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7/4/44

READING COPY of Secretary's remarks
on the Philadelphia Navy Yard program together
with mimeographed text of complete program.

There could be no more appropriate occasion for a Navy program than Independence Day. For the simple fact is that the American people, in very large measure, owe their independence, now as in the past, to the strength and courage and resolution of their fighting forces at sea. The Navy has seen to it, over a period of 130 years, that no invader has set foot upon the soil of the United States.

During the past two and a half years, the Navy has served as America's first line of defense in two oceans at once. On this side of the world, in magnificent cooperation with the sea forces of our Allies, the Atlantic Fleet broke the back of the U-boat menace upon which Hitler had pinned so much of his hopes.

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On the other side of the world, in the Coral Sea,
at Midway and around the Solomon Islands, it stopped
the Japanese Grand Fleet in its tracks. And just a
fortnight ago, off the Marianas, it made that fleet
turn tail and run for cover. Something tells me that
the Japanese will not be able to remain under cover
very much longer. Admiral Nimitz will see to that.

Today the United States has the greatest Navy
in the world. ^{Pause} I think it will interest you to know that,
from the founding of this Republic in 1789 up through the
year 1940, we expended on our naval establishment a little
over six and a half billion dollars.

-3-

During the last four fiscal years, however, naval expenditures have amounted to almost 58 billion dollars -- approximately nine times as much as during the whole preceding century and a half of our history. *Pause* And just a few days ago, because of the new needs of the war, Congress approved another naval appropriation of 33 billion dollars. This is more than twice the sum we set out to raise during the Fifth War Loan Drive.

Pause The immediate task before our Armed Forces today is ^{defeating} ~~beat back~~ the Germans and the Japanese, ~~until they~~ *They must be defeated so completely* ~~are crushed so completely~~ that they can never again embark upon their mad scheme of world conquest. We are waging total war, and we cannot be content with anything less than total victory.

-4-

If we fall short of that goal, all of this expenditure,
all of this effort, will have been thrown away. Worse,
we shall have betrayed basely all those who fought and
died. *Pause* I hazard the guess that we shall be tempted,
both in the west and in the east, with some sort of
false capitulation. Let us make sure, before we accept
the enemy's surrender that it is real and unconditional
and final.

(PUNCTUATE WITH NAVY MUSIC)

Pause

In these times, it takes a certain temerity for
any civilian to present a citation to the fighting
chief of a fighting fleet.

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But the personnel of the Navy have made so splendid a record, not only in their capacity as seamen but in their capacity as American citizens, that they merit the warmest public congratulation. They have not been content simply to take their ships and planes into battle. They have shared in the cost of building them. Two-thirds of the officers and the enlisted men and women of the Navy, Marine Corps and Coast Guard are now purchasing War Bonds regularly at the rate of about 300 million dollars a year. And during the Navy's current bond campaign, arrangements have been made to give each man and woman in uniform an opportunity to participate through the purchase of an additional bond.

Pause

Admiral King, I am honored, on behalf of the
 Treasury Department, to present to you, as Commander
 in Chief of the United States Fleet and Chief of Naval
 Operations, this citation for the Navy's outstanding
 contribution to the success of the War Bond program.

The civilian employees of the Navy have made a splendid record in the War Bond Program. The Philadelphia Navy Yard, where we are now, was the first yard to receive the Secretary of the Navy's War Bond Honor Flag in November 1942, and it has held a preeminent place since that time with 97 percent of all employees now purchasing War Bonds regularly through Payroll Savings.

During the first five months of 1944, more than 93 percent of all the civilian employees of the Navy were participating in the Payroll Savings Plan, and purchased War Bonds aggregating more than 12 percent of the total payroll. For the Fifth War Loan Drive, a goal of an extra \$100 Bond over and above payroll deduction has been established for every civilian employee.

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Pause

Secretary Forrestal, it gives me great pleasure
to present to you, on behalf of the Treasury Department,
this honor flag in token of the magnificent contribution
to the War Bond program by the Navy's civilian employees.

PROGRAM TO BE CARRIED OVER THE NETWORK
OF THE NATIONAL BROADCASTING COMPANY
FROM THE PHILADELPHIA NAVY YARD
1600-1630 LWT 4 JULY 1944

MR MORGENTHAU
FOR RELEASE UPON
DELIVERY BETWEEN
4:00 and 6:00 PM
EASTERN WAR TIME

10

MR. BEATTY: Good afternoon, ladies and gentlemen, (4:00:10)
this is Morgan Beatty speaking to you from
the Marine Parade Ground in the Philadelphia
Navy Yard where a special program celebrating
Independence Day and the climax of the Fifth
War Loan Drive is being brought to you by
the National Broadcasting Company. More than
fifty thousand people are assembled here as
guests of Rear Admiral Milo F. Draemel,
Commandant of the Philadelphia Navy Yard and
Fourth Naval District, and our guest speakers
include the Secretary of the Navy, the
Honorable James Forrestall, the Secretary
of the Treasury the Honorable Henry Morgenthau,
Jr., Admiral Ernest J. King, Admiral Harold
R. Starke, speaking from London, Admiral
Chester W. Nimitz from Pearl Harbor, and Mr.
John F. Daniels. Our program opens with the
national anthem led by the Philadelphia Navy
Yard Chorus and Band. (4:01:10)

AUDIENCE
CHORUS AND
BAND

"STAR SPANGLED BANNER" (4:02:40)

BAND: STARTS BELL INTRO THEN DOWN BEHIND (OVER MUSIC)

MR. BEATTY: The Liberty Bell in Philadelphia's Independence
Hall has been rung today in celebration of
the 169th year of our independence. Here

MR. BEATTY
(CONT.)

where the founding fathers struck the first great blow for freedom, where Betsy Ross created our first national emblem, where the seat of constitutional government was first established, here too is the resting place of Commodore John Barry the father of the United States Navy.

It is fitting that the birthplace of our independence should be the home of one of America's largest Navy Yards. Here since 1815, the country's first line has drawn some of its mightiest ships.

The men and women, naval and civilian, who work here have inspired traditions and a formidable record of accomplishment behind them. These traditions are being maintained and former records broken under the leadership of Rear Admiral Milo F. Draemel, USN, Commandant of the Fourth Naval District and the Philadelphia Navy Yard. It is my privilege to introduce Admiral Draemel to you now. (4:03:40)

REAR ADMIRAL

DRAEMEL: Distinguished guests, fellow employees of the Philadelphia Navy Yard and Naval Air Material Center:

On behalf of the employees of the Philadelphia Navy Yard and the Naval Air Material Center, it is my pleasure to welcome the Secretary of the Navy, the Secretary of the Treasury and the Commander in Chief of the United States Fleet.

REAR ADMIRAL We welcome them with open arms and open hearts.
D'AMIEL
(CONT.)

We thank them for coming here to help us commemorate this Independence Day.

We of Philadelphia are proud of our Yard. Here were built such ships as the WASHINGTON, the NEW JERSEY And WISCONSIN. Here were built numerous landing craft that have landed men and material in all amphibious operations. Here have been built numerous destroyer escorts and planes that have helped defeat the Axis submarines. It was here that the battle damage of such ships as the BOISE has been repaired.

We are not only producing materials of war, we are helping to pay for them. This is true of all Navy Yards and all Plants producing war materials for the Navy. But we are especially proud of the bond record of this Naval District, and are proud to announce that 97% of the employees of the Philadelphia Navy Yard and Naval Air Material Center are paying for bonds every pay-day. (Mr. Secretary of the Treasury, these employees realize that future freedom from want lies in their hands now. They are keeping their war bonds to insure their having this freedom.)

