

Diary

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June 21, 1944
9:20 a.m.

OPA vs. MUNSINGWEAR

Present: Mr. Sullivan
Mr. Olrich
Mr. O'Connell
Mr. C. S. Bell
Mrs. Klotz

H.M.JR: Now, excuse me, but I have to make an address.

This thing of the OPA, as I understand it they have filed a suit already?

MR. O'CONNELL: Yes, the suit was filed a week ago last Saturday in Chicago.

MR. OLRICH: In Minneapolis, in the District Court, asking for an injunction against us.

H.M.JR: Have you seen the stuff that OPA sent about you?

MR. OLRICH: I had seen the statement that they had made indicating the nature of our violation. We have replied to the OPA.

H.M.JR: No, but you see before I had you come here I went to OPA and asked them what about Munsingwear and what about you and they gave you a clean bill of health. They said that whatever was pending with the company was not important. They have reiterated that, haven't they?

MR. SULLIVAN: That's right, sir.

H.M.JR: I think Mr. Olrich should be allowed to read that.

MR. O'CONNELL: I can show it to him after a while.

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MR. OLRICH: Mr. Secretary, I can't say a thing is unimportant where they say it is a technical violation and then on the basis of a technical violation they file suit against us for triple damages amounting to five hundred and twenty-five thousand dollars, especially when they admit it is a case of interpretation. Now, it isn't only the five hundred and twenty-five thousand dollars. If we lose this case, our whole price structure changes and it means that most of the goods we are making will be made at a loss instead of a profit, fifty percent of our business, we will say conservatively thirty-three and a third percent will be made into a loss. So it is not only this case. We have to prosecute this case quickly, because if we don't, and get an injunction, we are stopped from charging these prices.

MR. O'CONNELL: Mr. Secretary, I don't think that OPA thought that it was not an important suit from the standpoint of the company. The thing they wanted to emphasize was that it was, as far as they were concerned, an honest difference of opinion about a rather important matter involving interpretation of the regulations and that there was no moral turpitude or no intent to violate OPA regulations involved, but they felt that being unable to come to an amicable agreement with the company after discussion, that the only way to have the dispute resolved was to have a court resolve it. Now, that could have been done without having a suit for triple damages, admittedly, but I am also informed that triple damages is a thing that they do ask for in suits even though there is no wilfulness involved. Where there is real wilful intent, they try to make it a criminal violation.

H.M.JR: Let me ask you a question, will you? Have you gentlemen, either of you men, any question in your mind that Munsingwear haven't conducted themselves in a ethical manner?

MR. SULLIVAN: Not the slightest.

MR. O'CONNELL: No.

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H.M.JR: All right. Then this is what I say. This man has come down here from his company. He is one man in a thousand among American businessmen who is willing to come down and help his Government, and this company conducted itself in an ethical way, and I want the two of you to call on the head of OPA and let him weigh which is more important, the distribution of fifty to a hundred million dollars worth of goods--now don't shake your head at me--or this ~~this~~ thing through the courts. Why can't they do this thing across the table, if the company has conducted itself in an ethical manner?

MR. O'CONNELL: I don't know how much they have attempted to do anything across the table.

H.M.JR: Why the hell don't they? If I was Mr. Olrich I would say "I am going to go back and look after my company." That's what I would say.

MR. SULLIVAN: How much negotiating did you have with them, Ernest?

MR. OLRICH: Nothing. They simply served the notice on us indicating that we were in violation. We answered their statements and the answer was back, "We still disagree with you". We heard nothing from it. Remember I told you about the case, and then the next thing we know there is a summons in the court.

MR. SULLIVAN: You see, before Mr. Olrich came here, Mr. Secretary, the second time he was in the office and was considering coming, he said, "Now before you make up your mind, I want to tell you that we are discussing some things with OPA", and it was Mr. Olrich who brought our attention to the fact that there might be trouble with OPA.

H.M.JR: I have a record of eleven years here of criminal prosecution, seventy percent of the inhabitants of the Federal Penitentiary are put there by the Treasury, and I don't take second-place to anybody. Now, on the other hand, if you two gentlemen say this company has conducted itself in an ethical manner, I want to take on

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this fight for him, because he is worth fighting for, and I don't know where the hell I'll look for another man! Do you see?

MR. SULLIVAN: I agree on both counts.

H.M.JR: Okay, then I want you to go after this thing and see if this thing cannot be settled amicably across the table.

MR. SULLIVAN: I think the first thing to ask for is a conference between the attorneys for the company and the General Counsel of the OPA. Do you approve of that?

MR. OLRICH: I would go one further. As you can always file a suit, I would say that the suit be withdrawn pending that, because if you get the publicity that we are being sued--it hasn't broken yet--why you are put in a position of having done something that might be embarrassing in any direction that you go.

H.M.JR: I think he is right. You can withdraw it and start it again. Either this company has been chiselers, which you say they are not--right?

MR. SULLIVAN: I don't think they have been chiseling, no. I said I am convinced there is absolutely no ethical question involved here. There is an interpretation of a technical order.

H.M.JR: Then this thing--an honest effort should be made on the part of the Government to use every avenue to reach an amicable agreement outside of the courts.

MR. SULLIVAN: I agree to that. I had assumed, of course, that there had been several conferences between the company--

MR. OLRICH: Up to the time I got notice over the telephone on Saturday from Mr. Wilson, the Vice President in charge of the operations in my absence, there hadn't

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been one word from OPA from the day I talked to you, John.

MR. SULLIVAN: That sounds unbelievable!

MR. OLRICH: That is so.

MR. SULLIVAN: Oh, I am not doubting you.

H.M.JR: Well, there are plenty incidents of people forgetting that we are the servants of the people.

MR. OLRICH: If I may recite, we had another case of the same nature. We had two cases. One involved an order of a million dollars. They said that our only error was, when we found we were not covered by the law, instead of doing what the law intended, we should have come to them. They amended the law and there was no penalty. They simply wiped it out. Yet we were down here with attorneys and it could have been settled in Minneapolis. They had us down here on these so-called technicalities.

MR. O'CONNELL: Mr. Secretary, I don't believe there is any ethical problem here, as far as whether or not--I think we all agree, that Munsingwear has not been a chiseler in the blackmarket sense or anything of that sort. There is, though, at least as far as the OPA is concerned, a very substantial problem involved in the interpretation of their regulations and I think we ought to be very careful, OPA having considered this to the extent of starting a law suit, about going to OPA and saying, in effect, that because there is no ethical problem involved, they ought to try to withdraw this suit or settle it at this stage of the game. I think if the shoe were on the other foot and somebody came to the Treasury Department and told us to discontinue a tax case, we wouldn't like it.

H.M.JR: You're wrong. Mr. McCloy has done that very thing to me.

MR. O'CONNELL: Sure, I know.

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H.M.JR: Mr. McCloy came to me and said, "Look, Mr. Morgenthau, there is no ethical question in regard to the Mason Machine Works of Pittsburgh. This fellow can't put his mind on his business and we need the big guns. We found there was nothing ethical wrong and we are trying to settle the thing so that the President of this company can go back and make guns".

MR. O'CONNELL: Sure, but we haven't settled the tax case. No ethical question involved but a simple legal question as to whether he owed the Government some taxes.

H.M.JR: Four million dollars.

MR. O'CONNELL: But we won't call the four million dollar tax suit off.

H.M.JR: But we are not going into courts and suing.

MR. O'CONNELL: In that case the case has already been decided in court.

MR. SULLIVAN: What the Secretary is saying, Joe is that we are trying to make an extraordinary effort in the case of this particular fellow, to expedite the settlement of this claim. In other words, it is more important to dispose of the tax matters of this particular individual because of the work he is doing than all the other people for whom such cases are pending. You wanted a report on that up to date.

(Hands Secretary group of documents relating to the OPA suit)

MR. O'CONNELL: Let's look at it in a practical manner. The OPA charges us with having a technical violation involving one hundred and seventy-five thousand dollars which we do not admit. We are in the tax bracket where the net to Munsingwear is thirty-five thousand dollars. Under the OPA Act we are assessed three times one hundred and seventy-five thousand, or five hundred and twenty-five thousand, where the maximim net benefit to the company is thirty-five

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thousand dollars. Now, if we had been deliberate, if there had been intent-

H.M.JR: Say that all over again.

MR. O'CONNELL: If Munsingwear is in violation, the allegation is that we have overcharged one hundred and seventy-five thousand dollars in the case. Now that went into our excess profits. Munsingwear's net from one hundred and seventy-five thousand would be thirty-five thousand dollars, yet, the OPA, charging a violation, sues us for three times the overcharge or five hundred and twenty-five thousand dollars. Now that is it.

H.M.JR: All right.

Now look, Joe, I want an effort made by you two gentlemen, today, to see whether this thing cannot be done across the table and I think you should go, in the first instance, to Mr. Bowles, and I am going to call up Mr. Bowles and ask him. Look, I worked until all hours of the night. I am here at eight o'clock in the morning. I get an honest businessman to come down here and help me. If the fellow has done something dishonest, I want to put him in jail. If he has done something that there is an honest difference of opinion about, and God knows I have had enough personal experience with the OPA, and if I didn't have an attorney watching me, I would be breaking the law all the time. And all of my neighbors do it and the OPA doesn't do a Goddam thing about it, and I have to have somebody watch the stupid, asinine regulations all the time with a magnifying glass.

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MR. SULLIVAN: I would like to make a suggestion before you make that call, Mr. Secretary. I think it would be unwise to even suggest to them withdrawing this suit.

H.M.JR: I am going to ask you to take this on for me, with the advice of the General Counsel.

MR. SULLIVAN: Yes, sir.

H.M.JR: See if you can't settle this thing in a way satisfactory from the Government standpoint, and satisfactory from Munsingwear's, so I can keep this fellow doing the job which he is doing as a contribution to the war effort. Now, I am going to charge you with this.

MR. SULLIVAN: O.K.

H.M.JR: I will be back late tonight. If I don't get back too late, I will call you up. Otherwise, we will meet again tomorrow morning.

Now, if during the thing we find Munsingwear has done something which is reprehensible or unethical, then go the limit. If, on the other hand--

MR. OLRICH: That is all right.

H.M.JR: If, on the other hand, it is a question of an interpretation of these OPA things, which I have been up against myself - it is like this perfectly stupid business of the hog business. A fellow has a hog weighing two pounds over; he is docked a couple of dollars, and the difference goes to the packer and not to the consumer. I have had enough to do with the OPA. I know that they are not right even fifty percent of the time.

MR. O'CONNELL: Well, I don't agree with that. I think all you hear about are the times they are wrong, and you always hear it on a one-sided basis. I think there is a perfectly valid defense to the hog situation, as far as that is concerned.

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H.M.JR: All right. Don't let's go into it. Any more than apples are selling at eight dollars a bushel and my currants go on the market the 4th of July and I can't even get a price.

MR. O'CONNELL: You can't do a job like OPA and make people happy; it is essentially a job that makes them unhappy.

H.M.JR: You talk in the tax field; in the tax field when we have a taxpayer - I have regional offices, we send for the taxpayer and we sit down with him, don't we? We don't start suit right away. There is a process, a letter, and all the other processes we go through before we sue the fellow. We don't drag him right into court.

MR. O'CONNELL: Well, this thing has been under consideration in OPA for some months - I don't know how long.

H.M.JR: All right. Well, I am going to ask John to take it for me as my personal representative with the advice of the General Counsel.

You wanted to make a point?

MR. O'CONNELL: I think it is a mistake. I think that we are going to say to OPA, that we are going to put our fingers into a job which is essentially the OPA's responsibility, and say to them, "You fellows don't know your business; we want to tell you how to run your business."

If the shoe was on the other foot--

MR. OLRICH: Has the General Counsel seen this suit and gone into it?

H.M.JR: Listen, I am fighting time. I am willing to do it with my eyes open on the basis that you two men tell me this company hasn't done anything unethical.

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MR. O'CONNELL: No question about that.

H.M.JR: O.K. I am willing to butt in. God damn it, I butt in all the time with the State Department. I am making a speech now which is clearly a statement wholly on foreign affairs. It has nothing to do with selling the bonds. You aid and abet me all the time, don't you - your office?

MR. O'CONNELL: Quite a bit.

H.M.JR: Is the Argentine my business?

MR. O'CONNELL: I sometimes try to hold you back a little bit.

H.M.JR: Is the Argentine my business?

MR. O'CONNELL: Of course.

H.M.JR: That we should put on sanctions?

MR. O'CONNELL: Surely.

H.M.JR: O.K. Then this is just as much my business.

MR. O'CONNELL: Yes, it is.

H.M.JR: O.K. Then I am going to take this on. Listen, I told this fellow I was going to bring him down where he could do some work for his Government. Just because the OPA has five hundred rulings a day to get out, doesn't mean that when it pinches a fellow who is trying to conduct his business in an ethical manner and work for the Government - I say that fellow is worth putting up a fight for, and I am willing to stick my nose in the OPA's business.

MR. SULLIVAN: Let's call Chester right now.

H.M.JR: And the thing I am saying to you (Olrich) as a dollar-a-year man, and not as President of Munsingwear - and please don't repeat anything I have said in the outside office--

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MR. OLRICH: No, sir, I never will.

H.M.JR: This is strictly a Treasury speech.

MRS. KLOTZ: Did you change your mind about calling Chester Bowles?

H.M.JR: John wants to do it.

MR. SULLIVAN: No, no, you give him a ring and tell him that I am anxious to see him as soon as possible - because he has a barrel of things on his mind.

MR. O'CONNELL: Both Bowles and Fields are up on the Hill the major part of the time, so I think it is a good idea for you to try to reach him first.

H.M.JR: Which side are you on, Charlie?

MR. BELL: I have been on Joe's until I heard you. I think you have a good point. I think the comparison is good as to the Internal Revenue and how they would handle it. Certainly no harm can come out of a round-table discussion on the technicalities of this thing.

MR. O'CONNELL: If the law suit hadn't been handled it wouldn't be so bad.

H.M.JR: Look, I have been under the most terrific pressure in the world from people to settle Mr. Moe Annenberg, and settle Mr.-this and that. Those fellows were crooks and I put them in jail, and I am glad I did. This fellow, I am convinced, is an honest fellow, and you people confirm it. OPA could start something against me, tomorrow.

MRS. KLOTZ: I'll bet they can.

MR. O'CONNELL: OPA did start something with Munsingwear.

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H.M.JR: But they didn't sit down and talk it over as man to man. The trouble over there is they forget whom they are working for. They forget that they are the hired man of the people.

MR. SULLIVAN: They have never known it, Mr. Secretary.

H.M.JR: All right, I am the hired man of one hundred and thirty five million people, and I try never to forget it.

As I say, any time, during the time, you find this fellow has done something crooked, I will turn like that against him. But just as long as you fellows tell me he is honest, and you have to convince me he is crooked, I will see if I can't do something to keep him so he can put his mind one hundred and one percent on my business.

And the fact that OPA has started suit, and fifty thousand other suits, doesn't mean they are right, because I have seen too much of it myself.

MR. O'CONNELL: We don't settle tax suits just because the fellow is honest, I know that. Maybe we talk more before we start a suit--

H.M.JR: All right, I can be different once in a while. I want to do it this way. You can't argue. I am going to be different. I want this fellow to keep working for me.

MR. O'CONNELL: So do I -- we all want that.

H.M.JR: All right, he can't work when he has this over his head. You can't argue with me because this is the exception to the rule.

Now what do you want to say?

MR. O'CONNELL: Not a word.

June 21, 1944
9:45 a.m.

HMJr: Hello.

Operator: Mr. Bowles is in a meeting for about an hour.

HMJr: Well, give me his secretary.

Operator: Right. Miss Sullivan.

HMJr: Miss Sullivan.

Operator: Miss Sullivan.

HMJr: Hello.

Miss Mary Sullivan: Yes, Mr. Morgenthau.

HMJr: Miss Sullivan.

S: Yes.

HMJr: Now, look, this is a -- I want Mr. Bowles to see your namesake, John L. Sullivan, who is Assistant Secretary of the Treasury, and if you can't arrange that, you're no Sullivan.

S: (Laughs) When does he want to come over, Mr. Morgenthau?

HMJr: The sooner, the better.

S: The sooner, the better.

HMJr: Yeah.

S: Do you happen to know what it's on?

HMJr: Yes, it's in connection with Munsingwear.

S: Munsingwear?

HMJr: Yeah.

S: All right. Shall we call you back or should we call

HMJr: You call John L. Sullivan, because I'm going to leave in a half a minute to go to New York to make a speech.

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S: All right, Mr. Morgenthau. I'll

HMJr: John L. Sullivan, Assistant Secretary of the Treasury, and if one Sullivan can't look after the other, there's something wrong.

S: (Laughs) The Irish just aren't working right if we can't.

HMJr: But I -- I want him to get in today.

S: All right, Mr. Morgenthau. I'll be glad to give him this message.

HMJr: Will you do that?

S: Certainly.

HMJr: I thank you.

S: And we'll get in touch with Mr. Sullivan.

HMJr: What?

S: We'll get in touch with Mr. Sullivan.

HMJr: Okay.

S: Good-bye.

HMJr: Good-bye.



ASSISTANT SECRETARY

TREASURY DEPARTMENT

Washington.

June 21, 1944

MEMORANDUM FOR SECRETARY MORGENTHAU

From: Assistant Secretary Sullivan

T-S

After leaving the meeting with you this morning, I got in touch with Mr. Bowles' secretary and was advised that Mr. Bowles was on the Hill but that she had sent word to him of your telephone conversation. Bowles sent word back that he wanted me to see Jim Rogers.

I made an appointment with Rogers for 12:00 o'clock and Mr. Olrich and I went over to see him. Leaving Olrich in the outside office, I went over the story with Rogers and I told him your views on the matter. I stressed the point that if, at any time in the course of the investigation or the conferences we hope would be held, anything developed that indicated that Mr. Olrich or Munsingwear had been chiseling or cutting corners, you would be the first to ask that they be prosecuted. However, both you and I being convinced of the absolute and complete good faith of Munsingwear considered the action of OPA a bit hasty. I asked that someone in the Office of the General Counsel of OPA with authority to act go over this matter today or tomorrow with a view of determining whether in fact there was any violation at all, in the hope that if no violation had occurred, the petition and the suit would be dropped immediately.

Rogers told me that it appeared to him this action was precipitate and that it probably was just another example of a young, incompetent lawyer who had no experience other than perhaps in handling cases for the War Labor Board, going ahead without considering the broader aspects of the problem. He told me off the record that there had been a woeful lack of coordination between the OPA people who wrote the regulations and the enforcement officers in the field.

We then called in Mr. Olrich and we had a brief talk. Then Mr. Rogers said that he would talk with his people this afternoon after which he would get in touch with Mr. Olrich and me. His attitude throughout the conference was very sympathetic.

FOR DEFENSE

BUY
UNITED
STATES
SAVINGS
BONDS
AND STAMPS

June 21, 1944

TELEGRAM TO THE PRESIDENT

I am sending you herewith a copy of a talk which I am going to deliver on the air between 1:30 and 2:00 today in connection with the Fifth Avenue Celebration of United Nations. I hope you will like it.

(QUOTE ATTACHED STATEMENT)

Henry Morgenthau, Jr.

6/21/44

Reading copy of the Secretary's remarks on the occasion of the opening of Fifth Avenue as "Avenue of the Allies," New York City.

New York's Fifth Avenue has always seemed to me one of the most exciting main streets in the world. Today it has a special quality. No heart or mind could fail to be warmed and stirred by the blending colors of the United Nations which now line its way. Here fly the flags of free men - of men drawn together from every portion of the earth and united in a great, consuming common purpose.

Many of these same flags flew together over the landing barges, and the battleships, cruisers and destroyers, which surged upon the beaches of Normandy. Under three of these flags, brave men are now hacking away at the western ramparts of Hitler's European dungeon.

- 2 -

Others are hammering at its portals from the south. And under another of these flags - a very bright one - the magnificent Red Army is thrusting the Nazi hordes backward from the east.

These attacks upon the Nazi dungeon from the west, the south, and the east are parts of a common plan. They are the product of a joint and unified effort. That is the secret of its steadily increasing success. We have learned how to join our hands, how to knit our strength together. We have learned - painfully and tardily - that it was the disunity among us which imperiled our freedom, that through unity alone can freedom for all of us be regained and preserved.

- 3 -

Our enemy has but one real secret weapon - the
weapon of division. As disaster confronts him, he will
use that weapon cunningly. He will try to shatter the
unity we have achieved, will try to blunt and confuse
our purposes and soften the defeat which he now knows
he cannot escape. He will try to make our victory
partial, rather than complete.

To the Nazis, this scheme is nothing new. From
the beginning it has been a part of the master plan of
the high command. The basic aim of the German war
machine is survival. For if it survives, it knows that
in another decade, or another generation, it will be
able to renew its mad drive for world conquest.

- 4 -

The groundwork has already been brutally prepared - in the systematic, cold-blooded liquidation of leaders among its neighbor nations, in the ruthless mass deportation of workers, in the cruelly prolonged detention of prisoners of war, in the shameful, unspeakable starvation of children.

The deliberate purpose of the Nazi leaders in all these measures has been to let the German nation look upon this war as nothing more than a lost battle, to enable it to emerge a generation hence strong among weakened neighbors.

- 5 -

I claim no gift of prophecy, yet it seems clear to me that in time - before the German Armies have been destroyed and perhaps before Germany itself has been invaded - we shall be offered a semblance of surrender. No doubt it will be coupled with an overthrow of Hitler and his gangster government. No doubt there will be protestations of democracy - as there were when the Kaiser and his gang were overthrown a quarter century ago. No doubt we shall all be told that we need a strong Germany to protect one United Nation against another. Divide and conquer is the very root of the German military philosophy.

- 6 -

If we yield to such blandishments, if we allow doubt of one another to divide us, if we soften in our resolve to stamp out this hideous Nazi curse - we shall have lost this war. Worse, we shall have betrayed all those who suffered and bled upon the soil of Europe - the living and the dead alike. We can redeem their valor and their sacrifice only through total victory, a victory that will banish forever the specter of Pan-Germanism. In conscience, we can settle for nothing less. The only terms we can countenance, in justice and in good faith to those who have borne the battle, are unconditional surrender.

- 7 -

Ours must not be a victory of the hand only, but of the mind and heart as well. We fight for certain simple human values which we hold in common: the right of men to think, and to utter their thoughts, in freedom; to worship as they see fit; to grow to maturity secure from want and war. These values, which we share, bind us together. They make us a community. And they will be preserved as long as that community endures. The magnificent partnership, symbolized by the representatives of the United Nations assembled here today, will carry us to victory. But we shall be able to give full meaning to that victory only if we continue the partnership into the future.

6/21/44

25

Mr. Barth's first draft of HM Jr's Speech
at Fifth Avenue Celebration.

NEW York's
Fifth Avenue has always seemed to me one of the most exciting
Main streets
~~thoroughfares~~ in the world. Today it has a special *equality* excitement. No

heart or mind could fail to be warmed ~~warmed~~ and stirred by the
of the United Nations
blending colors which now line its way. Here fly the flags of free
men -- of men drawn together from every portion of the earth and
united in a great, consuming common purpose.

Mainly off
These same flags flew together over the landing barges, and the
battleships, cruisers and destroyers ~~which protected them~~ *protecting* them, which
surged,
~~landed~~ *not many days ago*, upon the beaches of Normandy. Under three
of these flags, brave men are now hacking away at the western ramparts
of Hitler's European dungeon. Others are hammering at its portals
from the south. And under another of these flags -- a very bright
one -- the magnificent Red army is thrusting the Nazi hordes backward
from the east.

All of this is part of a common plan. All of this is the pro-
duct of a joint and unified effort. That is the secret of its steadily
increasing success. We have learned how to join our hands, how to
knit our strength together. ~~We have learned painfully and by~~

We have learned *trairfully* and

tardily -- that it was the disunity among us which imperilled our freedom, that through unity alone can freedom for all of us be regained and preserved.

Our enemy has but one ^{*real*} secret weapon -- the weapon of division.

As disaster confronts him, he will use that weapon cunningly. He will try to shatter the unity we have achieved, will try to blunt and confuse our purposes and soften the defeat which he now knows he cannot escape. He will try to make our victory partial, rather than complete.

To the Nazis, this scheme is nothing new. From the beginning it has been a part of the master plan of the high command. The basic aim of the German war machine is survival. For if it survives, it knows that in another decade, or ~~month~~ ^{*another*} another generation it will be able to renew its ^{*mad*} ~~insane~~ drive for world conquest. The groundwork ^{*has*} already been brutally prepared -- in the systematic, cold-blooded liquidation of leaders among its neighbor nations, in the ruthless mass deportation of workers, in the cruelly prolonged detention of prisoners of war, in the shameful, unspeakable starvation of children. ^{*It*} The deliberate purpose of all these measures has been

to let the German nation look upon this war as nothing more than a lost battle, to enable it to emerge a generation hence strong among weakened neighbors.

I claim no gift of prophecy, yet it seems clear to me that in time -- ~~before the German armies have been destroyed~~ ^{and perhaps before Germany itself has been invaded} -- we shall be offered a semblance of surrender. No doubt it will be coupled with an overthrow of Hitler and his gangster government. No doubt there will be protestations of democracy -- as there were when the Kaiser and his gang were overthrown a quarter century ago. No doubt we shall all be told that we need a strong Germany to protect us from one another. Divide and conquer is the very root of the German military philosophy.

If we yield to such blandishments, if we allow doubt of one another to divide us, if we soften in our resolve to stamp out this hideous Nazi curse -- we shall have lost this war. Worse, we shall have ~~monstrously~~ ^{and told} betrayed all those who ~~struggled and~~ suffered upon the soil of Europe -- the living and the dead alike. We can redeem their valor and their sacrifice only through total victory, a victory that will banish forever the specter of ^{than is} German militarism. In conscience

we can settle for nothing less. The only terms we can countenance, in justice and in good faith to those who have borne the battle, are unconditional surrender.

Ours must not be a victory of the hand only, but of the mind and heart as well. We fight for certain simple human values which we hold in common: the right of men to think, and to utter their thoughts, in freedom; to worship as they see fit; to grow to maturity ~~secure~~ ~~from~~ from want and war. These values, which we share, bind us together. They make us a community. And they will be preserved as long as that community endures. The great coalition symbolized by these massed flags will carry us to victory. But we shall be able to give full meaning to that victory only if we continue the coalition into the future.

Personal

June 21, 1944.

Dear Jefty:

Thanks for your very kind letter of June 15 and the enclosure.

The Los Angeles meetings were a great experience for me. I am happy indeed to know that you think they were useful and effective.

Sincerely,

(Signed) Henry

Secretary of the Treasury.

The Honorable J. F. T. O'Connor
Federal District Court
Los Angeles, California

HEG/mah

7/13

Envelope marked "Personal"

To:

Mr. Gaston

6-20-44

31



Brought in by Miss Chauncey.
Secretary asks that you acknowledge
receipt for his signature.

mah



FROM: MR. GASTON

32
J. F. T. O'CONNOR

LOS ANGELES

JUNE 15, 1944

Dear Henry:-

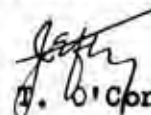
I want to congratulate you on the two fine speeches you made in Los Angeles - from all sides I hear nothing but the highest praise. You gave us a new inspiration. If there was the slightest question about going over the top with our subscription, you have dispelled it.

The Hollywood Bowl demonstration was one of the finest ever held there and many great events have marked the history of that glorious spot. I enclose a copy of letter I wrote the Chief today and I sent him all the clippings.

Good luck and more power to you! You have done and are doing a great job for our country. Sometimes I regret I am confined within the four walls of my Chambers and denied the privilege of being more active in public affairs.

With kindest regards and best wishes,

Very cordially yours,


J. F. T. O'Connor

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

JUNE 15, 1944

Dear Chief:-

Henry Morgenthau was with us yesterday. He was greeted in the Biltmore Bowl at noon-day luncheon by twelve hundred business men and women - you probably will remember back in 1932 when I was managing your campaign here you spoke in the Biltmore Hotel - it was the same room, crowded to capacity. I recall I secured the President of the Downtown Republican Club to introduce you.

In the evening Henry was greeted by thirty thousand people in a magnificent Hollywood pageant in the Hollywood Bowl - a most enthusiastic audience. In both speeches Henry certainly started the Fifth Bond Drive here with great enthusiasm, and you can be assured our quota will be oversubscribed. The story is very well told in the attached clippings, which you might like to glance over. We have never fallen short yet. Mayor Bowron pointed out, in his brief remarks, that California was second only to New York in the payment of income taxes, and that we produce forty percent of the warplanes in this area.

With best wishes and kindest regards, I am

Sincerely yours,

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

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE JUN 21 1944

TO Secretary Morgenthau

FROM Mr. Haas

Subject Current Developments in the High-grade Security Markets; Bank Loans

I. Little Change in Government Securities

The fall of Rome on June 4, and the much awaited invasion of Western Europe on June 6, had very little effect on the market for Government securities. Prices of taxable securities have shown virtually no change in recent weeks. The shorter-term partially tax-exempt bonds have registered small declines, representing in part a run-off in the interest coupon as the securities approach their first call dates. The longer-term partially tax-exempt securities scored modest gains during this period.

II. Excess Reserves Increase

Excess reserves of member banks increased during the last two statement weeks from \$711 millions on May 31, to \$1,098 millions on June 14. This compares with \$1,122 millions at the outset of the Fourth War Loan (Chart I).

III. Bank Loans Have Not Changed Much on Balance Since Eve of First War Loan

The eve of the Fifth War Loan found the total loans of weekly reporting member banks at approximately the same level as on the eve of the First War Loan in November 1942 (Chart II). The components of this total have undergone considerable change, however. Commercial loans are about \$600 millions lower than in November 1942; security loans are about \$1 billion higher; while the balance is made up by a relatively small decline in all other loans.

Secretary Morgenthau - 2

During the period between the end of November 1942 and the end of May 1944, total loans had varied considerably, due principally to changes in security loans. Loans for the purchase and carrying of securities rose during each of the four War Loans which have occurred so far. The greatest increase was during the Third War Loan when security loans went from a low of \$1.3 billions to a high of \$3.2 billions. The increases during the Second and Fourth War Loans were respectively about three-fourths and two-thirds that of the Third Loan.

More important than the amounts of the increases, however, is the degree to which the peaks were reduced following the several loans. It has been the stated policy of all bank supervisory authorities -- Federal and State -- with respect to security loans in connection with War Loan drives that loans made to enable individuals to purchase securities in anticipation of future income, and subsequently repaid within a period of six months, are unobjectionable; but that Government securities should not be carried on a quasi-permanent basis by means of bank loans. It would appear from the chart that this ideal was realized in the case of the First Loan and again in the case of the Fourth. On both of these occasions, security loans fell back within a short time after the drive to their pre-drive levels. After the Second and Third Loans, however, security loans leveled off above the figures just before the respective drives, with the result that security loans are now about \$1 billion higher than they were before the adoption of the drive technique.

Also interesting is the wartime course of so-called "commercial" loans. Commercial loans of weekly reporting member banks reached a peak in March 1942, and then began a decline indicative, in part at least, of the restrictions on business operations not financed directly by Government outlays and of the highly liquid position of many large business corporations at the present time. The decline of commercial loans went on through the latter part of 1942 and the first half of 1943, in spite of an increase in Regulation V Loans (which are, of course, included in "commercial" loans). The highest level of V Loans outstanding at the time of any monthly report prior to September 1943, when a modified type of guaranteed loan, the so-called VT loan, was introduced to supplement V Loans, was \$1.6 billions. The introduction of this new class of loan was

Secretary Morgenthau - 3

accompanied by a temporary upswing of commercial loans. (The maximum figure reached by guaranteed loans at any month-end so far was just over \$2.0 billions on February 29.) But during the past few months the movement of commercial loans has again been downward and such loans of all weekly reporting member banks are now \$1.6 billions below their March 1942 peak, although still \$300 millions above their June 1943 low.

IV. Other High-grade Securities Continue
Near Their All-time Highs

High-grade corporate and municipal bonds have recently registered small declines, but both classes of securities continue to be quoted close to their all-time highs.

V. New Issue Market Active

Activity in the new issue market continued at a fairly high level through the week ended June 10, and then fell sharply. Public bond offerings, representing for the most part refunding operations, totaled \$62 millions during the week ended June 10. Last week the amount was only \$300,000. Offerings during the balance of the War Loan drive period are expected to be negligible in amount.

VI. Douglas Aircraft Negotiates \$75 Millions
Unguaranteed Line of Credit

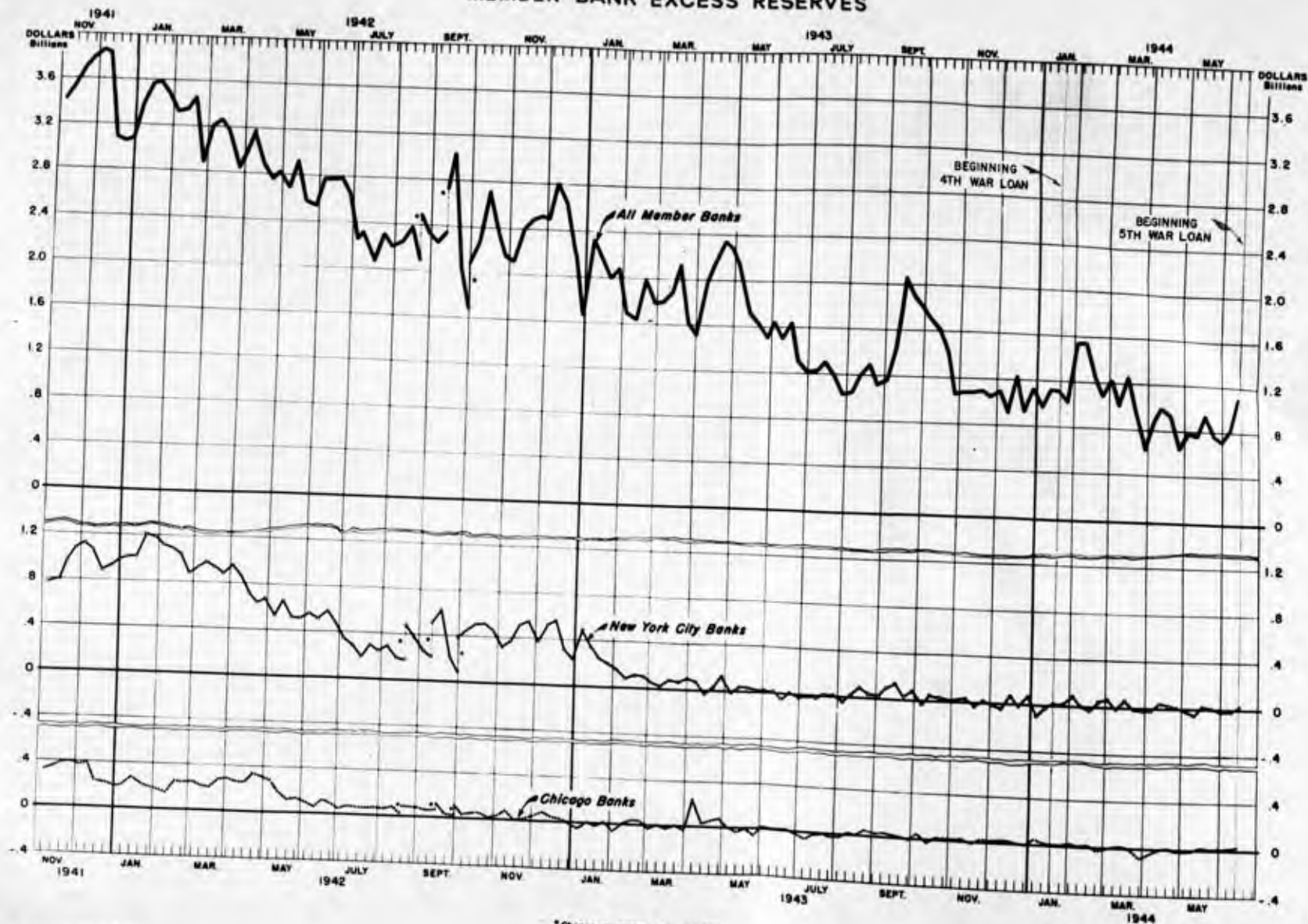
On June 1, it was announced that the Douglas Aircraft Corporation had made an arrangement with 17 banks for a new revolving credit, totaling \$75 millions, for the purpose of financing the building of post-war planes. No Government guarantee was involved, the commitment thereby differing sharply from that for V and VT loans.

The loan commitment is for a period of three years. Under its terms, the Douglas Aircraft Corporation will pay an interest rate of 2-1/2 percent annually on funds actually borrowed and a commitment fee of one-half of one percent on the unborrowed portion. The company also agreed to maintain a minimum net working capital of \$25,000,000. The National City Bank of New York is manager for the group of banks underwriting the commitment.

Attachments

Chart I

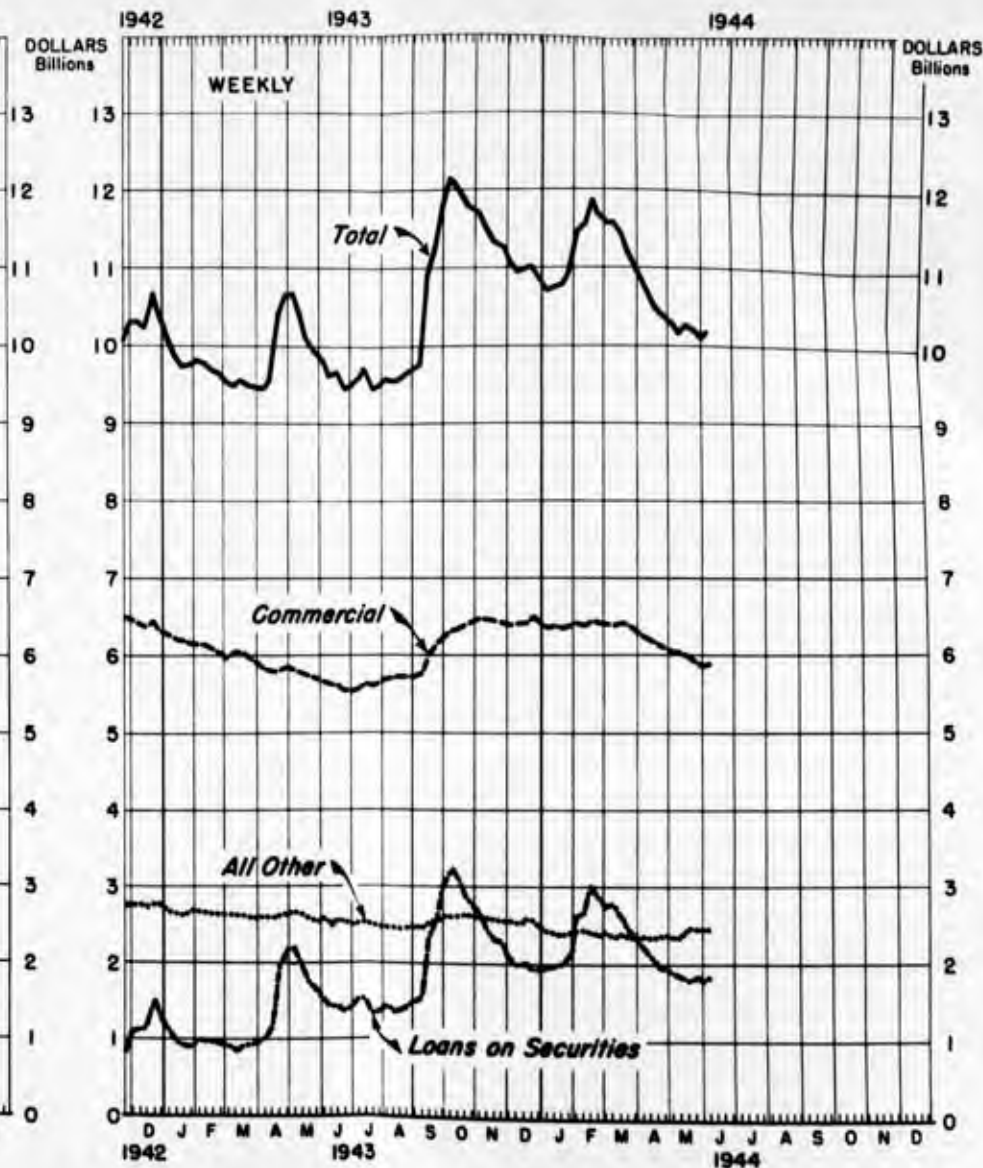
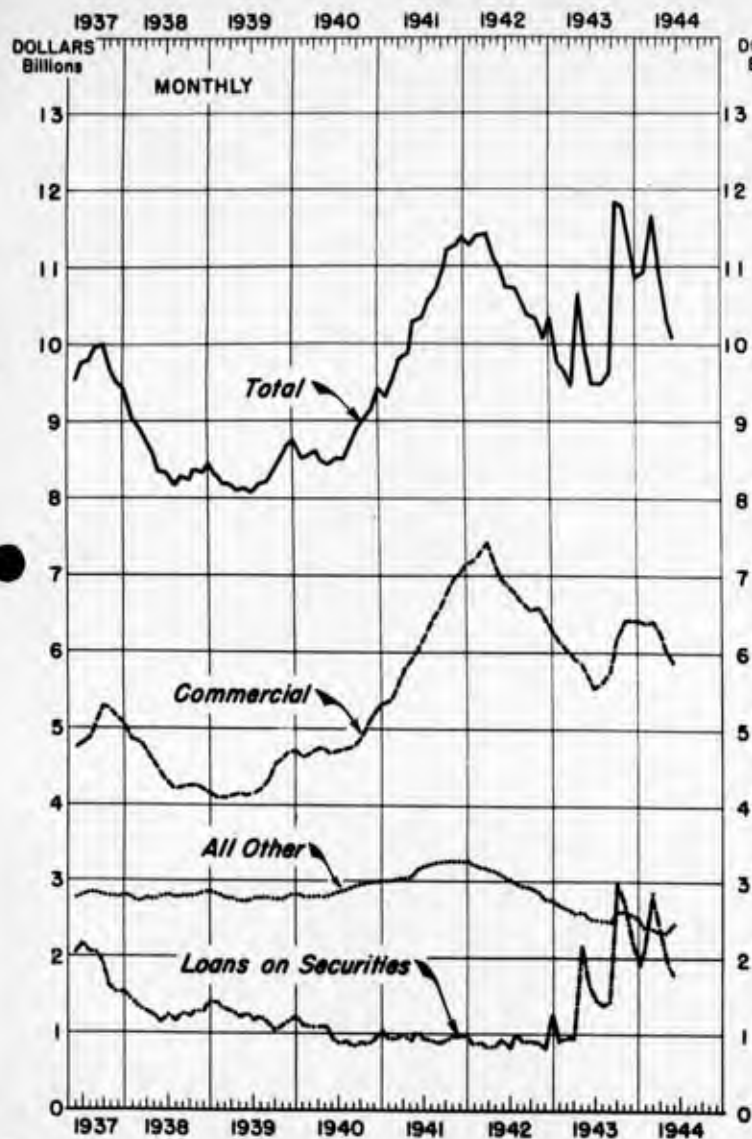
MEMBER BANK EXCESS RESERVES



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

* Change in reserve requirements

LOANS OF ALL WEEKLY REPORTING MEMBER BANKS





TREASURY DEPARTMENT

WASHINGTON 25

June 21, 1944

MEMORANDUM TO THE SECRETARY

In re: David Fixman
alias Dave Strauss
New York, New York
Nylon Hose

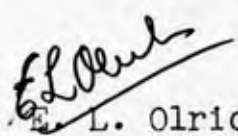
This is an interesting case in gullibility. On June 1 we received a report from Mr. Morrow of the American Retail Federation that one Dave Strauss was offering nylon hose in substantial quantities to Carson, Pirie, Scott and Company, Chicago, Illinois.

Strauss alleged that these hose were made of surplus nylon purchased from the War Department who sold it because the nylon was below tensile strength required for the manufacture of parachutes but was perfectly satisfactory to use for nylon hose. He said that the Treasury Procurement Division, as a surplus property disposal agency, had given "their blessing" to the transaction. Carson, Pirie, Scott and Co. did not purchase any of the nylon hose. As a result of Strauss' using the Treasury Department name, I discussed the matter with John Sullivan and he had Mr. Elmer Ireys, Chief Coordinator of the Treasury Department, direct the Chicago representative investigate the case.

Memorandum to the Secretary -2- June 21, 1944

To sum it up, Dave Strauss (David Fixman) is a small-time confidence man who with no credentials, no samples and just a plausible story secured orders from reputable concerns, totaling over \$843,000. He used these orders to obtain small loans and to make small sales of nylon hosiery in dozen lots which he never delivered.

As a result of Mr. Ireys investigation and the activities of the Milwaukee police officers he was apprehended in Milwaukee, Wisconsin and is being held on charges of obtaining money under false pretenses. When the judge heard his story he had him committed to the psychopathic ward of the prison for further examination. "Gullibility and greed seem to be hand maidens".


E. L. Olrich
Assistant to the Secretary



OFFICE OF THE DIRECTOR

SECRET

TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON 25



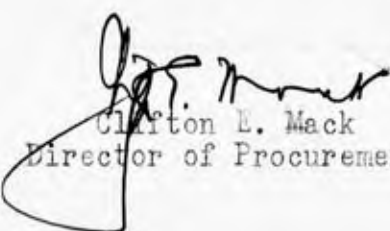
41

June 21, 1944

MEMORANDUM TO THE SECRETARY:

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

During the past week a requirement has been received for the Chilean Air Force consisting of carbon steel and bronze for the repair of airplanes and ground equipment.


Clifton E. Mack
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 JUNE 14, 1944
 (In Millions of Dollars)

	<u>Total</u>	<u>U. K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Miscellaneous & Undistributed</u>
Allocations	\$4785.8 (4765.8)	\$2314.4 (2314.4)	\$1882.3 (1882.3)	\$133.9 (133.9)	\$12.7 (12.6)	\$442.5 (422.6)
Requisitions in Purchase	\$ 130.8 (120.4)	\$ 27.6 (27.3)	\$ 53.5 (47.2)	\$.2 (.2)	- -	\$ 49.5 (45.7)
Requisitions not Cleared by W. F. B.	\$ 80.5 (89.2)	\$ 30.7 (30.8)	\$ 39.8 (47.9)	\$.2 (.2)	- -	\$ 9.8 (10.3)
Obligations (Purchases)	\$3659.0 (3645.3)	\$1900.3 (1898.4)	\$1451.5 (1447.2)	\$ 63.0 (63.0)	\$12.1 (12.1)	\$232.1 (224.6)
Deliveries to Foreign Governments at U. S. Ports*	\$2113.2 (2094.5)	\$1315.3 (1306.1)	\$ 731.5 (722.4)	\$ 23.7 (23.4)	- -	\$ 42.7 (42.6)

*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 June 7, 1944.

C
O
P
YFEDERAL RESERVE BANK
of New York

June 21, 1944

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

I am enclosing our compilation for the week ended June 14, 1944, showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Very truly yours,

/s/ H. L. Sanford

H. L. Sanford,
Assistant Vice President.

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

enc.

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

Week Ended

June 14, 1944

Strictly
Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)										BANK OF FRANCE			
	DEBITS					CREDITS					Net Inc. (+) or Decr. (-) in Funds (d)	Total Debits (e)	Total Credits (e)	Net Inc. (+) or Decr. (-) in Funds (d)
	Total Debits	Gov't Expendi- tures (a)	Transfers to Official Canadian Account	Other Debits	Total Credits	Proceeds of Sales of		Transfers from Official Australian Account	Other Credits (c)					
						Gold	Securities (Official) (b)							
First year of war (g)	1,793.2	605.6	20.9	1,166.7	1,828.2	1,356.1	52.0	3.9	416.2	+ 35.0	866.3(f)	1,095.3(f)	+ 229.0	
War period through December, 1940	2,782.3	1,425.6	20.9	1,335.8	2,793.1	2,109.5	108.0	14.5	561.1	+ 10.8	878.3	1,098.4	+ 220.1	
Second year of war (h)	2,403.0	1,792.2	3.4	407.4	2,189.8	1,193.7	274.0	16.7	705.4	- 13.2	38.9	6.8	- 32.1	
Third year of war (i)	1,235.6	904.8	7.7	223.1	1,361.5	21.8	5.5	57.4	1,276.8	+ 125.9	18.5	4.4	- 14.1	
Fourth year of war (j)	764.0	312.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 308.3	10.3	1.0	+ 9.3	
1943														
September	49.4	16.8	10.6	22.0	86.2	-	-	15.0	71.2	+ 36.8	-	-	-	
October	38.2	16.0	-	22.2	115.4	-	-	40.5	74.9	+ 77.2	-	-	-	
November	65.9	42.4	5.9	17.6	89.0	-	-	3.5	85.5	+ 23.1	-	-	-	
December	98.1	16.3	-	81.8	134.5	-	-	36.5	98.0	+ 36.4	-	-	-	
1944														
January	44.6	22.2	10.6	12.0	127.5	-	-	1.0	126.5	+ 62.7	-	-	-	
February	143.6	14.3	2.1	127.4	144.5	-	-	29.0	115.5	+ 0.7	-	-	-	
March	152.9	71.1	12.5	69.3	133.3	-	-	24.5	108.8	- 19.6	-	-	-	
April	134.8	14.9	-	119.9	122.2	-	-	27.5	94.7	- 12.6	-	-	-	
May	125.1	28.8	8.1	88.2	164.7	-	-	37.0	127.7	+ 35.6	-	-	-	
June														
July														
August														
Week Ended														
May 24, 1944	26.5	8.2	7.1	11.2	68.1	-	-	15.0	53.1	+ 41.6	-	-	-	
May 31, 1944	12.9	6.0	-	6.9	13.1	-	-	1.0	12.1	+ 0.2	-	-	-	
June 7, 1944	59.0	5.8	-	53.4	14.6	-	-	9.0	5.6	- 44.5	-	-	-	
June 14, 1944	13.5	4.4	-	9.1	12.1 (k)	-	-	-	12.1(k)	- 1.4	-	-	-	

Average Weekly Expenditures Since Outbreak of War

See attached sheet for footnotes.

France (through June 19, 1940) \$19.6 million
 England (through June 19, 1940) \$27.6 million
 England (through June 20, 1940 to March 12, 1941) \$54.9 million
 England (since March 12, 1941) 21.3 million

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (k) below.
- (d) Reflects net change in all dollar holdings payable on demand or maturing in one year.
- (e) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (f) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (g) For monthly breakdown see tabulations prior to April 23, 1941.
- (h) For monthly breakdown see tabulations prior to October 8, 1941.
- (i) For monthly breakdown see tabulations prior to October 14, 1942.
- (j) For monthly breakdown see tabulations prior to September 29, 1943.
- (k) Includes \$ 2.9 million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports, and \$ 7.0 million in connection with the expenses of our armed forces abroad.

