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May 30, 1944

Dear Henry:

In accordance with the request contained in your letter of May 22, 1944, the telegrams which you wished sent for Mrs. Morgenthau were transmitted immediately to Mrs. Churchill, Madame Chiang Kai-shek and Madame Molotov.

I shall of course forward the replies to you as soon as they are received.

Sincerely yours,

[Signature]

The Honorable

Henry M. Morgenthau, Jr.,

Secretary of the Treasury.
I LIKE AND APPROVE OF YOUR TWO BULLETINS ONE WHY ARE WAR
BONDS NECESSARY AND TWO WHERE IS THE MONEY COMING FROM. CAN THESE
TWO PHAMPHLETS BE READY FOR THE FIFTH WAR LOAN, PLEASE SPEAK TO
ME ABOUT IT WEDNESDAY MORNING.

HENRY MORGENTHAU JR.

112p
WHY ARE WAR BONDS NECESSARY?

This is the first in a series of five pamphlets for war finance volunteers explaining the whys and wherefore of our war finance program.

By Henry Morgenthau, Jr.
Secretary of the Treasury
We have been through four successful War Bond Drives.

Each time you volunteers have done a better and more thorough job than before. You have managed to increase your ranks from a few thousand volunteers to more than five million volunteers -- the largest and most active Home Front Army in the history of the world; and with each drive, you have increased the number of customers you have personally contacted and talked to -- and personal contact, in the final analysis, is the foundation of success in these drives.

From time to time, many of you have asked questions about our War Financing program. It is encouraging to have you ask questions, because they show that you have a wholesome interest not only in selling Bonds, but in the whole problem of War Finance. In this series of pamphlets I hope to explain many things often asked about our program.

I want to explain the background of the War Financing program; I want you to know why we need the money, and where it lies; ... I want to tell you frankly how much progress we have made thus far; and I want to explain why various series of Bonds with different features have been issued.

As everybody knows, the Government levies taxes and makes expenditures -- and insofar as the taxes do not cover the expenditures, it becomes necessary to borrow money.

This pamphlet -- Why Are War Bonds Necessary? -- tells the story behind the money we borrow.
WAR COSTS HAVE INCREASED STEADILY

In 1940 our defense program began. The war had started in Europe in September 1939; France fell in June 1940; the Office of Production Management, which later became the War Production Board, started functioning in July 1940; the anti-Axis nations began large purchasing programs in the United States early in 1940, and Lend-Lease was not begun until the Spring of 1941.

Defense expenditures in 1940 amounted to $8 billions. Non-war expenditures by the federal government amounted to $7 billions, making total expenditures of $10 billions.

For the calendar year 1944 it looks as though federal expenditures will amount to $39 billions, or about 10 times the 1940 rate.

All of this increase has been for war. The non-war costs of government have remained virtually stationary.

Here are our Federal Expenditures:
TAXES HAVE GONE UP ... BUT NOT ENOUGH TO NEARLY COVER THE INCREASED COSTS

It is hardly necessary to mention that taxes have gone up sharply during the war period.

In the calendar year 1940 Federal taxes brought in about $6 billions. This year they will amount to $43 billions, or about seven times the 1940 amount.

Here are our Federal Taxes:
... SO WE HAVE AN UNPRECEDENTED DEFICIT

This year the deficit is estimated at $56 billions, or 14 times the 1940 figure.

Here is the record of the Federal Deficit:

$56 billions is a lot of money to borrow. It is over twice as much as we borrowed during all of World War I. It is as big as our entire national income a few years ago. It is bigger than our whole tax bill will be in 1944 including state and local taxes of every variety as well as federal taxes.
NINETY-FIVE CENTS OF EVERY DOLLAR SPENT GOES FOR WAR

Munitions output is taking 64 cents of each dollar being spent this year by the Federal Government. Aircraft alone is taking 21 cents, and ships 14 cents.

Military pay and subsistence is costing 17 cents out of each dollar and other war expenditures 14 cents, making a total of 95 cents for war.

Non-war expenditures take 5 cents of each dollar of expenditures.
A number of military production programs have been cut back and others may be cut back in the future. Military equipment programs are subject to constant readjustment as time passes and as military operations proceed. As rapidly as these cut-backs have taken place, however, increases have been announced in other programs so that, from the standpoint of dollars, the over-all extent of the total program remains about the same. There have been, for example, new increases in landing craft and in artillery. Orders for radar and other electronic devices have been increased lately also. The military and production authorities assure us that with the crucial stage of the European war still ahead of us, over-all production needs are likely to increase, or at least hold steady, rather than to decrease.

For example:

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<tr>
<th>Year</th>
<th>Product</th>
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<td>1942</td>
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<tr>
<td>1943</td>
<td><img src="image2.png" alt="Product Image" /></td>
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<td>1944</td>
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It looks as though we shall have to count on war expenditures staying up where they are now and maybe even rising more in the next few months.
Possibly you have read about certain appropriations being turned back by the Army and Navy. This does not in any way reduce the costs of war.

The way Congress authorizes spending is by passing an appropriation law. This means that the legal right of an agency to spend a certain amount is established but no actual money is handed to the agency. The money will be provided by the Treasury from taxes or borrowing when the need arises for the expenditure within the terms of the appropriation law.

Total appropriations for the war have amounted to well in excess of $300 billions, but actual expenditures for the war have totaled less than $200 billions up to the end of April. Occasionally an appropriation will be "returned" up to a given amount by the Army or Navy through agreement with the Budget Bureau. Or, the legal right to use an appropriation may expire. We can be sure that not every dollar appropriated will be spent, although new appropriations will continually swell the available spending authorizations as long as the war continues.

In summary, the deficit is probably not going to be reduced this year even though appropriations are "returned" in part occasionally and cut-backs are announced for certain programs.

We shall have to face facts and plan on financing a deficit of about $50 billions during the fiscal year 1944.

We have a choice of two ways of financing this deficit. One is by selling bonds to individuals and corporations; the other is by going to banks and getting money. There are definite reasons why "bank money" is not the best money to use to finance so large a deficit. Getting money this way does not contribute to our program of holding war-time inflation in check. It does not drain off the spending power of the American people, which is higher than it has ever been in history; in fact, "bank financing" tends to put more money into circulation, thus undermining our stabilization control program.
To the greatest extent possible, therefore, we should finance this deficit of 56 billion dollars through the sale of bonds.

That is your job, and when you do it you are not only financing the war, but you are also helping to build a sounder economy for the men who will return to their old lives and their old jobs after the war.

THE FIFTH AND SIXTH WAR LOANS

We have some heavy work facing us in the Fifth and Sixth War Loans.

The goal in the Fifth Loan is 316 billions, and the goal for individuals has been raised to 36 billions, the highest so far. We shall have to enlist more volunteers, call on more people, and handle a larger number of bonds than ever before.

In the Fourth War Loan we had 5-1/2 millions volunteers and total sales amounted to $10.7 billions. Seventy million individual bonds were sold.

For the Fifth Loan we shall probably have to call on more people than ever before, and we may need to enlist more volunteers to accomplish the job.

As in the Third and Fourth Loans, the goals for the Fifth war loan are for sales to non-bank investors. Commercial banks will be eligible to buy a limited amount of securities under a formula permitting them to invest part of their savings accounts, but these purchases will not count towards the goal. The banks are planning a bigger program than ever before in helping to sell securities to individuals and corporations. Plans are under way to have every bank depositor to suggest that he not to pay premiums by drawing down deposits and invest in bonds. The banks are also prepared to make some purchase of bonds in anticipation of easier Fifth War Loan sales. Stocks for the

First Loan are being discouraged.
The Sixth War Loan will be coming up sometime towards the end of the year. It is still too early to tell what the goals will be, but the Treasury's need for funds to finance the war will continue to be large for some time. Here is our past War Bond record:

### Dollar Amount of Bonds Sold

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### Number of 'E' Bonds Sold

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### Number of Volunteers

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Regraded Unclassified
WHERE IS THE MONEY COMING FROM?

This is the second in a series of five pamphlets for War Finance volunteers explaining the why and wherefore of our War Finance program.

By Henry Morgenthau, Jr.
Secretary of the Treasury
Our national economy is like a huge spiral. Money going into the production of goods becomes our national income.

In peace-time, our national income is equal to the amount of money spent in producing everything from automobiles to bottle openers, including all the things that contribute to our high standard of living. In times of war, our national income is the sum total of money spent in the production of guns, tanks and planes and other war equipment, plus the money spent in what is left of civilian production.

Therefore, we know how much money is earned by the American people and American corporations, because we know how much is being spent in war and civilian production. We know, for example, that $201 billions will be spent in production in 1944 (according to current estimates) and therefore our national income will be $201 billions.

Therefore, to get a line on the amount of money which the American people have, let us first look at the production picture: The total value of production in 1944 is expected to be more than twice as high as in 1940. The increase is accounted for almost entirely
by war production; as you will see in the chart below.

These figures represent the dollar value of production, of course, and since many prices have risen, overstate the increase in real physical volume. We can ignore this point here, however, because we are interested in the dollar figures as they flow through to income rather than in figures on tonnage or yards.

The next thing to consider is: Who gets this income -- how is it distributed between business and wage- and salary-earners?

Generally speaking, we can say that about three-quarters of the income generated by production is paid out to individuals. The remainder is earmarked by business to pay taxes and to accumulate-profits and
reserves. Here is the breakdown:

**WHO GETS THE INCOME**

Now: What becomes of this income?

All income is used in one of three ways: to buy goods and services, to save or increase reserves, and to pay taxes. This is true of income received by individuals or income earmarked by business. Individuals buy food and clothing and other consumers' goods and services. Businesses buy plant and equipment and accumulate inventories.

**USES OF INCOME**
Spending, Federal taxes, and savings and reserves have all increased during the war period. The increase in savings and reserves has been from $4 billions in 1940 to $56 billions estimated for 1944. As you will remember in Pamphlet No. 1, we pointed out that the national deficit in 1940 was $4 billions, and in 1944 would be $56 billions. Thus you can see that the increase in savings and reserves corresponds with the increase in the Federal deficit. The fact is that the Federal deficit is matched by the savings and reserves of everybody else.

The 1944 deficit of $56 billions will be matched by savings and reserves of $56 billions, $36 billions of which will be saved by individuals, $12 billions by corporations, and $8 billions by governmental agencies, mostly social security funds.
WHAT BECOMES OF THESE SAVINGS?

From the beginning of 1940 through February 1944, individuals saved a total of $81 billions, of which $32 billions saved in war bonds was the largest item. (The term War Bonds is used in this report to include all Federal securities). Here is a chart showing the savings of individuals from January 1, 1940 to February 29, 1944.

[Chart showing savings distribution]

Commercial bank accounts are the second largest item -- $24 billions. Currency -- folding money -- is next with $12 billions. "Part of these large accumulations in commercial bank accounts and in currency are needed because of the great increase in business activity during the war period; another part, however, is idle and could easily be placed in War Bonds, where the temptation to spend would be reduced. The American Bankers' Association is planning a special drive in connection with the Fifth War Loan to sell War Bonds to people whose bank accounts and currency are in excess of their actual needs. Every banker is being urged to contact every depositor to ask him to use some of his money in bank accounts and currency to buy War Bonds."
We have shown that individuals invested 32 billions in War Bonds. Now, how about the corporations, and government agencies where $18 billions of the $55 billions is saved? Here is the record of what was done with those savings -- plus the individual savings that went into the hands of banks and insurance companies:

INSURANCE COMPANIES AND SAVINGS BANKS:

In the four years and two months ending with February 1944, private insurance companies received $10 billions of individuals' savings, while savings banks received $1 billion.

All of these funds were invested in War Bonds. Savings banks also shifted other assets into War Bonds during the period.
CORPORATIONS:

Since the beginning of 1940, corporations have added to their savings certain new liquid reserves. They have thus set aside about $30 billions. About three-fourths of these funds have been placed in War Bonds, while one-fourth was used for debt repayment, bank accounts and other uses.

GOVERNMENTAL AGENCIES:

In the four years and two months ending with February 1944, State and local governments had budget surpluses of $6 billions, and Federal agencies and trust funds accumulated $10 billions, mostly in social security funds.

About a third of the budget surpluses of State and local governments was invested in War Bonds while the remainder was used to repay debts and to build up bank balances. Federal agencies and trust funds invested all their new funds in War Bonds, and also shifted some other assets to war Bonds.
As you can see from the previous charts, a very large portion of our national income is going into War Bonds. However, as you may have figured out for yourselves, much of our saving might go into Bonds, and are not at this time. It is our job to get more and more of this money.

We can measure our success in the Fifth and Sixth War Loan by the amount we have decreased currency holdings and excess money in commercial bank accounts.
May 30, 1944

My dear Mr. Gathings:

I have already received an invitation from Blytheville, but unfortunately I have had to turn it down because I must be in Los Angeles the day after my broadcast in Texarkana. Therefore, it will be necessary for me to leave on the morning of June 13 for Los Angeles.

I should like very much to go to Blytheville, and perhaps I can do it during some future War Loan drive. Thank you for calling Mr. Isaacs' letter to my attention.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable E. C. Gathings
House of Representatives
Washington, D. C.

FS:mlf
Hon. Henry Morgenthau, Jr.,
Secretary of the Treasury
Washington, D. C.

Dear Secretary Morgenthau:

I am enclosing herewith a letter which I have received from Mr. L. E. Isaacs, Vice President of the Blytheville, Arkansas, Junior Chamber of Commerce.

As you will note from the enclosed letter, Mr. Isaacs’ organization is exceedingly anxious to have you present at the opening of the Fifth War Loan Drive in Blytheville. Inasmuch as it is understood that you will be in Texarkana on June 12th, it was thought that you might be able to arrange to visit Blytheville on June 13, 14, or 15th.

I should like to join with the Blytheville Junior Chamber of Commerce in extending you this invitation, and I hope that you may find it possible to accept.

With kindest wishes, I am

Yours very truly,

E. C. Gathings

RC
May 25, 1944

Hon. E. C. "Tooks" Gathings
House of Representatives
House Office Building
Washington, D. C.

Dear "Tooks",

The Blytheville Junior Chamber of Commerce would like to secure the services of Secretary Morgenthau in promoting the Fifth War Loan Drive here in Blytheville. We would like for Secretary Morgenthau to visit our city and start off officially this drive either on June 13, 14, or 15.

Noting where he is to visit Texarkana on June 12, we thought perhaps he could come direct to Blytheville from Texarkana. We have ample facilities here to take care of him and we could make his visit here very interesting and we feel sure that he would not regret it.

Secretary Morgenthau could do a lot toward promoting good will between States and promoting the Fifth War Loan Drive and making it a success. We would appreciate it very much if you would contact him for us and help us try to get him down here.

Anything you can do to help us in this matter will be greatly appreciated.

Very truly yours,

BLYTHEVILLE JUNIOR CHAMBER OF COMMERCE

L. E. ISAACS
Vice-President.
May 30, 1944.

My dear Mr. President:

On May 18 you sent me the letter you had received from Governor Thomas L. Bailey of Mississippi, requesting cooperation in connection with the War Loan program on which the State Committee is working. This involved the use of Army planes, and I felt that the Secretary of War should perhaps draft the letter to be signed by you in answer to Governor Bailey.

I therefore took the matter up with Secretary Stimson, and today have received from him a letter transmitting a suggested draft for your signature. I am sending you the letter herewith for your own approval and signature.

Faithfully yours,

(Signed) H. Morgenthau, Jr.

The President,

The White House.

Enclosures.
Honorable Thomas E. Bailey,
Governor of Mississippi,
Jackson, Mississippi.

Dear Governor Bailey:

I am sorry to have to inform you that favorable consideration cannot be given to the request in your letter of May 18 for Army Air Forces flights in connection with your statewide campaign for Fifth War Bond sales and support of other parts of the Government war program. I understand that General Hall has already written you to this effect in reply to the letter which you sent him.

The urgency of the training program has required the Commanding General of the Army Air Forces to rule that no airplanes will be flown for demonstrations, sales or appearances during the War Bond drive. I am sure you will realize that, however desirable it might be to detail planes and their crews for participation in the programs which each of the states is developing, to do so would disrupt carefully worked out schedules which must be met.

Let me assure you of my own appreciation of your full cooperation in holding the line at home and my confidence that you will carry through your program to a successful conclusion.

Sincerely yours,

cc Secretary of the Treasury
The Honorable,  
The Secretary of the Treasury.

Dear Mr. Secretary:

I have your letter of May 23, with which you forwarded the White House request for a prepared reply to the letter from Governor Bailey to the President asking for flights of Army Air Forces planes in connection with Mississippi's program for the Fifth War Bond drive.

You will find attached the reply which has been prepared for the President's signature. After reading it, I hope you will be good enough to forward the letter to the White House.

I regret that it has not been possible to grant the request, but I know you understand how impossible it is to furnish this type of cooperation in view of the current importance of training schedules.

Sincerely yours,

Secretary of War

4 Incls:
Ltr for sig. of President
DL to President 5/17/44
Ltr fr Gov. Bailey to President 5/15/44
cc ltr fr Gov. Bailey to Gen. Ball 5/15/44
THE WHITE HOUSE
WASHINGTON

May 18, 1944.

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY:

FOR PREPARATION OF REPLY FOR

MY SIGNATURE.

F.D.R.
May 15th, 1944

His Excellency, The President
Hon. Franklin Delano Roosevelt
Washington, D. C.

My dear Mr. President:

I enclose a copy of my letter to Brig. General Hall, Air Staff, War Department, Washington, D. C., requesting his cooperation in a state wide program for Fifth War Bond sales and for price stabilization and support of the local War Price and Ration Boards of the Office of Price Administration. The campaign to secure the help required by the Board and War Services in our Counties is under the direction of the American Legion and other state wide groups.

The spectacular demonstration planned will not only attract many of our citizens who wish to contribute to the war effort, but we shall make our people, not only price conscious, but impress upon them in a very forceful way, the solemn fact that the responsibility for "holding the line", as suggested by you, on the home front is the responsibility and duty of each citizen in America. It is hoped that you will give your approval to the program and so advise General Hall. Following notice of your approval, we shall contact the Commanding Officer at the Gulfport Field and work out details as to the date and other matters with him.

Thanking you for your cooperation and with my highest esteem and respect, I am,

[Signature]
Governor
STATE OF MISSISSIPPI
EXECUTIVE DEPARTMENT
JACKSON

May 15th, 1944

Brig. Gen. William E. Hall, A.G.
Air Staff, War Department
Washington, D.C.

My dear Sir:

Inflation is a terrible thing. Its ravages are widespread. This you know. Mississippians are determined to do something about it. Hence my attached proclamation to support the activity of the American Legion.

You will also find attached appropriate documents and maps outlining what we believe to be effective action.

We need the help of the Air Corps. This is to ask for such help. In the name of the people of Mississippi, the American Legion, and other organized groups in this fight against inflation, please permit the Gulfport Flying Fortress School to participate in the attached plan of action against inflation. Moreover, an air problem such as this might prove an excellent training problem as part of their regularly scheduled curricula.

In addition to the above, leaflets stressing the importance of the Fifth War Loan might be dropped from the plane at the same time. In my opinion, the bombing of the points indicated on the attached map with anti-inflation literature and Fifth War Loan literature would be of greatest benefit to the cause.

With deep appreciation for the assistance of the Air Corps in this matter, I am,

Sincerely yours,

[Signature]
Governor of Mississippi

CC/ The President
The White House
Washington, D.C.
WB32 DL

JACKSON MISS MAY 17 1944 305P

THE PRESIDENT

THE WHITE HOUSE

WE ENTHUSIASTICALLY SUPPORT REQUEST OF OUR GOVERNOR TO YOU, MAY 15, FOR AIR CORPS COOPERATION IN OUR STATE WIDE PROGRAM FOR FIFTH WAR BOND SALE AND PRICE STABILIZATION EARNESTLY HOPE YOU WILL MAKE EARLY AND FAVORABLE DECISION.

W L HINES PRESIDENT MISSISSIPPI FEDERATION OF LABOR
RANSOME E ALDRICH PRESIDENT MISSISSIPPI FARM BUREAU
EVON A FORD PRESIDENT FARMERS UNION
CHARLES BROWN PRESIDENT MISSISSIPPI TRAVELERS ASSN
DAVE CRAWLEY STATE COMMANDER AMERICAN LEGION
JOSEPH W LATHAM COMPTROLLER BANK DEPARTMENT AND WAR BOND COMMITTEE
SUSIE V POWELL PRESIDENT WOMENS COORDINATING COUNCIL FOR WAR SERVICE.
MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

Subject: Consulting with business executives and others on postwar taxation.

1. The proposal is to invite several small groups (four to seven each) of persons from various fields of industry, agriculture, labor, and so forth, to serve as temporary visiting consultants. Each group would come to the Treasury for two meetings. At the first meeting the basic problems which underlie postwar tax revision would be presented and discussed. The group would be asked to work on the problems at home and to attend a later meeting to present information and their considered judgment. The same process would be carried out separately with other groups until a substantial cross-section of experience and points of view had been covered.

2. It is not intended that these conferences should be at a high policy level. It is desired rather to secure information and points of view on underlying questions. Accordingly, the persons invited would not ordinarily be the heads of organizations. Likewise it would not be necessary to the success of the conferences for Secretary Morgenthau to take a personal part in them, although it would be helpful if he indicated to the various groups his appreciation and interest in what they were doing.

3. No formal publicity would accompany these conferences. Persons invited would be told that the meetings were of a confidential nature. Undoubtedly there would be "leaks" but these would not be harmful and would indeed be desirable. Any statements by the Treasury to the press would come as a result of such leaks and would be simply to the effect that the Treasury is consulting with various persons regarding problems of tax adjustment after the war.
4. A small group of persons should confer with the visiting consultants. Federal Reserve, Economic Stabilization, and Budget should be invited to have representatives present since these agencies would normally be consulted in the preparation of a tax program. It is believed that Mr. Stam should also be invited.

5. Before adopting this proposal it should be discussed with Chairman Doughton and Senator George and their approval or acquiescence secured. Emphasis should be placed on the exploratory nature of the proposed conferences and the fact that they would merely enlarge and somewhat formalize the consultation process that is going on continually.
MEMORANDUM FOR THE CHIEF OF STAFF:

Subject: Excessive Spending by Troops Overseas

I. Discussion

1. Representations have been made to the War Department to the effect that expenditures by American troops in England, North Africa and Italy have been excessive and have resulted in raising price levels and in shortages of consumer goods. Representatives of the French Committee of National Liberation have expressed their fear that similar conditions, perhaps more aggravated, will prevail when our troops reach France. They have asked the Assistant Secretary of War to institute measures of control to prevent this. In other occupied countries and Germany, consumer goods shortages may also present difficult economic problems.

2. These considerations are of such moment as to warrant the study and attention of the War Department, and the giving of policy directions to American commanders in the European and North African theaters of operations.

3. Accordingly, a letter has been prepared (Tab "A") to the commanders concerned, in which the problem is stated and policies are set forth. The letter states in substance (a) that voluntary measures to encourage savings have been undertaken with varying degrees of success, but should be promoted more aggressively; (b) that if these voluntary measures prove inadequate, compulsory savings controls may be instituted by theater commanders in their discretion as a last resort; (c) that before compulsory restrictions are adopted the effects on soldier morale must be weighed against the economic evils, and (d) that military personnel should be encouraged to buy in post exchanges and from Red Cross and other Allied official agencies, rather than from civilian vendors.

II. Action Recommended

That identical letters substantially in the form contained in Tab "A" be signed and dispatched by The Adjutant General to the Commanding General, European Theater of Operations, and the Commanding General, North African Theater of Operations.

III. Concurrences

OFD, W.D.Q.S.
A.G. of S., G-1

J. H. Hilldring,
Major General,
Director, Civil Affairs Division
Subject: Excessive Spending by Troops Overseas.

To: Commanding General, European Theater of Operations
    Commanding General, North African Theater of Operations.

1. Representations have been made to the War Department to the effect that spendings by U.S. troops in England, North Africa, and Italy have been excessive and have resulted in raising price levels and in shortages of consumer goods. These conditions have developed despite intensive campaigns conducted in the theaters to encourage voluntary savings by military personnel.

2. These conditions may be especially aggravated when our troops enter the Nazi-occupied countries and Germany. Scarcities of consumer goods will be severe in these countries, and spending by U.S. troops for civilian goods may have serious inflationary effects, and may bring about shortages which will produce resentment in the civilian population.

3. It is desired that all possible steps be taken to prevent and restrain excessive spending by U.S. troops.

4. Controls to bring this about may fall into two categories: (a) voluntary savings programs, and (b) compulsory restrictive measures. Voluntary programs have been undertaken with marked degrees of success, but even more aggressive action can and should be taken to stimulate voluntary savings. Compulsory measures should be taken only as a last resort, and when voluntary means have failed.
5. Theater commanders shall vigorously promote programs for voluntary savings by officers and enlisted personnel.

6. Special stress shall be laid on payroll allotments for war bond purchases, the soldiers' deposit and Class E allotments for regular savings programs. Educational programs to this end shall be conducted among all personnel, and full use shall be made of materials and programs provided by the Morale Services Division, Army Service Forces, and other agencies.

7. Attention is called to the fact that the War Department has approved changes in Army Regulations 35-2600 to authorize soldiers' deposits by payroll deductions, thus facilitating the use of this method of savings. The changes are now in process of being published and distributed.

8. Military personnel should be encouraged to confine their purchases to Allied sources of supply, including post exchanges, Red Cross canteens, and other agencies. To this end you will see that stocks in post exchanges are replenished and maintained, so that merchandise desired by military personnel will be obtainable from military sources, and civilian supplies will not be depleted.

COMPULSORY CONTROLS

9. Theater commanders are authorized, in their discretion, to institute compulsory savings programs whenever it shall appear that uncontrolled spending by troops is resulting in serious economic inflation or shortages of consumer goods to a point where the resentment of the civilian population may (a) threaten military operations or security,
or (b) cause lasting injury to the prestige and good will of the United States Army and the Nation itself.

10. Before instituting compulsory savings programs, the theater commander shall ascertain the probable effect of such measures upon the moral of troops, and satisfy himself that any action taken shall not adversely affect military operations.

11. In general, it is thought that compulsory measures will not be undertaken during combat phases, when the fighting spirit of the troops may be adversely affected. Before taking compulsory measures in settled or post-armistice phases, the effect on the morale of troops should be weighed alongside the evils of excessive spending.

12. Such controls should follow a pattern of limiting withdrawals of pay to a fixed percentage, the remainder being withheld through the various established forms of payroll deductions. If deductions already authorized by the enlisted person or officer do not aggregate the proper percentage, a mandatory deduction shall be made to cover the deficiency. In the case of enlisted persons, the mandatory deduction shall be in the form of a soldiers' deposit. In the case of officers, the method shall be by personal transfer account payroll deduction.

13. The percentages of pay withheld shall be fixed by commanders in the light of existing conditions, and may vary in degree according to the severity of economic stresses in different countries.

14. Mandatory controls may continue as long as the theater commander shall deem necessary, and he may amend or change such controls in any authorized manner as he sees fit.
15. Theater commanders may delegate the authority vested herein to subordinate commanders.

OTHER MEASURES

16. Other measures which may be adopted, some of which have been employed in various theaters in the past, may include orders (a) prohibiting purchases by individual soldiers or by mess officers of any foods or other civilian goods which may be rationed or in short supply, or in which such purchases may bring about price inflations, and (b) placing restaurants and other food vending places out of bounds.
MEMORANDUM FOR MR. JOHN McCLOY, ASSISTANT SECRETARY OF WAR

Subject: Expenditures by Army Personnel Overseas

1. With reference to your request for information relative to expenditures by Army personnel overseas, the attached schedule has been prepared from information available in this office.

2. There are two possible qualifications of these figures which should be considered, (a) postal money orders and sales by post exchanges may include some sales to civilians and there may be some duplication between Quartermaster Sales and post exchange sales and (b) postal money orders purchased may, to some extent, have been turned into cash by the purchaser. However, in the North African theater this possible duplication is probably offset by payments by the military to the Red Cross for services and by subscriptions to Stars and Stripes. While the amounts of these two latter items are not available at the present time, it is believed that the net amount of 16.3% of gross pay for the North African theater may be regarded as a fair estimate of the net amount retained.

3. If this figure is to be used for the purpose of considering the potential impact on the economy of the occupied country by the personal expenditures made by our soldiers, consideration should also be given to purchases made locally by army exchanges, officers' messes, etc. for goods and services. Plans are now being developed whereby such information will become available.

4. Expenditures made in Iceland are not included in the computation for ETOUSA.

For the Commanding General, Army Service Forces.

