am not being fooled; I just don't know. In order to fool a person, you have to tell them something. So I am trying to find out, because I have been left completely high and dry. I just have no idea of what is going on. I don't even know what they are talking about or anything else.

I am seeing Gamble tomorrow morning. I mean, I am asking you, because I have confidence in you. But if anybody across the street at the White House began to attack war bonds, whether they are doing good or bad, I have no way of answering. I don't know. I think that the mistake that has been made is that the people in the room here have been left completely out of this thing. We just don't know.

- 12 -

MISS ELLIOTT: I didn't know about that. Well, then, I would say this: I believe, as far as I am able to judge, that the principle of the thing, the spirit of the thing, the basic philosophy of the thing--I have never seen it better presented in one of the organizations. But I will be glad to answer any questions. I mean, I will be just as frank as I know how to be about it.

H.M.JR: I don't know whether anybody wants to ask any. Would anybody like to ask Miss Elliott anything?

MISS ELLIOTT: Now, these meetings--I assume that Mr. Gamble interpreted these meetings as organization meetings of the War Finance Division, and trying to get in a brief time, in a one-day program, to these people the details of the thing--

H.M.JR: When Ted gets back tomorrow, I am going to try to catch up with the parade, and the other people here, too. I have seldom heard you so enthusiastic.

MISS ELLIOTT: I will tell you, I have never gone through with anything in all of my experience--I have never gone through with anything which I felt had been more expertly handled or--I mean, this kind of a big program, and an organization, and giving to the people without mincing words. Now, in that opening talk of Ted Gambles, he didn't mince words with them. He didn't try to ease down the situation at all. And he didn't try to pacify them in any way. It was done and hit in a hard, fast way, but he gave the picture.

MR. HAAS: Did he use charts, Miss Elliott?

MISS ELLIOTT: No. They did this, which as I said to them--I think it was in Atlanta--when I spoke there--they took Mr. Lickert's reports. He had that on slides, and he threw that on the screen. And with those slides he gave the whole picture of their survey on why people bought bonds.

H.M.JR: This is Mr. Lickert?

- 13 -

MISS ELLIOTT: Yes, it is an excellent thing. He gave the picture there on why they bought bonds, and the attitude of people towards it, and the weaknesses. He showed the strength and weaknesses. They all admitted that. He gave a thirty-minute talk there with slides, showing the whole thing. And in that they got the picture of the background, what was done in the Fourth War Loan, what was the attitude of the people toward the bonds, where their weaknesses were-- Ted drove awfully hard on that group which had not yet been reached, "Do you see what the figures show there?" He gave that comparison, which of course, you probably gave there, too (Lindow), the comparison there on the number of people who bought bonds and the total income.

Then Mr. Hall did a good thing. He was with us; he is the banker.

MR. HAAS: From Chicago.

MISS ELLIOTT: There were a good many questions asked. He said all the way through, on explaining the question of bank deposits, where some of this extra money was going in terms of the bankers and how that could be handled. He did a good job on that.

But from the fine point of view of giving the actual picture, Ted's opening speech really handled that.

Then another thing that I liked about it, too--I think I have said it before, but I will repeat it--there wasn't anywhere in any of the conferences, as far as I was able to discover, what you would call a sour note. The bankers, the businessmen, the labor leaders, and the women were there. So far as the women were concerned, the only place I was worried about was the Southwest. You know what that situation is. There is no need to go into that in detail. Those men down there still don't know there are women in the world! But Mr. Gamble, I thought, handled that magnificently there in Oklahoma. When he got through with Mr. Bray. I think Mr. Bray had a different point of view. We saw he was a high pressure man; he couldn't forget he was once a secretary in General Motors. "They do it this way in General Motors!"

- 14 -

H.M.JR: Well, that is fine; I appreciate your running over it; it is very encouraging.

MISS ELLIOTT: Well, I really think, Mr. Secretary, that as far as I am able to discover, it is the best State-wide organization, and they have one of the best pictures I have seen given to them of the total working system, and certainly behind the scenes, the philosophy of the thing. That, of course, is the thing that I am very happy about; it is holding firm.

H.M.JR: Right.

May 5, 1944  
11:02 a.m.

HMJr: Hello.

Operator: General Greenbaum.

HMJr: Hello.

General Greenbaum: Yes, Henry.

HMJr: How are you, Eddie?

G: Fine.

HMJr: Eddie, I wondered if -- who it is in the Army that could give me the best summary of what the attitude of the employees in factories are today towards the war.

G: Yeah.

HMJr: Who is that that could ....

G: Gow.

HMJr: Gow?

G: Yes.

HMJr: Well, could he come over at three-fifteen and just talk to me and ....

G: I'll have him over there.

HMJr: At three-fifteen.

G: Three-fifteen at your shop.

HMJr: If you please.

G: Right.

HMJr: Thank you.

G: Did you have a good talk with Jack McCloy? He told me he was going to see you.

HMJr: I had a very good talk. He was very interesting and read me extracts from his diary.

G: Yeah.

HMJr: And very encouraging.

G: Well, he wanted to talk to you and told me he had that date.

HMJr: Excuse me?

G: He told me he had that date and he was eager to see you.

HMJr: Yeah, and he was very good.

G: Okay. Three-fifteen Gow will be over there.

HMJr: And tell him to give it to me straight.

G: He will.

HMJr: Thank you.

G: Right.

May 5, 1944  
11:52 a.m.

HMJr: All right.

Operator: Go ahead.

HMJr: Yes.

Lord  
Halifax: Hello.

HMJr: Yes.

H: Mr. Morgenthau?

• HMJr: Yes, it is.

H: Good morning.

HMJr: Good morning to you.

H: I thought you might like to know of a telegram that I just received from Anderson....

HMJr: Please.

H: ....about the -- about the Monetary Fund business. "For your information, debate in Commons on Monetary Fund has now been arranged for next Wednesday, May the 10th."

HMJr: Fine.

H: "It is expected to take place on motion tabled by private member in following terms: that this House considers that statement of principles contained in C.M.D.6519...." -- which I suppose is the thing -- "provides a suitable foundation for further international consultation with the view to improve monetary cooperation after the war." I should think that that sounds quite a reasonable motion and they have, no doubt, put it down in that form to make the House feel that it's free and to feel -- and to give themselves the best chance of getting a unanimous vote.

HMJr: Well, I think that sounds very encouraging.

H: Well, I think it sounds all right.

HMJr: Well, it does to me.

H: That's Wednesday.

HMJr: Fine.

H: And so we shall see on -- we shall see on Thursday how it is.

HMJr: Well....

H: I got a telegram off to them last night....

HMJr: Good.

H: ....about our talk on this business, telling them what you said about Russia and so on. I thought that might help John Anderson today.

HMJr: Good.

H: So we shall -- if we hear more, we'll let you know.

HMJr: Thank you so much.

H: All right.

HMJr: Good bye.

H: Good bye.

May 5, 1944  
12:09 p.m.

47 ✓

Ambassador  
Gromyko:

Hello.

HMJr:

Hello, Mr. Ambassador.

G:

Hello, Mr. Secretary. How are you today?

HMJr:

I'm very well. And you?

G:

Thank you very much. I am all right.

HMJr:

Good.

G:

Mr. Secretary, I would like to invite you for lunch tomorrow at one o'clock.

HMJr:

Yes.

G:

You, Dr. White and -- and maybe two or three of your experts who took part in the conversations.

HMJr:

Yes.

G:

I, myself, and Mr. Chechulin and his associates also would like to see you tomorrow. I want to inform you simultaneously that Mr. Chechulin....

HMJr:

Yes.

G:

....with one of his assistants are depart -- are going to Moscow within several days -- within a few days.

HMJr:

I see.

G:

Just for report to the Commissar of Finances.

HMJr:

Oh, yes. I'll be very -- I'll be very glad to come.

G:

Tomorrow, Mr. Secretary, at one o'clock.

HMJr:

I'll be very glad to come. Do you want me to tell Mr. White, too?

G:

Yes, if it's convenient to -- for you to please tell Mr. White, and please ask Mr. White to -- to invite -- to invite two or three or four members of your technical group who took part

G:  
Cont'd: in the conversations.

HMJr: Well, he'll be coming in here in a minute or two and I will speak to him and give him your very nice invitation.

G: Thank you very much.

HMJr: Right.

G: All right. I'll see you tomorrow at one o'clock.

HMJr: Thank you.

G: Thank you. Good bye.

HMJr: Good bye.

May 5, 1944  
12:15 p.m.

CONVERSATION WITH MR. ACHESON

Present: Mr. White  
Mr. Luxford  
Mrs. Klotz

H.M.JR: What's his name was here--Acheson. He let me read the cable which they sent last night to Armour, which was a humdinger. They are recommending going back to just where we were in January, a complete freeze, and it goes on much further. It will be coming over in paraphrase. They had gone much further than I had hoped. The whole thing rests on what Armour wires back.

MR. WHITE: Asking his opinion? A complete freeze?

H.M.JR: They will make a trade, but they are going to do a lot of things. They are going to divert vessels; they are going to divert oil. They are not going to tell them, but just suddenly--well, one of the ships for the meat--"Well, we are very sorry we couldn't send it down." A tanker will be held up. It is all in the cable.

"Well, why didn't the ship come?"

"Well, with the invasion on, we are terribly sorry, but this month there won't be any ship."

MR. WHITE: Put the screws on without--

H.M.JR: ... without saying anything.

Now, you can't overemphasize the fact that there must not be any leaks. Secrecy is everything. He has great opposition in the Department against us.

MR. WHITE: Acheson has?

- 2 -

H.M.JR: Yes.

MR. WHITE: Does he anticipate that Armour will--

H.M.JR: He doesn't know.

MR. LUXFORD: He is desperate. He doesn't know what to do.

H.M.JR: Hull is going to go right through the motions that he did last January. He says that Hull is all right.

MR. WHITE: They asked, I suppose, for an urgent reply.

H.M.JR: An urgent reply, yes; it ought to be here by Sunday. But it went much further than I thought.

And in the light of May 4 getting a letter from the Combined Chiefs of Staff saying nothing must be done to keep meat, and a list of half a dozen other things, from coming out of Argentina--

MR. LUXFORD: They are taking off meat rationing at the same time in the United States.

H.M.JR: But this came through; in the face of that, this cable went.

MR. WHITE: It isn't possible that they know that Armour will turn it down.

MR. LUXFORD: That cable indicated--

H.M.JR: No, it starts off, "Secretary of the Treasury Morgenthau is recommending this." That is the way the cable starts.

MR. LUXFORD: That is the tip-off to turn it down, if they want to.

H.M.JR: I am so open-hearted, I believe them.

MR. LUXFORD: There is nothing you can do about it, Mr. Secretary.

- 3 -

H.M.JR: All right. Now, the other thing is, then I said to Acheson--he didn't bring it up--I said, "You know, I am like sour cream; I am gradually turning to butter, very slowly, on this Netherlands matter. It is going to be sweet butter, too." You know, you do make sweet butter out of sour cream. "But," I said, "it is a very slow process, and you are a rascal."

He said, "Please don't say anything over in the State Department."

I said, "Dean, I promise you."

He said, "God, if that got out that those two things had anything to do with each other, after all the opposition I got over there--"

I said, "Well, I am gradually getting mellow and mellow. After you deliver the Argentine--" then he laughed. "It is very easy to explain the two things."

He said, "Yes, but please don't say anything over in the State Department."

I said I wouldn't.

It was the stiffest telegram I have seen.

He said the thing that upset Hull so was that the story came out of London that the Spanish deal was made and concurred to by the English in order to save Hull's face. He said when he saw that he was fit to be tied.

MR. WHITE: I didn't know it was out in the press.

MR. LUXFORD: Lindley had a column this morning that indicated we didn't have what we wanted.

H.M.JR: Now, Monsieur Gromyko has just phoned and invited me and you and three or four of your assistants to drink vodka with them at one o'clock because a couple of the men have to leave at once for Moscow to report, so I accepted. You let him know whom you want.

- 4 -

MR. WHITE: Luxford was one of those who participated.

MRS. KLOTZ: And besides, he likes vodka!

MR. WHITE: Could I ask Miss Richardson to come along?

H.M.JR: Sure.

MR. WHITE: I will see. I can ask three persons?

H.M.JR: He said three or four. It won't embarrass me. I don't know who Miss Richardson is.

MR. WHITE: She is a very competent professional young lady.

H.M.JR: This is at one o'clock tomorrow. But please, for God's sake, don't let anything get out on the Argentine.

MR. LUXFORD: There won't be. That is why I have been letting these gold shipments through; you just have to.

May 5, 1944  
3:03 p.m.

Operator: Operator.

HMJr: Through the White House, Mr. McCloy, please.

Operator: Right.

HMJr: Hello.

Operator: Mr. McCloy doesn't answer his White House extension. Do you want me to try the other way?

HMJr: Yeah. Ask his office where he is. I'd like to talk to him for a minute.

Operator: All right.

3:12 p.m.

HMJr: Hello.

Operator: Mr. McCloy.

HMJr: Hello.

Jack  
McCloy: Hello.

HMJr: Jack?

M: Yes.

HMJr: Are you so you can talk to me a minute?

M: Right.

HMJr: Look, Jack, this is something very confidential and I'm going to put myself in your hands.

M: Right.

HMJr: The other day, you remember, you talked to me -- I asked you about London and about who was looking after things.

M: Yes.

HMJr: And you told me how satisfied you were with Bernstein.

- 2 -

M: Yes.

HMJr: Now, it's come to my attention and this is where you've got to protect me, see?

M: Yes.

HMJr: That there's a letter from Somervell to General Marshall recommending a General Remi P. Hueper for fiscal director of the U.S. Army.

M: Remi?

HMJr: R-e-m-i.

M: Yeah.

HMJr: P like in Peter.

M: Yes.

HMJr: H like in Henry.

M: Yes.

HMJr: H-u-e-p-e-r.

M: H-u-e-

HMJr: P-e-r.

M: P-e-r. Yep.

HMJr: Now, in this letter from Somervell....

M: Yes.

HMJr: ....he uses my name....

M: Yes.

HMJr: ....freely as endorsing this fellow.

M: Yes.

HMJr: I don't have the faintest idea who General Hueper is.

M: Yes.

- 3 -

HMJr: Never heard of him.

M: Yes. Yes.

HMJr: See?

M: Yep. That's a funny one.

HMJr: What?

M: That's a funny one.

HMJr: Yeah. Well, it's more than that because here you are and I look to you.

M: Yeah.

HMJr: Mr. Stimson looks to you.

M: Yeah.

HMJr: Tells me nothing is going to happen.

M: Yeah.

HMJr: Then there's a letter in the works on my endorsement making him fiscal director of the U.S. Army for European operations.

M: Uh huh.

HMJr: There's something stinks.

M: Yeah. Well, now, I wonder whether this job that he's talking about is the same job that I'm talking about.

HMJr: I believe so.

M: Well, maybe so. I just raised the question.

HMJr: Well, if it's ....

M: Fiscal director -- it may be a fellow that is just going to deal with the Army accounts in Europe as distinguished from Bernstein's job which is the -- on the civil affairs side of Eisenhower's staff, which is all of Europe.

HMJr: Aside from everything else....

M: Yes.

HMJr: ....how come Somervell uses my name....

M: That....

HMJr: ....for a person that I've never heard of.

M: That I don't understand. God, I can't meet that one. I don't -- I would guess, however, that Hueper, the man -- the job that Somervell is boosting Hueper for....

HMJr: Yes.

M: ....would have nothing to do with my business. Of course, I think -- I can't imagine his talking to Marshall without talking to me about it....

HMJr: Well, can't ....

M: ....or to Hilldring.

HMJr: Can you have a look at -- look at it?

M: I'll take a look and I'll let you know what I find out.

HMJr: Will you?

M: Right away.

HMJr: Because -- I mean, our relations are so good.

M: Yeah.

HMJr: And it looks to me as though somebody has pulled a fast one.

M: Right. Right.

HMJr: And -- but you've got to protect me.

M: Right.

HMJr: And keep me out of this entirely.

M: I -- I will. I will.

HMJr: I'm counting on you.

- 5 -

M: I'll just find out -- I'll just hear about it  
and then make an inquiry of my own.

HMJr: That's right.

M: All right. Fine.

HMJr: Thank you.

May 5, 1944  
4:15 p.m.

CONGRESSIONAL INQUIRY  
Expenses of Trip to Italy

Present: Mr. D.W. Bell  
Mr. C.S. Bell  
Mr. Smith  
Mr. O'Connell

H.M.JR: State this story, will you, somebody?  
Who knows about this request of the Accounting Office?

MR. D.W. BELL: I don't know where it originated, but I assume that it originated on the Hill. Something came out yesterday. It was on the ticker where a Congressman Bushfield had asked Lindsay Warren to ascertain what appropriations or funds paid for what he called "junket trips" over the world by the various high Government officials; and he mentioned your name as going to Africa and Italy.

E.W. Bell, who is Chief of the Auditing Division in the General Accounting Office, called Mr. Bartelt just a minute before I called you - I don't remember the time, but this afternoon - and said he had been called to the Comptroller General's office and Mr. Warren asked him to ascertain what fund was charged with your expenses to Africa and Italy.

Bartelt immediately called me and I related it to Charlie, thinking that probably Schoeneman, as a Budget Officer, ought to do it. But I agree he shouldn't, because he wasn't in on the fund transaction at all. And that is where I left it.

H.M.JR: What is your advice to me - what I should do?

- 2 -

MR. D.W. BELL: Well, as I got the request, it only concerned you. Now, Fred and Harry were with you, and I knew their expenses were paid out, at least I thought they were, of the Stabilization Fund. And I didn't know what you did. Usually you didn't ever charge any expenses. I thought if that was the case here, that you could very well say to--

H.M.JR: I did charge it; one hundred and fifty-eight dollars.

MR. SMITH: That was a per diem arrangement; six dollars a day, I think it is.

H.M.JR: Eight dollars - one hundred and fifty-eight dollars.

MR. D.W. BELL: Then I think you would say to the Comptroller General that you got reimbursed for one hundred and fifty-eight dollars out of the Stabilization Fund, that the rest of the expenses such as the airplane was paid by the War Department. Is that a fair statement?

H.M.JR: I don't know. It is an accurate statement, because Charlie said you could say - he wasn't recommending it - that everything was arranged by the War Department.

I tell you what - this trip was legitimate, but I just wondered, if we say Stabilization Fund, it might give them a chance to say, "We want to investigate the whole Stabilization Fund."

MR. D.W. BELL: I am afraid of that. Lindsay Warren can very well say, "I understand from the Treasury that these expenses were paid for to this extent out of the Stabilization Fund. That is one Fund that I do not audit." They can raise that question.

H.M.JR: I said that, didn't I?

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

- 3 -

MR. D.W. BELL: But I question your trying to dodge the issue by not giving the fact.

H.M.JR: Well, the question he wanted to know was what fund was it charged to?

MR. C.S. BELL: What appropriation.

MR. D.W. BELL: What fund paid for your expenses.

H.M.JR: It so happens that normally I suppose I would draw three or four hundred dollars a year.

MR. D.W. BELL: That is the first time I have ever known you to draw any. You do take these trips--

H.M.JR: No, practically never.

MR. C.S. BELL: I think he asked for the appropriation, then he could pull this voucher and look at it for himself. If he only had the appropriation--

H.M.JR: I say the Stabilization Fund. Do you want to say how much - one hundred and fifty-eight dollars?

MR. O'CONNELL: I would.

H.M.JR: It seems so little.

MR. O'CONNELL: It is so little.

MR. SMITH: It isn't the sum total taken out of the Stabilization Fund, though. There was three times that much.

MR. C.S. BELL: That isn't the question.

MR. D.W. BELL: The question didn't relate to anybody except the Secretary, as I got it.

MR. O'CONNELL: There are literally hundreds of people - I thought he meant some other Cabinet officer.

- 4 -

MR. D.W. BELL: Yes, Wallace.

H.M.JR: It is just like John O'Donnell told you the other day - "I am going to keep hammering at Morgenthau."

MR. C.S. BELL: Didn't he also mention Mrs. Morgenthau's gasoline in this same thing?

MR. SMITH: No, Clarence Brown went after Mrs. Roosevelt's gasoline again.

H.M.JR: Not Mrs. Morgenthau.

MR. SMITH: I haven't seen anything about Mrs. Morgenthau.

H.M.JR: She is not in on this. It is Mrs. Roosevelt.

MR. O'CONNELL: Are they still shooting at that? I thought she had a wonderful answer.

MR. SMITH: Clarence Brown, Ohio, brought it up again - in charge of bringing up things.

H.M.JR: I suppose the easiest thing is just to give them a straightforward answer.

MR. D.W. BELL: That would be my inclination, even though it does raise the other question of the audit.

MR. O'CONNELL: I think to mention the fact it was one hundred and fifty-eight dollars paid from the Stabilization Fund is not only the straightforward way to do it, but the most effective way to kill it. It seems to me to take the glamour out, just to mention the money. I don't see any reason to hide it. I can't believe they could premise a change on the Stabilization Fund on a little thing like that. But whether they can or not, I don't see how you can avoid it.

MR. D.W. BELL: One thing that would come out would be the question of whether the Comptroller shouldn't do the audit. We have a good record on the audit.

- 5 -

The other thing, I think, is the eight dollars a day. Maybe they would question that.