The Philadelphia Navy Yard is also proud to have an organization which represents all of the employees. Heading that organization is an

REAR ADMIRAL employee who has served his country well and
DYAMIEL
(CONT.) faithfully for more than thirty-seven years.

Ladies and gentlemen, it gives me great pleasure to present to you Mr. John F. Daniels, President of the Philadelphia Navy Yard Development Association.

Mr. Daniels.....

(4:05:40)

MR.DANIELS: Ladies and gentlemen:

To have the privilege of representing the civilian personnel of the Philadelphia Navy Yard and all the Navy Yards and war plants today is an honor of which I am justly proud.

But I am even more proud of the manner in which these men and women throughout the country have taken hold of their wartime jobs. Probably that is because they recognize the fact that once an individual becomes a member of the Navy team, that individual becomes imbued with the traditions and spirit of our Great Navy.

The reports of our fighting men in the Pacific, Atlantic, and European theatres are a challenge and an inspiration for even greater effort on our part. To these fighting men - wherever they are today goes the pledge of every worker that the building, repair, and conversion of ships and the buying of War Bonds will be speeded up beyond all expectations as our tribute to the sacrifices and glory of our Fighting Forces.

MR. BEATTY: You have heard of the contributions of the men and women of our Navy Yards and war plants who buy the bonds and convert them into weapons. Now to hear, through their commanders, from the fighting fleets who use these weapons in the two great theaters of the Naval war. We take you first to Admiral Harold R. Stark, U.S.N., Commander, U.S. Naval Forces in Europe, speaking from London.

(4:07:15)

(SWITCH TO LONDON)

(In the event of failure NDC announcer in New York says:

ANN: We are unable to reach London at this time. We return you to Philadelphia.

MR. BEATTY: We have just received a copy of Admiral Stark's remarks this morning. I quote:)

ADM. STARK: Somewhere off the French Coast tonight is a boy I'll just call Smitty. He may be curled up in a blanket asleep in the stern of his boat. More likely he is getting somewhere in and out among the invasion ships for he's usually busy most of the day and night. Smitty is a U. S. Navy Coxswain in charge of one of those small boats so vital in any amphibious operation. He doesn't look much like the Navy boy in dress blue you see in Times Square or on Main Street. He's wearing a greasy pair of dungarees and a windbreaker which once was blue. Smitty is twenty years old. The three men in his tiny boat crew are younger still.

ADM. STARK:
(Continued)

But you wouldn't know it to look at them for they are lean and brown and hard.

Smitty arrived off the beach on the morning of D-Day, a tough beach raked by enemy batteries, studded with land mines and underwater obstacles. He took his men in. Even now he doesn't quite know how he did it. The boat on one side of him blew up on a mine. A German shell hit the one on the other side. Using all the seamanship he'd spent long months in learning he somehow reached the beach and got his human cargo ashore.

Now he is in a small boat pool ferrying service. If lucky, Smitty and his gang occasionally get aboard a ship for a hot meal and a bunk; more often they have cold K-rations and sleep in the bottom of their boat.

Smitty's immediate future is an indefinite period of discomfort, danger, fatigue. He is not getting much out of this for himself. He's not asking much.

But one thing he is asking for--a feeling that the people at home are backing him up.

He takes more interest than you might think in what you are doing. He knows in a general sort of way whether you are going on a spending spree or whether you are putting money in war bonds. He judges from this whether or not you are doing your part. Smitty is doing his. Are you doing yours?

(4:09:15)

ANN.(in Phila): We take you now to Admiral Chester W. Nimitz, USN, Commander in Chief, Pacific Fleet and Pacific Ocean Areas, speaking from Pearl Harbor, Hawaii. (SWITCH OVER, SIX SECONDS)
(In the event of failure NBC announcer in New York says:

ANN.(in N. Y.) We are unable to reach Pearl Harbor at this time. We return you to Philadelphia.

MR. BEATTY: We have just received a copy of Admiral Nimitz's remarks this morning. I quote:)

ADM. NIMITZ: The United States Pacific Fleet is at the moment engaged in a double-barrelled offensive against Japan. The first offensive is rapidly unfolding in Western Pacific waters, where we are seizing a base in the Marianas Islands from which we will project our sea, air and land power further into the far flung Japanese empire. The enemy feels the weight of the offensive in a very direct manner.

The second offensive being undertaken by the Pacific Fleet will be felt by Japan in a less direct way, but will nonetheless help in winning our coming victory. This offensive is the enthusiastic support being given aboard all ships and at all shore stations to the Fifth War Loan Drive. For some time more than a quarter of a million officers and men of the Pacific Fleet have been making monthly purchases of War Bonds through the Navy's payroll allotment plan. (██████████)

On this, the 168th anniversary of our Nation's Independence, a special sale is being conducted throughout the Fleet. Early returns from this sale are gratifying. More than half a million dollars worth of bonds have already been purchased during the "Fourth of July sale."

One of our destroyers, the USS HICKOX, sold an average of one \$75 bond to each man on board. The USS ARCTIC, a refrigerated supply ship, averaged \$90 in bonds purchased by every member of her crew.

Like all Americans, the officers and men of the Pacific Fleet are anxious to bring this war to a completely victorious end in the quickest possible time. Collectively, we shall miss no opportunities to achieve that victory. This record purchase of war bonds indicates to me that we are proceeding at good speed on the proper course.

Reports reaching us from the mainland indicate that the Fifth War Loan is being given overwhelming support by the American people. In this critical hour of our Nation's history, I am grateful-- and I know the men of the Pacific Fleet are grateful-- for this tangible manifestation of our country's united and determined will to win. (4:11:40)

MR. BEATTY: Bonds are the means whereby the armed forces can wage a successful campaign against the enemy.

START FOR MIKE →

But the selling of bonds is a campaign in itself. The leader of the five greatest successful war financing campaigns in history is the Secretary of the Treasury, the Honorable Henry Morgenthau, Jr. Ladies and gentlemen, I have the honor of introducing Mr. Morgenthau. (4:13:00)

SEC. MOR-GENTHAU:

There could be no more appropriate occasion for a Navy program than Independence Day. For the simple fact is that the American people, in very large measure, owe their independence, now as in the past, to the strength and courage and resolution of their fighting forces at sea. The Navy has seen to it, over a period of 130 years, that no invader has set foot upon the soil of the United States.

During the past two and a half years, the Navy has served as America's first line of defense in two oceans at once. On this side of the world, in magnificent cooperation with the British and Canadian sea forces, the Atlantic Fleet broke the back of the U-boat menace upon which Hitler had pinned so much of his hopes. On the other side of the world, in the Coral Sea, at Midway and around the Solomon Islands, it stopped the Japanese Grand Fleet in its tracks. And just a fortnight

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SEC. MOR-
GENTHAU:
(CONT.)

ago, off the Marianas, it made that fleet turn tail and run for cover. Something tells me that the Japanese will not be able to remain under cover very much longer. Admiral Nimitz will see to that.

Today the United States has the greatest navy in the world. I think it will interest you to know that, from the founding of this Republic in 1789 up through the year 1940, we expended on our naval establishment a little over six and a half billion dollars. During the last four fiscal years, however, naval expenditures have amounted to almost 58 billion dollars -- approximately nine times as much as during the whole preceding century and a half of our history. And just a few days ago, because of the new needs of the war, Congress approved another naval appropriation of 33 billion dollars. This is more than twice the sum we set out to raise during the Fifth War Loan Drive.

SEC. MOR-
GENTHAU
(CONT.)

The immediate task before our Armed Forces today is to beat back the Germans and the Japanese until they are crushed so completely that they can never again embark upon their mad scheme of world conquest. We are waging total war, and we cannot be content with anything less than total victory. If we fall short of that goal, all of this expenditure, all of this effort, will have been thrown away. Worse, we shall have betrayed basely all those who fought and died. I hazard the guess that we shall be tempted, both in the west and in the east, with some sort of false capitulation. Let us make sure, before we accept the enemy's surrender that it is real and unconditional and final.