(SIGNED) A. H. CARTER
A. H. CARTER,
Major General, S.S.C.,
Fiscal Director.
## DISTRIBUTION OF GROSS PAY ROLL IN

**NORTH AFRICAN THEATER OF OPERATIONS**

AND

**EUROPEAN THEATER OF OPERATIONS**

<table>
<thead>
<tr>
<th>Description</th>
<th>NATO USA</th>
<th>ETO USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gross Pay Roll</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2. Less: Allotments on pay rolls</td>
<td>51.6</td>
<td>48.7</td>
</tr>
<tr>
<td>3. Pay roll paid in cash</td>
<td>48.4%</td>
<td>51.3%</td>
</tr>
<tr>
<td>4. Funds sent to U.S. (a)</td>
<td>28.1%</td>
<td>14.1%</td>
</tr>
<tr>
<td>5. Retained for local expenditure</td>
<td>20.3%</td>
<td>37.2%</td>
</tr>
<tr>
<td>6. Expenditures returned to Army channels (b)</td>
<td>4.0%</td>
<td>10.3%</td>
</tr>
<tr>
<td>7. Retained for local domestic expenditure</td>
<td>16.3%</td>
<td>26.9%</td>
</tr>
</tbody>
</table>

(a) Funds sent to U.S.
- Soldiers' Deposits: 3.4%
- Personal Transfers: 11.0%
- War Bonds: 1.9%
- Money Orders: 11.8%, 28.1%

(b) Expenditures returned to Army channels
- GI Sales Stores: 3.6%
- Post Exchange Sales: (Unavailable)
- Field Rations to Officers: (Included in line 2 above)
- Miscellaneous: 4.0%, 10.3%
Dear Mr. Morgenthau:

Lord Halifax tells me that he has informed you of my appointment by the British Government as the representative in Washington of the British Treasury.

I should be very grateful if you would allow me to come and pay my respects to you at some time soon convenient to yourself. Perhaps your secretary would be good enough to ring up my secretary here and inform me what time would suit you.

Yours sincerely,

R.H. Brand.

The Honourable,
Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington, D. C.
MEMORANDUM TO THE SECRETARY:

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

A requirement has been received from the U.S.S.R. for two toll switchboards - one of 1,000 line capacity, and the other of 300 line capacity, together with necessary power plants and auxiliary equipment. The cost of these two boards will be approximately $3,500,000.00.

A. J. Walsh
Acting Director of Procurement
**LEND LEASE**

**TREASURY DEPARTMENT, PROCUREMENT DIVISION**

**STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS**

**AS OF MAY 24, 1944**

(In Millions of Dollars)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>U. K.</th>
<th>Russia</th>
<th>China</th>
<th>Administrative Expenses</th>
<th>Miscellaneous &amp; Undistributed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Allocations</strong></td>
<td>$4748.4</td>
<td>$2298.5</td>
<td>$1862.3</td>
<td>$133.9</td>
<td>$12.6</td>
<td>$422.1</td>
</tr>
<tr>
<td></td>
<td>(4743.9)</td>
<td>(2296.4)</td>
<td>(1877.3)</td>
<td>(133.9)</td>
<td>(12.6)</td>
<td>(421.7)</td>
</tr>
<tr>
<td><strong>Requisitions</strong></td>
<td>$ 127.1</td>
<td>$ 21.4</td>
<td>$ 58.5</td>
<td>$ 0.2</td>
<td>-</td>
<td>$ 52.0</td>
</tr>
<tr>
<td>in Purchase</td>
<td>( 127.4)</td>
<td>( 19.6)</td>
<td>( 57.4)</td>
<td>( 0.2)</td>
<td>-</td>
<td>( 50.2)</td>
</tr>
<tr>
<td><strong>Requisitions not</strong></td>
<td>$ 125.4</td>
<td>$ 45.6</td>
<td>$ 46.7</td>
<td>$ 21.7</td>
<td>-</td>
<td>$ 11.4</td>
</tr>
<tr>
<td>Cleared by W. P. B.</td>
<td>( 104.0)</td>
<td>( 31.0)</td>
<td>( 36.3)</td>
<td>( 21.7)</td>
<td>-</td>
<td>( 15.0)</td>
</tr>
<tr>
<td><strong>Obligations</strong></td>
<td>$3613.9</td>
<td>$1890.2</td>
<td>$1433.4</td>
<td>$61.6</td>
<td>$11.6</td>
<td>$217.1</td>
</tr>
<tr>
<td>(Purchases)</td>
<td>(3593.2)</td>
<td>(1884.0)</td>
<td>(1424.2)</td>
<td>( 61.2)</td>
<td>( 11.6)</td>
<td>(212.2)</td>
</tr>
<tr>
<td><strong>Deliveries to</strong></td>
<td>$2051.5</td>
<td>$1291.6</td>
<td>$ 695.6</td>
<td>$ 23.1</td>
<td>-</td>
<td>$ 41.2</td>
</tr>
<tr>
<td><strong>Foreign Governments at U. S. Ports</strong></td>
<td>(2041.1)</td>
<td>(1284.5)</td>
<td>( 692.7)</td>
<td>( 23.1)</td>
<td>-</td>
<td>( 40.8)</td>
</tr>
</tbody>
</table>

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

Note: Figures in parentheses are those shown on report of May 17, 1944.
FOREIGN ECONOMIC ADMINISTRATION

WASHINGTON 25, D. C.

May 30, 1944

MEMORANDUM

To: The Honorable Henry Morgenthau

From: Herbert Willett
      Director of Research and Reports

Subject: Executive Reports

Transmitted herewith, for your information,
are copies of the Executive Reports on lend-lease
operations, as of April 30, 1944.
# ALLOCATIONS, OBLIGATIONS AND EXPENDITURES
## LEND-LEASE FUNDS APPROPRIATED TO THE PRESIDENT

Report as of **April 30, 1943**

(Thousands of Dollars)

<table>
<thead>
<tr>
<th>Appropriation Category</th>
<th>Adjusted Appropriations</th>
<th>Cumulative to April 30, 1943</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Allocations</td>
</tr>
<tr>
<td>Ordnance and Ordnance Stores</td>
<td>$1,692,306</td>
<td>$1,575,179</td>
</tr>
<tr>
<td>Aircraft and Aero. Material</td>
<td>2,629,625</td>
<td>2,501,118</td>
</tr>
<tr>
<td>Tanks and Other Vehicles</td>
<td>739,273</td>
<td>696,264</td>
</tr>
<tr>
<td>Watercraft</td>
<td>3,871,703</td>
<td>3,398,799</td>
</tr>
<tr>
<td>Misc. Military Equipment</td>
<td>354,288</td>
<td>323,619</td>
</tr>
<tr>
<td>Production Facilities</td>
<td>1,154,688</td>
<td>1,107,004</td>
</tr>
<tr>
<td>Agric. and Indus. Commodities</td>
<td>12,608,929</td>
<td>12,109,553</td>
</tr>
<tr>
<td>Servicing, Repair of Ships, etc.</td>
<td>790,818</td>
<td>678,424</td>
</tr>
<tr>
<td>Services and Expenses</td>
<td>800,000</td>
<td>1,519,902</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>28,999</td>
<td>28,195</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21,670,629</strong></td>
<td><strong>23,159,657</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Procuring Agency</th>
<th>Cumulative to April 30, 1943</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Allocations</td>
</tr>
<tr>
<td>War Department</td>
<td>$5,422,938</td>
</tr>
<tr>
<td>Navy Department</td>
<td>3,507,505</td>
</tr>
<tr>
<td>Maritime Commission and War Shipping Admin.</td>
<td>3,286,687</td>
</tr>
<tr>
<td>Treasury Department</td>
<td>4,705,780</td>
</tr>
<tr>
<td>Department of Agriculture</td>
<td>6,130,691</td>
</tr>
<tr>
<td>Other</td>
<td>25,856</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23,159,657</strong></td>
</tr>
</tbody>
</table>
# STATEMENT OF LEND-LEASE AID

**Report as of April 30, 1944**

(Thousands of Dollars)

<table>
<thead>
<tr>
<th>Type of Aid</th>
<th>Cumulative to April 30, 1944</th>
<th>Month of April</th>
<th>Month of March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods Transferred</td>
<td>$22,466,386</td>
<td>$21,180,251</td>
<td>$1,286,135</td>
</tr>
<tr>
<td>Servicing, Repair of Ships, etc.</td>
<td>1,227,951</td>
<td>1,323,111</td>
<td>Cr. 9,360</td>
</tr>
<tr>
<td>Rental of Ships, Ferrying of Aircraft, etc.</td>
<td>1,927,951</td>
<td>1,902,945</td>
<td>25,006</td>
</tr>
<tr>
<td>Production Facilities in U. S.</td>
<td>618,034</td>
<td>617,465</td>
<td>549</td>
</tr>
<tr>
<td>Miscellaneous Expenses</td>
<td>93,464</td>
<td>91,934</td>
<td>1,610</td>
</tr>
<tr>
<td><strong>Total Services</strong></td>
<td>3,062,360</td>
<td>3,005,555</td>
<td>17,805</td>
</tr>
<tr>
<td><strong>Total Goods and Services</strong></td>
<td>25,508,746</td>
<td>24,185,806</td>
<td>1,283,940</td>
</tr>
</tbody>
</table>

Data on Goods Transferred include value of goods procured from lend-lease appropriations to the President and to the War and Navy Departments.

<table>
<thead>
<tr>
<th>Type of Aid</th>
<th>Cumulative to April 30, 1944</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Good and Services</strong></td>
<td>25,508,746</td>
</tr>
</tbody>
</table>
### LEND-LEASE GOODS TRANSFERRED

Report as of **April 30, 1944**

(Thousands of Dollars)

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Br. Empire</th>
<th>China</th>
<th>U.S.S.R.</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordnance (Excl. Ammunition)</td>
<td>$698,650</td>
<td>$15,705</td>
<td>$262,602</td>
<td>$21,924</td>
<td>$998,881</td>
</tr>
<tr>
<td>Ammunition and Components</td>
<td>1,468,775</td>
<td>22,204</td>
<td>398,273</td>
<td>29,129</td>
<td>1,918,661</td>
</tr>
<tr>
<td>Aircraft</td>
<td>1,987,791</td>
<td>69,730</td>
<td>739,806</td>
<td>102,567</td>
<td>2,899,924</td>
</tr>
<tr>
<td>Aircraft Engines, Parts, etc.</td>
<td>1,376,598</td>
<td>26,252</td>
<td>229,373</td>
<td>25,824</td>
<td>1,666,017</td>
</tr>
<tr>
<td>Tanks and Parts</td>
<td>1,950,439</td>
<td>923</td>
<td>1,115,377</td>
<td>38,913</td>
<td>2,405,662</td>
</tr>
<tr>
<td>Motor Vehicles and Parts</td>
<td>535,906</td>
<td>25,575</td>
<td>555,189</td>
<td>19,191</td>
<td>1,116,861</td>
</tr>
<tr>
<td>Watercraft and Parts</td>
<td>2,399,563</td>
<td>4,217</td>
<td>203,104</td>
<td>139,951</td>
<td>2,767,168</td>
</tr>
<tr>
<td>Foods</td>
<td>2,112,092</td>
<td>4,2</td>
<td>618,378</td>
<td>19,858</td>
<td>2,750,370</td>
</tr>
<tr>
<td>Other Agric. Products</td>
<td>550,104</td>
<td>41</td>
<td>7,668</td>
<td>126</td>
<td>557,939</td>
</tr>
<tr>
<td>Machinery</td>
<td>557,825</td>
<td>5,425</td>
<td>90,024</td>
<td>9,615</td>
<td>1,077,089</td>
</tr>
<tr>
<td>Metals</td>
<td>828,461</td>
<td>11,388</td>
<td>351,925</td>
<td>38,911</td>
<td>1,233,768</td>
</tr>
<tr>
<td>Petroleum Products</td>
<td>874,400</td>
<td>2,572</td>
<td>43,640</td>
<td>3,116</td>
<td>923,760</td>
</tr>
<tr>
<td>Miscellaneous Materials and Manufactures</td>
<td>1,952,510</td>
<td>12,759</td>
<td>505,674</td>
<td>65,763</td>
<td>2,136,906</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,895,117</strong></td>
<td><strong>195,873</strong></td>
<td><strong>4,838,823</strong></td>
<td><strong>515,573</strong></td>
<td><strong>22,666,386</strong></td>
</tr>
</tbody>
</table>
May 30, 1944.

Dear Mr. Rett:

For the Secretary, I am acknowledging your letter of May 27, which transmitted a copy of Mr. Donald H. Nelson's regular monthly report to the President on production performance against materials and equipment commitments of the Third Russian Protocol. Thank you for bringing this current data to Mr. Morgenthau's attention.

Sincerely yours,

(Signed) H. S. Klotz

H. S. Klotz,
Private Secretary.

Mr. V. L. Rett,
Vice Chairman, International Supply,
War Production Board,
Washington, D. C.
WAR PRODUCTION BOARD
WASHINGTON, D. C.
May 27, 1944

IN REPLY REFER TO:

The Honorable
The Secretary of the Treasury

My dear Mr. Secretary:

There is attached for your information a copy of Mr. Donald M. Nelson's regular monthly report to the President on production performance against materials and equipment commitments of the Third Russian Protocol.

Sincerely yours,

W. L. Batt

Attachment
<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>Metric Tons</th>
<th>Metric Tons</th>
<th>Metric Tons</th>
<th>Metric Tons</th>
<th>Metric Tons</th>
<th>Percent of Jnd Prot. Program Completed as of May 1, 1944</th>
<th>Metric Tons</th>
<th>Metric Tons</th>
<th>Metric Tons</th>
<th>Metric Tons</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Metric Tons</td>
<td>35,760</td>
<td>15,008</td>
<td>67,954</td>
<td>206</td>
<td>296</td>
<td>52.1% (66,264 Metric Tons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Metric Tons</td>
<td>3,600</td>
<td>300</td>
<td>4,200</td>
<td>117</td>
<td>141</td>
<td>(66,264 Metric Tons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Metric Tons</td>
<td>278</td>
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<td>278</td>
<td>100</td>
<td>120</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Metric Tons</td>
<td>2,400</td>
<td>152</td>
<td>1,695</td>
<td>77</td>
<td>93</td>
<td>357</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Metric Tons</td>
<td>1,000</td>
<td>670</td>
<td>4,000</td>
<td>100</td>
<td>120</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Metric Tons</td>
<td>3,250</td>
<td>15,733</td>
<td>95,601</td>
<td>600</td>
<td>879</td>
<td>93 (87,799 Metric Tons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Aluminum shipments to date consist of 7,142 Metric Tons, red and baling; 21,020 Metric Tons, ingot, including secondary.
- Includes shipment on U.S. account of 620 Metric Tons from U.S. stocks.
- The 3 Metric Tons shown as the third Protocol production program is the quantity selected by the U.S.I.G.C. out of a total of 600 Metric Tons originally offered.
- A total of 562 Metric Tons in nickel wire and strip, 10.007 Metric Tons in copper-gold alloy, and 1.001 Metric Tons in copper-nickel products.
- Electrolytic copper figures refer to copper contained in various materials requiring copper which are being supplied by the U.S.I.G.C. Deliveries to date include 70,600 Metric Tons contained in copper base alloys; 11,007 Metric Tons contained in copper and copper alloys; 679 Metric Tons contained in bimetal; and 34,670 Metric Tons contained in wire and strip products. In addition to the copper program above, the U.S.I.G.C. has made arrangements for the supply of 16,600 Metric Tons of copper wire here during the remainder of the third Protocol period.
### Table: International Elements

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>3rd Protocol Production Program</th>
<th>3rd Protocol Completed as of May 1, 1944</th>
<th>Percent of 3rd Prot.</th>
<th>Ratio of Actual Deliveries to Prot. Schedule</th>
<th>Balance to be Produced as of May 1, 1944</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Cu</td>
<td>107,590</td>
<td>15,805</td>
<td>37</td>
<td>117</td>
<td>3,487</td>
</tr>
<tr>
<td>8</td>
<td>Mg</td>
<td>0,052</td>
<td>336</td>
<td>3,360</td>
<td>100</td>
<td>672</td>
</tr>
<tr>
<td>9</td>
<td>Sn</td>
<td>13,440</td>
<td>1,180</td>
<td>11,260</td>
<td>100</td>
<td>2,440</td>
</tr>
<tr>
<td>11</td>
<td>Cu</td>
<td>15,000</td>
<td>1,252</td>
<td>11,277</td>
<td>90</td>
<td>3,783</td>
</tr>
</tbody>
</table>

#### Additional Notes

- **Copper Base Alloys**: The Third Protocol provides that up to 259 R.T. of special non-ferrous wires may be ordered. Until now, however, only 100 R.T. have been requisitioned. The Third Protocol production schedule is therefore limited to this amount. Deliveries to date include: 3.0 R.T. of constantan wire; 3.0 R.T. of tantalum wire; 30.2 R.T. of alumin and bronze wire; 15.3 R.T. of mangan, mangan and beryllium bronze wire; 5.7 R.T. of mangan and mangan wire; 22.2 R.T. of mangan and mangan wire; 35.8 R.T. of mangan and mangan wire; 35.3 R.T. of mangan and mangan wire; 22.2 R.T. of mangan and mangan wire.

- **Special Non-Ferrous Alloy Wires**: On urgent request of the U.S.S.R., the U.S. has agreed to undertake supply of 134 R.T. in addition to the amount originally offered in the Protocol. However, due to an acute shortage of chromium metal, difficulty is being encountered in scheduling the added quantity. In consequence, it will probably be necessary to carry a large part of it over into the Fourth Protocol period.

---

52
<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>3rd Protocol Production at Hill in U.S.A.</th>
<th>Made Available at Hill in U.S.A.</th>
<th>Percent of 3rd Prot. Program Completed as of May 1, 19<strong>4</strong></th>
<th>Ratio of Actual Deliveries to Prot. Sched. as of May 1, 19<strong>4</strong></th>
<th>Balance to be Delivered to Prot. Sched. by May 1, 19<strong>4</strong></th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>37 Casablanca</td>
<td>S.T.</td>
<td>112</td>
<td>96</td>
<td>112</td>
<td>100</td>
<td>120</td>
<td>0</td>
</tr>
<tr>
<td>96 Oshawa</td>
<td>S.T.</td>
<td>60.5</td>
<td>41</td>
<td>121.5</td>
<td>151</td>
<td>182</td>
<td>(41 Reserves)</td>
</tr>
<tr>
<td>Total Non-Ferrous Metals (Including Item 5, Copper, Electrolytic)</td>
<td>S.T.</td>
<td>186,896.5</td>
<td>94,975</td>
<td>229,016.5</td>
<td>123</td>
<td>146</td>
<td>(42,174 Reserves)</td>
</tr>
</tbody>
</table>

**NOTE-ALLOCS**

12 Ferroalloy | S.T. | - | 0 | 57 | - | - | - | Because of the stocks situation, Third Protocol offers to supply up to 70% of ferroalloys and 90% of ferrochromes per month are considered imperative. |
| 13 Ferrochrome | S.T. | - | 0 | 0 | - | - | - | |

Regraded Unclassified
<table>
<thead>
<tr>
<th>Ferro-Alloy</th>
<th>Initial Production</th>
<th>Production at Mill</th>
<th>Available</th>
<th>Available</th>
<th>Percent of Actual</th>
<th>Balance to be</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unit</td>
<td>Date</td>
<td>Unit</td>
<td>Date</td>
<td>Program</td>
<td>Date</td>
<td>Date</td>
</tr>
<tr>
<td>Ferro-alloy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ferro-alloy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ferro-nickel</td>
<td>S.T.</td>
<td>1,456</td>
<td>0</td>
<td>1,120</td>
<td>77</td>
<td>154</td>
<td>336</td>
</tr>
<tr>
<td>Ferro-manganese</td>
<td>S.T.</td>
<td>356</td>
<td>0</td>
<td>224</td>
<td>63</td>
<td>126</td>
<td>134</td>
</tr>
<tr>
<td>Ferro-tungsten</td>
<td>S.T.</td>
<td>1,054</td>
<td>41</td>
<td>957</td>
<td>33</td>
<td>186</td>
<td>497</td>
</tr>
<tr>
<td>Total Ferro-Alloys</td>
<td>S.T.</td>
<td>...</td>
<td>41</td>
<td>1,956</td>
<td>-</td>
<td>-</td>
<td>567</td>
</tr>
</tbody>
</table>

**ALLOY STEEL**

<table>
<thead>
<tr>
<th>Alloy Steel</th>
<th>Unit</th>
<th>Date</th>
<th>Unit</th>
<th>Date</th>
<th>Program</th>
<th>Date</th>
<th>Date</th>
<th>Program</th>
<th>Deliveries to</th>
<th>Produced</th>
<th>As of May 1, 1944</th>
<th>To Complete</th>
<th>3rd Protocol</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polished Rod</td>
<td>S.T.</td>
<td>96</td>
<td>9</td>
<td>94</td>
<td>38</td>
<td>112</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Speed</td>
<td>S.T.</td>
<td>45</td>
<td>4</td>
<td>64</td>
<td>88</td>
<td>118</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Alloy</td>
<td>S.T.</td>
<td>3,400</td>
<td>33</td>
<td>4,604</td>
<td>109</td>
<td>127</td>
<td>(204 Excess)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Speed Tool Steel</td>
<td>S.T.</td>
<td>652</td>
<td>55</td>
<td>664</td>
<td>99</td>
<td>138</td>
<td>(46 Excess)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tool Steel</td>
<td>S.T.</td>
<td>4,850</td>
<td>387</td>
<td>5,299</td>
<td>109</td>
<td>131</td>
<td>(60 Excess)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Alloys</td>
<td>S.T.</td>
<td>11,500</td>
<td>1,555</td>
<td>10,950</td>
<td>98</td>
<td>134</td>
<td>250</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Alloys and Billets</td>
<td>S.T.</td>
<td>67,257</td>
<td>7,994</td>
<td>63,663</td>
<td>95</td>
<td>114</td>
<td>3,604</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stainless Steel</td>
<td>S.T.</td>
<td>3,007</td>
<td>209</td>
<td>3,199</td>
<td>112</td>
<td>135</td>
<td>(352 Excess)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Alloys</td>
<td>S.T.</td>
<td>726</td>
<td>21</td>
<td>654</td>
<td>81</td>
<td>94</td>
<td>142</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steel Wire</td>
<td>S.T.</td>
<td>1,944</td>
<td>119</td>
<td>1,977</td>
<td>99</td>
<td>119</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Tensile Wire</td>
<td>S.T.</td>
<td>1,354</td>
<td>67</td>
<td>1,314</td>
<td>65</td>
<td>102</td>
<td>139</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alloy 222</td>
<td>S.T.</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Alloy</td>
<td>S.T.</td>
<td>1,344</td>
<td>67</td>
<td>1,314</td>
<td>65</td>
<td>102</td>
<td>139</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Alloy</td>
<td>S.T.</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Ferro-nickel, ferro-manganese, and ferro-tungsten have been scheduled in the quantities shown under the Third Protocol production program as substitutes for an equivalent tonnage of ferromanganese and/or ferrochrome. Included in these quantities are 356 S.T. ferro-nickel, 13% S.T. ferro-manganese, and 20% S.T. ferro-tungsten which are currently being approved for delivery in the second quarter, 1944.
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Unit</th>
<th>1st Prot. Production Program</th>
<th>Made Available as of Apr. 1, 1944</th>
<th>Made Available as of May 1, 1944</th>
<th>Percent of 1st Prot. Program Completed as of May 1, 1944</th>
<th>Balance of Actual Deliveries to Prot. School (Prot. Actd. 5/20)</th>
<th>Balance to be Produced as of May 1, 1944</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td>Steel Alloy Tubes</td>
<td>S.T.</td>
<td>900</td>
<td>134</td>
<td>1,314</td>
<td>97</td>
<td>10</td>
<td>405</td>
</tr>
<tr>
<td>A 165 Cr. - 85 Ni.</td>
<td>S.T.</td>
<td>8,600</td>
<td>8,600</td>
<td>9</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>B L-68 Chrome</td>
<td>S.T.</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>C-2 Carbon .9% Moly., Pipe Stes.</td>
<td>S.T.</td>
<td>3,375</td>
<td>3,375</td>
<td>106</td>
<td>106</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>F H.R. Ball Bearing Tubes</td>
<td>S.T.</td>
<td>1,747</td>
<td>1,747</td>
<td>126</td>
<td>126</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>28</td>
<td>Stainless Steel Wire</td>
<td>S.T.</td>
<td>734</td>
<td>137</td>
<td>991</td>
<td>139</td>
<td>146</td>
<td>(157 Excess)</td>
</tr>
<tr>
<td>29</td>
<td>Special Alloy Wire</td>
<td>S.T.</td>
<td>112,259</td>
<td>12,356</td>
<td>110,895</td>
<td>96</td>
<td>118</td>
<td>-</td>
</tr>
<tr>
<td>Total Alloy Steel</td>
<td>S.T.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CARBON STEEL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>105-6 Balls, Accessories and Other Railway Material</td>
<td>S.T.</td>
<td>-</td>
<td>16,748</td>
<td>205,396</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>10 Copper Gland Strip (Nickel)</td>
<td>S.T.</td>
<td>-</td>
<td>3,264</td>
<td>9,136</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>16A Plain Carbon Tool Steel and 415A Drill Rod</td>
<td>S.T.</td>
<td>-</td>
<td>717</td>
<td>7,232</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>15B Plain Carbon Bullet Core</td>
<td>S.T.</td>
<td>-</td>
<td>0</td>
<td>11,156</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>16 Toolplate</td>
<td>S.T.</td>
<td>-</td>
<td>5,395</td>
<td>44,999</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Carbon Steel</td>
<td>S.T.</td>
<td>-</td>
<td>20,366</td>
<td>90,303</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Carbon Steel</td>
<td>S.T.</td>
<td>345,397</td>
<td>46,930</td>
<td>365,927</td>
<td>128</td>
<td>(20,305 Excess)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CHEMICALS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>Phosphol</td>
<td>S.T.</td>
<td>-</td>
<td>0</td>
<td>2,282</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>38</td>
<td>Methyl Alcohol</td>
<td>S.T.</td>
<td>-</td>
<td>0</td>
<td>690</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Approximately 110,000 S.T. of carbon steel have been scheduled for delivery prior to June 30, 1944, in addition to the 345,397 S.T. originally included in the Third Protocol program.
<table>
<thead>
<tr>
<th>Process Item</th>
<th>Unit</th>
<th>3rd Protocol Production Program</th>
<th>Net Available at Hill for U.S.A. as of Apr. 1, 1956</th>
<th>Net Available at Hill for U.S.A. as of July 1, 1956</th>
<th>Percent of 3rd Protocol Program of U.S.A. as of May 1, 1956</th>
<th>Net Available at Hill for U.S.A. as of July 1, 1956</th>
<th>Ratio of Actual Deliveries to Prot. Sched. (Grant)</th>
<th>Balance to be Produced as of May 1, 1956</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Isobutanol</td>
<td>S.T.</td>
<td>-</td>
<td>0</td>
<td>3,995</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(17.6% Access)</td>
</tr>
<tr>
<td>Ethanol</td>
<td>S.T.</td>
<td>-</td>
<td>537</td>
<td>5,512</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(17.6% Access)</td>
</tr>
<tr>
<td>Ethyl Alcohol</td>
<td>S.T.</td>
<td>3,706</td>
<td>0</td>
<td>7,990</td>
<td>105</td>
<td>140</td>
<td>130</td>
<td>15,037</td>
<td>61,600 B.T. of ethyl alcohol have been scheduled for delivery during the Third Protocol period in addition to the 107,520 B.T. originally included in the Third Protocol program.</td>
</tr>
<tr>
<td>A-Et Acetone</td>
<td>S.T.</td>
<td>5,137</td>
<td>1,720</td>
<td>4,452</td>
<td>67</td>
<td>105</td>
<td>685</td>
<td>9</td>
<td>(17.6% Access)</td>
</tr>
<tr>
<td>Other Chemicals</td>
<td>S.T.</td>
<td>12,996</td>
<td>12,267</td>
<td>100</td>
<td>120</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>(17.6% Access)</td>
</tr>
<tr>
<td>Total Chemicals</td>
<td>S.T.</td>
<td>-</td>
<td>16,987</td>
<td>190,066</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MANUFACTURING CABLES</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1 Marine Cable</td>
<td>EM.</td>
<td>-</td>
<td>175</td>
<td>375</td>
<td>48</td>
<td>38</td>
<td>420</td>
<td>420</td>
<td>-</td>
</tr>
<tr>
<td>2 Submarine Cable</td>
<td>EM.</td>
<td>-</td>
<td>195</td>
<td>323</td>
<td>323</td>
<td>323</td>
<td>323</td>
<td>323</td>
<td>-</td>
</tr>
<tr>
<td>Total Marine and Submarine Cable</td>
<td>EM.</td>
<td>-</td>
<td>1,175</td>
<td>1,175</td>
<td>48</td>
<td>52</td>
<td>570</td>
<td>570</td>
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<tr>
<td>POWER AND RELATED CABLES</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>7a Insulated Cable and Wire (Conductor Content)</td>
<td>S.T.</td>
<td>-</td>
<td>1,175</td>
<td>19,916</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4a Non-Cable and Wire (Conductor Content)</td>
<td>S.T.</td>
<td>-</td>
<td>1,175</td>
<td>19,916</td>
<td>-</td>
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<tr>
<td>Total Power and Related Cable</td>
<td>S.T.</td>
<td>21,000</td>
<td>1,418</td>
<td>18,130</td>
<td>67</td>
<td>61</td>
<td>6,870</td>
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### MISCELLANEOUS MATHMATICS ITEMS