MR. C.S. BELL: The law is seven dollars on the regular--

MR. O'CONNELL: You don't have to say that.

MR. D.W. BELL: No, that might be raised later on.

H.M.JR: Is seven the regular?

MR. C.S. BELL: Outside the U.S.; six within the U.S.

H.M.JR: I thought it was eight.

MR. C.S. BELL: State Department goes ahead of eight outside.

H.M.JR: What do you mean?

MR. C.S. BELL: More than eight dollars a day.

H.M.JR: They do? How do you know that?

MR. C.S. BELL: I think they have special legislation for that.

MR. D.W. BELL: In certain situations where there is some entertainment and things of that kind, they allow more than eight dollars, or seven dollars. They are permitted to do that.

MR. C.S. BELL: It was four hundred and eighty-one dollars, as the total cost for all three - divided three ways.

H.M.JR: Fifty dollars of that went for food, didn't it - the canned goods they bought on the plane?

MR. SMITH: Yes.

- 6 -

H.M.JR: Well--

MR. D.W. BELL: This other question could probably be thrown in there if they went far enough in it, I suppose, that you ate with the Army and lived in Army quarters, to some extent. Is that right?

MR. SMITH: To a very large extent, yes.

MR. D.W. BELL: You see, under the Comptroller General's ruling they might raise the question as to whether you were entitled to any per diem under those conditions.

MR. O'CONNELL: If the per diem were subject to Government travel regulations, that is possible; but the per diem isn't, in this case. That again might raise the question of whether or not the Stabilization Fund ought to be changed. It seems to me that we have to take that chance. I don't see any way of avoiding stating the fact. There is nothing wrong with the fact, certainly.

MR. D.W. BELL: That is right.

H.M.JR: Why not simply say it was charged to the Stabilization Fund to the extent of one hundred and fifty-eight dollars. I wouldn't say how much per diem.

MR. D.W. BELL: Certainly the first answer shouldn't include any more than that, except I think you should go on and say that the transportation, the plane, was a War Department matter.

H.M.JR: What they asked was, what fund was it charged to; then the answer is the Stabilization Fund.

MR. D.W. BELL: That is right.

H.M.JR: You could say, "...to the extent of one hundred and fifty-eight dollars.

- 7 -

MR. D.W. BELL: I think I would give them the one hundred and fifty-eight dollars, because that sounds very small and it may end right there.

MR. O'CONNELL: Of course, he is talking about the total expenses of the trip, really, which, it seems to me, you might point out as you suggested; that that one hundred and fifty-eight dollars is the cost to the Treasury Department, paid from the Stabilization Fund. But that certainly does not include the costs--

MR. D.W. BELL: I think you would include the plane, and so forth, was a War Department matter and they made all those arrangements.

H.M.JR: Of course, one of the things that stimulated this - they had this fool article in the American magazine about this plane, you see - this pilot. In it he mentions the various trips he took and he mentioned my trip.

MR. SMITH: I don't think so. I think it is just the Wallace junket that picked it up; then they went back and picked you up.

H.M.JR: It is - how should I say - "I hope I never have a bigger worry than this"?

MR. D.W. BELL: No, I don't think it is a worry. It will just be annoying, and it will probably be annoying until November 7.

H.M.JR: Yes, I have told my family that I would expect things like this, only much more so. I just hope I am in good physical health so I don't mind them.

MR. D.W. BELL: You just have to take it in the next six months, that is all.

H.M.JR: But you think they were sort of shooting at Wallace? Take the five Senators - their trip around the world - out of what Fund was that?

- 8 -

MR. O'CONNELL: The War Department must have paid for that, didn't they - as far as the transportation was concerned?

MR. D.W. BELL: They probably paid that whole trip, accommodations and everything else. They have some arrangement in both the War and Navy - I have forgotten just what it was - where they can take Congressmen and Senators on these trips, and I think they give them a per diem when they go.

H.M.JR: Now, who answers them?

MR. C.S. BELL: I think we had better have Eddie Bartelt call D.W. Bell and tell him that the trip was charged to the Stabilization Fund in the amount of one hundred and fifty-eight dollars for you, and that the Army plane was made available on which there was no charge as far as the Treasury was concerned.

H.M.JR: I would simply say, "Transportation was provided by the Army."

MR. D.W. BELL: I would say that the whole trip and transportation was arranged by the Army, but that you got reimbursed for expenses to the extent of one hundred and fifty-eight dollars from the Treasury Stabilization Fund.

MR. C.S. BALL: All right.

H.M.JR: I wouldn't say "Army bomber" because it wasn't.

MR. D.W. BELL: A transport plane.

H.M.JR: It happened to be the same plane that took the Senators around.

MR. D.W. BELL: I would just say, "An Army plane."

H.M.JR: Well, if you fellows do that - in five

- 9 -

minutes I am showing the "Battle of China" downstairs -  
if anybody wants to see it - it takes about fifty minutes -  
anybody like to see it?

MR. O'CONNELL: I would.

MR. SMITH: It will spoil your dinner.

MR. C.S. BELL: Is that fifteen or fifty?

H.M.JR: Fifty minutes.

May 5, 1944  
4:28 p.m.

67

Operator: Mr. Pearson is not there and they expect him around five o'clock.

HMJr: I see. Well, I'm going downstairs. I'll call him back again about five-thirty.

Operator: All right.

HMJr: Thank you.

5:42 p.m.

HMJr: Hello.

Operator: Mr. Pearson.

HMJr: Hello.

Operator: There you are.

HMJr: Hello.

Drew Pearson: Hello, Mr. Secretary.

HMJr: How are you?

P: How are you feeling?

HMJr: (Laughs) Good. Believe it or not.

P: (Laughs) I believe it.

HMJr: Drew, what I called up about, I hear you are a fast worker and you heard I went over to look at War Bonds yesterday.

P: Yeah.

HMJr: And -- Shaeffer told me.

P: Well, what I heard about you was very complimentary.

HMJr: I know, but I don't want that kind of stuff because we've got a couple of million volunteers out in the field and we've got a drive coming on and they read about it -- you know -- it just hurts us, that's all -- hurts the war effort. I can't quote what you say at the end of each of your broadcasts -- it just won't help us any --

HMJr:  
Cont'd:

that's all. I mean, I know it gives me a pat on the back but I'm -- they'll read about it and think we're wasting money and this and so forth and so on. I guess I went in at a bad time.

P: Well, I don't -- I don't believe that -- I don't believe that's going to ....

HMJr: Well, think it over, will you?

P: Yes, sure.

HMJr: I mean it isn't going to make or break your column and ....

P: No. No.

HMJr: And it's not important to you and it is important to me and it may really hurt our Fifth War Loan.

P: I didn't -- as a matter of fact -- I didn't connect it up with War Bonds. I did say that it was in the National Director's office of War Finance, but I can cut out the War Bond issue entirely and just make it a part of the Treasury.

HMJr: (Laughs)

P: But I'll be -- I'll ....

HMJr: Oh, you hung it on to the National Director?

P: Well, I hung it on to the National Director's office.

HMJr: Well, that's worse yet.

P: How come?

HMJr: He's been out for two weeks and ....

P: Well, I didn't mention him.

HMJr: Yes. Well, look, ah....

P: I'll -- I'll -- I'll either tone it down -- I heard one remark of yours which I thought was a gem.

HMJr: What was that?

P: You found one lady studying or working on the Byrd report and you said, "Thank God, Byrd isn't here now."

HMJr: (Laughs) Well ....

P: I also linked it up with how Secretary Iokes used to prowl around his office and got people sore and that other Cabinet members had not been doing this but I said it would be a good thing if they did.

HMJr: Yeah. Well, I was just -- I was doing it as a domestic Treasury matter....

P: Yeah.

HMJr: .... and I wasn't looking for any publicity but --

P: Well, I tell you -- I know you weren't -- I tell you, I'll go over this and I'll either tone it down or kill it altogether. If I think....

HMJr: It won't help me any and I've got troubles enough.

P: Well, I don't think you've got many. Incidentally, I want to warn you that I've got a story coming out about you and the session you had with the Committee on Future Monetary Problems. You had a session with them about a week ago or something like that -- I've forgotten when -- anyway, one of my young men interviewed about five of the Congressmen up there and -- who told him how they had put you over the -- they had quizzed you about this and that and so forth and we have a little story coming out about it on Sunday which I hope you will not mind.

HMJr: Well, I don't know what it is but ....

P: It's on this -- it's about this ....

HMJr: You mean when I went up on the Hill?

P: Yes.

HMJr: Oh. Well, I don't know what -- that's -- that I can take in my stride, but it's just -- you know -- I -- Gamble was away and everybody else was away and maybe it was an unfortunate time for me to go in there.

P: Well, I didn't mention the fact that they were away and ....

HMJr: Well, they were all away. They were all out holding Regional Meetings.

P: Uh huh.

HMJr: And ....

P: Well, I'll -- I'll either kill this or rewrite it so it will....

HMJr: All right. Well, this is not in any way to influence you, but if you don't happen to have anything to do on Tuesday at lunch time, it's so long since I've seen you, I'd like to have a talk with you.

P: I'd love to except that I'm speaking in Kansas City Tuesday night and I'm going to be away practically all week. It takes about a day to get out there.

HMJr: Well, when you get back -- I'll give you a rain check.

P: Thank you. I'd love to.

HMJr: Because it's been a long time since we've sat down.

P: I'd be delighted.

HMJr: Just you and I and just talk things over.

P: All right. Thank you so much.

HMJr: Right.

P: All right.

HMJr: Fine.

SUMNER WELLES

Oxon Hill Manor,  
Oxon Hill, Md.

May 5, 1944.

Dear Henry:

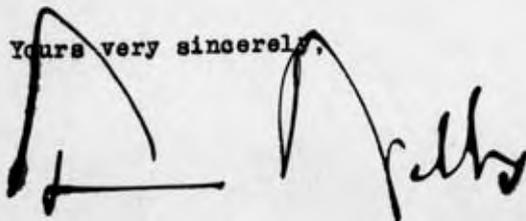
I am grateful to you for your letter of May 3.

Some day the truth will be known with regard to all that you have done during these years in furthering a positive, a constructive, and a liberal foreign policy.

I hope that I may have the opportunity, at least in a small way, some day, in bringing these facts out.

With my best regards to Mrs. Morgenthau and to you, believe me

Yours very sincerely,

A handwritten signature in black ink, appearing to read 'S. Welles', written over the typed name 'Sumner Welles'.

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

May 5, 1944.

Dear Senator Hill:

I want to offer you my hearty congratulations on your victory in the primary election.

It seems to me to be conclusive proof that the people of Alabama appreciate and value wise and patriotic service to the Nation as well as diligent attention to their interests.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The Honorable Lister Hill  
United States Senate

HEG/mah

*[Handwritten initials]*

May 5, 1944.

Dear Senator Pepper:

It is immensely pleasing to me to read that the thinking people of Florida have vindicated themselves in the recent primary election.

I offer you my most hearty congratulations, which should also I think go to the Florida voters for their good sense and patriotism in deciding most emphatically to retain you in the Senate.

Their expectation that you will continue to serve them with the same wise and patriotic statesmanship that you have displayed in your present term will, I know, not be disappointed.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

The Honorable Claude Pepper  
United States Senate

HEG/mah

MA

## TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date  
May 5, 1944

TO Herbert Gaston.  
FROM Secretary Morgenthau.

I wish you would write this morning a letter to Senator Lister Hill and one to Senator Claude Pepper congratulating them on their victories and get these letters to Mrs. Klotz by two o'clock, please.

25

MAY 5 1944

My dear Mr. Forrestal:

igned by  
cretary  
Knox

Reference is made to <sup>the XIX,</sup> ~~Secretary Knox's~~ letter of April 18, 1944, relative to his request to obtain permission to photograph War Savings bonds and United States currency in a training film.

In view of all the facts and circumstances and under the authority vested by law in the Secretary of the Treasury, the Navy Department is hereby authorized to photograph War Savings bonds and United States currency during the course of the making of a training film "Payment of Naval Personnel". It is understood that the films will be distributed and displayed only to the extent necessary in teaching the fundamentals of pay procedure to Naval personnel.

This authority is granted upon the condition that the foreword of the film be accompanied by a notice stating that the reproductions are printed by the special authorization of the Secretary of the Treasury and that further reproduction, in whole or in part, is strictly prohibited.

Very truly yours,

(Signed) H. Morganthau, Jr.

Secretary of the Treasury.

Hon. James V. Forrestal,  
Acting  
Under Secretary of the Navy.

HAR:mj  
5/2/44

THE SECRETARY OF THE NAVY

WASHINGTON

18 April 1944

Sir:

A series of training films which have proved very constructive and helpful have been produced for the use of the Bureau of Supplies and Accounts. The Navy Department now has in production, the training film "Payment of Naval Personnel", which will be used in teaching the fundamentals of a new pay procedure to Naval personnel and especially Navy disbursing officers.

In order to gain the best possible results, it will be necessary to photograph currency and war bonds in several scenes. Your permission to make photographs of currency and war bonds in this film is requested.

Respectfully,



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

TREASURY DEPARTMENT  
OFFICE OF THE SECRETARY

May 5, 1944

CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended April 26, 1944, showing dollar disbursements out of the British Empire and French accounts at the Federal Reserve Bank of New York and the means by which these expenditures were financed.

*EMB*

FEDERAL RESERVE BANK  
OF NEW YORK

May 4, 1944.

CONFIDENTIAL

Dear Mr. Secretary: Attention: Mr. H. D. White

I am enclosing our compilation for the week ended April 26, 1944 showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Very truly yours,

/s/ H. L. Sanford

H. L. Sanford,  
Assistant Vice President.

The Honorable Henry Morgenthau, Jr.,  
Secretary of the Treasury,  
Washington 25, D.C.

Enc.

COPY

STATEMENTS OF CURRENT AND CAPITAL ACCOUNTS

PERIOD	Transfers to Official		Transfers from Official		Proceeds of		Total		Gold		Saves		Credits		Debits		Total	
	Total	Official	Total	Official	Total	Official	Total	Official	Total	Official	Total	Official	Total	Official	Total	Official	Total	
First year of war (a)	221.0	16.6	504.7	472.7	20.9	20.9	707.7	697.8	10.9	110.7	11.6	123.9	11.6	123.9	107.2	107.2	117.2	117.2
Second year of war (b)	477.2	16.6	600.6	577.8	22.8	22.8	723.4	704.6	18.8	143.2	18.8	162.0	18.8	162.0	155.1	155.1	171.2	171.2
Third year of war (c)	460.7	0.1	600.7	597.2	3.5	3.5	707.2	697.3	9.9	123.9	9.9	133.8	9.9	133.8	107.2	107.2	117.2	117.2
Fourth year of war (d)	225.8	0.1	525.5	525.4	0.1	0.1	525.6	525.5	0.1	170.4	0.1	170.5	0.1	170.5	107.2	107.2	117.2	117.2
Fifth year of war (e)	723.6	-	723.6	723.6	-	-	958.6	958.6	0.0	170.4	0.0	170.4	0.0	170.4	155.1	155.1	171.2	171.2
1917	175.8	0.3	146.5	146.2	0.3	0.3	146.8	146.5	0.3	170.4	0.3	170.7	0.3	170.7	107.2	107.2	117.2	117.2
1918	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1919	47.2	-	47.2	47.2	-	-	47.2	47.2	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1920	32.1	-	32.1	32.1	-	-	32.1	32.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1921	15.7	0.1	15.8	15.7	0.1	0.1	15.9	15.8	0.1	170.4	0.1	170.5	0.1	170.5	107.2	107.2	117.2	117.2
1922	175.8	-	175.8	175.8	-	-	175.8	175.8	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1923	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1924	25.7	-	25.7	25.7	-	-	25.7	25.7	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1925	28.3	-	28.3	28.3	-	-	28.3	28.3	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1926	11.5	-	11.5	11.5	-	-	11.5	11.5	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1927	10.6	-	10.6	10.6	-	-	10.6	10.6	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1928	67.9	-	67.9	67.9	-	-	67.9	67.9	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1929	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1930	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1931	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1932	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1933	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1934	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1935	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1936	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1937	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1938	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1939	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1940	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1941	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1942	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1943	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1944	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1945	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1946	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1947	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1948	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1949	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1950	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1951	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1952	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1953	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1954	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1955	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1956	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1957	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1958	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1959	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1960	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1961	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1962	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1963	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1964	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1965	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1966	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1967	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1968	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1969	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1970	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1971	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1972	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1973	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1974	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1975	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1976	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.2	107.2	117.2	117.2
1977	22.1	-	22.1	22.1	-	-	22.1	22.1	-	170.4	-	170.4	-	170.4	107.			

ANALYSIS OF BRITISH AND FRENCH ACCOUNTS  
(In Billions of Dollars)

Week Ended April 20, 1944

Strictly  
Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)								BANK OF FRANCE				
	D E B I T S				C R E D I T S				Net Incr. (+) or Decr. (-) in Pounds (d)	Total Debits (e)	Total Credits (a)	Net. Incr. (+) or Decr. (-) in Pounds (d)	
	Total Debits	Gov't Expendi- tures (a)	Transfers to Official Canadian Account	Other Debits	Total Credits	Proceeds of Sales of Gold	Securities (Official) (b)	Transfers from Official Australian Account					Other Credits (c)
First year of war (g)	1,793.2	605.6	20.9	1,166.7	1,826.2	1,356.1	52.0	3.9	416.2	+ 35.0	866.3(f)	1,095.3(f)	+ 297.9
War period through December, 1940	2,782.3	1,425.6	20.9	1,335.8	2,793.1	2,109.5	108.0	14.5	561.1	+ 10.8	678.3	1,098.4	+ 220.1
Second year of war (h)	2,203.0	1,792.2	3.4	407.4	2,189.8	1,193.7	274.0	16.7	705.4	- 13.2	38.9	8.8	- 30.1
Third year of war (i)	1,235.6	904.8	7.7	223.1	1,361.5	21.8	5.5	57.4	1,276.8	+ 125.9	18.5	4.4	- 14.1
Fourth year of war (j)	764.0	312.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 307.3	10.3	1.0	- 9.3
<u>1943</u>													
September	49.4	16.8	10.6	22.0	86.2	-	-	15.0	71.2	+ 36.8	-	-	-
October	38.2	16.0	-	22.2	115.4	-	-	40.5	74.9	+ 77.2	-	-	-
November	65.9	42.4	5.9	17.6	89.0	-	-	3.5	85.5	+ 23.1	-	-	-
December	98.1	16.3	-	81.8	134.5	-	-	36.5	98.0	+ 36.4	-	-	-
<u>1944</u>													
January	44.6	22.4	12.6	12.0	127.5	-	-	1.0	126.5	+ 62.7	-	-	-
February	147.6	14.3	2.1	127.4	144.5	-	-	29.8	115.5	+ 0.7	-	-	-
March	152.9	71.1	12.5	69.3	133.3	-	-	24.5	108.8	- 19.0	-	-	-
April													
May													
June													
July													
August													
<u>Week Ended</u>													
April 5, 1944	75.0	9.4	8.4	57.2	16.9	-	-	6.5	10.4	- 58.1	-	-	-
April 12, 1944	57.3	3.5	-	53.8	26.7	-	-	10.0	16.7	- 30.6	-	-	-
April 19, 1944	7.9	2.2	-	5.7	14.4	-	-	6.0	8.4	+ 6.5	-	-	-
April 20, 1944	5.0	2.2	-	2.8	67.8(k)	-	-	5.0	62.8(k)	+62.8	-	-	-

Since Outbreak of War

in Pounds million

in Dollars million

England (since March 12, 1941) 554.9 million

England (since March 12, 1941) \$ 21.0 million

See attached sheet for footnotes.

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (k) below.
- (d) Reflects net change in all dollar holdings payable on demand or maturing in one year.
- (e) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (f) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (g) For monthly breakdown see tabulations prior to April 23, 1941.
- (h) For monthly breakdown see tabulations prior to October 8, 1941.
- (i) For monthly breakdown see tabulations prior to October 14, 1942.
- (j) For monthly breakdown see tabulations prior to September 29, 1942.

Includes \$ 4.3 million apparently representing current and past United States dollar proceeds of British airmail services and airmail exports, and \$55.0 million in connection with the expenses of our armed forces abroad.

**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 Monthly Report No. 8 covering  
Aircraft Flight Delivery as at April 30, 1944.

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

May 5, 1944.