(Punctuate with Navy Music)

SEC. MOR-
GENTHAU
(CONT.)

In these times, it takes a certain temerity for any civilian to present a citation to the fighting chief of a fighting fleet. But the personnel of the Navy have made so splendid a record, not only in their capacity as seamen but in their capacity as American citizens, that they merit the warmest public congratulation. They have not been content simply to take their ships and planes into battle. They have shared in the cost of building them. Two-thirds of the officers and the enlisted men and women of the Navy, Marine Corps and Coast Guard are now purchasing War Bonds regularly at the rate of about 300 million dollars a year. And during the Navy's current bond campaign, arrangements have been made to give each man and woman in uniform an opportunity to participate through the purchase of an additional bond.

Admiral King, I am honored, on behalf of the Treasury Department, to present to you, as Commander in Chief of the United States Fleet and Chief of Naval Operations, this citation for the Navy's outstanding contribution to the success of the War Bond program.

(4:17:00)

ADMIRAL KING: As Commander in Chief, United States Fleet, and Chief of Naval Operations it gives me great pleasure to accept on behalf of all uniformed personnel of the Navy and of the Marine Corps and Coast Guard this citation which represents the honor that has been so graciously bestowed upon them. Due to the interest of the late Secretary Knox and the continuing interest of his successor, Secretary Forrestal, the Navy allotment plan for purchase of War Bonds has proved so successful that two out of every three men in the Navy, Marine Corps and Coast Guard now participate. They are saving systematically for the future and at the same time, are contributing directly to the financial support of the war that they are also fighting.

We and our allies are currently engaged in concentrated attacks against our common enemies. Our recent advances have further restricted the enemy's area of occupation. Now they are close to where they must stand and fight it out. Speaking in baseball terms our allied team has come from behind--we have men on first and second--a hit or so now will really count. The walls of Fortress Europe have been breached, but this operation will not divert our determined efforts directed against the outer and inner citadels of Fortress Japan.

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ADMIRAL KING:
(Continued)

In launching these drives against our enemies tremendous quantities of materials and supplies are required. This fact was emphasized during my recent visit to the Normandy beachhead where I saw scores of disabled landing craft, tanks, trucks and guns. This material must be replaced and new material must be produced to enable us to strike elsewhere--when and where carefully prepared plans dictate. Meanwhile the steady streams of supplies crossing the Channel, the Atlantic and to our newly-occupied bases in the Pacific must not be interrupted or diminished.

SEC. MORGENTHAU
STORT FOR MIKE →

To accomplish these essentials of victory the purchase of War Bonds is vital--vital as never before. The war is in such a state of balance that the additional effort we now make--both financially and physically--may well be the factor that tips the scale and determines whether the coming of victory will be swift or slow.

The men of the fleet are doing their share; certainly the rest of us can do no less.

(4:20:00)

SEC. MOR-
GENTHAU:

The civilian employees of the Navy have made a splendid record in the War Bond Program. The Philadelphia Navy Yard, where we are now, was the first yard to receive the Secretary of the Navy's War Bond Honor Flag in November 1942, and it has held a prominent place since that time with 97 percent of all employees now purchasing War Bonds regularly through Payroll Savings.

During the first five months of 1944, more than 93 percent of all the civilian employees of the Navy were participating in the Payroll Savings Plan, and purchased War Bonds aggregating more than 12 percent of the total payroll. For the Fifth War Loan Drive, a goal of an extra \$100 Bond over and above payroll deduction has been established for every civilian employee.

Secretary Forrestal, it gives me great pleasure to present to you, on behalf of the Treasury Department, this honor flag in token of the magnificent contribution to the War Bond program by the Navy's Civilian employees. (4:21:00)

MR. FORRESTAL: Thank you, Secretary Morgenthau, for your Treasury Department flag and citation which I accept on behalf of the people who earned it; the civilian employees of the Navy Department. The employees of this yard made this proportionate contribution to the purchase which earned the flag for the Navy.

I know that Mr. Morgenthau were it not for tactfulness would like to accompany his presentation with the remark "Well Done, but please see to it that you do even better for us in the new campaign." Gratitude, after all, is an appreciation of favors to come.

Both the Army and Navy are sensitive to the success of the Treasury's present campaign as they have been in the past because the response of the public to these campaigns is an obvious index of the support of the country for our fighting men. That any Treasury loan in war time should fail is of course unthinkable, but is almost as important that the success of each bond drive should be characterized by purchases from every segment of our national life.

The success of the Treasury's operations at this time is particularly important because it will be an answer to the fear that we are rapidly becoming over optimistic about the early conclusion of the war.

MR. FORRESTAL:
(Continued)

I am not going to bore this audience with my own version of the arguments against complacency. They are obvious to any sensible man or woman. We all know that the fight is bitter and that against enemies of such regimented fanaticism as those we now fight there can be no such thing as complacency until our opponents cry quits.

The war is not over and will not be until the last German and Japanese has ceased to use a gun. The German Air Force has been decimated and beaten out of the skies of France, but the German ground armies fight with the same intensity, if not with the same success. And while the German air force no longer has the capability of continued use, it retains sufficient power both in numbers and quality to be effective for the desperate defense of the German Homeland, which is still to come.

The Japs in Saipan give no indication of having heard that the war is over. Some twenty odd thousand of them are fighting as they fought at Guadalcanal to the death. The glorious Second Marine Division, the veterans, and the heroes of Tarawa who are fighting again on Saipan know that this war is not over--they know it in terms of dead comrades and several thousands of wounded.

MR. FORRESTAL:
(Continued)

And so do the Fourth Marines who, as of the close of the day of June 29th, had lost over 600 killed and over 3,000 wounded. They, too, know we are not done with fighting.

For the brave lead on that distant island the war is truly over. For us it cannot be over until our job is done. Let us carry that thought away from this meeting, and if the purchase of an additional bond is the only immediate extra thing we can do to support those Marines who still fight under the tropic skies, let us do that much and promptly.

(4:26:00)

BAND: "E PLURIBUS UNUM" (4:28:15)

MR. BEATTY: You have been listening to a special program celebrating Independence Day and the climax of the Fifth War Loan Drive brought to you by the National Broadcasting Company from the Marine Parade Ground in the Philadelphia Navy Yard. More than fifty thousand people were assembled here as guests of Rear Admiral Milo F. Draemel, Commandant of the Philadelphia Navy Yard and the Fourth Naval District. Speakers on the program were etc. _____

(AD LIB TO FILL)

BAND: "ANCHORS A BIGHT" TO FILL to (4:29:15)

SYSTEM CUE (From N. Y.)

July Fourth
Speech

*Draft given at
Navy Yard Philadelphia
29
7/4/44*

There could be no more appropriate occasion for a Navy program than Independence Day. For the simple fact is that the American people, in very large measure, owe their independence, now as in the past, to the strength and courage and resolution of their fighting forces at sea. The Navy has seen to it, over a period of 130 years, that no invader has set foot upon the soil of the United States.

During the past two and a half years, the Navy has served as America's first line of defense in two oceans at once. On this side of the world, in magnificent cooperation with the Sea Forces of our Allies, The Atlantic Fleet broke the back of the U-boat menace upon which Hitler had pinned so much of his hopes. On the other side of the world, in the Coral Sea, at Midway and around the Solomon Islands, it stopped the Japanese

grand

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grand fleet in its tracks. And just a fortnight ago, off the Marianas, it made that fleet turn tail and run for cover. Something tells me that the Japanese will not be able to remain under cover very much longer. Admiral Nimitz will see to that.