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>3rd Prot. Production</th>
<th>Made Available at Mill in U.S.A.</th>
<th>Made Available at Mill in U.S.A.</th>
<th>Percent of 3rd Prot.</th>
<th>Processed as of May 1, 1946</th>
<th>Balance to be Produced as of May 1, 1946</th>
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<tr>
<td>80 Sheet Fiber</td>
<td>S.T.</td>
<td>1,000</td>
<td>29</td>
<td>1,339</td>
<td>140</td>
<td>169</td>
<td>399 (Machy)</td>
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<tr>
<td>85 Envelop Paper</td>
<td>S.T.</td>
<td>-</td>
<td>-</td>
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<tr>
<td>851 Lithograph Nap Paper</td>
<td>S.T.</td>
<td>-</td>
<td>494</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>85a Condenser Paper</td>
<td>S.T.</td>
<td>73</td>
<td>22</td>
<td>78</td>
<td>107</td>
<td>129</td>
<td>5 (Machy)</td>
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<tr>
<td>85b Cigarette Paper</td>
<td>S.T.</td>
<td>-</td>
<td>-</td>
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### INDUSTRIAL AND RELATED EQUIPMENT

<table>
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<tr>
<th>Item Number</th>
<th>Description</th>
<th>Unit</th>
<th>3rd Prot. Production</th>
<th>Made Available at Mill in U.S.A.</th>
<th>Made Available at Mill in U.S.A.</th>
<th>Percent of 3rd Prot.</th>
<th>Processed as of May 1, 1946</th>
<th>Balance to be Produced as of May 1, 1946</th>
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<tbody>
<tr>
<td>V-1</td>
<td>Engines and Turbines, General Purpose</td>
<td>$</td>
<td>5,093,112</td>
<td>58,731</td>
<td>3,180,393</td>
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<td>V-2</td>
<td>Compressors, Air and Gas</td>
<td>$</td>
<td>7,396,029</td>
<td>133,257</td>
<td>3,330,477</td>
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<td>57</td>
<td>3,955,557</td>
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<td>V-3</td>
<td>Pumps, Liquid</td>
<td>$</td>
<td>4,574,355</td>
<td>194,165</td>
<td>4,305,177</td>
<td>52</td>
<td>63</td>
<td>4,079,654</td>
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<tr>
<td>V-4</td>
<td>Grinding, Polishing, Boring &amp; Milling Machinery</td>
<td>$</td>
<td>8,564,996</td>
<td>141,435</td>
<td>8,422,560</td>
<td>88</td>
<td>106</td>
<td>55,606</td>
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<tr>
<td>V-6</td>
<td>Cranes, Derrick, Hoists and Winches</td>
<td>$</td>
<td>28,599,959</td>
<td>611,750</td>
<td>8,946,693</td>
<td>42</td>
<td>56</td>
<td>9,670,216</td>
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<tr>
<td>V-7</td>
<td>Industrial Cranes, Tractors, Trailers, Stackers</td>
<td>$</td>
<td>107,379</td>
<td>27,575</td>
<td>665,208</td>
<td>92</td>
<td>111</td>
<td>36,170</td>
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<tr>
<td>V-8</td>
<td>Pneumatic &amp; Heavy Equipment Industrial</td>
<td>$</td>
<td>3,133,166</td>
<td>40,456</td>
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<td>15</td>
<td>18</td>
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<td>V-9</td>
<td>Mechanical Power Transmission Equipment</td>
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<td>7,300</td>
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<td>100</td>
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<tr>
<td>V-10</td>
<td>Bearings</td>
<td>$</td>
<td>3,725,660</td>
<td>1,096,744</td>
<td>6,778,660</td>
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<td>92</td>
<td>11,150,314</td>
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<td>V-11</td>
<td>Valves &amp; Steam Specialties</td>
<td>$</td>
<td>3,993,682</td>
<td>225,278</td>
<td>1,989,999</td>
<td>50</td>
<td>60</td>
<td>1,361,942</td>
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</table>

*To date no requisitions have been submitted against the 1,552 M.T. originally offered in the Protocol.*

*To date no requisitions have been submitted against the 330 M.T. originally offered in the Protocol.*

See following page for comments.
<table>
<thead>
<tr>
<th>Item</th>
<th>3rd Protocol Production Program</th>
<th>3rd Protocol at Hill in U.S.A. Apr. 1, 1944</th>
<th>4th Protocol at Hill in U.S.A. July 1, 1944</th>
<th>Percent of 3rd Protocol Program Completed as of May 1, 1944</th>
<th>Balance of Actual Deliveries to Prot. Sch. (Prot. Sched. V100)</th>
<th>Balance to be Produced as of May 1, 1944 to Complete 3rd Protocol Prot. Progress</th>
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<tbody>
<tr>
<td>No. 12</td>
<td>Miscellaneous General Purpose Industrial Machinery &amp; Equipment</td>
<td>$3,408,736</td>
<td>$599,837</td>
<td>$2,808,900</td>
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<td>92</td>
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<tr>
<td>No. 133</td>
<td>Electrical Rotating Equipment Including Generator Sets, Including Water Generator Sets</td>
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<td>$6,833,933</td>
<td>$6,833,933</td>
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<td>66</td>
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<tr>
<td>No. 129</td>
<td>Generator Sets &amp; Plants</td>
<td>$266,540,503</td>
<td>$1,212,777</td>
<td>$35,581,175</td>
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<td>40</td>
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<td>No. 134</td>
<td>Primary Electric Power Transmission &amp; Distribution Equipment</td>
<td>$2,764,366</td>
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<td>$1,112,995</td>
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<td>92</td>
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<tr>
<td>No. 135</td>
<td>Power Conversion Equipment (Non-Rotating Rectifiers)</td>
<td>$6,860,734</td>
<td>$1,108,880</td>
<td>$3,493,780</td>
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<td>93</td>
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<td>No. 16</td>
<td>Secondary Distribution Equipment &amp; Wiring Device</td>
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<td>$521,908</td>
<td>$521,908</td>
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<td>92</td>
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<td>No. 117</td>
<td>Motor Starters &amp; Controllers</td>
<td>$109,172</td>
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<td>$89,303</td>
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<td>No. 17</td>
<td>Electric Lamps</td>
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<td>No. 19</td>
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<td>Food Processing Machinery</td>
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<td>No. 21</td>
<td>Textile Machinery</td>
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<td>$231,217</td>
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<td>No. 25</td>
<td>Pulp &amp; Paper Industry Machinery</td>
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<td>No. 23</td>
<td>Printing Trade Machinery &amp; Equipment</td>
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<td>0</td>
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</tbody>
</table>

The Third Protocol Production Programs shown for various categories of industrial equipment are based upon the amounts actually under contract for delivery during the Third Protocol period. It should be noted that the total of these programs contains all the total which the U.S. definitely promised to deliver before January 1, 1944. If the types of equipment included in this group, the U.S. originally committed itself to deliver $400,000,000. This commitment was subject to the conditions, however, that quantities would be planned sufficiently early to enable production to be scheduled during the 12 months period July 1, 1943, to June 30, 1944. In case any of a number of categories of equipment, notably rolling mills, wire drawing equipment, and equipment for blast furnaces, this condition was met. The U.S. having the intention of the F.R., therefore agreed to the approval of regulations for certain items which the U.S.S.R. desired under these categories only under the express understanding that delivery before January 1, 1944, would not be guaranteed or even attempted, and that the Third Protocol guarantee expressed would be reduced by an amount corresponding to the value of the equipment involved. As mentioned previously, this amount was approximately $18,000,000, the effect was a reduction in Third Protocol industrial equipment commitment from $300,000,000 to $292,000,000. It should also be noted that the industrial equipment program is in a state in terms of the U.S. Standard Cost Classification and it is felt that this gives a more comprehensive picture of the actual nature of the equipment being furnished the U.S.S.R., than the broader classification previously used.
<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>3rd Protocol Production</th>
<th>Nمد Available at MILL in U.S.A. as of April 1, 1944</th>
<th>Nمد Available at MILL in U.S.A. as of July 1, 1943</th>
<th>Percent of 3rd Protocol Program Completed as of May 1, 1944</th>
<th>Ratio of Actual Deliveries to Prot. Sched. (Prot. Sched. at End of 3rd Protocol Prod. Program)</th>
<th>Balance to be Produced as of May 1, 1944 To Complete 3rd Protocol Prod. Program</th>
<th>Comments</th>
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<tbody>
<tr>
<td>9-26</td>
<td>Tire Plant</td>
<td>$9,566,415</td>
<td>750,745</td>
<td>9,294,425</td>
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<td>9-26B</td>
<td>Rubber Working Machinery</td>
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<td>9-25</td>
<td>Metal Working Machinery</td>
<td>$1,746,912</td>
<td>1,141,172</td>
<td>7,279,402</td>
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<td>59</td>
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<td>Foundry Equipment</td>
<td>$3,578,704</td>
<td>390,304</td>
<td>1,972,129</td>
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<td>9-28</td>
<td>Special Industry Furnaces, Kilns and Ovens</td>
<td>$2,576,300</td>
<td>36,302</td>
<td>38,406</td>
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<td>1</td>
<td>2,534,922</td>
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<td>Petroleum Refinery Plants</td>
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<td>36,629,429</td>
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<td>Petroleum Refinery Machinery &amp; Equipment</td>
<td>$215,734</td>
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<td>Special Machinery for the Glass Industry</td>
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<td>Special Machinery for the Chemical Industry</td>
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<td>9-33</td>
<td>Gas Generating, Conditioning &amp; Other Gas Producing Apparatus</td>
<td>$11,277,836</td>
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<td>Miscellaneous Special Industry Machinery</td>
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<td>Cartridge Manufacturing Lines</td>
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<td>Proc-</td>
<td>Item</td>
<td>Unit</td>
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<td>Made Available at Mill in U.S.A.</td>
<td>Percent of 3rd Prot. Program Completed as of May 1, 1944</td>
<td>Ratio of Actual Deliveries to Prot. Sched. (Prot. Sched. 1,000%)</td>
<td>Balance to be Produced as of May 1, 1944</td>
<td>Comments</td>
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<td>1-35</td>
<td>Machine Tools</td>
<td>$120,000,000</td>
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<td>102</td>
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<td>Rolling Mills &amp; Auxiliary Equipment</td>
<td>$57,333,703</td>
<td>205,000</td>
<td>3,600,355</td>
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<td>19</td>
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<td>1-37</td>
<td>Shearing Machines</td>
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<td>Other Primary Metal Forming Mach. &amp; Equipment</td>
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<td>Secondary Metal Forming &amp; Cutting Machinery &amp; Equipment</td>
<td>$30,000,000</td>
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<td>$19,287,569</td>
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<td>Welding Machinery</td>
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<td>Testing &amp; Measuring Machines (Metalworking)</td>
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<td>35</td>
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<td>1-42</td>
<td>Miscellaneous Metalworking Equipment</td>
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<td>1-43</td>
<td>Portable Metalworking Machines and Tools Power Driven</td>
<td>$1,667,161</td>
<td>147,294</td>
<td>1,038,196</td>
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<td>629,077</td>
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<td>Grounded Cutting Tools for Machine Tools</td>
<td>$2,635,135</td>
<td>736,691</td>
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<td>82</td>
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<td>1-A43</td>
<td>Grinding Tools for Machine Tools</td>
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<td>Cutting &amp; Filing Tools for Metal Forming Machines</td>
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<td>1-46</td>
<td>Attachments and Accessories for Machine Tools</td>
<td>$2,305,175</td>
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<td>1,380,450</td>
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<td>70</td>
<td>1,004,720</td>
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<tr>
<td>1-47</td>
<td>Tool Room Specialities and Other Attachments and Accessories for Metalworking tools</td>
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<td>0</td>
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<th>Item No.</th>
<th>Item Description</th>
<th>Unit</th>
<th>1948 Production Program</th>
<th>4/1/48 to 30/48</th>
<th>4/1/48 to 30/48</th>
<th>Percent of 3rd Protocol Program as of 5/1/48</th>
<th>Ratio of Actual Deliveries to Prot. Scheme as of 5/1/48</th>
<th>Balance to be Produced as of 5/1/48</th>
<th>Notes</th>
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</thead>
<tbody>
<tr>
<td>94-46</td>
<td>Agricultural Machinery &amp; Implements Except Tractors</td>
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<td>71</td>
<td>295,917</td>
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<tr>
<td>9-49</td>
<td>Mining &amp; Quarrying Machinery</td>
<td>$</td>
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<td>72</td>
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<td>9-50</td>
<td>North &amp; South Drilling Machinery &amp; Accessories</td>
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<td>1,209,474</td>
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<td>2,693,105</td>
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</tr>
<tr>
<td>9-51</td>
<td>Wall and Rock Hough Drilling Machines</td>
<td>$</td>
<td>2,955,879</td>
<td>211,479</td>
<td>71</td>
<td>86</td>
<td>738,979</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-52</td>
<td>Rooting &amp; Drilling Machines</td>
<td>$</td>
<td>7,496,125</td>
<td>1,634,575</td>
<td>93</td>
<td>96</td>
<td>6,033,591</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-53</td>
<td>Miscellaneous Construction Equipment</td>
<td>$</td>
<td>533,395</td>
<td>420,477</td>
<td>100</td>
<td>120</td>
<td>2,628</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-54</td>
<td>Office Machines</td>
<td>$</td>
<td>600</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-55</td>
<td>Miscellaneous Machinery</td>
<td>$</td>
<td>759,777</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-56</td>
<td>Telephone Apparatus</td>
<td>$</td>
<td>1,133,595</td>
<td>309,107</td>
<td>35</td>
<td>12</td>
<td>738,979</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-56A</td>
<td>Telephone &amp; Telegraph Equipment</td>
<td>$</td>
<td>11,704,789</td>
<td>7,530,959</td>
<td>64</td>
<td>77</td>
<td>4,176,430</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-56B</td>
<td>Sound Equipment, Public Address, Recording &amp; Reproducing</td>
<td>$</td>
<td>249,599</td>
<td>186,197</td>
<td>15</td>
<td>90</td>
<td>63,553</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-56C</td>
<td>Block Signal System</td>
<td>$</td>
<td>10,998,782</td>
<td>9,050,052</td>
<td>14</td>
<td>53</td>
<td>6,090,129</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-56D</td>
<td>Industrial Type Locomotives, Coal &amp; Parts</td>
<td>$</td>
<td>1,068,086</td>
<td>720,714</td>
<td>15</td>
<td>14</td>
<td>1,388,352</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-56E</td>
<td>Industrial Type Locomotives, Rail Care and Parts</td>
<td>$</td>
<td>119,969</td>
<td>19,999</td>
<td>94</td>
<td>77</td>
<td>44,009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-60</td>
<td>Passenger Vehicles and Parts</td>
<td>$</td>
<td>95,130</td>
<td>39,134</td>
<td>20</td>
<td>24</td>
<td>75,756</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See previous page for comments.
<table>
<thead>
<tr>
<th>Protocol</th>
<th>Item</th>
<th>Unit</th>
<th>1st Protocol Production</th>
<th>Made Available at Mill in U.S.A. Apr. 1, 1944 - Apr. 30, 1944</th>
<th>Made Available at Mill in U.S.A. July 1, 1944 - Apr. 30, 1945</th>
<th>Percent of 1st Protocol Program Completed as of May 1, 1944</th>
<th>Ratio of Actual Deliveries to Prot. Sched. (Prot. Sched. #200)</th>
<th>Release to be Produced as of May 1, 1944 To Complete 1st Protocol Prod. Program</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-61</td>
<td>Air Conditioning and Refrigeration Equipment</td>
<td>$</td>
<td>39,565</td>
<td>0</td>
<td>27,565</td>
<td>70</td>
<td>64</td>
<td>12,000</td>
<td></td>
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<tr>
<td>0-62</td>
<td>Lighting Fixtures</td>
<td>$</td>
<td>186,182</td>
<td>302</td>
<td>15,763</td>
<td>11</td>
<td>13</td>
<td>130,349</td>
<td></td>
</tr>
<tr>
<td>0-63</td>
<td>Photographic Equipment</td>
<td>$</td>
<td>351,468</td>
<td>29,561</td>
<td>298,782</td>
<td>83</td>
<td>100</td>
<td>62,676</td>
<td></td>
</tr>
<tr>
<td>0-64</td>
<td>Optical, Indicating, Recording &amp; Controlling Instruments</td>
<td>$</td>
<td>2,890,004</td>
<td>202,807</td>
<td>1,152,337</td>
<td>46</td>
<td>58</td>
<td>1,470,110</td>
<td></td>
</tr>
<tr>
<td>0-65</td>
<td>Professional &amp; Scientific Instruments</td>
<td>$</td>
<td>804,211</td>
<td>66,600</td>
<td>347,688</td>
<td>43</td>
<td>52</td>
<td>456,593</td>
<td></td>
</tr>
<tr>
<td>0-66</td>
<td>Miscellaneous Equipment</td>
<td>$</td>
<td>125,550</td>
<td>0</td>
<td>120,224</td>
<td>104</td>
<td>125</td>
<td>(4,46g excess)</td>
<td></td>
</tr>
<tr>
<td>0-67</td>
<td>Hand Tools, Hand-Powered</td>
<td>$</td>
<td>708,614</td>
<td>109,334</td>
<td>329,065</td>
<td>44</td>
<td>53</td>
<td>308,749</td>
<td></td>
</tr>
<tr>
<td>0-68</td>
<td>Mechanics Measuring Tools</td>
<td>$</td>
<td>2,890,004</td>
<td>392,348</td>
<td>1,135,390</td>
<td>47</td>
<td>57</td>
<td>1,505,090</td>
<td></td>
</tr>
<tr>
<td>0-69</td>
<td>Power Rollers</td>
<td>$</td>
<td>16,570,506</td>
<td>129,184</td>
<td>6,961,886</td>
<td>42</td>
<td>52</td>
<td>9,608,600</td>
<td></td>
</tr>
<tr>
<td>Total Industrial and Related Equipment Including Equipment Not Committed for Delivery During the Third Protocol Period</td>
<td>$</td>
<td>575,631,164</td>
<td>30,201,334</td>
<td>338,254,101</td>
<td>58</td>
<td>70</td>
<td>282,377,060</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Industrial and Related Equipment Committed for Delivery During the Third Protocol Period</td>
<td>$</td>
<td>432,000,090</td>
<td>30,201,334</td>
<td>338,254,101</td>
<td>77</td>
<td>93</td>
<td>97,745,699</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See preceding page for comments.
<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>3rd Protocol Production</th>
<th>Made Available at Mill in U.S.A.</th>
<th>Made Available at Mill in U.S.A.</th>
<th>Percent of 3rd Prot. Program Completed as of May 1, 1944</th>
<th>Ratio of Actual Deliveries to Prot. Sched. as of May 1, 1944</th>
<th>Balance to Be Produced as of May 1, 1944</th>
</tr>
</thead>
<tbody>
<tr>
<td>67A Abrasive Grains</td>
<td>S.T.</td>
<td>4,000</td>
<td>1,095</td>
<td>7,407</td>
<td>185</td>
<td>223</td>
<td>(3,107 Excess)</td>
</tr>
<tr>
<td>67B Abrasive Products</td>
<td>$</td>
<td>4,000,000</td>
<td>96,819</td>
<td>3,658,628</td>
<td>92</td>
<td>111</td>
<td>331,948</td>
</tr>
<tr>
<td>68A Graphite Electrodes</td>
<td>S.T.</td>
<td>5,757</td>
<td>135</td>
<td>4,756</td>
<td>90</td>
<td>100</td>
<td>1,001</td>
</tr>
<tr>
<td>68B Other Graphite Goods</td>
<td>S.T.</td>
<td>1,691</td>
<td>38</td>
<td>731</td>
<td>93</td>
<td>52</td>
<td>90</td>
</tr>
<tr>
<td>69C Graphite Ponder</td>
<td>S.T.</td>
<td>1,126</td>
<td>151</td>
<td>1,863</td>
<td>166</td>
<td>200</td>
<td>(100 Excess)</td>
</tr>
<tr>
<td>78 Times, Tubes, Other Rubber Products (Rubber Content)</td>
<td>S.T.</td>
<td>40,390</td>
<td>2,453</td>
<td>27,026</td>
<td>67</td>
<td>61</td>
<td>3,296</td>
</tr>
<tr>
<td>82 Metallic Cloth and Screen</td>
<td>$</td>
<td>1,000,000</td>
<td>85,678</td>
<td>517,160</td>
<td>92</td>
<td>63</td>
<td>48,436</td>
</tr>
</tbody>
</table>

War Production Board
Foreign Division
Program Review Branch
May 24, 1944
The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and transmits a copy of despatch no. 71, May 10, 1944, from Melbourne, Australia, and a memorandum enclosed with the despatch, concerning introduction of new guilder notes in re-occupied territory of the Netherlands Indies.

Enclosure:

Copy of despatch no. 71, May 10, 1944, from Consulate General, Melbourne, Australia, with enclosure.
Despatch no. 71.

CONSUL GENERAL AT BATAVIA, JAVA,
TEMPORARILY AT MELBOURNE, AUSTRALIA,

May 10, 1944.

SUBJECT: CIRCULATION OF NETHERLANDS INDIES CURRENCY NOTES IN RE-OCUPIED AREAS.

The Honorable,
The Secretary of State,
Washington.

Sir:

I have the honor to transmit attached a copy of a memorandum prepared by and handed to me by Dr. R. O. Smits, formerly Secretary-Director of the Java Bank and recently designated Director of Finance of the Netherlands Indies Government which Dr. H. J. van Mook hopes to form when he returns to Australia from London.

The memorandum concerns chiefly the withdrawal of paper currency circulating in re-occupied territory of the Netherlands Indies, and provides for its replacement by the new Netherlands Indies Government guilder notes.

The memorandum is self explanatory; and I am unable to comment further at this time.

Respectfully yours,

Walter A. Foote,
American Consul General.

File no. 851.5
WAF/--

Enclosure: Memorandum on the above mentioned subject.
MEMORANDUM ON THE WITHDRAWAL OF CURRENCY CIRCULATING IN REOCCUPIED TERRITORY AND ITS REPLACEMENT BY THE NEW NETHERLANDS INDIES GOVERNMENT GUILDER NOTES.

There are three categories of currency circulating in the now enemy occupied parts of the Netherlands Indies:

1. Bank notes of the Java Bank and currency notes of the Netherlands Indies Government being legal tender according to Netherlands Indies law existing at the time of occupation on the 8th March, 1942.

2. Paper money and probably small coins issued by the Japanese occupational forces in guilder value.

3. Paper money and coins issued by the Japanese occupational forces in Yen value. It is known that the Japanese Army has brought with it so-called Yen military script on the basis of one (1) Yen equals F1.1.00, although the pre-invasion rate of exchange for the Yen was only about F1. 0.44.

To avoid monetary chaos in territories freed from enemy occupation, it is strictly necessary for the old currency to be withdrawn from circulation at the soonest possible moment so that there will be only one Netherlands Indies Government guilder circulating in these territories as legal tender, the external value of which against the U.S. Dollar will be maintained at the pre-invasion rate of $1.00 equals F1. 1.88.

In this respect it has to be considered whether or not and if so, at what rate the currency previously circulating is to be exchanged into new Government glders.

The following outline of procedure constitutes the first approach to the solving of this problem and consequently might by changed if and when in the course of the development of reoccupation new facts come to light which would make such a change necessary or desirable. This applies particularly to the rate of the assistance to be given to the population in exchange for Japanese issued currency forcibly withdrawn from them.

First of all it should be mentioned that the old silver standard coins and subsidiary coins being F1.2.50, F1. 1.00, F1. 0.50, F1. 0.25, F1. 0.10, F1. 0.05, F1.0.02½, F1. 0.01 and F1. 0.00½ will continue to be legal tender in the new currency system. The native population in the Netherlands Indies has always had a marked preference for the use of coins. It is to be expected that as far as this was possible the native population will have hoarded this money in the expectation that it would keep its value, and the Netherlands Indies Government has therefore considered it a measure of wise policy not to change the character and the value of these coins. On the contrary, it has provided for the minting of additional coins of F1. 2.50, F1. 1.00, F1. 0.25, F1. 0.10 all in silver, exactly
according to design already in use and Fl. 0.01 (the latter being a bronze coin) in order to be able to issue this money in reoccupied territories on a par with the old existing coins, thereby reassuring the native population as regards the value of their hoardings and contributing to bringing the hoarded coins back into circulation.

At the time of occupation the silver standard coins (Fl. 2.50, Fl. 1.00 and Fl. 0.50) were legal tender up to any amount, subsidiary silver coins of Fl. 0.25, Fl. 0.10 were legal tender up to an amount of Fl. 10.00, subsidiary nickel coins of Fl. 0.05 were legal tender up to an amount of Fl. 5.00 and subsidiary bronze coins of Fl. 0.02½, Fl. 0.01 and Fl. 0.00½ were legal tender up to an amount of Fl. 2.00. Apart from these coins at the time of occupation the bank notes of the Java Bank and the currency notes issued by the Government in denominations of Fl. 2.50 and Fl. 1.00 were legal tender to any amount.

It is known that the circulation of Java Bank notes and currency notes of the Government has been replaced to a certain extent by Japanese Government notes of the category Sub 2 aforementioned.

It is expected that the hoarding of Java Bank notes and Government currency notes, notwithstanding pressure exerted by the Japanese to have them converted into Japanese Government guilder notes, will have caused hardships taken in the expectation that these notes, like silver coins, would keep their value. The Netherlands Indies Government is prepared to exchange old legal tender paper currency of category 1 into the new Netherlands Indies Government guilder notes at par on the strength of the following considerations.

(a) Under existing Netherlands Indies law, Java Bank notes, Government currency notes and standard and subsidiary coins were linked together and therefore all had the same value.

(b) The coins will continue to be used in the new currency system and are to be maintained at par with the new Netherlands Indies Government guilder notes.

(c) It may be reasonably expected that the external value of the Netherlands Indies guilder will not have deviated very far from its pre-war level in view of the existing price level in the Netherlands Indies, derived as they are of all income from their extensive pre-war exports, in comparison with more or less inflated price levels elsewhere.

As far as currency of categories Sub 2 and 3 aforementioned are concerned, both issued by the Japanese Government or Military Authorities, a different attitude has to be taken. In order to strike a blow at Japanese prestige in the still occupied areas, it is necessary to declare all currency issued by the Japanese worthless, and to withdraw it from circulation immediately. However, this
However, this theoretically preferable attitude conflicts with the interests of the population freed from enemy domination. It will be impossible and politically inexpedient to dispossess the population of all means which they happen to have in the form of Japanese guilder currency. This might lead to extreme hardships and comparisons between the Japanese occupational administration and the Allied reoccupational administration to the disadvantage of the latter. It will therefore be necessary to provide for some assistance to be rendered to the population in reoccupied areas in exchange for the Japanese currency forcibly withdrawn from them. Small holders, which will be found mainly amongst the native population, should be protected in the first place. It is therefore intended to fix the rate of assistance for surrendered Japanese monies of categories 2 and 3 on the following basis:

For all Japanese issued currency surrendered by one and the same person, the Netherlands Indies Government will hand back as assistance Fl. 5.00 in new currency for every first Fl. 5.00 or 5 Yen nominal value of surrendered currency and an additional Fl.0.10 in new currency for every guilder or yen of Japanese issued currency for all amounts above Fl. 5.00 or 5 yen. If the person in question has already received new currency in exchange for old Java Bank notes or Government currency notes, the amount thus received is to be subtracted from the above mentioned limit of Fl. 5.00 respectively 5 yen. In this way it is expected that extreme hardships will be avoided, at the same time maintaining the principle that Japanese issued currency is worthless.