ANALYSIS OF CANADIAN AND AUSTRALIAN ACCOUNTS
(In Millions of Dollars)

Week Ended June 14, 1944

Strictly
Confidential

PERIOD	BANK OF CANADA (and Canadian Government)									COMMONWEALTH BANK OF AUSTRALIA (and Australian Government)						
	DEBITS			CREDITS						DEBITS			CREDITS			
	Total Debits	Transfers to Official British A/C	Others Debits	Total Credits	Proceeds of Gold Sales	For Own A/C	For French A/C	Other Credits	Net Incr. (+) or Decr. (-) in \$Rnds(e)	Total Debits	Transfers to Official British A/C	Others Debits	Total Credits	Proceeds of Gold Sales	Other Credits	Net Incr. (+) or Decr. (-) in \$Rnds (e)
First year of war (a)	323.0	16.6	306.4	504.7	412.7	20.9	38.7	32.4	+ 181.7	31.2	3.9	27.3	36.1	30.0	- 6.1	+ 4.9
War period through December, 1940	477.2	16.6	460.6	707.4	534.8	20.9	110.7	41.0	+ 230.2	57.9	14.5	43.4	62.4	50.1	12.3	+ 4.5
Second year of war (b)	460.4	-	460.4	462.0	246.2	3.4	123.9	88.5	+ 1.6	72.2	16.7	55.5	81.2	62.9	18.3	+ 9.0
Third year of war (c)	525.8	0.3	525.5	566.3	198.6	7.7	-	360.0	+ 40.5	107.2	57.4	49.8	112.2	17.2	95.0	- 5.0
Fourth year of war (d)	723.6	-	723.6	958.8	47.1	170.4	-	741.3	+ 235.2	197.0	155.1	41.9	200.4	-	200.4	+ 3.4
1943																
September	47.2	-	47.2	70.1	-	10.6	-	59.5	+ 22.9	16.8	15.0	1.8	20.0	-	20.0	+ 3.2
October	32.1	-	32.1	71.3	-	-	-	71.3	+ 39.2	42.8	40.5	2.3	26.5	-	26.5	- 16.3
November	15.4	0.1	15.3	95.1	-	5.9	-	89.2	+ 79.7	6.6	3.5	3.1	18.2	-	18.2	+ 11.6
December	146.8	0.3	146.5	55.1	-	-	-	55.1	- 91.7	39.7	36.5	3.2	27.0	-	27.0	- 12.7
1944																
January	32.3	-	32.3	78.5	-	10.6	-	67.9	+ 46.2	6.0	1.0	5.0	11.3	-	11.3	+ 5.3
February	25.4	-	25.4	110.5	23.1	2.1	-	93.3	+ 93.1	31.3	29.0	2.3	28.6	-	28.6	- 2.7
March	30.3	0.5	29.8	88.6	15.0	12.5	-	61.1	+ 58.3	27.6	24.5	3.1	29.9	-	29.9	+ 2.3
April	183.6	-	183.6	96.7	-	-	-	96.7	- 86.9	29.5	27.5	2.0	39.4	-	39.4	+ 9.9
May	154.2	-	154.2	89.3	-	8.1	-	78.2	- 67.9	42.0	37.0	5.0	39.6	-	39.6	- 3.0
June																
July																
August																
Week Ended																
May 24, 1944	36.0	-	36.0	14.6	-	7.1	-	7.5	- 21.4	15.1	15.0	0.1	15.1	-	15.1	(h)
May 31, 1944	8.7	-	8.7	9.9	-	-	-	9.9	+ 1.2	1.0	1.0	-	3.3	-	3.3	+ 2.3
June 7, 1944	6.4	-	6.4	26.5	-	-	-	26.5	+ 19.9	10.5	9.0	1.5	0.4	-	0.4	- 10.1
June 14, 1944	7.4(f)	-	7.4	11.3(f)	-	-	-	11.3(f)	+ 3.9	1.6	-	1.6	16.1(i)	-	16.1(i)	+ 14.5

Average Weekly expenditures for

First year of war 6.2 million.
Second year of war 8.9 million.
Third year of war 10.1 million.
Fourth year of war 13.9 million.
Fifth year of war (through June 14, 1944) 16.6 million.

- (a) For monthly breakdown see tabulations prior to April 23, 1941.
(b) For monthly breakdown see tabulations prior to October 8, 1941.
(c) For monthly breakdown see tabulations prior to October 14, 1942.
(d) For monthly breakdown see tabulations prior to September 29, 1943.
(e) Reflects changes in all dollar holdings payable on demand or maturing in one year.
(f) Does not reflect transactions in short term U. S. securities.
(g) Includes \$1.4 million deposited by War Supplies, Ltd.
and \$0.5 million received from New York account of Canadian Chartered Bank.
(h) Less than \$50,000.
(1) Includes \$15.0 million in connection with the expenses of our armed forces abroad.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 21, 1944

TO Secretary Morgenthau
FROM R. E. McConnell and H. Glasser

R. E. M.

Governor Lehman and four assistants discussed the question of relief for the liberated areas in Italy after the end of the military period of October 1st with Mr. McConnell and Mr. Glasser for an hour on June 20, 1944.

Governor Lehman asked us to express his gratitude to you for giving him an opportunity to express his views on this matter before a decision is reached.

Governor Lehman expressed his views as follows:

1. He has not decided his position on extending UNRRA aid to Italy. He would be unable to decide until he knew more about the situation, especially the cost of such aid.

2. There is now a specific prohibition against UNRRA supplying funds to enemy or ex-enemy countries. Therefore, it would be necessary for the UNRRA Council to change its previous resolution. Governor Lehman said that he did not know if the Council would agree to such a change.

3. He stated that the total resources of UNRRA are estimated at \$1.8 billion - \$2 billion, and that this sum is inadequate to cover the needs throughout the world and would have to be spread even thinner if aid were to be extended to Italy.

4. Governor Lehman's advisors said that their preliminary studies showed that the gross cost of relief to Italy would be \$400 million for the next year and that Italy, during the next two years, would acquire foreign exchange of about \$220 million, leaving a net cost of the relief operations (if all the foreign exchange were paid to UNRRA) of \$180 million. UNRRA is unable to extend the period of repayment beyond two years since it is expected to close its operations at that time.

Secretary Morgenthau - #2.

Governor Lehman said that \$400 million was probably too low.

It is our feeling that UNRRA would only undertake the task if there were a definite ceiling placed on the net cost of its operations and that the ceiling would have to be considerably below the total estimated to be necessary.

It was our conclusion that UNRRA is unlikely to be of substantial assistance.

Governor Lehman wishes to be kept informed.

ASSISTANT SECRETARY OF STATE
WASHINGTON

June 21, 1944

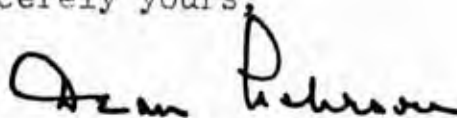
Dear Henry:

Mr. Hull initialed the attached memorandum and sent it to the President this afternoon. Mr. McDermott is taking up with the White House the form of the press release, which I imagine will be a simple statement that the President has announced the appointment of the following delegates.

As soon as you are ready to talk with me about the remainder of the delegation, I shall be at your service.

I think we should try to get this list approved by the President as soon as he can conveniently do so.

Sincerely yours,



The Honorable
Henry Morgenthau, Jr.,
Secretary of the Treasury.

June 21, 1944

MEMORANDUM FOR THE PRESIDENT

United Nations Monetary and Financial Conference

The Secretary of the Treasury informs me that you wish to announce at your press conference on Friday the names of the United States Delegates to the United Nations Monetary and Financial Conference. Accordingly, I am enclosing for your approval the list which I am informed Secretary Morgenthau has already discussed with you.

Secretary Morgenthau has still under consideration the names of individuals to assist the Delegates and I shall be glad to transmit to you the complete list as soon as all of the recommendations are available.

Enclosure:

List.

800.515

IC:WK:JIL

SA

A-A

A true copy of
the signed original
JH

Henry Morgenthau, Jr.,
Secretary of the Treasury, Chairman;

Fred M. Vinson,
Director, Office of Economic Stabilization,
Vice Chairman;

Dean Acheson,
Assistant Secretary of State;

Edward E. Brown,
President, First National Bank of Chicago;

Leo T. Crowley,
Administrator,
Foreign Economic Administration;

Harriner S. Eccles,
Chairman, Board of Governors of the
Federal Reserve System;

Mabel Newcomer,
Professor of Economics,
Vassar College;

Brent Spence,
House of Representatives,
Chairman, Committee on Banking and Currency;

Charles W. Tobey,
United States Senate,
Member, Committee on Banking and Currency;

Robert F. Wagner,
United States Senate,
Chairman, Committee on Banking and Currency;

Harry D. White,
Assistant to the Secretary of the Treasury;

Jesse P. Wolcott,
House of Representatives,
Member, Committee on Banking and Currency.

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMREP, Algiers
DATED: June 21, 1944
NUMBER: 1959

CONFIDENTIAL

TO AMBASSADOR MURPHY FOR ACKERMANN, ALGIERS, FROM WAR REFUGEE BOARD

Reference your 2044 of June 16 concerning interpretation of "approximately 1000".

It is our view that to avoid any possible criticism from any source quoted expression should be construed strictly. Accordingly the number moved should be as near to 100 as possible.

This is WRB cable to Algiers No. 27

Repeated to American Consulate, Naples, as No. 228.

HULL

CABLE FROM PEHLE TO AMBASSADOR WINANT IN LONDON

Reference is made to Sir Herbert Emerson's message contained in your 4832, sixteenth. This Government's reply to British Government's Aide Memoire of March 27, 1944 has been delivered, and \$1,800,000 operational fund for credit scheme has already been made available to I.G.C. Will you please inform Emerson and express our concern that the credit scheme be started as soon as possible.

Text of U. S. Aide Memoire follows:

June 21, 1944
4:20 p.m.

AAbrahamson:lr 6/21/44

DMH-501

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

Naples

Dated June 21, 1944

Rec'd 2:50 p.m.

Secretary of State

Washington

250, June 21, 5 p.m.

FOR WRB FROM ACKERMAN ITALY. Number 3.

Question now before Combined Chiefs of Staff and Treasury exchange funds refugees to Palestine.

Tentative arrangement JDC took lire and will make Palestinian exchange available refugees. Cable reply as soon as possible if same arrangement can be made refugees to the United States. Reply via Army cable care of "DISPER" Bari.

BRANDT

FS
NPL

CABLE FROM WAR REFUGEE BOARD TO AMERICAN CONSULATE GENERAL, JERUSALEM,
PALESTINE.

Reference is made to your 74 of June 2.

You may inform Gruenbaum that warnings are constantly being shortwaved and otherwise transmitted to Hungary regarding treatment of Jews. Also that efforts have been made through Intercross and various foreign channels to safeguard position of Jews in Hungary.

With reference to your last paragraph you may tell Gruenbaum to submit any operational or financial problems to Hirschmann in Ankara, either in writing or through Barlas.

June 21, 1944

2:30 p.m.

Baksin:ar 6/20/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Lisbon
TO: Secretary of State, Washington
DATED: June 21, 1944
NUMBER: 1928

CONFIDENTIAL

Pilpel sends the following for the attention of Leavitt,
JDC 21.

War Refugee Board No. 78.

It is emphasized by Saly that the Sternbuch Freudiger
proposition is directed only toward aid for limited groups,
despite the size of grant.

NORWEB

S E C R E T

CABLE TO MINISTER JOHNSON AT STOCKHOLM AND OLSEN FROM WAR REFUGEE BOARD.

Reference your 2122 to the Department, 29 for WRB, of June 13, 3 p.m. You might consider replying informally somewhat in the following vein. The problems arising from aerial bombings are not within the province of the War Refugee Board, but in considering such matters informally and objectively one cannot overlook the bombings by forces with which Bulgaria continues to be allied, of such civilian centers as Warsaw, Rotterdam, Belgrade, Amsterdam, London and Coventry. The methodical persecution and oppression of Jews and other helpless civilian minorities as heretofore and presently practiced in German controlled and German allied areas is quite separate and apart and over and above civilian suffering on both sides incident to military action, particularly aerial warfare. This Government has taken the unequivocal position that those responsible for the oppression, persecution, deportation or extermination of such civilian minorities as has been and is being witnessed in Germany, France, the Lowlands, Czechoslovakia, Poland, the Baltic states, the Balkan countries and elsewhere will be punished for their crimes. Refer Department's 991 of March 24. More recently the Foreign Relations Committee of the United States Senate issued the following statement with respect to Hungary signed by Senators Connally, George, Wagner, Guffey, Clark, Reynolds, Gillette, Green, Tunnell, Barkley, Capper, LaBlonde, Vandenberg, Davis and Murray: QUOTE The people of the United States and all freedom-loving people 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. UNQUOTE. The same applies to other Axis countries, including Bulgaria. Those to whom these warnings are applicable have it within their power henceforth so to act with respect to Jews and other helpless civilian minorities as to invite more favorable consideration than their conduct up to now

-2-

may warrant, and to demonstrate a resurgence of that moral integrity which alone gives nations, large or small, strength.

For your information and guidance, the informal response transmitted in your telegram under reference has, of course, made a very unfavorable impression. Whether the Bulgarian Minister or his principals realize the seriousness with which the American people and Government consider the unspeakable treatment accorded Jews and other minorities by Germany and her satellites seems doubtful. It is likewise doubtful whether they realize the determination of this Government as expressed in the President's statement of March 24 and repeated by implication in the statement above quoted to see to it that those who share the responsibility therefor will be punished.

THIS IS WRB STOCKHOLM CABLE NO. 32.

June 21, 1944
10:20 a.m.

LSL:serials 6/20/44

CORRECTION

June 21, 1944

DSH
Distribution of true
reading only by special
arrangement. (SECRET-W)

In Stockholm's 2215, June 20, 5 p.m., re World
Jewish Congress, line 7, delete "*", insert "czebs".
Should read "Selma Sczebschelhwitz" et cetera also
delete "(*) Apparent Omission" at end of message.

DIVISION OF COMMUNICATIONS AND RECORDS

JMS

WMS
Distribution of true reading
only by special arrangement.
(SECRET W)

June 21, 1944

8 p.m.

AMLEGATION,

STOCKHOLM.
1236

The following WRB cable no. 29 is for Olsen from
the War Refugee Board.

Otto Rabl, Rindogatan 16, Stockholm reported
experienced in assisting Nazi oppression victims by
obtaining proof of Central American nationality for
them. Reliability cannot be assured. You may make
use of his assistance, should you deem it desirable,
if you feel satisfied after making complete investigation.

HULL
(GLW)

WRB:MMV:KG
6/20/44

HLC

NOE

C/CR

DMH-502
Distribution of true reading
only be special arrangement
(SECRET W)

Stockholm

Dated June 21, 1944

Rec'd 2:50 p.m.

Secretary of State
Washington
U.S. URGENT

2231, June 21, 1 p.m.

Please repeat to War Refugee Board as Legation's
number 31.

Mr. Boheman has informed me that Mr. Raoul Wallenberg will be appointed an Attache to the Swedish Legation at Budapest for the specific purpose of following and reporting on situation with respect to persecution of Jews and minorities. It is likewise intention of Foreign Office to secure if possible an appointment as representative of other Swedish Red Cross for Professor Maltet, a Swede who is now teaching in University of Budapest. Professor Maltet will not be connected with Swedish Legation but will cooperate closely with Wallenberg (my 2069, June 9, 6 p.m.). As Wallenberg's functions in Budapest will be purely official and he has for time of appointment severed all business connections, Boheman does not anticipate any trouble in his securing the necessary visa. He said if the visa is refused the Swedish Government will simply refuse in turn to receive the Hungarian Charge d'Affaires. Mr. Boheman made it clear that Foreign Office and his government are disposed to cooperate as fully as possible in all humanitarian endeavors and the appointment of this Attache is undoubtedly an evidence of official Swedish desire to conform to the wishes expressed in Department's telegram 1010, May 25, 2 p.m.

Olsen and I are of opinion that War Refugee Board should be considering ways and means of implementing this action of Swedish Government particularly with respect to financial support it may be possible to arrange for any concrete rescue and relief progress which may be developed.

JOHNSON

WTD
EFH

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
DATED: June 21, 1944
NUMBER: 2238

SECRET

Reference is made herein to my cable of June 21, No. 2231.

In regard to the treatment of Jews in Hungary, Mr. Boheman has given me a memorandum containing, as he said, the full substance of a report from Swedish Minister Danielson at Budapest. A full copy of this report, which is dated May 29, will be transmitted by air pouch and a summary is being cabled. The information in this report originates from a Swedish source and Boheman has requested that under no circumstances should we divulge the information contained therein.

JOHNSON

RECT-694
Distribution of true
reading only by special
arrangement. (SECRET-W)

Stockholm

Dated June 21, 1944

Rec'd 1:59 a.m., 22nd.

Secretary of State,
Washington.
2239, June 21, 9 p.m.

This is our number 36 for War Refugee Board.

We have had some discussions with Dr. Vladimir Kucera, non-recognized Czechoslovak Minister here, concerning his difficulties in taking adequate care of the approximately 800 Czechoslovak refugees in Sweden. Only limited funds have been made available by the Czech Exile Government in London, which apparently has limited resources itself, and it therefore has been almost impossible to render essential assistance to certain severe hardship cases. Virtually all the Czech refugees came here without any means whatsoever, and although a large proportion found employment, there was, of course, a residual group comprising unemployables and children which requires assistance. Among this group are perhaps twenty Czech boys of Jewish origin who came here from Denmark last fall and who are at the age when provisions for their educational training and necessary maintenance during that period are considerations of great importance and urgency. Other groups are more or less straight welfare cases.

Czech relief activities here are centralized mostly in an organization in Stockholm called "Arbets Foreningen for Czechoslovenska Barn". If the War Refugee Board could arrange the transfer of \$2500 dollars to this organization, we can assure that this small amount will tremendously assist the organization in carrying on its work. We strongly recommend it as a most worthy project.

JOHNSON

WTD
LMS

SECRET

CABLE TO MINISTER HARRISON, BERN, AND MCCLELLAND FROM WAR REFUGEE BOARD.

Reference your 3843 to the Department of June 16.

Department and Board are exceedingly gratified by the success of your efforts. It is assumed that in view of the gravity of the situation, you will use all appropriate means to accelerate action on the part of the Swiss Foreign Office. The Board would appreciate receiving as soon as possible the text of the note presented to the Foreign Office and which the latter will transmit verbatim. Your recommendation that no publicity be given pending receipt of information of delivery of the note to the Hungarians and to omit reference to Swiss intermediation will be followed.

Department and Board would appreciate being advised as promptly as possible of the date of the delivery of note by the Swiss.

THIS IS WRB BERN CABLE NO. 53.

June 21, 1944
10:20 a.m.

LSLesser:als 6/20/44

SECRET

CABLE TO MINISTER HARRISON AT BERN FOR McCLELLAND FROM WAR REFUGEE BOARD

Reference your 3869 to Department of June 17.

The following have been suggested as possibly reliable and resourceful contacts to be made within the country for purposes indicated. Board cannot guarantee correctness of descriptions but they were given by persons deeply interested in problem and doubtlessly in good faith. Names and descriptions follow: In or near Budapest: (a) Dr. Sandor Ember, member of Parliament who is said to have good connections with various members of present government and to be ready to intervene if well compensated; (b) Kalman Konkoly-Thege, member of Parliament, and wife. Same description minus reference to compensation; (c) Count or Baron Anton Szigroel or Szigray, said to be aristocrat with substantial means who probably is not in sympathy with excesses; (d) Grof Lajos Kalman Tisza said to be broad-minded aristocrat, related by marriage to Horthy and stepson of Ivan Rakovsky, former Interior Minister whom he dislikes; (e) Count Andor Teleki unless recently removed, said to be Chairman Office for Foreign Trade. Said to possess personal influence in many quarters; (f) Margit Schlachta, said to be member of Parliament high in Catholic councils and with much influence in Catholic quarters; (g) Dr. Lajos Huszovsky, said to be member of present government who may be helpful for consideration; (h) Jene Vasarhelyi, said to be president Kispest Textile Works Co., in close collaboration with Germans but probably willing to help for compensation and future security assurances; (i) Dr. Bertalan Geocze, said to have good connections with many government people including some ministers and to be trustworthy; (j) Dezso Vilmanyi, said to be former official in the Police Headquarters in Budapest, in 1939 transferred to the Police Department in the Ministry of Interior, in charge of passport matters and to have granted many persons passports for consideration. Also said to have ingratiated himself with the Arrowcross Party and was counted among their fellow travellers by them, but that Jews could always count on his favors if they met his terms, in cash; (k) Zoltan Timko, said to be Chief Prosecutor, Superior Court of Hungary, a chauvinist and reactionary, but opposed to the Nazis. It is said that he can be depended on to help Jews of reactionary and financial-commercial background; (l) Colonel Denes Deak-Horvath, said to be wealthy, independent, and politically unaffiliated. It is said that he is Chairman of Barcs Farmers' Granary Cooperative, General Manager of Hungarian Food Supply Co. It is also said that since 1940, he has been one of the leaders of the action protecting Polish refugees in Hungary and that he was fined for violation of the anti-Jewish laws. He is also said to have close connections with certain members of the present Hungarian government through which he may render useful services to our cause, notably with Anthony Kunder, the present minister of commerce; (m) Rezső Kosszeghy,

- 2 -

said to be 49 years of age, a native of Hungary of German-Swabian descent, and a former official of the National Bank of Hungary who is now general manager of a textile and fur concern. Said to be trustworthy as assistant and go between and to have a student son in Switzerland. Said to have good contact with rank and file in government offices; (n) Dr. Jeno Bozoky, said to be a lawyer who for a number of years very skillfully played the role of an ardent Nazi and anti-Semite, with the objective of helping distressed or endangered Jews and liberals. In or near Győr: (a) László Fejes, executive Magyaróvár Manure Manufacturing Company, said to know many farmers and to be agile organizer. Said to have operated Jewish labor camp on humanitarian basis and likely to be willing to organize secret refuges for compensation. In or near Szolnok: (a) György Vitéz Sebo, said to be agent of Shell Oil Co., a good organizer and favorably known to civilian and military officials in district; (b) Dr. Imre Hunyadi, said to be lawyer with close connections with present government. In or near Miskolc: (a) Dr. János Soltész, said to have good connections with present government although probably not in accord with excesses.

You should, of course, check the foregoing against any information available to you. We have additional names and descriptions which we will forward to you from time to time possibly with no other message.

THIS IS WRB BERN CABLE NO. 52.

June 21, 1944
10:20 a.m.

LSLesser:als 6/20/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: June 21, 1944
NUMBER: 2119

CONFIDENTIAL

The War Refugee Board requests that you deliver the following message to Mr. Isaac Sternbuch, 3 Teufener Strasse, St. Gallen:

"Cabled you 100,000 dollars equivalent 428,816 Swiss Francs to help comply with requests Neutra Rabbi and President Freudiger and for other rescue projects. Joint instructed Saly Meyer to discuss with you Neutra Rabbi's and Freudiger's appeals. Contact him and advise us regarding results. Contact War Refugee Board representative McGlelland, detail to him your and Neutra Rabbi's and Freudiger's plans and request his financial assistance. Rabbi Aaron Kotler, Vaad Hahatzala."

THIS IS WRB CABLED BERN NO. 48.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: June 21, 1944
NUMBER: 3979

CONFIDENTIAL

The following is for War Refugee Board from McClelland.

In your discretion, transmit the following from Magda Bychowsky, Hotel Bellevue, Bern, for Mrs. Conni Chillton, 10730 Bellagio Road, Beverly Hills, Los Angeles:

"You are informed that I arrived safely in Switzerland. Our father Vilmos Gabor and mother are still comparatively safe at home."

It is stated by Magda Bychowsky, refugee, just arrived from Hungary in the company of Mr. Sanpailo Garrido, Portuguese Minister to Hungary, that Mr. and Mrs. Gabor have definite permission to enter Portugal but cannot depart with Hungarian papers. They require some form of Portuguese travel or identity document which she says only Portuguese Government in Lisbon can issue. Would it be possible, perhaps, for you to arrange through Lisbon for the proper papers to reach them in Budapest at the Portuguese Legation there.

HARRISON

DCR:VAG:FB

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Ankara
TO: Secretary of State, Washington
DATED: June 21, 1944
NUMBER: 1125

SECRET

The Ambassador transmits the following, Ankara No. 78, for the War Refugee Board.

Information has reached me that the government of Rumania has decided to create an interdepartmental board for Jewish emigration under the Prime Minister's supervision and to establish an emigration office under the direction of A. L. Zissu, the Jewish Agency Representative in Bucharest, and by making the Rumanian S. S. ALBA JULIA and other Rumanian boats available for the transportation of Jewish refugees, thereby to implement the same.

STEINHARDT

A-100

11:40 A. M.

UNRESTRICTED

AMBASSY,
ANKARA

June 21, 1944

War Refugee Board is sending Mrs. Virginia D. Henderson to Ankara in the near future to serve as secretarial assistant to Mr. Ira A. Hirschmann, War Refugee Board Special Attache in Ankara.

HULL
EPT

FA:FE 6/12/44

WRB

NE

OFS

MESSAGE TO THE AMERICAN CONSULATE GENERAL, ISTANBUL, TURKEY

Please deliver the following message from Dr. Leon Kubowitzki, World Jewish Congress, 1834 Broadway, New York 23, New York, to Mr. Barlas, Pera Palace, Istanbul, Turkey:

QUOTE We recommend for granting Palestine certificates following Hungarian rabbis selected by special sub-committee:

List #3

Adler, Sander, 33 yrs., Satoraljaujhely, Rakoczy ut 67
 Adler, Herman, 65 yrs., wife, Satoraljaujhely
 Altman, Samson, 54 yrs., wife, Faks, Hungary
 Altman, Fabian, 41 yrs., wife and children, Mezocsat, Hungary
 Bernath, Abraham, 60 yrs., wife and 1 child, Nyiregyhaza
 Bohm, Dr. Ignatz, 55 yrs., and 2 children, Nyiregyhaza
 Briak, Marton, 60 yrs., wife, Tasnad, Hungary
 Buchinger, Lipot, 34 yrs., wife and 1 child, Szombathely
 Buchinger, Daniel, 60 yrs., wife and 5 children, Szombathely
 Buchinger, Zsigmund, 28 yrs., wife and 2 children, "
 Deutsch, Jeno, 58 yrs., wife, Abaujszanto
 Deutsch, Samuel, 35 yrs., wife and 5 children, Ujfeherto
 Ehrenreich, 30 yrs., wife and children, Hegyaljamad
 Engel, Vilmos, 32 yrs., wife and 1 child, Szerencs
 Elefant, Jakob, 48 yrs., wife and 7 children, Nyiregyhaza, Hollo u 31 Hung
 Fisch, Samuel, 50 yrs., wife and 8 children, Nagykallo
 Fisch, Sander, 48 yrs., wife and 8 children, Huszt
 Fisch, Tobi, 24 yrs., Nyirbator, Arpad ut 91
 Fisch, Salomon, 52 yrs., wife and 3 children, Kiskunhalas
 Fisch, Parkas, 45 yrs., 7 children, Nyiregyhaza, Slip ucca 45
 Fischer, Herman, 32 yrs., wife and 4 children, Szerencs
 Fischer, Benjamin, 58 yrs., wife, Budapest
 Fisch, Adolfne, 24 yrs., Nyirbator Arpad ut 91
 Frei, Mayer, 70 yrs., wife, Nagysurany
 Fried, Herman, 35 yrs., wife and 4 children, Debreczen, Csokonai u 29
 Friedlander, Lajos, 60 yrs., wife, Vasarosnameny
 Friedman, Andor, Wife and children, Mezokeresztes
 Friedman, Sampl, 60 yrs., wife and 3 children, Tonalja
 Ginzler, Parkas, 51 yrs., wife, Fehergyarmat
 Goldstein, 57 yrs., wife and children, Balatonfured
 Greenwald, Oslas, 45 yrs., wife and 3 children, Huszt
 Greenwald, Mayer, 38 yrs., wife and children, Tacso
 Greenwald, Joseph, 39 yrs., wife and children, Papa
 Grinfeld, Henrik, 54 yrs., wife, Sajoszentpeter
 Gross, Samuel, 56 yrs., wife, Nagykároly
 Grossman, Dr. Rabbi, 65 yrs., Budapest
 Grunfeld, Lajos, 55 yrs., wife and 2 children, Nagykallo
 Hager, Chajim-Mayer, 47 yrs., and children, Nagyvarad
 Hager, Borich, Felseviso

-2-

Hager, Alter, 52 yrs., wife, Borsa
 Halberstein, Chajim, Aizik, 46 yrs., Aknaszletina
 Halberstam, Zalmen, Leb, 42 yrs., wife, Koloszar
 Halpern, Rabbi, 58 yrs., wife and children, Hajdunanas
 Hevesi, Ferencs, Dr. Rabbi, 38 yrs., wife and children, Budapest
 Hirsch, Rabbi, 52 yrs., wife, Borsa
 Horowitz, Abraham, Nagykaroly
 Jakobovits, Vilmos, 22 yrs., Kis Varda, Deak Ferencs ut 24
 Josopovits, Soma, 49 yrs., wife and 2 children, Munkacs
 Jungreis, Israel, 63 yrs., wife, Nadudvar
 Jurevitz, Ignatz, 65 yrs., wife and 2 children, Budapest, Sip ucca 24
 Jurowitz, Joseph, 42 yrs., wife and 5 children, Beled
 Katzburg, 62 yrs., wife, Ozd
 Klein, Jakob, 68 yrs., wife, Halmi
 Klein, Isidor, 58 yrs., wife, Nagyszollos
 Klein, Bernath, 55 yrs., wife, Satoraljaiuhely
 Klein, Jozsef, 48 yrs., wife and children, Paks
 Kohn, Moses, 49 yrs., wife and 2 children, Munkacs
 Kornitcer, Akiba, 52 yrs., wife and 3 children, Tolcsva
 Landau, Alter, 53 yrs., wife and children, Edeleny
 Lebovits, Jichok Zevi, 70 yrs., wife, Chap
 Leichtag, Ferencs, 58 yrs., wife, Dombrad
 Levy, Adolf, 40 yrs., wife and 8 children, Nagykallo
 Lukacs, Imre Dr., 42 yrs., wife and child, Budapest, Fejergorgy u 8
 *Matyas, Leb, 27 yrs., wife and child, Onck, Szolnokdiboka megye
 *Matyas, Jacob, 29 yrs., " " "
 Meisels, David, 69 yrs., wife, Satoraljaiuhely
 Peneth, Jakob, 45 yrs., wife and children, Des
 Pollak, Noszef, 44 yrs., wife, Verpelet
 Rosenbaum, Samuel, 50 yrs., wife, Kisvarda
 Rosner, Juda, 61, wife, Szekelyhid
 Roth, Jozsef, Dr. Rabbi, 44 yrs., wife, Satoraljaiuhely
 Schlesinger, Julius, 62 yrs., wife, Budapest, Fejergorgy ut 8
 Schwartz, Tivador, 31 yrs., wife and 2 children, Szerencs
 Schwartz, Leon, 30 yrs., wife, Ujpest
 Schwartz, Arthur, 40 yrs., wife and 5 children, Satoraljaiuhely, Mecner Gyula ut
 Silberstein, David, 65 yrs., wife, Vacs
 Singer, S. Leo. Dr. Rabbi, 30 yrs., Rozsnyo
 Singer, Rezső, 65 yrs., wife, Varpalota
 Singer, Anton, 62 yrs., wife and child, Ublya, Zemplen megye
 Singer, Salomon, 22 yrs., " "
 Singer, Giza, 25 yrs., " "
 Singer, Sari, 20 yrs., " "
 Snieders, Rabbi, 68 yrs., wife, Gyor
 Spitzer, Mor, 29 yrs., Fuzesgyarmat
 Stein, Moses, 65 yrs., Koloszar, Arpad ut 70
 Stein, Josef, 30 yrs., " "
 Stein, Ernst, 27 yrs., " "

*Matyas, Sheindl, 23 yrs.,

Onck, Szolnokdiboka megye

-3-

Stein, Isabella, 23 yrs., Kolosvar, Arpad ut 70
 Steinmetz, Oser, 46 yrs., wife and children, Beregszaz
 Teitelbaum, Aaron, 65 yrs., wife, Okormezo
 Tigerman, 52 yrs., Bekes Csaba
 Weinberger, Hiller, 49 yrs., wife, Okormazo
 Ziegelbaum, Mano, 32 yrs., children, Szerencs
 Zucker, Salomon, 48 yrs., wife, Nagyhalasz

We also urge that you get Turkish transit visas for Fanny Lobel Baruch Halpern wife Taube daughters Ethel Esther, Address Stirbei Voda 68 Bucharest Isac Halpern wife Saly, daughter Eugenie, son-in-law Jean Bercovici, address Vasile Conta 3-5 Bucharest. Palestine Certificates arranged through assistance brother Israel Halpern, 21 Hess Street, Telaviv. Are interested if certificates numbers issued to them. Check matter, assist them in proceeding to Palestine, and cable answer.

WORLD JEWISH CONGRESS
 A. LEON KUBOWITZKI UNQUOTE

June 21, 1944
 2:30 p.m.

RA - 614

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

Istanbul

Dated June 21, 1944

Rec'd 8:10 p.m.

Secretary of State

Washington

363, June 21, 1 p.m.

FROM BARLAS, JEWISH AGENCY, FOR LEON KUBOWITSKY,
WORLD JEWISH CONGRESS, NEW YORK CITY.

Receipt of your message of May 23 acknowledged.
List of outstanding Hungarian Jews recommended by
your committee has been received.

Immigration certificates for Palestine approved
for all candidates so recommended. Confirmations
have been forwarded to candidates through proper
channels.

I must emphasize that for the time being no
transportation is available. We are doing our ut-
most to secure transportation as soon as exit from
Hungary for Jewish immigrants will be permitted
again.

HERRY

REP:BB

DEPARTMENT
OF
STATE

OUTGOING
TELEGRAM

75
DIVISION OF
COMMUNICATIONS
AND RECORDS

June 21, 1944
7 p.m.

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

U. S. DEPT. OF STATE

WASHINGTON, D. C.

TO THE DIRECTOR.

1896

As you know by Department's circular telegram of

June 6, 6 a.m., space limitations preclude the accommodation
of wives and other family members in the headquarters hotel
of the Monetary conference. The Department therefore is
making reservations for Mr. and Mrs. Gudin (your 2198 of
June 16) at Crawford House, about three miles from the
headquarters hotel.

Crawford House is comfortable in every way. There
will be adequate transportation facilities to and from
headquarters. A number of other conference people will
also stay at Crawford House.

HULL
(RM)

100-100000

10 S/OR
(Cleared by phone
with Mr. Belchner)

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: Embassy, Rio de Janeiro (Brazil)
DATED: June 21, 1944
NO.: 1902

CONFIDENTIAL

Although information is necessarily incomplete, there are indications that most countries are sending their ablest monetary and financial experts. A Finance Minister or officer of comparable rank is heading the majority of delegations.

The foregoing message is in reference to your June 9 cable, no. 2104.

HULL

of: 6-27-44
COPY

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF ⁷⁷
COMMUNICATIONS
AND RECORDS

RA-601

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

Habana

Dated June 21, 1944

Rec'd 8:10 p.m.

Secretary of State

Washington

606, June 21, 7 p.m.

DEPARTMENT OF STATE

JUN 22 1944

Ministry of State note just received confirms my
telegram No. 574, June 13, 7 p.m. as follows: Edwardo
Montoulieu, head of delegation; Montes and Guerra,
technical assistants; Pirez, Pazos, Menocal, Durruthy
and Machado, advisers; Calix to Montoulieu, private
secretary to head of delegation; Gordon, stenographer.

BRADEN

RB:MEV

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

78
DIVISION OF
COMMUNICATIONS
AND RECORDS

RECT-461

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

Lima

Dated June 21, 1944

Rec'd 1 p.m.

Secretary of State,
Washington.

822, June 21, 11 a.m.

DEPARTMENT OF STATE
DIVISION OF

JUN 22 1944

COMMUNICATIONS
AND RECORDS

Alvarez Calderon departs Lima Monday, June 26;
due Washington June 28. Other Monetary Conference
delegates leave as indicated in Embassy's telegrams
811, June 19 and 787, June 15, respectively.

WHITE

WTD
EJH

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Moscow
TO: Secretary of State, Washington
DATED: June 21, 1944
NUMBER: 2210

SECRET

The Foreign Office's views on the proposal to invite an Italian representative to attend the United Nations Monetary and Financial Conference as an observer have been requested by me. In requesting these views no reference has been made by me to other observers who have been invited to the conference. It is believed by me that Soviet consideration of the proposal to invite an Italian observer would be needlessly complicated by the mention of invitations, in view of the Soviet Government's attitude toward the League of Nations and the International Labor Organization, and it is suggested that the Soviets be informally notified of the other observers in Washington either by the Treasury informing Soviet delegates or by the Department informing the Soviet Embassy.

HARRIMAN

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF ⁸⁰
COMMUNICATIONS
AND RECORDS

MJB-805

PLAIN

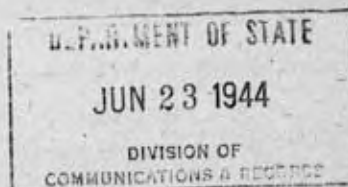
Moscow

Dated June 21, 1944

Rec'd 12:25 p.m., 22nd

Secretary of State,
Washington.

2217, twenty-first



Moscow papers for June 21 report that the United Nations Monetary and Financial Conference will convene at Bretton Woods on July 1. Its work will include consideration and draft of a number of measures for currency stabilization. This conference proposes to consider the establishment of a bank of provide credit for the reconstruction and the restoration of economy of member countries which have suffered as a result of military operations. The members of the Soviet delegation are listed.

HARRIMAN

RR

SECRETOPTEL No. 203

Information received up to 10 A.M. 21st June 1944.

1. NAVAL

Normandy Gale conditions off the beaches stopped unloading yesterday and nearly all sailings were suspended. Of 28 pier units sailed on 18th, 11 have sunk on the way and six are in difficulties. French Frigate damaged by mine yesterday in Western Area.

2. MILITARY

France A substantial advance northwards has been made right across CHERBOURG PENINSULA: U.S. troops reported within five miles of town. VALOGNES cleared of enemy. On British sector 19th and 20th advances of up to two miles were made in area SW of TILLY SUR SEULLES. Several counter attacks by German in infantry and tanks have been withstood: confused and heavy fighting continues.

Italy Poles are across TESINO and have reached GROTAMMARE on the coast. Heavy rain and strong German resistance on whole 8th Army front; U.K. troops took PERUGIA: U.K. armour West of PERUGIA withstood counter attack by German tanks and self propelled guns and made further advance. South Africans entered CHUISI. French made limited advance against strong resistance and U.S. troops reached and passed road junction North of GROSSETO.

Elba All German resistance ceased and our Task Force control whole island. Over 500 enemy killed and 1800 captured about two-thirds German. French and French colonial casualties approximately: killed 400, wounded 600. British killed 30 wounded 100.

Russia Russians have announced capture of VIBORG.

3. AIR OPERATIONS

Western Front 20th. More than 4,530 offensive and escort sorties were flown. 1,394 Fortresses and Liberators over Germany bombed 12 oil refineries 2,530 tons, an engineering works 200, and a tank ordnance depot 100. Results oil refineries good to excellent. Military constructions NORTHERN FRANCE attacked by heavy, medium and light bombers: 1,030 tons dropped in suitable weather with fair results. Medium and fighter bombers attacked coastal defences and communications - 353 tons. German casualties 61/3/35 in the air and 17/0/15 on the ground Allied 60/0/6 including 45 heavy bombers.

20th/21st. All bomber command operations cancelled through weather.

German Activity During 24 hours ended 6 A.M. today 96 flying bombs launched: 71 came over land of which 39 reached GREATER LONDON: 24 destroyed by fighters. At midnight two German aircraft crossed the coast at ORFORDNESS. One operated over SUFFOLK the other over LONDON.

Italy 19th. Thunderbolts and Spitfires attacked a railway centre and a factory 24 miles North-west SPEZIA and cut the railway in five places N.E. of LEGHORN.

Aegean 19th. Beaufighters severely damaged a destroyer and hit two E-Boats.

4. HOME SECURITY

20th/21st and 20th. During day two flying bombs fell LONDON, two near TUNBRIDGE WELLS and two shot down near SUSSEX coast. From early evening onwards they fell steadily throughout the night with few in LONDON region. Between 6 p.m. and 10 p.m. about 35 incidents LONDON. Some 30 outside LONDON fell chiefly in SUSSEX and KENT though two fell in ESSEX, two at LUTON and one near ANDOVER. Superficial damage to ST. GEORGE'S Hospital; more serious damage BATTERSEA GENERAL HOSPITAL. No heavy casualties reported from any one incident.

82
June 22, 1944

My dear Mr. Woodruff:

I want to thank you for letting the Treasury have the Coca-Cola time on the air last Monday. I hope you liked our program.

We feel that it is part of our job to keep the people of the country informed, and if they understand what the war is about and believe in it, we will not have any trouble selling them War Bonds. Therefore, when your company gives us this very fine outlet, I feel that you, in turn, are making a real contribution to the war effort.

Again many thanks.

Sincerely yours,

(Signed) H. Morganthau, Jr.

Mr. R. W. Woodruff,
The Coca-Cola Company,
310 North Avenue, Northwest,
Atlanta, Georgia.

AIR MAIL

June 22, 1944
10:17 a.m.

HMJr: Hello.

Operator: Mr. Acheson is in a conference until about eleven, but they can call him out if you would like them to.

HMJr: Yeah, ask them to call him out.

Operator: Right.

10:21 a.m.

Operator: Go ahead.

HMJr: Hello.

Dean Acheson: Yes, Henry.

HMJr: Good morning.

A: Good morning, sir.

HMJr: Dean, for State, are you handling the correspondence or cables of the President versus Churchill on DeGaulle -- is that in your bailiwick?

A: No.

HMJr: Who is that?

A: Well, I -- Ed Stettinius is right here. Let me ask him.

HMJr: Yeah.

A: Just a moment, Henry.

HMJr: Right.

A: Ed says that Admiral Leahy handles those.

HMJr: No - no. This is - this is -- no, he doesn't -- we've been -- I've been away, but I mean, it's been McCloy and myself (aside: Who?) Harold Glasser says it's Dunn.

- 2 -

A: It's Jimmy Dunn?

HMJr: Yes.

A: All right. Well, I - I just didn't know.

HMJr: I didn't know, but -- because I haven't -- but I got another cable. The President's asked me to prepare an answer for him to Churchill, and I was trying to get some people together at three-thirty. McCloy's out; they said that they had a Civil Affairs meeting, but I

A: Yes, I think they do.

HMJr: I want -- well, I may -- I wondered if they couldn't hold

A: Would - would you like to speak to Jimmy?

HMJr: Is he there too?

A: Well, I can get him. He's right in the next room.

HMJr: Well, I wonder if we couldn't -- they couldn't postpone that and - so that I can get this answer for the President.

A: Well

HMJr: Will you - would you ask Jimmy?

A: Yes. Do you want

HMJr: Whether he could come here at three-thirty. I know they have a Civil Affairs at three-forty-five, but I wondered

A: Yes.

HMJr: with McCloy out of town, whether they couldn't postpone that.

A: Shall I have Jimmy call you back?

HMJr: Yeah. I'm sorry. I thought it was you. It's

A: Yeah. All right, Henry. I'll speak to - to Jimmy right away.

- 3 -

HMJr: Would you ask him to call me?

A: Yes, I will.

HMJr: Thank you.

June 22, 1944
10:26 a.m.

James
Dunn:

This is Dunn, Mr. Secretary.

HMJr:

There's a cable in here from Churchill to Roosevelt which the President has asked me to prepare an answer. It's on this DeGaulle business.

D:

Yes, sir.

HMJr:

I will get you a copy. I've -- McCloy's out.

D:

Yes.

HMJr:

I understand there's a Civil Affairs meeting at three forty-five.

D:

That's right.

HMJr:

I wondered if you could come over at two-thirty. I'll

D:

What - what time?

HMJr:

Two-thirty.

D:

Two-thirty. Yes - yes.

HMJr:

. Hildring can be here.

D:

Good.

HMJr:

I will get you a copy of this cable in your hands at once.

D:

Yes, sir. That's fine.

HMJr:

Now, one thing that's missing. (Aside: Let me have the cable, Glasser) Glasser's here working on it for me.

D:

Yeah.

HMJr:

It's paraphrased, so I think it's safe to read it on the phone.

D:

Oh, yes, I think so.

- 2 -

HMJr: This is from Churchill to Roosevelt. He says: "My statement in Parliament you see will design to give no comfort to enemy". Now, we haven't -- he's evidently made a statement in the Parliament. Have you any way of getting that?

D: Statement in the Parliament

HMJr: In regard to this DeGaulle currency business.

D: Oh, yes, we have -- well, I'll - I'll go right after that and see if we have any reports of it. I haven't seen it. Do you suppose he made that today?

HMJr: Well, this -- this is dated the 21st.

D: Yes. Well, I'll -- we'll go right out and see if we've had any reports of it in.

HMJr: And, if necessary, could you maybe phone London and get it. Or you - you can get it faster on the teletype, can't you?

D: Yes, I think so.

HMJr: What?

D: Well, we'll - we'll see if we can get it. We'll have to phone, I guess. But I'll just see if we have anything in.

HMJr: Now

D: I haven't seen anything of it.

HMJr: I haven't either.

D: No.

HMJr: And

D: I haven't even seen it reported.

HMJr: So, I mean, it would be hard to answer this thing without having Churchill's statement.

D: Yes -- yes.

HMJr: And - but this thing that the President sent to me, I'll have in your hands within the next half hour.

- 3 -

D: Good. Good.

HMJr: And General Hilldring said that he'll come too.

D: I'll be there at

HMJr: Is there anybody else that's working on this?

D: It's on the -- on the

HMJr: Yes, it's on the money.

D: It's on the question of the currency, is it?

HMJr: Yeah.

D: Yes -- yes. I would like to bring along someone else, if I may....

HMJr: Right.

D: Who's been working along with us.

HMJr: And

D: We'll be there at two-thirty.

HMJr: Yeah. It's -- when you get the cable, you'll appreciate the thing better, and

D: Yes.

HMJr: But the only thing I'm -- haven't got is -- is Churchill's statement in Parliament.

D: Yes -- yes. Very good. Well, we'll go right after that and see if we can't pick it up.

HMJr: Thank you.

D: Fine. Thank you. See you then.

June 22, 1944

My dear Mr. Dunn:

I am sending you herewith copies of "Top Secret" papers I have just received from the President. You will note that he has asked that we prepare a reply for his signature.

This is the subject about which I would like to consult with you at 2:30 this afternoon.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. James Dunn,
State Department,
Washington, D.C.

June 22, 1944

My dear General Hilldring:

I am sending you herewith copies of "Top Secret" papers I have just received from the President. You will note that he has asked that we prepare a reply for his signature.

This is the subject about which I would like to consult with you at 2:30 this afternoon.

Sincerely yours,

(Signed) H. Macguthau, Jr.

Major General John H. Hilldring,
War Department General Staff,
Civil Affairs Division,
Washington, D.C.

THE WHITE HOUSE
WASHINGTON

21 June 1944

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

By direction of the President, the attached paraphrased copy of message #709 from the Prime Minister to the President, dated 21 June 44, is forwarded to the Secretary of the Treasury for preparation of reply for the President's signature.

The President's message #559, referred to in the attached message, is the reply prepared by the Secretary of the Treasury to the Prime Minister's #696 and #697 of 9 June 44; forwarded to the President by memorandum of 11 June 44; and sent to the Prime Minister on 12 June 44.

Respectfully,

/s/ Ogden S. Collins

OGDEN S. COLLINS,
Lieutenant, USNR.

1 Incl.
Msg, PM to Pres,
#709, 21 June 44.

TOP-SECRET

TOP SECRET

FROM: THE PRIME MINISTER

TO: THE PRESIDENT

NO: 709, 21 JUNE 1944

In reply to your 559.

My statement in Parliament, you will see, was designed to give no comfort to the enemy. You may be right in thinking for the moment that the situation about the notes is not critical. However, it is not a comfortable situation and as we go forward it is bound to get worse. I believe we should study whether there is a basis for an agreement with the Committee, provided nothing is given away which you and we do not want to give away.

No indication of the authority by whom they are issued is given on the notes. We shall be morally responsible for seeing that they are honored unless we reach an understanding with the French Committee. Under the mutual aid arrangements which we are making with the other European allies, they will bear the cost of civil administration and of services and supplies to our soldiers in their respective countries. However, the French would contribute no mutual aide to the American and British Armies of Liberation if we should become responsible for the whole of the military notes issued in France.

Therefore, we shall see whether a basis of agreement exists by discussion between the French officials and our officials. I will let you know the results.

I am not thinking of the position of the French Committee in this whole matter.

TOP-SECRET

Regraded Unclassified

June 22, 1944
10:30 a.m.

GROUP

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

H.M.JR: Harold, hang onto this, and between now and tonight before I go home, I want to try to handle it. (Hands letter from Elmer Davis, dated June 19, to Mr. Glasser)

How are we on our bonds, Mr. Man?

MR. GAMBLE: We are over about six hundred and ten million dollars - over the line. We have had a slight increase over the line since you last inquired, a slight increase above the position you were in the other day when you asked about it. We are over in all classifications, at the moment.

H.M.JR: I suppose you people saw the communique from Nimitz on the Pacific?

MR. GASTON: I saw a couple of bulletins on it saying there had been a battle.

H.M.JR: Sunk fourteen ships.

MR. GASTON: Fourteen major units.

- 2 -

H.M.JR: Two carriers and different things. We only lost forty-nine aircraft and shot down three hundred and fifty-three.

MR. GASTON: Did we lose any surface ships?

H.M.JR: No, our surface ships didn't come in contact with theirs.

MR. GASTON: Oh!

MR. O'CONNELL: It was like the Midway battle.

H.M.JR: Yes.

MR. HAAS: Except we stayed away in that. I think they stayed away here.

MR. GASTON: They sent their air fleet to attack ours.

H.M.JR: I think that six hundred is a mistake. They have doubled up on it. He says a total of three hundred and fifty-three.

(To Glasser) You hang onto this, too. I have to talk to them to clear the technical people. I said I wouldn't get the other stuff to the President until Saturday so he wouldn't get it mixed up. (Hands memorandum from Mr. Acheson with reference to the Conference, dated June 21, to Mr. Glasser)

I don't want any publicity on the technical people because I haven't approved them. I think they have thirty-six people, technicians, I think.

MR. D.W. BELL: That didn't go over until late last night. He called me about a quarter of six.

H.M.JR: The President wasn't here yesterday.

- 3 -

MR. D.W. BELL: Well, they were calling for him in the middle of the day. They called us and I didn't know whether to send it over or whether it should go from Acheson. He said that a letter was going, so we didn't send any list from here.

H.M.JR: Well, I won't get to it today, but, Glasser, will you see Mrs. Klotz sometime tomorrow?

MR. GLASSER: Yes, sir.

MR. D.W. BELL: I have a tax meeting at ten-thirty. I don't think I can get through in a half hour, can I, Roy?

MR. BLOUGH: That is tomorrow?

MR. D.W. BELL: Yes, but I don't have to be--

H.M.JR: This appointment tomorrow won't take more than fifteen minutes.

MR. GLASSER: Can I raise a question on the Conference now?

H.M.JR: This is as good a time as any.

MR. GLASSER: Monnet called Harry White and asked if it would be pleasing to you if he would invite Mendes-France to come here to head up the delegation at the meeting. Now, he thought that if you didn't feel particularly anti-Mendes-France, that it would be a nice thing and he could come here for a few days, at least, to appear with the delegation at the meeting.

H.M.JR: I was very pro-Mendes-France until this letter came in which I haven't read yet, in which he sort of throws down what the President says in regard to the French - he and Monnet agreeing to this French currency.

- 4 -

MR. GLASSER: I read the letter over very carefully.

H.MJR: I just saw what it was, and didn't have time to do that and the rest of the things.

MR. GLASSER: Mendes-France feels that if he wasn't stalled here for nine days waiting to get back that he might have been able to save some of the difficulties, if he had gotten to Algiers in time. He expressed that in the letter.

H.M.JR: But didn't he sort of call me a polite liar?

MR. GLASSER: No. He raised the question of sovereignty and he continuously raised it throughout. They assumed - they didn't even dream that we could be invading France without granting them the Provisional Government authority. I thought it was a respectful letter and he tried to keep to the point that DeGaulle was making.

MR. D.W. BELL: I think it is along the lines of the discussions when Monnet and Mendes-France were conferring with Harry. The only new thing to me in it is this thought on their part that there would be an agreement between this Government and their Committee as to the authority before we invaded France. That is the only new thing that I can see in it.

MR. GLASSER: That was the position taken by Monnet all the way through the negotiations last December. He said, "Don't worry about that; we are sure we are going to make an agreement before the invasion begins."

MR. D.W. BELL: I never knew that.

H.M.JR: With us?

MR. GLASSER: He was sure that DeGaulle would make an agreement with the United States and Great Britain.

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H.M.JR: Tell you what you do - if you will either call Acheson on the phone, or tell him, that as far as I am concerned, I think it would be helpful to have Mendes-France here.

MR. GLASSER: We don't have to call Acheson, but only tell it to Monnet, if you feel that way.

H.M.JR: I disagree with you. I can't follow this DeGaulle thing every minute, do you see? Now, I don't know whether DeGaulle is coming here the first week of July or not. You simply say that I think it would be helpful, if it is all right with him. But I don't want to answer Monnet without first talking to Acheson.

MR. GLASSER: It isn't Acheson. I believe it is Dunn that handles this. Acheson, I don't think, is handling the French situation. Acheson is handling the Conference.

H.M.JR: Dunn is going to be here at two-thirty. Why not raise it then?

MR. GLASSER: I will raise it then.

H.M.JR: I can't keep track of all of these people.

MR. D.W. BELL: I don't know whether this letter needs an answer or not. I suppose it does - a sort of polite acknowledgement - the Mendes-France letter.
(Hands to Mr. Glasser)

H.M.JR: You are staying here, aren't you? You are not going to this Conference, are you?

MR. GLASSER: No, sir.

H.M.JR: Because we have to have someone here. I am looking to you to do this stuff. You are staying here?

MR. GLASSER: I am doing everything but sleeping here, Mr. Secretary.

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MR. D.W. BELL: That is right, he is. He is taking about four fellows' places down there. It is really too much for him to handle.

H.M.JR: Is there anybody you want to pull back from Europe?

MR. GLASSER: We are pulling back two men, now. They are on their way back - Wood from Portugal and Casaday from London.

MR. D.W. BELL: Is Casaday going to the Conference?