Today the United States has the greatest Navy in the world. I think it will interest you to know that, from the founding of this country in 1789 up through the year 1940, we expended on our naval establishment a little over six and a half billion dollars. During the last four fiscal years, however, naval expenditures have amounted to almost 58 billion dollars - approximately nine times as much as during the whole preceding century and a half of our history. And just a few days ago, because of the new needs of the war, Congress approved another naval appropriation of 33 billion dollars. This is more than twice the sum we set out to raise during the Fifth War Loan Drive.

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The immediate task before our armed forces today is defeating the Germans and the Japanese. They must be defeated so completely that they can never again embark upon their mad scheme of world conquest. We are waging total war and we cannot be content with anything less than total victory. If we fall short of that goal, all of this expenditure, all of this effort will have been thrown away. Worse, we shall have betrayed basely all those who fought and died. I hazard the guess that we shall be tempted, both in the West and in the East, with some sort of false capitulation. Let us make sure, before we accept the enemy's surrender that it is real and unconditional and final.

(Punctuation with Navy music)

In these times, it takes a certain temerity for any civilian to present a citation to the fighting chief of a fighting fleet.

But

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But the personnel of the Navy have made so splendid a record, not only in their capacity as seamen but in their capacity as American citizens, that they merit the warmest public congratulation. They have not been content simply to take their ships and planes into battle. They have shared in the cost of building them. Two-thirds of the officers and the enlisted men and women of the Navy, Marine Corps and Coast Guard are now purchasing war bonds regularly at the rate of about 300 million dollars a year. And during the Navy's current bond campaign, arrangements have been made to give each man and woman in uniform an opportunity to participate through the purchase of an additional bond.

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-5-

The civilian employees of the Navy have made a splendid record in the war bond program. The Philadelphia Navy Yard where we are now, was the first yard to receive the Secretary of the Navy's War Bond Honor Flag in November 1942, and it has held a pre-eminent place since that time with 97 percent of all employees now purchasing war bonds regularly through payroll savings.

During the first five months of 1944 more than 93 percent of all the civilian employees of the Navy were participating in the payroll savings plan, and purchased war bonds aggregating more than 12 percent of the total payroll. For the Fifth War Loan Drive, a goal of an extra \$100 bond over and above payroll deduction has been established for every civilian employee.

Secretary Forrestal,

-6-

Secretary Forrester, it gives me great pleasure to present to you on behalf of the Treasury Department this Honor Flag in token of the magnificent contribution to the War Bond Program by the Navy's civilian employees.

There could be no more appropriate occasion for a Navy program than Independence Day. For the simple fact is that the American people, in very large measure, owe their independence, now as in the past, to the strength, courage and resolution of their fighting forces at sea. Over a span of 130 years, the Navy has seen to it that no invader has set foot upon the soil of the United States.

During the past two and a half years, the Navy has served as America's first line of defense in two oceans at once. The little men who talk over the radio from Tokio assured us at the beginning of this war that, thanks to their sneak attack on Pearl Harbor, the United States Navy was at the bottom of the Pacific Ocean. If so, it has shown rather marvellous powers of recuperation. The Japanese must have been quite surprised by the state of its health in the Coral Sea, at Midway and around the Solomon Islands, and off the Marianas just a fortnight ago. They apparently came to the conclusion that the best policy they could pursue was to pretend that they had never heard of our Pacific Fleet. Something tells me, however, that they will not be able to go on ignoring it much longer. Admiral Nimitz will see to that.

On this side of the world, in magnificent cooperation with the British and Canadian sea forces, the Atlantic Fleet

- 2 -

broke the back of the U-boat menace upon which Hitler had pinned so much of his hopes. They tell me that the sea voyage to England today is about as safe as a cruise on the Great Lakes.

If the combined allied Navies had not made it so there could have been no invasion of North Africa and Italy, and no landings on the Normman Coast of France.

Today the United States has the greatest Navy in the world. I think it will interest you to know that from the founding of this republic in 1789 up through the year 1940 we expended on our naval establishment a little over six and a half billion dollars. During the last four fiscal years, however, naval expenditures have amounted to almost 58 billion dollars. Approximately nine times as much as during the whole preceeding century and a half of our history. And just a few days ago Congress approved another naval appropriation of 33 billion dollars -- more than twice the sum we are attempting to raise during the Fifth War Loan Drive.

The men of the United States Navy have not been content simply to take their planes and ships into battle -- they have been sharing the cost of building them. About two-thirds of the officers and enlisted personnel of the Navy, Marine Corps and Coast Guard are now purchasing war bonds regular at the

- 3 -

rate of approximately 300 million dollars a year. And during the Navy's current campaign arrangements have been made to give each man and woman in uniform an opportunity to participate through the purchase of an additional bond.

In these times, it takes a certain temerity for any civilian to offer a citation to the fighting chief of a fighting fleet. But the personnel of Navy have made so splendid a record, not only in their capacity as seamen but in their capacity as American citizens, that they merit the warmest public congratulations. I salute all of them, Admiral King, through you, on behalf of the Treasury Department, I am honored to present to you, as Commander-in-Chief of the United States Fleet and the Chief of Naval Operations, this citation for the Navy's outstanding contribution to the war bond programs.

**July Fourth
Speech**

There could be no more appropriate occasion for a Navy program than Independence Day. For the simple fact is that the American people, in very large measure, owe their independence, now as in the past, to the strength and courage and resolution of their fighting forces at sea. The Navy has seen to it, over a period of 130 years, that no invader has set foot upon the soil of the United States.

During the past two and a half years, the Navy has served as America's first line of defense in two oceans at once. It has helped its allies to drive the German U-Boat menace from the Atlantic and to open the highway for our assaults upon Hitler's European dungeon. On the other side of the world, in the Coral Sea, at Midway and around the Solomon Islands, it stopped the Japanese grand fleet in its tracks.

And

And just a fortnight ago, off the Marianas, it made that fleet turn tail and run for cover. Something tells me that the Japanese will not be able to remain under cover very much longer. Admiral Nimitz will see to that.

Today the United States has the greatest Navy in the world. I think it will interest you to know that, from the founding of this country in 1789 up through the year 1940, we expended on our naval establishment a little over six and a half billion dollars. During the last four fiscal years, however, naval expenditures have amounted to almost 56 billion dollars - approximately nine times as much as during the whole preceding century and a half of our history. And just a few days ago, because the new needs of the war demand it, Congress approved another naval appropriation of 33 billion dollars. This is more than twice the sum we set out to raise during the Fifth War Loan Drive.

- 3 -

It is clear, I think, that the American people intend to maintain a great Navy in the future. It has two vital tasks before it. The first of these is to play its essential role in beating back the forces of aggression until they are crushed so completely that they can never again embark upon their mad scheme of world conquest. We are waging total war and we cannot be content with anything less than total victory. If we fall short of that goal, we shall have basely betrayed all those who fought and died to attain it. I hazard the guess that we shall be tempted, both in the West and in the East, with some sort of quasicapitulation. Let us make sure, before we accept the enemy's surrender that it is real and unconditional and final.

The Navy's second task, when the first has been completed, must be to serve, in cooperation with the forces of other nations, as a bulwark of the world's

security

Regraded Unclassified

- 4 -

security and freedom. It will stride the seas in the future as an invincible guarantor of equal opportunity and friendly relations among all the peoples of the earth.

(Punctuate with Navy music)

In these times, it takes a certain temerity for any civilian to present a citation to the fighting chief of a fighting fleet. But the personnel of the Navy have made so splendid a record, not only in their capacity as seamen but in their capacity as American citizens, that they merit the warmest public congratulation. They have not been content simply to take their ships and planes into battle. They have shared in the cost of building them. Two-thirds of the officers and the enlisted men and women of the Navy, Marine Corps and Coast Guard are now purchasing war bonds regularly at

the

- 5 -

the rate of about 300 million dollars a year. And during the Navy's current bond campaign, arrangements have been made to give each man and woman in uniform an opportunity to participate through the purchase of an additional bond.