The period during which the currency of all categories above mentioned is to be withdrawn should be as short as possible and the exchange into new currency, respectively the rendering of assistance in new currency, should be undertaken in the main place of invasion in order to induce the population, which at that time will have abandoned their former villages, to return, thereby providing the labor forces which at the main place of invasion will be urgently needed.

The above is a true copy of the memorandum furnished to me by Dr. R. E. Smits, who has been designated as Director of Finance in the new Government of the Netherlands Indies.

Walter A. Foote,
American Consul General.
PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Moscow
TO: Secretary of State, Washington
DATE: May 30, 1944
NO.: 1939

CONFIDENTIAL

This refers to Department's May 25 circular telegram.

We are advised by the Foreign Office that Soviet reply to
invitation to participate in a United Nations monetary and financial
conference is being transmitted by the Soviet's Washington Ambassador.
In addition Foreign Office states that the Soviet delegation to the
conference will be headed by assistant Peoples Commissar for Foreign
Trade, MS. Stepnov.

HAMILTON

... ... ... ...

ct: copy
CG-1-44
MJK-747
This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (RESTRICTED)

Caracas
Dated May 30, 1944
Rec'd 3:20 a.m., 31st

Secretary of State,
Washington.

PRIORITY.
558, May 30, 9 p.m.

During a conversation with Acting Foreign Minister this afternoon he referred to the invitation to attend the monetary and financial conference delivered to him on May 26 as instructed in circular telegram May 25, 5 p.m. He stated that the Venezuelan Government is very much interested and that the reply will probably be made and one or more delegates named next week after the return of Parra Perez from the United States.

... 

EMB

CORMGAN
ESG-745
This telegram must be paraphrased before being communicated to anyone other than a Government agency. (SECRET O)

Algiers
Dated May 30, 1944
Rec'd 2:01 a.m. 31st

Secretary of State,

Washington,

1790, May 30, 11 p.m.

FOR WAR REFUGEE BOARD FROM ACKERMAN.

Number 24.

Local office of War Shipping Administration giving full assistance to ensure that there will be no further delay in making ship available for evacuation refugees from Spain. Expect to know definitely in few days when ship will sail. As French ship will be used, French authorities have asked whether pesetas will be made by us for port dues in Spain. Suggest you immediately take up with USCC question whether it can supply pesetas in Spain. Reply urgently whether this method available or whether Treasury desires that pesetas be furnished another manner. Repeated to Madrid as 102 for USCC; sent to the Department as 1790.

CHAPIN

WT

LIS
CABLE TO AMBASSADOR WINANT, LONDON, FROM STATE DEPARTMENT

May 30, 1944
1:45 p.m.

Facilities in southern Italy for caring for refugees who have escaped from enemy territory are becoming so over-crowded that it is essential to remove refugees rapidly to other areas. It is particularly important that this be done without delay so that the flow of refugees into southern Italy is not (repeat not) in any way discouraged or impeded. The following cable which has been sent to Robert Murphy in Algiers indicates more fully the nature of this problem and its importance:

QUOTE Our information indicates that refugees have been arriving from Yugoslavia to Italy at the average rate of over 1800 per week and that this flow is expected to continue and may well increase. It also appears that unless these refugees can be removed rapidly to other areas, the military authorities are fearful that the facilities in southern Italy for refugees may become seriously overtaxed.

The whole matter has been discussed with the President who has made it clear that under no circumstances should the escape of refugees to Italy from the Balkan countries be discouraged. The flow of refugees from Yugoslavia to Italy is important not only from the standpoint of saving the lives of Yugoslavs but also in order that as many refugees as possible from other Balkan countries may be able to escape through Yugoslavia. In this connection, Cable No. Yugo 102 from Cairo, dated April 29, indicates that support in rescuing Hungarian Jews has been promised by Tito. In view of the plight of Jews today in Hungary, it is essential that we do what we can to facilitate their escape.

We recognize that the crux of this matter is finding suitable places to which these refugees can be removed. In this connection, the following should be borne in mind:

(1) As many as possible of these refugees should be moved to camps in the Middle East. UNRRA is making every effort to supply sufficient medical and other personnel.

(2) In so far as Jewish refugees are concerned, present plans to move as many as possible to Palestine should be carried out without delay. In this connection it should be borne in mind that in the case of Turkey, the British have adopted the policy that all Jews escaping into Turkey from the Balkan countries will be permitted to go to Palestine. These refugees are then placed in camps in Palestine where they are checked for security purposes.

(3) For some time we have been pressing the British to establish with our cooperation havens of refuge for these people in Tripolitania and Cyrenaica, but without any results to date.

(4) The President suggested the possibility that some of these refugees might be taken to Sicily. This should be carefully explored together with the possibility of a substantial expansion of facilities on the Italian mainland.
(5) While we do not (repeat not) consider it desirable to bring refugees from Italy to Camp Ilyautey at Feshala since all of the accommodations of that camp must be kept available for refugees from Spain, the possibility of establishing other camps in French North Africa for refugees from Italy should, of course, be borne in mind.

Bearing in mind that the flow of refugees into Italy from the Balkan countries must not be interfered with, you are requested to submit as soon as possible your views and recommendations as to all possible havens of refuge in which these people might be temporarily placed.

Please convey the contents of this cable to representatives of UNRRA and Ackermann of the War Refugee Board, as well as the appropriate military authorities. You should discuss this whole matter with them and cooperate with them in solving this most urgent problem. UNQUOTE.

According to the best information available there are in southern Italy several thousand Jewish refugees. The prompt removal of these refugees to Palestine would constitute an important step in helping to solve the problem indicated. Accordingly, the Department and the War Refugee Board would like to know at the earliest possible moment whether the British Government will grant Palestine certificates to these Jewish refugees and will facilitate their prompt removal to Palestine.

In taking up this matter with the British Government you should bear in mind the following:

Since the closing of the Bulgarian-Turkish frontier in May 1943, the British Government has been following the policy of authorizing, after a preliminary security check in Turkey, the onward transport to Palestine of all Jews who succeed in escaping to Turkey from enemy territory. Once in Palestine the British place these people in camps where another security check is made, and if found satisfactory, they are gradually released as legal immigrants to Palestine against the current half-yearly immigration quota. It is apparent that the application of a similar policy in the case of Jews now in southern Italy would make possible the prompt removal of such refugees to Palestine.

Please advise us urgently of the attitude of the British Government in this matter.

This message has been repeated to Murphy, Chapin and Ackermann in Algiers.

JBF:bbk - 5/30/44

Regraded Unclassified
PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Santiago
TO: Secretary of State, Washington
DATED: May 30, 1944
NUMBERS: 952

SECRET

Reference is made herewith to your circular airgram of May 11.

I am informed formally by letter from Fernandez that in the case of Born and Madrid he has taken action desired by you in airgram under reference.

HONORS
CABLE TO MINISTER HARRISON AND MccLELLAND, BERN, SWITZERLAND

1. Please ask Swiss government and Intercross for all available information regarding conditions in concentration camps of Bergau near Dresden and Dost or Tost in Silesia, numbers and treatment of persons held there including those with Latin American documents, facilities enjoyed by Intercross therein, etc.

2. Reference is made to your 2937 of May 9 and 3171 of May 18. It is not (repeat not) clear therefrom to what extent this Government's attitude regarding status and treatment of persons claiming American and Latin American nationality and persons holding documents issued in names of such countries, as set out in Department's 1221 of April 10 and 1269 of April 13, has been taken note of by Swiss authorities and urged by them on German government. Your 3171 rather indicates that Germany is still undertaking to pass on merits of individual claims, and there is no (repeat no) mention therein of Swiss protest. You will recall that this Government has taken the view that such claims are to be honored by Germany until notified that claim is rejected by country in whose name the document has been issued or whose nationality is claimed.

Please urge Swiss authorities to insist on this point, and advise us as to where this matter stands.

THIS IS WRB BERN CABLE NO. 31

***************
May 30, 1944
10:35 a.m...
AIRGRAM TO AMERICAN EMBASSY, LA PAZ, BOLIVIA

Reference your A-212 of May 16.

In order to clarify the nature of the problem with which Department's A-161 of May is concerned and for your information and guidance in further informal approaches, there are repeated to you circular airgrams of May 1, 7:35 p.m. and May 11, 7:30 p.m.

***************
May 30, 1944
10:35 a.m.

Baksin:jp 5/29/44
AIRGRAM TO AMERICAN EMBASSY, SAN SALVADOR, EL SALVADOR

Reference to your A-186 of May 3. Salvadorean action in approaching Spanish Minister is appreciated. Please advise whether you have yet received Salvadorean approval of our exchange negotiations with Germany in which bearers of documents issued in the name of Salvador would be eligible. The assurances contained in our previous communications in connection with such exchange negotiations are hereby recalled to your attention.

***************
May 30, 1944
10:35 a.m.
May 30, 1944
6 p.m.

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

OPENING

From

1944

The following message from Edward Cahill of Unitarian Service Committee and former WGB cable No. 30 is for delivery to Noel Field, 12 rue de Vieux College, Geneva.

"QUOTE Monthly general appropriation June dollars 5666.60 cabled you May 22, also dollars 10,000 refugee medical program in France or your discretion other relief there. UNQUOTE"

HULL
(SGW)

WGB: 1104V: CMH
6/30/44

WH
SWP
Regraded Unclassified
the charters of the Adana ships are being temporarily renewed for two-month periods pending a final decision on this matter by the British and American Governments.

In order to strengthen your hand in future dealings with the Turkish Government concerning refugee matters and particularly in order to facilitate the obtaining of Turkish shipping for refugee purposes in the future, we have recommended to the State Department that it suggest the following among others as conditions to the re-charter of the Adana ships:

One. So long as any of the Adana ships are under charter to the Turkish Government, the Turkish Government should make available the TARI or a similar vessel for repeated refugee evacuation voyages across the Black Sea to a Turkish Black Sea port with a German safe conduct if it can be obtained or without such a safe conduct, whenever in the opinion of the British and American Ambassadors to Turkey such voyages become feasible. It shall be clearly understood that the re-charter of the five Adana ships will constitute fulfillment of any Turkish demand that a substitute passenger vessel be made available to the Turks while the TARI is engaged in refugee evacuation operations.

Two. The Turkish Government should cooperate with the British and American Ambassadors in effecting arrangements whereby evacuation operations across the Black Sea without a German safe conduct by small boats carrying relatively small numbers of passengers such as the MARITZA, NILKA, and NELIACISTA will be continued and if possible intensified. Such cooperation would include not only permitting all refugees arriving in this manner to land in Turkish Black Sea ports and remain in Turkey until Turkish rail facilities permit them to be transported across Turkey to Palestine but also actively assisting the British and American Ambassadors in their efforts to find and put into service in Turkey small boats which can operate in the same manner as the three above-named ships.

The War Refugee Board would of course agree to arrange for the payment of a reasonable charter hire for the use of any Turkish vessel made available and to assume responsibility for the maintenance and support of refugees in transport or awaiting transportation in Turkey.

In view of the necessity of using for military purposes all passenger ships now available to us, the War Refugee Board is also recommending that if the Turkish Government insists upon a guarantee of replacement in kind in the case of loss of any Turkish vessel made available in the future for refugee evacuation operations, consideration should be given to the re-chartering
of the Adana ships as a basis for requesting the Turkish Government to waive such guarantee in the future unless the Turks are willing to make a similar guarantee to replace any of the Adana ships that are lost. However, if the giving of a guarantee in kind appears absolutely necessary in order to obtain the use of Turkish vessels the War Refugee Board will, despite all difficulties, seriously consider giving such a guarantee in connection with future voyages of the TARI or any other Turkish vessel because of the urgent humanitarian considerations involved and the strong interest of this Government in the refugee evacuation program. It should be clearly understood that the original guarantee to replace the TARI in the event of loss on its first voyage still stands and that the above refers to subsequent voyages of the TARI and any other Turkish vessels made available for refugee evacuation purposes.

The State Department is transmitting the Board's recommendations to the British.

This is War Refugee Board cable to Ankara No. 46.

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May 30, 1944
11:40 a.m.

Nukitah 5-30-44
PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMERICAN EMBASSY, MONTEVIDEO
DATED: May 30, 1944
NUMBER: 307

CONFIDENTIAL

Knapp sends the following for Sanders.

Reference is made to Department’s 304, May 27, 8 p.m.

It is my suggestion that exposition for resolution in connection with refugees be brief, consisting of little more than narrative paraphrase of major phases of draft resolution contained in message referred to above. Please be particularly careful not to antagonize the Germans by extensive or inflammatory discussion of their capacities for cruel handling of refugees, nor to broach or deal directly with the subject of legality of documentation, since the Germans might seize upon it.

Although the Committee must be advised that, as between the respective issuing governments and the individuals, irregularities may occur in the documents, it should be stressed that the release of the refugees, without prejudice to later deliberate scrutiny of their documentation, to temporary havens of safety outside this hemisphere is the immediate objective, and that the admission of or responsibility for any individual released whose documentation it regards as illegal, will not be required of any government.

I suggest words quote security circumstances unquote be followed by words quote respecting repatriation unquote in first line of third Whereas clause of draft resolution.

HULL
SECRET
OPTEG No. 173

Information received up to 10 A.M. 30th May 1944.

1. NAVAL

On 27th/28th bombs and mines were dropped in PORTLAND Harbour and one tank landing craft damaged. Harbour swept clean of mines and re-opened by 10 P.M. 28th.

On 28th/29th two MTB's damaged by mines in LYME BAY. During raid on FALMOUTH Port last night British and U.S. Naval Headquarter were damaged by blast and there were some service casualties. No damage to shipping, mine laying suspected. On evening 29th, U.S. Escort Carrier and U.S. Destroyer were torpedoed about 400 miles south of AZORAS. The Escort Carrier has since sunk. No further details yet received.

On 27th/28th Coastal craft sank three F-Fighters and set on fire a 1,000 ton ship off West Coast of ITALY. On 28th a French Cruiser and a U.S. Destroyer bombarded in support of 5th Army's left flank. One of H.M. Submarines sank a 3,000 ton German ship in S.W. Gulf of LIONS on 21st.

2. MILITARY

Italy New Zealand troops have reached point on ATINASORA Road 4 miles N.W. and locality 6 miles W.N.W. ATINA respectively. Indian troops have captured ARCE and have advanced 1\frac{1}{2} miles to N.W. U.K. and Canadian troops have crossed the LIRI near CEPRANO, landing Canadian elements have advanced to one mile north of POPI. French are approaching CECCANO having advanced up to 1\frac{1}{2} miles in the hills S.W. of that village. U.S. troops have made slight advances on the Road PRATENA-CARPINETO and are now about midway between these villages. U.S. Troops attacking toward VALMONTONE and VELLETRI are meeting severe opposition. German counter attack on ARTERA repulsed. British and U.S. troops have advanced about 1\frac{1}{2} miles West of ANZIO-ALBANO road in CARROCELO area.

Burma IMPHAL In area South of IMPHAL our flanking movement to cut off Japanese has now resulted in gap between two of our brigades being closed. KOHIMA The attack to drive the Japanese southwards from KOHIMA is still in progress.

3. AIR OPERATIONS

Western Front 28th/29th 465 tons dropped on ANGERS railway centre in good and well concentrated attack and 836 tons on coastal battery.

29th 988 U.S. heavy bombers supported by 1,058 fighters sent to attack objectives in N.E. GERMANY and POLAND. 1,300 tons dropped on seven aircraft factories at POSEN, KOTTHUS, SORAU LIPZIG and TUTOW 488 tons on synthetic oil plant POLITE and 101 tons on other objectives with results generally good. German casualties reported by fighters 561120 these by bombers not yet received. 34 Bombers 11 fighters missing 1,586 medium, light and fighters attacked following objectives Northern FRANCE and BELGIUM.
### Military constructions

<table>
<thead>
<tr>
<th>Construction</th>
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<tbody>
<tr>
<td>Airfields</td>
<td>146</td>
</tr>
<tr>
<td>Coastal defences</td>
<td>158</td>
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<tr>
<td>Railways</td>
<td>457</td>
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</tbody>
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Two medium bombers and three fighters missing, three German aircraft destroyed in the air.

**29th/30th** Following Mosquitoes despatched:

<table>
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<tr>
<th>Location</th>
<th>Count</th>
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<tbody>
<tr>
<td>Hanover</td>
<td>31</td>
</tr>
<tr>
<td>Ammunition Depot near Duisburg</td>
<td>11</td>
</tr>
<tr>
<td>Coastal Battery</td>
<td>4</td>
</tr>
<tr>
<td>Intruder patrols</td>
<td>10</td>
</tr>
<tr>
<td>Halifaxes laying sea mines</td>
<td>6</td>
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All aircraft returned safely.

69 German aircraft operated off and over South coast. One was destroyed by fighters. One large fire at Falmouth where five fatal casualties so far reported. Minor incidents at Portmouth, Isles of Wight area.

**Italy** 28th. 368 medium and light bombers - one missing and 196 fighters attacked communications in Central and Eastern Italy. 398 fighters - one missing - attacked road transport on the battle area.
Hello.

Good morning, sir.

Hello, John, they say you want to talk to me.

I just want to mention -- I just want to be sure you heard the good news about what the President said at the press conference yesterday.

No, I didn't.

Well, they asked him about the free ports....

Yes.

...and he said that he liked the idea but he didn't like the name and that the Government was working on it.

Yeah.

And then he said, "Of course, they don't -- they don't have to be limited to the United States. They can be other places, too."

Yeah.

Some of the press misinterpreted that and said that he indicated that they might not be here at all; they might be just other places. But I have checked rather carefully on what he said and he clearly gave a good boost for the free ports.

Righto. Okay. I'll see you later.

All right, sir.
Mr. Blough,
Mr. Burrey.

Secretary Morgentau.

May 31, 1944

Please read Bricker's statement, the full text of which is in today's New York Times, as it affects the tax and fiscal policy, and Roy Blough, be prepared to give me your joint opinion as to how we can answer this statement. You will also notice that he refers to a Baruch report on post-war taxes. I'm not familiar with that. Is there such a report and is Baruch studying it? I wish you would bring that up at the eleven o'clock staff meeting.
May 31, 1944
10:05 a.m.

GROUP

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

H.M.JR: I hope you all had a nice Decoration Day.

MRS. KLOTZ: Very nice, thank you.

H.M.JR: Who has what the President said yesterday to the press? Have you got that from Shaeffer?

MR. SMITH: Shaeffer will have it. We had Coffelt over there. I don't have it.

H.M.JR: Why doesn't Shaeffer go, himself?

MR. SMITH: He was in the conference with Harry White yesterday.

H.M.JR: But the last two or three times he hasn't gone.

Dan?

MR. D.W. BELL: I talked to General Carter about delaying that directive, and he said that - that was Monday I talked to him - that he thought that they could. And then yesterday morning while I was away he called Mr. Bartelt and indicated that they didn't want to delay it, and that it was going to be sent to Secretary Stimson.
today, and that Secretary Stimson would be advised of Secretary Morgenthau's interest in the matter. I don't know whether you want to call Secretary Stimson, or whether I should, and ask him to delay the directive.

H.M. JR: I don't think that is important enough. If the Army doesn't want to do it, it is all right with me.

MR. D.W. BELL: They are quite worried about the position, frankly.

H.M. JR: I am not going to ask him - no. I don't think you should. If they can't stop it themselves - it is a question of stopping the pay roll plan in the Army, and if the Army wants to stop it, O.K. I am not going to fight with the Army about it. Do you care?

MR. GAMBLE: Not especially. They have so many people that are buying a bond a month and two bonds a month - two hundred thousand buying a fifty dollar bond a month; forth-five thousand buying a one hundred dollar bond a month, and three thousand buying two one hundred dollar bonds a month. I have checked it since Mr. Bell told me about this. I think we have very little to lose. If we consistently keep it up, we may have a lot to lose in the next two or three years.

MR. D.W. BELL: They think they will sell more bonds this way.

MR. GAMBLE: I wouldn't try to. The fact that it goes to Stimson's desk doesn't mean he is going to sign it right away, anyway.

MR. D.W. BELL: No. Mr. Stuart, who is the Stamp Editor of the Washington Post, wrote a letter some time ago and suggested that we have a commemorative stamp this year for the Bureau of engraving and Printing, commemorating a half century, I believe it is, of manufacturing what he calls the finest and the most
beautiful stamps in the world by the Bureau of Engraving and Printing. In other words, I suppose it would be something to show the Bureau of Engraving and Printing on the stamp. Would you be in favor of that, or would you be interested?

I suppose it should come from the Post Office, but he is asking us first before it is taken up with the Post Office.

H.M.JR: I think it is pretty far removed from the war.

MR. D.W. BELL: That is true, but then, they are having a lot of new stamps. I think they have three this month. Haven't had one, I think, since Frank Walker came in.

H.M.JR: If the fellow can generate it, all right, but I wouldn't push or pull. How is that?

MR. D.W. BELL: O.K.

Some time ago I think Mr. Gaston took up in Staff Meeting the matter of Cuban sugar, raw sugar, coming in duty free because of an old statute which gave the Secretary of Navy authority to buy any war materials abroad without paying the duty. That authority given to the Secretary of Navy was included in the War Powers - Third War Powers Act, I think - and they issued an Executive Order which covered Cuban sugar, I believe.

Mr. O'CONNELL: It gave to a number of agencies the authority the Secretary of Navy had had before - among others, FEA and Commodity Credit - Commodity Credit in this case. It wasn't addressed to sugar, but just in terms of the statute.

MR. D.W. BELL: Vandenberg has asked you in a letter to give him the facts in the case. He said it looks to him as though, by allowing Cuban sugar to some
in duty free, it is increasing the appropriations of the Commodity Credit Corporation, and that is true, that they don't have to pay the duty, so it thereby enables them to buy more goods.

This letter just sets out the facts, and I see nothing wrong with your signing it.

H.M. JR: Am I for or against it?

MR. D.W. BELL: You are just telling him what happened - that the law is there and it was extended to other agencies.

MR. O'CONNELL: We also told the Commodity Credit Corporation of the incoming letter and read to them the form of reply that was drafted. It is agreeable to them. I thought they ought to know it.

MR. D.W. BELL: We opposed the matter at that time because we said we didn't think they could determine that raw sugar was a war material in the terms of that original statute.

MR. O'CONNELL: Yes, but it is their responsibility to make the determination. We have cautioned them we thought they were going pretty far. We felt it was up to them. The Attorney General says it is their responsibility and it isn't up to us to do more than raise the question that they give us a proper certification in Customs.

H.M. JR: O.K. (Secretary signs letter to Senator Vandenberg)

What else?

MR. D.W. BELL: It looks as though expenditures might reach a record this month, close to eight billion for war expenditures. One reason is because we have five Tuesdays; Tuesday is always a big day. The expenditures accumulate over the weekend. That is all I have.
H.M.JR: You might give me a little analysis of it, just as soon as you have it, George. Will you?

MR. HAAS: Yes.

MR. GAMBLE: Make a good press release for the Fifth War Loan as soon as we have it.

H.M.JR: Will you get busy? Give it to me just as soon as you have it figured, or within twenty-four hours, please.

MR. HAAS: Yes, sir.

H.M.JR: Charlie?

MR. C.S. BELL: We are going ahead with the dance tonight. Anyone, at nine-thirty, who would like to come down would be very welcome.

H.M.JR: I was going to say the same thing, because if anybody wants to come - I thought I would have a movie at eight-thirty. You don't want them standing around more than half an hour, do you?

MR. C.S. BELL: I think they do, sir.

H.M.JR: Well, I can't dance that kind of dance.

MR. D.W. BELL: Not longer than half an hour, you mean?

H.M.JR: I last about five minutes. Anyway--

MRS. KLOTZ: The idea in your coming is that they see you. Some of them don't come very early, you see.

H.M.JR: Well, let's see how it goes. Mrs. Morgenthau and I, and Mrs. Robert Morgenthau, expect to be there. I don't know whether the others heard you.
MR. C.S. BELL: Anyone that wishes to come will be welcome. We have some nice publicity on it. I don’t know whether you saw it - there are four items in the local papers (hands clippings to Secretary).

H.M.JR: Incidentally, I will have to let the President know what is going on. It is the Canteen?

MR. C.S. BELL: It is a joint affair.

Mr. Pehle would like to promote Mr. Friedman over to the War Refugee Board. He goes off your Stabilization at sixty-five onto the War Refugee Board at seventy-five. His last promotion was 1942 - May - two years ago.

H.M.JR: Anybody object? (No reply)

MR. O’CONNELL: He is a good man - very good man.

(The Secretary signs Mr. Friedman’s transfer)

MR. C.S. BELL: I have three deferment cases if you want to take them up later.

H.M.JR: Yes, I will try to do it right after this.

MR. C.S. BELL: That is all.

H.M.JR: How is the mattress department?

MR. C.S. BELL: Fine.

H.M.JR: Will you report later?

MR. C.S. BELL: I will have the whole story by noon.

H.M.JR: Oh, boy!

Mr. White?

MR. WHITE: We would like to discuss and possibly recommend a rather unusual approach to the German monetary problem. They are pushing us for a report.
H.M.JR: Who is "they"?

MR. WHITE: The Army - pushing us for a definitive answer. We have put them off several times. We ought to have a meeting as soon as possible with you - tomorrow or the day after - at which time Dan Bell and Joe ought to be in on it.

H.M.JR: Well, let me find out. I will give you a time.

Fred, did that record come?

MR. SMITH: It is here, yes.

H.M.JR: How long does that take?

MR. SMITH: About thirty to forty-five minutes.

H.M.JR: When would you like me to hear it?

MR. SMITH: You can do it any time. It is down there now, and Welles is going to be here on Friday. You can do it now and think about it Friday, or wait until Friday and do it all.

H.M.JR: Today is Wednesday, isn't it?

MR. SMITH: Yes.

H.M.JR: What are you doing right after this, Gamble?

MR. GAMBLE: I am free. I haven't heard it.

H.M.JR: Would you like to go down right after this?

MR. GAMBLE: Yes.

H.M.JR: As long as you are here, would you like to do that?

MR. GAMBLE: Yes, sir, very much.
MR. SMITH: His man came with it, here; shall we have him here, too?

H.M.JR: I would rather have it so I could be a little free in my criticism.

MR. SMITH: Yes, O.K.

H.M.JR: Do you want to just tell them outside to see that the room is available for us? I would like to do that and then I will know.

MR. WHITE: We would like a half hour, I think.

H.M.JR: I am available at three o'clock today.

MR. WHITE: I would like some other time. I have some conferences booked for most of the afternoon, outside of tomorrow.

H.M.JR: I want to try to keep tomorrow morning to go up on the Hill. Do you want three o'clock tomorrow?

MR. WHITE: Tomorrow afternoon at three o'clock, yes.

H.M.JR: Will you tell them outside who is to come? Do you want a half hour?

MR. WHITE: I think you will probably want a half hour.

H.M.JR: Is that the only appointment you want? Did Acheson come?

MR. WHITE: That is a separate appointment we would like. He won’t come to that one. That should be strictly Treasury. You might want to branch out later, but first I want to get your green light if we want to go ahead on this, because it is something new.

H.M.JR: Do I have to see Acheson before?
MR. WHITE: No, Acheson has nothing to do with this. You will have to see Acheson about some preliminaries on the Conference, and that you can do either this morning or tomorrow - whichever you have.

H.M.JR: Let's wait and see if the President is going to see these people himself. I have a call in.

MR. WHITE: Tomorrow would be all right to see Acheson - even the day after.

H.M.JR: No, I have to move on this now. I want to finish it up this week. The longer we wait, the more people you get suggested as delegates, you see.

MR. WHITE: That is very true, although the meeting was related to other things besides the delegates.

H.M.JR: All right.

MR. WHITE: We received a letter from Secretary Hull, recommending to the President - and he sent a copy to you - that the loan be made by Jesse Jones to the Netherlands on the collateral--

H.M.JR: From whom?

MR. WHITE: We received a copy of the letter - from Hull to you - it is a copy of a letter from Hull to the President. I don't think there is any need for you to consider it today. If you want to put it off until next week--

H.M.JR: Wait until I hear from the President?

MR. WHITE: You can.

H.M.JR: I have a note from the President that he wanted to discuss it with me when he came back.

MR. WHITE: Yes. I don't think it was quite that way, but something like that. I think he said discuss it with State, but--
H.M.JR: No, you are wrong; he wanted to discuss it with me.

Anything else?

MR. WHITE: Yes, the FEA is making a study on a very interesting and, I think, important aspect of arrangements with Germany on cartel tie-ups and its effect on certain of the German influences, and so forth, here and in South America. They would very much like to have the services of Sam Klaus to help them in setting up the Unit. That is, he would still be with the Treasury, but they would like to use his services setting the Unit up and setting out the program, and so forth. They have had a number of discussions with me and with him on it. Is that all right with you?