LOCATIONS OF OCEANIC FLIGHT DELIVERY AIRCRAFT  
 (Covering Movements through April 30, 1944)

U. S.

SECRET

May 3, 1944

MOST SECRET

	(1) FURTHER (BAC-I/L)	(2) LIB. (BAC)	(3) MIDCOH (BAC-I/L)	(4) VERT. (BAC)	(5) FL. BOAT (BAC-I/L)	(6) VERT. (L/L)	(7) BOST. (L/L)	(8) HAIST. (L/L)	(9) R24 (L/L)	(10) R25 (L/L)	BRITISH (11) R26 (L/L)	TRANSF. (L/L)	TOTAL
UNITED KINGDOM	110	96	807	141	467	57	224	1	283	337	8	317	2828
KINROSS HAST (a)		5	95			189		1038	79		193	184	1785
WEST AFRICA (a)									22			3	25
AFRICA					27								27
SOUTH AMERICA (a)				135		97							267
SINGAPORE					9								9
INDIA (a)												186	342
ARABIA	1											156	1
EUROPE			91										1
CIV'S IN CANADA			210	68		64			16	41		23	91
REOP					28	1	1		(e)15**				422
111 CIV									34	68			45
45 GROUP EAST		11	43	10	5				9				102
En route U.S. from U.K.					2								78
En route Overseas							2	2	12	44	1	26	2
Cambor, Cease, etc.				1					4	1		5	92
Recess or Bermuda (on route)					12	15		37	10		75	8	10
Special duty in Canada			1	1				2					157
Montreal				2	1	2	9		47	14	1	10	4
CHANGED AFTER EXPORT	3												89
En route export			52	19	10	7	16	38	4	8	12	7	173
At Modification Center					3		4	5	6		14	8	40
En route Modification Center					23	3	31		127	16			200
Special duty in U.S.		2							4				4
CHANGED IN U.S.		1	28	5				2	1				5
DIRTIED TO U.S.		50	21	(b)281		1	3	15	4	2	7	1	67
<b>TOTAL</b>	<b>114</b>	<b>165</b>	<b>1348</b>	<b>663</b>	<b>(d)567</b>	<b>438</b>	<b>290</b>	<b>1150</b>	<b>895</b>	<b>488</b>	<b>338</b>	<b>761</b>	<b>7217</b>

(a) Including deliveries to Rabat, Acra or Takoradi for these destinations.  
 (b) Including 15 returned under Req. ESC 41018 after use by U.S.A.A.F. for training, with 45 off B4-152 also under 41018 after A.A.F. training use. All 60 are included in Column 6.  
 (c) Later re-allocated to Canada by M.A.C. (AIR), under Req. CA-00076.  
 (d) Reduced by 21 PFW's, 24 PFW's, and 25 PR21-38's, returned to U.S. Navy.

PLANNING AND AIRFRAME SUPPLY  
 BRITISH AIR COMMISSION  
 WASHINGTON, D.C.

*M*

MEMORANDUM FOR THE SECRETARY.

May 5, 1944.

Mail Report

The week's most catchy news topic, seizure of Montgomery Ward, at first promised a heavy run of mail. There was also an early indication that the establishment of facilities for distribution of war surplus consumer goods would bring in many letters. In both cases, correspondence fell off rapidly after a good early start. Only one correspondent upheld the Government's action in regard to Montgomery Ward. Most of the others made the general point that they were not buying bonds to help operate a mail order house. Those writing in regard to the disposal of surplus goods were usually applying for jobs. Letters from business firms usually requested appointment as distributing agents.

Mail about tax matters, exceptionally light, was chiefly concerned with allowances for church and charitable contributions in the simplified withholding tax now under consideration by Congress. As in previous weeks, most of the letters came from church bodies and ministers, several of whom asked adoption of the Curtis-Gearhart Bill. Although this bore the earmarks of a concerted drive, the letters were individually written and more varied than is usually the case in such a campaign.

Since the announcement of the date of the Fifth Drive, bond mail has followed the usual pattern -- slogans, promotional ideas, questions about purchasing or redeeming bonds, and some of the usual complaints. There has been quite a little criticism of the time chosen for the Drive.

- 2 -

Memorandum for the Secretary.

May 5, 1944.

Bonds submitted during the past week for redemption totalled 82. A number were sent from Puerto Rico, and as has been customary, an Air Mail stamp was usually enclosed for return of the check. The great majority of complaints about delays again related to interest due April 15 and not yet received. The bright note of the week in this mail is that only two persons connected with the War Department reported on the nonreceipt of bonds purchased through the payroll deduction plan.

*W. F. Forbush*

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General Comments

R. H. Wooley, Wooley Produce Company, New Matamoras, Ohio. I am a small business man in the above town, doing a business of about \$225,000.00 a year. My capital is small. I do a quick turnover in furs, feeds, chickens and eggs. Sometimes I get short of money. \* \* \* We have a small bank, namely, Peoples Savings Bank - capital and surplus \$59,000. They claim there is a banking law that prohibits them from loaning over 10%, or \$5,900.00, to any one person. Now I have borrowed my limit and still need money, so I take my War Bonds, the ones I paid \$1,000 each for, \$1,000 value, and they tell me they cannot loan me any more money, but they can sell my bonds for me, which I do not want to do. I have been told I could go to some other town and borrow on them from another bank. I prefer to do business with my local bank. Poor law, don't you think?

Rudy Marwede, President, State Restaurant Liquor Dealers Association, Jackson Heights, N.Y., addressed the following letter to the President. \* \* \* When the liquor industry went to War, by complete conversion of its entire production facilities on an all-out, fulltime basis, for which it was adequately prepared, it was unforeseen that the present unfortunate situation would result. \* \* \* Various investigations have resulted in the disclosure of black market activities in legal liquor, and a wide extension of bootlegging throughout the country, bringing widespread criticism on our industry. \* \* \* Our various petitions to the controlling agencies for a measure of relief in the present acute situation in meeting our public responsibility have been unavailing, although we have constantly demonstrated our unwillingness to impede the progress of the war effort in any manner whatever. Mindful of our dutiful trust and in the best interests of greater public respect for authority, we feel it

- 2 -

incumbent to appeal to you on behalf of all our licensees in the State of New York for the granting of permission for partial resumption of grain spirits production as the only definitely effective means of alleviating a situation causing unusual public concern.  
\* \* \*

Charles W. Davis, Detroit, Mich. I am enclosing Disability Compensation check for \$50.00, "Payable to the Treasurer of the United States for War Effort". I am pleased to return this check, to be used for War Effort, and will continue to do so whenever possible.

- 3 -

Favorable Comments on Bonds

Mrs. Jeppe Host, Burbank, S.D. We are a family of 3, man 59, wife 47, and daughter 12, owning and tilling an 80-acre farm in South Dakota. Since early 1941 we have bought defense and war bonds and stamps whenever we had some cash income, and since the United States entered the war, we have managed to put between 25% and 40% of our yearly income in bonds. Repeatedly, however, we have been caught without cash to buy during a bond drive, and the next one to come around may catch us in the same situation. Just a few days ago we sold corn for \$600.00, and bought a \$500.00 war bond; with the exception of cream and egg money, which take care of every-day household expenses, there may be no cash income before late summer or early fall. Please tell us whether you think we should do as hitherto -- buy bonds as soon as we get the cash, or try to hold the money and buy our "share" of the County's quota during the drive. We know what we should prefer, but we also would appreciate your opinion.

- 4 -

Unfavorable Comments on Bonds

Rev. O. M. Jones, Throop Avenue Presbyterian Church, Brooklyn, N. Y. A few days ago I was astounded to receive word from my bank that my coupon clipped from the 3½% Treasury Bond #221801 was no good, due to this bond having been called October 13, 1943! I recall that I received word of the calling of the Government Bond preceding this one. Why did I not get word of this call and thus prevent this interest loss? I have a recollection that this bond was registered, but whether or no, the Government finds its individual citizens when it collects an income tax, and when it wishes the help of persons and people to push the War Bond Drives. In fact, I have already been appealed to in connection with the next Bond Drive. Frankly, this one-sided way of dealing does not sit very well.

C. H. Verner, Forest City, North Carolina. (Telegram) I've bought bonds to help win the war and not to help run Ward's store. Regret this incident compels me to say buying no more bonds and cashing in today all I have.

Senator Vandenberg transmits the following letter he has received from J. Edgar Lee, Grand Haven, Mich. If a determined effort was made to make the notations on the back of War Bonds unreadable, this object has been accomplished. The point is that the reading matter on the back of the bonds, giving payment instructions, terms and conditions, redemption values -- for instance, on a War Savings Bond, Series E, \$100 denomination, printed in red ink on a slightly colored stock, the information is so hard to read that in many, many cases a magnifying glass will be necessary. It would seem to me that this portion of the bond could

- 5 -

just as well be printed in black ink -- at any rate, in a very much stronger color than red -- and consequently be a comfort to everyone who has to refer to these instructions. \* \* \*

Wayne Patterson, Langdon, Kansas. \* \*\* I am a farmer, twenty-nine years of age; I am married and have three children. I started on a small farm in 1938; I am now farming four hundred eighty acres. I have a 2-C draft classification. Sickness and lack of financial backing have caused me to be indebted about \$1,700. I have felt that I should pay my debts before I put much money into War Bonds. I have bought War Stamps and given to the Red Cross when I possibly could. A few people living near me thought I could buy bonds and give more to the Red Cross. These people reported my case to my local Draft Board Number 3, of Reno County. My Draft Board ordered me to appear before them today. The members of the Board said they had had complaints about my attitude and said that I should do something about contributing more to the Red Cross and buying more bonds. They ordered me to appear before them again in twenty-eight days. Now I don't know what to do. Shall I let my debts go and borrow more money in order to buy War Bonds? I am trying to do all I can in the war effort here on the farm. I must have advice and I would surely appreciate your telling me what to do.

William F. Hamilton, Manager, Life Insurance Dept., Rochester Savings Bank, Rochester, N.Y. In December 1942 I bought \$4,000 Series G Bonds for my father, William Joseph Hamilton. He died in February 1943. I received the interest due in June 1943 and at that time I notified the Federal Reserve Bank of New York of my intention to redeem the bonds at par at the next interest period, or December 1, 1943. On November 18, 1943, I sent the bonds to the Federal Reserve Bank by

- 6 -

registered mail for redemption at par. The check for the six months' interest from June to December 1943 was lost in transit, and I am now filing papers for the issuance of a duplicate check. The \$4,000 principal amount was not redeemed until March 1, 1944, due to negligence or inefficiency on the part of the office in charge of this work. I do not mind that, but I do mind the fact that they have refused to pay interest for the three months' period from December 1943 through March 1944. The fact that the bonds were not redeemed on their due date was not my fault but the fault of the Treasury Department. The Treasury had the use of the \$4,000 for the three months' period. \* \* \* The amount due in interest is \$25.00, figured at 2-1/2%. Personally, I do not see how the Government can arbitrarily withhold interest for the use of funds during that period. \* \* \* I feel very strongly that the interest should be paid to my father's estate as would be expected in ordinary investment circles. I am writing to you because I do not believe that you would sanction this method of doing business. \* \* \* May I wish you continued success in carrying on the difficult program of financing a war of such gigantic proportions.

John V. Payne, Fullerton, California. Recently I was pleasantly surprised upon receiving a "merit award" for my small part in the Fourth War Loan Drive. It bore your signature. However, I wish that I had known that such money might be used to place bayonets at the back of a 69-year old, gray-haired man -- one Sewell Avery of Chicago's Montgomery Ward & Company.

- 7 -

Unfavorable Comments on Taxation

Robert N. McLean, DD., Pastor, First Presbyterian Church, Yakima, Wash. As a Presbyterian minister, I want to register my emphatic protest against the proposed plan for the simplification of tax returns as it now stands. In principle, it would entirely eliminate the incentive for giving to religious and charitable purposes, in that every taxpayer, whether he gave or not, would be granted exemption of approximately two or three percent. I heartily endorse the idea of the Council on Taxes and Philanthropy, which proposes a simple statement for those who contribute more than two or three percent of their income, to religious and philanthropic purposes, upon the basis of which full return would be made at the end of the year. We cannot conduct our democracy without our Churches, and our Churches cannot exist unless some exemption is made by the Government for amounts which people contribute to these Churches.

Henry F. Page, N.Y.C. (Telegram) Will you please arrange a conference with your Mr. Manning of the Newark, N. J., office on the sixteenth phone call without success concerning the withholding of my entire pay for the past two weeks from the Federal Shipbuilding and Drydock Company. Forgive us if we work six days and six nights for our country and then are unable to take the discourtesy of the men who infest our Federal offices -- who infest the Newark, N. J., District.

EMN - 199

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

Algiers

Dated May 5, 1944

Rec'd 6:58 p.m.

Secretary of State

Washington.

1469, May 5, 6 p.m.

FOR WAR REFUGEE BOARD FROM ACKERMANN number 18.

In view of lapse of time and changed circumstances, do you have any new instructions reference your letter March 21, 1944.

CHAPIN

EDA  
EMB

CABLE TO AMBASSADOR FAUST AT TEGUCIGALPA, HONDURAS

Department and War Refugee Board very gratified results reported in your 127 of April 26. Please convey Honduran authorities this Government's appreciation of their attitude.

You will recall that in Department's A-77 of April 20 Honduran cooperation is requested on exchange, recognition of documents and treatment of persons. Regarding exchange it suffices for Honduras to notify its approval to this Government, but regarding recognition and treatment, affirmative action of Honduras through protecting power is required. We are perturbed therefore by second paragraph of your 127 suggesting that Honduran Foreign Ministry proposes to ignore inquiries from Spanish Minister regarding validity of passports. Our understanding of Honduran position is that Honduras will inform Spanish government that passports in question should be presumed valid until further notice and that bearers should be treated accordingly, and we trust that this information will be given to Spanish authorities for transmission to Germany without awaiting any inquiry on their part.

Please ascertain whether such affirmative action has yet been taken. If not (repeat not), please urge immediate action. Kindly advise Department of results of above steps.

\*\*\*\*\*

May 5, 1944  
9:15 A.M.

BAksin:LSL:JEDBois/jp 5/4/44

AIRGRAM

SECRET

FROM  
 Managua  
 Dated May 5, 1944.  
 Rec'd May 13 4 pm

Secretary of State,

Washington.

A-200, May 9, 10:30 a.m.

Department's airgram no. 151 of May 1, 4 p.m.

In a note dated May 2, the Nicaraguan Foreign Office stated that it would be glad to see the selection of its nationals for exchange made in the following order:

Felipe Ibarra Mayorga  
 Ernesto Portocarrero  
 Jose de la Luz Gurrero; his wife, Susana;  
 and their children, Jeanine, Josette,  
 Jean Claude, and Jose  
 Aquiles Solerzano  
 Ida Roskies and her daughters, Raquella and  
 Sonia

The last named three persons are Poles who have obtained Nicaraguan passports and whose exchange is desired on humanitarian grounds.

As for the other persons in occupied Europe who are bearers under one circumstance or another of Nicaraguan passports, the note states that the Nicaraguan Government consents to their exchange but presumably on the basis of the assurances given by the Embassy upon authorization from the Department that these persons will not reach Nicaragua.

The above is separate from and in addition to the authorization given by the Nicaraguan Government to the Nicaraguan Consul at Bern, Switzerland, to grant 100 children Nicaraguan visas and to keep their visas valid until transport becomes available (see the Embassy's telegram no. 271 dated May 5, 4 p.m.).

STEWART

1) Enc. #  
 801.2  
 HMF/ep

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMEMBASSY, MANAGUA  
TO: SECRETARY OF STATE, WASHINGTON  
DATED: May 5, 1944  
NUMBER: 271

## SECRET

Reference is made herewith to the Department's airgram of 7:35 p.m., April 20, 1944.

The Nicaraguan Consul in Bern has been authorized by his Government to visa the passports of one hundred children without distinction of nationality or religion in agreement with representative of War Refugee Board there and to keep these visas valid until transportation becomes available to Nicaragua.

STEWART

EMBASSY OF THE  
UNITED STATES OF AMERICA

No. 2052

Asuncion, Paraguay, May 5, 1944.

Subject: Polish nationals who hold Paraguayan  
passports in German concentration camps.

The Honorable  
The Secretary of States  
Washington.

SECRET

Sir:

Referring to my Airgram No. A-148 of April 29, 10 a.m., 1944, I have the honor to transmit herewith a copy and translation of a Note which has been delivered to the Paraguayan Foreign Office under date of April 25, 1944 from the Polish Minister at Buenos Aires, M. Miroslaw ARCISZEWSKI, with reference to 52 (approximately) Polish israelites confined in the German concentration camp at Vittel, and one confined in the camp at Compiègne. This was furnished me by the Polish Consul at Asuncion, Senor Raul Daumas LAROUCE.

I am informed by the Undersecretary of Foreign Affairs that the Paraguayan Government will adopt a favorable attitude with regard to the request of the Minister of Poland.

It is noted that the Minister indicates that the persons in question need not necessarily be accepted for entry into Paraguay, because they are holders of permits to enter Palestine. As the Paraguayan Government has given its approval to negotiations by the United States Government for the exchange of all persons holding passports from any American republic, it would appear that the cases of the Polish nationals mentioned by the Polish Minister could be taken up by the United States Government; so that the Polish Minister's demarche may be supererogatory.

- 2 -

On the 3rd instant, the Foreign Minister of Paraguay informed me that he was about to sign a Note addressed to the Spanish Charge d'Affaires at Asuncion for transmission to the German Government, admonishing the latter that Paraguay expects the Paraguayan passports held by prisoners in German concentration camps to be fully respected, so that any drastic measures against those prisoners would be regarded as an offense against Paraguay. On May 4, however, the Undersecretary informed me that he had already sent such a note two days previously, to the Spanish Charge d' Affaires over his own signature at the instruction of the Foreign Minister. There seems to be some confusion between the Undersecretary and the Minister of Foreign Affairs; and as soon as it can be cleared up a further report will be made to the Department.

Respectfully yours,

/s/ Wesley Frost

Wesley Frost

Enclosure:

Copy of Note from Polish Minister  
in Buenos Aires and translation.

801.2  
WF/ajl

Original with reverse carbon  
to the Department.

Enclosure to despatch No. 2052 dated May 5, 1944 from the American Embassy, Asuncion, Paraguay

TRANSLATION

POSELSTWO  
RZECZYPOSPOLITEJ POLSKIEJ

Buenos Aires, April 25, 1944

Mr. Minister:

By order of my Government, I have the honor to address Your Excellency and to submit to your elevated judgment the following:

The magnanimous attitude taken by the Paraguayan Government with respect to a certain quantity of Polish israelites, holders of Paraguayan passports, interned in German concentration camps (Note of His Excellency, the Minister of Foreign Affairs and Worship, Dr. Luis A. Argana, directed to the undersigned, No. D.A.C. y L. - 2., dated January 3, 1944), made it possible for the above-mentioned to enjoy up to the present security conditioned by the possibility of accrediting that they belonged to Paraguay. However, the situation of these same persons tends to worsen as the war enters its climactic phase.

Through neutral elements, it has been learned that the German authorities ordered the deportation of a part of the foreign nationals interned in the concentration camp at Vittel, making it known at the same time that the foreigners interned who accredit their South American nationality will remain recognized as foreigners only in the case that the respective American republics consent to exchange them against German citizens resident in the same republics. If not, these persons will stop enjoying the treatment accorded to foreigners, which, since they are hebrews, is equivalent to their extermination.

The Government of Poland is in possession of an exact report that in the concentration camp at Vittel, there are about fifty persons, including minors, and in the camp at Compiègne, one, with Paraguayan documents. Their names are attached to this Note.

Adducing humanitarian concepts, the Government of Poland recurs again to the accustomed generosity of the Paraguayan Government, soliciting with the greatest attention, that Paraguay be disposed to study the possibility of including the internees in question in the list of persons that Your Excellency's Government would be disposed to exchange with German Government, against a number of German citizens and other foreigners, as indicated by the German Reich.

- 2 -

The Polish Government realizes the difficulties which would be met in the exchange alluded to; however, in the actual political moment, the simple indication of persons susceptible to exchange would be able without any doubt to strengthen the state of security of the same.

In the event the exchange is made, the internees in question would not necessarily have to be accepted into the territory of the Republic of Paraguay, as they have permits to enter into Palestine. Having confidence in the unchangeable humanitarianism of the Paraguayan Government, in the presence of which only impediments of a superior order could place obstacles before a gesture such as forms the object of the present earnest petition, I take this opportunity to reiterate to you, Mr. Minister, the assurances of my most high and distinguished consideration.

MIROSLAW ARCISZEWSKI

List of persons with Paraguayan documents interned in the concentration camp at Vittel.

1. Josef FRAENKEL and wife Paula or Perl FRAENKEL.
2. Alexander FRAENKEL, wife Jochwet FRAENKEL, and children Ruda, Matel o Mata, Leibusch, Pinkas.
3. Mathilde FRAENKEL and daughter Doris or Debora.
4. Mendel FRAENKEL and wife Rose.
5. Schabse or Sami RAPAPORT, wife Gitla or Guta, and children Matel and Estera.
6. Israel RAPAPORT, wife Dewora, and son Jacob.
7. Chajim-Leib BERGLAS and wife Alta.
8. Abraham WEINGORT, wife Mathilde, and daughter Rosa.
9. Leo-Osias WEINGORT and wife Estera.
10. Samuel or Sami WOLF, wife Rosa, and children Saul, Leo and Erna.
11. Jacob RAPAPORT and daughters Anna and Rosa RAPAPORT, and her son or daughter.
12. Saul RAPAPORT and wife Mina.
13. Jacob RAPAPORT, wife Rywka-Lea, and children Abram, Hirsch, Majer and Izchok.
14. Simon or Symche RAPAPORT.
15. Aron RAPAPORT and wife Rywka.
16. Josef LIEBER, wife Frymeta, and children Henryk and Frajdla.
17. Szyja or Szaja EISENZWEIG and family.

Interned in the concentration camp at Compiègne

18. Josef RAPAPORT.

CABLE TO MINISTER NORWEB FOR DEXTER, LISBON

Reference your WRB No. 6 of April 25.

1. Department has requested Ambassador Hayes and Vatican through Tittman to approach Spanish government with an urgent plea for the recognition and evacuation of the Spanish nationals interned in Greece. On other occasions as you doubtless know such recognition has been effective in procuring the release of Sephardic Jews in France and elsewhere in Axis territory.