Admiral King, I am honored, on behalf of the Treasury Department, to present to you, as Commander in Chief of the United States Fleet and Chief of Naval Operations, this citation for the Navy's outstanding contribution to the success of the war bond program.

Copied: rgs
7/1/44

July 4, 1944
6:27 p.m.

HMJr: Are you still at your office?

Ted
Gamble: Yes, sir.

HMJr: Well, I want you to know that that Navy program was the best run program I've participated in since I -- the Fifth War Loan....

G: Fine.

HMJr:as far as I'm concerned.

G: Well, that's swell.

HMJr: It was beautifully run.

G: Now, I'll tell you a little secret.

HMJr: Yes.

G: (Laughs) We set that up for them.

HMJr: Did you?

G: Yes, sir.

HMJr: Well, it was beautifully run.

G: Well, we had a couple of good people. You remember Zachery, that handled your show on the Third War Loan from the White House?

HMJr: No.

G: George Zachery, the boy that came over and did some work with you and

HMJr: No, I don't remember him.

G: You remember when -- on broadcasting -- the fellow that came over from O.W.I.?

HMJr: I'm not -- I don't remember.

G: Well, he's in the Navy now.

HMJr: Oh.

- 2 -

G: And we pulled him down out of Chicago to do the job.

HMJr: Oh.

G: And he's the fellow that handled your first show with the President.

HMJr: Oh, is that right?

G: Yes.

HMJr: Well, it was beautifully handled. And they -- I understand the fellow just had time enough to say, "I return you to New York."

G: That's right.

HMJr: Yeah.

G: It came out fine. Draemel talked a little bit long.

HMJr: Who?

G: Admiral Draemel.

HMJr: Yeah.

G: Just a half a second.

HMJr: How did I sound?

G: You sounded swell.

HMJr: Did I?

G: I had several people -- Forbes Watson called me up from home after the broadcast....

HMJr: Yeah.

G:and said it was the finest he had ever heard you.

HMJr: Is that right?

G: Yes.

- 3 -

HMJr: Incidentally, I was the only one that got any applause while I was talking.

G: They interrupted you three times.

HMJr: Yeah, I was the only one.

G: Well, I'll tell you, it was a swell talk and it's the best bond program, Mr. Secretary, I think, we've had.

HMJr: Yeah.

G: It was really a grand job and the way the program came out over the air....

HMJr: Yeah.

G:the whole thing was built up to you.

HMJr: Yeah.

G: I mean, the way these fellows talked....

HMJr: Yeah.

G:both Stark and Nimitz, and

HMJr: Yeah.

G: it was a grand show.

HMJr: They say there were fifty thousand people there.

G: They had a big crowd. O'Connor called me afterwards.

HMJr: Yeah.

G: And -- well, I'm glad it went off smoothly.

HMJr: Oh, I was delighted. It was so easy. The broadcast was over at four-thirty and ten minutes later I was in the air.

G: That's swell.

HMJr: Yeah.

- 4 -

G: No trouble meeting you or anything?

HMJr: No.

G: When they gave me the last flash from here, we talked to the Navy Yard three times about your arrival.

HMJr: I was there an hour and a quarter ahead of time.

G: I know you were. You got in at three-forty-seven -- uh -- two, yes.

HMJr: That's right.

G: (Laughs)

HMJr: Well, I needed the time because I hadn't had time, and I used all of that time to work on my script.

G: Yes. Well, it was excellent, Mr. Secretary. Really, it was -- you'll get a lot of good comment on it.

HMJr: Yeah.

G: Now, I don't know whether you noticed it or not, but we had good publicity in the papers on it.

HMJr: I -- I didn't see it.

G: The New York papers, for example, featured it in their Radio Columns today as the Treasury's salute to the Navy.

HMJr: Good.

G: And then gave it -- a breakdown of everybody that was on the program.

HMJr: And I don't -- you don't get any figures today?

G: No, we don't get anything today; although we got a partial report on the E Bonds. We don't get any E Bonds tomorrow.

HMJr: Well, I'll see you tomorrow, Ted.

- 5 -

G: All right, sir.

HMJr: Thank you.

G: Good night.

M

MOST CONFIDENTIAL AND URGENT

July 4, 1944 Chungking
No. 1

Dear Mr. White.

I hope that by the time this letter arrives the monetary conference will be well on its way to being a complete success.

I have been having an interesting time here, consisting mainly of calling on people. I have already seen those Chinese and Americans whom Sol considered to be most important, including K. P. Chen, O. K. Yui (Acting Minister of Finance), K. K. Kwok (General Manager of the Central Bank) and Ambassador Gauss. K. P. Chen, of course, asked about you and except for being extremely worried about the present military situation, seemed in good spirits and good health. He was very cordial. The Ambassador was also very friendly and we had a rather long chat about the situation here - which he considers to be very grave - as well as about the recent financial negotiations. Because of Adler's excellent work and reputation here, I have experienced no difficulty in calling on people, Americans as well as Chinese.

By now, you have probably had the opportunity of discussing the situation here with Adler. I would like to add some information and analysis of those whom Adler has indicated to me are most reliable and acute. The Japanese continue to meet no opposition in their drive on Kweilin and other key centers and the evacuation of Kweilin has already begun. There is much talk of sabotage and not only is

- 2 -

their no scorched earth policy, but military equipment (U.S. origin) is falling intact into Japanese hands. When the Japanese take Kweilin, they will be in a position to start a drive against Kunming, the most important strategic center in Free China, from many points. The Japanese will be encouraged to do this by the lack of opposition thus far. This is the judgment of the man whom Adler says is the best single person on such matters and many others share this belief. The capture of Kunming would make it practically impossible to supply China through Burma and could in effect, eliminate China as a military factor. Chungking would be completely isolated and could be taken at will, while the American built air bases still remaining could be captured or rendered ineffective. Moreover, this might all be accomplished in the near future before U. S. military aid could prevent it. When I asked whether it was possible for General Stilwell, who is doing an excellent job in Burma, to bring up his forces for the defense of Kweilin and Kunming, the answer I received was that it would be an impossible transportation job.

I found these opinions not only prevalent among those Americans whom Sol recommended most highly, but also reflected among the Chinese. Thus, K. P. Chen said that he had been planning to go to Kunming in the immediate future but that in view of the military situation, he was staying on in Chungking.

The Chinese realize that the victories in South East China will, at least, greatly aggravate the economic situation. Not only will the blockade be intensified but it is likely to be accompanied by an influx of refugees into this area, although the number of people evacuating the newly captured cities are reportedly much less than

- 3 -

in previous years, reflecting the general critical situation here. As expected, the U. S. dollar is going up on the black markets as the people become aware of the military situation. (They are weeks behind actual developments and OWI here reports our bombing of places which the Chinese Government reports as still being held by the Chinese!) The present rate is about CN\$200 per l. Furthermore, there has been considerably increased activity in the gold market - I visited one of the shops the other day to see what it was like.

Today, I experienced my first air-raid alarm. The Jap planes (fortunately) did not materialize. In view of the little air strength shown in the present campaigns, most of the people here think that Chungking will not get the heavy bombardments it got in the past - but we will see. I spoke to some boys who were just evacuated from the S.E. front (G.I.'s in the air corps) and they said that the Japanese have tremendous air strength in Central China which they are seemingly choosing to conserve.

One of the effects of the present military situation is that practically nothing is coming over the "hump" except combat material. Even mail has been given a low priority. I would, therefore, like to suggest that you acknowledge the receipt of these letters by cable as, otherwise, I would have no way of knowing, perhaps for months, whether you were receiving them - and, in these days even weeks are long periods of time. I would very much appreciate your doing this.