H.M.JR: Don't they want to take him on permanently?

MR. WHITE: I don't know. I will ask them.

H.M.JR: If Sam could get a job which would give him full time for his energy, it would be fine for him. I think he has it coming to him. Certainly we will lend him to them, anyway. It comes from your office?

MR. O'CONNELL: That is right. I talked to Harry about it. It is very agreeable.

H.M.JR: Can you spare him?

MR. O'CONNELL: Yes.

MR. WHITE: The French Minister was supposed to leave yesterday by plane. As far as I know he didn't leave until last night. He called and said he would very much like to say goodbye to you in person if he hadn't left by this morning. Now, I can stall it until this afternoon, and by that time he will probably have left, and then I can call him.

H.M.JR: I would like to see him.
MR. WHITE: O.K. I will call him.

H.M.JR: Tell Fitz, too.

MR. WHITE: Yes. They gave him a number three priority. We were able to get that raised to a number two priority.

(The Secretary tells Mr. Fitzgerald that if Mr. Mendes-France is still in town and wants to come here at quarter of twelve, he will be delighted to see him)

H.M.JR: Roy?

MR. BLOUGH: You asked about the Bricker speech.

H.M.JR: Yes.

MR. BLOUGH: Well, it is the old stuff all good Republicans preach these days. I don't think there is anything particularly erroneous with the figures, although they are used to the worst advantage as far as the Administration is concerned.

The only way I can see to meet it is for some other people to make speeches - political speeches - emphasizing other aspects of the situation.

H.M.JR: ...Well, I wrote a note to Fred--

MR. SMITH: Yes, I have called. Hannegan is in California and is going to talk to me when he calls in. Paul Porter is not anywhere to be found at the moment.

MR. SULLIVAN: He is in town.

MR. SMITH: Yes, but you can't reach him.

H.M.JR: Here is the thing that comes up; I don't feel I should answer Bricker if they say that. That is out. There is time enough, whoever the Republican is. But I am curious to know what the hell the National
Democratic Committee does.

Now, here is the thing; we ought to have somebody write a speech and give it to Doughton and George and let them answer this fellow, because he leaves himself wide open.

"O.K., Mr. Bricker, if you care to balance the budget, how would you do it?" And I would keep asking him.

"You want to increase taxes. How would you do it?"

They let Willkie get away with that sixteen billion dollar tax and nobody answered it. They are dead on their feet over there, and so is the Congress.

By night there ought to be a speech for somebody to give answering that cheap skate who says that kind of stuff. They don't think we want to save money.

"All right, Mr. Bricker, where would you save the money? Let's get down to brass tacks."

MR. SMITH: I agree. I think you might be giving Bricker a little too much publicity if you name him, because nobody listens to Bricker, anyway.

H.M. JR: Well, the New York Times gives the speech in full.

MR. SMITH: The other thing is, what Bricker is hauling out is the old stuff that everybody knew was coming three months ago.

We should have had ourselves up and all over the lot, which should have made him cringe before he could speak.
H.M., JR: I would like to find out, what does Mr. Hannegan propose to do on a political level when somebody makes a speech attacking Mr. Roosevelt's Administration on a tax and fiscal policy. Do you see?

MR. SMITH: Yes.

MR. WHITE: It's all right to build Bricker up. We would rather build Bricker up, because he is not going anywhere!

H.M., JR: I sent you a memorandum sometime ago to try to contact Porter and find out who is going to do these things and who is going to master-mind the thing.

MR. SMITH: Well, I have tried to get in touch with Porter every time that we do anything on the Hill and I have never had any luck.

H.M., JR: Well, the other thing, what about this Baruch Report that he refers to?

MR. BLOUGH: It's nothing new. It's the February 15th report on termination and that sort of thing. In the recommendations from A to J, there is one, "I", which covers taxes. Mr. Doughton answered it at the time it came out.

H.M., JR: How about a letter from me to Baruch, saying--well, I can act a little innocent--that Mr. Bricker is referring to the Baruch so-and-so report. "I would like to know whether you are making any studies on taxes?" Let's hit him. After all, we took on Jimmie Brynes, why not let's take on Baruch?

MR. BLOUGH: Of course, this was February 15th.

H.M., JR: I can refer to Bricker. As of today, is Mr. Baruch--I know he has taken a tax man from Chicago.

MR. BLOUGH: Mr. McDermott. He is a tax lawyer from Chicago, that's right.

Mr. Baruch, as I see, is in the picture with Mr. Bricker. The New York Times picture shows Mr. Baruch
and Mr. Bricker together.

H.M.JR: Well, will somebody please come through with some idea to him, should we sit here and let Baruch think he is going to study post-war taxes or should I make a fight and say that is the Treasury's job?

MR. BLOUGH: May I talk with Smith and Bell between now and tomorrow?

H.M.JR: Sure, and I wouldn't overlook Sullivan and O'Connell.

MR. BLOUGH: I didn't mean to.

H.M.JR: But let's wake up a little bit. I mean, don't let's sit here and have these people ride over us. I can't generate all the sparks.

MR. BLOUGH: I don't think they are doing the kind of study of post-war taxes that would give us very much cause for concern.

H.M.JR: Let's find out.

MR. BLOUGH: They did without any consultation with us whatever, do this February 15th report.

H.M.JR: Yes, but if I said to Baruch, "Now look, this is my responsibility, just as it is Mr. Hull's responsibility to announce a post-war policy which he hopes the President will join him in." I thought that was something yesterday. Imagine, I come out and I am going to do a Monetary Conference and I hope the President is going to join me! Mr. Hull said, "I am prepared to begin, with the approval of the President, conversation with the others."

MR. SULLIVAN: I thought that was a feeler.

H.M.JR: He certainly forced the President's hand yesterday.

MR. SULLIVAN: I don't know, but I had the impression that they talked it over and he was instructed to proceed that way.
H.M.JR: Hull’s statement came first and then the President’s followed. That is why I wanted to talk with a man who was there at that conference, now the thing happened. Do you see? Find out, will you?

MR. SMITH: All right.

H.M.JR: Did it seem as though Hull was to come first or did somebody ask a question and force the President’s hand? I will make a little wager, that Hull did this and forced the President to say, “Me, too.” I would like to know. Will you take this?

(Secretary hands Mr. Smith clipping from the New York Times of May 30, concerning the Hull Conference)

MR. SMITH: You wanted to know whether the President offered or whether somebody brought it up?

H.M.JR: That’s right.

MR. D.W. BELL: I understood Baruch did not want to study post-war taxes. He wants to get out of this job over here, just as soon as he winds up termination contracts.

H.M.JR: He is going to Hershey, Pennsylvania. Doesn't look as though he is trying to get out of it.

MR. BLOUGH: Didn’t he speak on reconversion up there, either he or Hancock?

MR. D.W. BELL: I don’t know.

MR. BLOUGH: And the Governors agreed that the Federal Government must take the lead in that field?

H.M.JR: Let’s find out. I am perfectly willing to ask him verbally or by letter, so forth and so on, if that is what you people want to advise me to do. Maintain our prerogatives.

MR. BLOUGH: I think if there is the slightest danger
that they are going to do the other, that we certainly should.

H.M.JR: What else?

MR. BLOUGH: I understand the LaGuardia Conference is off.

H.M.JR: Yes.

MR. BLOUGH: Do you want a memorandum on that subject or should we wait?

H.M.JR: Let's wait.

MR. BLOUGH: You wanted, sometime this week, to talk over this idea of consulting with business executives and others on the post-war tax problem.

H.M.JR: Yes, that tomorrow, will you please?

MR. BLOUGH: At your leisure. At that time we probably will want to clear the Pension Trust positions which are being taken before the Committee.

H.M.JR: I will have another try tomorrow.

MR. BLOUGH: I think anything else will wait until then.

MR. HAAS: A couple of things. Peter Odegard told me he is working up some historical material for you, and he wanted me to supply him with a file of all the confidential memorandums from our shop to you on a couple of subjects going back to 1935, one on the bonds and the other on interest rates.

H.M.JR: May I interrupt you? About a month ago I wrote a memorandum to a man by the name of Gamble in which I said I would like to get together with him, Miss Elliott, Mr. Odegard, Mr. Morgenthau and talk it over, and nothing ever happened.
MR. GAMBLE: We haven't happened to be in town at the same time. Miss Elliott is coming back on June 12th.

H.M.JR: We shouldn't have to wait on Miss Elliott. You might tell them before they give up any more files, I would like to know what Mr. Odegard proposes to do, because the first outline I saw, I didn't like. Do you see? I very seldom see Gamble.

MR. HAAS: Sometimes by phone!

MRS. KLOTZ: He is a nice fellow.

H.M.JR: He is a very nice fellow, but he is hell on memorandums and answering them. So let's find out what Mr. Odegard is up to.

MR. HAAS: All right.

H.M.JR: Don't you think that is a good idea? What does Mr. Gamble think?

MR. GAMBLE: Would you like for me to comment on that?

H.M.JR: But don't burst a blood vessel.

MR. GAMBLE: In the first place, we haven't had these people in town. I think it's important that they be at the meeting. Secondly, we have been waiting until Peter finished the first chapter of this book, because I think that will give you the feel of the whole book. That chapter has now been completed and I think it is much better that you read that. It's pretty hard to tell by an outline, what you are doing in the way of writing a story; if you can see some of the story and what he proposes to do, then I am sure, from my point of view, that you are going to feel much different about it than you did the outline.

H.M.JR: You couldn't put it on a record with soft music underneath?

MR. GAMBLE: We could even do that!
H.M.JR: Will you take the next move and can George wait without hurting anybody's feelings?

MR. GAMBLE: Yes, he can.

H.M.JR: It's on your head?

MR. GAMBLE: Yes. No injury.

MR. HAAS: All right. The other thing is, I spent considerable time selling Fred Smith an idea on finance. I am in the peculiar position of having considerable apprehension whether or not you should put the booklets out. We would like to have a conference with you.

H.M.JR: Oh, God! Make up your own mind. I sent a telegram yesterday saying it was all right.

MR. HAAS: Well, I want you to know what the apprehensions are.

H.M.JR: I haven't got time to get your apprehensions.

MR. HAAS: They are mine now, but some of the consultants around feel very strongly with regard to it and they have practically sold me.

H.M.JR: It is a good booklet. Well, we'll see. If you are going to do it--

MR. HAAS: I think it's a good booklet.

H.M.JR: If you are going to do it before the Fifth War Loan, you have plenty of time on your apprehensions. What are you worried about?

MR. HAAS: In its whole analysis there is considerable ideology. It's not so much my worry. They are afraid, they feel that the analysis is very good. Nobody questions that. But they think that you will be attacked in the Press and have no way to come back. It's a type of thing that takes a long time to soak into the consciousness and understanding of the people and that you won't gain anything by it.
On the other hand, Stewart for example--Walter Stewart--told me that if you would take it as your own torch and follow it, like reciprocal trade agreements, he would see no objection to that. But that is why I wanted to have a meeting to sort of review the whole business before you go ahead.

H.M.JR: Well, listen, what the reactions of the public—that's Fred Smith's responsibility.

MR. SMITH: These are not exactly public reactions, they are political economy reactions. The economists will—he says, or somebody tells him—will take this as New Deal economy, the business about production equaling so and so, do you know? And I don't know. It's out of my department. It's whether or not economists agree and why.

H.M.JR: Well, look, you send me a thing. I take the time to read it and take the time to send a telegram and then you get cold-feet.

MR. HAAS: As I say, I was in a peculiar position. We spent a lot of time on the idea of feeling that you needed something. It's better for me to talk now than later, I think, if it's going to happen. It's a good job. You didn't waste any time reading it, I think.

MR. D.W. BELL: As a matter of interest, I would like to see it.

(Mr. Smith hands Mr. Bell two pamphlets: "Why are War Bonds Necessary" and "Where is the Money Coming From?"

H.M.JR: Well, George, you and Fred, I don't know--

MR. SMITH: Let's let Danny read it and see what he comes up with.

H.M.JR: That is a very good idea. Has Mr. Gamble read it and does he like it?
MR. GAMBLE: Yes, I think the worst time in the world to put out a report is on the eve of a War Loan Drive, because you have so much better story to tell at the close of that period. You have perhaps as much as twenty billion dollars to add to the story you are trying to tell for the Treasury. I think the story should be told the day after the Fifth War Loan.

H.M.JR: I am not going to fight for it. I am not going to push or pull, again. If somebody is crazy about it let them get out and fight for it.

MR. HAAS: That is one of the things. You have to take the--

H.M.JR: It will just die, I know what will happen; somebody will have to fight for it, I'm not going to. Life is too short. Anything else, George?

MR. HAAS: No, sir.

MR. GAMBLE: I have just one matter and that is to ask if the Monetary Conference on July one is going to interfere with your July 4th Naval appearance?

H.M.JR: The answer is no.

MR. GAMBLE: Fine. That is all I have.

H.M.JR: And while I was up there, we had Dick Meyer down and he kept talking about my going on the air in New York for the Cavalcade. That is not on my schedule.

MR. SMITH: Yes, it is. That is on the 26th.

H.M.JR: Is it?

MR. SMITH: But you don't go on from New York.

MR. WHITE: Where is this July 4th thing?

MR. GAMBLE: Philadelphia.
MR. SMITH: It's going to be difficult to move out of there. You have to go a hundred miles to an airport. The Cavalcade job is right there on your desk, though, because the show is going to be in Hollywood and you just go on at the end of it.

H.M.JR: There is nothing here. (Refers to schedule)

MR. SMITH: Yes, there is, it should be, if you have the latest one, on the 26th?

H.M.JR: Yes, that's right.

What was the name of the man you gave Mrs. Morgenthau, three names of people that were so good?

MR. SMITH: Corwin. He was the best, but he has his own series once a week and it would be probably a little difficult.

H.M.JR: Somebody said the one on anti-Naziism the other day was wonderful.

MR. SMITH: Welles, Corwin, Obler, and Robson are the best.

H.M.JR: Mrs. Morgenthau is delighted with that job. Is she coming down today?

MR. GAMBLE: I think not.

H.M.JR: She is delighted. Can't we get Corwin, maybe, to do one for me at the end?

MR. SMITH: Yes, if he has plenty of time. But as I say, he has this weekly job that clutters him up.

MR. GAMBLE: We couldn't use him for this job.

We used him in the Fourth War Loan. He did a grand job.

H.M.JR: When does he talk? Would you find out?
MR. SMITH: Yes.

MR. GAMBLE: He produces this new series he has on CBS.

H.M.JR: I would like to know.

MR. SMITH: He is really good. He is outstanding.

The only thing I have got that hasn't been covered is the fact that our Bridgeport thing is bringing out some--the pictures, you know, we had. It hasn't been terribly successful and we have had Likert on it. What it turns out to be is that the small nucleus of people who are interested in the war--and it's awful small and getting smaller--went to the theatre and saw the pictures and liked them very much, but the people who aren't particularly interested in the war are getting less and less interested in the war and they have no truck with it at all.

H.M.JR: Well, I would like to talk to you some more about it.

MR. SMITH: Yes. Likert is making a preliminary report on it.

H.M.JR: What else?

MR. SMITH: That is all.

MR. O'CONNELL: Judge Byrnes has called an emergency meeting of the Joint Contract Termination Board for eleven o'clock this morning, arising out of that Brewster cancellation of contract. That is all I know about it. I think John and McConnell are going to the meeting.

H.M.JR: McConnell said he wanted to see me for two minutes before he left.

MR. O'CONNELL: It may be in connection with that.
The other thing I might mention, the agencies have come to an agreement on legislation covering surplus property disposition. They worked on it in the same fashion that we worked on the contract termination legislation. A Committee representing all the agencies under Clayton's direction. They completed a draft which is agreeable to them and it is being discussed with the staffs of three Congressional Committees who are interested in the problem. We have no assurance that the draft that is agreeable to the agencies will be agreeable to the Congress, but at least we have a good working bill to start with and we are hopeful that it may come along as well as the contract termination legislation, which is now in the House. It has passed the Senate. I might mention that as I understand it, Congress expects to give some consideration to Unemployment Compensation in connection with war workers before the recess. Whether they will have time or not, I don't know, but the program contemplates completion of legislative action on the contract termination legislation, then on surplus property and then they are going to take up, and what they are going to do, I don't know, Unemployment Compensation for war workers. It isn't as broad as Social Security legislation generally, but I thought I would mention it while Roy and the others were here.

MR. BLOUGH: At the end of this meeting I was going to ask Dan for time sometime today or tomorrow and we could talk about it. We have some memorandums now that we are ready to discuss.

MR. D.W. BELL: It grew out of the fact that the George Committee, I believe, asked Altmeyer to submit something within ten days or two weeks and we thought we ought to be ready, too. So Roy started a group around here studying.

MR. O'CONNELL: The papers carried a little article to the effect that the Internal Revenue had disapproved Emil Schram's salary increase.

(Secretary holds telephone conversation with General Watson)
Hello.

Operator: He'll be right on.

Hello.

Mr. Secretary, General Watson.

All right. Hello.

Hello.

Secretary Morgenthau.

General.

Who?

Morgenthau.

Oh, hello there, Henry.

How are you?

Fine.

Look, do you know whether the President is going to see the Leaders off the Hill tomorrow?

No, he hasn't said anything about it.

Well, now, here's the thing: when Acheson and White and I saw him last week, he, the President, said he would talk to the Leaders about the delegates to this Monetary Conference.

Yeah.

Now, if he isn't going to do it, I wish he'd tell me to go ahead and do it because we're getting all kinds of people that want to be put on.

Yeah.

And the longer we wait, the more difficult it's going to be.

Yeah.
See?

W: Well, I -- you see, Barkley is not here, I don't think.

HM Jr: Well, we got word that Barkley, maybe, wanted to go himself and Wagner wants to go and Bloom told us to take a couple of rooms and so we'd better get this thing cleaned up and announced so that it will be easier on the President. He does the appointing.

W: The point is -- has he looked over the list yet?

HM Jr: Yeah.

W: And he's approved them?

HM Jr: He told us it was all right and then as a sort of an afterthought we suggested wouldn't he like to talk to the Leaders.

W: Well, I -- he's not going to see the Leaders.

HM Jr: That's what I -- well, if you'd simply say to him I'd be glad to go up on the Hill and see them.

W: All right.

HM Jr: See?

W: I'll make a -- I'll tell him that. I won't be able to get to him for about an hour though.

H K Jr: That's all right.

W: All right. I'll tell him some time during the day.

HM Jr: Now, wait a minute.

W: Yeah.

HM Jr: Now, John Pehle and I would like to get in to see the President tomorrow if possible.

W: Who?

HM Jr: John Pehle, Director of the President's Refugee Committee.
Yeah.

And it's in regard to these -- the memorandum the President has. He's been studying it -- bringing these refugees into this country.

All right, I'll -- I'll ask him about that, too.

Will you?

Yeah.

Well, of course, he mentioned it at his press conference yesterday. You know?

Yeah.

And I think the sooner he does something on that, the less pressure on him.

All right. Well, how do you spell that fellow's name, just T-a-y-l-o-r, Taylor?

P-e -- P like in Peter.

Yeah.

E like in everybody -- h like in Henry -- l like in love for you and ....

Yeah.

.... e like in ease.

Pugh?

Pehle.

Pehle. Oh, I've got it. P-a- ....

P-e-h-l-e.

All right.

John Pehle.

All right. Thank you, sir.

See? I thank you.

I'll take it all up.
H-M Jr: Thank you.

W: All right.
H.M.JR: He gets everything the fourth time.

MR. GAMBLE: He and that Russian fellow would make a good team. (Laughter)

H.M.JR: Some of these people who have been going over recently, like White and Pehle, with me to the White House are beginning to learn some of the things that Mr. Bell and I went through when Bell was Director of the Budget and I was Secretary of the Treasury. Right?

MR. D.W. BELL: Yes.

H.M.JR: It's something! But that is part of the game. Now, have I passed you?

MR. O'CONNELL: I am all through.

MR. SULLIVAN: I have nothing.

H.M.JR: Good.

All right, now, let's see. I will join you two gentlemen down stairs.

MR. GAMBLE: All right.
MAY 31 1944

My dear Senator:

Further reference is made to your letter of May 20, 1944, requesting to be advised whether certain information you have in connection with Cuban raw sugar purchased by the Commodity Credit Corporation is correct.

It is your understanding that Commodity Credit Corporation purchased the total Cuban crops for the last two years, imported such sugar into the United States paying the regular duty, and then sold it to the seaboard refiners for the duty-paid price. You have been told that, by arrangements between the Commodity Credit Corporation and the Treasury Department, the Commodity Credit Corporation will now bring Cuban sugar in duty-free and sell it to the refiners at the duty-paid price. You state that this would not make any final difference from a financial standpoint so far as the Government is concerned but that it would seem to act the same as an increase in the appropriations to the Commodity Credit Corporation and that it would seem to put Cuban sugar on the free list despite tariff laws to the contrary.

I have looked into this matter and am pleased to furnish you with the following information.

The Act of June 30, 1914 (34 U.S.C. 568), authorizes the Secretary of the Navy to make emergency purchases of war material abroad and provides that when such purchases are made the material shall be admitted free of duty. Effective May 30, 1942,
the authority contained in the Act of June 30, 1914, was extended under the authority of the First War Powers Act, 1941, approved December 18, 1941 (Public Law 354, 77th Congress), to the officers and agencies specified and described in Executive Order No. 9177.

Under date of May 11, 1944, the President of the Commodity Credit Corporation, one of the governmental agencies entitled to the benefits of the Act of June 30, 1914, as extended, addressed to the Commissioner of Customs a communication (1) stating that shipments of raw sugar would arrive at certain ports of entry in the United States beginning May 14, 1944, consigned to or covered by bills of lading endorsed to the Commodity Credit Corporation and would be entered in the name of that corporation, (2) certifying, in accordance with section 2 of Executive Order No. 9177, that the procurement of such shipments of sugar constituted an emergency purchase of war material abroad by the Commodity Credit Corporation, and (3) requesting that such shipments be admitted free of duty pursuant to the Act of June 30, 1914, and Executive Order No. 9177. Accordingly, the Commissioner of Customs authorized the collectors of customs at the ports designated to accord free entry to the shipments of raw sugar described in the communication of May 11, 1944, from the Commodity Credit Corporation.

Free entry also was accorded to certain shipments of sugar imported prior to May 14, 1944, which were certified to by the Commodity Credit Corporation under the Act of June 30, 1914, and Executive Order No. 9177. The Treasury Department understands, however, that prior to May 14, 1944, Cuban sugar was entered for consumption in the name of and duties were paid by the refiners.
The Treasury Department has no knowledge of the terms of the contracts between the Commodity Credit Corporation and the refiners and, consequently, is unable to advise you as to the prices at which sugar is sold to refiners.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable Arthur H. Vandenberg
United States Senate
Washington, D. C.
Honorable Henry Morgenthau,  
Secretary of the Treasury,  
Washington, D. C.

My dear Mr. Secretary:

Thanks for your note of May 24th promising me an early answer to my letter of May 20th regarding the tariff status of the Commodity Credit Corporation's importation of Cuban sugar.

I shall particularly appreciate it if I may have this information as soon as possible. I would like to know the answer to the question I raised before the Senate acts on the pending legislation to extend the Sugar Act.

With warm personal regards and best wishes,

Cordially and faithfully,

[Signature]
May 24, 1944

My dear Senator:

Let me acknowledge your letter of May 20, which deals with the question of the tariff status of the Commodity Credit Corporation's importation of Cuban sugar.

I am having the matter looked into and will see that you receive a more detailed reply to your inquiry within a few days.

With cordial regards and best wishes,

Yours sincerely,

(Signed) Henry Morgenthau, Jr.

Honorable Arthur H. Vandenberg,
United States Senate,
Washington, D. C.
Honorable Henry Morgenthau, Jr.
Secretary of the Treasury
Washington, D. C.

My dear Mr. Secretary:

In connection with the purchase of the total Cuban sugar crop by the Commodity Credit Corporation for the last two years, I understand that CCC brought the sugar into the United States and paid the regular duty and then sold it to the seaboard refiners for the duty-paid price. I have been told that by arrangements between the Commodity Credit Corporation and the Treasury Department, CCC will now bring this sugar in duty-free and sell it to the refiners at the duty-paid price.

From a financial standpoint — so far as the Government is concerned — this would not make any final difference. But it would seem to act the same as an increase in the appropriations to CCC and it would seem to put Cuban sugar on the free list despite tariff laws to the contrary.

I shall appreciate it if you will advise me whether my information is in any degree correct.

With warm personal regards and best wishes,

Cordially and faithfully,

[Signature]
May 31, 1944
11:30 a.m.

DEFERMENTS

Present: Mr. C.S. Bell

MR. BELL: Your moving picture equipment is going
to break down sooner or later. I thought I would get
it repaired. I am trying to borrow some equipment
to put in there if we are delayed very long. I thought
you ought to know it. We are just about getting by
with it.

H.M. JR: All right.

(Mr. Bell hands the Secretary the attached list
of deferments)

H.M. JR: Radcliffe, plate printer, twenty-eight
-why did that come to me?

MR. C.S. BELL: You see, he is twenty-eight. That
is between twenty-six and thirty. Those cases will
still come in. There will not be many of them. There
will only be, really, emergency cases. He is a plate
printer and we cannot get another one.

H.M. JR: And Robert J. Graham also?

MR. BELL: He is in that age bracket, too, and he
is a machinist in the Assay Office in New York. That
is with the Bureau of the Mint and we haven't been able
to recruit those fellows. Likewise the senior melter;
all three of them.

H.M. JR: O.K. (The Secretary signs deferment
applications of Melvin J. Radcliffe, Eugene F. Breslin,
and Robert J. Graham)
MR. BELL: They had kind of hoped you would be available at nine o'clock tonight at the Canteen dance. It opens up at eight, and at nine o'clock they have kind of figured that would be the peak of the affair. They have some others coming.

I thought if you could be available at a quarter of nine to quarter past nine, that would be ideal.

H.M.JR: I had planned to come down at eight.

MR. BELL: Well, it will just be opening up and they will be filing in. Eight-thirty would really be a better time.

H.M.JR: Well, beginning at eight-thirty--

MR. BELL: Or quarter of nine, if you want to allow yourself a little more time.

H.M.JR: I wish I had known it. I just invited the President to come.

MR. BELL: Will he come?

H.M.JR: I don't know. Don't tell anybody. I wanted to tell him about the noise. The last time I had it he asked why wasn't he invited.

MR. BELL: It is going to be really a better affair.

H.M.JR: I had better set the movie at nine.

MR. BELL: Fine.

H.M.JR: Now, I come down this way?

MR. BELL: Yes, sir. You can come right on in your usual way.

H.M.JR: Good. If the President came, where would we put him?
MR. BELL: I will be all prepared for that. Right up on this piece of marble I have a box.

H.M.JR: I think he would enjoy it.

MR. BELL: The biggest part of the time, I think he would.

H.M.JR: Who is Mrs. George Holmes?

MR. BELL: She is sponsoring the Canteen this month. They change. Admiral Robertson's wife was there last month.

H.M.JR: Are all these people coming? (Reads from list included in attached clipping)

MR. BELL: We have hopes they will all be there. They have all been invited.

(The Secretary asks Miss McCathran to send clipping to Miss Tuily)

MR. BELL: I will be all ready to discuss the other item in about another half hour. I am working up the figures on it.

H.M.JR: Anything else?

MR. BELL: Mr. Olrich, I think, would very much like to take over the first of June, if that were possible. There is a whole lot he can do, sitting on top of the organization. That won't in any way interfere with Mr. Sullivan.

H.M.JR: Have you asked John?

MR. BELL: No, sir.

H.M.JR: Are you going to sound him out?

MR. BELL: Yes, sir. I think he would agree because this was given him later.
<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Age</th>
<th>No. of children</th>
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<tbody>
<tr>
<td>Melvin J. Radcliffe</td>
<td>Plate Printer</td>
<td>26</td>
<td>2</td>
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<tr>
<td>Eugene F. Broslin</td>
<td>Sr. Melter</td>
<td>29</td>
<td>2</td>
</tr>
<tr>
<td>Robert J. Graham</td>
<td>Machinist</td>
<td>28</td>
<td>1</td>
</tr>
</tbody>
</table>

The Agency Committee recommends that the above 3 employees be deferred:

\[\text{Signature: Charles J. Bell}\]

Mr. Barton is absent.

\[\text{Signature: Joseph A. Jordan}\]

APPROVED: May 31, 1944.

\[\text{Signature: W. Morganthau, Jr.} \]

Secretary of the Treasury.
Canteen Terrace Opening

To Be Held Wednesday

Top-flight Washington officials will turn out Wednesday night for a gala opening of the Stage Door Canteen’s new outdoor entertainment center at Treasury Department’s south entrance.