The Spanish government has been given our assurances that funds will be available for the support in Spain of such of these persons as may be evacuated to Spain and that prompt action to effect their departure from Spain to other places of refuge will be taken.

2. You are requested to approach appropriate Portuguese officials with a view to enlisting the aid of the Portuguese government in the rescue of those of the persons in question claiming Portuguese nationality, and to urge immediate action.

We suggest, accordingly, that the Portuguese government advise German and other authorities in Greece that upon the assurance of a claim to Portuguese nationality the claimant is to be extended all the rights, privileges and immunities of a Portuguese national unless and until after investigation the Portuguese government advises such authorities that it has rejected such claim. The Government of the United States has taken a similar position with respect to refugees within German-controlled areas claiming American citizenship. We further suggest that, in view of the dire consequences of adverse determinations of such claims at this time, the Portuguese government postpone making adverse determinations in such cases until after the termination of the war.

Should it prove necessary for the protection of the persons concerned, to evacuate them to Portugal, it is hoped that the Portuguese government will facilitate such evacuation in every way. In connection with such evacuation and if in your discretion this seems advisable, you may give to Portugal assurances similar to those given to Spain regarding the maintenance of such of these claimants as may have to be evacuated to Portugal and regarding prompt action to effect the departure from Portugal to other places of

- 2 -

refuge of all those among these evacuees whose claims to Portuguese nationality will have been rejected.

In the light of the above assurances, please impress upon the Portuguese government the extreme urgency of acquiescing in our requests and of acting upon them without delay. You should impress upon Portuguese 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 Portugal from acquiescence in our requests, we trust that the Portuguese authorities would wholeheartedly cooperate with our efforts to save these people.

The above is being repeated to Tittman and he is requested to obtain Vatican cooperation in this matter.

3. You may inform Schwartz of the foregoing, and also that we continue urging upon Turkey a program for the rescue of the Turkish nationals in France along similar lines.

THIS IS WRB LISBON CABLE NO. 15

\*\*\*\*\*

May 5, 1944  
9:15 a.m.

RLSmith:BA:LSL:JEDuBois/jp

5/4/44

## ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington  
TO: AMLEGATION, Lisbon  
DATED: May 5, 1944  
NUMBER: 1265

## CONFIDENTIAL

Please deliver the following message to Minister Norweb, Lisbon, for Dexter, War Refugee Board Representative, from J. W. Pehle.

Following discussions with Mr. Joy, and in the interest of simplifying accounting, arrangements have been made for the Embassy to pay you full-time salary of sixty-five hundred dollars per annum effective as of date you entered on duty as War Refugee Board Special Attache. Unitarian Service Committee has granted you indefinite leave of absence for this purpose and we assume you have no objection to this arrangement.

THIS IS WRB LISBON CABLE NO. 12

HULL

## ORIGINAL TEXT OF TELEGRAM SENT

FROM : Secretary of State, Washington  
TO : AMLEGATION, Lisbon  
DATED : May 5, 1944  
NUMBER : 1270

SECRET

From War Refugee Board to Norweb for Dexter  
Reference your WRB 8 of April 26.

Please deliver following message to Philip Conard  
from the American Friends Service Committee:

"Clarifying our position various projects affecting  
French relief Stop Stress urgency prompt shipment food  
supplies from Portugal recently licensed for children in  
France Stop Inadequately informed details project bring  
French children temporarily Portugal Stop Considering  
grave plight refugee children France believe other groups  
projects to rescue these children take precedence over  
temporary care French children Portugal"

THIS IS WRB LISBON CABLE NO. 11 HULL

MFG-32

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

Lisbon

Dated May 5, 1944

Rec'd 8:12 p.m.

Secretary of State,

Washington.

1354, May 5, 10 a.m.

Reference Department's 1208, April 29 and my 1327, May 2  
regarding assignment Eleanor Widen. In reconsidering matter emphati-  
cally recommend maximum salary and allowances do not exceed \$3100 to  
correspond to that of women now employed by mission. Remuneration of  
\$4500 excessive and out of proportion to that of employees performing  
similar duties and responsibilities.

NORWEB

WSB  
NPL

EJ-38

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (8009)

Lisbon

Dated May 5, 1944

Rec'd 8:50 A.M.

Secretary of State,

Washington,

1355, May 5, 11 a.m.

WEB 20. FOR LHAVITT JOINT NEW YORK FROM SCHWARTZ

Salymayer reports connection Budapest resumed. Under date April 25 Budapest says no immediate danger life or group evacuation. Think payment \$200,000 may stop deportation and even allow some departures for safer countries. Believes 600 children possess Hungarian permission depart fro Istanbul immediately when water transport secured. It is belief local community that formal statement from United States that American visas available to children and adults might help. Fearing what might happen some have gone to Rumania and Slovakia where for moment situation little easier. Relief amounting to 400,000 Swiss francs remitted within ten days previous to report. Our credit plan still functioning, extent unknown. Munkarp neighborhood especially bad exceptional plans being made. Salymayer asks monthly allocation be sent him at once.

HORNEB

WEB  
KIP

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm  
 TO: Secretary of State, Washington  
 DATED: May 5, 1944  
 NUMBER: 1583

CONFIDENTIAL

ATTENTION OF WAR REFUGEE BOARD, OUR NO. 7.

The following message has been received from the Shanghai agent of the Joint Distribution Committee by Rabbi Wolbe:

Owing to difficulties of raising sufficient funds, the local Joint position is most desperate. It is immediately desirable that arrangements be made to pay Swedish kroner to Stockholm's Enskilda Bank for the account of Banque Indo-China Shanghai up to 110,000 kroner, which are actually the requirements for one month. Money should be placed at disposal of C. Brahn, 133 Yuen Minguen Road, and we ask that this request be made to the Stockholm bank. Brahn is Chairman of the local Joint and we submit this for your information. Please telegraph possibilities promptly and immediately.  
 Signed Brahn.

I have suggested to Wolbe that while this matter is being considered he cable Brahn and inquire whether, against guaranteed credits, he is not able to borrow funds locally.

Vaadha Hazalah of the Emergency Committee received from Rabbi Wolbe the following:

Regarding Lithuania I have received some information. There were still 9,000 in ghetto at Kaunas and 2,000 in ghetto in Siauliai in January. Further information is awaited as to whether there are still rabbis and scholars among them. Secure permits to enable immediate transfer when required and please keep larger amount ready. We must keep strictly confidential any information regarding this support.

JOHNSON

## ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington  
TO: AMLEGATION, Bern  
DATED: May 5, 1944  
NUMBER: 1568

SECRET

The War Refugee Board requests that you deliver the following message to Gerhard Riegner, 37 Quai Wilson, Geneva, Switzerland:

QUOTE Easterman and Rubenstein cable re Vittel that they have been in close contact with Red Cross who have reassured them concerning position which they are carefully watching. Please contact Red Cross and forward all information available. World Jewish Congress Leon Kubowitzki  
UNQUOTE

THIS IS WRB CABLE TO BERN NO. 14

HULL

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Ankara  
TO: Secretary of State, Washington  
DATED: May 5, 1944  
NUMBER: 815

SECRET

THE AMBASSADOR TRANSMITS THE FOLLOWING MESSAGE  
FOR THE ATTENTION OF WRB.

Reference is made herein to the Department's no. 388 (WRB's 33), dated May 3.

It is with regret that I must inform the Board that our offer to change the destination of the SS TARI from Haifa to a Turkish port, which was communicated to the German Government, has not thus far been productive of results even though this offer was made some time ago. Apparently Simond's belief was unfounded, that such a proposal would expedite the granting of a German safe conduct.

I do not anticipate any great difficulty in transporting the refugees who might arrive on the TARI at a Turkish port to Palestine and this will be borne out by my discussion of the matter with Barlas as will be seen by the Board from my 795, May 2, Ankara 51. If and when they arrive, I should regard it as inadvisable to approach the Turkish authorities with a request to transport this particular group of refugees from a Turkish port to Palestine by rail when they can be transported by coastal schooners at this season of the year. The agreement of the Turkish authorities to transport these 1500 refugees by rail would of necessity interfere with and probably reduce the movement by rail of the refugees arriving on so-called illegal boats in Istanbul. We doubt Austrian's opinion that railroad facilities in Turkey are sufficient to enable the transportation of many more refugees than are presently being accommodated from Istanbul across the country, was based on conditions prior to his departure from Istanbul. As the Board has been informed, since Austrian's departure, the Minister for Foreign Affairs has agreed to provide transportation for

-2-

a considerable additional number of refugees arriving on so-called illegal boats and in less than two months, in addition to the regular movement, has thus far accommodated approximately 900 refugees. The fact that there are only two trains weekly from Istanbul to the Syrian frontier, which require approximately forty-eight hours to cover the 1,000 miles on the single track lines, must be taken into consideration in connection with the possibilities of transportation in Turkey and must not be measured by American transportation standards. The movement of cars (\*) to each train is limited by the poor condition of locomotives and the haul over the Naurus mountains. The Turkish transportation system is acutely short of rolling stock in addition to the above handicap. The opinion of Austrian that the situation is simply whether or not the Turkish Government is disposed to make available additional transportation facilities, is not, therefore, agreed to by me. The question is much less the disposition of the Turkish Government, which continues to be most cooperative, than the number of cars and locomotives available and particularly the condition of the locomotives. The single track line already is carrying four times its pre-war load, therefore, the number of refugees that can be transported over this line must be examined in the light of the maximum total passenger and freight movement and not in the light of the number of refugees who have to be transported.

Even though I may have to secure permission to house some of the refugees temporarily at the port of arrival in order to permit of a gradual and orderly movement, should the TARI disembark 1,800 refugees at a Turkish port and should it be found impossible to transport all of them to Palestine by coastal schooners, I have little doubt that I will be able to make the necessary arrangements with the British authorities to transport the excess number by rail.

REINHARDT

\*Omission

## CORRECTION

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMEMBASSY, ANKARA  
TO: Secretary of State, Washington  
DATED: May 5, 1944  
NUMBER: 815

In lines 3 and 4 of page 3 of this message delete "The movement of cars (\*)d" and insert the words "The number of cars that can be attached". The lines should read "American transportation standards. The number of cars that can be attached to each train is limited by the poor condition".

FOR THE PERSONAL ATTENTION OF AMBASSADOR HARRIMAN FROM THE WAR REFUGEE BOARD

Please refer to your 1417 of April 24, 1944.

The War Refugee Board is cognizant of your efforts in its behalf with the Soviet Government and is deeply appreciative of the time and attention which you have given to its problems. The suggestion of the Board outlined in its No. 978 of April 20 that a special attache for refugee matters be appointed was in no way intended to convey the impression that Board matters had not been promptly and efficiently handled. On the other hand, the Board desires to send a representative to Moscow merely to assist you in these matters. Such representative would of course be familiar with the organization of the Board, its objectives and its efforts in the various areas with which it is concerned. It is thought that such representative could be of some assistance to you in comparing and evaluating the efforts of this Government and the Soviet Government in the refugee field. It was not and is not envisaged that any such representative would deal with representatives of the Soviet Government except insofar as you directed him to do so in assisting you. The Board strongly desires that its negotiations with the Russian Government be kept on the present high level namely your dealing personally with Molotov and Vashinski.

The Board's suggestion in the abovementioned No. 978 that Mr. Robert J. Scovell be appointed was based upon his knowledge of Russia and the fact that he was acquainted with you. If for any reason you would prefer some person other than Scovell to assist you in refugee and related matters please do not hesitate frankly to express yourself to that effect.

The Board would appreciate receiving your comments at the earliest practicable date.

\*\*\*\*\*

May 5, 1944  
5:20 p.m.

JHMann:db 5/5/44

CABLE TO HAROLD H. FITTMAN, VATICAN CITY

Department reliably informed that a small group of Jews in Greece claiming Portuguese nationality is in danger of deportation unless Portuguese government intervenes.

Accordingly, Department cables Minister Norweb at Lisbon as follows:

QUOTE You are requested to approach appropriate Portuguese officials with a view to enlisting the aid of the Portuguese government in the rescue of those of the persons in question claiming Portuguese nationality, and to urge immediate action.

We suggest, accordingly, that the Portuguese government advise German and other authorities in Greece that upon the assurance of a claim to Portuguese nationality the claimant is to be extended all the rights, privileges and immunities of a Portuguese national unless and until after investigation the Portuguese government advises such authorities that it has rejected such claim. The Government of the United States has taken a similar position with respect to refugees within German-controlled areas claiming American citizenship. We further suggest that, in view of the dire consequences of adverse determinations of such claims at this time, the Portuguese government postpone making adverse determinations in such cases until after the termination of the war.

Should it prove necessary for the protection of the persons concerned, to evacuate them to Portugal, it is hoped that the Portuguese government will facilitate such evacuation in every way. In connection with such evacuation and if in your discretion this seems advisable, you may give to Portugal assurances similar to those given to Spain regarding the maintenance of such of these claimants as may have to be evacuated to Portugal and regarding prompt action to effect the departure from Portugal to other places of refuge of all those among these evacuees whose claims to Portuguese nationality will have been rejected.

In the light of the above assurances, please impress upon the Portuguese government the extreme

- 2 -

urgency of acquiescing in our requests and of acting upon them without delay. You should impress upon Portuguese 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 Portugal from acquiescence in our requests, we trust that the Portuguese authorities would wholeheartedly cooperate with our efforts to save these people.

The above is being repeated to Tittman and he is requested to obtain Vatican cooperation in this matter. UNQUOTE

Please express to the appropriate officials of the Holy See our hope that the Holy See will cooperate with us in this humanitarian task by urgently supporting in Portugal our steps now detailed to you.

Kindly advise the Department of all developments in this matter.

\*\*\*\*\*

May 5, 1944  
9:15 A.M.

RLSmith:BA:LSL:JEDaBois/jp 5/4/44

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTEL No. 144

Information received up to 10 a.m., 5th May, 1944.

1. NAVAL

MEDITERRANEAN. 1st/2nd. Coastal forces sank 3 large lighters off BRAC on Dalmatian Coast.

3rd. A U.S. Destroyer was torpedoed off BOUGIE and taken in tow. 2 Italian destroyers have bombarded enemy in town and harbour of BAR, West of SCUTARII.

ANTI-SUBMARINE OPERATIONS. 3rd. U-boat scuttled near shore off CAPE GUARDAFUI following attack by Wellingtons. Party landed to round up survivors.

4th. 1 U-boat probably sunk by Wellingtons in Bay of Biscay. Survivors in sea.

2. AIR OPERATIONS

WESTERN FRONT. 3rd/4th. 1,500 tons dropped on military depot at MAILLY-LE-CAMP. 5 enemy aircraft shot down by bombers.

4th. 48 fighters dropped 103 tons ALKMAAR airfield; supporting fighters destroyed 9 enemy fighters for loss of 2 fighters.

207 bombers attacked coastal defences and 61 medium and fighter-bombers attacked military objectives in Northern FRANCE. A Mosquito destroyed 4 H.E. 111 over DIJON. Off CHERBOURG Beaufighters sank an E-boat and damaged a minesweeper.

4th/5th. 32 aircraft operated over GERMANY and 20 laid sea mines.

ITALY. 2nd. 292 bombers and fighter bombers attacked railway and other targets. Lightnings destroyed 10 enemy aircraft.

BURMA. 28 medium bombers attacked KALEWA.

NOT TO BE RE-TRANSMITTED

Copy to \_\_\_\_\_ 11

SECRETOPTEL No. 145

Information received up to 10 A.M. 6th May 1944.

1. NAVAL

Convoy of 44 ships from North RUSSIA has arrived in home waters. One ship was sunk by U-boat - reference OPTEL 139.

Mediterranean On 2nd/3rd. one of H.M. Cruisers bombarded town and harbour RHODES. French destroyers bombarded KOS harbour. In ADRIATIC destroyers shelled coastal road near MAITIKA and Italian destroyers engaged E-boats and shore batteries South of BAR.

Between 19th/21st One of H.M. S/M's sank three caiques in the AEGEAN. The U-boat which torpedoed a U.S. Destroyer off BOUGIE and later torpedoed a French Destroyer was sunk by Allied Destroyers on 4th. Captain and 48 prisoners taken. Early this morning ships of the send escort group sank a U-boat in mid-Atlantic; survivors were picked up.

2. AIR OPERATIONS

Western Front 5th. 120 tons dropped on railway centres and 70 on military constructions in France. Fighters destroyed 4 enemy aircraft in the air and four on the ground for loss of one.

5th/6th. 28 aircraft laid sea mines.

Italy 2nd/3rd. 26 enemy bombers attacked bridgehead; anti-aircraft fire shot down six.

3rd. Bridges in ORVIETO and SAN REMO areas bombed- 175 tons

4th. 125 tons dropped on railway objectives.

Rumania 3rd/4th. 54 tons dropped on BUCHAREST

TREASURY DEPARTMENT

11 0 11 E 1944

May 6, 1944  
10:08 a.m.

HMJr: Hello.

Operator: Doughton.

HMJr: Hello.

Robert  
Doughton: Hello.

HMJr: Bob, you're quite a fellow.

D: Thank you, Henry. How are you?

HMJr: I'm all right. My golly, you get these things through unanimously.

D: Yeah, got it through without opposition. I reckon that's something that's never been done before in the history of the Congress with a tax bill.

HMJr: No, I think that's a great personal triumph for you.

D: Oh, well -- no, not at all -- it's for the staffs and the Committee and all concerned.

HMJr: Yeah. Well, I think it's wonderful.

D: I think your people are entitled to just as much credit for what's in there as anybody.

HMJr: Well, we tried to be helpful.

D: Oh, you were helpful, very helpful.

HMJr: Well.....

D: The spirit was fine; the help was efficient and everything was all right.

HMJr: Well, I'm delighted.

D: Yeah. Well, I am, too. I'm just happy over it.

HMJr: Yeah.

D: I thank you for calling.

HMJr: Well.

D: Say.

HMJr: Yeah.

D: One matter that ....

HMJr: What's that?

D: A matter that's coming up that may give us some concern that I've -- I've written down there -- sent down for a report but -- might need your attention -- that's this protest that's coming up about increased taxes on cabarets, you know.

HMJr: Oh, yeah.

D: If it's putting them all out of business and if so -- all the small ones especially, why it will, of course, decrease revenue. Have you had that looked into?

HMJr: Well, they've talked to me some and they tell me that the history they've had up in Canada, as I understand....

D: What's that?

HMJr: They tell me that up in Canada, the first thirty days it fell off but then it came back.

D: Uh huh.

HMJr: And it's going strong as ever.

D: Uh huh. It may be just a bluff, you know, they're putting up to get it reduced.

HMJr: But if you -- if our boys haven't let you have what we've got on Canada, I'll get that up to you right away.

D: Yeah, I wish you would. And see what you think about what reports have come in....

HMJr: Right.

D: And, of course, if we're losing revenue and putting the small operators out of business and laying up the worst ones, why it might need looking at.

HMJr: Yeah.

D: Well, we're expecting you to come up -- I reckon Mr. Bell or somebody -- about the increase in the debt limit Monday, you know.

HMJr: Good. Good.

D: All right.

HMJr: I'll look into this cabaret stuff but -- and I'll see what our men have got on it.

D: Fine. I thank you for calling, Henry.

HMJr: Thank you.

D: Thank you again and again.

HMJr: Good bye.

## MEMORANDUM

AA

TO: Secretary Morgenthau  
FROM: Mr. Surrey ✓  
SUBJECT: Cabaret Tax

May 6, 1944

The Committee on Ways and Means has requested a report from the Treasury Department on Mr. Knutson's bill to reduce the cabaret tax from 30% to 10%. (One other bill proposes a 5% rate.) A report is being prepared along the following lines: The tax has been in effect for only a short period of time; as a consequence the Treasury does not have adequate information as to the effect of the 30% rate; under these circumstances it is believed that no change should be made until there is available information as to the actual operation of the tax which is sufficiently reliable to serve as the basis for any recommendation.

The essential considerations bearing upon this general situation are as follows:

1. History - The Treasury in 1943 recommended a 30% tax on cabarets along with a 30% tax on admissions generally. The House adopted a 30% tax on cabarets with a 20% tax on admissions. The Senate adopted a 20% tax on cabarets and admissions. The bill as finally enacted contained a 30% tax on cabarets and a 20% tax on admissions. The rates prior to the 1943 Act were 5% on cabarets and 10% on admissions.

2. Developments Since The Increased Tax Went Into Effect - The 30% rate became effective on April 1. The two main developments in the trade since that date appear to be: One, some reduction in business and, Two, adjustments in operation designed either to remove a particular place of business from the coverage of the tax or to reduce the amount of the customer's bill to

- 2 -

which the 30% is applicable. Such adjustments include discontinuance of entertainment entirely so that the restaurant or hotel is not classified as a cabaret, segregation of entertainment in part of the establishment so that the receipts, generally from food or drink, of the remainder of the establishment are not subject to the tax, and postponement of entertainment until later in the evening so that the tax will not apply to the dinner trade.

The Bureau of Internal Revenue does not have accurate information as to the effect of these developments. The returns for the month of April, the first month the increased rate was in effect, are not due until the end of May. The Collector of one of the New York districts has been requested by the Commissioner to make a partial survey of the effect of the tax but is not expected to submit a report until about May 12. It should be noted that many in the trade expected that a drop in business would occur immediately after the increased rate went into effect but that within a month or two conditions would again stabilize at about the same level of business as existed prior to the increase in the tax.