MR. GLASSER: Only for a time.

H.M.JR: Now, what about the Lieutenant Commander that used to be second to Harry?

MR. GLASSER: Frank Southard?

H.M.JR: Where is he?

MR. GLASSER: He is in Algiers. He handles all financial matters - the G-5 Section.

H.M.JR: Have we brought him back?

MR. GLASSER: He was back here last January and February.

H.M.JR: How about bringing him back next month? Will he be helpful?

MR. GLASSER: He would certainly be helpful. The only question that arises in my mind is whether they would permit him to leave the theater at this time.

H.M.JR: Well, whom could I bring back to really be helpful to you?

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MR. GLASSER: There are only two persons that could really be of help, one is Frank Southard and the other one is Bill Taylor, who is now in London and can't be pulled back.

H.M.JR: At two-thirty, could I do that through Hilldring - about Frank Southard?

MR. GLASSER: That would be Hilldring, yes.

H.M.JR: I will bring it up. Southard would be helpful?

MR. GLASSER: He definitely would be helpful.

H.M.JR: Has he an understudy there in Algiers?

MR. GLASSER: No, that is the unfortunate part, and one reason they wouldn't let him leave.

H.M.JR: And that covers Italy, I suppose?

MR. GLASSER: Also the planning for the Balkans and for Austria. He is working on Austria, the Balkans, and Italy.

H.M.JR: It is unreasonable, isn't it?

MR. D.W. BELL: Spread too thin.

H.M.JR: Anybody else?

MR. GLASSER: I am afraid not.

H.M.JR: Anybody in the armed services that you lost back there we could bring in?

MR. GLASSER: The only one that could be of real use is someone that had been an Assistant Director. There are just Southard and Bill Taylor - the only ones who could possibly be of any use.

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H.M.JR: Nobody else?

MR. GLASSER: No. Well, I think we can pull through on this thing and be able to carry it. I don't mind working hard.

H.M.JR: I don't see how we can pull him in. Has he nobody out there helping him?

MR. GLASSER: A fellow by the name of Captain Bennett, who used to be a clerk in the Brooklyn Trust Company in New York. They are very skeptical about letting Frank Southard get away when you have no second person.

H.M.JR: Charlie, get up a list of people.

MR. C.S. BELL: Ullman might be able to help you.

MR. GLASSER: I think he is going to the Conference.

MR. C.S. BELL: He is on the list.

H.M.JR: What is Ullman doing?

MR. C.S. BELL: He is over in the War Department as a Captain or Major.

MR. GLASSER: I might say that Ullman is considered to be quite a hero at the War Department, now. He was the one that organized the supplies for the B-29 mission, so the Treasury had a part in that.

H.M.JR: Sooner or later it will come out. He is considered a hero.

MRS. KLOTZ: He has done an amazing job.

H.M.JR: Could we pull him out?

MR. GLASSER: I think he is on the list. I saw his name on the list for the Conference.

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H.M.JR: Oh, well, listen, they have thirty-six experts. I don't want these people to break down. Would they let him come over?

MRS. KLOTZ: The War Department raised an awful fuss about letting him go and finally they broke down. Now they might let him go there, but to come back here - that would be something else again.

H.M.JR: What do you think, Charlie?

MR. C.S. BELL: I think if he is needed more here we could use the same authority and keep him here.

H.M.JR: Now, we have got all this stuff. This fellow has to prepare this stuff for the President. The war has to go on, Conference or no Conference.

MR. C.S. BELL: I don't know to what extent you want to cut down the group going to Bretton Woods. Many of them are at Atlantic City.

H.M.JR: I am going to cut it down as far as Treasury people go. Here we have got a rush order for the President that is really important.

MR. D.W. BELL: I think you will have a problem after this Conference closes. I am assuming that Harry and Bernstein will be worn out, and many of these people will hang around Washington for conferences - particularly Dr. Kung is going to want to sit down here and talk solidly for ten days. They are going to have some people here.

H.M.JR: That is why I am having lunch today with what's-his-name - Vinson. He is very good at holding conferences. He is going to have to do a lot of this.

MR. C.S. BELL: I will make the list up.

H.M.JR: Let's make a list of people we can get. I agree - Harry, the poor fellow, is exhausted now. By

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the time he gets through the Conference he will be dead, physically, and then he has got to continue. So I have to strengthen Glasser. But I don't want to work these people out. Let's see whom we have got. Give Glasser a couple of people. I mean, I have to be taken care of so I can take care of the President.

Will you look it over?

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

H.M.JR: And talk with Harold. I want an answer between now and noon tomorrow.

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

H.M.JR: I mean, don't let's take people who are really doing good jobs in the armed services; let's take the people who aren't. And if there is anybody in the Federal Reserve banking system - don't be afraid to ask for somebody.

MR. GLASSER: No.

H.M.JR: But I can't pull back Taylor, you say; and I can't pull back what's-his-name, from Algiers - Southard.

MR. GLASSER: No.

H.M.JR: All right. This thing has gotten to be really serious. But I agree, as far as White is concerned, I don't think we can get much out of him in the next couple of months as far as the Treasury proper.

MR. C.S. BELL: No, sir. He is up to his neck in this thing, and he will be up to his neck until after the Conference is over, and more than likely after it is over he will be pulled into other things relating to it.

H.M.JR: Take a look at Lehman's organization. They are marking time. He has all kinds of people over there.

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MR. D.W. BELL: He hasn't any of our people who have had the background here.

MR. GLASSER: I don't think he has any of our people. He has relied on other governments for his financial assistants.

H.M.JR: How about Crowley's office?

MR. GLASSER: Frank Coe.

MR. C.S. BELL: He is another one on the list.

MR. D.W. BELL: Coe is going to the Conference.

H.M.JR: If you can tell me what thirty-six people can do up there - this is all the people I can work with here in the room.

MR. C.S. BELL: I understand the Chinese are sending fifty; State Department is sending one hundred and twenty-five of their own clerks. Now, perhaps you would want to go into some of those details before you talk to Acheson, tomorrow.

H.M.JR: I will.

One hundred and twenty-five clerks!

MR. C.S. BELL: Yes, sir. They even had to call on us to furnish a lot of them. They couldn't take them out of their own Department, nor could we.

H.M.JR: What are these people going to do up there?

MR. C.S. BELL: They are going to run twenty-four hours around the clock, three shifts. We have about seven hundred people coming to the Conference. It has really been growing. Fifteen of the Chinese appeared in Atlantic City this week. We thought there would be four. So there is a lot of interest in it.

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MR. GASTON: Have they started to build the new hotel up there to hold these people yet?

MR. C.S. BELL: They are trying to get them into the hotel next door, the Brighton.

MR. GAMBLE: I will have to have a Bond Committee with a crowd that size.

MR. C.S. BELL: Many of the thirty-six are in Atlantic City now.

H.M.JR: Do they work?

MR. C.S. BELL: Yes, sir. It has been nine o'clock at night before they go to dinner every night since they have been there.

H.M.JR: When were you up there last?

MR. C.S. BELL: Last Saturday and Sunday. I left them working Sunday night.

H.M.JR: You and I will have a talk sometime today.

Now, this Chester Bowles thing - I read that report. Anything new on that?

MR. SULLIVAN: Yes, sir. Ernest is over there at eleven o'clock this morning with the Assistant General Counsel and the Enforcement people to talk this thing out.

H.M.JR: Did you let him go alone?

MR. SULLIVAN: Yes.

H.M.JR: Do you think that was good?

MR. SULLIVAN: I think it would be unwise for anybody - I mean, our only interest in this matter is that if it is a misunderstanding, and if there isn't any violation, that they find out before they waste their time and his in a trial.

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H.M.JR: Evidently Rogers was sympathetic?

MR. SULLIVAN: Very.

H.M.JR: Will you keep me posted?

MR. SULLIVAN: I talked with Rogers this morning and I talked with Olrich this morning.

H.M.JR: What did Rogers have to say?

MR. SULLIVAN: Just about this appointment, that there would be every opportunity if there wasn't any kind of a violation, to straighten it out right now, quick.

H.M.JR: All right. Do you have anything else?

MR. SULLIVAN: Yes, you remember you were asked to speak over there Monday and turned it down. They asked me and I am perfectly willing to go if you want me to.

H.M.JR: I think it would be good.

MR. SULLIVAN: This invitation came in yesterday afternoon and I grabbed it quick, tentatively.

H.M.JR: Right.

MR. SULLIVAN: Now, we get monthly reports from Internal Revenue about the activities of the various units. There is quite a lot of work. I talked with Roy and George Haas as to their use of it. Apparently it is not used very much. I would like to put this on a six-months basis rather than monthly reports.

I have also asked Nunan this morning to give me a list of all the various reports that he sends over here and those that entail the most work, and then I would want to give you a memorandum and circulate it among this group as to any other reports I think we can dispense with. I think that while we are so short over there we ought to cut off everything that isn't essential. If you approve of putting this on a six-months basis--

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H.M.JR: Yes, sir.

MR. SULLIVAN: That is all I have, sir.

H.M.JR: Would you undertake this through OPA - string beans? (Hands Mr. O'Connell memorandum)

MR. O'CONNELL: Yes, I will check.

H.M.JR: Were you through, John?

MR. SULLIVAN: Yes, unless you want me to bring string beans into this talk with me.

H.M.JR: That is all right.

Herbert?

MR. GASTON: I haven't anything except a report on the investigation of the whole Secret Service Division that I would be glad to let you have any time that you want to look at it.

H.M.JR: I will take it up to the country with me. Is there a summary?

MR. GASTON: Yes, it is pretty well summarized.

H.M.JR: O.K.

MR. SULLIVAN: I meant to say that that Cornell transaction involved the purchase of a building and renting it to this fellow. We are getting copies of the papers that were recorded down here. I won't have it probably, definitely, for you until Monday, but I will be able to give you the reply at that time. I think it is better to be right.

H.M.JR: O.K. Anything else?

MR. SULLIVAN: No, sir.

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H.M.JR: Joe?

MR. O'CONNELL: The Judiciary Committee of the House has been holding hearings for the past couple of weeks on some legislation that involves the Alien Property Custodian's office. We had not expected to be called upon to testify because it did not relate directly to Treasury, but in the course of the hearings a great deal of discussion came up which did involve Foreign Funds Control. At the last minute we were asked to have someone go down and testify to clear up a lot of misconceptions that had arisen. Mr. Luxford went down and I thought you would be interested to know that the Committee was highly complimentary of what he had to say.

He made a very good presentation on an extemporaneous basis, and both the Republican and Democratic members of the Committee went out of their way to say they thought it was a really marvelous job.

MRS. KLOTZ: They wrote Mr. Morgenthau about it.

MR. O'CONNELL: Is that so. Jim Markham called me yesterday and wanted me to tell you they were terribly pleased, too, because it really helped the Alien Property Custodian's office. Although Jim didn't say so, they had gotten the picture a little bit confused, and Luxford really did a very remarkable job on an extemporaneous basis. I thought you would be interested to know that.

H.M.JR: I am.

MR. D.W. BELL: Somebody called me - Awalt. He was at the hearing. He said that Luxford did a good job. As a matter of fact, the best witness the APC had. If it hadn't been for him, he thought they might have lost their case.

MR. O'CONNELL: No doubt about it.

H.M.JR: What else?

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MR. O'CONNELL: That is all I have, sir.

H.M.JR: Well, Mr. Bond Man--

MR. GAMBLE: I expect you have seen these, but I had two men down there last night on this. The AP sent out a nice follow-up on it. We got some attention on the Washington Post this morning. I think as a result we will get some editorial comment. (Hands the Secretary the New York Times)

H.M.JR: Thank you. In the New York Times, "Republican Plank on Nazi Surrender Urged by Women," and down here, "Morgenthau Fears a Fake Surrender," so - if as a result of that speech, the Republicans put a stiff plank in on unconditional surrender, I would say that I had earned my salary for the whole time I have been here. Right, Fred?

MR. SMITH: That is right.

MR. GAMBLE: The only other thing I have, Mr. Secretary, is in previous drives we have sort of slid into this corporations buying securities in the opening phase of the drive. This time we have put on a little bit of a campaign to open on Monday. I would like to suggest, if your schedule permits, that you have a press conference tomorrow bringing them up to date on what we have accomplished up to now, and making a point of the fact that the big important part of the drive starts on Monday, and make a mild plea to American business to support the drive, and pointing it up. I think that would be helpful to us.

H.M.JR: Do you think so?

MR. D.W. BELL: You mean the big part, not the important part.

MR. GAMBLE: The point is, we have made such a case of the individual thing that we have taken this ten billion

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dollar operation for granted, and this time we are trying to guard against that. We are trying to dramatize, as best we can, the second phase of this drive. I think we have sold the individual side of it strongly up to now, and I think American industry ought to know, and the mutual savings banks and savings companies ought to know, that we are looking to them.

H.M.JR: Can I do that without minimizing that we still want the individuals?

MR. GAMBLE: Yes, sir.

MR. D.W. BELL: I think you ought to say something about that, too - that while this is important, you still ought to stress the individual.

MR. SMITH: I don't think you have to sell out the individuals to do it. All you have to do is just remind them that the individual is going on, and that is the important place for the money to come from, but this other one can't be short-changed.

H.M.JR: You want me to do it tomorrow rather than tonight?

MR. GAMBLE: Tomorrow would be good for the Sunday papers.

H.M.JR: Will it hit the Sunday papers tomorrow?

MR. D.W. BELL: Hit the Saturday papers, wouldn't it?

H.M.JR: The Saturday paper is the smallest one all week.

MR. GAMBLE: I think if you do it tomorrow afternoon--

H.M.JR: That is bad. That is Cabinet. It crowds me terribly.

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(The Secretary informs Mr. Fitzgerald of appointment with Mr. D.W. Bell, Mr. Gamble, and Mr. Smith at 10:45 am tomorrow)

H.M.JR: Is that all right? It will give you fifteen minutes to brief me.

MR. GAMBLE: That is fine. We will all have something written, too.

MR. D.W. BELL: It really would be better if you had this in the Monday morning papers, wouldn't it?

MR. GAMBLE: That is what will happen to it, Mr. Bell. If you wait, stories don't just pop out on the wires. It takes forty-eight to seventy-two hours.

H.M.JR: Why don't I have a release for the Monday morning papers and then talk about it tomorrow?

MR. GAMBLE: You could do that.

MR. D.W. BELL: I think that would be better.

H.M.JR: Have the press conference tomorrow - hand them something, but it will be for release Monday morning.

O.K.?

MR. GAMBLE: Yes.

MR. GASTON: There probably will be a President's press conference tomorrow morning, won't there?

H.M.JR: His is Friday afternoon, isn't it?

MR. D.W. BELL: Friday morning, isn't it - because it is Cabinet day.

MR. GASTON: It is Tuesday afternoon and Friday morning.

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MR. SMITH: I think it is Friday morning. I think it is eleven o'clock, too. I will check with Shaeffer.

MR. GASTON: Ten-thirty, I think, Fred.

MR. SMITH: We will move it to eleven-thirty, or something, if we have to. I will check and clear with Fitz.

H.M.JR: Yes.

MR. GAMBLE: That is all I have, sir.

H.M.JR: Get me some details about Poughkeepsie, will you please? Let me have it tomorrow.

MR. GAMBLE: Yes, sir.

H.M.JR: What I was planning to do was to do Poughkeepsie, not too late, and leave there afterwards and fly down Tuesday night here. So I don't want it too late.

H.M.JR: I am planning to go up to the farm.

George?

MR. HAAS: I had a couple of things I was going to suggest. I was going to suggest you take a little time out to go over this Bond Drive, but tomorrow will take care of that. The other thing, as you probably know, the Budget Bureau is working up a revised budget. They are planning to ask the President to issue the August one. I know about it because they asked for revised revenue estimates.

That is all.

MR. D.W. BELL: I didn't see any harm in that, did you, at that time?

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I don't think there will be enough change in it to hurt anything.

MR. HAAS: That is all.

H.M.JR: You and Mr. Dan Bell will stay after this so I can learn my lessons.

And I want to say again, Charlie, the more I think of it, I want this Conference a success, but the whole Treasury just can't go into a tailspin while the Conference is on, and the best example is what we have got this morning.

I have two or three important things that I have got to handle with Glasser and everybody is human. If Glasser should get sick, then I would have nobody, and I think we should definitely get a strong man as assistant to Glasser.

In fact, I am going to insist on it. I want a strong man here as an understudy to Glasser, so in case he gets measles or mumps or chickenpox, or something or other, then the whole Treasury doesn't stop on that front.

MR. D.W. BELL: You have Hoffman who is pretty good.

MR. GLASSER: Yes.

MR. D.W. BELL: He is the next man.

H.M.JR: Let's get somebody else.

Are you all right?

MR. BLOUGH: Aside from this scheduled conference with Mr. Stam, I have a very minor point of information. The State Tax Administrators seemed much less hostile to the Federal Government than they did a year ago. The spirit seems very much better and I understand that has also been reflected into their State and local organizations. It may be the peak of criticism of the National Administrators at the State level has passed. I hope so.

H.M.JR: The high peak we have gone over.

MR. BLOUGH: Well, last year it was pretty violent against the Federal Government. I don't know whether it was just because of the Rumml Plan or what, but this year they were very cooperative.

For a little while in Chicago I stopped over and they seemed very much gratified at your visit. I saw Mr. Sloan, Gene Sloan.

H.M.JR: Oh, he didn't mind my reference to his sandwiches?

MR. BLOUGH: No, I talked to one of the fellows who took me around. He said he thought that was a good idea, they had been overcharging them right along. It got in the papers, you know.

H.M.JR: I know.

MR. SULLIVAN: That was good publicity.

MR. BLOUGH: I thought so too. That's all I have.

MR. GAMBLE: Did you see the papers on the day following your visit in Chicago? They are in now and they are very good.

H.M.JR: No, I haven't. I would like to see them.

LaGuardia was very funny yesterday. It seemed he and this Hoving, who is the President of the Fifth Avenue Association, hadn't talked in--I don't know how long. Bob picked this up sitting at the table with all the New York

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City officials. Well, it was the first time they had talked and Hoving is quite a socialite, I gather. In the first place, LaGuardia called a meeting of the Board of Estimates at one o'clock, knowing that all the members had been invited to this luncheon and Bob sat at the table with them, and the remarks about LaGuardia from his own Board of Estimates was something. But anyway, LaGuardia leans across and says, "The Nazis will say, 'Jewish Secretary of the Treasury talks in Jewish City and has ham for lunch'". This was across Hoving and he didn't like it at all. I said, "That's right". I enjoyed it.

And one of the things I got a great kick out of yesterday--I wish you could get that picture. At the General Terry Show, he wanted me to sell a bond. The fellow comes up, Jewish refugee, and says, "You know I am a Jewish refugee; I have been in the country five years; I became an American citizen today and I want to buy a bond". He was an awful nice fellow. I want to find out about his picture. It won't do any harm.

MR. SULLIVAN: You know they barred the sale of bonds in that exhibit. We fixed it up on the platform there that day and worked it out that it was under the jurisdiction of the Army and the Commission had no part in disbarring it. LaGuardia himself had been against it.

H.M.JR: Mr. Smith, how are you feeling?

MR. SMITH: I feel fine. I have talked to Harry two or three times and Oscar Cox called yesterday and they want a message that Harry had prepared for them for the President, a message that they had prepared for the President for the Monetary Conference. They want it to go over to Judge Rosenman. Do you want to see that before it goes?

H.M.JR: I think the thing to do is this. Let's find out. I slipped up on this.

(Secretary over White House phone:)

Miss Tully?.....

Which State of the Union are you in?.....

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Well, right, listen, in these many talks I have had with you, I forgot to say something which was very important. If the President of the United States would care to come to Bretton Woods on the first of July to open the Monetary Conference, we naturally would be delighted. He and I had a little kidding about it and I really don't know whether he wants to come or not, but he did kid about it and of course, if he would come it would make the Conference. If he doesn't want to come, does he, by remote control, want to give an address of welcome which we could prepare?.....

Oh, I see.....

Well, I would let him decide that, but there will be Cabinet Members from other countries present, like Kung, and people like that, so he might want to welcome them. I don't know what he did on the Food Conference and the others. Personally, I kind of think.....

I think it would be kind of nice if he would send a message welcoming them.....

Will you try when you see him today to put it up to him?.....

And then you might give me an answer.....

Thank you.....

MR. SULLIVAN: I should think it would be awfully good politics for him to be there.

MR. D.W. BELL: It's a non-political conference.

MR. SULLIVAN: I--

MR. D.W. BELL: This is a Monetary Conference, John, not a political.

H.M.JR: I just don't know. Well, I meant to put it up to him two or three days ago and I had forgotten. Now, who was talking about Oscar Cox?

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MR. SMITH: He called me and said that this draft should be sent to him to give to Judge Rosenman. I haven't tracked it down, either, but--

H.M.JR: No, I can't quite figure Oscar out on this one. Well, hold it until we hear from Miss Tully, and I don't need Oscar Cox to send something to the President of the United States. I never have.

MR. SMITH: That's why I brought it up.

H.M.JR: As I told Oscar the other day, "For God's sake, lay off me on Judge Rosenman!" I don't know whether Oscar hasn't enough to do, or what, but when it's ready and when we hear from Miss Tully, we will get it over to him. Now what about what Morgenthau is going to say?

MR. SMITH: We have a draft of that and Herbert has been working on it. I think we will have to get our heads together and go on from there.

H.M.JR: What I would like to do, Mrs. Klotz, is when I am fresh tomorrow morning at nine o'clock, would you gentlemen, Mr. Gaston and Mr. Smith, be ready for me at nine tomorrow morning?

MR. SMITH: With a draft of something?

H.M.JR: Not the welcome, but my own draft. Please. Are you both physically able? I am not being sarcastic.

MR. GASTON: Surely. As far as I know, I am perfectly able to be here.

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

MR. SMITH: Oh, sure.

H.M.JR: Then if you would devote the rest of the day to it and have something for me, please? Because I would like to pick strawberries and beans, and so forth, over the week end and not worry, if possible. I think I have it coming to me.

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MR. GASTON: I have a draft which I can confer with Fred on.

H.M.JR: Is anybody else in on this?

MR. SMITH: On what? On the speech?

H.M.JR: Yes.

MR. SMITH: As far as I know, only Herbert and myself. And the draft that Luxford and Bernstein prepared, of course, that's the foundation for it.

H.M.JR: Okay, anything else, Fred?

MR. SMITH: That's all.

MR. GASTON: I simply took Bernstein's draft and did some rewriting and inserting.

H.M.JR: Mr. Daniel Bell?

MR. D.W. BELL: The market has been very steady throughout this Drive and has taken care of itself pretty well. Yesterday there was quite a volume of Certificates of Indebtedness dumped on the market. Apparently, there are a number of firms and particularly two States, North Carolina and Michigan, selling their certificates that they bought in the Fourth Drive and using the proceeds to buy new certificates in this Drive. That ought to help the Drive immensely!

H.M.JR: You're being sarcastic?

MR. D.W. BELL: Yes, I am! I think it is very unfortunate that they do that.

H.M.JR: Is that like New York?

MR. D.W. BELL: No, that's North Carolina and Michigan, the only two States that Mr. Rouse has seen come in, but apparently the volume was quite heavy yesterday.

I think about one hundred and fifty million of certificates came in yesterday. It looks as though they were all of that type.

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H.M.JR: Could I just digress one minute? The impression I am getting, Ted, which may be entirely erroneous, but I wish you would check, I don't see hardly any labor people around any more. The group is getting awful social, awful bankerish. Have a check, will you?

MR. GAMBLE: Yes, sir. I am completely satisfied.

H.M.JR: It looks to me as though you have to have the right fraternity pin, the school tie and belong to the right bank.

MR. GAMBLE: No, sir.

H.M.JR: The people I meet, anyway. Only horny-handed son of toil I met was Rosie Schneiderman, in New York. Just do a little checking, will you?

MR. GAMBLE: Well, I know for example in the Southern California picture where you went that labor was identified with the function all the way through.

H.M.JR: I am thinking of Chicago and New York.

MR. GAMBLE: And committee representation--in Chicago we have a top labor man right on our staff.

H.M.JR: Well, do a little checking before I get some complaints, will you? I am counting on you. Don't forget, our customers are the working men and women.

MR. GAMBLE: We haven't forgotten, Mr. Secretary. That's why I wouldn't want to not answer you now.

H.M.JR: Well, listen, the old man is usually right on these things, and nobody has been talking to me, just my own eyes.

MR. GAMBLE: I think that is a perfectly natural reaction. You went to the Chamber of Commerce luncheon in Los Angeles, another such luncheon in Chicago and a Fifth Avenue social affair in New York.

H.M.JR: But nobody has asked me to meet with the people I like.

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MR. GAMBLE: And I think it was a good thing for you to do that. If anything, we had played the other side of the street a little heavier than we should have. But don't think we aren't on that.

H.M.JR: Not that politics have anything to do with it any more than the Monetary Conference, but I am talking about the people who vote.

MR. GAMBLE: They are our customers.

H.M.JR: Just to show you, with Mr. Hoving, of Lord and Taylor in the car, Mrs. Morgenthau said she was going upstate with Mrs. Roosevelt to a meeting of the State Democratic Committee Women of New York. He said, "Oh, are there any women Democrats left to have a committee meeting in New York?"

MR. GAMBLE: That's not surprising.

H.M.JR: Just have a little check.

MRS. KLOTZ: Was he kidding?

H.M.JR: He was sarcastic, but he meant it. Anyway, a little check--how far did we get?

MR. D.W. BELL: Our taxes are beginning to roll in now, pretty fast. We are ahead of our estimates. It looks as though we might get as much as three hundred million dollars more than our estimates.

H.M.JR: Wonderful!

MR. D.W. BELL: We are doing very well. I have two matters put to me in the last two weeks concerning changing our circular regarding the sale of two to two and a halves to insurance companies and banks, savings banks. Now, I have turned them down up to this point, but I think we have to probably reconsider them. Insurance companies, you know, the first of last Fall in the Third Drive we gave them the Deferred-Payment plan. They told us in the Fourth and told us this time, I believe, that they did not want the Deferred-Payment plan any more. Many of the States allow the insurance

companies to borrow money at the banks, which is much more profitable to them if they could do that. New York State only permits borrowing up to five percent of the assets, which of course, doesn't allow the insurance companies there enough leeway and that is where the big ones are. Mutual wants to put in two hundred and fifty million dollars in subscriptions. They have eighty million dollars in cash and they can borrow eighty million. That leaves them ninety million they either want to get on the Deferred-Payment plan or allow a bank to buy the securities and hold them for a period of not longer than three months, and they will take them up at that time. That, of course, in a sense is borrowing, because they have a commitment to pay for them out of anticipated income. But they would like for us to amend our regulations to permit that transaction. I am against it, because I think we are permitting them to do something under our regulations that they can't do under the State law and I think we might have a racket throughout the country and it would be a little difficult to confine it just to insurance companies and savings banks.

I would be willing, as long as we have had this question raised from two or three different sources, to allow the Deferred-Payment plan for a period of three months, if you think it would do no harm to amend our circulation in the middle of a drive.

H.M.JR: Let me think about it. I might not be so straight-laced--if the last three days it wasn't going so well--

MR. GAMBLE: About a half billion dollars involved here, Mr. Secretary.

H.M.JR: Well, let it simmer a little bit. I think it would be very unfortunate to do it just as I am going to have an announcement about the corporations Monday, and so on and so forth. Let's see what happens.

MR. D.W. BELL: I have said "No" up to this time, but the pressure is getting a little greater.

H.M.JR: You keep saying it until around about--

MR. GAMBLE: The fifth of July!

MR. D.W. BELL: I thought it ought to be done around the first of July, but New York thought it ought to be done now, because there isn't any doubt in anybody's mind but what you will get your quota. They didn't think it would do any harm.

H.M.JR: These fellows. Let them sweat a little bit. All right, Ted?

MR. GAMBLE: Yes.

MR. HAAS: Dan, it seems to me that what they did or didn't in the last Drive, which isn't a pure situation, a good many people think it is a direct violation of the circular, what they are doing. You know our recommendations to you was rather than permit that, to change the circular-- it's not pure now, what is being done.

H.M.JR: Where the hell are the figures that I asked Lindow for?

MR. SMITH: He has them, but they are all wrong.

MR. HAAS: Lindow and I talked to Fred.

H.M.JR: Well, can I see them? Are they incorrect?

MR. SMITH: They are correct, but they billed the wrong story. They come up to the last of May and they are all good. Now what has happened between then and now, I don't know.

H.M.JR: I see, but you keep after them.

MR. SMITH: He has them all, but they were so bad he didn't do any more with them for our purposes.

H.M.JR: Bell, let's let the thing hang a little bit.

MR. D.W. BELL: I am willing to turn it down altogether until the last drive, but business pressure--

H.M.JR: I am not. Let them pressurize you and let's see.

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MR. D.W. BELL: I don't think what they are doing with the banks is a violation of the circular, because I think they had permission under the State law to borrow up to five percent. That is perfectly legitimate. We advocate borrow and buy.

MR. GAMBLE: In the States where there are no limitations, they can do it.

MR. D.W. BELL: Prudential can borrow half a billion dollars and they do borrow.

H.M.JR: I am going to pressurize Cabinet, see, and they can't reach me.

MR. D.W. BELL: All right. Clay is coming over tomorrow. We are having a meeting on China to kind of get all our thoughts together before Dr. Kung arrives. We didn't know that maybe he would be in Washington before he went to the Conference and wanted some conferences around here.

H.M.JR: Would you find out from General Clay--you had better have it in the afternoon.

MR. D.W. BELL: Two-thirty.

H.M.JR: Yes, I want to know direct from China how near they are to completing the fields. Do you see? And what is the outlook of expenditure through work on fields, say, for the next three months, how much more work do they have to do? How much more are they going to cost? In other words, how near is the building program to completion? They promised me a report and never gave it to me, direct from China.

MR. D.W. BELL: I think they are pretty well completed.

H.M.JR: You tell Clay to get me off a wire, will you please?

MR. D.W. BELL: All right.

H.M.JR: They must have some engineer in charge of those projects. Anything else?

MR. D.W. BELL: I suspect he has that in his office. I think there have been some cables, Harold, that indicated that those expenditures are now on the very sharp downgrade.

MR. GLASSER: That's what the War Department has informed us, that they are almost completed.

H.M.JR: Anything else?

MR. D.W. BELL: You sent me Harold Smith's speech which Paul Appleby had sent you to read. I don't recommend you read it.

MRS. KLOTZ: I will acknowledge it.

MR. D.W. BELL: It's a nice speech but all about budgetary control of the Federal Government. I don't think you would be very much interested in that.

H.M.JR: Okay. Anything else?

MR. D.W. BELL: That's all.

MR. C.S. BELL: Mrs. Agnes Stroble--that was up last night. Hoover reported she was pro-German, had a son in the Glider Force in Europe and was exchanging information on the invasion. You recall it, Mr. Gaston?

MR. GASTON: I don't recall.

MR. C.S. BELL: She was Loans and Currency here.

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

MR. C.S. BELL: Agnes E. Stroble.

MR. GASTON: Oh, I do have some recollection.

MR. C.S. BELL: Well, she has resigned, June eleventh.

H.M.JR: Under pressure?

MR. C.S. BELL: No, sir, she is transferring to Agriculture. I thought we should let Hoover know. July fourth

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they would like to have a dance out back, the Stage Door Canteen.

MR. D.W. BELL: Why don't you say out front!

MR. C.S. BELL: The dances are getting very successful.

H.M.JR: It's all right with me. Now while you are on that, have you any priorities for the hotel in the way of linen, anything else?

MR. C.S. BELL: Everything we have done in the interest of the hotel has been on an out-and-out legitimate basis in cooperation with the State Department.

H.M.JR: You see, the gossip is this, that this hotel was closed. So Jewish bankers opened it and I am in cahoots with them. They are using this, in other words, to get linen and so on and so forth, in other words to open the hotel. Did you know about that?

MR. C.S. BELL: Well, the day I went up to Bretton Woods I called Fred Smith and indicated that to him.

H.M.JR: Well, supposing somebody like Pegler or somebody runs a story like that. What's our answer?

MR. C.S. BELL: All we have gotten for them is some ice-box equipment, three hundred dozen bath towels, seventy-five dozen sheets, and that has all been handled through Cliff Mack with the knowledge of the State Department and the State Department started it but it was slowed down and lost in WPB. We pulled WPB in it.

H.M.JR: Was that priority stuff?

MR. C.S. BELL: I believe not, sir.

H.M.JR: Knowing the story, will you please see that--

MR. C.S. BELL: I am watching each item and contacting WPB and State on it. We are just acting as expeditors.

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MR. SULLIVAN: I was asked last week end if it was true you had a twenty-five percent interest in the hotel. I said no, it was fifty and that I had the other fifty!

H.M.JR: You know, we heard the story that Dave Niles was supposed to put the deal across.

MR. SULLIVAN: No, I wondered if Dave wasn't in this thing, because I knew he was very intimate with these fellows. I anticipated this story.

H.M.JR: If I am correct, I can make the statement that the idea of going to Bretton Woods was Dr. Kelchner's.

MR. SULLIVAN: Entirely, and every time anything else was mentioned he had some reason why it couldn't go to that other place.

H.M.JR: Well, you might just tell Charlie so he can pass that along to the boys.

MR. SMITH: I already have.

H.M.JR: Do it about twice a week. Just keep that in mind. Sometime between now and nine o'clock tonight I will see you about these things. Now if Mr. Harold Glasser and Mr. Bell will give me ten minutes to walk around the block and back--

June 22, 1944
11:45 a.m.

TROOP PAYMENT

Present: Mr. Glasser
Mr. D. W. Bell

H.M.JR: You have everything there, now?

MR. GLASSER: Yes.

H.M.JR: What is the story? Bring me up to date on this thing.

MR. GLASSER: The President said, in his reply to Churchill that we drafted here, that he didn't think the currency issue was terribly important. His phrase was: "I do not think personally the currency situation referred to in your cable is as critical as it might first appear, nor from the point of view of the acceptability of the currency do I feel it necessary that DeGaulle make a proclamation." Now Churchill replies, and to interpret his reply, he is worried that the British and Americans will have the full responsibility for the currency, for redeeming the currency. Then he refers to the agreements made with the other countries. Now that brings up this Dutch payment question. The British, you know, are paying in cash currency for all their troop pay. They have agreements with these governments that the governments will pay for everything except troop pay. Now, he is raising that question for France. He wants the same kind of agreement. He is not interested in the DeGaulle issue here, he wants to make an agreement with the French where we will pay them for troop pay and the French will pay for everything else. I think that's all there is to that.

H.M.JR: Is that all? Well, the President settled the thing didn't he, with that Hull matter?

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MR. GLASSER: Now he settled it for the three countries. He did not settle it for France. We have prepared a draft, which would reply to the Hull letter, which says, in effect, that "if you do it for these three countries, we want you to do it for France and inform the French Committee." This letter would then go to State and throw the ball to the State Department. They would decide whom to pay the money to. That is a question that has to be worked out, are we going to pay it to the Committee or keep it in account here? But Churchill wants to have an agreement with the Committee. I think that's clear, which not only says we will pay them in cash for troop pay, but they will pay for all other expenditures.

MR. BELL: It's not a bad deal, either, to do it. I think we have to now treat the French about the same as we treat the Belgians and the Netherlands and Norway.

MR. GLASSER: That's correct and I think before we make an agreement with the other three countries we have to get State to agree that France be treated the same way.

MR. BELL: We will pay the French Committee dollars for the French francs they turn over to us and they will be responsible for all the French francs they spend in France.

H.M.JR: Let me see the proposed letter to State.

MR. GLASSER: I am sorry, I left it on my desk.

H.M.JR: Where is that?

MR. GLASSER: Just down the hall.

H.M.JR: Well, go get it.

(Mr. Glasser leaves conference)

Let me just read this thing. (Refers to attached cable from Prime Minister Churchill, dated June 21) Is this clear to you? "However, the French would contribute no mutual aid to the American-British Armies." The status now is,

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we are going to pay for the troops when they go into Holland and they pay for everything else?

MR. BELL: Yes. They furnish the relief and all that. Now whether they will be able to do that or follow the Army closely enough, is another matter. There probably will be some relief given by the Army.

H.M.JR: Is that the thing I have been fighting?

MR. BELL: Yes. That's what I was trying to do, hold it in abeyance. We'll pay, don't worry. I shouldn't think that they could charge us for the work necessary to gain military objectives in that country.

H.M.JR: You watch it!

MR. BELL: We are not foolish enough to pay for that. We ought to charge them for liberating them.

H.M.JR: That isn't the way it's done.

MR. BELL: This, down here, indicates that "We shall see whether a basis of agreement exists by discussions between the French officials and our officials." Now I suppose that is British, not American-British. "I will let you know the results". Apparently they are discussing it with the French. That is, the British and the French are discussing it, not the American, British and French.

(Mr. Glasser re-enters conference)

MR. GLASSER: That's the way the British did it with the other three countries. They discussed it by themselves and then told us about the results.

H.M.JR: I'll sign this, pending showing it to the people this afternoon.

(Secretary signs letter to Secretary Hull)

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MR. BELL: I think that is the way to do it.

H.M.JR: I was going to call him to notify these governments before they notify us. Well, now, supposing you keep all of this intact, together. You have all of my papers. God, if you lose them, it's murder on your head! And supposing you prepare some kind of a draft? Well, how can the President answer this, now? For two-thirty?

MR. GLASSER: I think the President can say that now that we have a parallel course of action with reference to the three countries that we can apply the same treatment to France; that we are proceeding with the discussions and we will get State to agree that we will also proceed along the same path.

H.M.JR: You mean Churchill said he would?

MR. GLASSER: Churchill says he is discussing with the French officials and we will also do so.

H.M.JR: Supposing we draft something. Keep it all together, because you have all my original documents there. Bring something in at two-thirty that we can talk about. In other words, the President will say, "All right, we have done this for the low countries and we will do the same with the French"?

MR. GLASSER: Right. And that is what Churchill has in mind.

H.M.JR: And that would not bring up the question of recognition?

MR. BELL: We will have to be careful.

MR. GLASSER: Now we can say, in general, that we will apply the same treatment to France that we do to the other three countries. The question of recognition arises only when we pay the money, do we turn the money over to the French Committee; and State would have to decide whether

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that involves recognition.

H.M.JR: "I am not thinking of the position of the French Committee."

MR. GLASSER: He is thinking of the British Treasury.

MR. BELL: I wonder if there isn't some way you can recognize this French Committee as the only semblance of a Government in France with which you can deal during this temporary period, recognizing them for this period only?

MR. GLASSER: That's the State Department's problem.

H.M.JR: Do I have to call up Governor Lehman?

MR. GLASSER: No, not at all.

H.M.JR: All right.

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TOP-SECRET

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THE WHITE HOUSE
WASHINGTON

21 June 1944

MEMORANDUM FOR
THE SECRETARY OF THE TREASURY

By direction of the President, the attached paraphrased copy of message #709 from the Prime Minister to the President, dated 21 June 44, is forwarded to the Secretary of the Treasury for preparation of reply for the President's signature.

The President's message #559, referred to in the attached message, is the reply prepared by the Secretary of the Treasury to the Prime Minister's #696 and #697 of 9 June 44; forwarded to the President by memorandum of 11 June 44; and sent to the Prime Minister on 12 June 44.

Respectfully,

(Signed) Ogden S. Collins

OGDEN S. COLLINS,
Lieutenant, USNR.

1 Incl.
Msg, PM to Pres,
#709, 21 June 44.

TOP-SECRET

Regraded Unclassified

TOP-SECRET

TOP SECRET

FROM: THE PRIME MINISTER
TO: THE PRESIDENT
NO: 709, 21 JUNE 1944

In reply to your 559.

My statement in Parliament, you will see, was designed to give no comfort to the enemy. You may be right in thinking for the moment that the situation about the notes is not critical. However, it is not a comfortable situation and as we go forward it is bound to get worse. I believe we should study whether there is a basis for an agreement with the Committee, provided nothing is given away which you and we do not want to give away.

No indication of the authority by whom they are issued is given on the notes. We shall be morally responsible for seeing that they are honored unless we reach an understanding with the French Committee. Under the mutual aid arrangements which we are making with the other European allies, they will bear the cost of civil administration and of services and supplies to our soldiers in their respective countries. However, the French would contribute no mutual aid to the American and British Armies of Liberation if we should become responsible for the whole of the military notes issued in France.

Therefore, we shall see whether a basis of agreement exists by discussion between the French officials and our officials. I will let you know the results.

I am not thinking of the position of the French Committee in this whole matter.

June 22, 1944
12:54 p.m.

HMJr: Hello, Harry.

Harry
White: Good morning. How are you?

HMJr: I'm pretty well.

W: That's good.

HMJr: I have Vinson for lunch, and I was going to talk to him a little bit about Bretton Woods.

W: Yes, sir.

HMJr: I don't know what's going on other than I hear when you're short of bath towels or something like that....

W: (Laughs) Well, I didn't know we were.

HMJr: But other than that, I don't -- I haven't the faintest idea. I don't know

W: Well, I can tell you very briefly.

HMJr: Well, now, I mean -- at any time, am I going to be informed between now and the first of what's going on and what I'm supposed to

W: I'll send you a memorandum which will bring you up to date and send you another memorandum later and talk to you any time. I can tell you very -- it would take me one minute to give you a brief outline of what we're doing.

HMJr: Yeah..

W: We have been meeting day and night with the American group to agree on our positions on various things when the foreign delegates came, and then the foreign delegates came -- not all of them -- the British are not coming until tomorrow -- then we've had large meetings in the afternoon and sub-committee meetings in the morning, and meetings of our own group at -- evenings. And Brown, incidentally, is participating in all and working right along with us. And we're going over the various points, seeing

W:
Cont'd.

where we're going to have disagreements or run into trouble, but it's all at a -- just an exchange of view and discussion basis, because the British didn't want us to do anything more formally than that until they got here. But what we're doing is whipping the draft into shape -- complete draft of the part that later the banks -- with all the details, and we'll have a preliminary draft of that in a couple of days, and we will probably then introduce that in the preliminary discussions with the British and as a basis for discussion.

HMJr: Yeah, but look, Harry, you're leaving me completely high and dry, and all the rest of the American delegates and then you expect us to come up there and sign on the dotted line, and it won't work. It just won't

W: Well, I was going to suggest that

HMJr: I mean, it just won't work. It's very nice. I mean, I know you are working your head off, but you're leaving

W: Well

HMJr: you're leaving all the rest of us completely high and dry.

W: Well, there are two things that could be done. One is, we've asked the delegates that -- asked some of them personally and suggested that they come up here for a few days.

HMJr: What? I don't hear you.

W: That's one thing. I say the delegates ought to come up here for a couple of days. That's one thing.

HMJr: Yeah.

W: And participate. It would be very helpful to them and very helpful to us.

HMJr: Yeah, but don't

W: Secondly, there'll be at least a day -- a full day or two days, up at Bretton Woods, before any business starts -- when we will be able to spend the full time with the delegates, going over all the material before any positions are taken -- final positions are taken.

HMJr: Well, I'm having Vinson for lunch

W: Yes.

HMJr: to see how much time he can give us, and I was thinking of asking him if he could run down there for a couple of days.

W: It would be an excellent thing if he could come down. If he could come down, beginning with tomorrow and stay as long as he has the time, it would be a very excellent thing. I've asked -- Pete is trying to encourage Dean to come down, and Dean said he'd come down for a few days. I spoke to Tobey over the phone myself and called him

HMJr: Who?

W: and asked him to come, but of course, he won't.

HMJr: You talked to who?

W: Tobey.

HMJr: Who?

W: Tobey.

HMJr: Tobey. Oh.

W: Yeah. But just as -- to show him that we're thinking about him. He -- he was very happy about it. He said he might come down, but I don't think he will.

HMJr: Well, I may ask for Bernstein to come to see me for one day to

W: Oh, that'd be all right.

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HMJr: bring me up to date. What?

W: That would be all right. But I think -- but the main point to depend on, there will be at least two days in which there'll be just a preliminary session and then things are committed to a sub-committee in which you will have ample time for the delegates to go over all

HMJr: Yeah, but supposing I don't like at all what's been agreed to.

W: Well, there's nothing been agreed to.

HMJr: No, I know....

W: We're not doing anything -- we're just

HMJr: But, I mean -- but, well, I mean

W: I think it's a good suggestion to have Bernstein come down so that you'd be posted.

HMJr: Yeah, but -- the point is, if you'd sent me the stuff and kept me posted as you went along, I would know.

W: Because

HMJr: If I don't read it, it's my own fault, but if I don't have anything from you, then it's your fault.

W: All right. We'll -- we'll do that.

HMJr: What?

W: I'll be glad to do that.

HMJr: Because....

W: We'll have something for you tomorrow.

HMJr: I mean, this -- this telling Smith that you're having trouble with the press, I mean, and that the press

W: Well, we're not having trouble with them. We've got -- I'm afraid we've -- but somebody's got to be thinking and doing something about explaining

W:
Cont'd.

to the press. The press -- and I'm afraid that that isn't being done, and I think that Smith ought to come up here for a couple of days and get the color of the thing. The press aren't bothering us here. They're not around at all.

HMJr: Oh, they're not?

W: No. There are just one or two men here, and John Crider is here, and we're trying to explain -- educate him on the background. But, no, the press aren't bothering us.

HMJr: Well, yesterday I saw Burgess, and he's very unhappy about the whole thing.

W: Yeah.

HMJr: And I told him to put it in writing and send it to me -- just what he was unhappy about.

W: Uh huh.

HMJr: And he said he would.

W: Yes.

HMJr: So when he does, I'll let you have a copy of it.

W: All right.

HMJr: And

W: Ah -- one of your

HMJr: And I may -- are you available after supper tonight?

W: Ah -- well, I can always be -- I can always -- of course, we have meetings scheduled

HMJr: Well, I'll try to call you between eight-thirty and nine tonight.

W: That'll be all right.

HMJr: About this list of

W: I'll be available then.

HMJr: delegates -- about these lists of experts.

W: Yeah.

HMJr: Because it seems to me far too big.

W: All right.

HMJr: I don't know what you're going to do with twenty-six consultants.

W: Twenty-six?

HMJr: Yeah.

W: There aren't twenty-six consultants.

HMJr: Well, there was on the list I was given.

W: A good many of them are -- are for the Conference. They're not for the Delegation; they're secretaries -- secretaries for the Conference and they have to have their secretaries to write

HMJr: No - no - no. These aren't -- these are people from the Federal Reserve and that sort of people. I'll have the list with me.

W: All right. We can -- I'm sure we can take care of them.

HMJr: Right.

W: All right.

HMJr: How are you feeling?

W: Oh, fair.

HMJr: Fair.

W: I -- as always the case being, what between the delegates -- our own

HMJr: I can't hear you.

W: It keeps one busy from morning until night here.

HMJr: Yeah.

W: But we're getting along -- we're making a lot of progress, and it was absolutely essential that we should have done this thing. We'd have been stuck if we didn't.

HMJr: Okay.

W: We did the right thing.

HMJr: I'll talk to you some time between eight-thirty and nine tonight.

W: Okay. I'll be available.

HMJr: Right.

W: Right. Good bye.

Treasury Department
Division of Monetary Research

139-A✓

Date June 22, 1944 19

To: Secretary Morgenthau

From: Mr. White

Appended are:

- (1) A memorandum discussing the work that we are doing in preparation for the Conference.
- (2) A list of questions being considered by the sub-committees.
- (3) A draft of an agreement for an International Monetary Fund on which we are still working.

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

June 22, 1944

MEMORANDUM FOR THE SECRETARY:

1. The work of the U. S. experts in Atlantic City has been of inestimable value in preparing for the Conference. The experts are being trained to work as a team that will give the U. S. delegates the best possible technical aid at the Conference. As a result of this preparatory work the U. S. delegates can be sure that the policy of this country on international monetary and financial cooperation will be set forth clearly in the drafts now in preparation and the U. S. delegates will be informed of the unsettled questions that will be more fully discussed at the Conference.

The group of technical advisers of the U. S. delegates to the Conference began its meetings on June 14, 1944. The group was divided into 4 committees for the purpose of preparing a statement on the agenda and drafts on some questions that will be considered by the Conference. Meetings of the full group have been held regularly twice a day.

An important purpose of these meetings and committees has been to clarify and coordinate the views of the American technical advisers on all outstanding questions in preparation for work in the agenda committee now meeting in Atlantic City and in the Conference later at Bretton Woods. Another important aspect of the work of the American technical experts has been the training of the technical advisers in committee work on the tentative agenda of the Conference and the training of the technical secretariat for the Conference. This will help assure the efficient operation of the U. S. delegates and the smooth functioning of the Conference.

During this period, previous drafts on the Fund and the Bank have been enlarged and revised. A complete draft of an agreement for establishing an International Monetary Fund was prepared as the basis for the work of the U. S. delegates at the Conference. A copy of this draft is attached. Work is also going forward on a draft of an agreement for establishing a Bank for Reconstruction and Development. Revision of these drafts of the agreements on the Fund and the Bank will continue during the sessions of the agenda committee and revised drafts will be sent to the Treasury from time to time. No attempt is being made to get agreement on these drafts. We are concerned with clarifying questions and finding out where difficulties arise.

- 2 -

2. About 30 technical representatives of other countries arrived on June 19, 1944. The U. S. representatives met with this group as a tentative committee on agenda. The committee was divided into 4 subcommittees, corresponding to those that will be organized at the Monetary and Financial Conference, with foreign experts as chairmen and reporters and U. S. experts as secretaries.

Some 20 questions have been assigned to these subcommittees for consideration. A list of these questions is attached. The drafts prepared by the U. S. experts have been the basis for discussion of these questions. The subcommittees have been reporting back to daily meetings of the full committee and these reports have given the experts of all countries represented an opportunity to express their views on the questions that must be considered. The U. S. experts are in this way kept informed of the questions that will be pressed by the foreign delegates at the Conference.

The remaining experts are expected to arrive tomorrow and the full agenda committee, representing all 15 countries, will then be in a position to agree on final arrangements for an agenda that will be submitted to the Conference for its action.

3. The success of the Conference depends not only on the technical preparation by the U. S. experts of the material needed by the U. S. delegates, but as well on the assurance that the Conference secretariat, staffed by technical men from the Government departments, will know their duties and perform them efficiently. This is what we hope to do during the period of the agenda committee meeting.

H. D. White

Questions Being Considered by U. S. and Foreign Experts

1. Quotas
2. Payment of Subscription
3. Depositories and Form of Currency Holdings
4. Protection of the Assets of the Fund
5. Par Values of Currencies in Gold
6. Changes in Par Values
7. Multilateral Clearing
8. Acquisition of Gold by the Fund
9. Charges by the Fund
10. Scarce currencies
11. Capital Movements
12. Additional Undertakings on the Part of Member Countries
13. Governing Board and Executive Committee
14. Withdrawal and Suspension of Member Countries
15. Distribution of Profits of the Fund
16. Liquidation of the Fund
17. Taxation and Immunity Provisions
18. Relationship to Other Organizations
19. Information, Publication of Reports, and Recommendations of the Fund
20. Setting up the Fund and Beginning Operations
21. Transitional Arrangements

AGREEMENT TO ESTABLISH AN
INTERNATIONAL MONETARY FUND

Article I.

Creation, Purposes and Policies of the International Monetary Fund.

J.S. I There is hereby established the International Monetary
Fund, hereinafter referred to as the "Fund". It shall be guided
in all its decisions by the following purposes and policies:

J.S. I, 1 1. To promote international monetary cooperation by
providing permanent machinery for consultation on international
monetary problems;

J.S. I, 2 2. To facilitate the expansion and balanced growth of
international trade and to contribute thereby to the maintenance
of a high level of employment and real income, which must be a
primary objective of economic policy;

J.S. I, 3 3. To give confidence to member countries by making the
resources of the Fund available to them under adequate safeguards,
thus affording member countries time to correct maladjustments in
the balance of payments without resorting to measures destructive
of national or international prosperity;

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

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

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

Article II.

Membership in and Subscription to the Fund.

Section 1. Countries Eligible for Membership.

New:
P.P.I,
1st
par.

The member countries of the Fund shall be those of the countries represented at the United Nations Monetary and Financial Conference whose governments accept membership in the Fund as provided in Article XIII.

Membership in the Fund shall be open to other countries at such times and in accordance with such rules as may be prescribed by the Fund.

Section 2. Method of Computing Quotas.

Each member country shall be assigned a quota which shall be the sum* of the following:

J.S.II,1

(Since Article II in the Joint Statement is not very full this material has been so greatly elaborated that under-scoring is not practicable)

- (a) two per cent of such country's national income for the calendar year 1939;
- (b) five per cent of the official holdings of gold and gold-convertible exchange of such country on July 1, 1944;
- (c) ten per cent of the maximum annual variation in exports of such country during the calendar years 1934 to 1938 inclusive;
- (d) ten per cent of the average annual imports of such country during the calendar years 1934 to 1938 inclusive;
- (e) the amount resulting from multiplying the sum of (a), (b), (c), and (d) by the percentage determined by dividing the national income of such country for the calendar year 1939 into the average annual exports of such country for the calendar years 1934 to 1938 inclusive.