Servicemen, in whose honor the party will be given, will arrive at 8 p.m. from the Canteen’s regular headquarters at the old Belasco Theater where dinner will be served between 6 and 8 o’clock. Entering the Treasury Building via 18th st. entrance they will go on to the specially constructed terrace where regular Saturday night dances will be held all summer.

Hosts at the fete will be personnel of the Treasury, through whose efforts this summer entertainment center has been made possible and of Washington’s Stage Door Canteen.

Should Be Memorable Event

If all goes well it should be a memorable occasion. Floodlights and lanterns will bedeck the dancing terrace and special entertainment platform where a service man’s band will perform. There is to be plenty of food, pretty hostesses and a distinguished group of invited guests. The weatherman willing, a young moon will add to the festivities that will take place in the erstwhile solemn dignity of Treasury grounds.

Mrs. George Holmes, acting chairman of the canteen will receive guests with Secretary of the Treasury Henry Morgenthau, Jr., Mrs. Paul V. McNutt, Cary Winston and Fred Kenny.

Two ranking military men, newly back from combat duty in the South Pacific theater will give brief talks. They are Vice Admiral Ashme Fitch, Deputy Chief of Naval Operations for Air, and Maj. Gen. A. W. Waldron, chief of ground requirements section, Army Ground Forces.

Many Receive Invitations

Among those invited to attend are Mrs. Henry Morgenthau, Jr., Senator and Mrs. Arthur Walsh, Undersecretary of War and Mrs. Robert P. Patterson, Admiral and Mrs. Ernest J. King, Admiral and Mrs. William D. Leahy, Mrs. Aubrey Fitch and Lieut. Gen. and Mrs. Alexander A. Vandegrift.

Others receiving invitations included Maj. Gen. and Mrs. John T. Lewis, Maj. Gen. James A. Ullo, Bernard Baruch, Mr. and Mrs. John Russell Young, Mr. and Mrs. Eugene Meyer, Mr. and Mrs. Guy Mason, Col. and Mrs. Charles W. Kuts and many more.

After Wednesday night’s opening, the terrace will be open only on Saturday nights. The remainder of the week regular entertainment features provided servicemen at the Belasco Theater will continue as usual.
General
Watson: .... to see those Leaders....

HMJr: Yes.

W: .... but he wanted you -- thought it would be a good idea if you first spoke to Mr. Hull. Just tell him what you're going to do.

HMJr: Mr. Hull's got nothing to do with this. It's Acheson.

W: Well, that's all right. Speak to him.

HMJr: Yeah. Hull's got nothing to do with this.

W: Well, he said -- he's in the State Department.

HMJr: What?

W: Acheson is still in the State Department.

HMJr: Well, we keep Acheson posted all the time. How's that?

W: Well, okay, but he said Hull.

HMJr: Well....

W: I don't care.

HMJr: Well, as long as we keep the State Department posted.

W: I would think so. Just tell Acheson to tell Mr. Hull.

HMJr: That's right.

W: That'll be okay.

HMJr: That's right.

W: Just tell him the President wanted you to tell him to tell Mr. Hull -- keep him posted.

HMJr: Good. We'll do that.

W: Fine, fine, okay.

HMJr: Thank you.
Hello.
The Admiral is not there, but I have Commander Hesford.

Operator:

Hello. The Admiral is not there, but I have Commander Hesford.

HM Jr:

Hello.

Operator:

Oh, good!

HM Jr:

Go ahead.

HM Jr:

Hello.

Commander Hesford:

Good afternoon, Mr. Secretary. Hesford speaking.

HM Jr:

Hello, Mr. Hesford. Two things: these two officers who commanded these two destroyers....

H:

Yes, sir.

HM Jr:

.... that saved -- I mean the two D.E.s that saved the men who were on the Lansdale.

H:

Yes, sir.

HM Jr:

If they ever come to Washington, I'd like to have a chance to meet them and thank them personally. I've written both of them, as you know.

H:

Yes, sir. I know, sir.

HM Jr:

Particularly the one who was not on the Menges. The Menges wasn't the one that actually saved Bob. It was the other one.

H:

It was the Newell. That's Russ Roberts.

HM Jr:

Yes.

H:

Yes, sir.

HM Jr:

Well, I'd like to see both of them because I know what happened to the Menges later.

H:

Yes, sir.

HM Jr:

Will you make a note if they ever come? And then there was no significance, was there, that they were removed from those ships and given other commands?

H:

None whatsoever, sir. I understand today -- I ....
HM Jr: Yes.

H: ... happened to be speaking with Commander -- Captain Russ Wood who was Division Commander of that Division of D.E.s and he told me that Russell Roberts was relieving him as Division Commander so, in essence, that's really quite a promotion for him.

HM Jr: I would say so.

H: He's taking over all six of them.

HM Jr: Oh, wonderful. Well, would you see if either of them come -- would you let us know?

H: I'd be very happy to, sir.

HM Jr: And the other thing was this: oh, sometime within the last six or nine months I talked to Cap -- Admiral Chalker. I'm still ....

H: Yes, sir.

HM Jr: .... five years behind my time. About Tollaksen.

H: Yes, sir.

HM Jr: And then Tollaksen was in the other day and, of course, the improvement was just amazing.

H: Oh, I -- I -- he was in to see me and I was dumbfounded when I saw him.

HM Jr: Yes.

H: It certainly is -- he's a changed man. It's done him a world of good.

HM Jr: Now, the doctor that he went to -- his name was Doctor Silbermann.

H: Yes, sir.

HM Jr: And he did this as a patriotic contribution. He sent no bill, you see?

H: Yes, sir.

HM Jr: And I think if Coast Guard would write him a letter of appreciation, it would be a nice thing to do.
H: I'll -- I'll take care of it.

HMJr: Will you?

H: Yes.

HMJr: Because he rendered no bill and is not going to render any bill.

H: I see, sir.

HMJr: And I suggested before and I don't think you people took advantage of it; I think that Doctor Silbermann would be glad to do this for any other similar case.

H: Yes, sir.

HMJr: And you must have other cases like Tolly.

H: Yes, sir.

HMJr: Yeah. But I got a great kick out of seeing Tolly walk in here.

H: He certainly is a changed man.

HMJr: Right.

H: He's being, I think without any question, we have a selection board meeting now for advancement to Commander rank.

HMJr: Yes.

H: And I think he -- he will be considered. Of course, I have no way of telling what ....

HMJr: No, no.

H: .... the result is going to be but he will be reconsidered at this time along with the next group going up. I hope he gets it.

HMJr: Well, that's certainly reconstructing a life.

H: Uh huh.

HMJr: Well, that's fine.
H: I -- I'll get -- I don't know how to spell the Doctor's name but I can get that from your secretary, sir. I'll call ....

HMJr: Well, now, wait a minute. I'll ask. (Talks aside) S-i-l-b-e-r-m-a-n-n.

H: S-i-l-b-e-r-m-a-n-n.

HMJr: Yes.

H: Thank you.

HMJr: And his first name is Maximilian.

H: Maximilian.

HMJr: New York.

H: Yes, sir.

HMJr: Right.

H: Thank you very much, Mr. Secretary.

HMJr: Thank you.

H: You're welcome.
Meeting in Secretary Morgenthau's Office
May 31, 1944

Present: Secretary Morgenthau
Mr. Mendes-France
Mr. White

Mendes-France, Finance Minister of the French Comite called to say good-bye to the Secretary. He said he was waiting for a plane to take him back to Algiers and was going to London from there. He said that he had not wanted to leave without thanking the Secretary personally for the great kindness and understanding that he had shown to him, and the great assistance he had been to the French Comite.

The Secretary asked whether he had successfully completed his mission here, and Mendes-France said "not wholly" but that he had made progress. He said that he would like to have settled the matter of the authority to issue the notes but he realized that that was a political question which the Secretary couldn't settle. The matter of getting the notes printed had however been arranged and the rate of exchange had been settled and he had a little success, but not much, with the Army in getting it to reduce expenditures of American troops while in France. Mendes-France said that the Treasury had been very cooperative, very sympathetic and that he and his colleagues appreciated it very much. He hoped that the Secretary and Mr. White would come to Paris soon. He said that he would transmit the Secretary's message to Bloom via radio as he had described in a previous conversation with the Secretary.

H. D. White
May 31, 1944

My dear Mr. Oberwinder:

Your letter was a pleasant reminder of the past when you were so helpful in creating original advertising for Savings Bonds.

Thank you for sending me the excellent advertisement of the General Tire and Rubber Company. I did notice that the young lady’s markmanship was a little off the bull’s eye.

Al Steele has been most helpful to us, and I am counting on him heavily for the Fifth War Loan. I cannot imagine that I would have any complaints about him.

The next time you are in Washington, be sure and drop in to see me.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. J. F. Oberwinder,
Vice-President,
D'Arcy Advertising Company,
Missouri Pacific Building,
St. Louis, Missouri.
May 29, 1944.

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

My dear Mr. Secretary:

Al Steele of our New York Office spent Friday and Saturday at the home office in St. Louis. In discussing the Fifth War Loan drive, he saw the advertisement we have prepared for the General Tire & Rubber Company, to be run during that period, and suggested that I sent you a proof of this as he thought you would like to see it because of its unusual approach.

It seems like ages since I have seen you and trust this finds you in good health. I know it will find you plenty busy.

How is Al Steele doing on the Treasury radio work? If there are any complaints, do not hesitate to register them.

With kind personal regards and best wishes, I am

Sincerely yours,

[Signature]

Vice-President
D'Arcy Advertising Company

J.F. Oberwinder
A Kiss with Every Bond

...something extra for your money!

Back the Attack

...BUY MORE THAN BEFORE

The General Tire & Rubber Company • Akron, Ohio

The advertisement appears in The Saturday Evening Post, July 19, 1944.
Honorable Frank G. Mayer
Postmaster General

This is intended for publication in the Postal Bulletin prior to the opening of the Fifth War Loan.

(Signed) Henry Morganthau, Jr.

Sincerely,

In the Fifth War Loan the opportunities to be helpful and the importance of success in this vital home-front job will be greater than ever.

I am aware that the Post Office Department is short-handed and that the mails are heavy. I know that giving good attention to bond investors imposes an additional burden. I hope you will convey to all the men and women of your Department my personal appreciation of their official duties, not only to their patriotic services as American citizens, but also to their patriotic services as official agents. They subscribe liberally and themselves and make use of their special knowledge to assist War Finance Committees in attaining their local bond sales quotas.

The records of my department show that on a recent date we had $800,000,000,000 of Savings Bonds and of the United States, in hundreds of thousands of such denominations.

I welcome the opportunity to ask for your support of the 500,000,000,000,000 of Savings Bonds that are needed to meet our obligations and pay for the support of the war.

I hope you will agree to take this occasion to pay tribute to the men and women of the postal service for their indispensable part in the financing of the war.

MAY 31, 1944

May 31, 1944

Mr. Postmaster General.

There is no need to ask for the support of the Post Office Department that starts June 15, because I want to take this occasion to pay tribute to the men and women of the postal service for their indispensable part in the financing of the war.

I want to take this occasion to pay tribute to the men and women of the postal service for their indispensable part in the financing of the war.

Regraded Unclassified
Mr. Henry Morgenthau, Jr.
Secretary of the Treasury
United States Treasury
Washington, D. C.

My dear Mr. Secretary:

I have just learned of your decision to cancel the contemplated movie star railroad tour you had originally planned in connection with the forthcoming War Bond drive.

It gives me very real satisfaction to know that you agree with the Office of Defense Transportation that the present transportation situation is so critical, as a result of the impending accelerated military operations in the European theatre, that you are willing to forego what has become a traditional part of all War Bond drives.

I am certain that the motion picture stars, who have always been so generous in their aid to every phase of the war effort, as well as the general public will understand and appreciate that this cancellation will be of direct aid in winning the war. I am also quite certain that neither the Hollywood folk nor the public will in any way relax their efforts on behalf of the Fifth War Savings Bond issue.

Cordially,

J. M. Johnson
Director
Dear Randolph:

It was very encouraging to receive your letter on your trip through the country, and when you come to Washington I would like to get a first-hand account from you.

For your information, there will be a representative of the bankers at the Monetary Conference on July 1.

With kindest regards,

Sincerely yours,

(Signed) Henry

May 31, 1944

Mr. W. Randolph Burgess,
Vice Chairman of the Board,
National City Bank of New York,
55 Wall Street,
New York, New York.
Dear Henry:

This morning I am just back from speaking at six bankers association conventions, from Texas to Maryland. In all of them I have poured it on pretty heavily on the Fifth War Loan. Lee Wiggins is doing the same thing with other states, and some of our other A. B. A. people are covering a still wider area.

So far the reaction is excellent. All the bankers are keen on doing a good job and our program for quotas and reports is being well received practically everywhere. It will, of course, take a lot of explaining to carry it through to a successful conclusion, but we hope to succeed in doing this in cooperation with the War Bond organizations.

The chief difficulty I found everywhere was manpower, and the banks in some areas feel they are not being properly classified by the war manpower authorities. We are hoping that the steps the Treasury and the A. B. A. have taken will gradually relieve this situation.

Another question raised was whether the bankers would have some representation at the Monetary Conference that begins on July 1. I assume you have that under consideration.

A trip like the one I have just completed is cheering in its convincing evidence of the universal and wholehearted support of the war effort by our people.

With best regards,

Sincerely yours,

[Signature]

W. Randolph Burgess
55 Wall Street
New York 14, N. Y.

May 27, 1944.
My dear Mr. Secretary:

This will acknowledge receipt of your letter of May 25, attaching a copy of letter addressed to President Harry S. Mitchell of the Civil Service Commission, setting forth your views with respect to the Commission's program of direct recruitment of personnel. I have read with much interest the points covered in your letter.

Under date of May 15, 1944, this Department informed the Civil Service Commission that direct recruitment for Treasury should be restricted to the lower grade positions, in general not exceeding the CAF-3 classification, and listed the specific positions for which direct recruitment would be acceptable.

Thanking you for sending me a copy of your letter, I am, 

Sincerely yours,

(Signed) M. Margulies,

Secretary of the Treasury.

Honorable Harold L. Ickes,

Secretary of the Interior.
To dear Mr. Secretary:

I am attaching a copy of a letter that I have just written to the Civil Service Commission concerning its program of direct recruitment and selection which I thought might be of interest to you. The discretion of the selection of personnel is quite an important administrative responsibility which I think generally should not be delegated to an outside agency.

Sincerely yours,

Harold L. Ickes

Hon. Henry Morgenthau, Jr.,
Secretary of the Treasury.

Enclosure 5th.

[Signatures and dates]
My dear Mr. Mitchell:

There has come to my attention your most recent communication, Departmental Circular No. 402, concerning the delegation of authority to the Civil Service Commission to recruit and select personnel. I am also in receipt of your letter of May 17 with reference to direct recruitment in certain positions in this Department. I have read the President's letter of February 25, 1944, referred to, which seems to deal primarily with the placement of veterans.

As a temporary expedient during the war where there are shortages of qualified personnel, there is perhaps some justification, as a means of eliminating delays, in agreeing to direct recruitment in clerical, stenographic, typing and certain other jobs in the more routine categories. We have participated in direct recruitment to that extent. In normal times, as a fundamental principle, I am not in accord with selection by other than the operating agency, and even in abnormal times I am not in accord with direct recruitment for the junior professional positions mentioned in your Circular No. 402 nor for any of the professional, technical or higher-grade clerical positions where specialized training and experience are required, except as it may be done under a joint program, with the operating office participating. A joint program will not be undertaken by the Commission, I understand, until it first receives authority from departments for direct recruitment and tries to find and select the appointees itself. The reason is not given, but seems to add up to "direct recruitment or else."

My major concern at this time is the pretty definite implications in your recent communications that this is only the first step in a broad program, duration indefinite, of direct recruitment and selection by the Commission and that in effect departments which do not delegate authority for direct recruitment and selection will be penalised by not receiving their share of eligibles. This would be an undemocratic procedure. It seems to me that there has been a new philosophy or concept taking hold in recent months in the Commission which deserves the attention of all responsible administrators. I refer to a change from the "service" concept to the "coercive control" concept—in other words, a tendency to invade the field of departmental administration, with an implication that the departments have a less-than-honest attitude or are less than competent in personnel administration. There is an uneasy feeling afoot that the Commission has ambitions to centralize in its control all personnel functions of the Government, but I choose to discount that suspicion. Any evils that may exist in government personnel administration will be corrected, in my opinion, by a program of counsel and cooperation and not by usurpation of the responsibilities of operating agencies. The appointing power is given to the heads of the departments by statute; I do not wish to exercise it in this Department merely by performing the ministerial act.
The selection of a person to perform a particular piece of work is undoubtedly a part of the appointing responsibility; in fact, the selection process is such an integral part of administration that I do not see how it can be effectively separated from it. Now with all due respect to the ability of the undoubtedly efficient people that you have on the Commission's staff, I am sure that not all wisdom is centered there; in fact, I would go so far as to say that none has the experience in nor the intimate knowledge of the specialized work of the Department and its requirements that is possessed by the respective operating officials here. With all of the improvement in recent years in the standards and techniques of examination—I think that the Commission has done a good job in this line and I am glad to acknowledge its accomplishments in this field of responsibility—I do not think that there has ever been designed, and there probably cannot be designed, any examination that will test reliably the intangibles of personality, adaptability, etc., as they relate to the job. There are working conditions, supervisory personalities, combinations of experience and other factors which have to be considered in placing the individual. The employing officer is the one who is acquainted with the details of each job and he should have the maximum discretion of selection within the framework of merit system procedures—indeed, without it supervisors' morale would suffer immeasurably.

The Commission has a tremendous responsibility in carrying out its functions and it has had a gargantuan job to perform during the war period. I would not detract from its importance for one moment, nor deprecate the worthwhile accomplishments of the Commission. I should add also that the day-to-day tensions between the representatives of the Commission and the officers of the Department has been carried on in a spirit of helpfulness. I hope that the effectiveness of the Commission will not be impaired by occasional misunderstandings, and if I have read into the Commission's communications intentions which do not exist, I shall be glad to have the Commission correct any impression.

Yours truly,

(Sgd.) HAROLD L. ICKES
Secretary of the Interior.
May 12, 1944

United States Civil Service Commission
Washington, D.C.

Attention: Mrs. Virginia Edwards

Gentlemen:

In accordance with your letter of March 7, 1944, addressed to Heads of Departments and Independent Establishments, we are listing below the types of positions in the Treasury Department, Washington, D.C., Metropolitan Area, for which direct recruitment of veterans by the Central Office of the Civil Service Commission would be acceptable:

Adding Machine Operator
Addressing Machine Operator
Bookkeeping Machine Operator
Calculating Machine Operator
Card Punch Operator
Chauffeur
Clerk, CAP-1 & 2
Comptometer Operator
Duplicating Machine Operator
Graphotype Operator

Laborer
Mechanical Helper
Messenger
Multithread Operator
Skilled Helper
Stenographer
Tabulating Machine Operator
Television Separator
Typewriter Repairman
Typist

At the present time we have direct recruiting orders on file with the Civil Service Commission to cover existing vacancies in the above mentioned types of positions.

Very truly yours,

[Signature]
Joseph A. Jordan
Acting Director of Personnel

E Linck/mm
5-12-44
Fred Smith.

Secretary Morgenthau.

May 31, 1944

I've been reading about Bricker and his criticisms of the budget and the tax revision. I wish you would get in touch with either Bob Hannegan or Paul Porter and ask what do they propose to do about answering Bricker. Have they any plans? My own thought would be that the Treasury prepare something and put it in the hands of both George and Bob Doughton. Please give this serious consideration and have a suggestion or an answer by the eleven o'clock staff meeting.
Dear Eleanor:

This is with reference to the letter from Mr. Frank L. Scheffey, dated May 17, 1944, which was forwarded to me by Miss Thompson for my comments. Mr. Scheffey's letter suggests that in view of the magnificent work being done overseas by our Red Cross workers, it is unfair not to give them the income tax exemptions which are now granted only to members of the armed forces.

The Department has been called upon several times to consider proposals which would extend to groups outside the armed forces those tax exemptions now accorded the armed forces. We have followed in the past a consistent policy in opposition to such proposals, even though the particular groups are admittedly doing very important work in connection with the war effort, such as members of our merchant marine. The substantial dissimilarities between the members of the armed forces and civilians, with respect to the nature of their employment, their pay, their living and working conditions, render it appropriate that the more favorable tax treatment which has been accorded by Congress to the former be not extended to any civilian group.

This very question has been considered by the House Ways and Means Committee and the Senate Finance Committee in connection with legislative suggestions that the income tax exemptions of the armed forces be also granted to members of the merchant marine; their conclusion was that the policy of restricting such exemptions to members of the armed forces should be adhered to. The
question was further raised on the floor of the House of Representatives during the debates on the Current Tax Payment Act of 1943, and there the members of the House confirmed this policy by voting down by a substantial majority an amendment which would grant to members of the merchant marine the tax exemptions now given only to military and naval personnel.

I believe that it would be inadvisable in the present instance not to follow this policy; to make an exception in the case of the Red Cross workers would require the granting of similar benefits to other civilian groups performing equally meritorious work. This cannot be done without destroying the purpose underlying the tax exemptions of the armed forces. That purpose was to extend to the members of the armed forces special tax benefits which no other taxpayer is accorded. I doubt that we would want to dilute such benefits by extending to other taxpayers similar privileges.

I am returning to you Mr. Scheffey's letter. If there are any further questions which you may have with regard to this matter, I shall be very glad to discuss them with you.

Affectionately,

(Signed) Harry

Mrs. Franklin D. Roosevelt
The White House
Washington, D. C.
THE WHITE HOUSE
WASHINGTON

May 24, 1944.

My dear Mr. Secretary:

I am enclosing a letter from Mr. Frank L. Scheffer, 111 Broadway, New York, New York.

Mrs. Roosevelt will appreciate it if you will let her know about this.

Very sincerely yours,

Melvin C. Thompson
Secretary to Mrs. Roosevelt.

Hon. Henry Morgenthau, Jr.
Secretary of the Treasury
Washington, D. C.
May 17, 1944.

Mrs. Franklin D. Roosevelt,
The White House,
Washington, D. C.

Dear Madam:

Because of your great and helpful interest in the Red Cross, I am passing on to you a suggestion which, perhaps, you could get before the proper people in Congress now when the new tax bill is under consideration.

The Red Cross workers overseas do not receive the same income tax exemptions as members of the Armed Forces. This does not seem reasonable or fair as they are doing, as you know, such magnificent work.

Is it not possible that if this were called to the attention of Congress they would adopt the suggestion and make provision for such exemption in the present pending bill?

Respectfully yours,

Frank L. Scheffey
My dear Senator:

Your letter of May 27, 1944 referred to a statement which you understood Mr. Fulton Lewis had made in a recent radio broadcast that the Treasury Department had issued a regulation directing employees to refuse to honor subpoenas duces tecum from Committees of the Congress. You request advice whether such an order was issued by the Department.

While I have no knowledge of the statement, I may say that the Department has issued no such regulation.

Sincerely yours,

(Signed) H. Mergenthaler, Jr.
Secretary of the Treasury

Hon. C. Wayland Brooks
United States Senate
Washington, D. C.
Honorable Henry Morgenthau, Jr.
Secretary
Department of Treasury
Washington, 25, D.C.

Dear Mr. Morgenthau:

I have been informed that Fulton Lewis, in a radio broadcast about May 19, made the statement that the Department of the Treasury had issued a regulation directing their employees to refuse to honor subpoenas duces tecum from committees of the U. S. Senate and House of Representatives.

I shall appreciate it if you will advise me whether or not such an order was issued by the Department of the Treasury.

Yours very truly,

C. Wayland Brooks
With the compliments of British Air Commission

who enclose Statements Nos. 137 and 138 --

Aircraft Despatched -- for the weeks ended May

12th and May 19th respectively.

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

May 31, 1944.
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Total: 237  66  3

Please note:

Destination of 1 Liberator GR VI reported in Statement No. 136 exported to India has been changed to U.K.

Movements Division
British Air Commission

May 26, 1944.

imh

File V-17
My dear Senator:

I am in complete sympathy with the purposes of S. J. Res. 120 to secure a greater degree of international economic collaboration among the United Nations not only for the winning of the war but for the establishment and maintenance of an enduring peace.

It appears to me desirable that from time to time the President of the United States should take the initiative in calling meetings of the representatives of the United Nations on specific international economic problems with a view to securing a program and establishing an international agency, if needed, to carry out a program of friendly economic collaboration. It seems to me that while the purpose of section 1 is wholly desirable, the objective can be better attained if such meetings are called by the President in connection with specific problems on which considerable preparatory work has been done.

It may be helpful in putting into effect a policy of international economic collaboration to have a commission composed of members of the Legislative and Executive Branches of the Government. The Congress and the Executive Departments can effectively work together on studies and projects for international economic collaboration. This is already done to a considerable extent through the interested Congressional committees and the special committees on postwar planning when the Treasury has regularly consulted on its tentative proposals for cooperation on international financial problems. I believe that a joint commission of this type could be even more effective than the type contemplated by section 5 of the Resolution. If limited to members of Congress and the Executive Departments it would be small enough to meet frequently and engage in profitable discussions of projects for international economic collaboration. Moreover, it would be better designed to facilitate consultation between the two Branches than if it also comprised other members. In lieu of public members, I would suggest that the Resolution provide that the commission can call in representatives of the public and experts for consultation and advice.

You have asked for a brief statement of what the Treasury is doing about economic planning at the present time. The postwar planning of the Treasury covers domestic as well as international financial problems. I presume your inquiry is directed to international financial questions.

The technical staff of the Treasury in cooperation with the technical staffs of other departments has prepared a tentative proposal for an International Monetary Fund which would have the object of helping to maintain a stable and orderly pattern of exchange rates and of reducing the use of foreign exchange restrictions.
and discriminatory foreign exchange practices that impede world trade. They have also prepared a tentative proposal for a Bank for Reconstruction and Development. This Bank would have the purpose of encouraging and aiding private investors in the provision of capital for sound and constructive international investment and in this way to contribute to developing the productive resources of member countries and promoting the long range of balanced growth of international trade.

These tentative proposals were sent to the Ministers of Finance of the United and Associated Nations with the request that they be submitted for study by their technical experts. The Ministers of Finance were also invited to send their technical experts to Washington for technical discussion of these tentative proposals.

During the past few months the members of the technical staff of the Treasury and various departments of the Government have been carrying on preliminary discussions with the technical experts of some 30 other countries on the best means of assuring international cooperation on the problems of international monetary stability and the provision of long-term international credits for reconstructive developments. These exploratory discussions on the technical level have been extremely helpful.

The tentative proposals have been published and discussions have been held by members of the Treasury staff with interested groups in this country. On several occasions I have appeared before the interested committees of the Senate and the House to inform them of the progress that has been made in these preliminary and technical discussions. On April 23, 1944, I appeared before these committees again and brought them up-to-date on the status of these tentative proposals. I also presented to the committees the Joint Statement by experts of the United and Associated Nations recommend- ing the establishment of an International Monetary Fund. Copies of my statement and the recommendations of the experts are enclosed.

I should like to emphasize again that these tentative proposals set forth the views of the technical experts of the Treasury and other departments of this Government. They are not an expression of the official views of this Government. Further, the discussions that have been held have been purely technical in nature, exploratory in character, and have been confined to the technical experts.
I want to express my appreciation of your interest and the
interest of this committee in these tentative proposals. You
may be sure that I shall be glad to cooperate with you fully and
to provide you with whatever information I have.

The Department has been advised by the Bureau of the Budget
that there is no objection to the submission of this report to
your Committee.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable Tom Connally,
United States Senate,
Washington, D.C.

Enclosures
TREASURY DEPARTMENT
Washington

Statement of Secretary Morgenthau
before the Senate Committees on Foreign Relations,
Banking and Currency, and the Special Committee on
Post-War Economic Policy and Planning

and before the
House of Representative Committees on Foreign
Affairs, Ways and Means, Banking and Currency,
Coinage, Weights and Measures, and Special
Committee on Post-War Economic Policy and
Planning

Friday, April 21, 1944

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

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

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

Since I last talked to you, we have discussed the prin-
ciples of the international stabilization and investment pro-
gram with bankers, labor representatives and other interested
groups in Washington, Chicago, Boston, Philadelphia, New York,
and other cities. Out of these meetings came helpful sugges-
tions, many of which were incorporated in our plans.

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

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

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

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

Those with whom we have discussed the problem of reviving post-war international investment regard the Bank as essential to the expansion of international trade and the maintenance of a high level of business activity. They believe it necessary to take steps to encourage and aid private investors in providing an adequate volume of long-term investment capital for productive purposes.