3. Canadian Experience - Canada now has a 25% tax on cabarets. A recent check with the Canadian authorities indicates that this rate has not had a restrictive effect on this business.

4. Revenue Considerations - It was estimated that the 30% rate would yield 97 million dollars. This estimate took account of some trade adjustments and loss in business. It is too early to ascertain what will be the actual revenue yield from the higher rate. A reduction to 10% would produce an estimated decrease of about 56½ million dollars.

May 6, 1944  
10:15 a.m.

APPOINTMENT WITH SECRETARY HULL

Present: Mr. White  
Mr. Pehle  
Mrs. McHugh

H.M.JR: This first part interests you (to Mr. White), but doesn't concern you.

Mr. Pehle and I went to see Mr. Hull and we brought up this memorandum. I haven't got copies of it, you see.

Will you tell what happened?

MR. PEHLE: Mr. Hull read the memorandum and its attachment rather carefully, and it was pointed out to Secretary Hull that the memorandum contained a full statement in Mr. Stimson's words of his views, and also indicated that Secretary Morgenthau recommended to the President that the appropriate Members of Congress be consulted before any action was taken.

Mr. Hull said that he was in agreement, and the same statement should be made with respect to his position. He also said that the memorandum should include a statement that the Board had agreed that the matter should be presented to the President.

Secretary Hull then attempted to reach Secretary Stimson in order that there might not be any misunderstanding with respect to the matter. Secretary Stimson was out of the city, and it was agreed that Secretary Hull would call Secretary Stimson Monday morning, at which time, presumably, the memorandum will be signed.

Secretary Hull also indicated that he had heard of the "free port" matter.

- 2 -

H.M.JR: Then I stayed behind.

MR. WHITE: What matter?

MR. PEHLE: Free port matter.

H.M.JR: I stayed behind and he said that Jesse Jones told him yesterday, and tied it up with the conversation with Jesse on the phone, that he had written not only to me but to Crowley and to Hull on this matter of the Netherlands' loan, and Hull said, "I have had no communication from Jones. I haven't received any."

MR. WHITE: Hull said that?

H.M.JR: Yes, so I said, "Well, do you want to read my memorandum to the President?" And his answer - both before and during, he kept saying over and over again, "Well, the Russians want to buy ten thousand locomotives here. I don't know whether they already have or haven't. They are going to tie up all our locomotives. How do we know we will have enough for ourselves? Maybe we will even have to give them some of our own locomotives."

He said, "There is some Committee on it." He kept repeating it.

So I said, "Now, wait a minute, Cordell; I am not talking about a loan to the Russians, but a loan to the Netherlands."

He said, "I know, I know; but the Russians want two billion dollars."

MR. WHITE: Two billion?

H.M.JR: Two billion. So he said, "How do we know they can have the stuff? They want to tie all this stuff up."

So I said, "What Committee? Who is in charge?"

- 3 -

He said, "I don't know; there is some Committee working on this thing."

Then he read this, and he said, "Well, the President is evidently for a loan to the Netherlands."

I said, "No, I wouldn't say he is for it, but he wants to talk about it."

So I said, "Don't you think there is some Committee - don't you think we ought to have some meeting before we see the President?"

"No," he said. "There is plenty of time to talk it out in front of the President."

So again I said, "Do you know what Committee it is?" He said no. So I said, "Look, Cordell, I am going to send you copies of this, anyway." So then I said--

(To Mrs. McHugh) You know, sometime about six months ago - I don't know what the date was. You might let me know.

..."I asked about this and you told me you agreed with me this was no time to do the thing."

He said, "That is right. I have only got about a fifteen percent interest in this thing."

So I said, "Then I wrote the President a long memorandum. I never heard from him. I took the fact that I didn't hear from him that he was willing that we didn't make any loan."

Well, the thing that seemed to be bothering him the most is this loan to Russia.

(To Mrs. McHugh) Let me dictate a letter to you to Secretary Hull.

- 4 -

Then I said to him that I was very much pleased with the very strong telegram he sent to the Argentine. Then he made some remark about the two countries, or something, that just didn't make any sense to me. I don't know what it was. I don't understand it. He added that four days ago he saw the British Ambassador on the Argentinian matter.

During the morning I had to ask him two or three times to repeat things because I didn't understand what he was saying. So I don't know what his comments were.

I said I was looking forward to what the answer was. Then I said, "I just want to let you know that on this World Monetary Conference, Dean Acheson has been most helpful."

He said, "Yes, he is a very good man."

Then he said to me that Stimson isn't looking at all well. Stimson has such a burden to carry with this coming invasion, but that he (Hull) doesn't know anything about him.

Then he said to me, "I hear the President is getting back tomorrow."

I said, "Yes, that is right."

He said, "I don't know where he is," so I proceeded to tell him. But before that he said, "I understand he is looking fine." Now, somebody had been in to see Hull and told him the President was looking fine, and I don't believe Hull doesn't know where the President is. Why did he tell me he didn't know? I don't know what was the purpose. It is one of Hull's many idiosyncrasies.

MR. WHITE: Has Stettinius gone down to see him?

H.M. JR: We will find out.

Then I said, "Look, Cordell, I want to ask you something. If you don't want to answer, you don't have to."

- 5 -

Is Turkey going into the war? I have heard on the outside that she is."

He said he didn't know.

I said, "There is a fifty-fifty chance."

He said, "I don't think they are going to make up their mind until they see what success we have in the coming invasion."

What Committee is sitting on this Russian business?

MR. WHITE: To my knowledge, there is no Committee, but we have been kept informed, and we have been also asked for our approval with respect to the rates.

You remember, the President in his letter to Hull, approved a memorandum which the State Department had sent about the loan, in which was contained the statement that, "Of course, we will advise with the Treasury Department on matters of terms of the loan," and you remember, I spoke to you, and it was your suggestion that the charge be approximately the carrying cost of the debt.

The thing is now being brought to a head. In fact, I just sent in a memorandum last night bringing you up to date on the negotiations. It is about to be signed, and it is the Lend-Lease arrangement.

H.M.JR: Well, look, I won't do it now. I am tired. But you tell me about it.

MR. WHITE: To my knowledge, there is no Committee except the informal group of FEA, State Department, and Treasury - Lend-Lease is FEA - who were consulted, and who had a part in the negotiations which are supposed to be a part of the Lend Lease arrangement.

H.M.JR: You tell me about it again some other time.

May 6, 1944

My dear Cordell:

I am sending you herewith, for your eyes only, copy of a telegram which I sent to the President, and copy of his reply.

Yours sincerely,

(Signed) Henry

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

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.

FILE COPY

- 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.

HDW/jm 5/2/44

FILE COPY

THE WHITE HOUSE  
WASHINGTON

3 May 1944

MEMORANDUM FOR:

The Secretary of the Treasury

The following message from the President was received in the White House Map Room this date:

"From the President for Secretary Morgenthau.

"Replying to your message of May 2nd, paragraph 4, please take no action until we have an opportunity to talk over the problem.

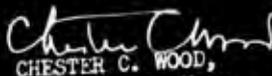
"I am inclined to believe that granting a loan to Holland on good security in this country to be used for purchase in America of reconstruction materials would not establish an undesirable precedent.

"American industry in the post-war period may probably need all the foreign orders that can be safely accepted in order to benefit employment and dispose of surpluses.

"From information now available to me it appears that the implied threat can be ignored.

"In view of the above, I should like to have us both give further consideration to the matter presented in your message and also talk with State."

Respectfully,

  
CHESTER C. WOOD,

Captain, U. S. Navy,  
Assistant Naval Aide to the President.

~~31~~

**TREASURY DEPARTMENT**

**INTER OFFICE COMMUNICATION**

DATE

TO Secretary Morgenthau

FROM Joseph J. O'Connell, Jr.

May 6, 1944

For your information

1. This morning's ticker item referring to SKF is substantially correct, although how "probable" it is that the Swedish Company will be blacklisted is not clear at the moment.

A week ago a crew of Foreign Funds Control investigators went into the offices of the domestic affiliate of the Swedish Company, as well as the offices of Brown Brothers Harriman and commenced an investigation of the affairs of the Company. From that time on all transactions with the Swedish Company may be entered into only pursuant to specific licenses, and no remittances of royalties, dividends, etc., are being permitted for the time being.

This move was reported to you in a memorandum dated April 29, a copy of which is attached.

Whether the Swedish Company will be put on the blacklist depends, in part at least, on the outcome of the investigation.

2. I am informed that the negotiations looking to a new Trade Agreement with Switzerland are being carried on primarily by the State Department, and we have little or no first hand information about them. My understanding is that we are being consulted with respect to financial matters.

Enclosure

*J. O'Connell*

DOFY

Secretary Morgenthau

April 29, 1944

Messrs. White and O'Connell

Yesterday morning representatives of the Treasury Department participated in a meeting held by representatives of State, Justice, FEA, War, Navy, and the APC, in Dean Acheson's office to consider steps which should precede or accompany the forthcoming negotiations with Sweden, in order to impress the Swedish Government with our determination that exports to Germany of Swedish ball bearings, steel, and other vital materials must cease. The Swedes will apparently be requested to embargo exports of strategic materials to all foreign countries (including Great Britain and the United States) which would, of course, have little effect upon any country except Germany.

The first point considered was the desirability of conducting an investigation on the premises of SKF enterprises within the United States and of Brown Brothers Harriman (which handles the financial interests of SKF in this country). The investigation would be conducted not only for the psychological effect it would have on SKF, Sweden, and the Swedish Government, but also because information presently available indicates that as much as 30 per cent of the stock of SKF, Sweden, may be owned in Germany. It was agreed that such an investigation should be begun immediately and that Treasury, Justice, and the Alien Property Custodian would participate. This morning our investigators actually entered the premises of SKF Philadelphia, SKF Steel, New York and Brown Brothers Harriman, and began the investigation. It was also agreed at the meeting yesterday that pending the outcome of the investigation all transactions on the part of SKF with Sweden should be handled by specific license and that remittances of royalties, dividends, profits, etc. should not be permitted. The State Department is also requesting the British to immediately undertake a similar investigation on the premises of the SKF enterprises in England.

The discussion then turned to a consideration of additional ways, not inconsistent with our War Trade Agreement with

2.

Sweden, of bringing pressure to bear on Sweden during the negotiations. Treasury representatives pointed out that once the basic determination had been made that pressure should be applied, numerous steps could be taken under Treasury powers, such as revocation of the Swedish general license or the exclusion from the license of various categories of transactions. Some consideration was given to the desirability of revoking the Swedish general license immediately, but State was reluctant to take this step before the negotiations are resumed. It was agreed, however, that measures short of the complete revocation of the general license might be taken and Treasury was asked to prepare a list of such steps.

Arrangements are now being made to begin the investigation of SKF and the list of suggested pressures is being prepared. You will be kept advised of further significant developments.

Dow-Jones

TICKER NEWS  
9:55 a.m.

May 6, 1944

## ECONOMIC WARFARE

Washington -INS- Placing the famous SKF Ballbearing Company on America's black list was revealed today to be a probable next step in bringing Sweden into line with the Allies and putting a stop to shipments of ballbearings to Germany.

Economic warfare experts declared today:

"A very active investigation is under way. We are examining fully the industrial structure of SKF, which has 40 subsidiary companies throughout the world, to determine the extent of German interests in the company."

Washington -AP- United States has taken another step toward plugging up the channels of vital war goods flowing to Germany. Negotiations are in progress to reduce Switzerland's exports to the Nazi.

The talks are being held in London between delegations from Switzerland and this country and have already been underway for several weeks.

Expected result is a new trade agreement with Switzerland to take the place of an interim pact signed last December.

Switzerland sends the Nazis fuses, chronometers, precision instruments and a small quantity of ballbearings. The strategic importance of these products is quite disproportionate to the amount sent, since they require highly skilled workmen and top quality materials, both extremely short in Germany today.

Switzerland cut those exports by more than half when the December agreement with the United States was negotiated, and further reductions are now being asked in line with the Allied policy of blocking every possible German channel of highly strategic war supplies. The United States is also asking a cut in credit extended to Germany by Switzerland.

In return, Switzerland is requesting increased supplies from this country, mainly food, cotton and TNT.

May 6, 1944

Dear Dean:

This is to acknowledge receipt of your letter of May 5th, with which you enclosed copy of a letter from the Combined Chiefs of Staff and paraphrase of Cable No. 741.

Thank you very much for sending me this information.

Sincerely yours,

(Signed) Henry Morgenthau, Jr.

Honorable Dean Acheson,  
Assistant Secretary of State,  
State Department,  
Washington, D.C.



DEPARTMENT OF STATE  
WASHINGTON

May 5, 1944.

PERSONAL AND SECRET

Dear Henry:

In accordance with your request this morning, I am enclosing a copy of the letter of May 4 from the Combined Chiefs of Staff dealing with economic sanctions against Argentina. This is the conclusion of the correspondence, the earlier portions of which were enclosed in my letters of March 13, 1944 and April 11, 1944.

I am also enclosing, as you requested, the paraphrase of the cable to the Embassy at Buenos Aires, No. 741 of May 5.

Would you please regard these as transmitted for your own personal information and use.

Sincerely yours,

*Dean Rusk*  
Assistant Secretary.

Enclosures:

Letter from Combined Chiefs  
of Staff, May 4, 1944.

Paraphrase of Cable No. 741  
of May 5, 1944.

The Honorable

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

FOR DEFENSE



BUY  
UNITED  
STATES  
SAVINGS  
BONDS  
AND STAMPS

157

PARAPHRASE OF TELEGRAM SENT

Secret

TO: AMEMBASSY, BUENOS AIRES  
FROM: Secretary of State, Washington  
DATED: May 5, 1944, 10 a.m.  
NO: 741

MOST SECRET

I am seriously considering the desirability of subjecting Argentina to a general Treasury freeze and the Secretary of the Treasury has again urged this step similar to the one which last January was proposed.

I have under consideration such a freeze which would be part of a program similar to that which was suggested in the latter part of your telegram of April 13, no. 970, of which the following steps might be included:

(1) The Treasury to make immediate announcement of a general Treasury freeze as last January was proposed utilizing the same general statement, the same terms and also conditions including private authorizations to banks and other financial institutions which would permit financial transactions connected with commercial transactions of an ordinary nature.

(2) The steps would include carrying forward also one by one some or all of the following steps over a period of a few months:

(a) As suggested in your 970 a tightening up on general exports to Argentina.

(b) In order that Argentina's position as a source of Britain's meat supply would be reduced we proposed diverting an occasional meat ship from the River Plate to the United States.

(c) The granting of licenses for Argentina to acquire petroleum products at Caribbean supply points would be reduced or eliminated.

(d) With regard to coal reduce the availability to Argentina.

It

-2-

It would be necessary of course to make public announcement of the Treasury freeze. Without any public announcement the other steps would be taken quietly and these would be spread over a considerable period rather than announced as a program of economic pressure. As each step was taken their effect would, of course, become known to Argentina.

I would like to have your views urgently on any possible repercussions in other American republics and I would appreciate your comments urgently by telegraph on the workability and on the desirability of such a program.

HULL

CS9904

C O P Y

-THE COMBINED CHIEFS OF STAFF  
Washington, 25, D.C.

SECRET

4 May 1944.

MEMORANDUM FOR: The Honorable Dean Acheson  
Mr. R. H. Hadow

Subject: Economic Sanctions against Argentina.

The Combined Chiefs of Staff have instructed that you be advised as to their point of view in the subject matter.

A careful study of the replies from the Combined Boards, received as a result of your recent inquiries with reference to the implication of economic inquiries with reference to the implication of economic sanction against Argentina, together with a study of other materials, has not served to convince the Combined Chiefs of Staff that the situation in this respect has changed from that expressed in their letter of 29 January 1944.

Irrespective of the effect upon civilian economies, any cessation of supply from Argentina of meat, wheat, fats, oils, leather, and quebracho, would have unfavorable military implications.

For the Combined Chiefs of Staff:

/s/ A. J. McFarland,  
A.J. McFARLAND  
Colonel, U.S.A.

/s; R. D. Coleridge,  
R. D. COLERIDGE,  
Commander, R.N.

Combined Secretariat.

SECRET

# TREASURY DEPARTMENT

140

INTER OFFICE COMMUNICATION

DATE May 6, 1944

TO Secretary Morgenthau

FROM Mr. White

*Information only*

Subject: United Kingdom - China Loan Agreement

1. You will recall that in the early part of 1942 when we were negotiating the \$500 million loan to China, the British were also contemplating making a loan of £50 million to China. The British-Chinese negotiations have been going on since that time because the Chinese proposals were not acceptable to the British who insisted that the sterling credits should be utilized for purchases made within the Sterling Area and only for the duration of the war.

Now, however, an Agreement between the United Kingdom and China (copy of which is attached hereto), whereby the United Kingdom will make a loan of £50 million available to China, was signed on May 2, 1944. In this Agreement it is explicitly provided that all purchases by the Chinese are to be made in the Sterling Area, and implicitly provided that the sterling loan is to be used by the Chinese only for goods which could reasonably be expected to arrive in time to serve war purposes.

2. The chief differences between the new Agreement and the proposal which the British outlined to the Chinese in May, 1942, are as follows:

- (a) In the former British proposal, parts of the £50 million were not specifically earmarked for the purposes for which the loan was to be used. Now, however, specific sums are allocated out of the £50 million for certain purposes. Thus, the United Kingdom is (1) to provide up to £10 million to secure an internal Chinese loan (although an increase in this amount is not excluded); (2) £10 million is to be provided during the war to the Chinese for printing bank notes in the Sterling Area; (3) £20 million is to be used for the purchase of goods in the Sterling Area for war purposes, and (4) the remaining £10 million is to be made available for purposes covered by the Agreement (these purposes were not specified).

- (b) In the former British proposal, no strings were attached to the provision that pound sterling be

- 2 -

made available for the purpose of securing an internal Chinese loan. In the Agreement as finally concluded, however, £10 million are to be used to secure an internal loan, but this credit is not to be used for sterling savings certificates.

- (c) In the agreement as contemplated in May, 1942, not only were all the purchases and services obtained in the Sterling Area to be previously approved by the United Kingdom, but the United Kingdom was to act as a paying agent for the Chinese Government. This provision is modified in the new Agreement, where the British apparently are to approve only those purchases in the Sterling Area, the payments for which fall due after the end of the war.
  - (d) In the former British proposal, the final determination of the terms upon which the financial aid were given was to be deferred by the Chinese and British until after the war. No provision of any sort is made concerning the terms of settlement in the new Agreement.
3. One further point is included in the new Agreement which is of interest, namely, that when the Loan Agreement was signed on May 2, 1944, the Chinese and British signed a Lend-Lease Agreement. This Lend-Lease Agreement was proposed in February, 1942 and although unsigned, has been in operation since April, 1942.

CONFIDENTIAL

No. 225

Ref. 493/25/44

His Majesty's Ambassador presents his compliments to the Secretary of State and has the honour to inform Mr. Hull that His Majesty's Principal Secretary of State for Foreign Affairs proposes to make an announcement in the House of Commons on or about April 22nd, 1944, regarding the agreement which is to be signed on that day on the subject of a loan of £50,000,000 by His Majesty's Government in the United Kingdom to China. A copy of the draft text of this announcement is attached hereto and Viscount Halifax would be grateful if Mr. Hull would consider it as confidential until after it has been made public in London.

2. As Mr. Hull is aware, discussions have been going on for some considerable time between His Majesty's Government and the Chinese Government regarding this loan, and Viscount Halifax has been instructed to inform Mr. Hull that the agreement now to be signed represents, with minor alterations, the basis on which His Majesty's Government in the United Kingdom have, since the inception of the negotiations, been ready to offer this credit.

3. The main points of the loan agreement are as follows:-

(a) His Majesty's Government in the United Kingdom agree to provide up to £10,000,000 in the first instance to secure an internal loan. An eventual increase in this amount, if it should be found that

/more

Page 2.

more could be effectively used for such a scheme, is not excluded.

(b) The credit is not to be used for sterling savings certificates.

(c) His Majesty's Government in the United Kingdom agree to use, during the war, of £10,000,000 for printing bank-notes in the Sterling Area, and for outstanding and future payments on orders already placed under previous credit arrangements.

(d) His Majesty's Government in the United Kingdom agree that the Chinese Government may earmark the sum of £20,000,000 for the purchase of goods in the Sterling Area for war purposes.

The remaining £10,000,000 would then be available for such of the purposes covered by the Agreement as might prove necessary.

(e) His Majesty's Government in the United Kingdom agree to make payments which fall due after the end of the war on contracts properly concluded, with their concurrence, for goods which could reasonably be expected to arrive in time to serve "war purposes".

4. Viscount Halifax has also been informed that the opportunity presented by the signing of this loan agreement will be taken to sign the Lend Lease agreement between His Majesty's Government in the United Kingdom and the Chinese Government which was originally proposed in February 1942, and which, although unsigned, has in fact been in operation since April 1942.

BRITISH EMBASSY,

WASHINGTON, D.C.,

April 20th, 1944.