Section 3. Quotas of Countries Represented at the Conference.

New

The quotas of the countries represented at the United Nations Monetary and Financial Conference are set forth below in terms of the United States dollar of the weight and fineness in

* Because some of the data necessary to determine quotas are inadequate or unavailable under present conditions, the quotas to be stated in Section 3 will be calculated by taking ninety per cent of quota resulting application of the formula and adjusting any quota which is clearly inequitable out of the unallocated ten per cent of all the quotas.

effect on July 1, 1944.

Country

Quota

Total

Section 4. Periodic Adjustment of Quotas.

J.S.II, 2
P.P.II, 5
[Under-
scoring not
feasible]

Quotas shall be automatically adjusted three years after commencement of the operations of the Fund and at intervals of five years thereafter. Such adjustments shall be made on the basis of the formula set forth in Section 2 of this Article, using the most recent comparable data furnished by the member countries as provided in Article IV, Section 11.

J.S.II, 2

No change shall be made in the quota of any member country except with the concurrence of the director representing such country.

Section 5. Time and Place of Payment.

New

Each country which becomes a member before the date fixed under Article XIII, Section 4(b), for the operations of the Fund to begin shall pay to the Fund at the appropriate depository the full amount of its quota on or before such date. Any country that becomes a member country after such date shall pay the full amount of its quota on or before the date fixed by the Fund for such payments to be made. Any member country whose quota is increased pursuant to Section 4 of this Article shall pay the full amount of the increase within thirty days of the date on which the director representing the country approves the increase in its quota.

Section 6. Initial Payments.

J.S.II, 3
[Underscoring
not
feasible]

Each member country shall, upon becoming a member, pay in gold the smaller of (a) twenty-five per cent of its quota or (b) ten per cent of its official holdings of gold and gold-convertible exchange on the first day preceding the date of payment.

The data necessary to determine official holdings of gold and gold-convertible exchange shall be furnished by the member countries as provided in Article IV, Section 11.

Any country represented at the United Nations Monetary and Financial Conference whose home areas have suffered substantial damage from enemy action or occupation during the present war, may reduce its initial gold payment to seventy-five per cent of the amount it would otherwise have to pay.

J.S.II, 1,3
[Under-
scoring not
feasible]

Each member country shall pay the balance of its quota in its own currency.

Section 7. Payments When Quotas Are Changed.

(a) Each member country whose quota is increased pursuant to Section 4 of this Article shall pay twenty-five per cent of the increase in gold. Each member country shall pay the balance of any increase in its own currency.

(b) Each member country whose quota is reduced pursuant to Section 4 of this Article shall receive from the Fund an amount in its own currency or gold equal to the reduction in the quota. The Fund shall pay to such country only the amount of gold necessary to prevent reducing the holdings of the Fund of that currency below seventy-five per cent of such country's new quota.

Article III

Par Values of the Currencies of Member Countries.

Section 1. Initial Par Values of the Currencies of Member Countries.

J.S.IV, 1

The par value of the currency of each member country shall be agreed with the Fund and shall be expressed in terms of gold.

Section 2. Transactions Governed by Par Values.

J.S.IV, 1
[Changed from
"agreed"
percentage to
one "fixed
by the Fund"]

All transactions in the currencies of member countries shall be at rates of exchange within a stated percentage of parity fixed by the Fund.

All computations relating to currencies of member countries for the purpose of applying the provisions of this Agreement shall be on the basis of their par values.

Section 3. Restrictions Against Changes in Par Values.

J.S. IV, 2 No change in the par value of the currency of any member country shall be made by the Fund without the approval of the director representing such country.

J.S. IV, 2 Each member country agrees not to propose a change in the par value of its currency which affects its international transactions unless it considers such action to be appropriate to the correction of a fundamental disequilibrium.

Section 4. Conditions on which Changes in Par Values May be Made.

Changes in the par values of the currencies of member countries shall be made only with the approval of the Fund, subject to the provisions below:

J.S. IV, 3 (1) The Fund shall approve a proposed change in the par value of the currency of a member country if in the judgment of the Fund the change is essential to the correction of a fundamental disequilibrium. In particular, the Fund shall not reject a proposed change, necessary to restore equilibrium, because of the domestic social or political policies of the member country;

J.S. IV, 3
[Can this be omitted in view of Art.X, Sec. 3?]
(2) In considering proposed changes in the par values of the currencies of member countries, the Fund shall take into consideration the extreme uncertainties prevailing at the time the par values of the currencies of the member countries were initially agreed upon;

(3) After consultation with the Fund, any member country may change the par value of its currency, provided the proposed change, inclusive of the aggregate of all previous changes since the par value of such currency was initially agreed with the Fund, does not exceed ten per cent of the initial par value of such currency; and

J.S. IV, 4

(4) Upon the request of a member country proposing a change in the par value of its currency, the Fund shall approve or reject the proposed change within two business days of receiving the request; provided that the aggregate of all changes in the par value of any currency which may be made under this paragraph shall not exceed ten per cent of the initial par value of that currency.

Section 5. Uniform Changes in Par Values.

J.S. IV, 5

Notwithstanding the provisions of Section 3 of this Article, the Fund by majority vote may make uniform proportionate changes in the par values of the currencies of all the member countries, provided each such change is approved by every director representing a member country which has ten per cent or more of the aggregate quotas.

Section 6. Protection of the Assets of the Fund.

P.F. III, 3

No change in the par value of the currency of any member country shall alter the gold value of the assets of the Fund. Whenever the par value of the currency of any member country is reduced, such country shall compensate the Fund by paying to the Fund, within a reasonable time, an amount in its own currency equal to the reduction in the gold value of the currency of such country held by the Fund. Whenever the par value of the currency of any member country is increased, the Fund shall compensate such country by returning, within a reasonable time, an amount in the currency of such country equal to the increase in the gold value of the currency of such country held by the Fund.

The provisions of this Section may be waived by the Fund whenever uniform proportionate changes are made in the par values of the currencies of all member countries in accordance with Section 5 of this Article.

Article IV

Transactions with the Fund.

Section 1. Agencies Dealing with the Fund.

Each member country shall deal with the Fund only through its J.S. III, 1 Treasury, Central Bank, Stabilization Fund or other similar fiscal agency.

Section 2. Limitation on the Operations of the Fund.

Operations for the account of the Fund shall be limited to transactions for the purpose of supplying a member country, on the J.S.III, 3 initiative of such country, with the currency of another member country in exchange for the currency of the country initiating the transaction or for gold; but the transactions provided for by Sections 5, 7 and 8 of this Article shall not be subject to this limitation.

Section 3. Conditions upon which Any Member Country May Purchase Currencies of Other Member Countries.

A member country may buy the currency of another member J.S. III, 2 country from the Fund in exchange for its own currency subject to the following conditions:

- J.S. III, 2(a) (a) The member country initiating the purchase represents that the currency requested is presently needed for making payments in that currency which are consistent with the purposes and policies of the Fund;
- J.S. III, 2 (b) (b) The Fund has not given notice under Article VI that its holdings of the currency requested have become scarce;
- J.S. III, 2(c) (c) The total holdings of the Fund in the currency of the member country initiating the purchase (after having been restored, if below that figure, to seventy-five per cent of the quota of such country) have not increased during the previous twelve months by more than twenty-five per cent of the quota of such country and do not exceed two hundred per cent of the quota; and

J.S. III, 2(d)

(d) The Fund has not previously declared under Section 4
of this Article that the member country initiating the
purchase is ineligible to use the resources of the Fund.

The Fund may, in its discretion, waive any of these conditions on terms which safeguard its interests, including the requirement of such collateral or other security as it deems appropriate.

Section 4. Declaring Member Countries Ineligible to Use the Resources of the Fund.

Whenever the Fund determines that any member country is using the resources of the Fund in a manner contrary to the purposes and
policies of the Fund, it shall present to the country a report
setting forth the views of the Fund and stating a suitable time
for reply. If no reply is received within the stated time, or
the reply received is unsatisfactory, the Fund may, after giving
reasonable notice to the country, declare it ineligible to use the
resources of the Fund. Between the date of notice and that of
ineligibility the Fund may limit the use of its resources by the
country.

J.S.III,2(d)
[Minutes may
require
specific
period of
notice.]

Section 5. Operations for the Purpose of Preventing Currencies from Becoming Scarce.

J.S.III, 4

The Fund may, if it deems such action to be appropriate to
prevent the currency of any member country from becoming scarce,
take either or both of the following steps:

- (a) Propose to the member country that it lend such
currency to the Fund on appropriate terms and
conditions;
- (b) Propose to the member country that it sell such
currency for gold.

Section 6. Multilateral International Clearing.

So long as a member country is entitled to buy the currency of
another member country from the Fund in exchange for its own currency,
it shall, upon the request of such other country, buy its own currency

J.S. III, 5

from such other country with the currency of that country or with gold. This Section shall not apply to holdings of currencies of member countries subject to restrictions in conformity with Article IX, Section 4; or to holdings of currencies of member countries which have accumulated as a result of transactions of a current account nature effected before the removal by the member country of restrictions on payments or transfers maintained or imposed under Article X, Section 1.

Section 7. Acquisition by Member Countries of the Currencies of Other Member Countries for Gold.

J.S. III, 6

Any member country desiring to obtain directly or indirectly, the currency of another member country for gold shall, provided that it can do so with equal advantage, acquire the currency by the sale of gold to the Fund. Nothing in this Section shall be deemed to preclude any member country from selling in any market the new production of gold from mines located within territory subject to its jurisdiction.

Section 8. Other Acquisitions of Gold by the Fund.

Preamble of
J.S. III, 7
omitted
J.S. III, 7(a)

(a) Any member country may, at any time repurchase with gold any part of its currency held by the Fund.

J.S. III, 7(b)
Extensively
revised in
phrasing

(b) So long as the official holdings of gold and gold-convertible exchange of any member country exceed its quota, the Fund shall require that such country repurchase its currency from the Fund with gold to the extent necessary to effect payment in gold for one-half of the net sales by the Fund to such country of the currencies of other member countries. At the end of its financial year, the Fund shall make arrangements for the settlement of the balance of such gold payments.

(c) If at the end of any financial year of the

J.S. III, 7(c)

Fund the official holdings of gold and gold-convertible exchange of any member country have increased, the Fund may require up to one-half of the increase to be used to repurchase part of the holdings of the Fund of the currency of such country so long as the repurchase will not reduce the holdings of the Fund of the currency of such country below seventy-five per cent of its quota, or the holdings of gold and gold-convertible exchange of such country below its quota.

Section 9. Transferability of the Currency Holdings of the Fund.

The holdings of the Fund in the currencies of member countries shall, to the extent necessary to carry out the operations prescribed by this Article, be free from restrictions, regulations and controls of any nature imposed by member countries.

Section 10. Charges to Be Levied by the Fund.

J.S. IV, 1

(a) All exchange transactions between the Fund and member countries shall be subject to a charge payable by the member country making application to the Fund.

(b) The Fund may levy a reasonable charge on any member country buying gold from the Fund or selling gold to the Fund.

(c) The Fund shall prescribe uniform penalties of not less than one percent per annum against member countries on the amounts of their currencies in excess of their quotas held by the Fund. Such penalties against member countries shall be increased by not less than one-half of one percent per annum on each twenty-five percent of the amounts of the currencies held by the Fund in excess of their quotas. The prescribed penalties shall also be increased by not less than one-fourth of one percent per annum on amounts held by the Fund more than six months and by not less than an additional one-fourth of one percent per annum

NEW

for each semi-annual period thereafter.

139-0

The Fund may waive the penalties due for any semi-annual period on currency holdings repurchased by any member country under Section 9(a) and (c) of this Article, provided the amount repurchased in that period exceeds twelve and one-half per cent of its quota.

(d) At the end of its financial year, the Fund may levy upon the member countries, in proportion to their quotas, charges sufficient to meet the excess of expenses over income during that year.

P.P. V, 15
New

New

(e) All charges shall be paid in gold.

Section 11. Obtaining Information.

The Fund may require member countries to furnish it with any information necessary for its operations. Demands shall be uniform on all countries except that any member country may be required to furnish whatever information is needed by the Fund in connection with any action it has requested the Fund to take.

P.P. VII, 7

Article V

Capital Transactions

Section 1. Use of the Resources of the Fund for Transfers of Capital.

J.S. V, 1

No member country may use the resources of the Fund 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. For failure to exercise appropriate controls the Fund may declare a member country ineligible to use the resources of the Fund in accordance with Article IV, Section 4.

Nothing contained in this Section shall be deemed to prevent the use of the resources of the Fund for capital transfers of reasonable amounts required for the expansion of exports or in the ordinary course of trade, banking and other business.

Nothing contained in this Section shall be deemed to prevent capital movements which are financed out of a member country's own resources of gold and foreign exchange, provided

that such capital movements are in accordance with the purposes and policies of the Fund.

Section 2. Limitation on Controls of Capital Movements.

J.S. V, 2 No member country may control international capital movements in a manner which will restrict payments for current transactions or which will unduly delay transfer of funds in settlement of commitments arising from such transactions, except as provided in Article VI, Section 2, and Article X, Section I.

Article VI

Apportionment of Scarce Currencies

Section 1. Action of Fund with Respect to Scarce Currencies.

J.S.VI,1 When it becomes evident to the Fund that the demand for the currency of a member country may soon exhaust the holdings of the Fund of that currency, the Fund shall notify member countries and announce an equitable method of apportioning the holdings of the Fund of the scarce currency. When such notice has been given, the Fund shall issue a report setting forth the causes of the scarcity and recommendations designed to bring it to an end.

Section 2. Action of Member Countries with Respect to Scarce Currencies.

J.S.VI,2 Member countries after consultation with the Fund may temporarily restrict exchange transactions in any currency declared by the Fund to be scarce, notwithstanding the provisions of Article V, Section 2, and Article X, Section 1. The manner in which any member country restricts the demand for a scarce currency or rations the supply of a scarce currency, shall be completely within the discretion of such member country, subject to the provisions of Article III, Section 2.

Article VII.

Management

Section 1. Board of Directors.

J.S.VII, 1 (a) The administration of the Fund shall be vested in a Board of
P.P.VI,1 Directors consisting of one director and one alternate appointed by each
Under- scoring not feasible member country in such manner as it
ible/

may determine. Directors and alternates shall serve for five years, subject to the pleasure of their respective governments, and may be reappointed. Alternates may participate in all activities of the Board. The Board shall select from its members a chairman who shall serve for a period of two years.

P.P. VI, 8
New

(b) The Board of Directors may delegate to the ~~Executive~~ Executive Committee authority to exercise, until the next annual meeting of the Board, any powers of the Board, except the power to amend this Agreement. Delegated powers shall be exercised in a manner consistent with the purposes and policies of the Fund and the general practices of the Board.

P.P. VI, 10

(c) The Board of Directors shall hold an annual meeting and such other meetings as may be provided for by the Board or convened by the Executive Committee.

(d) The Board may by regulation establish a procedure whereby the Executive Committee, when it deems such action to be in the best interests of the Fund, may poll the directors on specific questions in lieu of calling a meeting of the Board.

New

(e) Directors and alternates shall serve as such without compensation from the Fund, but the Fund shall pay such reasonable expenses as are incurred by the directors and alternates in attending any meetings of the Fund or any committee of the Fund.

Section 2. Voting.

Each member country shall have twenty-five votes plus one additional vote for each part of its quota equivalent to one million United States dollars of the weight and fineness in effect on July 1, 1944.

J.S. VII, 2
P.P. VI, 2
New
Underscored
not feasible

In voting under Article IV, Sections 3 and 4, on the request of any member country to purchase the currency of another member country from the Fund, each member country shall be entitled to a number of votes modified from its normal number:

P.P. VI, 3 (a)

(a) By the addition of one vote for the equivalent of each two million United States dollars of the weight and fineness in effect on July 1, 1944 of net sales of its currency by the Fund (adjusted for its net transactions in gold), and

(b) By the subtraction of one vote for the equivalent of each two million such United States dollars of its net purchases of the currencies of other member countries from the Fund (adjusted for its net transactions in gold).

P.P. VI, 4
New

Except as otherwise specifically provided all matters before the Fund shall be decided by a majority of the aggregate votes cast.

Section 3. The Executive Committee.

J.S. VII, 1
New
[Underscoring
not feasible]

(a) There shall be an Executive Committee consisting of the Managing Director, the directors representing the five member countries having the largest quotas and six other directors elected biennially by the directors who are not automatically members of the Committee.

The Managing Director shall be chairman of the Committee. The Committee shall exercise all authority delegated to it by the Board of Directors, and shall be in continuous session at the principal office of the Fund. In the absence of any member of the Committee, his alternate on the Board may act in his place. Members of the Committee shall be compensated by the Fund in an amount fixed by the Board.

J.S. VII, 2
New
[Underscor-
ing not
feasible]

(b) In balloting for the elected members of the Committee, each director eligible to vote shall cast for one director all of the votes to which he is entitled under Section 2 of this Article. The six persons receiving the greatest number of votes shall be members of the Committee, except that no person who receives less than sixteen per cent of the aggregate eligible votes shall be considered elected. When six persons are not elected on the initial balloting, a second balloting shall be held in which the person receiving the lowest number of votes shall be ineligible for election and in which there shall vote only those directors who voted for a person not elected and those directors all or part of whose votes for a person elected are deemed to have raised the votes cast for such person above seventeen per cent of the aggregate eligible votes. In determining whether any part of a director's votes raised the total of any person above seventeen per cent, there shall be considered as not forming part of the excess the votes of the director casting the largest number of votes for such person, then the votes of the director casting the next largest number, and so on until the total reaches seventeen per cent. Any director whose votes are partly not in excess and partly in excess shall be eligible to vote in the second balloting only to the extent of the votes in excess. If enough additional persons are not elected on the second balloting to bring to six the total number each of whom has received at least sixteen per cent of the aggregate eligible votes, further ballots shall be taken on the same principles until six such persons have been elected, provided that after five persons are elected the sixth may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.

New

(c) Each director who is automatically a member of the Committee shall be entitled to cast the number of votes allotted under Section 2 of this Article to the country which he represents. Each elected member shall be entitled to cast the number of votes to which the directors who elected him would be entitled. A member whose election is due in part to his having received a portion of the votes of a particular director shall be entitled to vote only those votes of such director which contributed to his election. When the provisions of the second paragraph of Section 2 of this Article are applicable to a vote on any question, the votes to which a member of the Executive Committee would otherwise be entitled shall be increased or decreased proportionately. The Managing Director shall have no vote.

New

(d) The Executive Committee may appoint such committees as it deems advisable. Membership on such committees need not be limited to directors and alternates.

Section 4. The Managing Director.

P.P. VI, 5
New

The Board of Directors shall appoint and fix the compensation of a Managing Director of the Fund and one or more Assistant Managing Directors. The Managing Director shall be chief of the operating staff of the Fund and shall be a member ex officio of the Board of Directors.

Section 5. Depositories.

(a) The Fund shall designate a depository in each member country. The holdings of the Fund of the currency of each member country, to the extent deemed by the Fund to be necessary for its operations, shall be deposited in an account in the depository in that country in the name of the Fund.

New

Each member country may convert any part of the remainder of the holdings of the Fund of its currency into bills, notes, or other form of indebtedness, issued by the Government of the country, which shall be non-negotiable, non-interest bearing and payable at their par value on demand by a credit to the currency account of the Fund in that country.

(b) The Fund may deposit other assets, including its holdings of gold, in any designated depository it may select but at least one-half of its holdings of gold shall be deposited in the designated depository in the country in which the Fund has its principal office.

Section 6. Consultation with other International Agencies.

The Fund shall consult with the Bank for Reconstruction and Development and other international agencies participated in primarily by governments of member countries concerning policies and operations of the Fund which are of direct interest to such agencies.

Section 7. Location of Offices.

The principal office of the Fund shall be located in the member country having the largest quota, and agencies or branch offices may be established in any member country or member countries.

Section 8. Publication of Reports.

The Fund shall publish an annual report containing an audited statement of its accounts and shall issue at intervals of three months or less, a summary statement of its transactions and its holdings of gold and currencies of member countries.

The Fund may publish such other reports as it deems desirable for carrying out its purposes and policies.

Section 9. Distribution of Profits of the Fund.

Net profits of the Fund shall be distributed annually in the following manner:

- (a) Fifty per cent to surplus until the surplus is equal to ten per cent of the aggregate quotas; and
- (b) Fifty per cent to the member countries in proportion to the amounts by which their quotas exceed the holdings of the Fund of their currencies.

R.F.C. Act.
Sec. 1,
Inter.Amer.
Bank,
By-laws, 1.

J.S. VII, 4

VI, 12
New

When the surplus has reached ten per cent of the aggregate quotas, all of the profits shall be distributed to the member countries in the same proportion as in (b) above.

Section 10. Miscellaneous Powers.

In order to carry out its purposes and policies, the Fund, through the Board of Directors, shall have the following powers in addition to those specified elsewhere in this Agreement:

- (1) To adopt, alter and use an official seal;
- (2) To make contracts;
- (3) To acquire, own, lease or dispose of such real and personal property as may be necessary to conduct the business of the Fund;
- (4) To sue and complain in any court of competent jurisdiction;
- (5) To select, employ and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to conduct the business of the Fund; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and
- (6) To promulgate, amend, and repeal by-laws, rules and regulations necessary or appropriate to further the purposes and policies of the Fund.

Article VIII

WITHDRAWAL AND SUSPENSION OF MEMBER COUNTRIES AND LIQUIDATION OF THE FUND

Section 1. Right of Member Countries to Withdraw.

Any member country may withdraw from membership in the Fund J.S.VIII, 1 at any time by serving written notice on the Fund at its principal office. Withdrawal shall become effective on the date such notice is received.

J.S.VIII, 3
[Why should
country
withdrawing
have any
access to
Fund?]

After a member country has served notice of its withdrawal, it shall use the resources of the Fund only with the approval of the Fund.

Section 2. Suspension of Membership.

P.P. V, 8
New

A member country failing to meet any of its obligations under this Agreement may be suspended from membership by decision of a majority of the member countries, each of which for this purpose shall have one vote, to be cast by its director or alternate. At the end of one year from the date of suspension, the country shall automatically cease to be a member of the Fund unless a majority of the member countries, voting in the same manner as for suspension, restores the country to good standing.

While under suspension, a country shall be denied the privileges of membership but shall be subject to its obligations.

Section 3. Settlement of Accounts with Countries Ceasing to be Members.

J.S. VIII,
2

Within a reasonable time after a country ceases to be a member, the Fund and the country shall make arrangements for the settlement of their reciprocal obligations.

New
P.P. VI, 11

The Fund shall be obligated to return to such country an amount of the currency of that country equal to its quota, plus any other amounts due to such country from the Fund, and minus any amounts due to the Fund from such country. In the event that the Fund cannot make the entire payment in the currency of that country, the portion not paid in its currency shall be paid in gold or in such other manner as may be agreed.

When notice that the Fund will be liquidated is given within six months after any country has ceased to be a member under Section 1 or Section 2 of this Article, such country shall be treated in the same manner as if it had not ceased to be a member.

Section 4. Transactions in the Currency of a Country Withdrawing From the Fund.

J.S. VIII, 3 After a member country has served notice of its withdrawal from the Fund, in accordance with Section 1 of this Article, the Fund shall not dispose of its holding of the currency of such country except:

- (a) In accordance with arrangements made under Section 3 of this Article for the liquidation of the reciprocal obligations of the Fund and such country; or
- (b) To the extent that the holdings of the Fund of such currency exceed the amount required to meet the obligations of the Fund to such country.

Any member country desiring to obtain the currency of a former member country shall acquire the currency, if available, by purchase from the Fund. A country that is dropped or withdraws from membership unconditionally guarantees that it will permit the unrestricted use of its currency sold by the Fund after termination of its membership in the purchase of goods or in payment of other obligations to it or to its nationals; and it further guarantees such currency sold by the Fund against exchange depreciation until it has been used in making payments in accordance with the above.

Section 5. Liquidation of the Fund.

The Board of Directors, after giving notice of at least three months to the member countries, may liquidate the Fund.

The obligations of the Fund, other than the repayment of quotas, shall be a prior claim on all the assets of the Fund.

The net assets of the Fund shall be distributed as follows:

- (a) The Fund shall determine a percentage for each country by dividing its holdings of the currency of such country by the quota of such country.

The country with the smallest percentage shall have returned to it the entire holdings of the Fund of its currency.

- 21 -

- (b) All the other countries shall have returned to them in their own currencies an amount which will represent the same proportion of their respective quotas as the payment made under (a) above represents to the quota of the country receiving such payment.
- (c) The country having the next lowest percentage under (a) above shall then have returned to it the remaining amount of its currency held by the Fund and the country whose currency holdings have been exhausted shall have returned to it an equivalent proportion of its quota in gold. If there is not sufficient gold, then the currency of the country having the second lowest percentage shall be divided between the two countries in such manner that each will have been repaid the same proportion of its quota. All other countries shall have paid to them amounts in their respective currencies which represent the same proportion of their quotas.
- (d) Further distributions shall be made in the manner provided for in (c) above until the currencies of all countries have been exhausted.

Each member country unconditionally guarantees that it will permit the unrestricted use of its currency distributed by the Fund on liquidation in the purchase of goods and in payment of other obligations to it or its nationals; it further guarantees such currency distributed by the Fund on liquidation against exchange depreciation until it has been used in making payments in accordance with the above.

Article IX

Additional Undertakings on the Part of Member Countries.

New:
Questions &
Answers, 21

Section 1. Purposes and Scope of Additional Undertakings.

In order to support the activities of the Fund and to foster the accomplishment of its purposes and policies, each member country, in addition to commitments appearing elsewhere in this Agreement, undertakes the performance of and agrees to the stipulations set forth in this Article. This undertaking and agreement shall be binding upon each member country during any periods of ineligibility to use the resources of the Fund and during suspension of membership, but it shall not be binding on any country after termination of membership.

Section 2. Gold Purchases Based on Parity Prices.

J.S. IX, 1

No member country shall buy gold at a price which exceeds the par value of its currency by more than the margin prescribed by the Fund, nor shall it sell gold at a price which falls below the par value of its currency by more than the margin prescribed by the Fund.

Section 3. Foreign-Exchange Dealings Based on Par Values.

J.S. IX, 2

No member country shall allow within its jurisdiction exchange transactions in currencies of other member countries at rates outside the range prescribed by the Fund on the basis of par values.

Section 4. No Exchange Controls on Current Payments.

J.S. IX, 3

No member country shall impose restrictions on payments for current international transactions with other member countries, without the approval of the Fund, but this stipulation shall not prevent restrictions upon:

- (a) International capital movements in accordance with Article V, Section 2;
- (b) Exchange transactions in scarce currencies in accordance with Article VI, Section 2; or
- (c) Exchange transactions during the early post-war transition period in accordance with Article X, Section 1.

Section 5. No Discriminatory or Multiple Currency Practices.

J.S. IX, 3

No member country shall, without the approval of the Fund, engage in any discriminatory currency arrangements or in any multiple currency practices.

Section 6. Restrictions on Taxation of Fund or Its Assets.

New
Inter.-Amer.
Bank, Charter
IIC.

The Fund and its assets of whatsoever nature; its activities, transactions and operations; any obligations of whatsoever nature issued by the Fund, including dividends or interest thereon, by whomever held; any remunerations or salaries paid by the Fund; shall be exempt and immune from all taxation by any member country or any political subdivision or taxing authority of any member country now or hereafter imposed and by whatever name described, including, without limitation of the foregoing, excises, duties and imposts; provided, however, that the foregoing shall not prevent the imposition by any member country or any political subdivision or taxing authority of any member country of non-discriminatory taxes upon nationals of such member country with respect to any of the foregoing.

Section 7. Immunity of Assets of the Fund.

New
Inter.-Amer.
Bank, Charter
IIA.

The Fund and its assets of whatsoever nature shall, wherever located and by whomsoever held, be exempt and immune from

Inter-Amer.
Bk. Charter
II A

seizure, requisition, confiscation, moratoria and expropriation, except as provided in Section 8 of this Article.

Section 8. Suits Against the Fund.

New

Suits may be brought against the Fund only in a court of competent jurisdiction in a country in which the Fund has an office, and only by litigants other than member countries and those acting for or deriving claims from member countries. The Fund and its assets of whatsoever nature shall, wheresoever located and by whomsoever held, be exempt and immune from seizure, attachment and execution in advance of final judgment.

Section 9. Consideration of Recommendations of the Fund.

New:
P.P. VII, 6

Each member country shall give consideration to the views and recommendations of the Fund on any existing or proposed monetary or economic policy of such member country which tends, or may tend, to produce a serious disequilibrium in the international balance of payments of member countries.

Article X

Transitional Arrangements

Section 1. Exchange Restrictions and Currency Arrangements and Practices Retained.

J.S. X, 1
and 2

Since the Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of the war, member countries, during the early post war transition period, may, notwithstanding the provisions of Article IV, Section 6, and Article IX, Sections 4 and 5, maintain and adapt to changing circumstances exchange regulations and currency arrangements and practices which impede payments

and transfers for international transactions on current account. They undertake to withdraw as soon as possible by progressive stages all such restrictions, arrangements and practices. In their exchange policies member countries shall pay continuous regard to the purposes and policies of the Fund and 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.

Section 2. Withdrawal of Exchange Restrictions.

J.S. X, 3

The Fund may at any time make representations to any member country that conditions are favorable for the withdrawal of particular restrictions on exchange transactions or particular arrangements and practices or for the general abandonment of such restrictions, arrangements and practices which are inconsistent with Article IV, Section 6 or Article IX, Sections 4 and 5. Not later than three years after the date on which the operations of the Fund commence any member country still retaining restrictions, arrangements or practices inconsistent with Article IV, Section 6 or Article IX, Sections 4 and 5, shall consult with the Fund as to their further retention and shall retain them only with the approval of the Fund.

Section 3. Policy of the Fund During the Transition Period.

J.S. X, 4

In its relations with member countries, the Fund shall recognize that the early post-war transition period will be one of change and adjustment, and in making decisions on requests presented by any member country it shall give the benefit of any reasonable doubt to such country.

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Article XIAmendments

The formula for the determination of quotas set forth in Article II, Section 2, may be amended by the Fund provided four-fifths of the aggregate votes concur.

Any member country which desires to introduce modifications

New: in this Agreement shall communicate its proposals to the Fund.
1933 Convention
on Sanitary The Board of Directors, if four-fifths of the aggregate votes
Aerial Navigation
Malloy 5503

deem it advisable, shall prepare a protocol, by dated circular letter, to the governments of all the member countries, asking whether they accept the proposed modifications. The accession of the government of a member country will result either from explicit approval given to the Fund or from the fact that it refrains from notifying the Fund of any objections within six months from the date of the circular letter above referred to. When the expressed or tacit accessions include the governments of member countries having four-fifths of the aggregate votes, the Fund shall certify the fact by means of a proces verbal, which it shall communicate to the governments of all the member countries. The protocol will enter into force between all the member countries three months from the date of the proces verbal, unless a shorter period is specified in the protocol.

Article XIIInterpretation of the AgreementSection 1. Interpretation.

All disagreements between two or more member countries concerning the interpretation of any of the provisions of

New:

this Agreement or of any amendments thereto, or of any rules, regulations or by-laws promulgated by the Fund, shall be settled by the Fund.

Section 2. Definitions.

(a) The term "currency" means every form of medium of exchange used within a member country which is defined in terms of the monetary unit of such country, including without limitation:

- (1) All paper money and coin issued or coined in accordance with the laws of such country;
- (2) all demand deposits in banks within such country; and
- (3) all bills, notes or other form of indebtedness described in Article VII, Section 5 (a).

(b) The term "gold-convertible exchange" means any currency, as defined above, or any evidences of indebtedness having maturities of less than one year, issued by one country and available for use by the monetary authorities of another country, directly or indirectly, for the purchase of gold.

(c) The term "official holdings" means the holdings of a member country's government and central bank and of any governmental department, agency, establishment or corporation; without reduction for any liabilities, whether such liabilities are actual or potential, general or specific, external or internal.

Article XIII

Final Provisions

Section 1. Acceptance of Membership in the Fund.

This Agreement shall be presented by the delegates to their respective governments for acceptance of membership. Each government that accepts membership shall, as soon as possible deposit evidence of its acceptance with the Government of the United States of America, which shall transmit certified copies of all evidences of acceptance to the governments of all the countries represented at the United Nations Monetary and Financial Conference.

- 28 -

New:
1928
Kellogg-
Briand
Peace Pact
Malloy 5132

The Government of the United States of America shall also notify by telegram, cablegram or radiogram the governments of all of such countries immediately upon the deposit with it of each evidence of acceptance.

Section 2. Effective Date of the Agreement.

New:
1930
Limitation
of Naval
Armament
Malloy 5282

As soon as the evidences of the acceptance of membership by countries having seventy-five per cent of the aggregate quotas specified in Article II, Section 3, have been deposited, this Agreement shall come into force in respect of the said countries.

New:
1929
International
Air Transpor-
tation
Malloy 5259

Thereafter this Agreement shall come into force between the countries which shall have accepted membership and each country which subsequently deposits its evidence of acceptance on the date of such deposit.

Section 3. Calling the Initial Meeting of the Fund.

New

Immediately after receipt of the evidences of acceptance of the countries referred to in the first paragraph of Section 2 of this Article, the government of the country accepting membership which has the largest quota shall invite to the initial meeting of the Fund, to be held in that country thirty days after the date of said invitation, all of the countries which shall have accepted membership in the Fund. Such countries shall be represented at the meeting by the directors and alternates they appoint to the Board of Directors of the Fund.

Section 4. Agenda of the Initial Meeting

At the initial meeting of the Board of Directors, the Board shall make provision for the organization of the Fund. In addition to such other action as it deems appropriate, it shall elect a chairman; elect an Executive Committee, and set a date for the operations of the Fund to begin.

The Board shall make provision for agreeing with the member countries upon the par values of their currencies expressed in terms of gold. Pending agreement on the parity of the currency of a member country it shall meet its subscription payment to the Fund on the basis of a provisional par value

determined by the actual or nominal exchange rate for its currency in terms of United States dollars on the thirtieth day preceding the date set for the operations of the Fund to begin.

No transactions shall be undertaken by the Fund in a currency until the par value of the currency has been agreed upon between the Fund and the member country; and no transactions in exchange shall be undertaken by the Fund in any currency until par values have been agreed upon for the currencies of members having seventy-five per cent of the aggregate quotas. Under any circumstances the Fund shall not undertake transactions in exchange until at least three months after the date set by the Board for the operations of the Fund to begin, or three months after the cessation of hostilities in the present war, whichever is later.

Section 5. Expiration of Final Provisions.

New

Sections 1 and 2 of this Article shall expire on December 31, 1945.

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE June 22, 1944

TO Secretary Morgenthau
FROM Charles S. Bell

Herewith questions at issue, both on the Fund and the Bank, which represent the most current information available at Atlantic City, same having been furnished by Mr. Bernstein.

I have informed Mr. Bernstein of your desire to convene no later than Friday morning with Judge Vinson and Harry White and of your desire to have Mr. Luxford act as liaison between the Atlantic City group and you for the purpose of keeping current data representing objections by the foreign missions.

Questions at Issue on the Fund

1. Many countries, including Russia and China, believe that the proposed quotas are inadequate for their needs.
2. Several countries, including Russia, wish to have a reduction of 50 percent in the required gold subscription of countries that have suffered substantial damage by enemy action or occupation.
3. The U.K. wishes to have gold subscription based on net holdings of gold, offsetting their gold holdings in part by gold obligations.
4. Russia believes that the requirement to repurchase local currency with gold should not apply to newly-mined gold.
5. Belgium, China, Czechoslovakia, Netherlands and several other occupied countries favor a more flexible provision for the alteration of exchange rates. In particular, they favor setting exchange rates provisionally at the time of the establishment of the Fund, leaving definitive rates for subsequent determination.
6. Russia wishes to reserve power to change her exchange rate without the approval of the Fund since she holds that her exchange rate has no effect on international transactions.
7. Several countries object to the close relationship between quotas and voting power. Russia believes that, in determining voting power, other considerations than those entering into the determination of quotas should be considered.

- 2 -

8. U.K. wishes voting power in the executive committee to be in the order of importance of the countries but not necessarily very closely related to their quotas.
9. Australia and Belgium believe that no member country should be permitted to have more than 20 or 25 percent of the aggregate votes.
10. The U.S. and Canada favor a provision under which the votes of creditor countries would be increased and the votes of the debtor countries would be decreased in voting on questions relating to the sale of exchange.
11. Many countries believe that more pressure should be put upon creditor countries, whose currencies have been declared in scarce supply, to secure an appropriate balance of payments.
12. Mexico wishes to make provision for the partial substitution of silver for gold in the subscriptions to the Fund.
13. Some countries believe that if penalties are applied to debtor countries using the Fund penalties should also be applied to creditor countries.

Questions at Issue on the Bank

1. Czechoslovakia and China wish to have the Bank make loans in gold for currency reserves.
2. Several occupied countries wish to have the Bank make loans for procurement of stocks of essential material and inventories completed during the war.
3. Ecuador, Cuba and other Latin American countries wish to have the Bank make loans for agricultural development.
4. Russia favors a reduction of capital substantial for invaded countries without a corresponding reduction in votes.
5. Russia and some other occupied countries favor a 50 percent reduction in gold subscription for countries that have suffered from enemy action and occupation.
6. Russia wishes to assign at least 10 percent of the votes each for U.S., U.K., China and Russia irrespective of capital subscription.
7. U. K. favors paying in only a very small proportion of the capital subscription reserving the uncalled portion as a surety fund.
8. Some Latin American countries favor having the Bank make local currency loans (where foreign exchange is not needed).
9. Russia favors a special reduction in interest rates and guarantee fees for countries which have suffered substantial damage in the course of the war.

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10. A number of countries strictly favor permitting the Bank to invest a portion of its capital in equity securities.
11. U. K., believes that the procedure of any loan guaranteed or made by the Bank should be free exchange without qualifications available to the borrower to spend in any market.
12. Russia believes that the procedure for investigation of loan projects should not be applied to countries engaged in State trade.
13. U.K. favors a single flat rate guarantee fee and wants these fees retained as reserve of the Bank to meet losses on guaranteed loans.
14. Russia questioned the necessity or desirability of report from member countries on their finances as needless interference in domestic affairs.

Treasury Department
Division of Monetary Research

139 MM

Date 8/3 19

O: Peggy

The Secretary gave the attached letter to Mr. White at Bretton Woods. The letter can be filed now - no reply is to be made. We have a copy for our files.

jm

MR. WHITE
Branch 2058 - Room 214½

W. RANDOLPH BURGESS
55 WALL STREET
NEW YORK 15, N. Y.

June 22, 1944.

Personal

Dear Henry:

As agreed yesterday I shall try to set down on paper an outline of my feeling with respect to the Monetary Conference. While I have been designated by the American Bankers Association to act as their spokesman, please consider this letter as personal in nature for I can speak more freely that way.

As you know, a committee representing the American Bankers Association conferred with Harry White and his associates at their invitation on June 8 and 9 in Washington. There were present at that conference the following bankers:

Leonard P. Ayres
Robert V. Fleming
Leon Fraser
W. Linn Hemingway
Fred I. Kent
John H. Riddle
Charles E. Spencer, Jr.
Harold Stonier
A. Lee M. Wiggins
George B. Roberts
W. Randolph Burgess

We left with Dr. White the attached letter.

There are two aspects of this problem: the strategic question involving the various political implications, and the question of the intrinsic merits of the proposal of the experts.

First, with respect to the strategic situation, my own feeling after two extended trips to different parts of the country and after talking with a great many people, may be summarized as follows:

The success of the peace which we all deeply desire, so that our grandchildren will not be risking their lives as your and my boys are, depends

- 2 -

on building up continuing international cooperation in a number of fields: political, economic, labor, monetary, etc.

This conference in July is perhaps the first important full-dress international conference on one of these topics. Its success is of great importance.

Unfortunately, the conference starts to work on a plan which has been very badly received in this country, and if this plan is adopted by the conference there is serious doubt whether it would be approved by our Congress. The danger, thus, is that we might repeat the tragedy of Woodrow Wilson with the treaty.

I have heard it said that the opposition to the plan was a few New York City bankers. This is wholly untrue. Many bankers, business men and others have talked with me about this. Very few understand the program and most are doubtful and suspicious. They are distrustful of any program for giving away American gold; they are distrustful of all spending programs, especially when sponsored by Lord Keynes who is thought of as the advocate of the government spending theories which you yourself have so vigorously opposed. I am sure the opposition to the experts' plan is very widespread and vigorous.

Under these circumstances the adoption of this plan by the Monetary Conference this summer would, I believe, make it a political football. It would be easy to make political capital of Lord Keynes' speech. I am sure you feel as I do that as far as possible international policy should be kept out of politics. What I greatly fear is that political discussions, arousing as they so often do the old spectre of distrust of the British and the notion that they are trying to put something over on us, would make it more

- 3 -

difficult for us to carry forward the essential cooperation with the British.

So much for the question of strategy. As to the merits of the experts' proposals, the position of the American Bankers Association was set forth carefully a year ago in the report of the Economic Policy Commission. This is brought up to date in the attached letter which we addressed to Dr. White. This is, of course, a tremendously big subject, but I might mention one or two additional points.

While I appreciate as a technician the intelligent and conscientious labors your people have performed in the negotiations conducted, it seems to me the basic difficulty arises from trying to nail down and to make commitments years in advance of the events which are anticipated. The plan says that it is not intended to apply to the transition period after the war. This is something like trying to write a tax bill now for the year 1947. Naturally England and other countries hesitate to make commitments for that far ahead with complete ignorance of the conditions of that time. When their commitments have been safeguarded as much as necessary, almost nothing remains but our commitment to put up the money. It would seem to me wiser not to commit ourselves to put up money until other countries are prepared to make some commitments as to how they will use it and how they will pay it back.

The greatest danger the world faces immediately after the war seems to me inflation. In fact it is already happening in China, India, the Near East, the occupied countries, to some extent in South America, and in a partially controlled and hidden way in our own country. The inflation that burst out immediately after World War I certainly added to our troubles, and we do not want to do the same thing again. I am afraid that making a big pot of money available now would accentuate the inflationary tendencies,

- 4 -

both in its actual use and, psychologically, in the various countries feeling that they could spend their other reserves because they had this additional available. As you know, most of the countries will finish this war with very large gold, dollar, and sterling reserves. For example, the South American countries already have three billion dollars of gold and dollar reserves. In fact, the number of poverty stricken countries is very limited, and most of those countries would not find their needs met by this monetary plan alone. The problem is largely a British problem.

But where does that leave us? As you know I have always tried to make my suggestions constructive. It seems to me a next step could be taken that would be entirely consistent with the negotiations up to this point and would not involve the difficulties I have mentioned. I believe this conference could propose the immediate organization of the consultative features of the program, leaving the credit features for later consideration and action. No credit can in any event be extended under the principles of the plan as announced until after the war, and presumably until after the transition period, so it seems premature to ask for appropriations at this time; but it would be useful to organize a monetary council with arrangements for regular meetings to consult on international monetary problems which are already arising as, for example, the question of money for occupied territories.

I know that your people would be disappointed at taking this modest step rather than going all the way, and I know that some of the other countries will press very hard for as large and as early an appropriation of dollars which they might use as they can possibly get. But that does not mean it is the wise thing to do.

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The Tripartite agreement was an illustration of how valuable a very simple step on which everybody agrees can be in international affairs. The differences and acrimony arise when we try to be too definite too quickly, and try to anticipate the future too far.

I was a good deal struck with what Jim Forrestal said on this general subject in his speech at Princeton yesterday referring to world organization to secure permanent peace.

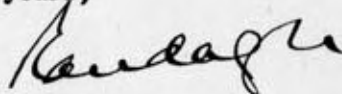
"We must realize that such an organization will have to be built brick by brick. In other words, I suggest that we move surely rather than too swiftly in the building of an international organization which is to provide a permanent framework for peace among nations. There must be some general outline of a pattern toward which we move, but it should be a pattern sufficiently elastic to accommodate itself to reality rather than to force realities into a rigid and inelastic plan. The stairway to the goal of perfect human relations, whether between men or nations, cannot be compassed in a single leap."

One other thought. Most of the problem arises from the difficulty of the British position. I have talked with a number of Englishmen and Canadians about this. I believe the British insistence on this program arises from a belief that this is the only way they can get the help of American dollars, and yet they do not think funds with even the few strings on them that this plan provides really meet their need. They really need a direct credit of about two billion dollars, but they do not want to ask for it, If they got that they would be content with a very much more modest monetary stabilization plan. My own feeling is that the American people would rather meet the British needs directly and openly than through a plan that purports to be for monetary stabilization.

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The foregoing attempts to summarize briefly my views on a very large and complex question.

Sincerely yours,



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

(C O P Y)

139-TT

Washington, D. C.
June 9, 1944

Dr. Harry D. White
Assistant to the Secretary
Treasury Department
Washington, D. C.

Dear Dr. White:

The group representative of the American Bankers Association which met with you yesterday has appreciated the opportunity to review proposals to be considered by the Monetary Conference in July. We are in full sympathy with the purposes of the conference. International discussion of plans for currency stabilization is desirable, and we believe provision should be made promptly for continuing consultation. As suggested, we offer the following critical comments.

While appreciating the additional provisions you suggested for safeguarding its use, we still have question as to the size, nature, and provisions for use of the suggested fund. The amount proposed in the experts' draft plan seems to us far larger than is necessary or desirable if it is really limited to use as a stabilization fund.

A too large fund may be as dangerous as an inadequate fund. Many parts of the world face serious prospect of post-war inflation such as occurred just after World War I. Many countries already have large supplies of dollars and gold, partly as a consequence of this country's war spending. Many are already in the grip of serious inflation.

The very size of the fund is an invitation to over-expansion. We also still believe that the provisions for the use of the fund are so drawn as to create the impression that countries have a right to borrow within the limits of their quotas, without much question as to the use of the funds and capacity for repayment.

The interpretation of the fund as a means for expansion rather than for stabilization is encouraged by Lord Keynes' address before the House of Lords. It sounds like the philosophy of deficit spending over again, - the use of credit as a cure-all.

Dr. Harry D. White
page 2.

One reason for the large size of the fund in the experts' draft plan is that a large amount of it is in domestic currency not convertible into gold and therefore not available to meet most borrowing needs. A smaller fund consisting of gold and gold currencies would be just as effective. In that way the United States would not be asked to furnish so disproportionate a share of the part of the fund likely to be put to use - perhaps 60 to 65 per cent in the experts' draft.

But our principal fear is of inflationary use of the fund or its possible use to postpone essential economic adjustments, which often become more difficult and disturbing when postponed. The huge size of the fund and the provisions for its use increase this danger and Lord Keynes' address suggests that this is the British view of the purpose of the fund. We fear it might be the view of the majority of the directors of the fund, especially since so large a part of the gold and gold-convertible funds would come from this country.

Our opinions as to the broad constructive program for currency stabilization were set forth in the report of the Economic Policy Commission of the Association entitled "Place of the United States in the Post-War Economy." We believe this may still be accepted as a statement of the position of the American Bankers Association.

In behalf of our group, I am,

Sincerely yours,

W.R.B.

June 22, 1944
2:35 p.m.

FRENCH CURRENCY

Present: Mr. D.W. Bell
Mr. Luthringer
Mr. Dunn
Mr. Glasser
General Hilldring

H.M.JR: I have asked Mr. Glasser to give us something to put our teeth into. I haven't seen it, but if that is all right with you, Glasser, would you read it, please?

MR. GLASSER: (Reading) "I do not feel that we should too lightly proceed upon the assumption that our Governments are under any legal or moral obligation to compensate France for the supplemental currency which is being used.

"This supplemental currency has been issued by General Eisenhower under his authority as Supreme Allied Commander, because at present he is the only authority with the power to issue currency for France. The Supreme Allied Commander has the responsibility of seeing to it that the Frenchmen who accept and hold this currency will not be cheated, and full value will be given for it in francs.

"However, historically, and under international law, a strong case can be made out that neither of our Governments has any obligation to bear the burden for any of the expenditures being covered with this currency.

"Despite these considerations, nevertheless, this Government has now decided to reach a financial agreement with Belgium, the Netherlands, and Norway, under which we will pay currently in dollars for the amounts of their

- 2 -

currencies used for troop pay, and they will bear the financial responsibility for all other expenditures made with their local currency.

"I understand you have reached similar agreements with these Governments. Of course, we will want to apply similar principles to France. The only question is how and when.

"With the foregoing in mind, namely, that the alternatives are not necessarily that we either assume responsibility for this currency, or get the French Committee to agree to assume responsibility, I am willing that we should study the possibility of reaching an agreement with the French Committee consistent with existing political consideration along the lines of financial agreements which have already been made with Belgium, the Netherlands, and Norway.

"I am giving instructions that the appropriate Departments of the Government proceed with the study of this problem in consultation with the French Committee, and I hope that your studies and consultations will be coordinated with ours."

MR. BELL: Very good start.

H.M.JR: What do you think?

MR. DUNN: That is very good, indeed. I am all for it. I just wonder whether the President will want to make an agreement with the French Committee under which they will be bound to do anything. I think we ought to make an agreement under which we bind ourselves to carry out similar procedure with France that we are with Belgium and the other refugee countries.

MR. GLASSER: Whom would we bind ourselves to? Not to the French Committee, but just by a public statement?

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MR. LUTHRINGER: Sort of a unilateral declaration of our intent.

MR. DUNN: Yes, or I wouldn't see any objection to binding ourselves to the French Committee.

MR. BELL: Could that be done without recognition?

MR. DUNN: Oh, I think so, yes. But if there is anything in that agreement which would bind them, I wonder whether the President would want to accept the fact of their binding themselves to do something for France. That is the point.

Then you might run into the question of recognition.

MR. BELL: It doesn't seem to me it can just be a one-way street.

H.M.JR: That is what I was going to say. If we bind ourselves to the French Committee, but then turn around and say, "...but we don't want you to agree to it"--

MR. BELL: Well, to say that we will agree to their turning over the dollars, but we won't agree to assume any responsibility on the currency, I think would be terrible.

MR. DUNN: Mind you, I wouldn't object to making it a two-way agreement, myself, but I wonder whether the President would want to accept them.

MR. BELL: Yes, I get your point.

H.M.JR: The last sentence in Churchill's cable - (To Glasser) you have all my papers there - I forget the very last sentence-- (Refers to cable of June 21)

MR. GLASSER: (Reading) "I am not thinking of the position of the French Committee in this whole matter."

See, Churchill wants to get out from the financial

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responsibility. The only way he can get out is if the French Committee agrees to something, so he thinks. Now, if you don't want the French Committee to make any commitment, then you are not satisfying Churchill's requirement.

MR. DUNN: The question is, if the French Committee did agree to do something, what good is it?

MR. GLASSER: It would satisfy Churchill, but I don't think it would satisfy any other requirement.

MR. LUTHRINGER: I don't think that premise is sound, anyway, Harold, that unless there is some sort of an agreement they can't give us any reciprocal aid. I mean, it seems to me that will all be washed out in some final settlement, in any event.

I mean, that is one of the factors that can be taken into account in a final settlement - how much we want to consider was purchased in goods and supplies there should be regarded as analogous to reciprocal aid.

H.M.JR: I went much further. I didn't want to pay them in dollars because I wanted to keep that open, but you fellows have got me overruled.

MR. LUTHRINGER: Yes, but that is only one item; that is, that can be compared more or less against civilian supplies. That is another thing he ignores, I suppose. Unless there is some sort of agreement, who is going to pay for civilian supplies? I suppose we would be advancing them on some basis. We wouldn't let the French people starve.

In other words, the reciprocal obligation is here, it seems to me, and that he ignores.

MR. BELL: If we are going to make such an agreement, shouldn't the French Committee have some responsibility for those supplies and shouldn't those French supplies be

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paid for out of the dollars that we make available in the pay of our troops?

MR. LUTHRINGER: That is the way it is going to work in the case of the other three, as I understand it.

GENERAL HILLDRING: That is the way it is going to work on the civilian supplies. As a matter of fact, in the beginning we instructed Eisenhower on our supplies-- that was when it was going around on an informal basis-- do you remember, Mr. Dunn, in order to keep our supply account straight, we told Eisenhower to turn these supplies over and to charge them to the French Committee.

Now we have changed that and told Eisenhower in the final draft he received that the supplies would be turned over to and charged to the French authority selected by him, to whom he turned them over. So I think the distinction - the difference in words there - Eisenhower will choose, I think, to turn all of these supplies over under the Directive he has gotten from the President to the Comité, which he, Eisenhower, can choose to do.