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

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

How I should like to explain briefly some of the principles upon which the technicians are agreed in connection with the International Monetary Fund.

Here are the purposes and policies as set forth in the Joint Statement:

(1) To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.

(2) To facilitate the expansion and balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment and real income, which must be a primary objective of economic policy.

(3) To give confidence to member countries by making the Fund's resources available to them under adequate safeguards, thus giving member states time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.

(4) To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.

(5) To assist in the establishment among member countries of multilateral payments facilities on current transactions and to aid in the elimination of foreign exchange restrictions which hamper the growth of world trade.

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

The joint statement recommends that all of the United and Associated Nations subscribe approximately $8 billion to the Fund in the form of gold and local currency. The resources of the Fund would be available under adequate safeguards to help member countries to maintain exchange stability and to correct maladjustments in their balance of payments. Member countries would be able to buy foreign exchange from the Fund with their own currencies, to the extent of their quotas, in order to meet international payments consistent with the purposes of the fund.
The par value of currencies of member countries would be expressed in gold and could be changed only at the request of member countries after consultation and approval of the Fund. The Fund would approve a requested change in parity only if it were essential to correct a fundamental disequilibrium. Prompt consideration would be given to requests for necessary adjustment of exchange rates. Member countries would not allow their exchange rates to fluctuate outside a narrow range based on the agreed gold parity.

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

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

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

The purposes set forth in this Joint Statement have long been the international monetary policies of the United States. For years it has been our objective to have these policies adopted by other countries. We know of no better way of assuring general adherence to these policies than through international cooperation in an International Monetary Fund.

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

International cooperation on monetary and financial matters is the keynote of successful cooperation on all international economic problems. Unless we agree to expand world trade and develop the world economy, our other economic agreements which we might make will or can be effective.

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

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

It is my hope that after studying the recommendations of the technical experts, the governments of the United Nations will come to the conclusion that there is sufficient basis of agreement at a technical level to warrant the convening of a formal conference.

I am happy to say that the President has authorized me to state that if a conference is held, it is his intention to invite direct congressional participation in the work of the United States Delegation.
Joint Statement by Experts on the Establishment of an International Monetary Fund

Sufficient discussion of the problems of international monetary cooperation has taken place at the technical level to justify a statement of principles. It is the consensus of opinion of the experts of the United and Associated Nations who have participated in these discussions that the most practical method of assuring international monetary cooperation is through the establishment of an International Monetary Fund. The principles set forth below are designed to constitute the basis for this Fund. Governments are not asked to give final approval to these principles until they have been embodied in the form of definite proposals by the delegates of the United and Associated Nations meeting in a formal conference.

I. Purposes and Policies of the International Monetary Fund.

The Fund will be guided in all its decisions by the purposes and policies set forth below:

1. To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.

2. To facilitate the expansion and balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment and real income, which must be a primary objective of economic policy.

3. To give confidence to member countries by making the Fund's resources available to them under adequate safeguards, thus giving members time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.

4. To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.

5. To assist in the establishment of multilateral payments facilities on current transactions among member countries and in the elimination of foreign exchange restrictions which hamper the growth of world trade.

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

II. Subscription to the Fund.

1. Member countries shall subscribe in gold and in their local funds amounts (quotas) to be agreed, which will amount altogether to about $2 billion if all the United and Associated Nations subscribe to the Fund (corresponding to about $10 billion for the world as a whole).
2. The quotas may be revised from time to time but changes shall require a four-fifths vote and no member's quota may be changed without its consent.

3. The obligatory gold subscription of a member country shall be fixed at 25 percent of its subscription (quota) or 10 percent of its holdings of gold and gold-convertible exchange, whichever is the smaller.

III. Transactions with the Fund.

1. Member countries shall deal with the Fund only through their Treasury, Central Bank, Stabilization Fund, or other fiscal agencies. The Fund's account in a member's currency shall be kept at the Central Bank of the member country.

2. A member shall be entitled to buy another member's currency from the Fund in exchange for its own currency on the following conditions:
   
   (a) The member represents that the currency demanded is presently needed for making payments in that currency which are consistent with the purposes of the Fund.

   (b) The Fund has not given notice that its holdings of the currency demanded have become scarce in which case the provisions of VI, below, come into force.

   (c) The Fund's total holdings of the currency offered (after having been restored, if below that figure, to 75 percent of the member's quota) have not been increased by more than 25 percent of the member's quota during the previous twelve months and do not exceed 200 percent of the quota.

   (d) The Fund has not previously given appropriate notice that the member is suspended from making further use of the Fund's resources on the ground that it is using them in a manner contrary to the purposes and policies of the Fund; but the Fund shall not give such notice until it has presented to the member concerned a report setting forth its views and has allowed a suitable time for reply.

   The Fund may, in its discretion and on terms which safeguard its interests, waive any of the conditions above.

3. The operations on the Fund's account will be limited to transactions for the purpose of supplying a member country on the member's initiative with another member's currency in exchange for its own currency or for gold. Transactions provided for under 4 and 7, below, are not subject to this limitation.

4. The Fund will be entitled at its option, with a view to preventing a particular member's currency from becoming scarce:

   (a) To borrow its currency from a member country;

   (b) To offer gold to a member country in exchange for its currency.

5. So long as a member country is entitled to buy another member's currency from the Fund in exchange for its own currency, it shall be prepared to buy its own currency from that member with that member's currency or with gold. This shall not apply to currency subject to restrictions in conformity with IX, 3 below, or to holdings of currency which have accumulated as a result of transactions of a current account nature affected before the removal by the member country of restrictions on multilateral clearing maintained or imposed under X, 2 below.

6. A member country desiring to obtain, directly or indirectly, the currency of another member country for gold is expected, provided that it can do so with equal advantage, to acquire the currency by the sale of gold to the Fund. This shall not preclude the sale of newly-mined gold by a gold-producing country on any market.

7. The Fund may also acquire gold from member countries in accordance with the following provisions:

   (a) A member country may repurchase from the Fund for gold any part of the latter's holdings of its currency.

   (b) So long as a member's holdings of gold and gold-convertible exchange exceed its quota, the Fund in selling foreign exchange to that country shall require that one-half of the net sales of such exchange during the Fund's financial year be paid for with gold.

   (c) If at the end of the Fund's financial year a member's holdings of gold and gold-convertible exchange have increased, the Fund may require up to one-half of the increase to be used to repurchase part of the Fund's holdings of its currency so long as this does not reduce the Fund's holdings of a country's currency below 75 percent of its quota or the member's holdings of gold and gold-convertible exchange below its quota.

IV. Par Values of Member Currencies.

1. The par value of a member's currency shall be agreed with the Fund when it is admitted to membership, and shall be expressed in terms of gold. All transactions between the Fund and members shall be at par, subject to a fixed exchange payable by the member making application to the Fund, and all transactions in member currencies shall be at rates within an agreed percentage of parity.

2. Subject to 5, below, no change in the par value of a member's currency shall be made by the Fund without the country's approval. Member countries agree not to propose a change in the parity of their currency unless they consider it appropriate to the correction of a fundamental disequilibrium. Changes shall be made only with the approval of the Fund, subject to the provisos below.
3. The Fund shall approve a requested change in the par value of a member's currency, if it is essential to the correction of a Fund's mental disequilibrium. In particular, the Fund shall not reject a requested change, necessary to restore equilibrium, because of the domestic social or political policies of the country applying for a change. In considering a requested change, the Fund shall take into consideration the extreme uncertainties prevailing at the time the parities of the currencies of the member countries were initially agreed upon.

4. After consulting the Fund, a member country may change the established parity of its currency, provided the proposed change, inclusive of any previous change since the establishment of the Fund, does not exceed 10 percent. In the case of application for a further change, not covered by the above and not exceeding 10 percent, the Fund shall give its decision within two days of receiving the application, if the applicant so requests.

5. An agreed uniform change may be made in the gold value of member currencies, provided every member country has 10 percent or more of the aggregate quotas approve.

V. Capital Transactions.

1. A member country may not use the Fund's resources to meet a large or sustained outflow of capital, and the Fund may require a member country to exercise controls to prevent such use of the resources of the Fund. This provision is not intended to prevent the use of the Fund's resources for capital transactions which amount is required for the expansion of exports or in the ordinary course of trade, banking or other business, nor is it intended to prevent capital movements which are not out of a member country's own resources of gold and foreign exchange, provided such capital movements are in accordance with the purposes of the Fund.

2. Subject to VI below, a member country may not use its control of capital movements to restrict payments for current transactions or to delay unduly the transfer of funds in settlement of commitments.

VI. Apportionment of Scarce Currencies.

1. When it becomes evident to the Fund that the demand for a member country's currency may soon exhaust the Fund's holdings of that currency, the Fund shall inform member countries and propose an equitable method of apportioning the scarce currency. When a currency is thus declared scarce, the Fund shall issue a report embodying the causes of the scarcity and containing recommendations designed to bring it to an end.

2. A decision by the Fund to apportion a scarce currency shall operate as an authorization to a member country, after consultation with the Fund, temporarily to restrict the freedom of exchange operations in the affected currency, and in determining the manner of restricting the demand and reserving the limited supply among its nationals, the member country shall have sole jurisdiction.

VII. Management.

1. The Fund shall be governed by a board on which each member will be represented and by an executive committee. The executive committee shall consist of at least nine members including the representatives of the five countries with the largest quotas.

2. The distribution of voting power on the board and the executive committee shall be closely related to the quotas.

3. Subject to II, 2 and IV, 5, all matters shall be settled by a majority of the votes.

4. The Fund shall publish at short intervals a statement of its position showing the extent of its holdings of member currencies and of gold and its transactions in gold.

VIII. Withdrawal.

1. A member country may withdraw from the Fund by giving notice in writing.

2. The reciprocal obligations of the Fund and the country are to be liquidated within a reasonable time.

3. After a member country has given notice in writing of its withdrawal from the Fund, the Fund may not dispose of its holdings of the country's currency except in accordance with the arrangements made under 2, above. After a country has given notice of withdrawal, its use of the resources of the Fund is subject to the approval of the Fund.

IX. The Obligations of Member Countries.

1. Not to buy gold at a price which exceeds the agreed parity of its currency by more than a prescribed margin and not to sell gold at a price which falls below the agreed parity by more than a prescribed margin.

2. Not to allow exchange transactions in its market in currencies of other member countries at rates outside a prescribed range based on the agreed parity.

3. Not to impose restrictions on payments for current international transactions with other member countries (other than those involving capital transfers or in accordance with VI, above) or to engage in any discriminatory currency arrangements or multiple currency practices without the approval of the Fund.
I. Transitional Arrangements.

1. Since the Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of the war, the agreement of a member country to provisions III, 5 and IX, 3 above, shall not become operative until it is satisfied as to the arrangements at its disposal to facilitate the settlement of the balance of payments differences during the early post-war transition period by means which will not unduly encumber its facilities with the Fund.

2. During this transition period member countries may maintain and adapt to changing circumstances exchange regulations of the character which have been in operation during the war, but they shall undertake to withdraw as soon as possible by progressive stages any restrictions which impede multilateral clearing on current account. In their exchange policy they shall pay continuous regard to the principles and objectives of the Fund; and they shall take all possible measures to develop commercial and financial relations with other member countries which will facilitate international payments and the maintenance of exchange stability.

3. The Fund may make representations to any member that conditions are favorable to withdrawal of particular restrictions or for the general abandonment of the restrictions inconsistent with IX, 3 above, not later than three years after coming into force of the Fund. Any member still retaining any restrictions inconsistent with IX, 3 shall consult with the Fund as to their further retention.

4. In its relations with member countries, the Fund shall recognize that the transition period is one of change and adjustment, and in deciding on its attitude to any proposals presented by member countries it shall give the member country the benefit of any reasonable doubt.

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CONFIDENTIAL

To be held in strict confidence, and no portion, synopsis, or intimation to be published before 11:00 P.M., E.W.T., Friday, April 21, 1944.

Summary of the Recommendations of the Technical Experts

The experts propose the establishment of an International Monetary Fund as a permanent institution for international monetary cooperation. The purpose would be to promote exchange stability, assure multilateral payment facilities, help lessen international disequilibrium and give confidence to member countries. All of the United and Associated Nations would subscribe approximately $3 billion to the Fund in the form of gold and local currency in accordance with an agreed formula. The resources of the Fund would be available under adequate safeguards to help member countries to maintain exchange stability while they correct maladjustments in their balance of payments.

Member countries would be able to buy foreign exchange from the Fund with their own currency to meet payments consistent with the principles of the Fund until the Fund's total holdings of their currency reach 200 percent of the quota. Where a member country is making use of the Fund in a manner contrary to its purposes and policies, the Fund would give appropriate notice that it would sell additional exchange to the member country only in limited amounts. Member countries holding adequate gold and exchange resources would be expected to pay half of their exchange purchases with gold and countries whose official holdings of gold are adequate and are increasing would be expected to use half of the increase to repurchase part of the Fund's holdings of their currency.

When the Fund's holdings of a currency become scarce, the Fund would issue a report and make recommendations designed to increase the supply of such currency. In the meantime, after consultation with the Fund, member countries would be authorized temporarily to restrict freedom of exchange operations in the scarce currency.

The Fund's resources could not be used to meet a large outflow of capital, although they could be used for capital transactions of reasonable amount. A member country could also use its own resources of gold or foreign exchange for capital transactions that are in accordance with the purposes of the Fund.

The par value of the currencies of member countries would be expressed in gold and could be changed only at the request of member countries. The Fund would approve a requested change in parity if it...
were essential to correct fundamental disequilibrium. After consultation, a member country would be permitted to change the parity of its currency by not more than 10 percent. Prompt consideration would be given to other requests for adjustment of exchange rates.

The Fund would be governed by a board and an executive committee representing the members. Voting power would be closely related to quotas. A member country would withdraw from the Fund immediately by giving notice in writing. Thereafter, the reciprocal obligations of the Fund and the country would be liquidated within a reasonable time.

Member countries would not allow exchange transactions at rates outside a prescribed range based on the agreed parities. They would not be permitted to impose restrictions on payments for current international transactions, or to engage in discriminatory currency arrangements or multiple currency practices without the approval of the Fund.

During the period of transition following the war, member countries would be permitted to retain their exchange controls with the expectation that these would gradually be relaxed. Three years after the establishment of the Fund any member still retaining restrictions inconsistent with these principles would consult with the Fund as to their retention. The transition period is recognized as one of change and adjustment and in deciding on requests presented by members the Fund would give them the benefit of any reasonable doubt.

April 20, 1944
My dear Mr. Secretary:

This will acknowledge the receipt of the letter of May 11, 1944, from Administrative Assistant Bell, transmitting two copies of your proposed report to the Chairman of the Senate Committee on Foreign Relations, relative to S. J. Res. 120, a resolution "On international economic collaboration."

In reply, I am authorized by the Director of the Bureau of the Budget to advise you that there would be no objection to the submission of the proposed report, one copy of which is returned herewith, to the Committee.

There is enclosed, for your information and consideration, a copy of a letter from the Director of the Bureau of the Budget of this date to the State Department on the above subject.

Very truly yours,

[Signature]

Assistant Director,
Legislative Reference.

The Honorable,

The Secretary of the Treasury.

Enclosures:
Copy of proposed report.
Copy of Budget's letter of this date to State.
EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D.C.

MAY 23, 1944

My dear Mr. Secretary:

I have your letter of May 11, 1944, transmitting two copies each of proposed reports of the Department to the Chairman of the House and Senate Committees, respectively, on S. J. Res. 120 and H. J. Res. 240, which propose the establishment of an advisory Foreign Economic Commission to study and recommend to Congress and the President measures in the interest of international economic collaboration; and I am writing to advise you that there would be no objection to the presentation of the proposed letters to Chairmen Connelly and Reno.

In this connection, however, I am inclined to raise for your consideration the following questions:

Would it not be advisable to change the wording in line 6 on page 2 of the resolutions to read "meetings" instead of "a meeting"? This would provide flexibility in the planning of international conferences in the event that one over-all conference did not prove to be the best approach.

Is it not likely that the Commission would be more effective if reduced somewhat in size? Thirty-three members would constitute a rather unwieldy body.

Would it be wise to insist rigidly upon the provisions of section 5 for the selection of the public members as "representatives" of the four categories indicated? Why, in other words, should the desires of the general public be determined by representatives of special groups within the public; and is it not probable that such restrictions would prevent service by outstanding citizens who might otherwise be available for such service?

Very truly yours,

(Signed) HAROLD D. SMITH

Director

The General,

The Secretary of War.
ARS-782
This telegram must be
paraphrased before being
communicated to anyone
other than a Government
Agency. (RESTRICTED)

Cairo
Dated May 31, 1944.
Rec'd 8:29 a.m.

Secretary of State,
Washington.
YUGOS
10G, May 31, 11 a.m.

The deputy Minister for Foreign Affairs acknowledges with thanks receipt of invitation contained in Department's circular of May 25, 5 p.m. and states he will advise names of Yugoslav delegates to Monetary Conference as soon as possible.

MACVEAGH.

LET
LIS
PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Montevideo
TO: Secretary of State, Washington
Dated: May 31, 1944
Number: 496

CONFIDENTIAL

SANDERS TRANSMITS THE FOLLOWING MESSAGE FOR ATTENTION OF KNAPP.

The Committee unanimously approved resolution transmitted in the Department's cable no. 304, of May 27, at a meeting this morning with all members present except the Chilean, who is seriously ill.

Preamble (C) was modified to state that exchange can be effected without substantial departure from Resolution XX rather than there has been a change in security circumstances affecting repatriation. In phraseology and arrangement a few minor changes were made also. There was also approved a short explanatory statement prepared on the basis of Department's cables 279, May 26 and 307, May 30. Today by airmail both documents are being transmitted to all Governments.

A motion was made by the Mexican member that final vote be postponed in order to consider possibility of broadening formula to include individuals who do not presently possess documents mentioned therein, but this motion was later withdrawn. Oral explanation based on the last cable under reference set at rest the initial doubts expressed by some members regarding the responsibility of Governments for persons released.

The Argentine memorandum in the form as sent by the Department May 26 was also approved by the Committee. On the ground that the memorandum contains recommendations to his own Government, Chiappe abstained from voting. A short statement was read by Chiappe in which he referred to recognition given in memorandum to Argentina's efforts to combat espionage and other activities contrary to its security and that of the other Republics and added that since consultative visit some of the suggestions have already been placed in effect. The statement was also made by Chiappe that "My Government will study the recommendations contained in the report with the best of good will, and, within the pertinent constitutional and legal limitations, will, to measures designed to safeguard its own security and that of other American Republics, seek to give the greatest effectiveness."

Recently Chiappe has been striving to create impression of Argentina's complete cooperation with the Committee, as well as with other Republics, in all Committee matters.
Following for Ackermann's attention,

Please deliver the following message to Dr. Joseph Schwartz, c/o American Legation, Algiers, from Moses A. Leavitt of the American Jewish Joint Distribution Committee:

"View Pilpel's cable advising you leaving for Italy, Malin returning directly his own office without going Casablanca. He hopes see you Lisbon soon. In connection children rescue program from France War Refugee Board planning send Assistant Executive Director James Mann to Lisbon next week for approximately two weeks and imperative that you arrange your plans to meet him preferably Lisbon after your conferences Malin or if this not feasible await Mann's arrival Algiers. We engaged Arthur Greenleigh for Cairo or other post you may designate. Emanuel Rosen presently not available."

From John W. Fehle, Executive Director War Refugee Board:

"Most important that you arrange to meet Mann while he is in Lisbon. If this is impossible please cable Embassy giving your itinerary in order that he may subsequently meet you in Algiers or Casablanca."

THIS IS/web Algiers Cable No. 14.

Hull
AMERICAN EMBASSY,

LA PAZ (BOLIVIA)

FOR THE PERSONAL AND CONFIDENTIAL INFORMATION OF THE OFFICER IN CHARGE.

In reference to your A-212 of May 16 and to clarify the nature of the problem with which the Department's A-161 of May 1 is concerned, as well as for your information and guidance in further informal approaches, there is given below the text of circular airgrams of May 1 and May 11:

May 1, 1944, 7:35 p.m. The following airgrams have been sent by the Department to the American Ambassadors in certain South American countries and are repeated to you for your information:

March 31, 1944, 1:05 p.m. "Information has been received that there are in enemy-occupied Europe a number of persons holding passports issued in the names of various Latin American countries including the country to which you are accredited. Our information is that in a large number of cases such persons are interned under conditions which are immeasurably better than the treatment they would receive if they did not have such passports. It is reported that without such passports, such persons would be transported to Poland and death.

The fait of these refugees was the subject of a memorandum presented to the Department by the Polish Ambassador in Washington on December 24, 1943, in support of the request of his government that this Government intercede on humanitarian grounds to save the persons concerned from deportation to Poland by interceding to prevent the withdrawal of these passports in cases in which they may have been improperly issued.

The following are excerpts from a report of Dr. Rullmann, Vice Director of the Intergovernmental Committee, who has recently made an exhaustive investigation of the matter in Switzerland: QUOTE It is estimated that 4,000 (passports) have been issued from Switzerland and it is known that others have been issued from other neutral countries including Sweden. Some informants estimated the total number to be as high as nine to ten thousand but some thought that it did not exceed 5,000. In Switzerland it (the securing of the passports) was organized by private individuals and reached such proportions that the Swiss Federal Government had to interven...
vane. Legal action was taken against several of the organizers and at the same time enquiry was made regarding the authority of some of the representatives of the South American states to carry on these transactions.

There seems little doubt that the German authorities are aware of what has been going on but for reasons of their own they have hitherto not adopted a general policy of withdrawing the passports. While in many cases the possession of these documents has afforded the owners protection against persecution and even special treatment in some of the camps, in other cases they have afforded no protection at all and particularly so where the persons concerned were not interned. Originally the German authorities seem to have cherished the hope that the persons with these South American passports might constitute a basis for the exchange of German nationals in South American countries and it is not improbable that they still have vague hopes of this. Other reasons have been suggested for their lack of consistency. Recently however they have been making enquiries through some of the protecting powers of the South American Governments concerned regarding the genuineness of the documents and they have been submitting lists of persons concerned with a view to verification UNQUOTE

Sir Herbert Emerson, Director of the Intergovernmental Committee, on the basis of the foregoing recommends that the Latin American Governments in whose names such passports have been issued, be approached on two points, QUOTE (first) that the Governments should refrain from withdrawing the passports which have been issued and (second) that if and when the protecting power on the request of the German authorities submits lists of persons with such passports they should instruct the protecting power that the passports have been confirmed UNQUOTE

Although the Department does not condone the unauthorised issue of passports, it does not follow that the Department should withhold its intercession in a situation in which the lives of so many persons are at stake. The Department and the War Refugee Board agree with Emerson that where thousands of human lives lie in the balance because of war conditions and enemy persecutions, appropriate steps should be taken to avoid the nonrecognition by the Germans of such passports.

The Department understands that these passports, appearing on their face to have been issued by competent officials, are valid until they are cancelled. While Department agrees that the Government to which you are accredited is entirely within its right in cancelling such passports, it urges that the right of cancellation be not exercised until the holders shall have reached a place of safety, so

Regraded Unclassified
safety, so that the act of cancellation shall not be, in essence, condensation of the holder to a terrible death. All that is here asked is that the Government to which you are accredited deal with the question at a time when it shall occasion the least possible measure of human suffering.

SPECIAL INSTRUCTIONS TO THE AMBASSADOR

You are instructed to memorize the contents of this airgram, burn the document and discuss the matter orally with the government to which you are accredited. Such report as you submit to the Department on this subject should be by secret courier.

April 11, 1944, 11:00 a.m. "Minister Harrison at Bern has informed US that the Swiss Foreign Interests Division has advised him informally that the Spanish government had been requested by the Germans to inquire into the bona fide of certain Latin American passports, held by internees in enemy-controlled territory and that the Latin American governments have denied responsibility as well as any claims of the persons holding such passports. Please approach appropriate officials of the government to which you are accredited and inquire whether it has received any such inquiries through the government of Spain or otherwise from the Germans with respect to the validity of passports held by such internees and if such inquiry has been made, please ascertain the nature of the response, if any.

In view of the perilous situation in which these internees find themselves, the conclusion has been reached that perhaps the only way of safeguarding the lives of these unfortunate victims of Nazi persecution is forthwith to initiate through proper channels negotiations for an exchange of nationals for which these people will be 'eligible.' In contemplating such exchange negotiations, it is not expected that the government to which you are accredited will physically admit any such persons into its territory even on a temporary or tentative basis. This Government is prepared to take full responsibility for all arrangements necessary to route these persons to places elsewhere.

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

Please also request the government to which you are accredited, on humanitarian grounds, affirmatively to approach the German government through the protecting power with a demand that the lives of all persons holding passports issued in its name or claiming its citizenship on the basis of consular documents be safeguarded and that they be given all rights, privileges and immunities accorded to civilian internees of enemy nationality to whom the Geneva Convention regarding the treatment of prisoners of war is currently applied by analogy.

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

Finally, we communicate to you, for communication to the government to which you are accredited, the substance of a cable which the Department has sent to our Minister at Bern as follows: QUOTE

Although the motives of the Germans in according better treatment to Jews of Polish origin holding passports and other documents issued in the names of Latin American countries are not too clear, it would appear that they include (1) some hope that they might be considered exchange material against Germans in the Western Hemisphere and (2) some fear that their ill-treatment might afford the Latin American countries a pretext for further limiting the freedom and economic activities of Germans resident in such countries.

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

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

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

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

SPECIAL INSTRUCTIONS TO THE AMBASSADOR

You are instructed to memorize the contents of this airgram, burn the document and discuss the matter orally with the government to which you are accredited. Such report as you submit to the Department on this subject should be by secret courier.

April 22, 1944, 7:30 p.m. "Referring to the Department's circular airgrams of April 11, 11:00 a.m., and of March 31, 1:05 p.m., the following is the substance of a message received from London by Sir Herbert Emerson, Director of the Intergovernmental Committee, who is now in Washington: QUOTE According cables Jewish Agency, Jerusalem, new commander Vittel Camp advised March 20 about 250 to 300 internees holding South American passports that they were not recognised by government concerned. It is alleged these persons already isolated for deportation which caused panic and despair. Agency here has partial list of people affected, mostly Polish Jews previously put on list of veteran Zionists, Rabbis, etcetera, for grant of Palestine certificates. Agency trying to obtain from Colonial Office formal assurance to Swiss protecting power that these persons placed on Palestine exchange list in order to stave off deportation UNQUOTE

In view of the imminent danger which faces the persons involved, and in the light of this Government's deep concern for their welfare, you should communicate to appropriate officials of the Government to which you are accredited the urgency with which favorable responses and active measures along the lines described in our circular airgrams of April 11 and March 31 are needed.

To any
May 11, 1944, 7:30 p.m. "With reference to previous communications from the Department and the War Refugee Board regarding protection of refugees with Latin American documents in German-held territory, you are informed that pursuant to our instructions the Legation at Bern has advised the Swiss Government with respect to claims to American citizenship by refugees in German-controlled areas as follows:

QUOTE The Department will undertake fully to investigate any claim to United States citizenship, asserted by any person within territory under enemy control, upon receipt from the Swiss Government of all pertinent information available to the Germans relative thereto. The claimant must be presumed to be a United States citizen and must be accorded all the rights, privileges and immunities to which such citizens are entitled while any particular claim to United States citizenship is under investigation by the Department and until the Swiss Government is specifically advised by the Department to the contrary, with the exception that until the Department so authorizes financial assistance may not (repeat not) be extended UNQUOTE

You are authorized to advise the government to which you are accredited the foregoing if you think it will help to obtain its effective cooperation in rescuing refugees with Latin American documents.

has

The Legation at Bern/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 demands of Madrid Embassy be supported by similar urgent representations of other American republics in Madrid on various points covered in our circular airgrams of April 11 and other relevant communications. Please act accordingly and advise us of results.
7:00 p.m.

May 31, 1944

HABANA (CUBA)

Reference is made to your A-1071 of May 19.

It is not clear therefrom whether the Cuban Embassy in Madrid is making representations concerning the return of deportees to Vittel only or regarding entire matter raised in Department's A-738 of May 3 and circular airgram of May 11. Please advise on this point. If the latter is not yet achieved, please continue your efforts in this direction.

For your information and guidance, the Embassy at London has stated that the British Minister at Habana has been instructed to assure the Government of Cuba that the recognition of Cuban passports issued to Jewish persons in countries under enemy control is welcomed by His Majesty's Government and latter appreciates the Cuban Government's reply to the Vatican regarding this matter.