CONFIDENTIALDRAFT TEXT OF ANNOUNCEMENT TO BE MADE BY HIS  
MAJESTY'S PRINCIPAL SECRETARY OF STATE FOR  
FOREIGN AFFAIRS IN THE HOUSE OF COMMONS

A formal agreement is being signed today on the subject of the loan by His Majesty's Government to China of up to £50,000,000. Under the terms of the agreement, which carries out the offer made by His Majesty's Government to the Chinese Government some time ago, up to £50,000,000 will be available for financing of goods and services required by China in the sterling area, for purposes arising out of the war. A second agreement covering munitions, arms and ~~ammunition~~ military equipment on lend-lease terms by the United Kingdom to China has been signed at the same time. Pending the signature of agreements, the cost of goods and services required by China from the sterling area for war purposes has been met from earlier British credits; munitions etc., have been provided on lend-lease terms in anticipation of present agreement. The limit of our assistance to China remains as always, one of transport and not one of finance.

I am sure that the House will share my satisfaction that these agreements have now been concluded and that in this, as in other ways, we have made manifest our desire to give all the help to China that lies within our power.

May 6, 1944

My dear Mr. Barnes:

On talking the matter over in the Treasury, we don't feel it would be practical for me to stop over at Oklahoma City.

I wish you would thank Governor Kerr for his very kind invitation, and tell him I hope he will give me a rain check on it.

Sincerely yours,

(Signed) H. Morganthau, Jr.

Mr. James Barnes,  
Administrative Assistant to  
the President,  
The White House,  
Washington, D.C.

TO:

Secretary Morgenthau

146

Here is Bob Coyne's  
speech.

FS



Fred Smith  
Room 2904

577/24

"THE BOND AND THE WORKERS"

Notes used by Robert W. Coyne, Field Director, War Finance Division, Regional Conferences of workers, April 22 - May 1.

You have heard from Ted Gamble a masterful verbal blueprint of the job ahead, its proportions, its importance, its thrilling and frightening aspects.

You have had from Dr. Lickert a searching and precise analysis of our past efforts, their strengths, their weaknesses, and the invaluable lessons to be learned from them.

An improved approach to the sale of bonds to workers thru aggressive assault at the nerve centers of our program--industrial plants and other places of employment--has been well presented to us by Ralph Engelsman.

The woman's point of view, her past contribution and unused potential has been skillfully outlined by Miss Elliott and received by you with obvious appreciation.

Other segments of our work--the banks, organized labor, the schools, the retailers, and the farm markets have been considered, and at noon other assets in the form of brilliant publicity helps, sales and promotion ideas, pamphlets, guides, graphs, speech material,

posters, music, etc. will be set before you and will please you.

All of these things you must have. The greatest of sales jobs must have the most intelligent understanding and the greatest implementation.

These things give us a surety of grasp and a professional confidence that we like. They make our job easier. These things we must take and use with the greatest degree of skill and aptness we can muster.

In our eagerness, however, to absorb the refinements of our job--to interpret each development in this rushing world picture; in our enthusiasm to utilize every method and device; to infuse glamour and zest and pep and verve into our work--as we push our job ahead we must watch our step lest we forget the "A's" and "B's" of this job.

The "A" of our job is the bond itself.

The "B" of our job is the worker himself. For in truth they are the touch stones, in comparison to which all else is background, embellishment, orchestration. They are the basics that have made this program great.

You and your workers are sparked by the constant awareness of the value of this bond, and by the abiding realization of the life and meaning that you and they, by your joint efforts, have breathed into this printed bit of paper.

Take your worker away from this program and you have no program!

Take the spirit out of your worker--let it die--and the life goes out of our effort. We might as well be selling fish!

Keeping up the spirit of the workers is the guarantee of the continued success of our program. Their spirit cannot flag if we make them remember constantly their importance to this movement--the far-reaching accomplishments they have wrought--YOU have wrought.

Make them remember the bond. Make them remember the winning partnership they and the bond represent. Every person, big and small, in this program should review daily--hourly if necessary, the myriad meaning, the forces that have come into being thru these bits of paper. You know them all--these milestones of accomplishment. Your accomplishment!

It is a great program that has meant the mobilization of millions of volunteers, all turned to a common purpose. But that is not its greatest point.

It is a great program that has accomplished sales of more than 85 billions of dollars in War Bonds; that has made savers out of spenders. But that is not its greatest point.

- 4 -

Great is the accomplishment of linking 27,000,000 payroll workers in the strongest exhibition of worker support of Government since man worked for man. But that is not its greatest point.

And great is the program as a brake to wild spending, that gives answer to the cynics who feel that war must mean a Roman holiday of forgotten values and degenerate standards.

But that is not its greatest point.

Great are these things I have enumerated, but they are not the greatest points.

What then transcends these things? You know! We all know! Too often, however, we don't get down to cases and keep it in plain sight where it belongs!

The greatest products of our program are the composite of all I have described. It is expressed simply--  
CONFIDENCE AND FAITH.

CONFIDENCE AND FAITH--not blared forth as if in a parade, but quiet qualities that exist without fanfare in quiet places, not heard nor seen, but there none the less. Each of us can find it in a different form.

CONFIDENCE AND FAITH--the little guy who never had any money--he's got it! This chap who has never had room to turn around in; to whom loss of job or sickness meant

- 5 -

the pawnshop or the loan shark or charity--he's got it. For the first time in his close-to-the-edge existence, he's a few steps ahead of trouble. It's a new feeling and a strange one as if he'd found a new way of breathing. But, it's a good feeling, and a feeling he wants to keep.

CONFIDENCE AND FAITH! The school kids have it! The millions of school children of the country know what it means. They've got it! War Bonds and Stamps to them have meant that there is a brotherhood of man; that the other fellow is on the level; and that patriotism is not a copy book bromide, but high adventure and with a place in it for kids with stars in their eyes.

And CONFIDENCE AND FAITH that holds assurance and promise for the future--a future for a strongly held firm with more than 55,000,000 financial shareholders. For there is no poet, politician, nor philosopher who can foretell the wonders by way of improved citizen responsibility and owner pride that will be the legacy found in the wake of this program.

And finally there is that CONFIDENCE AND FAITH that will be needed most in the coming weeks--needed in the millions of homes that will be ripped apart as this war

- 6 -

reaches its cruel climax. These homes--and those in them--will need courage, courage and the knowledge and awareness that we're all in this war together--and that together--with the bond as our symbol--we pledge those who fight and those who wait our full hearts and our full strength.

That's what the workers are selling! That's the product on our shelves! That's our bill of goods! There is no one of us but whose life will be profoundly influenced by his participation in this great program. And the memory of our privilege in being close to these things will remain with us always as a full reward.

May 6, 1944

Dear Mr. Head:

I desire to extend through you my greetings to the Boy Scouts of America and their able leaders on the occasion of the thirty-fourth annual meeting of the National Council.

Your theme, "Scouting's Strength Is The Volunteer," appeals to me, for it seems to me that the strength of our beloved Nation in war and peace rests fundamentally on the voluntary efforts and sacrifices of its citizens.

As you yourself well know, since you are one of them, willing volunteers are making possible the successful financing of this war, and the Boy Scouts, besides many other notable patriotic services, have made great contributions to the War Loan drives.

I wish continued success to the Boy Scouts.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Mr. Walter W. Head  
President, National Council  
Boy Scouts of America  
2 Park Avenue  
New York 15, New York

WCH  
HEG:pm

May 6, 1944

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Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Mr. Walter W. Head  
President, National Council  
Boy Scouts of America  
2 Park Avenue  
New York 16, New York

HEG:pm

# BOY SCOUTS OF AMERICA

155

## HONORARY OFFICERS

ALAN D. GOODSELL, HONORARY PRESIDENT  
WILLIAM H. WOODRUFF, HONORARY VICE PRESIDENT  
J. A. WEST, CHIEF BOY SCOUTS  
J. A. WEST, NATIONAL CHIEF SCOUTS COMMISSIONER

INCORPORATED  
FEBRUARY 8, 1910

CHARTERED BY CONGRESS  
JUNE 15, 1916

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2 PARK AVENUE  
NEW YORK 16, N. Y.

TELEPHONE LEXINGTON 9-3200

CABLE ADDRESS: BOYSCOUTS NEW YORK

May 3, 1944

## NATIONAL OFFICERS

W. W. HEAD, PRESIDENT, ST. LOUIS, MO.  
SAMUEL DUFFY, VICE PRESIDENT, DENVER, COLO.  
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Hon. Henry Morgenthau, Jr.  
Secretary of the Treasury  
Washington, D. C.

My dear Secretary Morgenthau:

The thirty-fourth Annual Meeting of the National Council of the Boy Scouts of America will be held May 17 at the Waldorf-Astoria Hotel, New York City. Because of wartime restrictions, readily accepted by Scouting, the meeting has been limited to one day and most delegates will be from nearby areas.

The theme of the meeting will be "Scouting's Strength Is The Volunteer." It will interest you to learn that on March 31 this year the total active membership of the Boy Scouts of America was 1,665,453 boys and leaders - an all-time high.

Hundreds of thousands of former Boy Scouts are serving in the Armed Forces of our country wherever the Flag flies and hundreds of thousands of present-day Boy Scouts are doing their bit on the home fronts.

I know well the tremendous responsibilities you are carrying due to the war and frankly I was hesitant about writing this letter to you but I thought that I would be remiss if I did not bring this meeting to your attention and extend to you an invitation to send your greetings to the National Council. Your message will find its way to the men who were Scouts, and the boys who are now Scouts and will further stimulate them on to greater achievements.

May I suggest that your letter be addressed to Mr. Walter W. Head, President, National Council, Boy Scouts of America, 2 Park Avenue, New York 16, New York.

With renewed assurance of our respect and esteem and appreciation for your interest in Scouting, I am

Sincerely,  
DIVISION OF PROGRAM

*Leslie C. Stratton*  
LESLIE C. STRATTON  
National Director of  
Public Relations

LCS:LDA  
Enclosure

# PROGRAM

156

★  
Scouting's strength is the

# Volunteer

OFFICE  
SECRETARY OF TREASURY  
1944 MAY 4 PM 3 14

AGAIN THE NATIONAL COUNCIL convenes in the midst of total war. During the past year, the Boy Scouts of America have made a vigorous and earnest effort to serve our country and its youth. The meeting of the National Council will reflect this effort. Much of the achievement of the year has been due to the devoted work of our volunteer leaders. It is obvious that in war days this would be more true than ever.

It transpires that nearly always there is some striking event that is lectured in our annual meeting. Last year it was the induction of the new Chief Scout Executive. This year we install the new National Scout Commissioner.

The induction of our National Commissioner—an unprecedented event in the history of the Boy Scouts of America—focuses the spotlight on the Volunteer Leadership of Scouting in this our 34th Annual Meeting.

The spirit of the volunteer is inherent in the American ideal. This spirit is at the heart of the Boy Scout scheme.

And undergirding all our deliberations lies the motive to serve the youth of our day, in larger measure and with finer effect.

★ ★ ★

## A ONE DAY MEETING

The experience of last year has led us again, in view of war circumstances, to adopt the one day meeting plan. The idea proved popular with the delegates.

President Walter W. Head will preside. There will be a morning session from 10:00 a.m. until 12:30 p.m., and an afternoon session from 3:30 to 5:00 p.m. The luncheon meeting at 1:00 p.m. will be the inspirational feature of the program.

The morning session will feature the reports of the President, the Chief Scout Executive, Treasurer, and Finance Committee. It will terminate with a Forum on Current Problems related to the Leadership, Organization, Administration and Program of our Movement. National Council members have been invited to contribute questions for this forum discussion.

The afternoon session will contain brief resumes of divisional activities, and action on reports by the Committee on Program and Resolutions and the Committee on Nominations.

★ ★ ★

## THE LUNCHEON—A HIGHLIGHT

The luncheon program held in the Ballroom will be in three parts:

FIRST—An address by Captain Eddie Rickenbacker,

hero of two World Wars, the noted Ace whose epic experience when lost at sea for twenty-one days, stirred the whole world. Captain Rickenbacker is a forceful speaker who thrills his hearers by his sincerity and who speaks from a rich experience. He will address himself to the Conference theme "Scouting's Strength is the Volunteer."

SECOND—The induction of Dr. George J. Fisher as National Scout Commissioner succeeding the late Daniel Carter Beard. This will be a simple ceremony in which a Scout Commissioner from each of the twelve Regions and a volunteer leader representing each branch of our program will participate.

THIRD—The Session of the National Court of Honor. The Court will be composed of outstanding leaders in the field of citizenship, statesmanship, exploration, scientific research and athletics. The Court is a Court of Awards. The Award of the Silver Buffalo and the Honor Medal for Life Saving, and the recognition of achievement by Scouts and Scoutmasters will be featured. The Lorillard Spencer Award, given annually to the Region making the best record in membership growth will be presented.

Colorful pageantry in which Scouts and Cubs will participate will add to the picture.

★ ★ ★



Captain Eddie Rickenbacker  
Guest Speaker



Dr. George J. Fisher  
National Scout  
Commissioner



## TREASURY DEPARTMENT

WASHINGTON

May 6, 1944

## MEMORANDUM TO THE SECRETARY:

Met with Robert Deo, General Counsel, and Ray Chamberlain, Executive Vice-President of the National Automobile Dealers' Association to discuss disposal of new passenger cars now on hand. It was agreed that the cars should be disposed of by negotiation to franchised dealers after conferring with the Office of Defense Transportation as to the relative needs of the areas adjacent to the present location of the vehicles. We will meet with Chamberlain and the President of the Association next Thursday, at which time they will be prepared to recommend (1) the name of a top automotive man for our organization, and (2) the names of individuals who might serve on an industry advisory committee.

Engaged H. O. Penn of H. O. Penn Construction Company, to act as head of the Construction Equipment Section. He is to give us three weeks of his time each month.

Arranged a conference with Colonel Joseph Noh, Chief Purchasing Officer, Army Medical Purchasing Service, for purpose of inducing him to head up our Drugs and Medical Supplies Section.

X Arranged for top executives of Westinghouse, General Electric and Graybar Companies to get together and recommend a man to take charge of our Electrical Supplies Section.

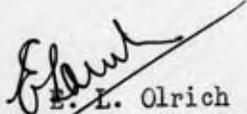
#2  
Memorandum to Secretary  
5/6/44

Agreed with representatives of RFC as to procedure in disposing of current stocks of surplus shearlings.

Started investigations regarding the legal side of two questions: (1) controlling the use of "Army" and "Navy" and similar terms by distributors and dealers; (2) the possibility of giving warranties which we can back up, in the sale of surplus property.

Colonel Ralph Ladue (John David Stores) expressed willingness to take charge of sales in New York area, if he can retain his Army commission.

Arrangements were made to meet with executives of the Council of State Governments to discuss problem of selling to tax-supported institutions.

  
E. L. Olrich  
Assistant to the Secretary

**TREASURY DEPARTMENT****WASHINGTON**

May 6, 1944

**MEMORANDUM TO THE SECRETARY:**

In the disposal of new passenger automobiles, we have decided on the policy of selling by negotiation to franchised dealers, at ceiling prices, after consultation with the Office of Defense Transportation with regard to the relative needs of various areas. This policy has been approved by automobile manufacturers and by officers of the National Automobile Dealers' Association. We are following this policy in disposing of the 790 new passenger cars on hand in four locations. They will be sold in the states adjacent to those locations.

In the disposal of construction equipment, the policy will be to offer new equipment and new and used repair parts to manufacturers. Used equipment will be offered to construction equipment distributors or farm equipment distributors, depending upon the category in which it falls. If there is any question as to category, representatives of each group will meet and decide as to disposal.

Used trucks will be sold to dealers by negotiation after consultation with the Office of Defense Transportation as to needs. In any case where there are not enough trucks to fill the demands of dealers at a particular price, lots will be drawn.

#2  
Memorandum for the Secretary  
5/6/44

Have initiated investigation as to possibility of offering credit terms. The offering of credit terms along with other steps we are taking will make us a more attractive source of supply to legitimate business concerns.

  
Ernest L. Olrich  
Assistant to the Secretary

Developments during the week of  
May 1 - 6, 1944

1. COOPERATION WITH OTHER GOVERNMENTS

(a) United Nations

(1) Great Britain

In response to several approaches made by Ambassador Winant at our request to enlist British cooperation in the establishment of temporary havens for refugees in Tripolitania and Cyrenaica, a formal reply has now been promised by the Foreign Office at an early date, despite the political problems said to be involved.

In a communication from the U. S. Embassy in London there was transmitted a copy of a letter from Lord Brogheda of the British Ministry of Economic Warfare on the matter of financing refugee operations in enemy territory. Reiterating the fear that funds transmitted under certain Treasury licenses for evacuation operations might be of benefit to the enemy, the letter again stressed the British view as to the undesirability of granting, without prior consultation with the British, licenses on terms cutting across "agreed blockade policy."

In the opinion of the British, the raising of funds in enemy territory by means of loans from persons in those areas against guarantees of post-war repayment is far superior to the actual use of dollars or Swiss francs in occupied countries.

The British propose that we should jointly supplement schemes already in operation by setting up a "guarantee fund" in the hands of the IGC. The British and U. S. Governments would contribute equally to such a fund. On the basis of information available to the British, it was indicated that Parliament would be asked for whatever sums may be necessary for this purpose up to 1½ million pounds as the British share.

- 2 -

(ii) Belgian Government-in-Exile

In a cable from Minister Norweb we have been asked to approach the Belgian Government-in-Exile with the request that instructions be issued to its Legation in Lisbon which would facilitate cooperation on the part of representatives of the Belgian Convention in rescuing adults and children from occupied territory. We have therefore cabled Charge d'Affaires Schoenfeld in London, asking that representations be made to the Belgian Government-in-Exile on the matter.

(iii) Greece

According to a cable we have received from Istanbul, certain new developments in the Jewish situation in Greece have been reported by repatriated Turkish Jews. Late in March all registered Jews in Athens are said to have been placed in a concentration camp; registered Jews from the provinces were subsequently added. On April 2 repatriation was said to have been ordered for Portuguese, Turkish and Spanish Jews; Argentine Jews were left in the camp. All others, totaling an estimated 4,000 are reported to have been loaded on trains for an unknown destination.

Vice Consul Squires of the U. S. Consulate General in Istanbul has indicated that these developments greatly complicate our proposal that he forward detailed suggestions for evacuating Greek Jews and non-Greek refugees 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 German registration orders.

- 3 -

(b) Neutrals(1) Spain

The situation with respect to Spain is still very negative. Ambassador Hayes, in spite of our urgent requests has refused to approach the Spanish Government with a view to gaining the latter's cooperation in accepting more refugees from occupied territory. He has turned down the War Refugee Board's proposal to establish and maintain refugee reception centers in Spain and has refused to notify the Spanish Government of our proposal which was designed to relieve the Spanish of any additional burden which might result from the arrival of more refugees in Spain. Hayes has also refused to approve the appointment of a full time representative of the War Refugee Board for Spain. He has refused to deliver to the JDC representative in Spain the text of a license issued by the Treasury Department in Washington permitting the JDC to carry on rescue and relief activities from Spain.

No report has as yet been received from Ambassador Hayes at Madrid to indicate affirmative action on the part of the Spanish Government in connection with our efforts to save from deportation and death Jews and other victims of enemy persecution holding Latin American travel documents. Our first request to Hayes on this score was in a cable dated April 10. On April 19 we urged Hayes to reply at once to our earlier request, at least with respect to what action he had taken toward requesting that the Spanish Government make representations to the Germans for the return to Vittel of the 238 internees reportedly evacuated to an unknown destination.

Hayes' reply, dated April 21, indicated that the Spanish Foreign Office had been approached as requested. A Foreign Office official is reported to have stated that the Government of Spain had no information on the reported deportations, although assurance was said to have been given that an attempt would be made to learn the facts "with a view toward endeavoring to arrange for the return of these refugees."

On April 27 we again drew Hayes' attention to the urgency of the matter and asked that he report promptly on any progress made in these approaches. In the latter cable Hayes was also advised of the Vatican's efforts to work out relief measures for the internees in question. Hayes was asked to act jointly with the Papal Nuncio in Madrid, or on his own, if joint action were not immediately forthcoming,

- 4 -

in pressing Spain to extend effective protection through the Spanish Ambassador in Berlin.

In another cable to Madrid dated April 21, in an attempt to forestall deportation and almost certain death for some 400 Sephardic Jews, Spanish nationals residing in Athens, we asked Hayes to approach appropriate Spanish officials and enlist their aid in obtaining Spanish recognition and protection for the refugees concerned. To date, we have received no word concerning affirmative action on the part of the Spanish Government or even concerning representations by Hayes that such action be taken.

(ii) Sweden

In response to our cable for information as to whether there were Polish ships tied up at Stockholm, as reported, with cargoes of food and clothing originally intended for Polish civilians, Minister Johnson has replied that there is no knowledge locally of any such ships. Johnson did indicate, however, that approximately five tons of used clothing from the United States destined for Polish war refugees arrived last June in a Swedish vessel and are now stored in free harbor pending authorization from London and Washington of its distribution.

(c) Other Countries

(i) Italy

We have been advised by Minister Harrison in Bern that efforts are afoot in Italy to raise the anti-Jewish campaign there to the same level of intensity as the German-inspired campaigns in Hungary, Slovakia, and other satellite countries.

(ii) Finland

In a cable to Helsinki we have indicated agreement with the U. S. Legation's suggestion that the political factors involved in connection with obtaining an official Finnish statement on war refugee matters outweigh any advantages that might accrue through the issuance of such a statement at this time.