So I think you are going to get a charge against the Comité for these supplies under the instructions that Eisenhower now has, aren't you?

MR. LUTHRINGER: I should think so.

GENERAL HILLDRING: Certainly for ninety-nine percent of them. He might, in a special locality, choose to deal with some other French authority, but it seems to me that in ninety-nine percent of the cases he is going to turn these things over to the Comité.

H.M.JR: Could we point that out in a covering memo to the President, that that is what is going to happen in practice?

MR. DUNN: Yes, just for his own information.

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Mr. Glasser, did that formula of yours there - does that contemplate paying over to the Committee the amount that would be used by the troops?

MR. GLASSER: Well, we don't raise the question. You see, all this draft does is - Churchill says that he is now studying the matter of reaching an agreement with the French, that he is consulting with the French; then our formula would be that we agree that we will also study the matter, that we will also consult with the French, and then ask for coordinated action between us in reaching any agreement.

MR. DUNN: You don't set out what you do with the dollar equivalent of the francs used by the troops?

MR. LUTHRINGER: That might raise a political question, too, of whether it was a suspense account, or whether you actually credit it to the account in the name of the French National Committee.

MR. BELL: Would it be a blocked account?

MR. LUTHRINGER: One way of doing it would be to put it in some sort of a suspense account, and at the same time, of course, you would be getting dollars there and they would be getting dollar obligations on account of civilian supplies.

Now, whether you want to settle as you went along, or let both things accrue until you did have somebody you were going to recognize and then settle, I don't know.

MR. GLASSER: There are three ways of handling it: Pay the dollars over to the Committee or put the dollars in an account - blocked account - to the United States and leave it there, just as we have been doing with the French assets, and the third is to put it in the special account and charge against it, use the dollars to pay for supplies that are shipped into France. You have those three alternatives.

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MR. DUNN: Yes.

H.M.JR: What are you going to do with Belgium and Holland?

MR. GLASSER: We will pay them in dollars, probably every two weeks or once a month. We will pay them in dollars in accordance with the present arrangement and they will use those dollars and other dollars that they have to buy supplies for Belgium.

H.M.JR: What is the matter with that?

MR. LUTHRINGER: I think that is all right.

MR. BELL: The only question is a political question, whether you recognize them through that.

H.M.JR: Let's, for the moment, get a good business arrangement for America and then let's see where that gets us - what?

MR. DUNN: Yes.

H.M.JR: Now I am going to say something. The reason I preface that is because if we did the same thing with the French and let, or made, the French use their gold in this country with which to buy supplies - do you see - because I have always taken the position ever since I went to Africa that I would like to see the French use up this money. I think it would be good for the President in peace negotiations if they were broke.

Maybe that sounds harsh, but I am talking in the room. I mean, I am thinking now, what is the best bargain for the United States Government. I think the best bargain for the U.S. Government would be - if we did this thing and then let them use the money they have here to buy the supplies and use it up first, before they come to us to get something in Lend Lease, or something else.

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That whole question - I don't want to bring it up here today, because I asked them to pass over this question of Lend Lease in Italy, and it will be the same thing in France, soon.

Now, I realize that to do that you have to recognize the French Committee and all that, but I would like to first say, as Secretary, is it a good bargain for us? I think it is.

MR. DUNN: You mean, Mr. Secretary, under that scheme, then, you would put in a suspense account the amount of dollars that are used for the troop pay and then, for paying for their supplies, let them draw on their gold first until they use that up?

H.M.JR: No, I would let them use up the troop pay first.

MR. BELL: Which probably wouldn't be enough.

H.M.JR: Let them use up that, but with the understanding that before they come to us for Lend Lease, or something else, we will let them use the gold which they have here. That was all.

MR. BELL: I understood that we offered to let them use some of that gold and they wouldn't do it unless they had recognition.

MR. LUTHRINGER: Wasn't that the gold they have in North Africa?

MR. BELL: No, I thought that question came up and they said they didn't want to use France's assets.

MR. DUNN: That was meeting some bond obligations, wasn't it? Yes, they refused to touch it unless they were given full authority.

MR. BELL: That is right, unless they were recognized.

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MR. DUNN: Full authority over the gold, yes.

H.M.JR: If I can just say this - if we use the same pattern we used with the Belgians and these other countries, and spell it all out in the cable so that both Roosevelt and Churchill can read it, you see - make it a little bit longer and a little more explicit, so we don't have to have a covering memorandum - "Now, this is what we have done for these countries" - do you see - as though Roosevelt was explaining it to Churchill, and go into the thing in greater detail - and if you want to, bring in the gold, and then he would understand it. And then I wouldn't raise the question of recognition - "This is what we have done for three countries, Mr. Roosevelt. You have agreed to this on the recommendation of Mr. Hull. Mr. Churchill has agreed to it" - hasn't he?

MR. DUNN: Yes.

H.M.JR: "Now, why not let's follow the same pattern and do it for France."

MR. DUNN: On that question of their using the gold, Mr. Secretary, I have always felt pretty much on my own, but I think there is a feeling in the Department otherwise, also, that the French Committee, nor any group that is not a government, should not be permitted to use that gold up to the time when that gold could be used for the French people. But I think now, I mean, from this time forward, that they ought to be authorized; and I don't think the question of recognition ought to interfere with that.

I think that we ought to recognize them to the extent of being empowered to draw on that gold to feed the French civilians, for instance, at this critical time. I think that fits in with your plan. I think we would be justified in doing that now.

H.M.JR: I want to be completely frank with you people. I have been following this thing very closely. I put myself in Eisenhower's place; his job is to win battles, and not have to be fussing with this thing.

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It must be a great source of irritation to him. And there is no decision, and he goes on - he is getting further and further in. He has a set of mayors who say they will do this, and your men (To General Hilldring) who say they will do something else. It must be a mess.

GENERAL HILLDRING: There is no question about that, Mr. Secretary.

H.M.JR: Now, I would like to put this up to the President just as a sort of a business proposition, with the hope that he might say to himself, "Well, this is an out for Mr. Roosevelt," do you see?

And I take it the State Department will be glad to see this thing settled.

MR. DUNN: Oh, yes, yes.

H.M.JR: Now, the President is smart. I am not putting anything over on the President. But this might be an out for him.

Now, certainly, when we gave him those questions and answers on the Monetary thing he certainly handled it beautifully at his press conference, and he understood it fully. But I am repeating myself - just spell it all out; if you think the gold is raising an extra hurdle, I wouldn't raise it at this time; wait until they come and ask us. If it makes difficulty in the State Department, I wouldn't raise it; if it is going to make difficulty in the President's own mind, I wouldn't raise it. Wait until they say, "We have no more money." But I would just spell out the deal we have made with these three countries. You went right ahead and notified these countries - "Mr. Roosevelt, this is what has happened. Now, we are recommending that you send this cable - full explanation - we will try to make the same deal with France that we have with the other three countries."

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MR. LUTHRINGER: Could I ask a question, Mr. Secretary?

H.M.JR: If you please. But I am being very frank, and I am not in any sense putting anything over on the President, because he knows.

MR. LUTHRINGER: I just wanted to be clear on the gold question.

I think that the State Department might well be prepared to go along on the question of using some of their gold or dollars for relief supplies to the extent that that was necessary.

On the other hand, we do have these Reverse Lend Lease agreements with the Belgians and with the Netherlands, so I wondered if, as you envisage it, it still meant that you were going to clean them down a long way on the gold or not.

H.M.JR: No, I simply meant - I am thinking of this Italian thing which is very difficult and I don't know which way to vote yet - that before we go and take more of our new dollars and pour them into one of these countries until we get to the point of taking care of their civilian population, I think they should use up their own assets here, first.

Does that answer your question?

For instance, if Italy had a hundred million dollars here today, frozen--

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MR. LUTHRINGER: Oh, I think it does sir, if you mean you think they ought to draw on their own gold before we give them civilian supplies.

MR. BELL: Is that in accord with the Belgian and Netherlands?

H.M.JR: Excuse me. Before you draw on the Treasury-- I call it for "Treasury money", where I have to go into my pocket officially to buy something for one of these countries who have money here; I say they should use their own money first. I don't see where we are in conflict.

MR. LUTHRINGER: No, I don't believe we are, because certainly under the existing arrangement, as I understand it, if the civilian supplies required for Belgium exceeded the Belgian accruals on troop pay, the Belgians would draw on their existing assets here, and as I understand your suggestion, you want to put France on the same basis.

H.M.JR: That's right.

MR. LUTHRINGER: I think that's logical.

H.M.JR: That's all. Before I have to go out and borrow money, how can you or I or whoever explains it to Congress, explain I am to borrow a hundred million dollars to feed French civilians, when they have a billion dollars here in our banks? I can't explain it. I don't think anybody else can.

MR. DUNN: As a matter of fact, the French Committee have always taken the position that they want to pay for the supplies, too.

MR. BELL: That's how I understood it.

MR. DUNN: So that will work out all right.

H.M.JR: You advise me. If you think it is going to make extra difficulty by raising the gold question now, I won't raise it. If you would rather put all the cards on the table at once, okay. I'll take advice on it.

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MR. DUNN: No, to me--I mean, it won't raise any question in the political field, that I see, because if you want to authorize the French Committee to use that gold for relief supplies for the civilian population in France, that, itself, wouldn't constitute a recognition of the Committee, if you don't want it to. So I don't think it would raise that question.

H.M.JR: I wouldn't put it that way.

MR. LUTHRINGER: I was going to say I thought it might unless you did it under directive license.

H.M.JR: I wouldn't put it that way. I would say, "Under the arrangements that we have made with Holland and with Belgium, and so on, before we give them any additional supplies that they say they can't pay for, they will have to draw down on their own assets in this country and we will treat the French the same way." I use the word "assets".

MR. DUNN: I think that's perfectly sound, yes.

H.M.JR: Because I believe all these agreements should be made public promptly and not wait for them to leak out. I love to see them right out in the papers, and if anybody doesn't like them--I think there are too many of these agreements that never see the daylight.

MR. DUNN: I don't see why those agreements shouldn't be made public.

MR. BELL: They haven't been made yet, have they?

MR. DUNN: No, they haven't been finally arrived at yet.

H.M.JR: But none of our agreements on the Italian thing have ever been made public, have they?

GENERAL HILLDRING: The surrender terms weren't made public, Mr. Secretary, because as a condition to their signing

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Badoglio said, "I will sign them provided you don't publish them to the world. If you do, I won't last twenty-four hours". Wasn't that it?

MR. DUNN: Yes.

GENERAL HILLDRING: We had no objection to their being made public, nor did the British. As a matter of fact, the British have opened the subject of publishing them, which we think would be bad now, because they look awfully tough now. At that time they would have looked all right.

MR. DUNN: Yes, but Eisenhower gave his word that they would not be published.

GENERAL HILLDRING: And that is the reason we did not publish them during Badoglio's regime. We have no objection to it, Mr. Secretary.

H.M.JR: Where do we go from here, clean this up and get something to the President?

GENERAL HILLDRING: One thought I had, Mr. Secretary. There is no objection on the part of the War Department at all, because I can say for the War Department, without even talking to the Secretary, that I am certain he would go along with this. It is a step closer to the Bernstein recommendation, which was to let the Committee issue the currency, do you remember? We believed in that, as a matter of fact, over in the War Department. So this is mild compared to what we are willing to vote for. But I think if we were to substitute--I think the President is going to balk at this word "agreement"--for the word "agreement"--

MR. BELL: Arrnagement?

GENERAL HILLDRING: Arrangement or understand; from our experience with the President, I think he is going to balk at that word. What do you think, Mr. Dunn? Not that the War Department objects, Mr. Secretary.

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MR. DUNN: I agree with that.

GENERAL HILLDRING: We don't object, but I think the President will. He says he does not want to render an agreement with this fellow DeGaulle.

MR. BELL: We almost have to enter into a Lend-Lease agreement, wouldn't we?

MR. LUTHRINGER: An understanding, or whatever you would call it, I should think.

GENERAL HILLDRING: Understanding, even though it eventuated in a written document, if we use the word "understanding".

MR. GLASSER: You see Churchill says, "I believe we should study whether there is a basis for an agreement with the Committee, provided nothing is given away which you and we do not want to give away." I don't see how we can object to studying it, since the British are already studying it and since they are talking to the French, that we better begin talking with the French so they don't get ahead of us.

H.M.JR: Why not use the General's suggestion and call it "understanding"? Then we will let the lawyers define what an understanding is.

GENERAL HILLDRING: That represents my attitude, Mr. Secretary.

H.M.JR: Are you an attorney?

MR. LUTHRINGER: No, sir.

H.M.JR: First meeting I have had in my office when we haven't had an attorney present.

MR. BELL: Getting along fine! (Laughter)

H.M.JR: Glasser, why don't you redraft the thing? Let me see if I can state it, putting into the President's mouth what the understanding is we have with Belgium, Holland and Norway, what it means, and that we propose to

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begin a study of similar understanding with France. See? Take that thing and explain, spell it out. Because I am confident that he does not understand what he okayed for Holland and Belgium, so we will spell it out for him. Then if you will show it to the General and get the General's people to help you, and Mr. Dunn's people and if possible, I would like to get it not later than by twelve o'clock tomorrow. Is that all right? Would you like to add something?

MR. DUNN: Yes. Does the understanding with these other countries also contain reference to the payment for their supplies?

MR. GLASSER: No, of course we don't have any understanding yet. We haven't negotiated the actual agreement. We do have a draft of an agreement that the British made with the Belgians. I don't know whether it's a final draft, but it was a draft. In there, it provided that the Belgians would take the full responsibility for the currency, whereas the British took the responsibility of paying in sterling for the amount of currency that was used for troop pay. So in the financial side, the Belgians, in effect, say they will take care of all the currency and the British say, "We will pay you in sterling for the amount we used in troop pay".

MR. BELL: Is there anything about paying for civilian supplies?

MR. GLASSER: No, there is nothing in here.

MR. BELL: Just assumed?

MR. GLASSER: Yes.

MR. LUTHRINGER: I don't know how the British fix that. In our case it would be covered in the Reverse Lend-Lease agreements, I believe, which might require some modification, because I think in the Belgian case, you are supposed to advance the actual goods and not the cash.

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MR. GLASSER: We expect to have a financial agreement with these governments, and that financial agreement would simply provide that the Belgian Government would supply us with all the currency we need at the time when we do need it, that we, on our part, will pay them in dollars for the amount of currency that the Supreme Commander uses to pay American troops; we determine the figure. Now it's like the British arrangement.

MR. LUTHRINGER: Yes.

H.M.JR: Well, will you go ahead conferring with Mr. Bell and whomever the General designates and whomever Mr. Dunn designates and try desperately to get me something by noon tomorrow?

No, you are not worried that this so-called "agreement" may be doing business with the Committee--the State Department?

MR. DUNN: No, I am not worried about that.

H.M.JR: Would you be happy to see the President do this thing and get it over?

MR. DUNN: Oh, yes, yes. I would be glad to see an understanding.

GENERAL HILLDRING: And so would we, Mr. Secretary.

H.M.JR: So would we. All right.

MR. GLASSER: Mr. Secretary, may I raise another point?

H.M.JR: I will have to stop. The Chinese Ambassador is here. I don't know how long you keep them waiting over there.

MR. DUNN: That's another understanding.

MR. GLASSER: I would like to ask Mr. Dunn while he is here, whether there would be any objection if Mr. Mendes-France came here--

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H.M.JR: They asked us--Mr. Monnet said to somebody, "Would it be pleasing to me if Mendes-France came to attend the Monetary Conference?" I didn't want to answer him without asking your advice.

MR. DUNN: I should think it would be perfectly all right for him to come.

H.M.JR: I can say the answer, "It will be pleasing".

MR. DUNN: In what capacity? Just invited to come in, do you mean?

MR. GLASSER: When Mendes-France was here, Monnet discussed with him the possibility of Mendes-France coming as the head of the French Delegation, and it wasn't decided. Now, Monnet has received the cable from Mendes-France asking whether, referring to the previous discussion, "In view of the currency difficulties we have been having, would it be pleasing or displeasing to the Secretary of the Treasury if I came?"

MR. DUNN: My own feeling is that there is every advantage in having him come and talking to him. You always get a little better understanding.

H.M.JR: Especially if DeGaulle is going to be here. Then we have his Minister of Finance here who was, I thought, a very decent fellow.

MR. DUNN: Yes, very, very sensible.

H.M.JR: And if he is here in America, I think he might help us on this thing with DeGaulle, if DeGaulle comes.

MR. DUNN: Oh, yes, those things are always helpful, I think.

H.M.JR: So it would be all right to tell him?

MR. DUNN: Yes.

Treasury Department
Division of Monetary Research

157-A✓

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Date June 22, 1944 19

To: Mr. D. W. Bell

From: Mr. Glasser

According to information received by Mr. Taylor, SHAEF officials were informed by the French that the 20 French Liaison Officers who were to accompany the Allied Forces had been instructed as follows:

1. To use no supplemental francs themselves;
2. to refuse to accept supplemental francs in exchange for Metropolitan francs and, if asked, to so advise other French officials;
3. to state that the supplemental francs were being issued without the approval of the French, and
4. to state, if asked, that the issuance of supplemental francs by the Allied authorities constitutes a violation of French sovereignty.

The 20 French Officers on June 13, had not gone forward. Mr. Taylor reports that a cable on this subject was sent through Military channels on June 12. Mr. Taylor also reports that the supplemental French francs have been accepted without hesitation by the local population. The smaller notes are being worn by some Frenchmen on their lapels in order to display the tricolor on the backs of the notes.

Copy of letter from Mr. Taylor is attached.

EMBASSY OF THE
UNITED STATES OF AMERICA

MISSION FOR ECONOMIC AFFAIRS.

1. Grosvenor Square
LONDON, W. 1

157-B
SECRET

AIR POUCH

June 13th, 1944.

No. 13

Mr. Harry D. White,
Assistant to the Secretary of the Treasury,
Treasury Department,
Washington, D. C.

Dear Mr. White,

1. The battle of the franc continues and waxes hotter. The latest is a blast from Algiers ('News Chronicle' article, June 13, enclosed) quoting "A prominent Frenchman just back from Washington" - it could be M. Mendes-France. At the meeting on June 10 with Herve Alphand, Colonel Bernstein and I went over in detail the negotiations re the supplemental franc currency. I traced the French-American discussions in Washington from our meeting last December with Monnet-Istel-Alphand down to your discussions with M. Mendes-France in May. I recalled to his mind that the French had explicitly agreed to the design of the franc after clearing with the Comite in Algiers. I handed him a copy of Mendes-France's letter of May 27 to the Secretary re franc currency. He acknowledged these discussions and also admitted that we had made our position clear from the beginning re the question of the issuing authority. He wound up with the statement that the French had hoped until zero hour that they would be recognized as the issuing authority and that since that had not been done they regarded the Allied action as "a grave breach of French sovereignty". It appears clear to us that what the French of Algiers are interested in is recognition as the Provisional Government of France and that the currency issue is only a means to this end.

The British have done nothing to discourage the French in their tactics. The British press has conducted a vigorous campaign on de Gaulle's behalf with inspiration coming from London and Algiers. The Foreign Office policy seems to be based on the desire to make Washington realize its mistake and rectify its error. In the midst of all this the P.M. has sounded off, on a couple of occasions, about his thorough personal dislike for the General. Such statements have caused consternation in the Foreign Office; that the Foreign Office attitude dominates should be evident in the cables from the P.M. to the President requesting that the General be allowed to issue a statement legalizing the supplemental franc as Chief of the Provisional Government.

During his stay here the General has been busy. His address to the French people on D-day carried a double laudation of Britain, "the bastion of freedom and democracy" but studiously neglected to mention the United States. He has attacked General Eisenhower's statement to the French

people as foreshadowing the creation of Military Government (the French now refer to this as *Madam Angot*). In his June 10 statement to the French press the General blasted the supplemental franc currency and the lack of an agreement on civil affairs. The General has been buttering up to the Governments-in-Exile. He had dinner with Premier Pierlot of Belgium one evening and has conferred with the others. It is understood that Belgium, Luxembourg, Poland and Czechoslovakia will recognize the Comité as the Provisional Government of France.

The state of affairs is mirrored in the story concerning the French Military Mission. About a year ago an understanding was arrived at with the French military that French officers would accompany Allied troops in operations in France. For the past year over 500 French officers have been training in the B.T.O. for such purposes. It had been made clear that the Allied military authorities would consult closely with these French liaison officers and be guided by their judgment, except in cases of military emergency. In early May the picture was promising and the Allied Commanders were being briefed on their relationships with the French and the necessity of avoiding any action that could be construed as treating the French differently from the authorities in the other friendly areas. General Koenig threw a bombshell into a SHAEP meeting when he stated in late May that he was not empowered to authorize a single French liaison officer to accompany the Allied Forces. This nihilistic stand was adamantly supported by de Gaulle when he arrived here on D-2. Only when the British appealed to de Gaulle to reconsider did he grant permission to 20 French officers to participate in the operation. Yesterday the French were requested to state what instructions, if any, had been issued to these officers re currency. SHAEP officials, according to my information, were informed that the 20 French officers had been instructed as follows:-

- (1) to use no supplemental francs themselves;
- (2) to refuse to accept supplemental francs in exchange for Metropolitan francs and, if asked, to so advise other French officials;
- (3) to state that the supplemental francs were being issued without the approval of the French, and
- (4) to state, if asked, that the issuance of supplemental francs by the Allied authorities constitutes a violation of French sovereignty.

The 20 French officers have not yet gone forward, but the arrangements are adjudged by the military to have gone too far to cancel their trip, although they may be delayed for some days. A cable on this subject was sent through military channels yesterday.

I had luncheon the other day with Sir David Waley. Without warning and in his own inimitable way Waley informed me that he had always been a strong de Gaulleist. He felt that the attitude of the American Government was absolutely wrong. He added that it had always been his opinion that, in the negotiations in Washington concerning the printing of the supplemental franc currency and its use, Jean Monnet had given in much too easily.

A day or so later I was talking with Mr. Penton of the U.K. Treasury. Penton took the opportunity of informing me that "we do not like de Gaulle but we did create him". He explained that at the time of the fall of France

- 3 -

when it looked as though the British world might topple into dust, the British had seized upon the person of de Gaulle to induce Frenchmen to continue resistance. In the beginning the British were optimistic in believing that the whole French Overseas manpower might be induced to continue the war and that a large section of the Fleet might join the Royal Navy. This had not happened but the British had gone on plugging for de Gaulle until the landings in North Africa in November, 1942. Since then de Gaulle has won out as a power in French politics and Pentagon added "after all we have to live with these people and they are only 20 miles away from our shores. We cannot afford to antagonize General de Gaulle or the political figures of the Comité until we know more about France's political future."

In this regard, Alastair Forbes, writing in the Daily Mail of June 13, was merely echoing the sentiments and views of a large section of British political opinion when he wrote that: "the first step towards a European policy is to acquire an Anglo-French alliance. We cannot get that alliance until we allow French affairs to be handled by a French Government - - - If Europe finds we have no policy, she will look entirely to the East."

Very truly yours,

(S) Wm. H. Taylor
(U.S. Treasury Representative)

2. P.S. I am enclosing herewith a spate of newspaper articles dealing with the French situation particularly the franc currency question.

(encl.)

P.P.S. The first reports are in on the use of supplemental francs in France. General Montgomery has reported that supplemental francs have been well received by the local population. One officer who was over for a few days reported that the French showed no hesitation in accepting the supplemental currency and that some Frenchmen were wearing the smaller notes on their lapels because of the tricolor. The proclamation on currency signed by General Eisenhower have been posted everywhere.

COPY 6-21-44 km

cc: Mr. Glasser, Mr. Laxford, Mr. DuBois, Mr. Aarons, Mr. Schmidt,
Mr. Hoffman, Mr. Tomlinson, Mrs. Gold, Miss Mikulich.

MEMORANDUM FOR THE FILES

Meeting in Secretary Morgenthau's Office,
June 22, 1944
3:00 P.M.

Present: Secretary Morgenthau
Ambassador Wei
Mr. Lipsman

The Secretary told the Ambassador that the President had sent to him Dr. Kung's Aide-Memoire brought to the President by General Shang Chen and suggested that he (the Secretary) talk to Ambassador Wei about the proposals contained in the Aide-Memoire.

The Secretary said that the proposals contained in the Aide-Memoire were now being given very careful consideration and study; that the Treasury had cabled Dr. Kung that when he arrived in the United States the proposals could be discussed here; and that it was hoped that our views on the subject would be fully matured by the time Dr. Kung arrived. Ambassador Wei thanked Secretary Morgenthau for the information and said that a mistake probably had been made about the fact that General Shang Chen had brought the Aide-Memoire to the President, probably because the General had also handed to the President a memorandum on the military situation in China at the same time the Ambassador handed the President the financial Aide-Memoire.

The Secretary said that he understood that Dr. Kung was to arrive in the United States on Friday and Ambassador Wei replied that it was also his understanding. In response to a question from the Secretary, Ambassador Wei said that Madame Kung was not coming to the United States. The Ambassador said that with Dr. Kung was a delegation of about ten people.

June 22, 1944
3:58 p.m.

Ernest
Olrich:

.... Mr. Secretary.

HMJr:

Good afternoon. Tell me, I'm very much interested in knowing how you got along over at O.P.A.

O:

I was over there yesterday

HMJr:

Yeah.

O:

.... and it resulted in a conference with the General Counsel today.

HMJr:

Yeah.

O:

I have wired -- they have wired their Minneapolis man to get in touch with our Minneapolis man and to see what they can get together on.

HMJr:

Yeah.

O:

Our contention is that they're assuming we're filing under one classification, and we have told them we filed under another classification, which changes the thing entirely. They both ought to be acceptable, but they're not. There -- evidently somebody hasn't turned some of our letters over and the local man has ignored it. But we're trying to get together.

HMJr:

Yeah.

O:

The whole thing has been postponed until they can get together for a determination.

HMJr:

I see.

O:

So much has come of that -- as a result of that talk. The things that are being done now are the things which your department and Internal Revenue do as common-place business.

HMJr:

I see. Well, I'll tell you what you do, because I won't have a chance to see you again -- of course, I haven't seen you -- why don't you come and have supper with me, you see?

O:

Yes.

- 2 -

HMJr: Are you busy tonight?

O: Yes, I was -- I'm entertaining a customer from Portland, Oregon.

HMJr: Well, ah -- you better entertain him then.

O: (Laughs)

HMJr: Ah -- I won't have -- let me just think -- it's four -- what time are you entertaining him?

O: Oh, about six-thirty, or seven o'clock. I could stop out at your house at six.

HMJr: No, that -- that would be a bad -- you couldn't delay a little bit

O: Yes, sir.

HMJr: with him, I mean.

O: Yes, I could. Very easily.

HMJr: Ah -- let me just think a minute -- supposing -- could you drop over and see me at the house, say, about quarter of seven?

O: Yes, sir.

HMJr: What?

O: Yes, sir.

HMJr: Supposing you do that, because I'd like to just have a little talk with you.

O: Right.

HMJr: You know -- you know where I live.

O: Yes, sir.

HMJr: And your customer will wait?

O: Yes, sir. He'll wait. He's buying the dinner. (Laughs) Customers do these days; it's short merchandise.

- 3 -

HMJr: I see. Yeah, I - I hope it's a nice-looking customer.

O: No, it happens to be the Merchandise Manager of Meier and Frank of Portland, Mr. Snell. (Laughs)

HMJr: I see.

O: The other kind we have too, Mr. Secretary.

HMJr: I see. Well

O: Then I do the buying, although we have some of those that are willing to buy too. (Laughs)

HMJr: All right. Well, you drop by at quarter of seven.

O: Yes, sir. I'll be there.

HMJr: Thank you.

O: Thank you, sir. Good-bye.



ASSISTANT SECRETARY

TREASURY DEPARTMENT

Washington.

June 22, 1944

MEMORANDUM FOR SECRETARY MORGENTHAU

From: Assistant Secretary Sullivan

J L S

For your Information

Mr. Olrich reports to me that his meeting with the OPA people this morning was satisfactory. Arrangements have been made for Munsingwear officials and attorneys to discuss this matter with the Regional OPA people in Minneapolis next week. OPA has assured Olrich that in any event, any further court action will be postponed until after July 30.

Olrich feels encouraged and thinks there is a good chance of working this out.

FOR DEFENSE

BUY
UNITED
STATES
SAVINGS
BONDS
AND STAMPS

sent by 12512
6/24/44

163

THE NATIONAL BANK OF BLOOMINGTON
Bloomington, Illinois

GROVER C. HELM
PRESIDENT

June 22, 1944

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

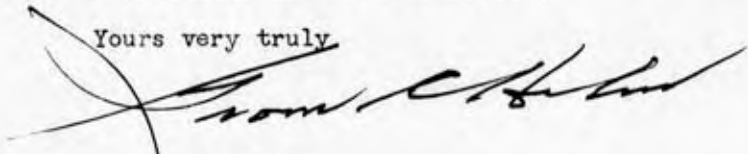
My Dear Mr. Secretary:

I enjoyed our visit at the Luncheon given in your honor by Mr. Young at the Federal Reserve Bank the other day.

I thought you might enjoy reading our article on the hog situation and also the other little side lights pertaining to produce.

We definitely favor laws by which commodity prices can be kept under control but some of the laws and regulations are hard to follow.

Yours very truly



Grover C. Helm
President

GCH:LS
Enclosure

GOOD LAWS HANDICAPPED BY INCONSISTENT ADMINISTRATION

We definitely favor the law by which commodity prices can be kept under control. We think a good law has been passed but we are of the opinion that a well intended legislation can lose its effectiveness unless more care and thought is put upon the administration of this law.

We are beginning to believe that there is something wrong in this entire picture and the Congress of the United States should begin an investigation of the administration of the Regulations now in effect.

For example, if this present hog situation has a satisfactory answer—this individual gives up.

We know case after case where farmers have suffered to a very material degree by the Regulation now in effect on over-weight hogs. It has been no fault of theirs that hogs have not been permitted to go to market. They have been told repeatedly that their part of this War effort was to produce food from the soil and to feed hogs and cattle to provide pork, lard and beef, not only for the Armed Forces of this Country and the citizens of Continental United States but for many of the famished countries in the Old World.

The hogs are ready to go to market. The farmers are told it will be necessary to get a certificate. They apply for it. The certificate might read the hog delivery can be made any time from two weeks to a month. The heaviest hog in the man's drove weighs 260 pounds. By the time he is permitted to take them to the stock yards, they have put on 15 more pounds. A part of them now weigh 275 pounds—a beautiful drove of hogs.

They are taken to the stock yards and it turns out the receipts are heavy that day. They are sold but are carried over two or maybe three days. An additional expense is charged to the farmer for the corn fed to the hogs while in the stock yards, which is no fault of his. They are finally sold and weighed. Half of the drove weighs four pounds over regulation weight. The farmer receives a discount of \$2.00 a hundred for these particular hogs.

The majority of people look at this bunch of hogs and pick the ones penalized as the choice ones. Here is the final answer—the hogs weighing 180 to 270 pounds bring \$15.65 and the hogs weighing 271 pounds and more bring \$11.50 a hundred.

May we add, if the farmer happens to put in two or three sows that weigh 400 pounds, he might receive as little as \$9.00 a hundred.

We do not think the average farmer would do any kicking if he thought the white collar worker or the man in the factory was receiving some benefit from this price reduction, but there is no differential in the price of bacon when the slightly heavier hog is slaughtered. It goes back to the retailer priced by the packer at the same price as the selling hog.

Furthermore, it might be of interest to the general public to know the packer receives a subsidy of \$1.30 per hundred weight from the Government for processing all hogs regardless of price, which just means they are processing and butchering some animals at a cost of slightly over 10 cents per pound to them.

We do know if the average retail grocery store or wholesale house were allowed to make even a slight resemblance of such a profit, they might be able to pay salaries to their employees comparable to the wages paid in factories doing War work.

OTHER EXAMPLES

While we are on the subject of Regulations, let us give you another side of this picture. There is no ceiling on celery. The jobbers are now paying \$1.50 a dozen stalks. Before the War they bought this same sized celery at a price that they could sell at 45 cents a dozen and housewives did not have to pay more than 5 cents a stalk. This same celery would have to sell now for at least 18 cents a stalk.

Another item—transparent apples. There has not been a ceiling put on 1944 apples. Somebody apparently does not realize we have apples that come from certain sections of the Country in the early months of the year. On June 17th a jobber paid \$4.50 per bushel, f.o.b. Chicago, for transparent apples. These are coming from some Southern State. I guess they think the volume is so little it isn't necessary to regulate the price. If we will just stop and think, it is always a limited supply and a heavy demand that makes excessive prices.

There has been no ceiling on peaches announced to date. Hiley Belle and Georgia Belle peaches are quoted to the wholesaler at \$4.00 for one-half bushel of approximately 22 pounds.

It is natural for the public to be incensed when they must pay such enormous prices for the items we have mentioned. They immediately blame the retailer, losing track of the fact that this business man is governed entirely by the price he has to pay for this particular high priced commodity.

The thought in this article may not be in keeping with the everyday business affairs of a Bank, but after all we feel that a Bank occupies the same interested position in the Community as an individual. We believe that matters of such importance which vitally concern, directly or indirectly, a majority of our people should be brought to the attention of Government Officials.

The integrity and sincerity of those who made the laws governing these problems are unquestioned, but we are of the opinion that these same Legislators should do everything in their power to see that the laws are carried out as intended.

GROVER C. HELM, PRESIDENT

THE NATIONAL BANK OF BLOOMINGTON

United States Depository of Public Funds and
Fiscal Agent of the United States Government.



"The Friendly Institution"

Regraded Unclassified

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

June 22, 1944

TO: Mr. Gamble

FROM: Ralph G. Engelsman

I made a spot-check today of the following New York firms to establish what is actually happening regarding sales to workers in the Fifth War Loan:

NEW YORK TELEPHONE AND AMERICAN TELEPHONE & TELEGRAPH New York City

42,000 employees

Took quota of \$4,200,000 as requested by the New York Committee.
Have established person-to-person canvass.
Have established extra Payroll deductions during the Drive and extra cash sales.
Confident they will exceed their quota.

EASTMAN KODAK

Rochester

28,000 employees

Took quota of \$2,800,000.
Expect to go over quota by June 26th.
First time they have permitted their employees to buy on a five-payment plan in addition to the regular Payroll Savings.
Had enormous rally.
Results exceptionally good.

B & G SPARK PLUG COMPANY

New York City

2,600 employees

Accepted national quota and selling extra Bonds for cash.
Believe they will make their quota of \$276,000.
For the first time have established team-captains set-up.

- 2 -

CLUETT PEABODY

Troy

5,200 employees

Would not take a quota, but have adopted the five-week plan to let employees buy extra Bonds.
Started yesterday, cash sales good, people also raising Payroll deductions.

ARMA CORPORATION

Brooklyn

7,500 employees

Took national quota, but put on their Drive for \$300,000 additional Bonds instead of moving toward \$750,000 quota. Have already gone over top with 97% of people subscribing. Person-to-person canvass dominated operations. They have already exceeded Fourth War Loan Drive achievement and expect to go further.

SPERRY CORPORATION

New York City

50,000 employees

Did not put on any Drive for cash Bonds, but put on a Drive early in the month to increase participation in Payroll, and succeeded by increasing Payroll participation from 64% to 97.5%.
They all feel this will produce more money in two months' regular deductions than extra Bond Drive did last time.

CONSOLIDATED EDISON COMPANY

New York City

24,300 employees

Was not able to reach Drive Chairman, but was told that their Drive is on now on a person-to-person canvass. Mr. Leach, to whom I spoke, seemed confident that they were going to do a job.

- 3 -

METROPOLITAN LIFE INSURANCE CO.

New York City

14,000 employees

Set up a quota of \$2,000,000 for their employees on basis of buying or selling that amount.
Confident they will go over this quota.
Will not have reports until end of month.
Felt that \$100 quota was high for white-collar workers.

GENERAL ELECTRIC

(National)

Schenectady

172,000 employees

Established a different quota for each office and plant in the country.
This amounts to a cash quota of \$3,500,000 over their regular Payroll Savings which is \$4,500,000 a month, \$9,000,000 during Drive period.
Reports so far have exceeded all expectations.

GENERAL ELECTRIC

New York City

1,000 employees

Putting on Drive for \$30 cash plus payroll per person.
So far Drive very successful.
This is a little below the regular quota, about in line with the Interdepartmental Committee, but they believe that they will go over in amounts which will equal the national quota.

ROCHESTER PRODUCTS COMPANY

(Subsidiary of General Motors)

Rochester

5,000 employees

Have accepted regular national quota and are already over, at least 139%.
Had big rally, person-to-person canvass.

- 4 -

OTIS ELEVATOR COMPANY

Yonkers

10,000 employees

Have set a goal for \$125,000 over payroll, which would bring a total for the two months of \$675,000.

Have solicited all but 200 employees and are over the top.

Sales very good.

Said that they are getting people to dig in the mattress.

Started with a rally with talent provided by local committee who have been in touch with them constantly.

Report much better sales than in Fourth War Loan.

BELL AIRCRAFT

Buffalo

25,000 employees

Have accepted national quota of \$100 per person.

Allowing six extra deductions through payroll and also taking cash purchases.

Arranging person-to-person canvass.

Confident of making their \$2,500,000 quota.

WESTERN ELECTRIC COMPANY

(National)

New York City

88,000 employees

Spoke to man in charge locally in New York City.

Said that they accepted quota and broke it down into various departments as per salary groups.

Made more sales in first eight days than in whole last Drive.

Great many more sales on extra Payroll deductions.

Also very optimistic and reports from rest of country optimistic.

CONCLUSION

My general impressions from these personal conversations with the men who are actually doing the job is that we will far exceed Fourth War Loan sales in plants. The \$100 quota idea has been generally accepted by the biggest firms. I feel that the Secretary's wire had much to do with this.

The planning has been much better than in any previous Drive. There seems to be complete confidence and enthusiasm among those men who are running the Drives within the plants. They all feel that the invasion is a stimulating factor if people are solicited. They think the person-to-person canvass is necessary.

From my conversations I gather that the local committees have done an excellent job in spots and haven't bothered much in other places, and that the larger firms are pretty much self-starters, experienced and well organized to move ahead.

It is well to note again that a substantial part of the money for the purchase of these extra Bonds is coming in through extra Payroll deductions, and we should not expect these Bond purchases to be actually recorded until almost the end of the Drive.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 22, 1944

TO: Secretary Morgenthau

FROM: Ted R. Gamble

This is the information which I received today from Mr. Meyers and Mr. Wilkie, the latter being the Chairman for Dutchess County, New York:

There will be a parade at 7:30 with bands from Military Police Battalion at Hyde Park and from Stuart Field near West Point Academy. Also from Stuart Field there will be a company of WACS. There will be detachments from Veterans of Foreign Wars and American Legion with their bands. Barring bad weather, it is expected that there will be about 10,000 spectators.

The performance starts at 8:30. You are to appear on the first part of the program. There will be one or two other speakers. The length of your speech should be about five or six minutes. Both the newspapers and KIP radio station have been very cooperative. The principal theatre, Netco, has also done much in preparation for the event.

The solicitation in Poughkeepsie has been through industries, corporations, clubs, associations, and other groups. There is a special issuing office for the sale of bonds to organizations of labor called "Labor Bond Office". It has been of great help in promoting the sale of bonds to painters, plumbers, etc. Although the payroll deduction plan started slowly, it is going very well now. The labor organizations are supporting the plan very actively.

On the record to date according to Federal Reserve figures, Dutchess County sales of E Bonds through June 19 was 16.1% of quota, compared to a State figure of 14.1%. In the City of Poughkeepsie, the percent of quota is running about six points above the County. The City is running about 22% at the present time.

City quota:		
Overall	--	\$4,920,000
E Bond	--	870,000

County quota:		
Overall	--	\$12,150,000
E Bond	--	2,000,000

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June 22, 1944.

Dear George:

Thank you very much for your letter commenting so pleasantly upon the opening radio broadcast of the present Drive. I am glad that you liked the script and felt the approach was the correct one for this particular time and campaign.

Thank you also for your word of greeting to the members of my own family, and to our good friend, Fred Smith, who is certainly bearing up well under all the excitement of the past several weeks.

With cordial regards,

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. George Albee,
Whitestone House,
Acora, New York.

GKF/dbs

WHITESTONE HOUSE
ACCORD, NEW YORK

June 16

Dear Mr. Secretary:

After listening carefully to the opening radio program, and reading the script as well, I believe that this line of attack is a definite improvement. Even supposing that everybody knew the "why" of the war, it certainly does no harm to drive our reasons for fighting home again and again.

My best wishes to Mrs. Morgenthau, your youngsters, and to that perennial youngster Fred Smith, as well as to all of the official family. I am missing the rides in the "aerial laundry wagon".

Sincerely,

(Signed) George Albee

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Sincerely

Dy. Allen

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SM

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 22, 1944

TO Secretary Morgenthau
FROM C. S. Bell

Until inventory figures of property for disposal become available through a mechanical process of reporting, scheduled for sometime in August, arrangements have been made to have reported through Mr. Olrich to your office an inventory of special items involving amounts of \$50,000 and over. Following is a brief summary of the quantity and government cost of such property as of June 17, 1944:

	<u>Quantity</u>	<u>Unit Cost</u>	<u>Cost to Govt.</u>
Bicycles, new	3,100	\$ 28.00 (av)	\$ 86,800
Spurs, new and used	150,000 pr.	1.40 (av)	210,000
Ice Boxes, new, commercial, wood	393	155.00	60,915
Shoes, mens, Army garrison	85,271 pr.	3.49	297,595
Shoes, nurses, new	42,000 pr.	3.00 (av)	126,000
Medical supplies			250,000
Dental supplies (including instruments)			50,000
Motorcycles	431	400.00 (est)	172,400
Diesel Engines, complete	131 (plus spare parts)		2,300,000
Belt Pockets for cartridge clips	1,000,000	0.10	100,000
Sand bags, new	6,000,000	0.075	450,000
Mosquito Bars, new	1,000,000	5.70	5,700,000
W.A.C. Jackets and Skirts	45,000 Jackets 65,000 Skirts		890,351

	<u>Quantity</u>	<u>Unit Cost</u>	<u>Cost to Govt.</u>
W. A. C. Caps	33,561	\$ 2.20 ea.	\$ 73,834
Cots, new (metal beds)	15,000	4.40	66,000
Wood Screws, new	500 tons 1634 items		357,000
Steel Platform trucks, on casters	13,287	75.00	996,525
Shipping Boxes, for cartridges	570,000	0.50	285,000
Gas cylinders, and propane gas	9,411	28.00 (cylinders only)	281,230
Imprinting Machines	20,000	21.95	439,000
Mattresses, new	250,000	5.50 (av)	1,375,000
Pillows, new	165,500	0.73	120,815
Parachutes, used	2,000	200.00 ea.	400,000
Brake fluid, hydraulic	112,938 gal.	1.74	196,512
Pump Assembly, vacuum	975	71.50	69,712
Filter felt (new)	22,531 yds.	3.00	67,593
Leggings, O.D. and Khaki	213,280 pr.		109,833
		Total.....	\$ 15,532,115

AUTOMOTIVE REPORT

	<u>Quantity</u>	<u>Unit Cost</u>	<u>Cost to Govt.</u>
Trucks, motor, used	11,074	\$1,250 (est)	\$13,842,500
Passenger Cars, used	1,188	950 (est)	1,128,600
Automobile Spare Parts, new and used			3,000,000
		Total.....	\$17,971,100

Mr. Tickton has prepared a skeleton form of report which has been turned over to Mr. Olrich and as soon as the detailed inventory can be clearly stated this method of reporting will be inaugurated. I have this information in more detail which was furnished by Mr. Olrich.

Original incoming to Mr. Bell
Photostats to Mr. Gaston
Mr. O'Connell
Mr. Haas
Mr. White

SECURITIES AND EXCHANGE COMMISSION

~~WASHINGTON~~
Philadelphia 3, Pa.

OFFICE OF THE CHAIRMAN

June 22, 1944

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

My dear Mr. Secretary:

I am enclosing a copy of the data on working capital of
U.S. corporations which were discussed in the June 15 meeting of
the Economic Stabilization Board.

I hope you will find these data of interest.

Sincerely yours,

Ganson Purcell

Ganson Purcell
Chairman

Enclosure

For Release in MORNING Newspapers of Friday, June 8, 1944

SECURITIES AND EXCHANGE COMMISSION
Philadelphia

STATISTICAL SERIES

Release No. 739

WORKING CAPITAL OF U.S. CORPORATIONS 1/, 1939-1943

American industry as a whole is financially prepared to reconvert to peacetime production and also to undertake considerable expansion without recourse to outside sources of funds, according to an analysis of the current assets and liabilities of corporations in the United States made by the Securities and Exchange Commission. At the end of 1943, American corporations were in as favorable a financial position as they had ever been in their history. Their net working capital 2/, which was at an unprecedented level, was in extremely liquid form with cash accounting for a very substantial proportion of the total. It is estimated that the increase in working capital during the four year period from the end of 1939 to the end of 1943 amounted to \$17.0 billion, a rise of nearly 70%. Of this increase \$9.5 billion took place in the two years since our entry into the war. In addition, during these four years, almost entirely since the end of 1941, corporations paid off close to \$1.0 billion of long-term debt and accumulated a post-war credit of over \$1.0 billion in refundable taxes. Further substantial refunds may accrue to corporations in the reconversion period as a result of the carry-back provisions of the present income and excess profits tax laws. 3/

The net working capital of United States corporations from 1939 to 1943 is given in the following table:

(Billions of dollars)				
<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
24.6	27.5	32.1	36.5	41.6

The increase in working capital during this period is attributable for the most part to retained profits after taxes and dividend disbursements. It also reflects to some extent depreciation and depletion charges 4/ in excess of expenditures on plant and equipment.

1/ Exclusive of banks and insurance companies.

2/ Current assets less all current liabilities including provisions for renegotiation.

3/ Though much less important, the unamortized portion of emergency facilities may also provide a basis for refunds.

4/ Taking into account adjustments in connection with property retirements and capital outlay charged to current expense.

The most striking changes in current assets and liabilities from the end of 1939 to the end of 1943 were the increase in cash from \$10.9 billion to \$22.6 billion, the increase in United States Government securities from \$2.2 billion to \$16.0 billion, and the increase in Federal income tax liabilities from \$1.2 billion to \$15.9 billion. The major part of these increases occurred after the end of 1941: The increase in U.S. Government securities, almost entirely short-term, approximately offset the increase in Federal income tax liabilities. Most of the increase in cash, on the other hand, represents a net growth in liquidity.

Up to the end of 1941, the increase in working capital took the form of inventories, reflecting a rise in the level of business. At the end of 1941, net working capital of \$32.1 billion was comprised mostly of inventories amounting to \$25.6 billion, leaving other net liquid assets of only \$6.5 billion. Since our entry into the war, however, these net liquid assets exclusive of inventories have increased to \$14.7 billion while inventories have remained relatively constant. There has of course been a drastic change in the composition of inventories since 1941 with munitions inventories, which were comparatively small in that year, amounting to close to \$10.0 billion at the end of 1943. About \$7.0 billion of such munitions inventories are not readily convertible to civilian production and, therefore, in view of war contract termination provisions, might be considered more in the nature of receivables from the Government than as inventories. ^{1/}

Although practically all industry groups shared in the rise of working capital, there was considerable variation from group to group. As would be expected, manufacturing companies showed the largest increase in working capital over this period, amounting to \$10.7 billion. Railroads accounted for another \$1.2 billion, utilities for \$0.3 billion, and trade for \$3.5 billion. Percentage-wise, railroads showed by far the largest increase over the period, amounting to 300%. The other major industrial groups had increases in working capital of 50% to 70%. Generally the increases during the two years after our entry into the war were greater than in the two preceding years. Virtually all corporations for which data were available had increases in working capital over this period and generally will be able to finance internally a high level of post-war production. There are, of course, individual companies which are not in as favorable a position.

The attached table shows the working capital of all corporations in the United States on which the above discussion is based. Similar data will be released quarterly in the future. Tables showing more detailed data on current assets and liabilities for various industrial and size groups of corporations registered with the Securities and Exchange Commission may be obtained on request.

^{1/} \$7.0 billion represents the book value of such inventories; the actual termination value would probably be somewhat higher.

Current Assets and Liabilities

of U.S. Corporations 1/

1939-1943

(Billions of dollars)

<u>Current Assets</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
Cash on hand and in banks	10.9	13.1	13.9	17.5	22.6
U.S. Government securities	2.2	1.9	3.9	10.2	16.0
Receivables from U.S. Government	—	.1	.5	2.8	3.6
Other notes and accounts receivable	22.1	23.9	27.5	24.3	23.7
Inventories	18.0	19.8	25.6	27.3	26.9
Other current assets 2/	1.4	1.5	1.4	1.3	1.3
Total Current Assets	54.6	60.3	72.8	83.4	94.1
<u>Current Liabilities</u>					
Advances and prepayments, U.S. Government	—	.3	.4	1.4	1.6
Other notes and accounts payable	21.9	22.6	25.6	24.7	25.5
Federal income tax liabilities	1.2	2.5	7.1	12.1	15.9
Other current liabilities 3/	6.9	7.4	7.6	8.7	9.5
Total Current Liabilities	30.0	32.8	40.7	46.9	52.5
<u>Net Working Capital</u>	24.6	27.5	32.1	36.5	41.6

1/ All U. S. corporations excluding banks and insurance companies. Data for 1939-1941 are based primarily on Statistics of Income. Data for 1942-1943 are estimates.

2/ Includes marketable securities other than U. S. Government.

3/ For 1942 and 1943 includes provisions for renegotiation not reflected in Federal income tax liabilities. In 1943 also includes taxes withheld from employees under the Current Tax Payment Act of 1943.

The above estimates are based on data compiled from many different sources, including data on corporations registered with the Commission. Because of the nature of the figures, these estimates are subject to revision.

SECURITIES AND EXCHANGE COMMISSION
Philadelphia

DATA SUPPLEMENTAL TO STATISTICAL SERIES RELEASE NO. 739

Table 1

Current Assets and Liabilities
of 1007 Registered Corporations ^{1/}
1939 - 1943
(Millions of Dollars)

<u>Current Assets</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
Cash on hand and in banks	4523	5611	5562	6250	7571
U. S. tax notes	-	-	1311	2801	3852
Other U. S. Government securities	820	806	744	1663	3353
Other marketable securities	415	426	373	312	398
Receivables from U. S. Government	17	55	395	2664	3303
Other notes and accounts receivable	4260	5025	5998	4660	4237
Inventories	6232	6763	8656	9456	9735
Other current assets	63	84	110	152	188
Total Current Assets	16330	18769	23149	27959	32636
<u>Current Liabilities</u>					
Notes payable to banks	843	1170	1533	861	783
Advances and prepayments, U. S. Government	21	326	403	1267	1416
Other trade notes and accounts payable	1778	1913	2489	2842	3791
Income taxes accrued ^{2/}	574	1218	3180	5094	6861
Other taxes accrued	725	778	918	1033	1083
Renegotiation provisions ^{2/}	-	-	-	599	428
Other current liabilities	1291	1527	1818	1974	2059
Total Current Liabilities	5239	6932	10341	13671	16420
<u>Net Working Capital</u>	11090	11837	12808	14288	16218

^{1/} These 1007 corporations cover only those companies registered with the Securities and Exchange Commission which report detailed data on their current assets and liabilities on a quarterly basis. All types of corporations, excluding banks and insurance companies, are included; viz., manufacturing, mining, railroads, other transportation, communication, other public utilities, trade, service, construction and finance. The following tables show some of the more important industrial and size groups of companies included in these totals. It should be noted that these 1007 corporations are on a consolidated basis and represent many times this number of companies unconsolidated.

^{2/} A number of companies combined provisions for renegotiation together with provisions for income taxes.