HULL

glw

HULL
AMERICAN EMBASSY  
near the  
GOVERNMENT OF GREECE  

Caire, Egypt,  
May 31, 1944.

No. 126,

Subject: Rescue of Jews from Greece.

The Honorable  
The Secretary of State,  
Washington.

Sir:

With reference to my despatch no. 113 of May 18, 1944 and previous correspondence concerning the rescue of Jews from Greece, I have the honor to transmit herewith a further memorandum on this subject dated May 15, 1944 prepared by Alfred H. Cohen, whose memorandum of April 27, 1944 in the same connection was transmitted to the Department with despatch no. 107 of May 2, 1944. The main points covered in this later memorandum, which is somewhat more detailed than the previous one, were reported in the Embassy's telegram no. 158, May 17, Noon.

A copy of this memorandum has been given to Mr. Irving S. Friedman, Treasury Department representative in Cairo, who will appreciate it if the Department will also make a copy available to the Treasury.

The Embassy is forwarding a copy of this despatch and its enclosure to the Embassy at Ankara for its information.

Respectfully yours,

Lincoln MacVeagh

Enclosure:

Memorandum.

Sent in original and telegraph to Department;
file no. 845;
S/89/82/92.
MEMORANDUM

The Rescue of Jews Remaining in Greece

A.
The Present Situation of Jews in Greece

I. Deportation of Jews from Northern Greece.

Jews of all the Communities in Macedonia (except those of Kastoria) and Thrace were deported about a year ago. They represent 3/4 of Hellenic Judaism. According to information received from reliable sources, it is unlikely that the majority of them will survive.

II. The same measures leading to extermination have since been extended to the rest of the country.

Towards the end of September 1943, after the downfall of Italy, German measures of extermination were extended to the remainder of Greece. There were, therefore, 20 to 25,000 Jews in distress still in Greece seven months ago, living in the following towns:

- Athens
- Halkis
- Volos
- Larissa
- Tricoma
- Karditsa
- Yarnina
- Kastoria
- Arta
- Preveza
- Corfu
- Zante
- Patras
- Candia
- Heraclion
- Rethymon

III. The condition of the Jews in Athens at the time of the application of Anti-Jewish measures.

The condition in which the Jews of Athens found themselves at the time of the application of Anti-Jewish measures was essentially different from that which confronted those living in the provincial towns.

It is estimated that in September 1943, the number of Jews in Athens was from 8 to 9,000, of which about one half were residents of the capital and the other half, refugees who had escaped from Macedonia mainly from Salonica. The residents of Athens had the advantage of having numerous friends and acquaintances who helped...
(b) Jews in hiding are deprived of ration cards issued by the I.R.C.C., which means that they must obtain these provisions at fabulous prices on the black market.

c) they must face other extraordinary expenses i.e. obtaining false identity cards, attempts of escaping which turn out to be unsuccessful etc.

d) the presumption that every Jew is rich and possess large quantities of gold aggravates their difficulties.

e) the fact that they have been living hidden and hunted has no doubt diminished their self-confidence, thus rendering them incapable of making clear and adequate decisions in the face of the many dangers they no doubt encounter.

(f) they have absolutely no possibility of earning their own living.

VI. The fate of the Jews in the provincial towns.

There is no information whatsoever, on the fate of Jews in the provincial towns. It is only known that those of Halkis and Volos have abandoned their homes and joined the Partisans in those districts. It is presumed that the Jews of Larissa, Tricala, Karditsa, Arta, Preveza, Yannina, Kastoria and Patras knowing the fate of their fellow Jews of Salonic and other Macedonian and Thracian towns must have done likewise.

The Jews from the provincial towns, who have been able to join the Partisans run less risk of being exterminated by the Germans. The Germans, not having sufficient forces, have up to now avoided systematic pursuit of the Guerrillas; they have tacitly abandoned the administration of many districts so long as their lines of communication are not interfered with. But, of course, living conditions are not easy there and food difficulties are great.

VII. The conditions of the Jews on the Islands

The Jews living in Corfu and Zante had no possibility of joining the Partisans nor had they any serious chance of hiding. As to those of Crete, it is reported that in March-April 1943, they had not been interned nor deported as those living in the other German occupied regions of Greece, probably due to transportation difficulties. However, according to recent unconfirmed information, the Jews of Heraklion were all massacred in fields outside the town, several months ago.
The first important step is to get accurate information on the condition of the Jews at present in Athens and in the country, with regard to the situation in Europe, and to transmit this information to the appropriate authorities.

The Conference at present being held in the Middle East is an opportunity to bring up this matter.

I. Ministry of Internal Affairs
II. The Conference in Athens of the Greek Government and Workers' Councils
VIII. The fundamental condition for a successful Rescue Plan for Jews still living in Greece is in close and active collaboration with the Jews of Europe.

A plan to come to their rescue and an account of the difficulties to overcome.

The anti-Semitic measures and the anti-Jewish feeling have been put into effect.

Concerning the Jews of Europe, according to information from positive sources until last February no drastic anti-Semitic measures have been put into effect.

Regraded Unclassified
Regraded Unclassified
The present draft of the above mentioned proposal would
not have the desired effect of the above mentioned proposal.

Ptirularloos to be met with in the execution of the above

Regraded Unclassified
(b) The Church, professional organizations and underground groups obviously know a great number of Jews now in hiding as well as Christians sheltering Jews or being indirectly connected with them. The few Jews who have contracted mixed marriages and therefore are not subject to anti-Jewish measures must be able to trace their relatives and friends. The 400 refugees who have arrived in the Middle East could also give us some information. The Catholic Church has also helped shelter Jews.

(c) for security purposes it would be unwise to disclose their hiding places. The only indication to be given should be the addresses of people likely to know them. All this work would have to be divided and decentralised. Lists of names must not be issued as they would be detrimental not only to the Jews themselves but also to their Christian friends who are trying to help them. No doubt the experience of the underground organizations would be of great value in this matter.

(d) In order to ensure the equal distribution of funds a process of receipts should be established whereby no name of the disbursers should appear on the receipt, but only the sum, date and signature of the recipient. This would prevent abuses, the intermediaries realising that the distribution is subject to control. This process, of course, would not completely exclude abuses, but would limit them.

(e) In Athens at least, funds should be distributed in gold sovereigns because of the continual depreciation of the local currency.

(f) The Greek Police of Athens may be of great help (identity cards, watching developments of German measures and warning the people in time.) But one must be careful of the new blackmailers or Gestapo agents working inside the Police. Other officials linked with the present Rally Government are likely to do their best in favor of the Jews.

XV. Difficulties and risks of individual (non-organised) attempts to escape by sea.

Generally speaking no one in Athens knows how escapes by caiques are affected. The reason is that those who attempt to escape and do succeed most often have no means of informing their friends of the procedure and on the other hand individuals belonging to organizations who have contacts with the Middle East have very good reasons for giving no information whatsoever. Thus, these escapes are shrouded in an atmosphere of great mystery, apprehension, overwhelming difficulties and enormous risks. With a sound knowledge of the route to follow, the help of local inhabitants in one or two places, courage and initiative, the chances of success are great. This has been proved by the fact that whole families (infants, invalids, old people) have managed a successful escape in the middle of the winter.
III. Personal experience led us to make the following suggestions:

(a) No synchronization must be sought between departures from Abuna and sailing from the coast of Ruba, which at the present moment is practically impossible. It would be advisable to direct as many Jews as possible from Abuna, provided sufficient boats have been secured.

(b) Disperse them among the various villages of the region in order that evacuation of Jews from Abuna to the regions of departures may be undertaken with the greatest possible safety. It is necessary to have reliable assistance where there are local people who are well-informed and who are considered to be trustworthy. Some of these are not usually available. Local authorities must be relied upon. It is advisable to secure the services of people who are well-known in the area, and who are not likely to be suspected of anything.

(c) The coastal region of Ruba is very poor. The villagers can hardly afford their own transport and are not in a position to organize the evacuation of large numbers of Jews. The accommodation in the coastal region is limited and cannot accommodate the number of Jews to be evacuated. Therefore, the evacuation must be carried out by transport. It is advisable to secure the services of people who are well-known in the area, and who are not likely to be suspected of anything.

(d) In order that evacuation of Jews from Abuna to the regions of departures may be undertaken with the greatest possible safety, it is necessary to have reliable assistance who are well-informed, who are considered to be trustworthy, and who are not likely to be suspected of anything. It is advisable to secure the services of people who are well-known in the area, and who are not likely to be suspected of anything.
The population in this area is poor, rather dirtily housed, but honest by nature. These villagers are not particularly eloquent or learned. For this reason, they are not a suitable source of useful information. In the past, the refugees were sometimes met in the area and the treatment of these people was not particularly pleasant. However, the refugees who pass through the area are treated with respect and kindness.

The refugees who pass through the area are treated with respect and kindness.

In order to relieve the refugees during their usual delayed stay in the area, from which the deportations take place and in view of the prospects increase of the number of Jews in transit in the area, it is essential to make arrangements for the transport of necessary supplies and to send supplies for refugees who need them. It is possible that at some time in the future, the refugees might carry the necessary foodstuffs. In the past, supplies were sometimes sent to the population of these regions and much would be appreciated.

For the improvement of existing conditions of the refugees, it is necessary to make arrangements for the transport of necessary supplies and to send supplies for refugees who need them. It is possible that at some time in the future, the refugees might carry the necessary foodstuffs. In the past, supplies were sometimes sent to the population of these regions and much would be appreciated.

At the moment of settling, all the refugees were treated with kindness and respect and the villagers were not particularly helpful. In the future, it is hoped that this will be the only incident of this kind but it is a bad example and deserves full attention.
The necessity of increasing the small number of boats for the rescue of refugees.

The efforts to be made for encouraging the evacuation of the Jews from Athens is directing them towards the coast would be useless and often harmful. If simultaneous arrangements were not made to provide an adequate number of boats, the evacuation of the refugees would be impossible.

An appeal embodying the above mentioned principles should be read in all the villages of the district. It would be preferable to distribute leaflets among the Jews who would adopt measures for their protection.

The Greek government would be of the greatest utility. The characteristic of Greek government should be a highly developed sense of personal pride. The Greeks have a very strong sense of national pride, and consequently they are not always willing to assist others.

One of them, a gallant officer, was killed. The Greek government was determined to exterminate all Jews in the Albanian war. The Greeks were declared enemies of all others. The ruling authority was determined to exterminate all Jews in every way. It would also be mentioned that the Greek government is not known in every country.

Free Greek government could not be of the greatest utility. The characteristic of Greek government should be a highly developed sense of personal pride. The Greeks have a very strong sense of national pride, and consequently they are not always willing to assist others.

Another thing, Jews are presumed to be right, thus the opportunity for prejudice, they must also be helped. They must accommodate and according to them, they are always natives of the area they rule and accordingly, they are not always natives of the area they rule.
The draft of the paper that was prepared in the draft department of the government of the United States should be revised. This draft was prepared in accordance with the recommendations of the committee, and it has been revised to include the necessary corrections. The revisions have been made to ensure that the draft is clear and easy to understand. The final version of the draft will be submitted to the committee for approval.

If the revisions are not acceptable, the draft should be revised again. The committee will review the revised draft and provide feedback. The revisions should be made in accordance with the committee's recommendations. The final version of the draft will be submitted to the committee for approval.

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the number of women, children and aged, to be evacuated would be
greater. They should also be informed that upon arrival in the
Middle East they are to be enlisted for military service with the
Greek Armed Forces.

by Alfred H. Cohen

15th May, 1944.

cc: Miss Chauncey (For the Sec'y), Mr. Abrahamson, Mr. Akzin,
Mr. Bernstein, Mrs. Cohn, Mr. DuBois, Mr. Friedman, Mr. Gaston,
Miss Hodel, Miss Laughlin, Mr. Lesser, Mr. Luxford, Mr. Mann,
Mrs. Mannon, Mr. Marks, Mr. McCormack, Mr. Murphy, Mr. Paul,
Mr. Pehle, Mr. Pollak, Mr. Sargoy, Mr. Smith, Mr. Standish,
Mr. Stewart, Mr. Weinstein, Mr. H. D. White, Files.
The following statement by members of the Senate Foreign Relations Committee is being shortwave to Hungary and released domestically as an Office of War Information broadcast to Hungary.

**********************

The people of the United States and all freedom-loving peoples are horrified by the news that Hitler has designated the 800,000 Jews in Hungary for death.

That the people of Hungary should countenance the cold-blooded murder of innocent men, women and children is unthinkable. Once Hungary was the haven of tens of thousands who fled the Nazi terror in other lands. Once Hungary protected the helpless who sought refuge within its borders. Once Hungarians shielded their Jewish fellow-citizens. But now the Hungarian puppet government has joined the Nazis in their ruthless determination to do away with the Jews.

While there is yet time the people of Hungary can demonstrate to the world that this unholy scheme is a betrayal of the true Hungarian spirit. They can hide the Jews until such time as they may help them to safety across the borders. They can refuse to purchase property stolen from the Jews. They can use every means to obstruct the Nazis and those Hungarians who are in league with the Nazis. They can keep watch and remember those who are accessories to murder and those who extend mercy, until the time when guilt and innocence will weigh heavily in the balance. That time is near.

Washington, D. C.
May 31, 1944

Signed:

Tom Connally, Chairman
Walter F. George
Robert F. Wagner
Joseph P. Guffey
Bennett Champ Clark
Robert R. Reynolds
G. M. Gillette
Theodore Francis Green

James M. Tunnell
Alben W. Barkley
Arthur Capper
Robert La Follette Jr.
Arthur H. Vandenberg
James J. Davis
James E. Murray

Members, Foreign Relations Committee, United States Senate.
INCOMING TELEGRAM

DSN-661
Distributed of true reading only by special arrangement (SECRET-W)

Madrid
Dated May 31, 1944
Read 2:55 p.m., June 2

Secretary of State,
Washington,

1931, May 31, midnight.

British Embassy Madrid has been informed from Algiers that shipping cannot (repeat cannot) be made available for scheduled evacuation from Cadiz on June 7 of stateless refugees proceeding from Spain to Fedhala center.

While fully cognizant of difficulties of procuring shipping for such purpose at present stage of war, I feel that it should be pointed out that further postponement of the departure of this group will have extremely unsalutary effect on position of stateless refugees in Spain and on position of Blikkenstaff's organisation vis-a-vis Spanish Government. Latter has become increasingly disturbed over repeated delays in evacuation of these refugees, most of whom have been ready to leave for over three months, and postponement of June 7 departure, for which arrangements have already been made and assurances given, may well cause it to question good faith of Blikkenstaff and interested Allied authorities. This reaction may in turn result in reimprisonment and reinment of many stateless refugees who have been allowed to remain at liberty on basis of assurances of their early departure, and tend, therefore, to discourage entry into Spain of further numbers of such refugees.

Experience has shown that extent to which Spanish Government is willing to cooperate with Blikkenstaff's organisation in care of stateless refugees bears direct relationship to rate at which that organisation is able to evacuate these persons from Spain and it is feared that willingness will be sorely strained by yet another delay in the evacuation of the approximately 700 persons comprising the Fedhala group.

Repeated to Algiers.

HAYES

JT

Reference your 1820 of May 22 to the Department, your 20 to the War Refugee Board.

Arrangements are being made to make dollars 50,000 available to you as first installment for Lithuanian and Latvian projects. Please advise whether remittance through banks practicable or whether Goodyear channel suggested in response to your 1738 of May 18 to the Department, your 16 to War Refugee Board is preferable. If the latter, please advise whether Goodyear channel is available, and if not, we will undertake to find another.

THIS IS WRB STOCKHOLM CABLE NO. 21

*************
May 31, 1944
4:35 p.m.

Sec'y, Abrahamson, Cohn, DuBois, Friedman, Hodel, Laughlin, Lesser, McCormack, Stewart, Central Files, Cable Control Files.

LSLassesals:db 5/30/44
CABLE TO SWEDEN

From War Refugee Board to Minister Johnson, Stockholm, Sweden.

Please refer to your 1877 of May 26. Your efforts to secure the BARDALAND are appreciated and we are gratified with the cooperation of the Swedish Foreign Office.

Your understanding is correct that the War Refugee Board will look after all technical arrangements concerning the selection and assembling of refugees at Constanza and exit permits.

This is War Refugee Board's cable to Stockholm No. 22.

***************
May 31, 1944
4:35 p.m.

Sec'y, Abrahamson, Cohn, DuBois, Friedman, Hodel, Laughlin, Lesser, McCormack, Stewart, Central Files, Cable Control Files.

WMarks:1skidb 5/31/44
PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
DATED: May 31, 1944
NUMBER: 1926

SECRET

Following is our No. 22 to the War Refugee Board and reply to WEB No. 20 (Department’s cable of May 27, No. 1031).

Reference is made herewith to Legation’s cable dated May 19, No. 1772.

We do not believe that the program recommended in our No. 18 to the War Refugee Board will overlap greatly the program of Norwegian relief and rescue which is being carried out pursuant to instructions of Department’s message of April 8, No. 819. It would seem that substantial parts of the newly recommended program will be directed into different channels than those that are available to the labor group. Moreover, we believe it is more important to use any and all channels that seem reasonably effective than to be concerned with possible overlapping. We suggest that funds be supplied for one month as a test to the value of this operation. It should not be difficult to appraise the effectiveness of program after a month’s trial in view of the promised reporting channels through the Swedish Foreign Office.

JOHNSON
PARAPHERASE OF TELEGRAM RECEIVED

FROM: The American Legation, Bern
TO: The Secretary of State, Washington
DATE: May 31, 1944
NUMBER: 3467

SECRET

Tait presented a written request at the same time he personally requested the desired information on May 26.

Please refer to your message of May 25, number 1786.

Assurances were obtained orally that action would be taken immediately and that the results would be reported promptly.

HARRISON
CABLE TO TURKEY

From War Refugee Board to Ambassador Steinhardt, Ankara, Turkey

Please refer to our 470 of May 25 concerning the use of the SS BANDALAND for refugee evacuation operations.

We have just received a cable dated May 25 from Minister Johnson reading as follows:

Quote. The Swedish Foreign Office has again been approached by the Legation in accordance with instructions contained in WRP no. 13. The Swedes have been extremely cooperative and sympathetic and today are instructing the Swedish Mission in Berlin to request the Germans for permission to divert the vessel and to guarantee safe conduct. The Swedish Red Cross has agreed to act as charter party. It is indicated by a cable received from the Master of the BANDALAND that the vessel is sufficiently seaworthy to make the proposed voyages and that after appropriate refitting in Istanbul to provide sanitary, lifesaving and kitchen equipment, the vessel will be able to accommodate between 400 and 500 persons.

The Swedes have been advised by us that all arrangements for selection of refugees for embarkation, exit permits, and assembling refugees at port of embarkation will be taken care of through War Refugee Board's facilities and that when the BANDALAND arrives at Constantza, all such necessary arrangements will have been completed. This is important as the Swedes do not want to assume responsibility for such matters and, in fact, they have no available facilities in the area for such purposes.

The Swedes are sincerely willing to press the strongest possible case with the Germans although they are frankly very dubious regarding the whole proposition. Unquote.

It is assumed that the technical arrangements referred to by Minister Johnson in the second paragraph of his cable will be made by you as soon as the likelihood of the BANDALAND's sailing for Constantza appears more concrete. We shall keep you advised of further developments.

This is War Refugee Board's cable to Turkey No. 48.

____________
May 25, 1944
4:35 p.m.

M/JMarks: 5/31/44
CABLE TO AMBASSADOR STEINHARDT, ANKARA, TURKEY

Your 895 of May 18 and 915 of May 20.

Reference your 915. Last paragraph Department's 440 of May 17 refers to persons reportedly arrested in Bucharest, Rumania for activities in aiding escape of refugees from Rumania and near-by countries. According to more recent information, only twelve to fifteen of them are still under arrest.

Regarding situation in Hungary, please consider advisability of your direct or indirect approach to Hungarian mission or other personalities in Turkey along the lines of the Cretzianu talks. If, in your opinion, such conversations are feasible and might serve some useful purpose, please act accordingly and keep Department informed.

Department and Board gratified to have your confirmation of report that Jewish refugees arriving in Turkey from Greece are permitted to enter and pass through Turkey without Turkish visas. In view of the critical situation in Balkans, it would appear most important, if you have not (repeat not) already done so, to attempt to obtain a similar arrangement with respect to refugees coming by land from Bulgaria. Please advise us of any results which are obtained in this matter.

THIS IS WRB CABLE TO ANKARA NO. 49

May 31, 1944
4:35 p.m.

Miss Chaumoev (for the Sec'y), Abrahamsen, Cohn, DuBois, Friedman, Hodel, Laughlin, Lesser, McCormack (for Mr. Mann), Stewart, Central Files, Cable Control Files

Raksin:MSargoy/jp:db 5/30/44
PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Ankara
TO: Secretary of State, Washington
DATED: May 31, 1944
NUMBER: 985

SECRET

Following message is from the Ambassador for WNP. Reference by 941 dated May 23, 1944; Ankara’s No. 85, and Department’s 470 dated May 25, 1944.

It is not my belief that the government of Turkey would have any objection to fitting the BANDALAND at Istanbul with essential accommodations for passengers. Nevertheless, information has been given me that material and labor facilities for this work are greatly limited, delays are interminable and cost is highly excessive under current conditions. It may be the desire of the Board to take into consideration this phase of the matter prior to assuming that any work of this kind can be undertaken at a fair cost within a reasonable length of time. I can suggest only one other alternative, viz., to have the fitting done in a port in Egypt where the facilities of the British Navy might be made available on request.

The WNP representative who recommends urgently that subsequent to the embarkation of the refugees at Constanza the BANDALAND should go to Istanbul instead of to Haifa seems to have not taken into consideration the limited rail facilities to Palestine from Istanbul which I have stressed a number of times. If a goodly number of refugees are landed from the BANDALAND at Istanbul for movement by rail to Palestine, it is most likely that the Turk officials will be in a position to continue to move over the identical single track line the considerable number of refugees who will continue, presumably, to arrive on the HELLCIITA, MARITZA and MILKA, in addition to the usual transportation. It is very probable that the resulting congestion will cause the Turk authorities to be unwilling to allow the refugees from the HELLCIITA, MARITZA and MILKA to threaten that constant although illegal transportation which has been tacitly sanctioned by the Minister for Foreign Affairs.

Provided, as it seems from the Board’s cable to Stockholm the tentative trip of the BANDALAND is to be dependent upon a German safe conduct, as in the TARI case, there would appear to be no good reason why the trip should end at Istanbul instead of continuing to Haifa and in this manner relieving the rail line from Istanbul to Palestine for the transportation of refugees who arrive on vessels that are unable to go beyond the Istanbul port. Neither is the argument impelling that it will be any more troublesome to secure a German safe conduct to Haifa from Constanza than to Istanbul from Constanza. The fact is that the experience I have had with the government of Germany in endeavoring to secure a safe conduct for the TARI from any harbor to any other harbor establishes the contrary because by this time every conceivable proposal has been made without success to the government of Germany.

It will have......
It will have been noted by the Board from Embassy's 941 of the twenty-third of May that as yet, it has not become liable for penalty payments concerning the proposed charter of the TARI even though we are without doubt under a moral obligation to make some sort of payment at a date in the future because of the period of time the boat had been held available to us. While endeavoring to cut the loss to the State Steamship Lines that resulted from the TARI's immobilization, which has by this time been prolonged for more than two months, without paying the penalty of five thousand pounds in Turkish money per day, while simultaneously having the boat at our disposal on short notice, should a Bulgarian or German safe conduct be coming forth, I have coerced the Minister for Foreign Affairs to issue instructions that the TARI may be utilized by the State Steamship Lines for short voyages between Istanbul and Izmir or Samsun on the understanding that not any of the accommodations which were put in for refugees will be disturbed and that the ship will be available to us when each such voyage is completed, none of which is to last over two weeks.

We have no reliable data available concerning the current status of shipping from Constanta with exception of the knowledge that the harbor is mined heavily, wholly under German control and that the transportation of even the smallest of the boats is absolutely under German officials' control.

No definite schedule is in existence, insofar as regards plans for voyages in the future of the HELLECTA, MARITZA and MILKA since such boats are operating clandestinely and illegally. Such boats are easily hidden in harbors near Constanta since they are quite small. Refugees are collected and embarked by a well organized underground for lightly excessive amounts of money. The boat sails for Istanbul as soon as it is loaded to the fullest capacity. In this manner no prediction with any amount of accuracy can be made concerning prospective departure dates or arrival in Istanbul. It is indicated by experience that the ships return to Istanbul may be expected approximately a month after her embarkation from that same port, nevertheless.

STEINHARDT
PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Ankara
TO: Secretary of State, Washington
DATED: May 31, 1944
NUMBER: 986

CONFIDENTIAL

Following is Ankara's No. 66 from the Ambassador for the War Refugee Board.

Today I received an unconfirmed report that the Bulgarian SS MARITZA foundered at sea while en route to Constanza on her return from Istanbul after she had disembarked on May 18, 316 Jewish refugees.

In view of the recognized unseaworthiness of the MARITZA (refer to my message of March 25, No. 527) we must regard it as an act of providence that the ship did not sink while carrying refugees en route to Istanbul.

STEINHARDT
SECRET

OPTEL No. 174

Information received up to 10 a.m., 31st May, 1944.

1. NAVAL

One of H.M. Submarines torpedoed 3,000 ton ship off PENANG 22nd. In attack on eastbound convoy off ALGIERE this morning one 2,900 ton ship sunk, three enemy aircraft destroyed.

2. MILITARY

ITALY. In the mountains N.E. of CASSINO Italian troops have made considerable advance and further west New Zealanders are approaching SORA. Canadians are within three miles of FROSINONE. French have captured CECCANO and advanced two miles to the N.W. North of ANZIO U.S. troops have had heavy fighting at CAMPOLEONE and further west U.K. troops have advanced to a point three miles N.E. of ARDEA which they have captured.

BURMA. IMPHAL. Successful operations are taking place from both north and south against Japanese five miles south of BISHENPUR. SALween. Chinese have captured KAITOU and TATANGTZU. Rains have broken and supply difficulties are increasing.

YUGOSLAVIA. British and U.S. troops landed MJLET ISLAND 22nd 23rd. Enemy retired into difficult country. Our troops consequently unable to bring them to battle in time available and were withdrawn 23rd/24th.

3. AIR OPERATIONS

WESTERN FRONT. 30th. 4,438 offensive and escort sorties flown. Total 978 U.S. heavy bombers and 194 Thunderbolt bombers attacked:

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<th>Aircraft factories</th>
<th>OCHSERSLEBEN</th>
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<td>and DESSAU</td>
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<td>Airfields at</td>
<td>HALBERSTATT</td>
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<td>ROTENBURG</td>
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<td>DIEPHOLZ</td>
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<td>HANDELZ</td>
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<td>ZWISCHENHANH</td>
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<td>and OLDENBURG</td>
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<td>Railway centres at</td>
<td>BRUSSELS</td>
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<td>TROYES</td>
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<td>and RHIMS</td>
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Also six bridges in FRANCE - more than 130, and military constructions Northern FRANCE - 286. Enemy casualties reported in the air 66, 9, 5, and 7, 1, 2 on the ground. Our 12 bombers, 14 fighters missing. Total 1,961 medium and fighter bombers and escorting fighters of A.E.A.F. attacked objectives NORTHERN FRANCE as follows:

17 road and rail communications more than 480 tons
5 R.D.F. Installations and 256 rockets
6 Military Constructions and 55 tons
Defences
Military Camp and Headquarters 52 rockets
3 Airfields
250 rockets
1 Airfield
79 tons

One enemy aircraft shot down, six of ours missing.

30th/31st. Aircraft despatched:

Coastal Battery BOULOGNE - good concentration around markers
52
Chemical Works LEVERMISEN - well concentrated attack, one large explosion
36 howitzers
Sea-mining
12
Intruders
6

All returned safely.
ITALY. 28th/29th. Wellingtons bombed SAN STEFANO Harbour - 87 tons.

29th. 256 medium bombers and over 700 fighters attacked viaducts, bridges and other objectives in Central ITALY and gave ground support. 84 motor vehicles were destroyed and aircraft missing.

AUSTRIA. 29th. Escorted Liberators and Fortresses bombed:

- WOLLERSDORF Airfield 600 tons
- Aircraft factories at ATZGERSDORF 225
- WIENER NEUSTADT 195

Enemy casualties reported in the air 61, 14, 8, and 9 destroyed on the ground. Ours - 9 bombers, 5 fighters.

YUGOSLAVIA. 29th. Escorted Liberators (3 bombers, 2 fighters missing) dropped 481 tons BIHAC area with good results. Fighters shot down one enemy aircraft and destroyed 17 on the ground.