With respect to the evacuation of minority groups in Finland whose lives would be endangered as a result of increased German influence, we have advised the Legation of the report from Minister Johnson in Stockholm that refuge would probably be extended by Sweden if the Finnish Government

- 5 -

requested the Swedish Government to allow such entries on the grounds that the lives of the persons in question were in jeopardy in Finland. Accordingly, we have authorized the Legation to approach the Finnish Government in its discretion, in the event developments make it desirable to evacuate from Finland potential victims of the Gestapo.

(d) Conditions in Hungary

Minister Harrison has advised us from Bern of the reported creation, by Budapest decree, of a Union of Hungarian Jews which is expected to be organized on a country-wide basis. Jews are reportedly being resettled in ghettos in Budapest.

According to a second report from Bern, the Axis press and other agencies have indicated that the 300,000 Hungarian Jews in Russia and other declared military areas are being interned in concentration camps. Certain food restrictions on Jews not in war industries were also reported.

Another cable from Harrison relays a report from the Swiss Committee for Aiding Jews in Hungary to the effect that the Hungarian Government recently issued a decree authorizing the confiscation of the property of Jews.

2. RESCUE AND RELIEF PROJECTS

(a) Feeding Projects

The program (financed by funds from the JDC here) to provide food and medical supplies to internees at Theresienstadt and other concentration camps has finally been approved by the blockade authorities in London and it is expected that the distributions by the International Red Cross will commence at once.

In connection with the JDC feeding program authorized some months ago to distribute food parcels from Turkey to internees in Rumania, Yugoslavia and Theresienstadt, we have received word that all food parcels sent from Istanbul (under International Red Cross supervision) have arrived safely in Rumania.

(b) Relief to Italians in Switzerland

On May 1, upon our recommendation, the Treasury licensed the remittance by the World Jewish Congress of an additional \$4,000 for the relief of Italian refugees in Switzerland.

- 6 -

(c) Evacuations from Spain to Lyautey

In a cable to Board Representative Ackermann in Algiers we are asking that Ackermann confirm our understanding that so long as the total number of refugees in Camp Lyautey does not at any one time exceed 2,000, the French will not object to the entry of refugees merely because they arrived in Spain after March 1.

At the same time we are indicating our belief that the Lyautey quota should not be filled by bringing Jews there from Italy, since bringing more refugees from Spain puts us in a position to encourage the reception by Spain of more refugees from occupied territory. The possibility that many Jewish refugees now in southern Italy may be taken to Palestine is also pointed out, since more than 20,000 refugees may still be admitted to Palestine under the terms of the White Paper.

(d) Evacuation to and through Turkey

Ambassador Steinhardt has advised us that as the result of a talk with the Apostolic Delegate in Ankara, he has been assured that the Vatican will be urged to make every effort to obtain German safe-conduct for the "S.S. Tari." Another report from Steinhardt indicates that German Ambassador von Papen in Ankara promised the International Red Cross representative there that he would send a fourth telegram to Berlin requesting that safe-conduct be granted for the "Tari." Von Papen is also reported to have stated that he asked the German Minister in Ankara to take up the matter personally, immediately upon his expected return to Germany.

In connection with the possibility that the Germans might grant safe-conduct to the "Tari" more quickly if its voyage terminated at a Turkish port instead of Haifa, we are suggesting to Steinhardt that the "Tari" could be routed to Istanbul and the refugees could then remain on the boat until transported by rail. We are further indicating that, while the Ambassador's knowledge of the railroad situation in Turkey is undoubtedly greater and more immediate than our own, discussions with the Foreign Economic Administration lead us to believe that existing railroad facilities are sufficient for the transportation across Turkey of many more refugees than are now being accommodated.

(e) Evacuation of Abandoned Children from France

In connection with our approaches to the Latin American republics with respect to giving assurances to Switzerland

- 7 -

that child refugees admitted by that country will eventually be accepted elsewhere, we have been advised by Ambassador White that the Peruvian Foreign Minister subsequently requested information concerning the nationalities included in the prospective child immigration. In response to this inquiry we have indicated our belief that, for the most part, Polish, French, Belgian and stateless children of German and Austrian origin would be involved. We urged, however, that emphasis be placed upon the humanitarian aspect of the action suggested.

In a communication from Ambassador Braden in Havana we have been advised of his belief that if the care of child refugees were left to Cuban authorities, local irregularities would probably occur, particularly in connection with any financing that might be arranged by the Board. Braden has therefore suggested that, before he approaches the Cuban Government on the matter of giving to Switzerland the assurances requested, we ascertain whether the American Jewish Joint Distribution Committee would be prepared to care for such children through the Joint Relief Committee in Havana and to provide the latter with the necessary funds.

We have been advised by the U. S. Embassy in Honduras that the matter of giving a similar assurance to Switzerland with respect to child refugees has been discussed with the Minister for Foreign Affairs, who appeared to be sympathetic to the suggestion. Consul Faust indicated his belief that the Honduran Government could probably be persuaded to accept a few refugee children on the basis of an adequate financial guarantee.

Ambassador Messersmith has reported from Mexico City that in order to secure anything like a favorable reception toward the suggestion that Mexico give such guarantees to the Swiss Government, "it will be necessary to prepare the ground carefully in the Mexican Government and among the highest officials." Messersmith indicated his feeling that no immediate reaction from the Mexican Government could be expected on this matter.

In a cable to Minister Harrison in Bern we have asked clarification as to whether the Swiss Government's approach to Vichy, in connection with allowing the departure of child refugees, is to consist of formal requests for children or a request that the children be allowed to go to Switzerland temporarily. Harrison has been advised that we would welcome any additional suggestions he may have for expediting the rescue from France of orphaned and abandoned children subject to enemy persecution.

- 8 -

(f) World Jewish Congress Evacuation Program

In accordance with our recommendation, the Treasury license originally issued to the World Jewish Congress in connection with evacuations from France, Rumania and other enemy territory has been amended to permit the remittance of an additional \$100,000 to Switzerland for these operations.

(g) Rescue of Christian Refugees from France and Italy

In a report from the Swiss representative of the American Committee for Christian Refugees we have learned that through the efforts of an associate group in France a total of at least 420 men, women and children have escaped to Switzerland since the summer of 1940. Several hundred other persons, especially younger men, are said to have been assisted in escaping to Spain. Several thousand additional refugees are reportedly in hiding and being cared for in France out of funds transmitted under the Treasury license issued to this organization early in March upon our recommendation.

(h) Evacuations to Italy and the Mediterranean Area

We have been advised by Ambassador MacVeagh that the British Embassy has been promised the support of Marshal Tito in rescuing Hungarian Jews. Tito is expected to aid them to escape and join his army or be evacuated elsewhere.

In connection with the possibilities for Yugoslavian evacuations reported by Board Representative Ackermann from Algiers, we have advised Ackermann, after clearance with State and War, that we have arranged for a sum equal to \$50,000 to be furnished to the Refugee Committee in Bari for the rescue and relief of refugees regardless of race, religion or nationality. Ackermann's judgment is asked as to the form in which remittance should be made in order to insure its prompt and best use.

(i) Latin American Passports

(i) Costa Rica

In a despatch from Costa Rica, in connection with representations made with respect to recognition of Latin American travel papers and the possibility of arranging an exchange against German nationals of internees holding such documentation, we have been advised that the Costa Rican Minister for Foreign Affairs has indicated that it had been

- 9 -

his original intention to declare a number of these passports invalid and to restrict the periods of validity of others. As a result of our representations, however, the Minister is said to have stated that he would be inclined to cooperate along the lines recommended, in view of the humanitarian considerations involved. We are now pressing for more specific action, namely, an approach by Costa Rica to the German Government through the protecting power along the lines previously suggested.

(ii) Nicaragua

Although there has been no formal reply from the Nicaraguan Government to our approaches through the U. S. Embassy there with respect to passport recognition and exchange possibilities, we have been advised of a statement by the Nicaraguan Foreign Minister to the effect that between 125 and 150 persons in occupied Europe are believed to have obtained Nicaraguan passports fraudulently. It was also reported that the practice of the Nicaraguan Government has generally been to decline to confirm the validity of such travel documents when questions were asked by the German Government through the protecting power. The Foreign Minister is now reported to have agreed to discuss with the President of Nicaragua the feasibility of approaching the Germans through the Swiss with a request that the interests of all bearers of Nicaraguan passports be safeguarded. The foreign Minister is said to have expressed his belief that the President would agree to such an approach. With respect to exchange possibilities, it was indicated that inasmuch as it is not anticipated that Nicaragua will be obligated physically to admit any of the holders of such travel documents, the Nicaraguan President would also probably support this Government's negotiations for such an exchange.

(iii) Honduras

According to a report from Ambassador Frost, our representations to the Honduran Government have been completely successful, both with respect to passport recognition and the proposed exchange negotiations. Formal notes on both scores have been forwarded by the Honduran Foreign Minister to this Government. In the course of conversations leading to these decisions, the Honduran Minister for Foreign Affairs is said to have indicated that while no inquiries concerning the validity of passports had been received from the Spanish Government, he proposed to ignore any such inquiries as might later be received. Since we believe that

- 10 -

ignoring such inquiries might lead Spain to give Germany misleading information with respect to the Honduran attitude, Ambassador Frost is being requested to suggest that in case of inquiries by Spain, the Spanish Minister should be informed of the substance of the Honduran notes to this Government on the matter.

(iv) Paraguay

We have been advised through the U. S. Embassy in Paraguay that the Paraguayan Foreign Minister has stated informally that his Government will steadfastly recognize until after the war the validity of Paraguayan passports held by internees in Axis territory. The Paraguayan Minister is also reported to have taken a favorable attitude with respect to the projected exchange negotiations, although no formal affirmative decision has been forthcoming in either respect.

(v) Venezuela

We are currently pressing Venezuela for immediate action in connection with her promise of full cooperation in document recognition and the projected exchange.

(vi) Cuba

With respect to Cuba, it had been indicated from Bern that Cuba's reply to Vatican inquiries stated that passports issued in her name of Jews in German-held territory would be recognized by Cuba if Great Britain and the United States had no objection. Ambassador Braden in Havana has therefore been instructed to convey to the Cuban authorities our appreciation of the Cuban attitude, along with assurance that the United States has no objection to Cuban recognition of such documents. We have also asked Ambassador Winant in London to request that a similar assurance be given by Great Britain to Cuba.

(vii) Peru

According to a report from the U. S. Embassy in Peru, the Peruvian Foreign Office has indicated that the Swiss Government some three months ago submitted a list of 48 persons interned in Axis countries and inquired as to whether Peru would honor the Peruvian passports held by these internees. The Peruvian Government's reply was in the negative, as far as those 48 persons were concerned. In

- 11 -

response to our recommendation that in the future such passports be honored for humanitarian reasons, a Foreign Office spokesman is reported to have expressed sympathy with the suggestion.

In a follow-up circular airgram to the various Latin American countries we are advising our Embassies there of the instructions issued by this Government with respect to honoring all claims to American citizenship by refugees in German-controlled areas. It is suggested that these instructions may be of value in connection with pressing for cooperation in the rescue of refugees holding Latin American travel documents. We are also asking that the various Latin American republics be approached again with respect to supporting the representations we have made through Spain and Switzerland.

(j) Reinstatement of Turkish Citizenship to Refugees in France

According to a report from the Lisbon representative of the American Jewish Joint Distribution Committee, Ambassador Steinhardt in Ankara has again discussed with the Turkish Minister for Foreign Affairs the plight of Jews in France of Turkish origin who are now threatened with deportation. Steinhardt is reported to have indicated that specific instructions have been sent to the Turkish Ambassador at Vichy.

(k) Joint Exchange Project

In response to the inquiry addressed to Minister Harrison in Bern with respect to how the proposed joint exchange project originated, we have been advised that official details can probably be obtained from London, inasmuch as negotiations have been conducted by Switzerland as the protecting power between German and British authorities.

(l) Recognition of Portuguese Jews in Greece

We have been advised that a small group of Jews in Greece claiming Portuguese nationality is in danger of deportation unless the Portuguese Government intervenes. Minister Harrison and Board Representative Dexter are therefore being requested to approach appropriate Portuguese officials with a view to enlisting the aid of the Portuguese Government in extending protection to the refugees in question. We are suggesting that the Portuguese Government be asked to advise German and other authorities in Greece that upon the assurance of a claim to Portuguese nationality, all

- 12 -

the rights, privileges, and immunities of a Portuguese national should be extended to the claimant pending investigation by the Portuguese Government. It is also being suggested that the Portuguese Government be urged to postpone making adverse determinations in such cases until after the war, in view of the dire consequences that would befall refugees whose claims were rejected.

In the event actual evacuation to Portugal proves necessary for the protection of the persons concerned, the Portuguese Government is to be assured that funds for the support of such refugees will be made available, and that we will take prompt action to effect their departure from Portugal to other places of refuge.

In a cable to Harold Tittman, our representative at the Vatican, we are asking that steps be taken to enlist the support of appropriate Vatican officials in this humanitarian task by means of representations in Portugal similar to those to be made through the U. S. Legation there.

(Signed) J.W. Pehle

## ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington  
TO: AMREP, Algiers  
DATED: May 6, 1944  
NUMBER: 1373

SECRET

CABLE TO AMBASSADOR WILSON, ALGIERS, FOR ACKERMANN FROM WAR REFUGEE BOARD

Please refer to your No. 1337 of April 22, 1944.

As previously indicated, and after discussions with Hoffman, we are exploring all possibilities in Yugoslav situation as outlined by you and Saxon. There are, of course, numerous problems involved in the situation, some of which probably cannot be dealt with promptly. However, we have arranged for a sum equal to \$50,000 to be furnished to the Refugee Committee in Bari for the rescue and relief of refugees regardless of race, religion or nationality. In order that this amount may be made available promptly and in a manner to ensure its best use, it is suggested that you report immediately the form in which the remittance should be made. Specifically would lire be satisfactory? If so, it is contemplated that payment will be made in Bari by the Army Finance Officer there. If you consider it advisable that payment be made to a representative of the Board for transfer by him to the Yugoslav committee, so advise us.

This is WRB Cable to Algiers No. 7.

HULL

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Mission, Algiers  
TO: Secretary of State, Washington  
DATED: May 6, 1944  
NUMBER: 1472

## CONFIDENTIAL

Following is from Murphy.

A message has just been received by me from the Allied Control Commission at Naples that they agree that the Jewish Distribution Board and the American Society of Friends should send representatives to Italy and that later we will be advised concerning Friends ambulance service. Please refer to Algiers message of April 29, no. 1398.

CHAPIN

## ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington  
TO: American Embassy, London  
DATED: May 6, 1944  
NUMBER: 3644

SECRET

TO AMERICAN EMBASSY, LONDON

Refer to your 12822 of December 18, 1943, 1708 of March 2, and 3033 of April 14, 1944.

The Department and the War Refugee Board have been apprised by Minister Harrison at Bern that the Vatican had attempted to work out relief measures for Polish and other European Jews in German-controlled territory who hold Latin American documents but who face deportation and death owing to the lack of confirmation of these documents by the countries in whose name they were issued. Cuba is reported to have replied to the Vatican that passports issued in the name of Cuba to Jews in German-controlled territory would be recognized by Cuba if no objection is made by Great Britain and the United States.

Ambassador Braden in Habana 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 objection to Cuban recognition of such documents. Please approach the appropriate officials of Foreign Office with the request that it give a similar assurance to Cuba.

For your confidential information, this Government is asking all Latin American countries concerned for their consent to the United States initiating through proper channels negotiations with Germany for an exchange of nationals on a hemispheric basis for which refugees holding Latin American passports would be eligible. Assurances have been given to the countries concerned that in event of exchange they would not be expected to grant physical admission to persons involved but that such persons would be routed elsewhere. Among the Latin American countries approached, Honduras and Venezuela have already acceded to all our requests in this matter.

HULL

CIRCULAR AIRGRAM TO AMERICAN EMBASSIES IN BOLIVIA, CHILE, COSTA RICA, CUBA, ECUADOR, EL SALVADOR, GUATEMALA, HAITI, HONDURAS, NICARAGUA, PARAGUAY, URUGUAY AND VENEZUELA.

With reference to previous communications from Department and War Refugee Board regarding protection of refugees with Latin American documents in German-held territory, you are informed that pursuant to our instructions Legation at Bern has advised the Swiss government with respect to claims to American citizenship by refugees in German-controlled areas as follows:

QUOTE Upon the receipt from the Swiss Government of all pertinent information available to the Germans relating to any claim to United States citizenship, asserted by any person within territory under enemy control, the Department will undertake fully to investigate the matter. While any particular claim to United States citizenship is under investigation by the Department and until the Swiss Government is specifically advised to the contrary by the Department, the claimant must be presumed to be a citizen of the United States and must be accorded all the rights, privileges and immunities to which such citizens are entitled with the exception that financial assistance may not (repeat not) be extended until the Department specifically authorizes such assistance. UNQUOTE

You are authorized to advise the government to which you are accredited of the foregoing if you think it will help to obtain its effective cooperation in rescuing refugees with Latin American documents.

The Legation has also been instructed to request Swiss authorities to obtain from Germany immediate return to Vittel of previously deported refugees with Latin American documents. The Embassy at Madrid, pursuant to our instructions, has obtained assurance that Spain will endeavor to arrange for return of deported refugees to Vittel.

It is essential that demarche of Madrid Embassy be supported by similar urgent representations of other American republics in Madrid on various points covered in our circular airgram of April 10 and other relevant communications. Please act accordingly and advise us of results.

\*\*\*\*\*

May 6, 1944

2:50 P.M.

BAksin:jpb 5/3/44

CABLE TO AMERICAN EMBASSY, SAN JOSE, COSTA RICA

Department and War Refugee Board gratified results reported in your 1279 of April 17. Please convey Costa Rican authorities this Government's appreciation of their inclination to cooperate on lines indicated in Department's airgram of March 31 and April 11.

Since only urgent action could save the victims, you are requested to press for a note to the Protecting Power regarding validity of documents and treatment of bearers as soon as possible. We are also awaiting a formal notification from Costa Rica to United States indicating its approval of our declaring the persons concerned eligible for exchange, subject to the assurances contained in Department's airgram of April 11.

\*\*\*\*\*

May 6, 1944  
2:50 p.m.

RESmith:BAKwin/jp

5/5/44

FROM:

HABANA

DATED: May 6, 1944

RECEIVED: May 9 10am

SECRET

Secretary of State,  
Washington, D. C.

A-968, May 6, 11 a.m.

Reference Department's airgram 738, May 4, 2 p.m., 1944.

Ministry of State advises that it has been approached by Netherlands Embassy in Washington rather than by the Vatican regarding this matter. The Cuban Government has advised Netherlands Embassy that question of validity of the passports will not be raised by this Government during the period of war. However, if the German Government makes an issue of the fact that certain of these passports were improperly issued to persons who are not Cuban citizens, the Cuban Government will be unable to extend its protection. Ministry of State points out that bearers of such passports are really in a more favorable position than those other persecuted persons who did not by illegal means obtain passports to which they were entitled; that, if the Germans raise the issue, failure to take measures against persons who have acquired illegal passports will endanger position of bearers of legally acquired passports.

Categorical answer regarding possible eventual immigration to Cuba of bearers of illegal passports appears not to have been given to the Netherlands Embassy. The Cuban Government will apparently defer solution of this problem until persons involved are outside enemy territory.

Cuban Government has asked Netherlands Embassy in Washington to supply names of persons bearing passports illegally issued but Embassy has not yet supplied this information.

DAWSON

GGA/dsc-hmf

## AIRGRAM

American Embassy

Quito, Ecuador

Date: May 6, 11:00 a.m., 1944

Despatches: May 6, 6:00 p.m., 1944

Reu'd: May 15 4 p.m.

SECRET

SECRETARY OF STATE

WASHINGTON

No. A-245, May 6, 11:00 a.m., 1944

Department's circular airgram, April 11, 11:00 a.m.  
After studying the matters raised in the airgram, the  
Minister for Foreign Affairs has orally informed me that:

1. His Government has received no inquiry through  
the Spanish Government.

2. His Government is immediately sending a telegram  
to the German Government through the Swiss Government  
requesting safeguarding of persons claiming Ecuadoran  
nationality.

3. His Government approves the proposed negotiations  
for a further exchange of nationals of the American Republics  
against German nationals in which holders of irregular pas-  
ports in Axis-controlled territory would be eligible. He  
inquired what country would bear the expense of the exchange  
and I stated that it was my understanding that the United  
States would bear all the expense insofar as the American  
Republics were concerned.

GANTHERBIN

JWG:rab  
File No. 711

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Quito  
To: Secretary of State, Washington  
DATE: May 6, 1944  
NUMBER: 447

## SECRET

Proposals contained in April 11 secret circular  
airgram from Department are agreed to by Foreign Minister.  
Courier is delivering airgram report.

GANTENBEIN

CABLE TO AMBASSADOR FAUST, TEGUCIGALPA, HONDURAS

Department and War Refugee Board highly gratified results reported in your 127, 128, and 129 of April 26. Please convey Honduran authorities this Government's deep appreciation of their attitude.

Cable costs for transmitting message contained in Honduran note No. 1646 and other resulting communications will be assumed by this Government.