Table 2

Current Assets and Liabilities
of 602 Manufacturing Corporations
1939 - 1943
(Millions of Dollars)

<u>Current Assets</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
Cash on hand and in banks	2852	3582	3410	3989	4695
U. S. tax notes	-	-	986	1857	2251
Other U. S. Government securities	552	554	496	968	2038
Other marketable securities	262	286	250	162	186
Receivables from U. S. Government	13	45	341	2295	2777
Other notes and accounts receivables	2045	2308	3003	2719	2633
Inventories	4985	5441	6891	7657	7914
Other current assets	36	48	70	91	106
Total Current Assets	10743	12265	15446	19759	22629
<u>Current Liabilities</u>					
Notes payable to banks	172	204	435	562	627
Advances and prepayments, U. S. Government	20	325	397	1257	1400
Other trade notes and accounts payable	947	1086	1469	1850	2487
Income taxes accrued	360	875	2424	3412	4367
Other taxes accrued	326	380	515	602	602
Renegotiation provisions	-	-	-	599	428
Other current liabilities	598	791	979	1064	1092
Total Current Liabilities	2425	3662	6220	9347	11002
<u>Net Working Capital</u>	8318	8603	9226	10411	11628

Table 3
Current Assets and Liabilities
of 296 Manufacturing Corporations
in War Industries 1/
1939 - 1943

(Millions of Dollars)

<u>Current Assets</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
Cash on hand and in banks	1489	2147	2088	2647	3068
U. S. tax notes	-	-	795	1393	1702
Other U. S. Government securities	318	300	213	447	1194
Other marketable securities	127	136	122	81	75
Receivables from U. S. Government	13	45	390	1854	2185
Other notes and accounts receivable	1009	1245	1620	1421	1401
Inventories	2266	2645	3471	4196	4375
Other current assets	14	23	32	55	71
Total Current Assets	5235	6541	8670	12095	14071
<u>Current Liabilities</u>					
Notes payable to banks	50	61	118	308	400
Advances and prepayments, U. S. Government	20	325	396	1190	1326
Other trade notes and accounts payable	492	639	842	1185	1585
Income taxes accrued	190	588	1763	2398	3046
Other taxes accrued	159	200	290	385	402
Renegotiation provisions	-	-	-	585	413
Other current liabilities	384	562	668	776	808
Total Current Liabilities	1296	2375	4078	6827	7980
<u>Net Working Capital</u>	<u>3939</u>	<u>4166</u>	<u>4592</u>	<u>5267</u>	<u>6091</u>

1/ Includes iron and steel, non-ferrous metals, machinery, transportation equipment, chemicals and rubber products industries.

Table 4

Current Assets and Liabilities
of 306 Manufacturing Corporations
in Nonwar Industries
1939 - 1943
(Millions of Dollars)

	1939	1940	1941	1942	1943
<u>Current Assets</u>					
Cash on hand and in banks	1363	1435	1322	1342	1627
U. S. tax notes	-	-	191	464	549
Other U. S. Government securities	234	254	283	521	874
Other marketable securities	135	150	128	191	111
Receivables from U. S. Government	-	-	11	441	592
Other notes and accounts receivables	1036	1063	1383	1298	1232
Inventories	2719	2796	3420	3461	3557
Other current assets	22	25	38	36	35
Total Current Assets	5508	5724	6776	7664	8558
<u>Current Liabilities</u>					
Notes payable to banks	122	143	317	254	227
Advances and prepayments, U. S. Govt.	-	-	1	87	74
Other trade notes and accounts payable	455	447	627	665	902
Income taxes accrued	170	287	661	1014	1321
Other taxes accrued	167	180	225	217	200
Renegotiation provisions	-	-	-	14	15
Other current liabilities	214	229	311	288	284
Total Current Liabilities	1129	1287	2142	2520	3022
<u>Net Working Capital</u>	4379	4437	4634	5144	5537

Table 5

Current Assets and Liabilities
of 200 Manufacturing Corporations
with Assets under \$5,000,000 ^{1/}
1939 - 1943
(Millions of Dollars)

<u>Current Assets</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
Cash on hand and in banks	41	43	48	76	119
U. S. tax notes	-	-	11	30	59
Other U. S. Government securities	7	6	7	17	31
Other marketable securities	3	3	2	3	3
Receivables from U. S. Government	-	-	-	13	28
Other notes and accounts receivable	53	60	76	87	78
Inventories	89	95	131	143	149
Other current assets	1	1	1	3	4
Total Current Assets	194	208	277	372	471
<u>Current Liabilities</u>					
Notes payable to banks	11	13	18	19	37
Advances and prepayments, U. S. Govt.	-	-	-	13	10
Other trade notes and accounts payable	21	21	29	35	47
Income taxes accrued	8	15	45	86	132
Other taxes accrued	5	6	8	9	10
Renegotiation provisions	-	-	-	14	13
Other current liabilities	12	14	18	21	23
Total Current Liabilities	57	69	118	197	272
<u>Net Working Capital</u>	137	139	159	175	199

^{1/} Companies were classified by asset size as of the end of 1941.

Table 6

Current Assets and Liabilities
of 334 Manufacturing Corporations
with Assets from \$5,000,000 to \$100,000,000
1939 - 1943
(Millions of Dollars)

<u>Current Assets</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
Cash on hand and in banks	721	905	903	1191	1464
U. S. tax notes	-	-	183	637	812
Other U. S. Government securities	147	137	152	298	494
Other marketable securities	95	82	75	66	74
Receivables from U. S. Government	9	37	99	631	854
Other notes and accounts receivable	682	786	1047	992	912
Inventories	1342	1497	1960	2157	2181
Other current assets	12	17	20	20	26
Total Current Assets	3009	3461	4440	5993	6817
<u>Current Liabilities</u>					
Notes payable to banks	75	87	145	199	324
Advances and prepayments, U. S. Government	10	84	103	425	436
Other trade notes and accounts payable	220	263	397	507	659
Income taxes accrued	99	225	685	1257	1548
Other taxes accrued	71	84	121	144	131
Renegotiation provisions	-	-	-	112	103
Other current liabilities	142	214	270	330	313
Total Current Liabilities	617	958	1721	2975	3515
<u>Net Working Capital</u>	2392	2503	2719	3019	3302

Table 7

Current Assets and Liabilities
of 68 Manufacturing Corporations
with Assets of \$100,000,000 and Over
1939 - 1943
(Millions of Dollars)

<u>Current Assets</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
Cash on hand and in banks	2090	2635	2459	2722	3112
U. S. tax notes	-	-	790	1188	1380
Other U. S. Government securities	398	410	339	654	1543
Other marketable securities	162	202	172	114	109
Receivables from U. S. Government	4	8	240	1650	1893
Other notes and accounts receivable	1309	1463	1881	1641	1645
Inventories	3554	3848	4800	5357	5584
Other current assets	23	30	49	68	76
Total Current Assets	7540	8596	10730	13394	15342
<u>Current Liabilities</u>					
Notes payable to banks	86	104	272	343	266
Advances and prepayments, U. S. Government	10	241	294	819	955
Other trade notes and accounts payable	707	802	1043	1308	1781
Income taxes accrued	253	635	1694	2069	2687
Other taxes accrued	251	290	386	450	460
Renegotiation provisions	-	-	-	473	311
Other current liabilities	444	564	692	713	755
Total Current Liabilities	1751	2636	4381	6175	7215
<u>Net Working Capital</u>	5789	5960	6349	7219	8127

Table 8

Current Assets and Liabilities
of 85 Railroads
1939 - 1943
(Millions of Dollars)

<u>Current Assets</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
Cash on hand and in banks	541	645	834	907	1246
U. S. tax notes	-	-	73	500	956
Other U. S. Government securities	45	51	51	247	471
Other marketable securities	66	60	53	57	63
Receivables from U. S. Government	-	-	38	284	437
Other notes and accounts receivable	215	227	281	335	390
Inventories	294	302	414	454	480
Other current assets	4	5	5	12	40
Total Current Assets	1165	1290	1749	2796	4083
<u>Current Liabilities</u>					
Notes payable to banks	83	41	26	14	15
Other trade notes and accounts payable	300	297	398	476	734
Income taxes accrued ^{1/}	28	49	161	710	1317
Other taxes accrued	160	147	151	171	236
Other current liabilities	258	258	288	353	420
Total Current Liabilities	829	792	1024	1724	2722
<u>Net Working Capital</u>	336	498	725	1072	1361

^{1/} A number of companies included U. S. Government taxes other than income taxes.

Table 9

Current Assets and Liabilities
of 54 Public Utility Systems ^{1/}
1939 - 1943
(Millions of Dollars)

<u>Current Assets</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
Cash on hand and in banks	485	518	512	536	688
U. S. tax notes	-	-	15	77	160
Other U. S. Government securities	66	77	36	141	213
Other marketable securities	22	22	16	10	8
Receivables from U. S. Government	-	-	-	12	10
Other notes and accounts receivable	247	256	267	233	237
Inventories	161	177	235	223	186
Other current assets	13	16	16	23	21
Total Current Assets	994	1066	1097	1255	1523
<u>Current Liabilities</u>					
Notes payable to banks	59	47	44	43	41
Advances and prepayments, U. S. Government	-	-	-	2	4
Other trade notes and accounts payable	112	121	124	113	125
Income taxes accrued	74	108	194	295	383
Other taxes accrued	130	128	116	117	98
Other current liabilities	168	176	186	175	188
Total Current Liabilities	543	530	664	745	839
<u>Net Working Capital</u>	451	486	433	510	684

^{1/} Electric light, power, heat, gas, water, etc.

Table 10
Current Assets and Liabilities
of 81 Trade Corporations
1939 - 1943
(Millions of Dollars)

<u>Current Assets</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
Cash on hand and in banks	207	247	260	393	448
U. S. tax notes	-	-	68	203	241
Other U. S. Government securities	20	17	26	85	158
Other marketable securities	11	8	4	6	7
Receivables from U. S. Government	1	1	1	3	3
Other notes and accounts receivable	323	357	330	226	213
Inventories	612	656	876	872	904
Other current assets	4	6	7	7	7
Total Current Assets	1177	1292	1572	1800	1981
<u>Current Liabilities</u>					
Notes payable to banks	29	23	38	17	22
Other trade notes and accounts payable	133	148	128	203	216
Income taxes accrued	43	74	192	306	321
Other taxes accrued	33	40	50	50	54
Other current liabilities	55	59	80	103	107
Total Current Liabilities	292	345	558	684	720
<u>Net Working Capital</u>	885	947	1014	1116	1262

JUN 22 1944

Dear Fred:

Thank you very much for your letter of June 13, 1944, supplementing the oral information which you gave at my conference a few days ago regarding wage adjustment cases received and disposed of by the War Labor Board.

Sincerely yours,

(Signed) Henry ^H

Honorable Fred M. Vinson
Director
Office of Economic Stabilization
Washington, D. C.

DWB:ew

DWB

Ray Bell:
Prepare ans. for my sig.
OFFICE OF ECONOMIC STABILIZATION
WASHINGTON, D. C.

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FRED M. VINSON
DIRECTOR

June 13, 1944

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

Re: Wage Adjustment Cases Received and
Disposed of by the War Labor Board

Dear Henry:

I should like to supplement the oral information which I have given you on the above-entitled subject. I suggest that the following information be added to the material in the transcript of the conference which was attended by you, the Honorable Marvin Jones, Messrs. W. I. Myers and F. A. Pearson and myself.

1. Voluntary Applications for Wage Increases -- Between October 3, 1942, and May 26, 1944, the War Labor Board received about 229,500 voluntary applications. During that period, the Board disposed of about 211,400 of these cases. This left about 18,100 cases of this type on hand as of May 26, 1944.

Of these voluntary cases, about 27% are joint employer-union applications. The other voluntary cases are employer applications where no union is involved.

2. Dispute Cases Before the War Labor Board -- On October 3, 1942, the War Labor Board had about 500 pending dispute cases. Dispute cases had been handled by the Board since its creation in January, 1942. Between October 3, 1942, and May 26, 1944, the Board received about 9,950 dispute cases. During that period, the Board disposed of about 7,700 of these cases. This left on hand about 2,250 dispute cases as of May 26, 1944.

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3. Percentage of Voluntary and Dispute Cases Before the Board
Thus, the Board received between October 3, 1942, and May 26, 1944, about 239,450 cases. Of the total received, about 4% were dispute cases; about 26% were joint employer-union requests; and about 70% were employer applications where no union was involved.

Sincerely yours,

Fred W. Vanos
Director

JUN 22 1944

Dear Jack:

I appreciate your letter of June 15, 1944, and a copy of the report transmitted therewith, which you had received from General Holmes of the Civil Affairs Section of the Supreme Allied Headquarters, giving the main points of the program to avoid excessive spending by American troops in France.

I am glad to have this information and want to thank you for making it available to me.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable John J. McCloy
Assistant Secretary of War
War Department
Washington, D. C.

DWB:ew

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THE ASSISTANT SECRETARY OF WAR
WASHINGTON

15 June 1944

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

Dear Mr. Secretary:

In accordance with my note of June 7,
I am sending you the attached report received
from General Holmes of the Civil Affairs Sec-
tion of Supreme Allied Headquarters, giving the
main points of the program to avoid excessive
spending by American troops in France.

Sincerely,

John J. McCloy
John J. McCloy

*Should be ans. for my sign.
letter to be prepared by Dean Bell.*
Enc.

*Copies to Harry White
[initials]*

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PARAPHRASE OF CABLE FROM HOLMES TO HILLDRING, 12 JUNE 1944

A great deal of study has been given here to the problem of spending by Allied troops overseas and resulting inflationary effects and a considerable program on the matter has been formulated. A lengthy memorandum is being mailed you today dealing with the problem. Quotes from memorandum giving main points of program follow:

1. Because of U.S. Army facilities for voluntary allotments, savings deposits, personal transfer accounts, war bond purchases and insurance, and at Quartermaster stores, post exchanges, etc., there has been only a small fraction of pay of U.S. Army personnel spent in the theater. U.S. Army personnel in Sicily and Italy spent only 15% to 25% of their pay. U.S. Army personnel in Britain spent 25 percent. In the Northwest Europe operations every effort to increase voluntary use of these facilities is being made.

2. Extension of recreational facilities is being planned by Special Services, which are also endeavoring to facilitate the establishment at army posts of civilian concessionaires. An extended service is planned by Army Exchange Services, including lines of souvenirs--souvenirs obtained in the liberated countries as well as others. This it is hoped will reduce local and unwise expenditures by army personnel.

3. In order to impress upon troops the desirability of saving money for post war activities, and to make them understand what a harmful effect their spending will have on liberated countries, an educational and public relations campaign is being conducted.

4. SHAEF has issued orders to troops whereby individual purchases of food, (including food in restaurants) are prohibited. This prohibition will be lifted only after a study of local conditions, and

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to the extent which local supply conditions would warrant.

5. Prices charged and the quality of merchandise offered in retail establishments in which military personnel are permitted to buy will be carefully observed by military formations, which have been authorized to place such establishments off limits.

6. Army personnel will tend to be discouraged from purchasing by shortages of goods, and because prices will likely be comparatively high in France due to the rate of exchange fixed for the French franc.

7. Experience in Italy and England has shown that the average soldier probably will not spend in France more than 25% of his pay, so compulsory limitation of sums spent by soldiers overseas, or payment of major part of their pay in coupons honored in U.S. Army exchanges only, will not reduce their spendings for services and goods in France.

8. Importing or dealing in U.S. dollars and pound sterling currency has been prohibited to army personnel as a means of discouraging black market transactions which would result in depreciation of the French franc below the rate of exchange officially decreed.

9. No further measures to control army personnel expenditures can be taken at the present time in our belief except to assure that the program agreed upon is carried out.

MRS. KLOTZ:

June 22, 1944

I would appreciate it if you would have the attached memorandum transmitted to the President pursuant to the Secretary's suggestion. If convenient, you might show it to the Secretary first.

J. W. Pehle

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JUN 22 1944

MEMORANDUM TO THE PRESIDENTFor your confidential information

I should like to call your attention to some recent developments with respect to sending food to some of the unfortunate victims of Nazi terror now in internment camps in enemy Europe.

We have just worked out in personal conversations with Mr. Dingle M. Foot, Parliamentary Under-Secretary of the British Ministry of Economic Warfare, a program under which the British and American blockade authorities will permit the shipment from the Western Hemisphere of 100,000 standard food parcels (550 tons) a month for three months to be distributed by the International Red Cross to persons in European internment camps. It is understood that this three months' project is only an experiment, and, if successful, it is contemplated that this system of relief will be extended considerably. Since time is of the essence, steps have been taken to get the initial program under way at once.

In addition to the foregoing, the blockade authorities have agreed to permit the distribution by the International Red Cross to persons interned in Southern France of certain foodstuffs still fit for human consumption salvaged from the cargo of the "S. S. Christina," now at Cette, France. The food supplies in question are contained in 315,120 food parcels which were destined originally for distribution to Belgian and French prisoners of war. Negotiations with the French, the Belgians and the International Red Cross have commenced and it is hoped that all arrangements will be completed soon. The War Refugee Board is doing everything it can to expedite this relief measure and has indicated that it will arrange for any financing that may be necessary.

We are very encouraged by these developments and hope they are only a beginning. At this stage, sustaining the lives of these unfortunate people may be quite as important as attempting to rescue them from enemy territory.

(Signed J. W. Foble)

KD - 920
Distribution of
true reading only by
special arrangement
(SECRET W)

Algiers

Dated June 22, 1944

Rec'd 6:30 p.m.

Secretary of State

Washington

2103, June 22, 5 p.m.

FOR EMERSON UNITARIAN SERVICE COMMITTEE BOSTON
FROM BRK REPRESENTATIVE FROM BROOKS. NO. 3

Reference your No. 2.

Believe American authorization soon. If so, authorities will provide transportation personnel, equipment, supplies USA to location project, gasoline and available servicing, food and quarters for personnel, available medical supplies for civilian relief though shortages expected. Must bring all working equipment, vitamins and special medicines necessary scientific studies anticipating scorched earth condition. Mission personnel will function under American or French military government having officer status and fullest possible cooperation.

CHAPIN

REP
BB

CABLE TO AMBASSADOR WINANT, LONDON, FROM THE WAR REFUGEE BOARD

Please refer to your 4745 of June 14 concerning desire of Foreign Office to receive suggestions of War Refugee Board with respect to personnel and funds for administration of refugee camp in Tripolitania.

It is difficult to make suggestions referred to by Randall without having the details requested in our 4753 of June 15. We would appreciate receiving an urgent reply to our cable under reference.

June 22, 1944
9:35 a.m.

CC: Miss Chauncey (for the Sec'y), Abrahamson, Cohn, DuBois, Friedman, Hodel, Laughlin, Lesser, Mann, Stewart, Central Files, Cable Control Files.

AIRGRAM TO AMERICAN EMBASSY, SAN SALVADOR, EL SALVADOR

Reference is made to Department's A-167 of June 1, speedy reply to which would be appreciated.

It is understood that protecting power for Salvadorean interests in German held areas is Switzerland, not Spain. It is urgently desired to know, therefore, whether the approach requested by the Department in Circular Airgrams of March 31, 1:05 p.m., April 10, 11:00 a.m., and April 22, 7:30 p.m., has been made by El Salvador to Switzerland.

For your information, Department is informed that some holders of documents issued in the name of El Salvador are at present in Hungary, and that the persons concerned are faced with persecution and death unless the approach previously requested is made with the utmost speed and is extended to include persons in Hungary. Since El Salvador has no protecting power in Hungary, a special request must be made to Switzerland to act in that capacity. The following is an excerpt from a communication from Minister Harrison at Bern:

QUOTE The Salvadorean Consul General at Geneva has made attempts to induce the Swiss Government to accept this responsibility but I have been advised that the Swiss Government has informed him that it is not in a position to consider the proposal unless his Government presents it officially. Any steps in this direction could help as Switzerland's role as protecting power for Salvador in Hungary, if indeed the Hungarians would agree to it, might conceivably forestall or impede the deportation of several hundred persons holding such documentations. UNQUOTE

Please do your utmost to persuade Salvadorean officials to act accordingly without delay.

June 22, 1944
3:30 p.m.

BAKsintar 6/21/44

FROM

LONDON

Dated June 22, 1944

RECD. July 28, 8 a.m.

UNRESTRICTED

Secretary of State

Washington

A 896

For WKB

The Times of today carries the following article by
its diplomatic correspondent:

JWS IN HUNGARY

Trustworthy information coming out of Central Europe shows that the brutal measures taken against Jews in Hungary have had a disturbing effect on the economic life in the country and have caused acute friction in the ranks of the Government. The position of the Regent is still threatened by Imredy, who aims at establishing a dictatorship of his own."

WINANT

Mr. Bucknell
Mr. Allison
Mr. S.M. Brown

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Consulate General, Jerusalem
DATED: June 22, 1944
NUMBER: 114

CONFIDENTIAL

Please deliver the following message to Messrs. Myerson and Remez, 115 Allenby Rd., Tel-Aviv, from Israel Mereminski of the General Federation of Jewish Labor in Palestine:

"Yours June sixth received. Saw Dobkins to Goldman who asks me approach JDC while he dealing political aspect. My conversation JDC clear nothing be accepted before you discuss problems Schwartz who enroute Palestine. Unclear Dobkins mission Lisbon when Schwartz absent. Sure good prospect funds after you emphasize Schwartz and cable me needs plans Histadrut separately and together Jewagency also what also what discussed Reznik. Clarifying matter small boats. WRB cannot accept your proposal Segal Zuckerman because Government opposes delegations also Barlas cables Goldman work suffering surplus delegates accept Shind who helpful. Hirsman returned Istanbul which enabling Shink full cooperation. Cable."

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Consulate General, Jerusalem
DATED: June 22, 1944
NUMBER: 115

CONFIDENTIAL

Reference is made to your 74 of June 2.

You may inform Gruenbaum that warnings are constantly being shortwaved and otherwise transmitted to Hungary regarding treatment of Jews. Also that efforts have been made through Intercross and various foreign channels to safeguard position of Jews in Hungary.

With reference to your last paragraph you may tell Gruenbaum to submit any operational or financial problems to Hirschmann in Ankara, either in writing or through Barlas.

HULL

MJB
Distribution of true
reading only by special
arrangement (SECRET W).

June 22, 1944

5 p.m.

AMLEGATION,

LISBON.

1796

The cable below is from Israel Mereminiski of the General Federation of Jewish Labor in Palestine and is WRB no. 40. Please deliver a paraphrase to Fritz Lichtenstein Dobkin, Tivoli Hotel, Lisbon.

QUOTE Cable separately special suggestions Histadrut and Jewagency also details your activities plans. Dobkins May 25 Goldman Wise all financial matters here awaiting first discussion Schwartz who enroute Palestine with Jewagency and Histadrut. Cable details if Dobkin negotiated UNQUOTE.

HULL
(GLW)

WRB:MEV:KG
6/21/44

WE

S/CR

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Madrid
TO: Secretary of State, Washington
DATED: June 22, 1944
NUMBER: 2172

CONFIDENTIAL

The following has been repeated to Algiers.

You are informed that on June 21, there sailed from Cadiz en route to Fedhela a group of 573 stateless refugees.

HAYES

CABLE TO MINISTER JOHNSON, STOCKHOLM, FROM WAR REFUGEE BOARD

Subject to your approval the Board has designated Mr. Isaiah S. Dorfman to be assistant to Olsen. Dorfman is presently in London and immediately upon receipt of advice that you have no objection, arrangements will be completed for his transportation to Stockholm.

THIS IS WRB STOCKHOLM CABLE NO. 33.

June 22, 1944

5:15 p.m.

LSLESSER:als 6/22/44

CABLE TO MINISTER HARRISON AND MCCLELLAND, BERN, SWITZERLAND, FROM
DEPARTMENT AND WAR REFUGEE BOARD

Re your 1366, March 6, 2031, April 1, 3877, June 17, and our 1845, May 27, and our 2102, June 19. Discussions here between Dingle M. Foot (MEW), Department, WRB and FEA have resulted in agreement to an experimental program of relief to persons in concentration and refugee camps enemy Europe for distribution by Intercross subject to distribution guarantees. Agreement calls for shipments of 100,000 standard food parcels monthly for three months to Intercross for distribution in such camps to be selected after consultation with Intercross. Agreement reads in part, QUOTE Relief foodstuffs may be despatched through blockade to such camps provided following guarantees are observed: (a) The goods are to be packed suitably for individual distribution; (b) Intercross will undertake to distribute such packages personally by their delegates; (c) Delegates will make subsequent visits to ensure that the goods have been used by those for whom they were intended; (d) Reports will be required from Intercross after each consignment and as a condition of further shipments; (e) The distribution will be limited to persons confined in camps. UNQUOTE If the foregoing conditions are observed and we are reasonably satisfied that the packages have reached the persons for whom they were intended, we will be prepared, subject to supply and shipping considerations, to extend the system to other internment camps enemy Europe.

Question of adding clothing to food consignments will be considered after scheme has become operative with reference to effective supervision and control established these camps by Intercross. Intercross will be asked to report on state of clothing needs in camps to which food will be delivered. In anticipation of conducting an experiment in supply of clothing, arrangements will promptly be made here for procuring the equivalent of 25,000 clothing parcels.

Via airmail Department has asked the Relief Subcommittee of the Joint Blockade Committee to request Intercross immediately to approach German authorities to ascertain whether (a) the German authorities will, in principle, permit Intercross to distribute food parcels and clothing parcels under the conditions set forth above in all camps in German-controlled Europe wherein are confined persons not assimilated to the status of prisoners of war under the Geneva Prisoners of War Convention, (b) the German authorities will permit the immediate distribution of food parcels by Intercross under the conditions set forth above in the following camps:

Auschwitz
Buchenwald
Dachau
Ravensbrueck
Sachsenhausen-Oranienburg
Belsenbergen
Bergau

- 2 -

Birkenau
Sarvar
Theresienstadt
Drancy
Test or Dest
Josenorac
Stara Gradiska
Gred Jani-Salis

You are requested to follow this matter closely upon receipt by Intercross of Joint Blockade Committee proposal. Please report date of receipt by Intercross and any developments during period proposal under Intercross consideration. We are extremely interested any suggestion you may wish to make regarding matter. It should be remembered that distribution guarantees as outlined necessarily represent goals to be attained, but in interest broad humanitarian aspects of such a significant undertaking reasonable satisfaction this direction acceptable.

THIS IS WEB BERN CABLE NO. 54.

June 22, 1944
12:20 p.m.

CABLE TO MINISTER HARRISON AT BERN FOR MCCLELLAND FROM WAR REFUGEE BOARD

S E C R E T

(1) Further reference your 3869 of June 17. It has been suggested that George de Ghika who probably lives in Ascona, Switzerland, might be helpful in securing contacts.

(2) Reference Department's 1946, WRB's 33 of June 6. Telegram dated June 20 received by one Tennenbaum, New York, from Cerealia, Ltd., presumably Jacques Locher reads: QUOTE Refer our 19/6 Hurry answer quick decision essential afterwards no more chance to save lives UNQUOTE. Previous telegram referred to not received by addressee, but message may indicate Locher has special channels desired. Addressee, whose name can be used with Locher is among larger group who suggested names transmitted in Department's 1946.

(3) An informed source suggests that ships and barges going down the Danube are generally empty and may afford a means of escape for a limited number of refugees in the guise of seamen or otherwise. Same source suggests that skippers can be approached on financial basis and crews through so-called communist channels.

Board is also advised that railroad line from Budapest to Mohacs, said to be about ten miles from partisan-controlled Yugoslav territory, might afford similar opportunities if contacts made with trainment through what are termed communist channels. In this connection you might also consider consulting Robert Bratschi, Union of Railwaymen, Effingerstrasse 19, Bern, who has already received general request to assist Board from J. Stolz, New York. Board further advised that Transylvanian Unitarian Church, socialist and partisan groups are in a position because of geographical situation and absence of real occupation to shelter refugees if they can reach that area.

THIS IS WRB BERN CABLE NO. 55.

June 22, 1944
2:30 p.m.

LEL:essentials 6/22/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: June 22, 1944
NUMBER: 2128

CONFIDENTIAL

FROM WAR REFUGEE BOARD FOR MINISTER HARRISON, BERN, AND
MCCOLELLAND.

Reference your 3843 to the Department of June 16.

Department and Board are exceedingly gratified by the success of your efforts. It is assumed that in view of the gravity of the situation, you will use all appropriate means to accelerate action on the part of the Swiss Foreign Office. The Board would appreciate receiving as soon as possible the text of the note presented to the Foreign Office and which the latter will transmit verbatim. Your recommendation that no publicity be given pending receipt of information of delivery of the note to the Hungarians and to omit reference to Swiss intermediation will be followed.

Department and Board would appreciate being advised as promptly as possible of the date of the delivery of note by the Swiss.

THIS IS WRB BERN CABLE NO. 53.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: June 22, 1944
NUMBER: 2131

CONFIDENTIAL

From the War Refugee Board for McClelland

Friends Service Committee would like to know whether it would be possible to arrange for hospital internment in Switzerland of selected hospitalized or ill civilian prisoners held in Germany or occupied countries. Committee points out similar arrangements were worked out during 1st war.

THIS IS WRB BERN CABLE NO. 42.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: June 22, 1944
NUMBER: 4003

CONFIDENTIAL

McClelland sends the following for War Refugee Board.

Given below is the substance of a message from Phelan, care of Childrens International Union, Geneva, for Boris Lentugov, one Madison Avenue, New York.

After a conference on the basis of Ferrier's report and in view of relief for refugee children in various European countries with all control guarantees, if credit of \$20,000 in a lump sum or installments were put at the disposal of the Central Secretariat Union Geneva, it could work out a scheme.

HARRISON

DCB: VAG: HL
6/24/44

FEM-926

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

Bern

Dated June 22, 1944

Rec'd 6:38 p.m.

Secretary of State,

Washington.

4005, June 22, 8 p.m.

FOR WRE FROM MCCLELLAND.

Further ^{for} ~~from~~ Margherita Devecchi, 333 East 57th Street New York, from Wally Toscannini.

"An Italian committee including all political parties has been formed at the Italian Consulate in Lausanne to help still oppressed Italians and Italian refugees in Switzerland. Hope you will sponsor this urgent appeal and form a committee in America among compatriots possibly presided over by my father, propose collecting funds for our work here. Money already sent through American Friends and Unitarians helping considerably but not enough meet widespread relief needs among Italians in Switzerland and elsewhere. Love"

HARRISON

RR WSB

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

SECRET

The Board is highly gratified by your 1066 of June 14 concerning the prospects of obtaining vessels from the Turkish Government to evacuate refugees from Balkan ports to Istanbul. This appears to offer the most promising likelihood of breaking the present shipping bottleneck.

You will recall that in your 538 of June 16 we advised you of the British Foreign Office opinion that the German refusal to grant a safe-conduct for the BARDALAND was prompted by a settled German policy of refusing to facilitate the evacuation of Jews to Palestine. You will recall further that we requested Minister Johnson to ask the Swedish Government to take up again the question of a safe-conduct with the German Government on the assurance to the Germans that the refugees evacuated on the BARDALAND would be taken from Turkey to havens of refuge other than Palestine. In line with this request to Minister Johnson, it is suggested that if it will not (repeat not) interfere with your efforts to obtain a Bulgarian safe-conduct as set forth in your 941 of May 23 you renew your efforts to obtain a German safe-conduct for the TABI from Constanza to a Turkish port, this time upon the assurance to the German Government that any Jewish refugees evacuated on the TABI would be taken from Turkey to havens of refuge other than Palestine.

This is WRB Cable to Ankara No. 57.

June 22, 1944

10:30 a.m.

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

211
DIVISION OF
COMMUNICATIONS
AND RECORDS

LC 962

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

Rio de Janeiro

Dated June 22, 1944

Rec'd 8:10 p.m.

Secretary of State,
Washington.



2287, June 22, 7 p.m.

Doctor Gudín prefers to be quartered with other
members of Brazilian delegation at headquarters hotel.
Department's 1896, June 21, 7 p.m. He will attempt
to arrange other accommodations for his wife should
his condition of health become such as to require
her nursing attention at Bretton Woods. Otherwise
Mrs. Gudín will remain in Washington or New York
during conference period.

CAFFERY

BB-RR

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Cairo
TO: Secretary of State, Washington
DATED: June 22, 1944
NO.: 1736

CONFIDENTIAL

Reference is made herewith to Department's cable dated June 20, no. 1532.

See my message dated June 10, no. 1580, also my no. 1645 of June 16, and no. 1641 of June 16.

We have already secured air priority for the Egyptian and Greek delegations to the Monetary and Financial Conference which left on June 19 for the United States. We have also secured air priority for the Ethiopian delegate who will proceed directly from Addis Ababa, as we understand it.

With reference to plans of any other delegation, no information has been received by the Legation.

TUCK

ef:copy
6-27-44

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF ²¹³
COMMUNICATIONS
AND RECORDS

HIS-840

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

San Salvador

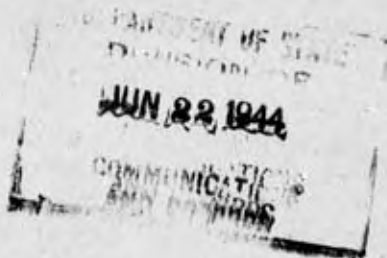
Undated

Rec'd June 22, 1944
2:01 p.m.

Secretary of State,
Washington.

US URGENT

210



Because political situation is uncertain, Agusten
Alfaro, Salvadoran delegate World Monetary Conference,
subject Embassy's telegram 207, nineteenth, has
delayed departure for Washington probably until Monday
or Tuesday.

GADE

RR WSB

AIRGRAM

CONFIDENTIAL

From: Port-au-Prince, Haiti

Date: June 22, 11 a.m., 1944

Rec'd. June 23, 4pm

The Secretary of State,
Washington.

A-329, June 22, 11 a.m., 1944.

DEPARTMENT OF STATE

JUN 24 1944

DIVISION OF
COMMUNICATIONS & RECORDS

The Haitian Minister for Foreign Affairs has received a memorandum from the Chargé d'Affaires of Mexico requesting the support of the Haitian delegation to the Monetary and Financial Conference for a proposal to be submitted by the Mexican delegate advocating the use of silver in the metallic reserve of banks.

The Minister requests the views of the United States Government on this matter in order that his Government's action may harmonize with the general interests of the monetary policy of the continent and of the United Nations. An expression of the Department's views is requested for transmission to the Haitian Government.

JILSON

851
07/1et

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

215
DIVISION OF
COMMUNICATIONS
AND RECORDS

HIS-137

PLAIN

Reykjavik via War

Dated June 22, 1944

Rec'd 11:20 a.m., 23rd

Secretary of State,
Washington.

277, Twenty-second

My 265, June 18 biographies of Icelandic delegates
to Monetary and Financial conference are as follows:

Magnus Sigurdson, born 1880 educated in Reykjavik
and at the University of Copenhagen LL.D. 1906. Advocate
to the Court of Appeal 1907. District judge and mayor
at Hafnarfjordur 1908. Manager of the National Bank
of Iceland from 1917. Has carried on negotiations on be-
half of the Icelandic Government. Icelandic member of
the Council of the UNRRA.

Asgeir Asgeirsson, born 1894 educated at University
of Reykjavik, Director of Education 1927. Minister of
Finance 1931 to 34. Prime Minister 1932 to 34. Director
of Education 1934 to 38. Manager of the Fisheries Bank
of Iceland from 1938. President of the United Althing
1930 to 31. Member of Icelandic Trade Committee in the
United States 1942.

Svanbjorn



-2- #277, Twenty-second, from Reykjavik via War

Svanbjorn Frimannsson born 1903 education at Akureyri and in England. Cashier of the National Bank of Iceland 1936 and head cashier 1937. Chairman of the State Commerce Board 1943.

DREYFUS

BB

FROM: AMERICAN LEGATION, BAGHDAD
TO: Secretary of State, Washington
DATED: June 22, 1944
NO.: 150

CONFIDENTIAL

The Minister of Finance has just informally advised us that to the International Monetary Conference Iraq is sending a delegation composed of the four members following: The British adviser to the Ministry of Finance, Lionel M. Senni; the Secretary of the Iraq Exchange Control Committee, Glendon B. Loombe who is a British subject; Accountant General in the Ministry of Finance, Ibrahim Alkhabiri; the ex-Minister for Foreign Affairs, Ibrahim Kemal, chairman.

It has been requested of the Legation at Cairo that they try to make arrangements for accommodations by air for the twenty-eighth of June by the northern route from Cairo. Therefore, during the first two days in July the party should arrive in the United States.

On leave in Great Britain is Loombe who will try to come directly from there by air. The Embassy in London is being advised and will undoubtedly extend his assistance.

It is stated by the Ministry of Finance that through regular diplomatic channels we shall be advised of appointments as to (e)

HENDERSON

(e) Apparent omission

cc:copy
6-27-44

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

218
DIVISION OF
COMMUNICATIONS
AND RECORDS

BE-897

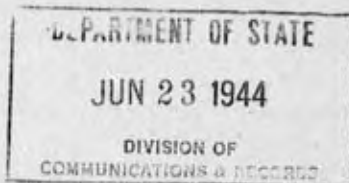
This telegram must be
paraphrased before being
communicated to anyone
other than a Governmental
agency. (RESTRICTED)

Panama via Army

Dated June 22, 1944

Rec'd 6:10 p.m.

Secretary of State
Washington



277, June 22, 3 p.m.

Regarding International Monetary Conference Foreign
Office note 863, June 21, states that Panamanian
delegation will consist of (1) Guillermo Arango and
(2) Narciso Garay, Junior Secretary of Panamanian
Embassy, Washington. Reference Embassy's 257,
June 9, 10 a.m.

Ignacio Molino, who was named, was unable
to attend.

WARREN

DU MEV

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
COMMUNICATIONS
AND RECORDS

219

GAR-950

PLAIN

Lima

Dated June 22, 1944

Rec'd 7:33 p.m.

Secretary of State

Washington

830, twenty-second

Ambassador Beltran and party depart Lima

noon today due Miami evening June 23. See my
787, June 15.

WHITE

CAW LMS



NOT TO BE RE-TRANSMITTEDSECRETCopy No 1OPTEL No. 204

Information received up to 10 A.M. 22nd June 1944.

1. NAVAL

Normandy By evening 21st weather had improved sufficiently to resume convoy sailings. Two tankers and a number of small craft have been driven ashore in the assault area. One of H.M. Destroyers seriously damaged by mine.

East Indies On 10th one of H.M. Submarines sank a 3,500 ton ship off West Coast lower SIAM and another of H.M. Submarines sank a 800 tons ship in MALACCA STRAIT.

2. MILITARY

France U.S. troops continue to close in on CHERBOURG in spite of increasing opposition and are now within 3 miles of the port on S.S.E. side. Continued heavy fighting on British sector S.W. of TILLY SUR SEULLES.

Italy Poles have reached PEDASO on ADRIATIC Coast and FERMO 7 miles further N.W. Strong German resistance along whole 8th Army front has permitted only slight advances. French on the right of 5th Army have also met heavy opposition but have pushed on a further 4 miles towards SIENA. U.S. troops further left have advanced against only slight resistance to within 2 miles of ROCCASTRADA and to a point on highway 1, 4 miles N.W. of GUINCARICO.

Elba Counted prisoners now exceed 1900

Russia Russians have continued their advance N.W. and N. of VIBORG and have started new offensive between lakes LADOGA and ONEGA forcing RIVER SVIR at its Southern end and over-running Finnish bridgehead at NORTHERN end. They have also broken through North of LAKE ONEGA and, having captured POVENETS, are fighting in the outskirts of MEDVYEZHYA GORA.

Burma Troops of 2nd Division have advanced a further 8 miles southwards along KOHIMA IMPHAL road.

3. AIR OPERATIONS

Western Front 948 escorted heavy bombers attacked BERLIN area dropping 1,295 tons on BERLIN, 484 on three Aero engine factories and one Diesel engine factory near BERLIN and 261 on other objectives with good results. 163 heavy bombers sent to attack RUHLAND synthetic oil plant near DRESDEN were ordered to land in RUSSIA and consequently results not yet available.

322 escorted aircraft of bomber command were sent to attack military constructions in ABBEVILLE and DIEPPE areas but former attack abandoned by most aircraft owing to weather. Military constructions also attacked by aircraft of 8th U.S. Air Force and the A.E.A.F. 392 tons, results fair where observed. About 45 tons were dropped on railway objectives in FRANCE. German casualties by fighters 24/1/44 for loss of 47 U.S. heavy bombers and 11 Allied fighter bombers and fighters.

21st/22nd Aircraft despatched:-

Synthetic oil plants near COLOGNE 133 (37 missing)
 Similar objective near GELSENKIRCHEN 132 (8 missing)
 BERLIN 32 Mosquitoes
 Other tasks 77 (1 missing)

German Activity Between 6 A.M. 21st and 6 A.M. 22nd. 52 flying bombs launched, 44 came over land, 27 reached LONDON area. Preliminary reports state 14 destroyed by fighters and one by balloons.

Italy 20th. 69 Marauders attacked a railway viaduct near RAPALLO destroying the Eastern span. 212 Thunderbolts attacked communications etc. in the PISA-PISTOIA-FLORENCE areas.

4. HOME SECURITY

21st. 6 A.M. to 6 P.M. flying bomb incidents 12 LONDON boroughs. most serious LEWISHAM where 10 people killed. A few incidents KENT, ESSEX, SURREY and SUSSEX.

21st/22nd. 6 P.M. to 6 A.M. 12 incidents from ten LONDON Boroughs mainly residential districts south of River. Other incidents KENT, SUSSEX, ESSEX, Casualties LONDON 6 A.M. 21st to 6 A.M. 22nd. So far reported: killed 32, seriously wounded 138.

June 23, 1944
9:55 a.m.

HMJr: Hello.

David Gray: Hello, Mr. Secretary.

HMJr: Mr. Gray.

G: Yes, sir.

HMJr: I'm very much annoyed about this meeting of H. H. Kung.

G: Of which?

HMJr: My -- the way the State Department handled me this morning.

G: What -- what was that, Mr. Morgenthau?

HMJr: Well, now

G: I'm not familiar with it.

HMJr: Well, let me familiarize you, and I want you to tell Mr. Hull, because I'm sure you don't treat Mr. Hull this way. I was asked by the State Department whether I'd send somebody down to meet Mr. Kung, and I decided to go myself. Your Mr. Woodward, who was calling all this morning -- he called up FitzGerald and told Mr. FitzGerald -- the last message -- would I be there at 9:40.

G: Uh huh.

HMJr: The plane got in at 9:15.

G: Uh huh.

HMJr: I get down there at 9:35, and there Dr. Kung has been there since 9:15.

G: Well, I declare.

HMJr: Now, it seems inexcusable to me, with whoever Mr. Woodward was, on the field, calling us up, and the last message -- they changed it every five minutes -- the last message was 9:40.

G: Well, I'll

- 2 -

HMJr: Now, there's a Lieutenant -- there's a Colonel Collins down there who said he knew all the time what time the plane would get in.

G: Well, I declare.

HMJr: Now, I took the trouble to go down myself, and spoil it all by getting there twenty minutes after the plane gets in, but ahead of the time that a Mr. Woodward told me to get there.

G: Exactly. Well, I'm as sorry as I can be, Mr. Secretary.

HMJr: I'm sure they wouldn't treat Mr. Hull that way.

G: I -- I -- this is news, every bit of it, to me.

HMJr: Well, I mean -- I took the trouble of going there personally, and then I get there five minutes ahead of what Mr. Woodward sent a message I should get there, but twenty minutes after Dr. Jung had arrived.

G: Well, I swear.

HMJr: And, frankly, I'm very much annoyed.

G: Well, I'm sorry as I can be. That's just

HMJr: It's inexcusable.

G: Yes.

HMJr: Because I travel in these planes, and I know that they give a time, and that they get in at the split second....

G: Yeah. Yeah.

HMJr: that they say they do.

G: Exactly.

HMJr: And the Colonel -- a Colonel Collins there, in charge of the field, said it was inexcusable that they didn't tell me, because they knew all the time.

G: Well, I swear.

HMJr: Yeah.

G: Well, I'll get -- I'll pass that information in.

HMJr: I wish you would, and FitzGerald was handling it, and he got contradictory messages all morning long.

G: I'll pass it along, Mr. Secretary, without fail, sir.

HMJr: Thank you.

G: I regret this very much, and I know the Secretary will.

HMJr: Well, it's inexcusable, because this Colonel Collins down there in charge of the field said he knew when the plane was going to get in.

G: Yeah.

HMJr: And I took the trouble to go, and the whole thing was a courtesy call, and then to have me come down there twenty minutes late

G: Yeah.

HMJr:when I was sitting here waiting.

G: Exactly.

HMJr: And I've been on notice since twenty minutes of eight this morning -- they started to call me.

G: Well, I'll be sure to carry out your wishes on it, sir.

HMJr: Thank you.

G: All right, sir. Thank you, sir.

June 23, 1944
10:46 a.m.

225

HMJr: Hello. Hello. (Pause) Hello.

Operator: She'll be right on.

HMJr: Hello. Hello.

White House
Operator: Miss Tully is on the wire.

HMJr: Hello. Hello.

Grace
Tully: Good morning, Mr. Secretary. How are you, sir?

HMJr: Hello, Grace. I'm sorry to have missed you last night.

T: That's all right. There was no hurry about it. I just thought I'd catch you while I thought about it. The Boss said would you pre -- would you and State prepare the letter of welcome to the Conference.

HMJr: Good.

T: Fine.

HMJr: Then, he doesn't want to go up there?

T: No. He can't do that.

HMJr: What?

T: He can't do that.

HMJr: But he will welcome them?

T: Yes. If you and State will prepare it, he said.

HMJr: We will.

T: Right.

HMJr: I thank you.

T: Right, Mr. Secretary. Good bye.

June 23, 1944
11:45 a.m.

HMJr: Hello.

Operator: McCloy.

HMJr: Hello.

John
McCloy: Hello. Good morning.

HMJr: Henry Morgenthau. Good morning. Have you fellows cleared that cable yet?

M: Well, I -- I told Hilldring I'd like to show it to the Secretary but I -- you -- if you're held up for it I can clear it.

HMJr: Well....

M: I think it's all right.

HMJr: Uh -- Stimson -- uh -- what's-his-name has cleared it -- Mr. Hull.

M: Hull? Well, it seems to me all right. I've just been trying to get hold of him and haven't been able to do it.

HMJr: Would you feel a little bit better about it?

M: I'd feel a little more comfortable if he'd say "Okay" and I'm sure he will say "Okay".

HMJr: Well, then I think I'll wait.

M: Because then you're safe with everybody on it.

HMJr: Because I don't want to have happen at Cabinet again what happened before -- that Mr. Stimson doesn't know about it. You might

M: Right. He gets all confused.

HMJr: And then you might....

M: Right.

HMJr:you know.

M: Right. Okay.

HMJr: What?

M: I'll keep after it.

HMJr: Don't you think it's a smart cable?

M: I think it's very good. Excellent!

HMJr: I think it's smart.

M: Excellent! And it seems to me -- uh -- sound, too. It seems to me -- uh -- right. He can't -- in the first place, he can't get -- shouldn't expect to get better treatment than the other people, and I don't think that -- I think that the arrangement is a sound one. He gets his dollars here. He gets -- he can draw on his account here.

HMJr: Yeah.

M: It seems to me to be a perfectly good arrangement, and it avoids this question of the agreement.

HMJr: You think you can clear this between now and one?

M: Yes. Yes.

HMJr: What?

M: I'm certain I can.

HMJr: Try it, will you?

M: Yeah, I will.

HMJr: Thank you.

M: You're welcome.

June 23, 1944

Mr. McCloy telephoned me at 10 minutes of 2 to say that he had gotten Mr. Stimson's O. K. on the cable which we prepared for the President to send in reply to the cable he received from Churchill, dated June 21.

June 23, 1944

My dear Mr. President:

In compliance with your request, I am sending you, through the courtesy of Admiral Leahy, draft of a proposed cable to Mr. Churchill in answer to his cable No. 709 of June 21st.

Mr. James Dunn and General Hilldring have participated in the drafting of this cable, and both of these gentlemen have cleared it with their respective departments.

If you have any question about any part of the cable, I would appreciate your sending for me so that I can go over it with you in person.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

The President,

The White House.

6/26/44

PROPOSED CABLE FROM THE PRESIDENT TO CHURCHILL

Refer your 709 of June 21.

I do not feel that we should proceed upon the assumption that our governments are responsible for the redemption of the supplemental franc currency merely because no understanding has been reached with the French Committee.

The supplemental franc currency has been issued by the Supreme Allied Commander because at present he is the only authority with the power to issue currency for France. The Supreme Commander has the responsibility during the military period to see that the Frenchmen who accept and hold this currency will not be cheated and that full value will be given for it in France. Ultimately the supplemental currency will be redeemed like any other good currency by the government of the country in which it is issued. In due course, when a government is established in France the United States and British Governments can reach a full settlement with the French Government for Allied expenditures in France. In such a settlement, even in the absence of prior agreement with the French Committee, allowance could be made for assumption by the French of all costs of civil government and of those local expenditures of our armed forces which in the case of other Western European countries will be regarded as mutual aid. ~~If we wanted to drive a hard bargain, a strong case could be made that neither of our governments has any obligation to bear the burden for any of our local currency expenditures in France or in other liberated areas.~~

Out

Despite these considerations I have recently proposed financial agreements with Belgium, the Netherlands and Norway under which this government will pay currently in dollars for the amounts of their currencies used for

- 2 -

our troop pay. On the other hand, we expect these governments to pay us in dollars for supplies for the civil population. If dollars accruing to them from troop pay are insufficient to cover their purchases of civilian supplies, we shall expect them to draw on their dollar or gold resources. I understand you have similar arrangements with these countries.

I am willing that we should study the possibility of reaching an understanding with the French Committee consistent with existing political considerations embodying the payment principles of the financial arrangements with Belgium, the Netherlands and Norway. I am giving instructions to the appropriate departments of this government to proceed with the study of this problem in consultation with the French Committee, and I feel it advisable that your studies and consultations be coordinated with ours.

*Approved by
President at 4:00 pm
6/16/44
McClay, Bell & Glaser present
DWB*

June 23, 1944

MEMORANDUM FOR THE SECRETARY

Meeting of Mr. Glasser and Mr. DuBois
with Admiral Leahy
2:30, June 23, 1944

The Admiral greeted us in a very friendly manner and began reading the suggested cable with the comment that he didn't know anything about finance and it took experts to handle the subject. As he read the reply, he asked questions concerning the redemption of the currency, pointing out that French currency was worth much less than 2 cents a franc in foreign markets and that our franc currency which was being sold to the soldiers at 2 cents a franc was worth at least 4 times the old French currency. After some explanation on our part he proceeded to read the rest of the document with evident approval.

We pointed out that in the cable from Prime Minister Churchill the position was taken that we either had to get together with the French Committee or else assume responsibility for the redemption of the currency ourselves; and that in our reply we were making clear that these were not the necessary alternatives. We emphasized the implication in the cable that in reaching a financial understanding with the French Committee we expected the French to pay for the civilian supplies being sent to France with France's gold and dollar assets. He said that he was in full agreement with this position.

He made the comment that he used to like the French but he doesn't like them any more. He said they are causing a lot of trouble on the military side and he sees that they are also causing the Treasury trouble on the financial side.

He concluded with the comment that he would take up the cable with the President at the first opportunity this afternoon and would call Secretary Morgenthau when the President took action.

H. Glasser
H. Glasser

J. E. DuBois
J. E. DuBois

June 23, 1944
3:31 p.m.

HMJr: Hello.

Herbert Gaston: Hello.

HMJr: Herbert.

G: Yes.

HMJr: I got your message through Mrs. Klotz about this appointment of Gage.

G: Gage.

HMJr: Shivers means nothing to me.

G: Uh huh.

HMJr: But Connally does. He means a lot.

G: Yes.

HMJr: And I am not going to ruffle Connally.

G: Yes.

HMJr: Now, I forget the name of the man who's -- who's supposed to be the representative at the White House for the National Democratic....

G: Barnes.

HMJr: Who?

G: Barnes. Jim Barnes.

HMJr: Well, you can tell Barnes for me that unless this is cleared by the White House, and the President says "Okay", I don't want to embarrass the President by sending it over there.

G: Well, the thing has been pending for quite a long time, and we have been waiting for the Democratic National Committee to get some kind of terms from Connally.

HMJr: Yeah.

G: Bob Hannegan called me up this afternoon and told me that -- that he'd like to have it sent over.

HMJr: Well, I don't care. There's -- I mean, unless Connally's okayed this thing, the fellow is going to have his headquarters in El Paso. I've got Connally, in the last week or so, so that he's friendly. He's been unfriendly for a year.

G: Uh huh.

HMJr: He's a very important citizen as far as the Treasury goes....

G: Yes. Yes.

HMJr:on this Committee on Finance.

G: Yes.

HMJr: Foreign Affairs.

G: Yes.

HMJr: The World Bank.

G: Yes.

HMJr: I am not going to offend him.

G: Yes.

HMJr: If I've got to offend anybody, I'd rather offend Hannegan.

G: Yeah. Well, Barnes is one of the people who has been pressing me to do this.

HMJr: All right.

G: And I just talked to Barnes, and told him what I had got from Hannegan a little while ago. Now, I can get Barnes back. Should I do that? And -- and

HMJr: No. You -- Why don't you call up Connally direct?

G: Uh huh.

HMJr: And tell him that they're pressing us -- the National Democratic Committee is pressing us.

G: Yes.

HMJr: But that I -- I'm a great admirer of the Senator.

G: Uh huh.

HMJr: And I don't want to do anything that -- unless it's pleasing to him.

G: Uh huh. Well, that will probably stop it. I -- I....

HMJr: That's all right. That's all right. I am not going to -- Listen, Herbert, I haven't got much time.