- 4 -

I am attaching a letter for Sol giving him more of the details of the people I have seen and what they have said. Were it not for the very gloomy military outlook, I would be enjoying my visit to Chungking since it is interesting and exciting. The weather is hot as expected and prices are fantastically high and getting higher every day. I have a fairly comfortable place to stay, however, although its quite lonesome as I have the apartment to myself and I'm the only English-speaking person in the house.

I will, of course, keep you fully posted on developments here.

With regards to all,

Sincerely yours,

Irvin S. Friedman

COPYWAR DEPARTMENT
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D. C.

4 July 1944

AM

Mr. John W. Pehle
Executive Director
War Refugee Board
Treasury Department
Washington 25, D. C.

Dear Mr. Pehle:

I refer to your letter of June 29, inclosing a cable from your representative in Bern, Switzerland, proposing that certain sections of railway lines between Hungary and Poland be bombed to interrupt the transportation of Jews from Hungary.

The War Department is of the opinion that the suggested air operation is impracticable. It could be executed only by the diversion of considerable air support essential to the success of our forces now engaged in decisive operations and would in any case be of such very doubtful efficacy that it would not amount to a practical project.

The War Department fully appreciates the humanitarian motives which prompted the suggested operation but for the reasons stated above the operation suggested does not appear justified.

Sincerely,

/s/ JOHN J. McCLOY

John J. McCloy

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
TO: Secretary of State, Washington
DATE: July 4, 1944
NUMBER: 5278

CONFIDENTIAL

Mr. Pehle sends following message for attention of War Refugee Board.

Reference is made herewith to Department's June 30 cable no. 5171.

I made an appointment to meet Arthur Goodhart this afternoon as soon as I received your cable, and was informed by him that he would be interested in considering acceptance of an appointment to be a London representative of WFB. Upon arrival here, Lesser could make the arrangements.

Although Goodhart could not give his full time to the War Refugee Board, in my judgement he could give a sufficient amount to warrant his being appointed. The problem interests him deeply, and he has a complete knowledge of British Government workings and he has a large acquaintance among its ablest personnel. In addition he has followed the UNHCR organization's work as it affects the Intergovernmental Committee and refugees. On many occasions he has been very helpful to the Embassy and is liked and trusted by its staff. At the time we got the British Parliament to pass the Visiting Forces Act he was particularly helpful.

The delay in taking action on this matter is regretted by me, but it was my understanding that clearance was to come from you before any steps were taken.

WINANT

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMEMBASSY, LONDON
DATED: July 4, 1944
NUMBER: 5269

CONFIDENTIAL

The telegram quoted below has been forwarded to the American Ambassadors at Ankara, Madrid, and Lisbon, reference paragraph 1, your 4560, June 7.

QUOTE FOR THE AMBASSADOR:

The Governments of the United States and Great Britain have agreed that in furtherance of their joint policy to use every means available consistent with the successful prosecution of the war to bring about the rescue of the victims of German persecution in imminent danger of death a joint approach should be made to the _____, _____, _____, Governments in the sense of the following:

INNERQUOTE The Governments of the United States and Great Britain are appreciative of the assistance already rendered by the _____ Government to refugees who have fled from German-controlled Europe as the result of persecution on account of race, religion, or political belief. The Governments of the United States and Great Britain believe, however, that if the persecuted minority groups still remaining in German-controlled Europe have further assurances that, if they are able to make their way to neutral territory, they will be received and their minimum material needs provided for until such time as they can be moved onward to other havens of refuge or repatriated to their homeland, the rescue of still greater numbers from inhuman oppression might be effected. If such assurances are not forthcoming, it is feared that the death toll among the persecuted minority groups will continue to increase.

The Governments of the United States and Great Britain in furtherance of their joint policy to use every available means consistent with the successful prosecution of the war to bring about the rescue of victims of German oppression in imminent danger of death, appeal to the humanitarianism of the _____ Government in behalf of these persecuted persons in the hope that the _____ Government will find it possible to adopt an even more liberal policy than heretofore as regards the reception and temporary care of refugees from German-controlled Europe.

The Governments of the United States, and Great Britain

slh tg

wish to assure the _____ Government that for their part they will be glad to arrange for the provision of such additional food and other supplies as may be required to meet the added burden on (_____) resources resulting from the temporary care of refugees, as well as funds if needed. The Governments of the United States and Great Britain wish further to assure the _____ Government that they will make every effort to arrange for the onward movement to other havens of refuge to such refugees as may be received by _____. END INNERQUOTE

You are requested to concert with your British colleague who is expected shortly to receive instructions substantially in the sense of the above.

Similar joint approaches are being made to the Turkish, Swedish, Spanish, Portuguese and Swiss Governments. UNQUOTE.

It is hoped that the British Government will immediately instruct its Ambassadors at these three capitals in a similar sense.

Telegrams to Bern and Stockholm as proposed in Department's 3953 May 18 have also gone forward. It is understood that the British Ministers there have already receive instructions in the matter.

HULL

KEM-484
This telegram must be
paraphrased before being
communicated to anyone
other than a Government
agency. (RESTRICTED)

Naples

Dated July 4, 1944

Rec'd 4:39 p.m.

Secretary of State,
Washington.
344, July 4, 2 p.m.
FOR WRB FROM ACKERMANN.

Impossible at moment to furnish all information
requested your No. 28. Have just completed tentative
selection southern Italy of approximately 775 persons.
Balance will come from Rome area where selection started
by Heathcote Smith. I go to Rome in next few days to
complete selection. Requested information will be compiled
as soon as entire list chosen. Do not think there is time
for WRA representative to get there. Embarkation can be
learned from convoy number already sent you.

BRANDT

MRM WTD

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: ANCONSULETE GENERAL, JERUSALEM
DATED: July 4, 1944
NUMBER: 123

CONFIDENTIAL

The War Refugee Board requests that you deliver the following message, signed Mereminski, to Messers Myerson, David Remez, 115 Allenby Street, Tel Aviv, Palestine:

QUOTE JDC principle accepted Shwars Jewagencys latest proposal rescue work Rmania. Shind informs 1712 refugees motorships May but nothing concerning his special Histadrut needs connection Chalutz Lechem. Sure you presenting Shwars special Histadrut rescue work account colonization and retraining activities as base for new special allocation or large scale loan cable details negotiation enabling me continue this end. Cable also if small boats still needed if positive describe details. David Sterns suggestion combine boats lumber Brasil last too long.

HULL

CABLE TO AMBASSADOR NORWEB AND DEXTER, LISBON, PORTUGAL

The War Refugee Board requests that you deliver the following message to Elishu Dobkin, 242 Aurea Street, Lisbon, Portugal:

QUOTE In answer your inquiry of June 15 suggest you consult Dexter and ask him to inquire of McClelland the state of Swiss negotiations re release children. Please keep us informed.

WORLD JEWISH CONGRESS
LEON KUBOWITZKI UNQUOTE

THIS IS WRB CABLE TO LISBON NO. 48

10:10 a.m.
July 4, 1944

BAksinsar 7/3/44

CABLE TO AMBASSADOR NORWEB AT LISBON FOR DEXTER

1. The following is the substance of a message received from War Refugee Board Representative McClelland in Bern:

QUOTE It is stated by Magia Bychowsky, refugee, just arrived from Hungary in the company of Mr. Sanpalle Garrido, Portuguese Minister to Hungary, that Mr. and Mrs. Vilmos 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. UNQUOTE

This is for your information and such action as you may deem appropriate. Please report on any action taken. In any event, it would appear that this message affords an opportunity for you to call upon Mr. Garrido when he arrives in Portugal, and, while inquiring into the particular circumstances of Vilmos Gabor and wife, to take occasion generally to ascertain his views of problems of persecuted people in Hungary and of available methods of being of assistance to them.