Referring to second paragraph of your 127, it is believed that ignoring inquiries of Spanish government regarding the validity of passports might lead to Spain giving Germany misleading information concerning Honduran attitude. Therefore, please suggest to Foreign Minister that in case of inquiries by Spain (or if you deem it advisable, even without awaiting such inquiries) Spanish Minister be informed of the substance of Honduran notes 1646 and 1647.

\*\*\*\*\*

May 6, 1944  
2:50 p.m.

Rakniat:jy 5/5/44

**CABLE TO AMERICAN EMBASSY, MANAGUA, NICARAGUA**

Department and War Refugee Board gratified results reported in your 2137 of April 17. Please convey Nicaraguan authorities this Government's appreciation of their attitude.

You may give Nicaraguan officials the assurances requested in paragraph 3 of your 2137.

Please try to obtain as soon as possible a formal approval by Nicaragua of our negotiating an exchange on their behalf. Also please urge that a note be sent to the Protecting Power regarding validity of documents and treatment of bearers.

\*\*\*\*\*

May 6, 1944  
2:50 p.m.

BAK:inf jp 5/5/44

No. 4311

EMBASSY OF THE  
UNITED STATES OF AMERICAMontevideo, Uruguay  
May 6, 1944

Subject: Transmitting copy of letter reporting conversation of Mr. David ZAGHA with the Uruguayan Under Secretary for Foreign Affairs regarding the rescue and relief of refugees of Europe.

The Honorable  
The Secretary of State,  
Washington.

Sir:

1/ With reference to the Embassy's airgram no. A-183 of March 30, 12 noon, 1944, I have the honor to transmit herewith a copy of the letter which Mr. David ZAGHA, Special Agent for the War Refugee Board, addressed to Mr. J. W. PEHLE in Washington, in which he summarized his conversation with Dr. Eduardo Albanell MacColl, Under Secretary for Foreign Affairs. Mr. Zagha recently furnished this copy stating that he had sent the original by open air mail as he had not understood that the pouch facilities of the Embassy were available for this purpose.

It will be observed that Mr. Zagha reports that the Under Secretary was well informed on immigration matters and that he said that any plan or suggestion which the War Refugee Board might submit, "would be received and studied with the best of good will and understanding". Mr. Zagha received the impression that everything would be done by Uruguay to help and cooperate with the Board.

Respectfully yours,  
For the Ambassador:

Enclosure:  
Copy of Letter by  
Mr. Zagha to Mr. J.W.Pehle.  
EJS  
EJS:led  
(To Department in single  
copy for Ozalid)

/s/ Edward J. Sparks  
Edward J. Sparks  
I Secretary of Embassy

AIR MAIL

Enclosure to despatch No. 4311  
dated May 6, 1944 from American  
Embassy, Montevideo, Uruguay.

Mr. J. W. Pehle  
Acting Executive Director  
Executive Office of the President  
War Refugee Board,  
Washington, D. C.

March 1944

Dear Sir:

Yesterday I had an interview with Dr. E. Albanell MacColl, Sub-Secretary of Foreign Relations, who has a great knowledge of the immigration question in this country and talked about the possibility of getting a large number of refugees as soon as the circumstances would permit. As far as I can see, everything will be done in this country to help and cooperate with the War Refugee Board.

I suggested that the Ministry of Foreign Affairs here should get in touch with you, so that a reasonable plan could be worked out together. Dr. Albanell liked the idea and said that he would do so at the earliest possible moment so that relief would be given soon.

Dr. MacColl said that any plan or suggestion made by you, would be received and studied with the best of good will and understanding.

Kindly find herewith copy of the instructions given to the Uruguayan delegates to the "Congreso Demografico InterAmericano" held in Mexico.

This copy was taken from the "Boletin del Ministerio de Relaciones Exteriores" (Segunda Epoca) tomo 16 No. 4, a copy of which was forwarded to the State Department.

These instructions show a definite understanding on the part of the Uruguayan Government of the problem concerning us.

- 2 -

Dr. Albanell was justly proud to show me the underlined paragraph.

Probably a copy of said paragraph might interest W.J.C.

I was kindly introduced to Dr. Albanell by the Secretary to the Embassy in Montevideo, Mr. Edward Sparks.

Yours very truly

D. Zaha

ORIGINAL TEXT OF TELEGRAM SENT

156

FROM: Secretary of State, Washington

TO: American Legation, Lisbon

DATED: May 6, 1944

NUMBER: 1285

SECRET

To Norweb, for Dexter.

Reference your WEB No. 6 of April 25.

1. Department has requested Ambassador Hayes and Vatican through Tittman to approach Spanish government with an urgent plea for the recognition and evacuation of the Spanish nationals (Sephardic Jews), interned in Greece. On other occasions as you doubtless know such recognition has been effective in procuring the release of Sephardic Jews in France and elsewhere in Axis territory.

The Spanish government has been given our assurances that funds will be available for the support in Spain of such of these persons as may be evacuated to Spain and that prompt action to effect their departure from Spain to other places of refuge will be taken.

2. You are requested to approach appropriate Portuguese officials with a view to enlisting the aid of the Portuguese government in the rescue of those of the persons in question claiming Portuguese nationality and to urge immediate action.

We suggest, accordingly, that the Portuguese government advise German and other authorities in Greece that upon the assurance of a claim to Portuguese nationality the claimant is to be extended all the rights, privileges and immunities of a Portuguese national unless and until after investigation the Portuguese government advises such authorities that it has rejected such claim. The Government of the United States has taken a similar position with respect to refugees within German-controlled areas claiming American citizenship. We further suggest that, in view of the dire consequences of adverse determinations of such claims at this time, the Portuguese government postpone making adverse determinations in such cases until after the termination of the war.

Should it prove necessary for the protection of the persons concerned, to evacuate them to Portugal, it is hoped that the Portuguese government will facilitate such evacuation in every way. In connection with such evacuation and if in your discretion this seems advisable, you may give to Portugal assurances similar to those given to Spain regarding the maintenance of such of these claimants as may have to be evacuated to Portugal and regarding prompt action to effect the departure from Portugal to other places of refuge of all those among these evacuees whose claims to Portuguese nationality will have been rejected.

In the light of the above assurances, please impress upon the Portuguese government the extreme urgency of acquiescing in our requests

and of.....

- 2 -

and of acting upon them without delay. You should impress upon Portuguese officials that since failure to act would almost certainly spell death for the persons involved, and that since no responsibilities or obligations would result for Portugal from acquiescence in our requests, we trust that the Portuguese authorities would wholeheartedly cooperate with our efforts to save these people.

The above is being repeated to Tittman and he is requested to obtain Vatican cooperation in this matter.

3. You may inform Schwartz of the foregoing, and also that we continue urging upon Turkey a program for the rescue of the Turkish nationals in France along similar lines.

THIS IS WRB LISBON CABLE NO. 15

HULL

CABLE TO LISBON

Following message is for Dexter from Pehle:

Reference your Nos. 11, 12 and 15 of May 1 (Embassy's 1307, 1308 and 1317).

It appears that all of the foregoing cables may have been sent by you before you received our No. 8 (Department's 1229 of May 1). As stated in that cable (WRB No. 8), Board is deeply disturbed over possibility that friction among private agencies operating in Portugal will interfere with the actual rescue of children from France. Board is relying on you to use your powers as WRB representative to prevent competitive duplication in this important rescue program. Our main goal is the saving of lives and nothing must prevent the attainment of this end.

Board appreciates having Weissman's views on this program. However, Board requests you send at once the views of Dr. Schwartz of the JDC, together with your own conclusions and recommendations.

As we stated in our No. 8 of May 1, the question of where to send the children who are actually rescued should be determined after they have been saved. The decision should be made on an individual case basis. In this connection it should be borne in mind that 1000 U. S. visas are presently available for these children in Spain and Portugal. Canadian visas are also available in addition to the Palestine certificates.

With respect to financing these rescue programs, the Board has publicly taken the position that it will rely on established private

- 2 -

organizations for the necessary funds unless such private sources are inadequate. As you know the JDC is presently licensed to carry on a rescue program from Portugal and has substantial funds available for these operations. In addition, the World Jewish Congress has applied for a similar license, the issuance of which the Board has recommended. As long as adequate funds are available from private sources, Board is not (repeat not) prepared to authorize use of Board's funds either for rescue of these children or their maintenance after rescue.

Please advise all interested persons of foregoing.

THIS IS WRB CABLE TO LISBON NO. 16.

\*\*\*\*\*

May 6, 1944

4:10 P.M.

FH:lab 5/6/44

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Lisbon  
TO: The Secretary of State, Washington  
DATE: May 6, 1944  
NUMBER: 1367

## CONFIDENTIAL

Due to the fact that their maintenance here and their ultimate transportation to Palestine, the United States or some other destination are guaranteed by the Embassy, today the Portuguese Foreign Office agreed to accept three hundred children at a time without passports. By mail the details are being sent. For the present the number seems adequate. From the War Refugee Board funds here I have agreed to pay a part of the costs of the Jewish Congress reception center. Except that nothing should be said concerning the clandestine nature of the childrens' coming or from whence they come, there is no reason why this generous act of Portugal should not be given publicity. Others will be coming soon but at present there are only twelve here all of whom are Jewish Congress children.

Upon Spain the ultimate efforts of success now depend.

NORWEB

DCR:MPL  
5/8/44

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Lisbon  
TO: Secretary of State, Washington  
DATED: May 6, 1944  
NUMBER: 1368

SECRET

ATTENTION OF LEAVITT FROM SCHWARTZ.

WRB 22.

On the fifth of May the Steamer MILCA arrived from Constanza with 250 passengers aboard. The French relief budget has been satisfactorily arranged by Saly Mayer for the month of May.

NORWEB

No. 8103

THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICAVia Airmail Pouch

AMERICAN LEGATION

Bern, May 6, 1944

Subject: Honduran Interests - Germany  
Arrest of Kurt Pfifferling.

The American Minister at Bern has the honor to enclose, for possible submission to the Honduran Government, a translation of a note dated May 2, 1944, from the Swiss Foreign Office together with a translation of its attached letter addressed on March 14, 1944, to the Swiss Consulate at Struttgart, which is now located at Markgreeningen, Germany, by the Wurtemberg Ministry of the Interior. Both these communications concern Kurt PFIFFERLING, who claims to be a Honduran citizen and who has been arrested by the Gestapo.

It may be observed that the Swiss Foreign Office states that Kurt Pfifferling has requested that the International Committee of the Red Cross be informed of his present address. However, as the Legation has no record of Pfifferling, it is taking no action with regard to this request pending the receipt of a statement from the Honduran Government regarding his alleged nationality.

## Enclosures:

No. 1 - translation of Swiss Foreign Office  
note of May 2, 1944.

No. 2 - translation of letter dated March 14, 1944.

File No. 704

GMG/mak

In quintuplicate to Department

Enclosure No. 1 to Despatch No. 8103  
of May 5, 1944, from the American  
Legation at Bern.

Translation

FEDERAL POLITICAL DEPARTMENT

B.24 Ho (2)3- Pfifferling.-DG/Qs.

At the request of the Swiss Legation at Berlin the Division of Foreign Interests of the Federal Political Department has the honor to inform the Legation of the United States of America that a Honduran citizen formerly a resident of the Netherlands, Mr. Kurt Pfifferling, was recently arrested by the Gestapo and imprisoned at Welzheim, Wurtemberg, Germany.

In this connection the Federal Political Department submits herewith a copy of a letter addressed on March 14, 1944, to the Swiss Consulate at Stuttgart, which has recently been moved to Markgroeningen, by the Wurtemberg Ministry of the Interior.

The Federal Political Department would be grateful to the Legation of the United States if it might be advised, for the information of the Swiss Legation at Berlin, whether Mr. Pfifferling may be considered as a Honduran citizen.

Furthermore Mr. Pfifferling requested that his present address be communicated to the International Red Cross.

The Federal Political Department takes this occasion to renew to the Legation of the United States of America the assurance of its high consideration.

Bern, May 2, 1944.

Enclosure:

copy of letter.

To the Legation of the United States of America,

B. E. R.

GMC/mak

Enclosure No. 2 to Despatch No. 8103  
of May 6, 1944, from the American  
Legation at Bern.

Translation

The Minister of the Interior  
in Wurtemberg

Stuttgart, March 14, 1944

No. II B 578/1 Pfifferling, Kurt Werner.

To the  
Swiss Consulate,  
Markgroeningen.

Reference: Letter of March 6, 1944, No. 2/93-3Sp  
Protection of Foreign Interests, Honduras.

Kurt Werner Pfifferling and his parents are Jews and lived at Amsterdam at the beginning of the current war. One and a half or two years ago, the Pfifferling family acquired Honduran citizenship which was not recognized by the security police detachment of The Hague. The son, Kurt Werner, was dispatched by train to the East, together with other Jews living in the Netherlands. Some of these Jews, among them Pfifferling, managed to saw the side-wall of the freight car and to escape from the moving train. Pfifferling first went to Berlin and was able from there to reach the Netherlands again by secret means. There he was arrested by the state secret police and temporarily transferred to the police prison at Welsheim. The Stuttgart office of the state secret police was recently requested by the Berlin office to transfer Pfifferling to Berlin, which will be done in the near future. It is not known whether criminal proceedings have been instituted against Pfifferling or whether he has requested legal counsel.

In representation:

signed: Dill

Authenticated: Lans  
Secretary of the Government.

DWM/mak

## ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington  
TO: American Legation, Bern  
DATED: May 6, 1944  
NUMBER: 1580

SECRET

FROM WAR REFUGEE BOARD TO HARRISON FOR TITTMANN

Reference is made to our 1502 of April 29, specifically to passage regarding reply by Cuba to Vatican.

Please inform Holy See that American Ambassador in Habana 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 objection to Cuban recognition of such documents. Also that American Ambassador in London has been asked to request that a similar assurance be given by Britain to Cuba. Also that Department believes it advisable for Vatican to approach Britain directly requesting such assurances and would appreciate Vatican doing so.

As regards actual admission, Ambassador Braden has been asked to ascertain Cuba's attitude. Should he find that Cuba is 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 be expected to admit persons concerned but that they will be routed elsewhere.

Department hopes that Vatican will pursue its efforts in Cuba on this basis, and, should it require assistance of American Ambassador in Habana, it will be glad to instruct him accordingly.

HULL

## ORIGINAL TEXT OF TELEGRAM SENT

FROM : Secretary of State, Washington  
TO : AMLEGATION, Bern  
DATE : May 6, 1944  
NUMBER: 1581

SECRET

To Harrison for Wittman from War Refugee Board.

Department reliably informed that a small group of Jews in Greece claiming Portuguese nationality is in danger of deportation unless Portuguese government intervenes.

Accordingly, Department cables Minister Norweb at Lisbon as follows:

QUOTE You are requested to approach appropriate Portuguese officials with a view to enlisting the aid of the Portuguese government in the rescue of those of the persons in question claiming Portuguese nationality, and to urge immediate action.

We suggest, accordingly, that the Portuguese government advise German and other authorities in Greece that upon the assurance of a claim to Portuguese nationality the claimant is to be extended all the rights, privileges and immunities of a Portuguese national unless and until after investigation the Portuguese government advises such authorities that it has rejected such claim. The Government of the United States has taken a similar position with respect to refugees within German-controlled areas claiming American citizenship. We further suggest that, in view of the dire consequences of adverse determinations of such claims at this time, the Portuguese government postpone making adverse determinations in such cases until after the termination of the war.

Should it prove necessary for the protection of the persons concerned, to evacuate them to Portugal, it is hoped that the Portuguese government will facilitate such evacuation in every way. In connection with such evacuation and if in your discretion this seems advisable, you may give to Portugal assurances similar to those given to Spain regarding the maintenance of such of these claimants as may have to be evacuated to Portugal and regarding prompt action to effect the departure from Portugal to other places of refuge of all those among these evacuees whose claims to Portuguese nationality will have been rejected.

In the light

- 2 -

In the light of the above assurances, please impress upon the Portuguese government the extreme urgency of acquiescing in our requests and of acting upon them without delay. You should impress upon Portuguese 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 Portugal from acquiescence in our requests, we trust that the Portuguese authorities would wholeheartedly cooperate with our efforts to save these people.

The above is being repeated to Tittman and he is requested to obtain Vatican cooperation in this matter. UNQUOTE

Please express to the appropriate officials of the Holy See our hope that the Holy See will cooperate with us in this humanitarian task by urgently supporting in Portugal our steps now detailed to you.

Kindly advise the Department of all developments in this matter.

HULL

WRB:MMV:KG  
5/6/44

WE SE NEA

RA-631

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

Ankara

Dated May 6, 1944

Rec'd 6:28 a.m., 7th

Secretary of State

Washington

820, May 6, 1 p.m.

The following telegram has been sent to the Legation in Stockholm and is repeated for the Department's information.

Your May 3, 7pm. In the absence of a War Refugee Board Attache in Turkey the Embassy will be glad to take up with the Turkish Foreign Office the matter of Turkish transit visas for Kalman Gelber and family. However, before doing so the Embassy would appreciate being advised whether, as indicated in your telegram, these individuals are Swedish citizens as, if so, perhaps the Swedish Legation in Ankara should be consulted before the Embassy approaches the Foreign Office.

STEINHARDT

JT

NFL

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMEMBASSY, MONTEVIDEO  
TO: Secretary of State, Washington  
DATED: May 6, 1944  
NUMBER: 437

## CONFIDENTIAL

On May 3, we received circular airgram from the Department dated April 15 regarding visas for refugee children entering Switzerland. The Under-Secretary handles refugee questions and the matter was immediately presented to him by Sparks. The Under-Secretary's personal reaction was favorable and he promised to expedite the Uruguayan Government's consideration of the matter.

DAWSON

DEPARTMENT  
OF  
STATE

INCOMING  
TELEGRAM

200  
DIVISION OF  
COMMUNICATIONS  
AND RECORDS

GMY-599

This telegram must be  
paraphrased before being  
communicated to anyone  
other than a Government  
Agency. (SC-00)

Chungking

Dated May 6, 1944

Rec'd 10:14 p.m.

CONFIDENTIAL  
For security reasons  
text of this message should  
be closely guarded.

Secretary of State,  
Washington.

URGENT

787, May 6, 9 a.m.

TO SECRETARY OF TREASURY FROM ADIER.

T. V. Soong having much Government business to attend  
to here wishes to leave for conference at last minute. He  
has asked me to ascertain when approximately monetary con-  
ference is due to begin. Immediate reply would be appre-  
ciated.

GAUSS

LMS  
WTD

SECRETOPTTEL No. 146

Information received up to 10 a.m., 7th May, 1944.

1. NAVAL

On 6th carrier-borne aircraft of the Home Fleet attacked two southbound convoys southwest of TRONDHEIM. Preliminary reports indicate one 2,500 ton ship sunk and others, including one of 6,000 tons and a 5,000 ton tanker, damaged by bombs and torpedoes. Two enemy aircraft destroyed by fighters. Two Barracudas missing. One of H.M. Canadian Frigates was torpedoed and sunk this morning by U-boat southeast of CAPE RACE, NEWFOUNDLAND. Five killed, 38 picked up, search continues.

Early 4th a U.S. Destroyer escorting westbound convoy was sunk by U-boat east of GIBRALTAR. There are 30 missing. Yesterday ships of 5th Escort Group and aircraft from one of H.M. Escort Carriers sank a U-boat 800 miles north of the AZORES. 8 prisoners taken. A U.S. Destroyer escorting eastbound convoy sank U-boat, 520 miles west of CAPE VERDE Islands and took some prisoners. Now reported that aircraft from one of H.M. Escort Carriers escorting the convoy from North RUSSIA on the 2nd sank a U-boat southeast of JAN MAYEN Island.

2. MILITARY

ITALY. Bridgehead. German attack estimated company strength supported by tanks from salient southeast of CAROCETO was repulsed.

BURMA. Japanese activity in ARAKAN has increased and they have made some small gains west of RUTHIDAUNG. In KORIMA area our troops have made slight progress.

3. AIR OPERATIONS

WESTERN FRONT. 6th. Liberators and Mosquitoes bombed military objectives in Northern FRANCE dropping 246 tons. Fighters on patrol destroyed three enemy aircraft for loss of one. Beau-fighters attacked a convoy off BORKUM. A 3,000 ton ship was probably sunk and four others totalling 11,500 tons and an escort vessel were set on fire. One Beaufighter missing.

6th/7th. Aircraft despatched:

Goods Yards MANTES	149 (3 missing)
Two Ammunition Dumps near LE MANS	120 (1 missing)
LUDWIGSHAFEN	28
Intruders	36
Other Minor Operations	32 (1 missing).

Goods yards and dumps were bombed in cloudless weather. Marking was accurate and bombing well concentrated. Slight German activity over DORSET. One fatal service casualty BOVINGTON CAMP.

ITALY. 84 medium and light bombers and 361 fighter bombers attacked communications and supply dumps in Central Italy, 4th.

ROMANIA. 5th. 486 escorted Fortresses and Liberators bombed PLOESTI goods yards and pumping station. About 100 enemy aircraft met. Four Fortresses, 12 Liberators and two fighters missing. Subsequent photographs showed heavy damage in goods yards and large fires in two refineries. Railway centre TURNU SEVERIN bombed by 39 Fortresses. About 25 enemy aircraft met. Two Thunderbolts missing. Enemy casualties these operations 11, 3, 1.

YUGOSLAVIA. 5th. 116 Liberators dropped 238 tons on troop concentrations at PODGORICA.