G: Yes.

HMJr: But Mr. Bob Hannegan won't do a God-damn thing to help me on the Hill.

G: Uh huh.

HMJr: But nothing. I got to get a bill through Foreign Affairs on this Monetary thing.

G: Yeah.

HMJr: Connally is one of the powerful members on Finance.

G: Yeah. Yeah.

HMJr: Bob Hannegan won't do a God-damn thing to help me.

G: Yeah.

HMJr: I cannot afford to offend the senior Senator from Texas, who is Chairman of the Committee on Foreign Affairs, and I'm not going to.

G: Suppose I -- I'll try to get Connally. He's probably on the floor, but I'll try to get him.

HMJr: Yeah, and you tell him that I'm a very warm admirer of his, that I'm under all this pressure, but that I personally will not do anything unless it's pleasing to him.

G: Yeah. All right. I'll do that.

HMJr: All right. And that's where I stand.

G: Yeah, all right.

HMJr: I'm going to sign the thing, leave it here, but unless it's pleasing to Connally, I will not budge.

G: Yeah.

HMJr: Unless the President orders me to.

G: Yeah. Right.

HMJr: Okay?

G: Okay.

HMJr: And put it on, and give him a little "smootch" -- Connally -- how I'm standing up unless this is all right with him, and I won't move.

G: Yeah.

HMJr: Shivers means nothing in my young life.

G: Well, it means nothing to me. I -- uh -- it's a -- Connally has just -- has just -- has just not recommended anybody. I -- they tell me that Connally would like to be taken off the spot, but I -- I -- maybe he could -- he -- he -- he hasn't told me that himself.

HMJr: Well, you get hold of Connally, will you? And tell him how I feel about him.

G: Right. I'll do it right away.

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My dear Mr. Secretary:

Just a note of sincere thanks for your going to the trouble and nuisance of coming up to New York to help us put over the "Avenue of the Allies" program.

Your talk and your sincere delivery of it were commented on by several hundred people who came up to me after the Luncheon and who telephoned to me during the afternoon.

I do believe that by this getting together of the representatives of the United Nations, we have been able to further international understanding and good will just a little bit more.

Many, many thanks,

Walter Hoving

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

JUN 23 1944

My dear Mr. Salter:

I greatly regret that I did not have the pleasure of seeing you in Texarkana on June 12. Mr. Houghteling of our War Finance staff had told me of the outstanding work which you have been doing, both as chairman of the War Bond committee of the Kansas City Southern and as chairman of a general committee of railroad executives and labor leaders representing all the railroads serving the Kansas City district. He has emphasized the great amount of your time which has been given to War Bond promotion and the remarkably effective series of posters, cartoons and bulletins which you have originated. It is this sort of initiative by American citizens which has made the success of the Treasury's War Bond Program possible.

As you probably know, various changes of schedule brought us into Texarkana later than we expected and necessitated an earlier departure. The script of the broadcast, which I considered vitally important as setting the pace for the entire Fifth War Loan Drive, required my close personal attention during the afternoon, and I was unable to see a number of persons whom I had looked forward to meeting, including yourself.

I hope that on some future trip, when I will not be under the pressure of opening a War Loan Drive, I may stop at some point where it will be possible for you to come and see me.

With many thanks for your fine cooperation in our War Bond Program, I am

Sincerely,

(Signed) H. Mergenthaler, Jr.

Mr. James M. Salter
Treasurer
Kansas City Southern Railway Company
Kansas City, Missouri

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

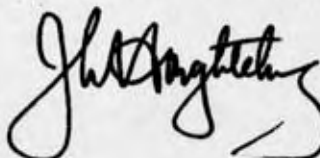
DATE June 22, 1944

TO: The Secretary of the Treasury

FROM: James L. Houghteling

James M. Salter, treasurer of the Kansas City Southern Railway, is our No. 1 War Bond worker in the railroad field. When he heard about your meeting of June 12 at Texarkana he sent me word that he was going down there to see that everything went smoothly as regards railroad matters, and expressed a desire to meet you. I discussed this matter with Fred Smith and at his suggestion gave Mr. Salter a letter of introduction to you to be presented to Mr. Smith at the Grimm Hotel on June 12.

Unfortunately circumstances made it impossible for you to see Mr. Salter. On account of his outstanding devotion to the War Bond Program, I hope that you will send him the attached letter. Both Mr. Gamble and Mr. Smith concur in this recommendation.



TO:

Secretary Morgenthau

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O

Cavalcade would like for
you to approve the following
message in place of your
appearance Sunday night.

TS

Orig. Returned to
Smith 6/23/44
Fred Smith
Room 2904

CAVALCADE BROADCAST

241

Herbert Marshall:

Thank you, ladies and gentlemen.

I had hoped at this time to introduce the Honorable Henry Morgenthau, Jr., Secretary of the United States Treasury, who, in the accomplishing of his arduous duties and service to the people, is today's counterpart of the brilliant Robert Morris of long ago. However, since Mr. Morgenthau cannot be with us, it is my privilege to read a telegram which he sent to the Cavalcade audience and which reads as follows:

OK. M.H.
→ "I regret that the pressure of Government affairs makes it impossible for me to speak to you directly as I had wished and planned. But I have read with deep interest the play just presented.

Today, as in the days of Robert Morris, the need is great and urgent. Our forebears stood then, in a sense, on the eve of an Invasion.

Marshall (Cont):

We have successfully passed that point. But only passed it. Final victory is yet to be achieved. Supreme effort becomes the order of the day ... effort that will reflect itself across the seas to our men, our kith and kin, who tonight fight and die for that victory. We have a continuing and increasing obligation to participate with them in the fullest measure. They need and must have our moral and material support for a sure victory and a decent and enduring peace. We at home can help provide that support by buying Bonds, and still more War Bonds today and every day." Signed, Henry Morgenthau, Jr. Secretary of the Treasury.

MEMORANDUM FOR THE SECRETARY.

June 23, 1944.

Mail Report

During this week the Fifth Drive still held the leading role, although the type of mail concerning bond sales varied slightly. Replies to form letters and telegrams, soliciting support, dropped off sharply, with 50 such replies received in all. On the other hand, there were an increased number from day to day of reports from the field. These communications told of quotas reached, described sales schemes, and sent illustrations of promotional material. The few additional comments on the radio program from Texarkana are included in the abstract sheets.

Again a number of writers asked that the small G.I. Bonds be made available to children and civilians. A number of writers apparently did not know of the new bond and requested one of this type for gifts, etc. One writer had calculated the number of birthdays and weddings in which the bonds might serve as presents. Other constructive suggestions concerned educational campaigns to encourage the holding of bonds, and many were antagonistic about the reports of heavy selling. The 75 bonds submitted for redemption represented a small rise. Perhaps a dozen of the slips now inserted with checks were returned with explanations of the necessity for cashing the bonds.

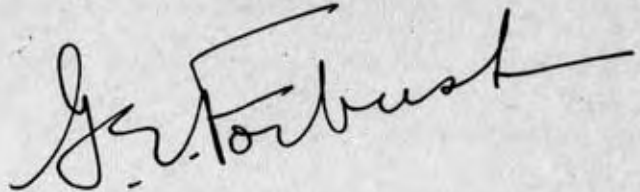
Other mail was light and scattered as to subject matter. Some 15 writers asked for tax refunds, and perhaps half of those who returned the bond redemption slips stated that the bonds were cashed because tax refunds that were expected and needed had not been received. In the tax mail, questions and protests about corporation and transportation taxes about equalled those concerning personal taxes.

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Memorandum for the Secretary.

June 23, 1944.

There were several small cash donations this week, 1 or 2 bonds to be cancelled as a gift, and a few inquiries about Foreign Fund regulations. Each day brings in a few appeals to the Treasury for aid in securing allotments denied the writers by the Navy or War Departments, or in locating allotment checks that have not been received.

A handwritten signature in dark ink, appearing to read "J. R. Forbush". The signature is written in a cursive style with a long horizontal stroke at the end.

Favorable Comments on Radio Program

of June 12, 1944.

Thornton W. Allen, Thornton W. Allen Company, New York City. It was with great pleasure that I listened to the program opening the new War Bond campaign. Naturally, we are all interested in the success of this Drive and hope that the quota will be oversubscribed. It did occur to us as a bit odd that the Treasury Department chose as the opening musical number of this program the "United Nations March", by Shostakovich, a Russian composer, when America already has an inspiring march song, "United Nations Forever" by Thornton W. Allen. Etc., etc. * * *

Wm. Yoffee, Harrisburg, Pa. Please send me a copy of the script for the Treasury Department 5th War Loan Drive program of June 12, 1944. I enjoyed the program very much.

Robert G. Beddome, Vancouver, B. C., Canada. Once again, Mr. Morgenthau, on behalf of my wife and myself I want to thank you and our President for remarkable talks tonight in connection with the Fifth War Loan Drive in the United States. * * *

Letter addressed to the President by H. E. Friedlund, Lake Kushaqua, New York, and referred to the Treasury for handling. "I would humbly like to submit a suggestion contained in a poem. This act was inspired by the wonderful and beautiful broadcast of last evening, starting the Fifth Bond Drive. Orson Welles is to be commended for the most touching radio broadcast I have ever listened to. It appealed especially to me because of all the quotation of great men so

- 2 -

ably given long years ago and brought back again to life. Henry Morgenthau, Jr., and Walter Houston were superb, as was the hermit. * * * I am going to humbly ask if it is at all possible for me to receive a copy of that broadcast. I hesitate in asking, but my desire is so great I would not want to miss the parts of the broadcast that I cannot remember. * * *

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Unfavorable Comments on Radio Programof June 12, 1944.

Penn Newcombe, Los Angeles, California. If I thought you spent any money on that terrible, amateurish, muddled, pointless, queer stuff introducing the Fifth War Loan, I would not lend a cent to be so spent. FDR was no more inspired. From WHERE do you get the notion that movie stars are intelligent? Or good writers? Or patriots? See what War Bonds you can make them buy! Next time, get a news correspondent to write your stuff. . . . It was awful!

"A War Mother" -- Postmarked Kansas City, Missouri. Did you not make a pretty bad slip in your speech inaugurating the Fifth War Loan Drive when you referred to Mr. Roosevelt as "Our Commander-in-Chief"? I would like to call your attention to the fact that the U. S. Constitution only makes the President the Commander-in-Chief of the Army and the Navy, not of the civilian population. He is the hired servant of the people and must answer to the people. Of course, others have used that phrase as a political trick to impress the ignorant. Suggest that you re-read the U. S. Constitution.

"A Former Veteran"-- Postmarked Springfield, Ohio. Of all the rotten programs, let alone a program supposedly to inspire one to buy bonds, last night's was certainly terrible. It was typical Orson Welles stuff. Why didn't you have a few laughs and songs and music to inspire people to make them feel like buying? That program was morbid and had as much inspiration to it as some of Daniel Webster's quotes.

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Meyrl E. Waterman, Los Angeles, California. On your program Monday evening, and from your explanation of the causes of this war, you and all who had anything to do with that program should be charged with "misrepresentation of the facts". You know as well as us working people, the Jews are the cause of this war. Don't blame an innocent man like Hitler, even though he does make a good goat.

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General Comments

Clement P. Quinn, Saginaw, Michigan. In TIME, May 1, 1944, on page 22, appears an article entitled, "Net Profit", which outlines how Canada has declared its financial independence of the United States when it announced the end of the financial arrangements under the famed "Hyde Park Declarations". The final paragraph reads as follows: "On balance, the deal showed a nice profit for Canada. The airfields were her own property, ready for use in the postwar air age. Technically, she was still under no obligation for Lend-Lease. And Canada was back on her own financial feet". The reports of the Canadian security dealers reflect these statements. If Canada is back on her financial feet, why does the discount on Canadian funds still continue?

Jennings DeWitt, New York City. What have you done, or are you belatedly doing, to protect us from further depletion, by adolescents, of our money base -- gold? Elected to the presidency was a man whose only claims I know of to business success was the unloading of German inflation marks on Americans, and the profitable(?) marketing of Christmas trees. Congress no doubt gave this man and he, in turn, apparently gave his wastrels free rein in the dissipation of our substance. If this be true, and I believe it is, then are not you as our protector against profligacy equally guilty with him for the monstrous wastage, during the past eleven years, of billions of our resources? I am addressing a copy of this to Senator Byrd, the one among you who has kept his balance and his head clear, and who has not been dazzled dizzy by the fantastic dance of dollars flowing from the U. S. Treasury to God knows where.

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Favorable Comments on Bonds

Joseph Bilodeau, Buffalo, New York. Due to illness it became necessary for me to cash some of my bonds. When I received my check in the mail for my bonds, I also found enclosed a very fine memo signed by you, giving valuable information as to why I should continue to buy bonds, and the reasons why the Government was selling them. In the first place, I overbought. Then I became ill and had to quit my position at Curtis-Wright, Kenmore Plant. I would rather lose my life than to do anything that could possibly harm my country in any conceivable manner. You can rest assured that as soon as I am able, I shall again purchase all the bonds my salary will allow. May I be allowed to tell you that in my opinion our beloved President and you, Sir, have been, and are doing, a wonderful job. More power to you both and the best of luck.

William S. Collins, General Delivery, Tuckahoe, New York. May I, Sir, at this time offer the interest on my bonds or the bonds I hereafter hope to buy, to the families of any service men or women who have been inducted into the armed forces for the purpose of helping their families? Sir, there is no hitch or catch to this offer, but a bona fide offer to help service men or women's families who are in dire need, or who will be in dire need after this war. * * *

Charles J. D. Spreckels, Captain, U. S. Army, Retired, San Francisco, California. A few days ago, over the radio, I heard a report that during the month of May more War Bonds were redeemed than during any month since the War started. Also, that there are several millions of people in the United States who never, at any time, bought or owned a War Bond. Is this report correct? * * * I realize there are cases when a person is obliged to cash in on War Bonds,

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but with present high wages and prosperity, I feel there are many cases where there is no need of cashing in of War Bonds. * * * I have been buying War Bonds every month ever since 1942, and prior to that year, whenever I had the money. I have all the bonds I ever bought safely put away in my safe deposit box. I never think of cashing any of them until this War is over, and if possible, shall hold on to them until maturity. * * * I practice strict economy. It is the only way to enable me to buy War Bonds, and I derive great pleasure and satisfaction in saving for such purpose. I was born in Germany (I am not proud of this since there are men like Hitler), and became an American citizen in 1898; served over 26 years in the American Army, from private to Captain. I feel that I owe America a debt which I can never repay. Uncle Sam adopted me as one of his millions of citizens, and I am most proud and grateful for this fact. Due to age (I am past 72) and physical disabilities, I am unable to serve my country in this present War, so about all I can do is to buy all the War Bonds I can. This letter is not for publication, nor is it meant as a guide for others -- it is simply an expression on my part of how I feel about the purchase and holding on of War Bonds.

Kinsey W. Clithers, Sr., Middletown, Mo. Kind Sir, I sent in 4 bonds to have cashed and I received pay for 1, and this little slip with it, and from what was on the slip, I thought you would not cash the other 3, and wanted to let you see that I was no slacker. Hope you pardon me for writing you. I have since received pay for the other 3. I am past 84 years and easily unnerved. Thank you.

Unfavorable Comments on Bonds

Anonymous -- Postmarked Washington, D.C. You want the people to look up to and respect the Government, but smutty shows like the one staged at the Fifth War Loan Show at the Washington Monument Tuesday lowers one's estimate of the present Administration. It was nothing but smutty jokes, swear words, and terrible music -- loud, raucous discords. I would not take a bond at anything, I was so thoroughly disgusted. I want to be able to admire my Government, and whatever it sponsors is indicative of itself. I think whoever was responsible should get a black mark and not be put in charge of any others. The other shows you have given have been very, very nice, and worthwhile seeing. Now put on a nice one to counteract this one.

C. H. Park, San Diego, California. On July 10, 1943, you answered my inquiry concerning the delinquency in delivery of War Bonds purchased by payroll deductions while with the U. S. Engineers, Deming, New Mexico. Two years have gone by since these bonds were paid for and a dollar in stamps has been spent trying to get them, besides the worry and trouble incident to dealing with the inefficient, slap-happy methods and don't give a damn after the money is paid in, by the elaborate offices all over the country. You promised to refer this to the Chicago office, which used the same method of doing nothing about it. I still don't have these bonds, and have little hopes of getting them, but I have not lost my energy, and am writing you again, making a copy for a purpose which I will file with the letters and other copies. Don't waste the Government's stationery answering unless you can do something about this.

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R. Boddie, Nash Engineering Company, Miami, Florida. On the eve of another War Loan Drive, I regret to inform you that I shall be compelled not only to stop buying additional War Bonds, but will have to start cashing in the bonds previously purchased. This situation is brought about by the action of one of your Government Agencies, in preventing me from carrying on my business so that I can earn the money, not only to make a living, but to purchase War Bonds. * * * The Agency is the O.P.A., whose rationing board says that my work is nonessential, and that under their regulations I am not entitled to more than 5 gallons of gas per week for the operation of my car, the use of which is absolutely necessary to carry on my business. I happen to be a service engineer for several nationally known machinery manufacturers whose products are practically 100% being used in direct war work. My customers are Army and Navy establishments, municipal waterworks, power and other public utilities companies. The O.P.A. takes the position that my services in connection with the sale and installation supervision of this mechanical equipment is nonessential. Of course, this same O.P.A. in this area has publicly announced recently that they were entirely within their rights to grant "C" gas rations to a number of employees of horse race tracks, which they decided were to be classified as an "industry". In the last two War Loan Drives, my wife and I have purchased in each instance \$1,500 of bonds, and our total purchases in the past two or three years amount to about \$6,000. * * *

Mrs. Harry Harradon, Goffstown, N.H. I purchased my bonds with the intention and desire of keeping them until maturity, but being a farmer and poultryman, I found it impossible at the price allowed by the Government for our eggs to get money enough to pay my grain bill, so rather than get into debt, I am obliged to cash them at once. My son-in-law, who runs a large

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hatchery here, says that two-thirds of the poultrymen he comes in contact with are in the same straits as we are, and still they want us to buy more bonds. Really I would like to have them show me where we are going to get the money.

W. L. Gund, Marcus, Iowa. In January 1944 I purchased my quota of the 4th Victory Loan. In March I had some money on hand and I purchased more bonds than would be my quota of the 5th Victory Loan. In April I paid my income tax to December 15th. Now the 5th Victory Loan Drive is on and the County Chairman sent me notice of my quota, and I explained to him that in March I purchased more bonds than my quota would amount to, and he informed me that my purchase of bonds in March could not apply to the Fifth Victory Loan. I would like to be informed if his opinion is correct. If it is, I will only purchase bonds during the Drives. I was under the impression that the Government was selling bonds at all times, and the purchase any time would apply on the person's quota. I am purchasing 25% of my income in bonds. * * *

Joseph J. Graham, Butler, Pennsylvania. In answer to a notice which I received with a Bond check from Cleveland Reserve Bank. Stating to hold our Bonds. You are right. I don't like to cash them in. but as I wrote you in April in regard to a refund of my Income tax which is \$80.12 as I had been charged with a Broken foot. You didn't answer my letter so that is why I am cashing my Bonds. So if you can give me any information to when I will receive this refund Check I may be able to save my Bonds.

Anonymous -- Postmarked Seattle, Washington. The quicker the American people quit buying bonds, the quicker this war will be over with. Get your money

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from Mr. Roosevelt. He sold us to England. He should have enough to kill a few million more boys off. * * * We are sick of him. Will he replace the empty chairs in our homes? He sure is rotten to the core and has the nerve to pray.

W. G. Murray, General Steel Castings Corporation, Eddystone, Pennsylvania. As you know from the monthly report of bond sales, this Corporation operates a War Savings Bond Payroll Savings Plan. Naturally, with the number of employees on our payrolls we have a few unclaimed bonds which we have been unable to deliver to employees to whom they belong, as they left no forwarding addresses. We also have a number of balances for deductions from payrolls made for the purpose of bond purchases which we have been unable to refund to the employees, due to their having terminated their employment, and having left no forwarding address. I have endeavored to find out through the Federal Reserve Bank in Philadelphia what disposition should be made of these bonds, and also the money representing unclaimed War Bond deductions, but to date, they have not been able to give me any advice with respect to this matter, other than they expected instructions to be issued at some later date. As we are anxious to dispose of the bonds and also the money, will you please advise us what procedure we should pursue?

F. A. Foote, Route 1, Los Altos, California. * * * I have been more or less curious as to just how much of the money raised by the War Bonds went to the carrying on the War, and how much for extravagances and unnecessary expenditures. In the San Francisco Chronicle of today, June 19, 1944, Drew Pearson states: That you have for your use a Coast Guard Plane which you use for week-end trips to your home. Secretary Stimson has a plane which he uses for week-end trips to his home to get eggs. The Douglas Aircraft Company

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is completing a plane with elevator compartment and bath at a cost of \$750,000 for President Roosevelt. When the most of us are trying to get along (cheerfully) on an A card, it does not sit good to read such selfish extravagances. I have a suspicion that if all the unnecessary expenditures were cut out the necessity for such large War Bond Drives would be eliminated. For one, I will not purchase another bond voluntarily as long as such conditions as outlined by Drew Pearson exist. You, of course, will never see this letter and so I am sending a copy to Congressman John Z. Anderson, our Representative from California, just hoping that something can and will be done to stop the profligate expenditure of the taxpayers' money.

Walter Walrath, Program Director, WICA, Ashtabula, Ohio. * * * I have brought this problem to the attention of several in your Department, and each time I have received a very polite letter thanking me for my interest, but leaving no doubt that my complaint is considered very picayune and that the situation is unavoidable. Since the Sixth War Loan is undoubtedly already being planned, I hope that my problem can be worked out in time to avoid at least some of the experiences attendant upon the other five campaigns. * * * We small stations are handicapped in many ways in promoting War Loans. Since we are a "daytime" station we must sign off before any of the big network programs go on the air. * * * Thus you see, we are dependent upon your War Finance Division for really good promotion material - The Treasury Salute, Star Parade, and Song For Today are really good. I think they sell a lot of bonds. * * * A great many people knew, at the close of the Fourth War Loan, the opening date for the Fifth War Loan. I assume your War Finance Division also had that information. Several weeks ago I had a questionnaire from our regional OWI office asking if we would be willing to carry four half-hour transcribed programs during the Fifth War Loan on a sustaining basis. I immediately answered "yes". We

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had no further word until May 27 when I received a mimeographed sheet from the War Finance Division, dated May 20, advising us what material was available. * * * Two weeks before the start of the Fifth War Loan I wrote advising that we had not received any material. Not only did we fail to receive any material, but we were not able to maintain our regular schedule of 3 "Treasury Salutes" per week as we did not receive them. On Wednesday, June 7, I wired Mr. Gamble that we had but one left and needed two to finish the week and more to open the Fifth campaign. Well, we received a shipment the following Tuesday. Naturally they were too late to help our previous week's schedule -- and they were all back numbers which we had broadcast previously. Thus, we got the Fifth War Loan off to a fine start! On Wednesday, June 14, I had a letter from Robert J. Smith, dated June 12, the day the Drive opened. It told me all about the same four transcribed programs, and we were urged to give them a big publicity play! * * * I had long, long before scheduled them for 5:30 on Sundays -- Sunday being our biggest audience day, in addition to being the very last day they could be scheduled if they were to be broadcast one per week at the same time on the same day. I thought that would be taking into account the notorious tardiness of the cooperation we have been getting from the War Finance Division. I wired, when the telegraph office opened on Wednesday, June 14, saying it was scheduled for 5:30 Sunday and to please rush the material. We redoubled our efforts, plugging it at our street sales shows in the evening, and at a local bond auction at the High School. On Thursday, June 15, came a wire from Mr. Gamble that "Four for the Fifth" was shipped from California June 14. On Saturday June 17 came a wire from Mr. Delehanty that "Four for Fifth" was shipped from California June 15, Air Express. All day Sunday I kept in touch with the Express office. The show never arrived. We had to go on the air at 5:30 with the announcement that the program previously scheduled would not be heard. * * * Well, the records

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arrived on Monday June 19 -- not Air Express but in the mail -- and one record was broken. Since the parcel contained 2 shows with half of each one recorded on each record, that makes both shows unusable. I wired Mr. Smith immediately and asked for replacements. I have no idea if or when they will arrive.

* * * As I said before, this is not our first experience of this kind. It has been the same during every War Loan. We are advised that we will be furnished spots which we can sell, then the spots do not arrive until after the campaign is under way.

* * * How can we make requests for programs like "Four for the Fifth" when we get the information in a letter dated the day the drive started? * * * We want to help win this War in every way we possibly can. We are not going to give up in despair. We will keep plugging in spite of the lack of cooperation, but it would seem to me that the men who are getting paid for handling War Loan promotion should be able to devote as much care to their plans and their execution as we folks who donate all of our efforts. * * * I realize that one of these campaigns is a huge project, and there is plenty of room for all of us to make a few mistakes. But this constant repetition of the same mistakes begins to look more like neglect than honest error. * *

The invasion of France was also a big undertaking, and I for one am truly thankful that the men who planned it also took some pains to see that those plans were executed ON TIME. * * * After each of the previous War Loan Drives there has been a let-down. I suppose it is inevitable, but I do not believe it should include a complete break-down of our bond publicity. After each of our other Drives we have failed to receive our regular quota of Treasury programs until I wrote and asked what was wrong. We carry the Treasury Song for Today twice each week, and the Treasury Salute three times weekly -- Sunday, Wednesday and Friday. If there is to be a hiatus, we would appreciate word to that effect in advance, and if the programs are

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to continue, we would appreciate receiving them without having to ask. * * * At all cost, I wish to avoid making the fatal announcement, "The program originally scheduled will not be heard", for unless the cancellation is for a special and more important show, your audience vanishes like magic. Thank you for bearing with me thus far, and congratulations on your show from Little Rock. It was fine.

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Unfavorable Comments on Taxation

Herbert E. Cavano, Sr., Allentown, N.J. I am a patient man but I believe three months is entirely too long to wait for a small tax refund. During 1943 my two employers deducted an amount of some few dollars (\$14.00) in excess of the \$30.00 Social Security deduction from my salary. After one incorrect direction as to how the application for refund should be made, I sent the papers, filled out as directed, to Camden, New Jersey, Department of Internal Revenue -- also as directed. Three months have passed and no word has been received. I realize I am only one grain of sand on a large beach, but I wonder if I would be given that much time if I failed to pay up. With all the thousands on the U. S. payroll, surely someone can finish up the deal and send me a check so I can add the difference and buy a bond during the present Fifth War Loan Drive.

"An American Citizen" -- Postmarked East Lansing, Michigan. Your appeal over the radio at the inauguration of the 5th War Loan Drive recalled to my attention the attached article that appeared on the front page of the Lansing State Journal of June 9th -- "Tax Penalty Rigging Seen -- Internal Revenue Bureau's Critics Cite Elimination of Fine to Sway Votes". Hitler was mimicked on your radio program but the attached article leads me to believe that possibly his actions are emulated by certain Government officials. * * *

Hugh D. Davis, Teaneck, New Jersey. On July 1st, as usual, the new \$5.00 Use Tax Stamp must be purchased. At present, based on my 1943 income tax return, which was filed in the Newark, New Jersey office, the Treasury Department owes me \$82.78, plus interest from March 15. Would you kindly deduct the \$5.00

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from the amount you owe me, sending me the new stamp and the balance due? Incidentally, a forecast of my 1944 income tax shows that by December 31st, you will owe me \$103.84, which, perhaps, indicates that the tax structure should be investigated or more rapid repayment of money due should be effected. * * *

Letter addressed to the President by Charles Arthur Leech, Hollywood, California, and referred to the Treasury for handling. "I am appealing directly to you in re the matter of refund of \$141.06 due on my 1943 income tax to help me through a most desperate financial crisis, local authorities repeatedly disclaiming any ability to aid. When the 20% withholding tax was first instituted, I made most urgent representations locally, then directly to the President, that the operation of the tax, as applied to the day workers in the motion picture business, would work a grievous hardship. * * * While the Secretary of the Treasury's office and local authorities explained the operations of the tax and the impossibility of making wide changes in the Act to help a relatively small number of taxpayers, it was held out that in any event the inconvenience would be only temporary, as prompt refunds would be made in event of overcharges. I am now facing a serious financial squeeze, certainly not contemplated in the operation of the tax program, and most certainly not a sacrifice that aids the War effort -- but rather the contrary due to seeing my family close to eviction and want. I well recognize the formidable mass of detail connected with auditing millions of returns, but I am appealing to you to have this distress case placed ahead of the many not suffering through the delay. * * * "

G. Becker, President, Western Sheet Metal Works, Inc., St. Louis, Missouri. The income tax people are taking it upon themselves to change or reconvert our income tax returns for years 1942 and 1943 from the Cash

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Receipts and Disbursements basis to the Accrual basis in order to tax a frozen copper alloyed inventory as additional income to the company for the years above-mentioned. This copper alloyed material in question was purchased to complete our part of two war projects known as the St. Louis Ordnance Plant and the Carr Square Village Housing Project. The material which we originally purchased to complete both jobs became frozen by the War Production Board. In order for us to complete our part of both projects, we were forced to go into the open market and again buy a substitute material other than a copper alloyed material. The copper alloyed material which was originally acquired by purchase for these two projects can't be used or converted by us, due to the conservation freeze order issued by the War Production Board effective March 31, 1942. * * * We are faced with this frozen copper inventory, which we can't sell or convert, and the amount of our capital tied up in the copper material leaves us holding the bag. And now comes the income tax unit proposing to tax this as additional income to us for the years 1942 and 1943. This is certainly inconsistent and will work a hardship on this company if pushed through to enforcement. We beg relief from the proposed additional income tax in order that we may survive in business, and be permitted to work out our own solution at such time as the War Production Board rescinds their freeze order.

THE UNDER SECRETARY OF STATE
WASHINGTON

June 23, 1944

Dear Henry,

I greatly appreciate your kind invitation to lunch next Wednesday, the 28th, but unfortunately I shall be denied the pleasure of being with you as I must leave for New York that noon in order to speak at a testimonial dinner being tendered Sol Bloom in New York that evening.

Many thanks for having remembered me.

With best wishes,

Sincerely yours,



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

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 23, 1944

TO Secretary Morgenthau
FROM Charles S. Bell

CSB

I am attaching list of persons resigned from Monetary Research in the last three years, which was requested by you yesterday. I have gone over this list with Glasser who feels that with the aid of Joe DuBois for the present and the possibility of Cassidy's return to this country this week, he can manage satisfactorily.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 22, 1944

TO Mrs. Gorman

FROM Mrs. Hall

Following is a list of employees in Grade P-4 or higher who have left the Division of Monetary Research since January 1, 1942.

<u>Name</u>	<u>Grade</u>	<u>Salary</u>		
V. Frank Coe	P-7	\$7000	Trans. to Board of Econ. Warfare	2/1/42
Henry J. Tasca	P-6	5600	Entered on mil. furlough	4/3/42
George A. Eddy	P-5	5000	Trans. to Maritime Commission	4/29/42
Ray O. Hall	P-4	3800	Trans. to Office of Price Adm.	5/31/42
Samuel R. Miller	P-5	4600	Trans. to Board of Econ. Warfare	7/27/42
Frank A. Southard Jr.	P-7	6750	Entered on mil. furlough	8/18/42
George H. Willis	P-5	4600	Entered on mil. furlough	9/12/42
James E. Hicks	P-5	4600	Entered on mil. furlough	11/27/42
Richard S. Hawkey	P-4	4000	Entered on mil. furlough	12/16/42
Oscar Gass	P-6	5600	Trans. to War Prod. Board	1/25/43
Wm. L. Ullmann	P-6	5600	Entered on mil. furlough	1/28/43
Ivar Axelson	P-5	4600	Trans. to Office of Price Adm.	4/4/43
Edwin G. Hughes	P-5	4600	Resigned	8/30/43
Evan B. Hannay	P-4	3800	Entered on mil. furlough	9/9/43
Morton Kramer	P-4	3800	Resigned	10/30/43
John S. deBeers	P-4	3800	Entered on mil. furlough	2/5/44
Virgil Salera	P-4	3800	Trans. to For. Econ. Adm.	2/11/44
Gardner Patterson	P-5	4600	Entered on mil. furlough	4/11/44
Delbert A. Snider	P-4	3800	Entered on mil. furlough	4/21/44

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE June 23, 1944

TO Mrs. Klotz
FROM Charles S. Bell *CSB*

For your information, the Secretary desires to convene with the American Delegation Friday morning for possibly a couple of hours and again in the afternoon for a short period. No time has been set nor have the delegates shown on the attached list been invited with the possible exception of Fred Vinson. I will discuss with Harry White over the weekend this meeting and the Secretary has instructed Mr. White to return here by Friday morning possibly bringing Luxford and Bernstein and maybe others which White will want to have on hand. I will get in touch with you Monday A. M. and have at that time Mr. White's suggestions so that if you talk with the Secretary we might determine whether or not he wishes to have these gentlemen called on the phone or letters addressed to them.

For your further information, the purpose of the meeting will be to discuss objections raised to the plan for the Bank and the Fund by certain of the foreign delegates and the arguments of the United States Delegation in opposition to such questions, and further to develop a better uniform understanding of all of the issues.

PRELIMINARY

Membership of the
American Delegation to
the International Monetary Conference

1. Honorable Henry Morgenthau, Jr., Secretary of the Treasury, Chairman
2. Fred Vinson, Director, Office of Economic Stabilization, Vice Chairman
3. Dean Acheson, Assistant Secretary of State
4. Marriner S. Eccles, Governor, Federal Reserve System
5. Leo T. Crowley, Administrator, Foreign Economic Administration
6. Honorable Robert F. Wagner, Senator from New York, Chairman,
Senate Committee on Banking and Currency
7. Honorable Brent Spence, Chairman, House Committee on Banking
and Currency
8. Honorable Charles W. Tobey, Senator from New Hampshire, Senate
Committee on Banking and Currency
9. Honorable Jesse P. Wolcott, Congressman from Michigan, House
Committee on Banking and Currency
10. Edward E. Brown, President, Federal Advisory Council
11. Mabel Newcomer, Vassar College
12. H. D. White, Assistant to the Secretary of the Treasury

IMMEDIATE RELEASE

JUNE 23, 1944

The President today announced the names of the American Delegates to the United Nations Monetary and Financial Conference which will open at Mount Washington Hotel, Bretton Woods, New Hampshire on July 1, 1944.

DELEGATES

The Honorable

Henry Morgenthau, Jr.,
Secretary of the Treasury, Chairman;

The Honorable

Fred M. Vinson,
Director, Office of Economic Stabilization,
Vice Chairman;

The Honorable

Dean Acheson,
Assistant Secretary of State;

The Honorable

Edward E. Brown,
President, First National Bank of Chicago;

The Honorable

Leo T. Crowley,
Administrator,
Foreign Economic Administration;

The Honorable

Marriner S. Eccles,
Chairman, Board of Governors of the
Federal Reserve System;

Miss Mabel Newcomer,

Professor of Economics,
Vassar College;

The Honorable

Brent Spence,
House of Representatives,
Chairman, Committee on Banking and Currency;

The Honorable

Charles W. Tobey,
United States Senate,
Member, Committee on Banking and Currency;

The Honorable

Robert F. Wagner,
United States Senate,
Chairman, Committee on Banking and Currency;

The Honorable

Harry D. White,
Assistant to the Secretary of the Treasury;

The Honorable

Jesse P. Wolcott,
House of Representatives,
Member, Committee on Banking and Currency.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

JUN 23 1944

TO Secretary of the Treasury

FROM Mr. O'Connell

This refers to your inquiry concerning recent action by the OPA as to ceiling prices on live hogs.

On May 12, 1944, the OPA maximum price regulation on live hogs was amended to reduce the ceiling prices on hogs weighing more than 240 pounds by 75¢ per hundredweight. No change was made in the ceiling price of hogs weighing under 240 pounds. According to the statement of the OPA accompanying this amendment, the reduction was based on (1) the necessity to reduce the consumption of corn by hogs in order to release corn in greater quantities to industrial plants for vital war uses; and (2) the fact that most of the increase in weight above 240 pounds consists of fat and large supplies of lard have accumulated during the past year.

As to the criticism you heard that the amended price regulation has not benefited consumers but rather the slaughterhouses and others, I understand that (1) the effect of the amendment is largely psychological since hog prices are not at ceiling levels; (2) historically, heavy hogs have almost always sold at prices below those received for medium weight hogs; and (3) the Commodity Credit Corporation support price on hogs has always been limited to hogs of specified weights, the present limit being on hogs between 180 and 270 pounds which will continue until September 30, 1944 when it will be changed to apply to hogs between 200 and 240 pounds.

For more than a year there has been almost continuous criticism from the corn belt of administration policy affecting corn and hogs. As you know, this has resulted because of the difficult problems involved in encouraging an adequate production of meat and grains, at the same time attempting to keep increases in agricultural prices within reasonable limits. The core of the problem has been the so-called

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corn-hog price ratio. About a year ago, you will recall, there was tremendous pressure from the corn belt to increase the ceiling price of corn. The recent criticism which you heard, I am informed, springs largely from the corn freeze which was imposed early this year to channel adequate amounts of corn into vital industrial uses, but which had the effect of encouraging the marketing of hogs in unprecedentedly large quantities. As a consequence, hogs outside the range of the support price limits of 180 to 270 pounds have been selling at a discount. Also, in some cases, the hogs have had to be held several days from the market because of overcrowded stockyards, and have deteriorated in weight and quality.

I am informed that in recent days marketing conditions have improved and that hog prices outside the support range are generally higher.

J. J. Connell



TREASURY DEPARTMENT

WASHINGTON 25



June 23, 1944

MEMORANDUM TO THE SECRETARY

The Army in conversations with Mr. Clayton told him that one of the reasons why they had not declared as surplus to their needs more significant quantities of drugs and medicinals is that we had been slow in moving those things that have been declared as surplus to us.

I am attaching a copy of the memorandum which was sent to Mr. Clayton answering these statements.

E. L. Olrich
E. L. Olrich
Assistant to the Secretary

Attachment

C
O
P
Y

MEMORANDUM

June 23, 1944

TO: Mr. W. L. Clayton, Administrator
Surplus War Property Administration

SUBJECT: Drugs, Medicinal Supplies
Treasury Procurement Surplus Property Division

1. We have received no declarations of significant amounts of readily marketable drugs or medicinals.

2. Declarations of significant amounts consisted principally of non-standard items which have been superseded by improved items, therefore may be considered obsolete. In our present inventory of \$265,000 these obsolete items total at least \$200,000. These two items totaling \$200,000 are:

- (a) \$100,000 -- Miscellaneous salts, principally arsenic preparations used for the treating of syphilis.
- (b) \$75,000 -- Unguents, principally prophylactics for venereal diseases.
- (c) \$25,000 -- Unguents, tannic acid sulphate treatment for burns.

3. A large number of items are declared in quantities too small to justify any considerable handling.

4. Presently many of our products are no longer in use by the Armed Services because of the improved nature of other products available. Therefore, for the same reason

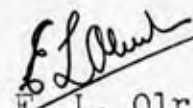
Mr. W. L. Clayton

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June 23, 1944

drug stores, pharmacists, and professional men have lost interest in our offerings. On unguents for the treatment of burns and the prophylactics we have recently had a slight indication of interest from Mexico.

5. Before drugs and medicinals are sold through regular trade channels we check with the Food and Drug Administration for assurance and clearance as to quality and salability as relates to compliance with Food and Drug Laws.


E. L. Olrich
Assistant to the Secretary

ELOlrich:ndm

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD
WASHINGTON 25, D. C.



OFFICE OF THE
EXECUTIVE DIRECTOR

JUN 23 1944

Handwritten initials

My dear Mr. Secretary:

I am enclosing herewith a copy of the report of the War Refugee Board for the week of June 12 to 17, 1944.

Sincerely yours,

J. W. Pehle
J. W. Pehle
Executive Director

The Honorable,

The Secretary of the Treasury.

Enclosure.

Report of the War Refugee Board
for the Week of June 12 - 17, 1944

TEMPORARY HAVENS FOR REFUGEES IN THE UNITED STATES

On June 12 President Roosevelt addressed a message to Congress explaining in detail the necessity for his recent decision to establish an Emergency Refugee Shelter in this country to which 1,000 refugees -- for the most part, women and children -- are to be brought from southern Italy.

"Congress has repeatedly manifested its deep concern with the pitiful plight of the persecuted minorities in Europe whose lives are each day being offered in sacrifice on the altar of Nazi tyranny," the President's message began.

"This Nation is appalled by the systematic persecution of helpless minority groups by the Nazis. To us the unprovoked murder of innocent people simply because of race, religion or political creed is the blackest of all possible crimes"

Reviewing the efforts of this Government to alleviate the condition of persecuted peoples throughout enemy Europe, the President's message paid tribute to the "direct and forceful attack on the problem" made by the Board since its inception, including not only the successful evacuation of refugees from enemy territory, but also the adoption of many measures to protect the lives of those who have not been able to escape.

"Above all," the message asserted, "the efforts of the Board have brought new hope to the oppressed peoples of Europe. This statement is not idle speculation. From various sources, I have received word that thousands of people, wearied by their years of resistance to Hitler and by their sufferings to the point of giving up the struggle, have been given the will and desire to continue by the concrete manifestation of this Government's desire to do all possible to aid and rescue the oppressed.

"To the Hitlerites, their subordinates and functionaries and satellites, to the German people and to all other peoples under the Nazi yoke, we have made clear our determination to punish all participants in these acts of savagery. In the name of humanity we have called upon them to spare the lives of these innocent people.

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"Notwithstanding this Government's unremitting efforts, which are continuing, the numbers actually rescued from the jaws of death have been small compared with the numbers still facing extinction in German territory. This is due principally to the fact that our enemies, despite all our appeals and our willingness to find havens of refuge for the oppressed peoples, persist in their fiendish extermination campaign and actively prevent the intended victims from escaping to safety.

"In the face of this attitude of our enemies we must not fail to take full advantage of any opportunity, however limited, for the rescue of Hitler's victims. We are confronted with a most urgent situation

"Recently the facilities for the care of refugees in southern Italy have become so overtaxed that unless many refugees who have already escaped to that area and are arriving daily, particularly from the Balkan countries, can be promptly removed to havens of refuge elsewhere, the escape of refugees to that area from German occupied territory will be seriously impeded Many of the refugees in southern Italy have been and are being moved to temporary refuges in the territory of other United and friendly nations. However, in view of the number of refugees still in southern Italy, the problem could not be solved unless temporary havens of refuge were found for some of them in still other areas. In view of this most urgent situation it seemed indispensable that the United States in keeping with our heritage and our ideals of liberty and justice take immediate steps to share the responsibility for meeting the problem."

The contents of this message have been relayed to key U.S. Missions in both Europe and Latin America. We have asked that efforts be made to give it the widest possible publicity, particularly in Europe.

The London office of the Office of War Information has indicated in this connection that in its broadcasts to enemy-occupied and neutral countries, it has been carrying the story of the President's action in setting up an Emergency Refugee Shelter in this country and has been stressing the significance of this step.

Favorable editorial comment on the new Emergency Refugee Shelter has continued to appear in newspapers throughout the United States, as well as in British papers. We have also received a steady stream of congratulatory letters and telegrams on the President's action.

OTHER TEMPORARY HAVENS

With respect to the President's suggestion that refugees might be taken to Cyprus, we have learned that the company village of the Cyprus Mines Corporation at Mavrovuni, which was occupied by the British Army for three years, is now vacant. It is estimated that this village could accommodate about 1,500 families. A number of staff houses are also reported to be available.

According to a cable from Ambassador Winant, however, the head of the Refugee Department of the British Foreign Office has asserted that it would be absolutely useless to look to Cyprus for such assistance. The British Government is said to have been informed by the governor of that territory that no more refugees could be accommodated because of the large number of Greek refugees who have fled to Cyprus.

Establishment of Refugee Haven in Tripolitania

We have asked that Winant convey to the British Foreign Office our appreciation of the British Government's agreement to establish on a joint basis a refugee center in Tripolitania.

We are now awaiting British suggestions as to location of the proposed camp and with respect to whatever steps may be necessary to put the camp in condition to receive refugees. We have indicated our earnest hope that this project will now move forward with maximum speed.

As for the question of medical and administrative personnel, we have advised Winant that one possibility is to request the United Nations Relief and Rehabilitation Administration to administer the camp, as in the case of Camp Lyautey. If the British prove agreeable to this suggestion, we would then approach UNRRA representatives in Washington on the matter.

Cooperation of French Committee To Be Solicited

We have advised Ambassador Murphy and Board Representative Ackermann in Algiers of the favorable response of the British to our suggestion that a refugee haven be set up in Tripolitania. The sympathetic position of the British on the matter of moving Jewish refugees from southern Italy to Palestine has also been indicated. Murphy and Ackermann were requested to bring to the attention

of the French Committee the action taken by the President, as a result of which these affirmative actions on the part of the British were obtained. Our representatives are to explore carefully with the French Committee all possible means by which refugee facilities in the Mediterranean area might be increased.

Evacuations to the Middle East

We have now had a report from the Chief of the Balkan Mission of UNRRA reviewing in detail conditions previously reported by Ackermann. According to this report, in January the Middle East Relief and Refugee Administration, a British organization functioning in that area prior to the operation of the United Nations Relief and Rehabilitation Administration, was asked to accept responsibility for 20,000 Yugoslav refugees. The Egyptian Government agreed to make accommodations available in Egypt, while a staff, supplies and services were made available by the British Army. A total of 26,000 refugees had actually arrived in Egypt by June. While camp space and supplies are said to have caused no difficulties, obtaining transportation facilities and an adequate medical staff have been serious problems.

In May, according to this report, MERRA was asked to assume responsibility for a total of up to 40,000 refugees. Since MERRA was scheduled to be taken over by UNRRA on May 1, it was necessary to get UNRRA's approval from Washington. This approval was forthcoming on condition that the Army make available the necessary administrative and medical staff, supplies and other services. Although the Army is said to have agreed to this, the actual shortage of doctors has been so great that a sufficient staff could not be made available from Army sources. The flow of refugees will therefore be seriously impeded until more doctors and nurses are made available.

We are therefore continuing to work with UNRRA on this problem of obtaining sufficient medical and nursing personnel, as well as necessary supplies and transportation facilities.

According to Ambassador MacVeagh, through whom this report was transmitted, another question that has arisen is the matter of stateless refugees. Egyptian regulations currently require guarantees of repatriation after the war and thus prevent the evacuation to that country of persons lacking such guarantees. It was stated that while Yugoslav

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Jews are not affected by these regulations, Jews of Hungarian and other enemy origin are so classified by the Egyptians and are accordingly refused admission to camps there.

FOOD AND CLOTHING STOCKPILES IN NEUTRAL COUNTRIES

As a result of persistent efforts on our part, the agreement of the British was obtained last week to transblockade shipments of urgently needed relief supplies destined for civilians in internment camps in enemy Europe. Following recent discussions between Executive Director Pehle, Dingle M. Foot, Parliamentary Under-Secretary of the British Ministry of Economic Warfare, and representatives of State and FEA, an agreement has now been reached with the British to permit the shipment of 100,000 food parcels per month, for a period of three months, for distribution by the International Red Cross to persons in Nazi internment camps.

In addition, and at our suggestion, it was also agreed that 25,000 clothing parcels would be prepared for later distribution to these same people when certain information has been obtained from the International Red Cross on the clothing situation in the camps.

Assurances will be required from the International Red Cross as to distribution to intended beneficiaries and as to adequate supervision to insure no benefit to the enemy, and reports are to be made on the delivery of all consignments.

A memorandum to this effect was drawn up following recent conferences between British and U. S. officials, and was signed by representatives of both Governments. Efforts are being made to get this program under way at once, now that the basic blockade decision has been made.

While the British had proposed that this program be limited to detained persons in what was formerly unoccupied France, at our insistence it was agreed that the proposed measure would not be so limited and that it would apply to any internment camps in Europe selected by the International Red Cross. This three months' program is admittedly experimental. If successful, it is contemplated that this system of relief will be considerably expanded.

SITUATION IN HUNGARY

According to a report from Minister Harrison in Bern, a decree has been issued in Budapest mobilizing into military

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auxiliary labor battalions all Jewish males between the ages of 18 and 48.

Board Representative McClelland subsequently indicated from Bern that in the course of a discussion with Dr. Karl Burokhardt of the International Red Cross, it was learned that Intercross has only one man in Hungary at the present time. This representative is in Budapest in his capacity as Director of the Swiss Chamber of Commerce in Hungary, since it was feared that his going as an Intercross delegate would have delayed his receipt of a German visa. It was reported that, significantly, this representative had not yet been officially accredited as the Intercross delegate to the Hungarian Government.

McClelland reported that Intercross still wishes to enlarge its representation in Hungary and is trying to find a second suitable delegate to send there. It was also reported that Intercross is continuing its efforts to obtain German permission to send its Zagreb delegate to Budapest, at least temporarily.

McClelland also indicated that a purchasing agent sent to Budapest by the Intercross Joint Relief Commission had confidentially been instructed to get in touch with Jewish circles there and examine with them all possible channels of rescue and relief for Jews in ghettos and concentration camps.

Swiss Government To Be Asked To Act

In view of the recent negative response from Intercross in connection with our proposal that the German and satellite governments be approached in an effort to insure more favorable treatment of unassimilated civilian internees in enemy territory, we have suggested to Minister Harrison that he approach the Swiss Government with a request that the Swiss authorities transmit and support such a proposal in the interests of insuring the survival of the helpless victims concerned.

Report from Sweden

We have been advised by Minister Johnson that the Swedish Foreign Office has now been approached in connection with our suggestion that the Swedish diplomatic and consular force in Hungary be increased. According to a Foreign Office spokesman, the Swedish Government is keenly aware of the dangerous position of the Jews in Hungary and has already indicated its anxiety in official representations to the Hungarian Government. A favorable reaction was reported to the suggestion that Swedish representation in Hungary be increased in the hope that it might have some effect in saving the lives of intended victims of the Nazi

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terror, and in obtaining more accurate information with respect to conditions there. It was also reported that the Swedish Government is already considering the possibility of sending food for the relief of those in concentration camps.

In the course of Johnson's discussions with the Foreign Office, it was remarked that the only reason the Swedish Government had consented to receive a representative of the present regime at Budapest was in order to be able to continue Sweden's own representation in Hungary. The Foreign Office promised to make available to Johnson at an early time the substance of an exhaustive report from the Swedish Minister to Hungary concerning the condition of Jews there.

Archbishop Spellman Makes Statement

In response to our request, we have now received from Archbishop Spellman of New York a strong statement designed for dissemination in Hungary as a basic part of our psychological warfare campaign abroad. We have not yet received authority from the Archbishop to use the statement domestically. We have approached him for this permission, however, and are hopeful that it will be forthcoming. The statement reads in part as follows:

"Almost on the feast of Pentecost, the day on which the Church of Christ emphasizes the supranational, supraracial character of her mission, we learned that the government of Hungary had agreed to enforce against the Jewish people a code of discriminatory laws. We were told that this unhappy segment of Israel in Hungary is already being herded into mysterious Ghettos after its homes and its shops had been systematically looted and pillaged.

"This announcement has shocked all men and women who cherish a sense of justice and of human sympathy. It is a direct contradiction of the doctrines of the Catholic Faith professed by the vast majority of the Hungarian people. It is a negation of the noblest pages of Hungarian history and cultural tradition

"It seems incredible, therefore, that a nation which has been so consistently true to the teachings of the Catholic Church should now bow to a false, pagan mysticism of blood and race

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"I cannot believe that a people with such profound Christian faith, with such a glorious history, with the oldest parliamentary tradition on the Continent, will chant a hymn of hatred and willingly submit or countenance tyranny, blood lust and brigandage"

Russian Cooperation Solicited

Ambassador Harriman has reported having addressed a letter to Vyshinski, communicating the text of the stirring appeal addressed by the Senate Foreign Relations Committee to the Hungarian people. Harriman's letter also renewed our request that the Soviet Government issue a statement comparable to the President's declaration on atrocities against the Jews. It was also requested that Soviet radio stations broadcast appropriate messages to Germany and the satellite countries and issue leaflets supplementing any such broadcasts.

Leaflets over Hungary Urged

Board Representative Ackermann has cabled from Algiers that, in his opinion, it would be appropriate at this time to make fuller use of the President's declaration on atrocities against the Jews, particularly by means of pamphlets to be dropped over Hungary, where the greatest number of Jews in occupied territory are now concentrated. Such pamphlets would stress the President's appeal to the Hungarian people to hide Jews or aid their escape. Ackermann also indicated that the OWI in Algiers could give greater coverage to the President's statement if such a directive were received from the OWI in Washington. Accordingly, we are asking OWI cooperation in this matter.