2. Would appreciate response to paragraph marked three of Department's 1479, WRB's 31, of May 25.

3. Please expedite the inquiries requested by Amlegation Stockholm in its 13 of June 30, repeating to War Refugee Board your response thereto. Factors known to Board make it important that Board and Olsen, Board representative Stockholm, have the benefit of such information as people in question can give.

THIS IS WEB LISBON CABLE NO. 50.

July 4, 1944
4:10 p.m.

FE: L&L:serials

7/4/44

CABLE TO AMBASSADOR NORWEB AT LISBON FOR DEXTER

Reference Department's 1133 of April 22, your 1343 of May 4 and 1768 of June 8.

Jewish Labor Committee has supplied Board with photocopy of receipt dated April 21 to Banco Fonsecas, Santos & Vianna for 97,775 escudos paid on order of Jewish Labor Committee. Signature of payee on receipt has been compared with signature of Paulo Duarte made available from official source and would appear to be authentic. Conversation with Wood indicates that Duarte knows the purposes for which the funds were intended. As to date of receipt, notwithstanding date of Department's 1133, license W-2177 was issued on April 12. Please explore matter fully with Duarte and Bank and advise Board of the facts promptly.

THIS IS WRB CABLE TO LISBON NO. 49

10:10 a.m.
July 4, 1944

Serials 7/3/44

Regraded Unclassified

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

July 4, 1944

5 p.m.

AMLEGATION,

LISBON.

1908

The following message to Robert Pilpel, care of Embassy, forming WRB cable 43 is from Moses A. Leavitt of the American Jewish Joint Distribution Committee. Please deliver a paraphrase.

QUOTE \$150,000 for June remitted Saly Mayer with \$150,000 balance to be remitted July 1. \$25,000 for Shanghai also remitted to Saly. Inform Mossiska Foersamlingen that pending submission regular budget we remitting them \$5,000 for refugees from Finland as temporary grant. World Jewish Congress cabled by Riegner that through Intereross he received appeal from Filderman for help for people emigrating to Palestine, also for former Transnistrian refugees and Moldavian evacuees. Local relief stated insufficient by Filderman. Kindly request ascertainment facts by Saly and his advice amounts required and possibilities extend aid. UNQUOTE.

HULL
(GLW)

HULL

WRB:BNV:KG
6/30/44

WE

SWP

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

July 4, 1944

7 p.m.

AMEMBASSY,
LISBON.
1910

The following wrb cable no. 45 for Dexter is from Edward Cahill of Unitarian Service Committee. Please deliver a paraphrase to Elisabeth Dexter, 111 rua Marques de Fronteira, Lisbon.

QUOTE 204 Committee consider important that we make token payment current Spanish budget through Blickenstaff five to ten thousand Stop Pending possibility own representative committee desires participate Blickenstaff setup and urges Quakers Philadelphia we pay part overhead please comment cable immediately UNQUOTE.

HULL
(GLW)

WRB:MMV:EG
7/3/44

WE

SWP

S/CR

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

July 4, 1944
8 p.m.

AMEMBASSY,

LISBON.
1911

The following WRB cable 49 is for Dexter.

Reference Department's 1133 of April 22, your 1343
of May 4 and 1768 of June 8.

Jewish Labor Committee has supplied Board with
photocopy of receipt dated April 21 to Banco Fonsecas,
Santos & Vianna for 97,775 escudos paid on order of
Jewish Labor Committee. Signature of payee on receipt
has been compared with signature of Paulo Duarte made
available from official sources and would appear to be
authentic. Conversation with Wood indicates that Duarte
knows the purposes for which the funds were intended.
As to date of receipt notwithstanding date of Department's
1133, license W-2177 was issued on April 12. Please
explore matter fully with Duarte and Bank and advise
the
Board of facts promptly.

WRB:MMV:EG
7/4/44

HULL
(GLW)
WE SWP S/C^R

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

July 4, 1944

3 p.m.

ANEMBASSY,
MADRID
1889

Your telegram 1397 of April 21 and despatches 2384 of April 24 and 2459 of May 11, with enclosures, appreciated by Department and War Refugee Board.

Kindly advise whether, subsequent to your note 2410 of May 11, Spanish authorities have made any effort to protect Jews in enemy-controlled territory holding documents issued in the name of Latin American countries and to secure the return to Vittel or Compiègne of any such persons previously removed therefrom.

Please note that the term QUOTE German-controlled UNQUOTE territory or areas as used in this message and in all other communications dealing with protection of persons holding documents issued in the names of American republics includes Hungary. Should there be any possibility of doubt on this score, the Spanish authorities should be informed accordingly.

HULL
(GLW)

WRB:MMV:KG
7/4/44

S/CR

WE

CABLE TO MINISTER JOHNSON AND OLSEN, STOCKHOLM, SWEDEN

The War Refugee Board requests that you deliver the following message to Rabbi Wilhelm Wolbe, 11 Olefsgotten Strasse, Stockholm, Sweden:

QUOTE Advise disposition \$10,000 cabled to you. Also whether information available re rabbis religious leaders Lithuania. At our request State Department cabled list of Lithuanian religious leaders. Make extreme attempt rescue them. Cabled Besalel Koesten Hapoel Hamisrachi \$1500 for rescue children from Finland money to be utilized only for this purpose. Contact and cable.

VAAD HAHATZALA EMERGENCY COMMITTEE
ABRAHAM KALMANOWITZ UNQUOTE

THIS IS WRB CABLE TO STOCKHOLM NO. 43

10:10 a.m.
July 4, 1944

BAK:ms: 7/3/44

Regraded Unclassified

CABLE TO MINISTER HARRISON AND MCCLELLAND, BERN, SWITZERLAND

The War Refugee Board requests that you deliver the following message to Rabbi Zwi Taubes, Zurich, Switzerland, from Dr. Stephen Wise, 1834 Broadway, New York:

QUOTE Matter brought to attention War Refugee Board. If reference is to Jews holders Salvadorian passports, effort being made to persuade Salvador to designate a protecting power. If reference to another matter please explain.

WORLD JEWISH CONGRESS
STEPHEN S. WISE UNQUOTE

THIS IS WRB CABLE TO BERN NO. 69

10:10 a.
July 4, 1944

Revised 7/3/44

CABLE TO MINISTER HARRISON AND MCCLELLAND, BERN, SWITZERLAND

The War Refugee Board requests that you deliver the following message to Isaac Sternbuch, St. Gallen, Switzerland:

QUOTE Greatly concerned nothing done rescue in Lithuania with concentration of great rabbis Yeshiva scholars and religious leaders. Utilize every rescue possibility make available all necessary funds rescue in Lithuania especially since danger increases. Send again courier to Lithuania with funds for rescue and permission granted make all expenditures necessary for rescue. Please detail developments in rescue proposals of Naetrar Rabbi and Freudiger and whether Joint Distribution Committee allocated towards these proposals. Advise also if you outlined plans to McClelland.

VAAD HAHATZALA EMERGENCY COMMITTEE
ABRAHAM KALMANOWITZ UNQUOTE

THIS IS WRB CABLE TO BERN NO. 70

10:10 a.m.
July 4, 1944

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMLEGATION, BERN
DATED: July 4, 1944
NUMBER: 2269

CONFIDENTIAL

FROM WAR REFUGEE BOARD TO HARRISON

Please deliver the following message to Adolph
Freudenber, 41 Avenue de Champel, Geneva, from Leland Rex
Robinson of the American Committee for Christian Refugees:

"License W-2150 amended permitting operations any
enemy territory therefore use own judgment support
Hungarian reformed church committee per your cabled
request June eighth".