SITUATION IN BULGARIA

In response to our suggestion that the reportedly sympathetic attitude of the Bulgarian Minister to Sweden might be explored in somewhat the same manner as the attitudes of the Rumanian and Bulgarian Ministers in Ankara were explored by Board Representative Hirschmann, Minister Johnson has reported that an informal memorandum was presented along the lines suggested. Johnson was advised that this memorandum is being forwarded to the Bulgarian Foreign Office and that a reply can be expected in due course. Meanwhile an informal response has been received from the Bulgarian Minister stating, in effect, that both the Bulgarian Government and the Bulgarian people have maintained a sympathetic attitude toward Jews. It was asserted

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that the Government of Bulgaria has never turned a deaf ear to humanitarian considerations or to those of tolerance. It was alleged that the air forces of the United States, however, have been engaged in acts of violence and cruelty against the defenseless civilian population in Bulgaria, including the total destruction of the Queen's chateau, which was said to have been far removed from any objective of a military nature and in an isolated location.

The reply concluded with the observation that if a stop could be put to the alleged slaughter of an innocent civilian population, then the Bulgarian Government would undoubtedly be prepared not only to recognize the moral right of this Government to advance humanitarian pleas, but also to approve action consistent with such pleas.

EVACUATIONS TO AND THROUGH TURKEY

In response to Ambassador Steinhardt's recent cable describing as "remote" the possibility that Turkey might be persuaded to agree to accept refugees from Bulgaria without transit visas or other entry permits, we have asked that Steinhardt reconsider the matter. We have pointed out that the problem of refugees arriving by land at the Turkish-Bulgarian frontier differs materially from that of refugees arriving in Turkish waters by boat from Greece or Rumania. Since the latter may leave Rumanian or Greek territory without entering Turkish territory, their departure from Rumania and Greece onto the high seas is not subject to interference by Turkish border guards. Moreover, their applications for transit facilities can be handled on a group or individual basis while their vessels stand safely offshore. Persons seeking to cross the Turkish-Bulgarian border, however, can be prevented from leaving Bulgaria by Turkish border guards where transit visas or other entry permits are lacking. According to reports reaching us, this has not been an infrequent occurrence. Refugees arriving by land at the Turkish-Bulgarian border obviously cannot safely await on the Bulgarian side of the border the outcome of entry procedures.

We have advised Steinhardt that it is for these reasons that the possibility of making such advance arrangements was suggested. We have pointed out that if such arrangements could be made, subject to the speedy routing to Palestine or elsewhere of the refugees concerned, as in the case of sea-borne refugees, then persons escaping over the land route would be placed in a position no less favorable than those arriving by sea.

Steinhardt has been reminded that other neutral countries adjacent to enemy-controlled areas refrain from barring the entry of refugees lacking entry permits, although such persons are sometimes subjected to technical arrest for illegal entry. If the Turkish Government were to adopt a similar procedure and instruct its border guards accordingly, there is reason to believe that additional lives could be saved, especially if the information were to reach Jews and other persecuted peoples in the Balkans that they would not be turned back at the border.

Sailing of the "Bardaland" from Piraeus

According to word received from Ambassador Winant, our cable urging that acceptance of the "Bardaland's" sailing be withheld by the British pending further attempts to obtain a German safe-conduct was received too late to prevent the vessel's departure from Piraeus on June 10.

In view of the fact that the British Foreign Office attributed the German refusal of safe-conduct for the "Bardaland" to what was described as a settled German policy of refusing to facilitate in any way the evacuation of Jews to Palestine, and because similar rumors have been received in the past, we have asked Minister Johnson to request the Swedish Government to renew its negotiations with the Germans for a safe-conduct, on the assurance that refugees evacuated on the "Bardaland" would be removed from Turkey to havens of refuge other than Palestine. We have taken this action not only because there is still the possibility that use of the "Bardaland" might be arranged despite its departure from Piraeus, but also in order to ascertain the accuracy of the statements that have been made with respect to the German attitude.

Meanwhile Minister Johnson has referred to us from Stockholm a preliminary claim of 80,000 kronor presented by the owners of the "Bardaland" through the Swedish Foreign Office as an estimate of indemnity due them for charter hire covering the period the vessel was tied up at Piraeus. The Swedish Foreign Office is said to feel that such a settlement would be reasonable, particularly in view of the seamen's war bonuses and the war-risk insurance involved.

Number of Refugees from Bulgaria Decreasing

We have been advised by Ambassador Steinhardt that, in the course of a discussion with Barlas of the Jewish Agency about the reasons for the decreasing number of

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Jewish refugees arriving in Istanbul by rail from Bulgaria, he was informed that the president of the Jewish community in Ruschuk had recently called on the Chief of Police of Sofia to inquire as to why exit visas for refugees were being withheld. The Chief of Police is said to have replied that he had directed that the issuance of exit visas to Jewish refugees be discontinued because of a report to the effect that refugees arriving in Istanbul were being closely questioned by representatives of the British and American Intelligence Services concerning military and other conditions in Bulgaria.

Coordination of Rescue Work in Turkey Approved

In response to a suggestion recently advanced by the Turkish Foreign Office, we have communicated to Steinhardt our feeling that differences of opinion between private refugee organizations must not in any way interfere with the basic task of rescuing the largest possible numbers of refugees from enemy territory. We have indicated our earnest hope that Hirschmann and the Embassy will be able to coordinate and supervise all rescue activities in Turkey, as the Foreign Office has suggested, to the extent necessary to assure that each private refugee organization makes the most effective contribution to the over-all program.

EVACUATIONS TO AND THROUGH SPAIN

In accordance with the State Department's instructions, Ambassador Hayes has returned as unused the quota numbers for 332 U. S. visas which were to have been granted during the month of May to refugee children reaching Spain from France.

Removal of Refugees to North Africa

Ackermann has informed us that a ship is now definitely scheduled to arrive in Spain on June 20 for the purpose of evacuating the refugee group destined for Camp Lyautey. In addition to the assistance of the War Shipping Administration representative successfully enlisted by Ackermann following cancellation of an earlier sailing date, Ambassador Murphy has taken up the matter with the Commander of Naval Forces in the Mediterranean Area, pointing out the unfortunate results of any further delay. Murphy has indicated that the ship will now proceed as scheduled unless extremely urgent operational requirements interfere.

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Ambassador Hayes has meanwhile advised Ackermann that Blickenstaff is proceeding with arrangements necessary in order to embark this group of refugees at Cadiz on the date specified.

EVACUATIONS TO AND THROUGH SWITZERLAND

Rescue and relief activities in France are developing satisfactorily despite numerous arrests among the staffs of organizations carrying on such work, according to a report from Board Representative McClelland. Organizations that have officially been dissolved, but which continue to function, are reportedly maintaining 3700 abandoned children there, in addition to 2,000 placed with private families. It was stated that these numbers are steadily increasing, despite the fact that 450 recently escaped to Switzerland and 50 managed to reach Spain. Relief activities on behalf of the sick and distressed in hospitals were also reported.

It was said that close contacts are being maintained with similar organizations in Belgium maintaining 2500 children, as well as in Holland, where 550 child refugees are being cared for. Similar organizations in Rumania are said to be helping some 2,000 children evacuated from Transnistria, along with several thousand in old Rumania. Efforts are reportedly being made to set up a relief organization in Hungary along the lines of those in France to rescue and sustain the lives of more than 170,000 children who are said to be in great danger there.

Rescue of Christian Refugees from France

The French representative of the American Committee for Christian Refugees has also reported that rescue and relief work in France is being handicapped by arrests. During the past few weeks total arrivals in Switzerland are said to have averaged 60 per day, however, despite the fact that escape from France has become increasingly difficult.

Swiss Hospitalization Proposed for Civilian Prisoners

In a cable to Bern we are indicating that the Friends Service Committee would like to know whether it would be possible to arrange for hospital internment in Switzerland of selected hospitalized or ill civilian prisoners now held in Germany or occupied countries. We are advising McClelland that similar arrangements were apparently worked out during the last war.

EVACUATIONS TO AND THROUGH SWEDEN

Board Representative Olsen has now received the funds whose transmission we recently arranged. Olsen reported that initial advances have been made, and further funds will be supplied against established results and in accordance with the ability demonstrated in carrying out our objectives.

Rescue of Refugees from Finland

Minister Johnson has reported that during the past week the last of some 100 Jewish refugees arrived in Sweden from Finland. It was stated that preliminary arrangements have been made covering the evacuation from Finland of an additional group of 50 Jews of German, Polish, Lithuanian, Russian and Rumanian origin. Johnson indicated that Finnish authorities have already granted permission for the departure of this group, which is said to be comprised of people of advanced age, mostly unemployables.

RESCUE OF JEWS FROM GREECE

Ambassador MacVeagh in Cairo has forwarded another memorandum dealing with the plight of Jews in Greece. This memorandum repeated previous "conservative" estimates to the effect that about 5,000 Jews are still in hiding in Athens.

There is said to be little information available as to the fate of Jews in the provincial towns. Those who have been able to join the Partisans reportedly run less risk of being exterminated by the Germans, who have thus far avoided the systematic pursuit of guerrilla warriors. In order to increase cooperative efforts on the part of native villagers, it was urged that a message be addressed to these people by the Free Greek Government, calling upon them to facilitate the escape of Jewish refugees as a humanitarian measure. It was suggested that such an appeal should be read in the villages, rather than distributed in leaflet form, since leaflets might fall into the hands of the Germans, who would attempt measures of reprisal.

RECOGNITION OF LATIN AMERICAN PASSPORTS

We are asking Harrison and McClelland in Bern to forward to us the list of the names of deportees from Vittel, which was recently furnished by the Swiss Foreign Office. We

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are indicating that this list is not to be used for the present for the purpose of investigating nationality claims, but may enable us to take more effective protective action.

We are also asking that Swiss authorities be pressed for action designed to accomplish the return of the Vittel deportees since, to judge from McClelland's reports, the Swiss have not yet actually requested their return. We are pointing out that reports reaching us indicate that the remaining Jews were removed from Vittel in late April or May and that appropriate inquiries and protective steps should be extended to cover any such additional removals.

Honduras


According to a report from our Embassy in Honduras, the Honduran Government has "ignored and had nothing to do with" the Spanish Minister, whose residence is at San Salvador. It was stated that under these circumstances the representations suggested by us in connection with extending protection to holders of Latin American passports do not appear to be practicable.

Paraguay

We have now received a copy of the formal note from the Paraguayan Government agreeing to recognize the validity of Paraguayan passports held by persons now in German concentration camps and authorizing this Government to negotiate an exchange in which persons holding Paraguayan passports would be included. In connection with the proposed exchange, the request was made that preference be given to native Paraguayans.

Nicaragua

According to a report from our Embassy in Nicaragua, the Foreign Office there has been advised by its representative in Madrid that the Spanish Foreign Minister has agreed to use his good offices in the interests of having returned to Vittel any bearers of Nicaraguan passports who may have been removed from there.


J. W. Pehle
Executive Director

MRS. KLOTZ:

June 23, 1944

For the Secretary.

J. W. Pehle

① OFFICE MEMORANDUM - United States Government

TO: War Refugee Board - Mr. John W. Pehle

FROM: WRB - George L. Warren

Date: June 22, 1944

I have the original of the enclosed letter before me for the draft of a reply for the Secretary's signature. Will you be good enough to call me after you have considered Senator Reynolds' letter?

(signed) George L. Warren

UNITED STATES SENATE

Committee on Military Affairs

June 14, 1944

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

My dear Mr. Secretary:

I have been informed by a party whom I consider to be thoroughly reliable that the War Refugee Board, created under Executive Order No. 9147, is and has been paying ransom moneys to the German Government for the release of refugees. I am further informed that the same Board is and has been requesting corrupt officials of Latin American countries to forge passports and make them available for the rescue of so-called refugees from countries occupied by Nazi troops. I am further informed that the Germans are fully aware that forged passports are being used to get these so-called refugees out of the Nazi occupied countries but that the Germans permit it when paid suitable sums for the ransoming of these so-called refugees.

I am writing you, my dear Mr. Secretary, to ask you under what law American taxpayers' money is being used either for the ransom of so-called refugees or for the purpose of purchasing forged passports. I also wish to inquire whether these policies of the War Refugee Board have been approved either by yourself as a nominal head of the Board, or by the State Department as a matter of administration policy.

With assurances of my highest esteem, and awaiting your response with interest, I beg to remain

Faithfully yours,

ROBERT R. REYNOLDS
Robert R. Reynolds U.S.S.

HBC:GM:ad

39-013-11

June 23, 1944

Honorable Robert R. Reynolds
Chairman, Committee on Military Affairs
United States Senate
Washington, D. C.

My dear Mr. Chairman:

I have received your letter dated June 14, 1944, in which you ask to be advised of the basis of the President's authority for his recent announcement that 1,000 refugees now in Italy would be brought to this country and detained in a special camp.

These refugees will not be permitted to enter the United States under the immigration laws and thereby to obtain any rights to be at liberty in the United States or to remain here. The proposal, therefore, does not involve setting aside the immigration statutes. The propriety of temporarily detaining aliens in this country outside of the requirements of the immigration laws has been recognized for many years. One of the earliest instances of this practice occurred in the Russo-Japanese war when the crews of Russian war vessels were interned in the United States outside of the regular procedure under the immigration statutes. A recent illustration of the practice is afforded by the case of the German, Italian and Japanese nationals who have been deported by Latin American countries to the United States under an arrangement whereby they are interned in this country and will ultimately be repatriated to their own countries. Similarly, prisoners of war brought here for custody do not enter under the immigration laws and they obtain no right to remain here or to be at liberty within the country. For obvious reasons, this is a practice that can be followed only in exceptional circumstances.

For your convenience, I enclose a copy of the President's message to the Congress, dated June 12, 1944, which indicates that the present proposal relates to a particular group of persons who are now a burden to our military forces in an active theater of war operations and that military necessity requires some temporary disposition of them. It may be pointed out that as an emergency matter these persons might be permitted to enter the United States under the immigration laws by waivers of documents by the Secretary of State and, if necessary, by waiver of grounds of inadmissibility by the Attorney General. It was believed more desirable, however, not to apply the immigration laws, which create various rights and privileges, but to deal with this group as we have with the prisoners of war and other Axis nationals who are admitted to this country temporarily and detained here outside, but not in violation of, the immigration laws.

Sincerely yours,

Attorney General

Regraded Unclassified

UNITED STATES SENATE

June 14, 1944.

Hon. Francis Biddle,
The Attorney General,
Department of Justice,
Washington, D. C.

My dear Mr. Attorney General:

It has come to my attention through the columns of the press and through a message to Congress by the President that the President has authorized the setting aside of the immigration laws insofar as immigration quotas are concerned and insofar as refugees are permitted to enter this country. I refer to the proposed free port for refugees and the proposed occupation of abandoned military areas for the use of refugees.

Will you please be good enough to advise me as to just what ground the President based his authority to set aside the aforementioned laws permitting refugees or anyone else to enter this country outside of our quotas or in violation of any of our present immigration statutes.

W With assurances of my highest esteem, and thanking you for your prompt attention to this matter, I am

Faithfully yours,

/S/ Robert R. Reynolds

Robert R. Reynolds, U. S. S.

RRR/mw

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD

INTER-OFFICE COMMUNICATION

DATE June 23, 1944

TO Secretary Morgenthau
FROM J. W. Pehle

Attached is a copy of House Resolution 610 which was approved unanimously by the House Committee on Foreign Affairs this morning. Also attached is a copy of a House Resolution relating to Turkey which has been introduced by Mr. Bloom.

Both of these resolutions, whether or not approved by the House, will be very useful in the work which we are doing with OWI.



Attachments

78TH CONGRESS
2D SESSION

H. RES. 610

IN THE HOUSE OF REPRESENTATIVES

JUNE 22, 1944

Mr. BLOOM submitted the following resolution; which was referred to the
Committee on Foreign Affairs

RESOLUTION

1 *Resolved*, That the House of Representatives hereby
2 expresses its deep concern over the plight of the threatened
3 millions in Nazi-occupied and Nazi-dominated territories.
4 The House of Representatives expresses its approval of
5 the activities of the War Refugee Board, which is facilitating
6 the actual rescue of persons so exposed; and the furnishing
7 of relief to such persons by making available food and other
8 supplies, and is attempting to influence through psychological
9 and other measures the attitudes of both the leaders and rank
10 and file populations in those territories where extermination
11 of minority groups is imminent, and be it further

1 *Resolved*, That the House of Representatives is not
2 content merely to join with those who have expressed their
3 horror at the barbarism of the governments involved in the
4 cruelties herein condemned, but hereby expresses its deter-
5 mination that the criminals who are guilty of this inhuman
6 conduct shall be brought to justice, and hereby requests the
7 Secretary of State to convey, through such means as
8 he may find appropriate, this concern and determination of
9 the House of Representatives. This concern and determina-
10 tion, while addressed to all Nazi-controlled territories,
11 is particularly directed to Hungary, where the lives of a
12 million Jews hang in the balance. At this historic moment,
13 when the tide of military battle has turned decisively in favor
14 of the United Nations, the House of Representatives of the
15 United States of America calls upon the Nazis and all their
16 satellites to stem the tide of inhumanity toward helpless
17 peoples.

78TH CONGRESS
2D SESSION

H. RES. 610

RESOLUTION

Protesting the extermination by the Nazis of
minorities in Hungary and other Nazi-con-
trolled territories.

By Mr. BLOOM

JUNE 22, 1944

Referred to the Committee on Foreign Affairs

[COMMITTEE PRINT]

JUNE 22, 1944

78TH CONGRESS
2D SESSION**H. RES.**

IN THE HOUSE OF REPRESENTATIVES

JUNE 23, 1944

Mr. BLOOM submitted the following resolution; which was referred to the Committee on Foreign Affairs

RESOLUTION

Whereas the Government of the United States has made clear by its actions its determination to take all measures within its power to rescue the Jews and other victims of enemy oppression who are in imminent danger of death at the hands of the Nazis; and

Whereas there are great opportunities for the evacuation of refugees from the Balkan countries through Turkey of which full advantage has not been taken: Therefore be it

- 1 *Resolved*, That the House of Representatives of the
- 2 United States of America requests the ~~President~~ ^{Secretary of State} to urge that
- 3 the Government of Turkey in the interests of humanity
- 4 facilitate the entry into Turkey of refugees who can escape
- 5 from the Nazis, and establish in Turkey a refugee camp in
- 6 which such persons can be temporarily sheltered.

J. 60723

78TH CONGRESS
2D SESSION**H. RES. 610**

[COMMITTEE PRINT]

JUNE 23, 1944

78TH CONGRESS
2d Session

H. RES.

RESOLUTION

Requesting the ~~President~~ ^{Secretary of State} to urge that the Government of Turkey in the interests of humanity facilitate the entry into Turkey of refugees who can escape from the Nazis, and establish in Turkey a refugee camp in which such persons can be temporarily sheltered.

By Mr. BLOOM

JUNE 23, 1944

Referred to the Committee on Foreign Affairs

2 60353

1 which such persons can be temporarily sheltered.

2 from the Nazis, and establish in Turkey a refugee camp in

3 facilitate the entry into Turkey of refugees who can escape

4 the Government of Turkey in the interests of humanity.

5 United States of America within the ^{Secretary of State} ~~President~~ ^{June 23, 1944}

6 Resolved, That the House of Representatives of the

7 full advantage has not been taken. Therefore be it

8 resolved that the House of Representatives be it

9 the House of Representatives be it

10 the House of Representatives be it

11 the House of Representatives be it

12 the House of Representatives be it

IN THE HOUSE OF REPRESENTATIVES

53

78TH CONGRESS
2d Session

H. RES.

[COMMITTEE PRINT]

PROPOSED CABLE TO AMBASSADOR WINANT, LONDON, AMBASSADOR STEINHARDT, ANKARA, AMBASSADOR HAYES, MADRID, AMBASSADOR NORWEB, LISBON, MINISTER JOHNSON, STOCKHOLM, AND MINISTER HARRISON, HERN.

The following is the text of a resolution which was unanimously approved today by the Committee on Foreign Affairs of the House of Representatives:

QUOTE Resolved, That the House of Representatives hereby expresses its deep concern over the plight of the threatened millions in Nazi-occupied and Nazi-dominated territories. The House of Representatives expresses its approval of the activities of the War Refugee Board, which is facilitating the actual rescue of persons so exposed, furnishing relief to such persons by making available food and other supplies, and attempting to influence through psychological and other measures the attitudes of both the leaders and rank and file populations in those territories where extermination of minority groups is imminent, and be it further

Resolved, That the House of Representatives is not content merely to join with those who have expressed their horror at the barbarism of the governments involved in the cruelties herein condemned, but hereby expresses its determination that the criminals who are guilty of this inhuman conduct shall be brought to justice, and hereby requests the Secretary of State to convey, through such means as he may find appropriate, this concern and determination of the House of Representatives. This concern and determination, while addressed to all Nazi-controlled territories, is particularly directed to Hungary, where the lives of a million Jews hang in the balance. At this historic moment, when the tide of military battle has turned decisively in favor of the United Nations, the House of Representatives of the United States of America calls upon the Nazis and all their satellites to stem the tide of inhumanity toward helpless peoples UNQUOTE

You are requested to convey the contents of this resolution to the appropriate authorities and to use all possible means to give the resolution the widest possible publicity, particularly in Europe. The cooperation of OWI should be solicited.

In addition, through such channels as may be available to you, this action of the House of Representatives should be brought to the attention of the Hungarian Government.

June 23, 1944

5:15 p.m.

FH:lab 6/23/44

cc: Miss Chauncey (for the Sec'y), Abrahamson, Cohn, DuBois, Friedman, Hodel, Laughlin, Lesser, Mann, Stewart, CENTRAL FILES, Cable Control Files.

CABLE TO AMBASSADOR WINANT, LONDON, AMBASSADOR HAYES, MADRID, MINISTER NORWEB, LISBON, MINISTER JOHNSON, STOCKHOLM, AND MINISTER HARRISON, BERN

For your information only, there is repeated to you herewith the text of a cable sent today to Ambassador Steinhardt in Ankara:

"The following is the text of a resolution which has been introduced in the House of Representatives by Congressman Bloom, Chairman of the House Committee on Foreign Affairs:

QUOTE Whereas the Government of the United States has made clear by its actions its determination to take all measures within its power to rescue the Jews and other victims of enemy oppression who are in imminent danger of death at the hands of the Nazis; and

Whereas there are great opportunities for the evacuation of refugees from the Balkan countries through Turkey of which full advantage has not been taken: Therefore be it

Resolved, That the House of Representatives of the United States of America requests the Secretary of State to urge that the Government of Turkey in the interests of humanity facilitate the entry into Turkey of refugees who can escape from the Nazis, and establish in Turkey a refugee camp in which such persons can be temporarily sheltered. UNQUOTE

"In your discretion this pending resolution should be given local publicity and may be used by you in bringing further pressure on the Turkish Government."

***** cc: Miss Chauncey (for the Sec'y), Abrahamson, Cohn, DuBois,
June 23, 1944 Friedman, Hodel, Laughlin, Lesser, Mann, Stewart,
5:15 p.m. CENTRAL FILES, Cable Control Files.

FH:lab 6/23/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, London
DATED: June 23, 1944
NUMBER: 4948

CONFIDENTIAL

FROM THE WAR REFUGEE BOARD FOR AMBASSADOR WINANT, LONDON

Please refer to your 4745 of June 14 concerning desire of Foreign Office to receive suggestions of War Refugee Board with respect to personnel and funds for administration of refugee camp in Tripolitania.

It is difficult to make suggestions referred to by Randall without having the details requested in our 4753 of June 15. We would appreciate receiving an urgent reply to our cable under reference.

HULL

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, London
DATED: June 23, 1944
NUMBER: 4949

CONFIDENTIAL

We would like to know if arrangements can be made for Gaither P. Warfield's onward transportation to Stockholm. He is being assigned there as assistant to Olsen as representative of the War Refugee Board. Since his services are important at Stockholm, it is urgently requested by the Board that his travel be expedited.

HULL

DCR:VAG:HL
6/26/44

GEM-151
Distribution of
true reading only by
special arrangement
(SECRET W)

Lisbon

Dated June 23, 1944

Rec'd 12:47 p.m.

Secretary of State,
Washington.

1948, June 23, 1 p.m.

THIS IS WRB 80.

For your information, British Embassy, Lisbon,
in receipt telegram from British Legation, Ankara,
stating number Jewish refugees Constanza 1,300 not
5,000 as claimed by Joint here. British representa-
tives Ankara also question suggested transshipment
from Istanbul by rail. British claim railway facili-
ties inadequate even for this smaller number.

NORWEB

EJH
IMS

MMS
Distribution of true
reading only by special
arrangement. (SECRET W)

June 23, 1944

Noon

AMLEGATION,

STOCKHOLM
1246

The cable below for Olsen is no. 30 of War Refugee Board and refers to your 27 (2098 to Department) of June 12.

You do not indicate whether Department's 950, Board's 10, of May 19 from Rubowitzki was delivered to Storch and, if not, the reasons for nondelivery. In any case, would appreciate receipt Bohm report earliest possible opportunity. Regarding business man about to take trip, it may be possible to contact through him apparently appropriate persons confidentially to ascertain whether they are able to help. The following have been suggested to us as possibilities, though nothing is known of their present views or associations, and if man in question is entirely reliable, you might consider asking him to talk with them. We believe them to have been given to us in good faith by persons deeply interested in the problem, but we cannot assure reliability of descriptions given. The names and descriptions are: In or near Budapest: (1) Dr. Sandor Ember, Parliament member said to be well connected with various present government members and prepared to intervene if well paid: (2) Dr. Bertalan Geooze, alleged to have good connections with many government officials including some ministers and to be trustworthy: (3) Dr. Lajos Huszovsky, said to be member of present government who, for a consideration, may be helpful: (4) Malan Konkoly-Thege, member of Parliament, and wife, said to have good connections with various members of present government: (5) Margit Schlachta, alleged to be member of Parliament high in Catholic councils and with much influence in Catholic quarters: (6) Count or Baron Anton Szigrél or Szigray, said to be aristocrat with substantial means who is probably not in sympathy with ~~executive~~ (7) Count Andor Telski, who is said to be Chairman Office for Foreign Trade unless recently removed: (8) Gref Lajos Kalman Tisza, said to be broad-minded aristocrat, related to Northy by marriage and stepson of Ivan Rakovsky, former Interior Minister whom he dislikes: and (9) Jeno Vasarhelyi, alleged to be president Kispest Textile Works, who is in close collaboration with Germans but probably be willing to aid in exchange for compensation and future security assurances. In or near Gyor: Laszlo Fejes, alleged to know farmers and to be agile organizer, contacts being made through his

capacity, executive

-2-

capacity, executive Magyarovar Manure Manufacturing Company. He is stated to have operated Jewish labor camp on humanitarian basis and likely to be willing for adequate compensation to organize secret refuges. In or near Szolnok: (1) Dr. Imre Hunyadi, stated to be lawyer having close connections with present government: (2) Gyorgy Vitez Sebo, alleged to be Shell Oil Company agent, good organizer and favorably known to district military and civilian officials. In or near Miskolcz: Dr. Janos Soltesz, stated to have good connections with present government although not in accord with excesses thereof.

The foregoing should, of course, be checked against any information you have available. It is possible that additional names with no other message will be sent you periodically.

If exploration of these possibilities can be undertaken by business man please advise Board. If not, kindly advise regarding possibility of other means of exploration.

HULL
(GLW)

WRB:MMV:KG
6/20/44

NOE

SE

S/CR

A-B

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Stockholm
DATED: June 23, 1944
NUMBER: 1248

CONFIDENTIAL

FROM WAR REFUGEE BOARD FOR MINISTER JOHNSON, STOCKHOLM

Subject to your approval the Board has designated Mr. Isaiah S. Dorfman to be assistant to Olsen. Dorfman is presently in London and immediately upon receipt of advice that you have no objection, arrangements will be completed for his transportation to Stockholm.

THIS IS WRB STOCKHOLM CABLE NO. 33.

CABLE TO MINISTER JOHNSON AT STOCKHOLM AND OLSEN FROM WAR REFUGEE BOARD

S E C R E T

Reference your 2069 to Department of June 9.

(1) Department and Board appreciate Swedish cooperation along lines suggested in Department's 1010 of May 25. Assume every effort being made to expedite receipt by you and transmission here of report mentioned.

(2) This Government's full approval is assured for any Swedish program of sending food to those in concentration camps for supervised distribution, provided the supervision is such as to guarantee the receipt thereof by detained persons. For your own information and guidance, discussions are proceeding between this and British Governments looking to program of transmission through blockade of food parcels to such persons through Red Cross channels providing adequate supervision and guarantees can be provided.

THIS IS WEB STOCKHOLM CABLE NO. 24.

June 23, 1944
3:20 p.m.

LSL:essertals 6/22/44

RECT-327

This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (SECRET-0)

Stockholm

Dated June 23, 1944

Rec'd 9:22 p.m.

Secretary of State,
Washington.

2271, June 23, 4 p.m., (SECTION ONE).

Report from Budapest dated May 26 (not May 29) mentioned in my 2238, June 21, 8 p.m. follows in summarized translation.

New regulations to exclude Jews from practically all natural rights of citizens have appeared daily. Regulations emanate chiefly from overworked Interior Ministry and are often unclear or contradictory. Regulations can be classified as applying to (A) professions and occupations, (B) Housing and financial status, (c) Other phases of living conditions.

A. Exclusion of Jews from public service, the professions, independent business, private employment in intellectual work, and work as servants means Jews can only work as physicians, craftsmen or laborers.

B. Jews are obliged to report their living quarters and be ready on short notice for eviction and leave behind certain designated furniture et cetera. Practical effect is that Jews must move in with other Jews regarded as having too much space. In small communities they have been forced to leave town with personal effects not exceeding 50 kilograms and funds not over 50 pengos and go to ghetto or camp elsewhere. Budapest has not yet been able to "solve" problem of its 300,000 Jews. It has been unable to set up ghetto or internment camps excepting a few camps under German management. However, it is reported that three or four sections of Budapest east of Danube where many Jews already live will be made into unenclosed ghetto and all Jews in other parts of city moved there. Gentiles now there must move elsewhere.

Jews must declare all real estate and personal property if value exceeds 10,000 pengos plus 3,000 for each member of family. Evaluation based on "market value" is very elastic and places honest declarer at disadvantage. All funds over 3,000 pengos, gold, platinum, jewelry and precious stones must be deposited in a bank (this provision is being evaded despite risk involved). Shopkeepers must

declare stocks

-2- #2271, June 23, 4 p.m., (SECTION ONE), from Stockholm.

declare stocks and equipment which are sequestered after closing of premises.

C. Jews must exchange ration cards for new ones with sugar ration reduced from 1,000 to 300 grams per month and butter replaced by 300 grams sesame oil. Veal or pork rations; only 100 grams beef or horse meat weekly. Without rare special permission, Jews may not travel by rail, steamship, bus or auto.

Jews are excluded from public baths excepting very few places for Jews only.

Jews in provinces can only leave dwellings to go shopping during designated hours.

Jews are excluded from hotels, restaurants, cafes, tea shops, theaters and other public amusements unless certain establishments and hours have been designated locally for Jews only.

Jews are forbidden to have arms or explosives, may not belong to any societies or unions excepting the general association of all Jews in which membership will be compulsory.

Above regulations apply to all Jews obliged to wear yellow star regardless of whether Jewish or Christian by religion (35% of Jews in Budapest are Christian). Committee has been appointed inside Interior Ministry to revise list of those few Jews who have privilege of being classified as non-Jews because of patriotism manifested during 1919 counter-revolution. Pressure from clergy has caused relief to be granted to Christian clergymen of Jewish race, also to Jewish spouse in a marriage and Jewish widows who became Christians before March 22 this year, provided no children belong to Jewish religion.

A more significant regulation exempts from obligations imposed on Jews all foreign citizens for whom certificates of citizenship issued by respective legations have been submitted to Alien Control Commission, presuming reciprocity exists.

JOHNSON

JT
REP

HIS-246

This telegram must be paraphrased before being communicated to anyone other than a Government agency. (SECRET-0)

Stockholm

Dated June 23, 1944

Rec'd 6 p.m.

Secretary of State,

Washington.

2271, June 23, 4 p.m. (SECTION TWO)

Above regulations have in most cases been issued without detailed instructions concerning enforcement and are subject to very arbitrary interpretation. Especially in provinces, local authorities seem to act as they please. Despite this unprecedented interference with citizens normal rights, above regulations do not imply direct or immediate threat to life. However lives of bulk of Hungarian Jews are in danger. Hungary is reliably reported to have obtained agreement from German authorities that 150,000 male Jews military conscript ages from 21 to 50 years be detained by Hungary for compulsory military labor in country's defense. Intention is to transfer remaining 900,000 persons to German territory. This transfer goes on daily in sealed freight cars holding 70 persons each, without sanitary arrangements and with only whatever food each person carries. Estimates of number of persons already sent to Germany in this manner vary between 20,000 and 100,000. Jews have thus been removed primarily from Eighth and Ninth Army Corps areas in eastern and northeastern sections of Hungary where internment camps have been set up for between 120,000 and 150,000 persons with areas of as many square meters. These camps are located at Kolosvar, Des, Marosvasarhely, Satoraljaihely, Kassa, Munkacs, and Ungvar, and perhaps also at Bekescsaba. Usually brick barns have only outside walls and roofs have been used but at Des camp is only an open place interest with no protection against wind and rain. Conditions in camps are said to defy description. 2,000 Jews said to have been deported from Ujvidek alleged to have been deprived even of their hand baggage and small amounts of money.

Elsewhere in

-2- #2271, June 23, 4 p.m., (SECTION TWO) from Stockholm

Elsewhere in Hungary violence against Jews has not yet reached its climax. For example in large Pestpilis province surrounding Budapest, authorities have been content to observe regulations that all Jews be placed ghettos in about 30 places. They can be sent to internment camps on order from Interior Ministry for each individual case. Even here, however, it seems only question of time till Jews will be deported. Purpose of transportation appears to be partly to furnish labor for Germany and partly, in case of aged and children to furnish hostages of a sort, or protection against bombing if they are quartered near war industries.

Complete translation is being forwarded by despatch.

(END OF MESSAGE)

JOHNSON

REP:RR

BE-420
Distribution of true
reading only by special
arrangement. (SECRET W)

Stockholm

Dated June 23, 1944

Rec'd 3:20 a.m. , 24th

Secretary of State

Washington

2277, June 23, 11 p.m.

FOR WAR REFUGEE BOARD

Legation has fully communicated to and discussed with Foreign Office contents of WRB circulars 14th and 15th and is exploring with Swedish Government all possible means by which further aid in the rescue and relief of victims of enemy persecution can be given by it. Foreign Office has not made reply before several days holiday commencing today but has promised prompt answer.

JOHNSON

BB RR

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
 TO: American Legation, Bern
 DATED: June 23, 1944
 NUMBER: 2141

CONFIDENTIAL

FROM WAR REFUGEE BOARD FOR MINISTER HARRISON AT BERN FOR McCLELLAND

Reference your 3869 to Department of June 17.

The following have been suggested as possibly reliable and resourceful contacts to be made within the country for purposes indicated. Board cannot guarantee correctness of descriptions but they were given by persons deeply interested in problem and doubtlessly in good faith. Names and descriptions follow:

In or near Budapest: (a) Dr. Sandor Ember, member of Parliament who is said to have good connections with various members of present government and to be ready to intervene if well compensated; (b) Kalman Konkoly-Thege, member of Parliament, and wife. Same description minus reference to compensation; (c) Count or Baron Anton Szigroel or Szigray, said to be aristocrat with substantial means who probably is not in sympathy with excesses; (d) Grof Lajos Kalman Tisza said to be broad-minded aristocrat, related by marriage to Horthy and stepson of Ivan Rakovsky, former Interior Minister whom he dislikes; (e) Count Andor Teleki unless recently removed, said to be Chairman Office for Foreign Trade. Said to possess personal influence in many quarters; (f) Margit Schlachta, said to be member of Parliament high in Catholic councils and with much influence in Catholic quarters; (g) Dr. Lajos Huszovsky, said to be member of present government who may be helpful for consideration; (h) Jenő Vasarhelyi, said to be president Kispest Textile Works Co., in close collaboration with Germans but probably willing to help for compensation and future security assurances; (i) Dr. Bertalan Geocse, said to have good connections with many government people including some ministers and to be trustworthy; (j) Dezzo Vilmanyi, said to be former official in the Police Headquarters in Budapest, in 1939 transferred to the Police Department in the Ministry of Interior, in charge of passport matters and to have granted many persons passports for consideration. Also said to have ingratiated himself with the Arrow-cross Party and was counted among their fellow travellers by them, but that Jews could always count on his favors if they met his terms, in cash; (k) Zoltan Timko, said to be Chief Prosecutor, Superior Court of Hungary, a chauvinist and reactionary, but opposed to the Nazis. It is said that he can be depended on to help Jews of reactionary and financial-commercial background; (l) Colonel Denes Deak-Horvath, said to be wealthy, independent, and politically unaffiliated. It is said that he is Chairman of Barcs Farmers' Granary Cooperative, General Manager of Hungarian Food Supply Co. It is also said that since 1940, he has been one of the leaders of the action protecting Polish refugees in Hungary and that he was for violation of the anti-Jewish laws. He is also said close connections with certain members of the present Hungarian government through which he may render useful services to our cause, notably with Anthony Kunder, the present minister of commerce; (m) Resso Koszeghy, said to be 49 years of age, a native of Hungary of German-

-2-

of German-Swabian descent, and a former official of the National Bank of Hungary who is now general manager of a textile and fur concern. Said to be trustworthy as assistant and go between and to have a student son in Switzerland. Said to have good contact with rank and file in government officers; (n) Dr. Jeno Bozoky, said to be a lawyer who for a number of years very skillfully played the role of an ardent Nazi and anti-Semite, with the objective of helping distressed or endangered Jews and liberals. In or near Gyor: (a) Laszlo Fejes, executive Magyarovar Manure Manufacturing Company, said to know many farmers and to be agile organizer. Said to have operated Jewish labor camp on humanitarian basis and likely to be willing to organize secret refuges for compensation. In or near Szolnok: (a) Gyorgy Vitez Sebo, said to be agent of Shell Oil Co., a good organizer and favorably known to civilian and military officials in district: (b) Dr. Imre Hunyadi, said to be lawyer with close connections with present government. In or near Miskolc: (a) Dr. Janos Soltesz, said to have good connections with present government although probably not in accord with excesses.

You should, of course, check the foregoing against any information available to you. We have additional names and descriptions which we will forward to you from time to time possibly with no other message.

THIS IS WRB BERN CABLE NO. 52.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
 TO: American Legation, Bern
 DATED: June 23, 1944
 NUMBER: 2142

CONFIDENTIAL

FROM WAR REFUGEE BOARD FOR McLELLAND

(1) Further reference your 3869 of June 17. It has been suggested that George de Ghika who probably lives in Ascona, Switzerland, might be helpful in securing contacts.

(2) Reference Department's 1946, WRB's 33 of June 6. Telegram dated June 20 received by one Tennenbaum, New York, from Cerealia Ltd., presumably Jacques Locher reads: "Refer our 19/6 Hurry answer quick decision essential afterwards no more chance to save lives". Previous telegram referred to not received by addressee, but message may indicate Locher has special channels desired. Addressee whose name can be used with Locher is among larger group who suggested names transmitted in Department's 1946.

(3) An informed source suggests that ships and barges going down the Danube are generally empty and may afford a means of escape for a limited number of refugees in the guise of seamen or otherwise. Same source suggests that skippers can be approached on financial basis and crews through so-called communist channels.

Board is also advised that railroad line from Budapest to Mohacs, said to be about ten miles from partisan-controlled Yugoslav territory, might afford similar opportunities if contacts made with trainmen through what are termed communist channels. In this connection you might also consider consulting Robert Bratschi, Union of Railwaymen, Effingerstrasse 19, Bern, who has already received general request to assist Board from J. Stolz, New York. Board further advised that Transylvanian Unitarian Church, socialist and partisan groups are in a position because of geographical situation and absence of real occupation to shelter refugees if they can reach that area.

THIS IS WRB BERN CABLE NO. 55.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: June 23, 1944
NUMBER: 4025

CONFIDENTIAL

McClelland sends the following for WRB.

In connection with the request outlined in Department's message of April 10, Number 1221, the Legation wishes to be informed whether or not Haiti has acquiesced and plans to advise the Swiss Government that Haitian passports held by Jews in German occupied countries and Germany are recognized by Haiti. Recently the Haitian Legation was contacted in Bern by an interested Jewish organization in connection with four persons holding passports of this description, who are among the 162 persons listed as removed from Vittel and the Haitian Legation in Bern informed this Jewish delegation that such documents were fraudulent and of no value, as far as they were concerned.

HARRISON

CABLE TO AMBASSADOR STEINHARDT, ANKARA

The following is the text of a resolution which has been introduced in the House of Representatives by Congressman Bloom, Chairman of the House Committee on Foreign Affairs:

QUOTE Whereas the Government of the United States has made clear by its actions its determination to take all measures within its power to rescue the Jews and other victims of enemy oppression who are in imminent danger of death at the hands of the Nazis; and

Whereas there are great opportunities for the evacuation of refugees from the Balkan countries through Turkey of which full advantage has not been taken: Therefore be it

Resolved, That the House of Representatives of the United States of America requests the Secretary of State to urge that the Government of Turkey in the interests of humanity facilitate the entry into Turkey of refugees who can escape from the Nazis, and establish in Turkey a refugee camp in which such persons can be temporarily sheltered. UNQUOTE

In your discretion this pending resolution should be given local publicity and may be used by you in bringing further pressure on the Turkish Government.

THIS IS WRB CABLE TO ANKARA NO. 58

June 23, 1944
5:15 p.m.

Miss Chauncey (for the Sec'y), Abrahamson, Cohn, DuBois, Friedman, Hodel, Laughlin, Lesser, Mann, Stewart, CENTRAL FILES, Cable Control Files

FH:lab 6/23/44

316

Sent over by Secret Service Agent
Attention; Miss Tully

June 23, 1944

MEMORANDUM FOR THE PRESIDENT:

I am sure you will be delighted with the following secret cable just received from Ambassador Steinhardt in Ankara:

"June 21, 1944

"For the War Refugee Board from the Ambassador

"I have been informed that the Rumanian Government has decided to create an inter-departmental board for Jewish emigration under the supervision of the Prime Minister and to establish an emigration office under the direction of A. L. Zissu, the representative of the Jewish agency in Bucharest and to implement the same by making the Rumanian S. S. ALBA JULIA and other Rumanian vessels available for the transportation of Jewish refugees.

STEINHARDT"

/s/ J. W. Pehle

JWPehle:1hh 6/23/44

Delivered by J. W. Pehle
Regraded Unclassified

MMS
Distribution of true
reading only by special
arrangement. (SECRET W)

June 23, 1944

7 p.m.

AMEMBASSY,

ANKARA

568

War Refugee Board cable 57 below is for Steinhardt and
Hirschmann.

Your 1066 of June 14 regarding prospects of procuring
vessels from Turkish Government to evacuate refugees from
Balkan ports to Istanbul highly gratifying to Board. The
most promising likelihood of breaking the present shipping
bottleneck appears to be offered thereby.

We informed you in our 538 of June 16 of the British
Foreign Office opinion that a settled German policy of refus-
ing to facilitate the evacuation of Jews to Palestine
prompted the German refusal to grant a safe conduct to the
BARNDALAND. We requested Minister Johnson, as you will recall,
on the assurance to the Germans that the refugees evacuated
on the BARNDALAND would be taken from Turkey to havens of
refuge other than Palestine, to ask the Swedish Government
again to take up the question of a safe conduct with the German
Government. It is suggested, in line with this request to
Johnson, that you renew your efforts to procure a German safe
conduct for the TARI from Constanza to a Turkish port, if it
will not (repeat not) interfere with your efforts to obtain a
Bulgarian safe conduct as set forth in your 941 of May 23, this
time upon the assurance to the German Government that any
Jewish refugees evacuated on the TARI would not be removed
from Turkey to Palestine but to other havens of refuge.

HULL
(GHW)

WHELMNV:KG
6/22/44

S/CR

NE

SE

SWP

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

319
DIVISION OF
COMMUNICATIONS
AND RECORDS

DSH-222

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

Algiers

Dated June 23, 1944

Rec'd 4 p.m. . .

Secretary of State,
Washington.

2110, June 23, 1 p.m.

Department's circular telegram May 25, 3 p.m.

Despite repeated promptings, official acceptance of FCNL to Monetary Conference not yet received. However, Commissariat of Finance states that French delegation will comprise: Mendes France as chairman but who will arrive late; Andre Istel, chairman pending arrival Mendes France; Jean Largentaye and Robert Mosse delegates; and Raoul Aglion delegate and secretary of delegation. All are in United States except Mendes France whose date of departure not yet decided.

Additional information requested by Department concerning office requirements clerical personnel, et cetera being made known by delegation to our authorities Washington.

CHAPIN

WTD
EH



DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

320
DIVISION OF
COMMUNICATIONS
AND RECORDS

DSH-325

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

Santiago

Dated June 23, 1944

Rec'd 8:00 p.m.

Secretary of State,
Washington.

US URGENT

1090, June 23, 5 p.m.



I strongly urge that advisory approval be issued
immediately for visa to Hermann Max Coers. (Reference my
telegrams' 1001, July 9, 5 p.m, and 1058, June 19, 1 p.m.).

Chilean Government is most desirous of having Max
accompany its delegation to Monetary Conference and Embassy
concurs for reasons stated in telegram 1001. One of the
most valuable financial contacts would be lost to Embassy
should favorable advisory opinion be withheld or further
delayed.

MEV-EDA

BOWERS

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Cairo
TO: Secretary of State, Washington
DATE: June 23, 1944
NO.: 1763

CONFIDENTIAL

Reference is made herewith to last paragraph of Legation's June 22 telegram No. 1736.

Arrangements have been made for air priority for three members of the Iraqi delegation to the monetary conference. They are to leave from Cairo either June 26 in the evening or June 27 early in the morning.

TUCK

ef:copy
6-27-44

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

322
DIVISION OF
COMMUNICATIONS
AND RECORDS

LL-301

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

San Salvador

Dated June 23, 1944

Rec'd 8:35 p.m.

Secretary of State,
Washington.

U.S. DEPARTMENT OF STATE

JUN 24 1944

DIVISION OF
COMMUNICATIONS & RECORDS

U.S. URGENT

213, June 23, 4 p.m.

Augustin Alfaro, Salvadoran delegate Monetary
Conference arriving New Orleans June 25 (Embassy's
telegram 207, June 19 and 210, June 22, 10 a.m.)
has priorities to New York.

GADE

EJH
MRM

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Reykjavik (via War)
TO: Secretary of State, Washington
DATED: June 23, 1944
NO.: 278

CONFIDENTIAL

You are informed that it is planned that the delegates mentioned in my cable of June 18, 1944, no. 265, will leave June 24 from Iceland via Army air transport arranged here and arrive the next day in Presque Isle or New York.

DREYFUS

sf:copy
6-27-44

AIRGRAM

DEPARTMENT OF STATE

JUN 23 1944

FROM: American Embassy
Mexico, D. F., Mexico

Date: June 23, 1944

Confidential

Rec'd:

To: Secretary of State

Washington, D. C. A-2158, June 21, 11 a.m., 1944

Sr. Luis Legorreta, Director General of the Banco Nacional de Mexico, S. A. (a private commercial bank) has informed the Embassy that Lic. Antonio Espinosa de los Monteros, Delegate to the United Nations Monetary and Financial Conference, has invited him to "attend" the Conference. He stated also that the Minister of Finance had confirmed the invitation to him, and indicated that he would be pleased to have the Embassy make the necessary arrangements for accommodations.

Sr. Legorreta was told that the Embassy had received no instructions as to procedure for the invitation of unofficial delegates or observers, and moreover understood that accommodations at the Mount Washington Hotel, Bretton Woods, New Hampshire, were so limited as to make it seem unlikely that any but the official delegates and their staffs would be able to be present. It was suggested to him that, since the matter has been raised at the instance of Lic. Espinosa de los Monteros and since the latter would be in Washington beginning June 18, it might be convenient for him to discuss the possibility of an invitation with the officials of the State Department and of the Treasury Department, through the Mexican Embassy in Washington.

MESSERSMITH

File No. 551.
WFB:ET:EU-A

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

325
DIVISION OF
COMMUNICATIONS
AND RECORDS

KD-110

This telegram must be
paraphrased before being
communicated to anyone
other than a Government
agency. (SECRET-0)

Chungking via Navy

Dated June 23, 1944

Rec'd 9:50 a.m., 25rd
CONFIDENTIAL

Secretary of State

Washington

1086, June 23, 8 a.m.

TO SECRETARY OF TREASURY FROM ADLER.

For security reasons the
text of this message must
be closely guarded

JUN 24 1944

DIVISION OF

Re your 810, June 12

One. Am consulting Ambassador Gauss and General
Ferris to be able to report their views in full
on returning.

Two. See no objection to placing further 25
million dollars to Chinese account when Army approves.
Fully agree no response should be made on Reverse Lend-
Lease proposal until negotiations for reasonable ex-
change rate have made more progress.

Three. Feel that any agreement for sale of gold
and currency on joint account should be made not
(repeat) as alternative but as ancillary to agree-
ment on reasonable exchange rate which latter is
main issue. Not too much should be expected from
sale of gold and currency. Volume of such sales would
depend on

-2- #1086, June 23, 8 a.m., from Chungking

depend on degree of cooperation of Chinese Government and even with active whole hearted cooperation sales would not suffice or cover army and civilian needs. In view of record on internal gold sales unlikely that such active cooperation would be forthcoming. Recent KMT meeting adopted resolution where by industrialists would receive official rate of twenty to one for advanced purchases from abroad to meet their post war needs, which constitutes a very substantial subsidy to imports of machinery. This would tend to curtail and depress open market for DS currency if implemented; understand that Exchange Control Commission now working out regulations for its implementation.

GAUSS

EDA

WLB

SECRETCopy No. 11OPTEL No 205

Information received up to 10 A.M. 23rd June 1944.

1. NAVAL

Normandy Yesterday afternoon wind again moderated; tank landing ships and craft were able to resume unloading but not at high rate. In the Western area coasters were beached for unloading to meet urgent ammunition requirements.

This morning four M.T.B.'s attacked enemy convoy off JERSEY; one ship sunk, a tanker left on fire and three other ships damaged.

East Indies. 21st. Aircraft from one of H.M. Aircraft carriers attacked PORT BLAIR, one R.D.F. station destroyed and another damaged hits on barracks and industrial installations. Two Japanese aircraft destroyed on the ground; one Barracuda missing.

2. MILITARY

France U.S. troops have made further advances on CHERBOURG against stiff opposition and have cut the road ST. PIERRE EGLISE-CHERBOURG. The N.E. corner of the peninsula is now practically cleared of Germans. On British sector fighting continues against increased German opposition with no appreciable positional changes.

Italy Poles now in contact with Germans along RIVER CHIANTI. All bridges over river reported blown. 8th Army meeting determined opposition either side of LAKE TRASIMENO; many enemy by-passed during advances on 21st were mopped up during day. On West coast U.S. armour is 6 miles East of FOLLONICA. Discharge at PORT OF CIVITAVECCHIA going well.

Burma 2nd Division has continued advance southward and leading elements are now about 9 miles north of our troops from IMPHAL. (Later information direct from the theatre is that the KOHIMA-IMPHAL road has now been re-opened.

3. AIR OPERATIONS

Western Front 21st/22nd. Total 1,180 tons dropped on two oil refineries in GERMANY.

22nd. More than 2,800 offensive and escort sorties flown. U.S. and R.A.F. heavy bombers attacked 14 flying bomb sites dropping total 1,710 tons, in most cases using pathfinders technique. Light and medium aircraft bombed gun positions and strong points CHERBOURG area. 790 tons and objectives near CAEN 110 tons. German casualties 4:3:2, Allied 40:0:4. In addition 800 U.S. heavy bombers - 11 missing - were sent to attack railways and other objectives but reports not yet available.

22nd/23rd. Aircraft despatched: Railway centres LAON 114 (4 missing) RHEIMS 107 (4 missing); HAMBURG 29 Mosquitoes; railway junction near ROUEN 8 Mosquitoes; other tasks 60.

Italy 21st. 600 medium and fighter bombers attacked transport and other targets and carried out sweeps. Weather prevented other operations.

4. HOME SECURITY

22nd. 6 A.M. to 6 P.M. twenty four incidents in 19 LONDON boroughs, a few other incidents KENT, SUSSEX and SURREY. Casualties reported LONDON - killed 55, seriously wounded - 193; elsewhere 12 seriously wounded.

22nd/23rd. 6 P.M. to 6 A.M. in early morning 26 incidents reported from 23 LONDON Boroughs mainly in south, east and centre. Some damage in docks otherwise mainly residential. Casualties not yet available.

Regraded Unclassified