THIS IS WRB BERN CABLE NO. 63.

HULL

PARAPHRASE OF TELEGRAM SENT

TO: American Legation, Bern
FROM: Secretary of State, Washington
DATE: July 4, 1944
NUMBER: 2270

CONFIDENTIAL

Reference is made herein to the Department's March 15 telegram No. 851 and June 3 No. 1906.

You are requested to transmit the following information to Freudenberg.

License No. W-2150 which was issued to the American Committee for Christian Refugees, Inc., New York, described in first reference telegram and amended in the second, has been amended by the Treasury Department. The license as now amended permits the effecting of arrangements by Freudenberg to carry on the operations contemplated therein throughout enemy or enemy-occupied territory, and the language confining such operations to France is thus deleted.

License W-2150 as now amended is substantially the same as license W-2106 issued to the Joint Distribution Committee. This latter was also mentioned in second reference cable.

HULL

DCR:NBH
7/7/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMLEGATION, BERN
DATED: July 4, 1944
NUMBER: 2276

CONFIDENTIAL

FOR MCCLELLAND AND MINISTER HARRISON AT BERN.

A neutral government is about to dispatch new attache to its Legation Budapest as result of message similar to that contained in Department's 1805 of May 25, War Refugee Board's 26. He is generally familiar with Board's program and has had extensive conversations with Board's representative concerning immediate problems, which he is prepared to attempt to deal with through any available channels on practical basis. He is prepared also to operate on specific projects suggested by Board. In line with your 3390 of May 27, you may desire that he contact specific persons or undertake specific projects. If so, please advise the Board promptly.

THIS IS WRB BERN CABLE NO. 68.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Legation, Bern
 TO: The Secretary of State, Washington
 DATE: July 4, 1944
 NUMBER: 4239

SECRET

The following message is from Flegner by McClelland to the War Refugee Board for the World Jewish Congress.

In answer to your various cables regarding the situation of the Jews in Northern Italy, there is no change in this zone. With the aid of certain Jewish collaborators who remained with false identity papers and also with the help of Catholic priests, Delasson is continuing its activities from Genoa. Notably in the regions of Emilia, Liguria, Tuscany, Lombardy and Piedmont is relief reaching the Jews. Joint is financing this work adequately. Rabbi Otto Lenghi is at his post in Venice and the recent news from Venice and Florence is satisfactory. In several other towns especially in Genoa, Turin and Milan, arrests of Jews continue. The people who have been arrested are in prisons, especially prison San Vittore in Milan and in camps as follows: San Martino di Rosignano, Monte Ferrato, Province Alessandria; Casarao, Province Parma; Fossoli near Carrpi, Province Modena. When the camps are full the people are deported from them. From San Vittore, Milan, transports of deportees left for Poland and Germany as follows: On December 6, 230 people and on January 30, 556 people. Five hundred and eighty people were deported from Fossoli on the 22nd of February and the end of March, approximately 500 were taken away. Although specific details are lacking, deportations have continued. Due to lack of food and also to brutal treatment, the situations in camps is extremely bad. Penetration to the camps is permitted to neither priests nor to the Red Cross. With the aid of members of Italian resistance movements, aid to the detainees must be assured. Because of more severe control by Italians and Germans at the frontier the arrival in Switzerland of Italian Jews has decreased recently. I am trying to initiate rescue action in Northern Italy in contact with members of Italian resistance, in agreement with Valobra and Salvatore Donati. Included in this program are the following: (1) the transferring of people in hiding to security zones such as the valleys controlled by Maguis to Switzerland or to the southern zone; (2) aid to detainees in camps in the provinces of Pfa Genova, Parma and Modena, with assistance of resistance movements also; (3) preparation of liberation at the appropriate moment by forces of detainees in camps. An initial contribution of ten thousand dollars is needed for this program. Your urgent reply is being awaited.

HARRISON

DGR:MPL 7/6/44

CABLE TO AMERICAN EMBASSY FOR HIRSCHMANN, ANKARA, TURKEY

Reference is made to Department's 440 of May 17 last paragraph and 499 of June 2 first paragraph.

Jewish Agency informed Pinkerton of report by refugee that not 12 or 15 but 26 Jews remain arrested in Bucharest. Refugee confirms that there are reasons to believe that the authorities in Rumania are showing a tendency to alleviate the conditions of the Jews there in the hope that this might place them in a more favorable position with the allied powers after the occupation of the country and in international discussions which will follow the war. He believes therefore that intervention regarding the fate of the arrested Jews might produce results and says it is not out of the question that as a result of such intervention the proceedings might be wholly suspended and the persons released.

Kindly advise what steps have been or are being taken in regard to this matter.

THIS IS WRB CABLE TO ANKARA NO. 72.

10:10 a.m.
July 4, 1944

BAKsinar 7/3/44

CABLE TO ANKARA

Please deliver the following message to Ambassador Steinhardt, Ankara, for Hirschmann, from J. W. Pehle

We are transferring ten thousand dollars to you for use at your discretion in furthering the program of the War Refugee Board. These funds are not subject to usual government disbursement procedure and you will be responsible to me alone for their expenditure. You should, however, keep careful record of expenditure and obtain receipts where possible.

THIS IS WRB CABLE TO ANKARA NO. 73.

July 4, 1944

2:15 p.m.

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

July 4, 1944

6 p.m.

AMBASSY,

ANKARA

606

The cable below for Hirschmann is WEB no. 72.

Reference is made to Department's 440 of May 17 last paragraph and 499 of June 2 first paragraph.

Jewish Agency informed Pinkerton of report by refugee that not 13 or 15 but 26 Jews remain arrested in Bucharest. Refugee confirms that there are reasons to believe that the authorities in Rumania are showing a tendency to alleviate the conditions of the Jews there in the hope that this might place them in a more favorable position with the allied powers after the occupation of the country and in international discussions which will follow the war. He believes therefore that intervention regarding the fate of the arrested Jews might produce results and says it is not out of the question that as a result of such intervention the proceedings might be wholly suspended and the persons released.

Kindly advise what steps have been or are being taken in regard to this matter.

HULL
(GHW)

WEB:MONV:EG
7/4/44

RE

SE

S/OR

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: Amconsulate General, Istanbul
DATED: July 4, 1944
NUMBER: 313

CONFIDENTIAL

It is requested by the War Refugee Board that you deliver the following message, signed Mereminski, to Zeev Shind, Istanbul, Turkey:

QUOTE Yours June 20 received immediately utilized after informed all concerned. JDC accepted principle Jewagency's plan 2600 refugees as submitted by Shwartz. Cabled Remez inform Barlas. Barlas cable Montor 460 May refugees yours 1712 if difference due your special motorboats action cable which assistance motor and other boats money et cetera from here necessary strengthen your special program also cable your recent information Halutz Lochem and his special needs. UN-QUOTE.

HULL

NOT TO BE RE-TRANSMITTED

COPY NO. y/

SECRET

OPTEL No. 218

Information received up to 10 a.m., 4th July, 1944.

1. NAVAL

Two of H.M. Frigates reported a series of engagements with E-boats off CAP D'ANTIFER near LE HAVRE last night. One of H.M. Canadian Motor Torpedo Boats sunk by mine off NORMANDY 3rd. Six survivors picked up.

CORRECTION. OPTEL No. 216. PIOMBINO opened 30th not 20th.

2. MILITARY

FRANCE. The first U.S. Army opened an offensive west of CARENTAN on morning 3rd. Good progress made especially south of ST. SAUVEUR LEVICOMTE. By noon approximate line - coast just south PORT BAL, thence due east to road ST. SAUVEUR LEVICOMTE - LA HAYE DUPUITS thence east south east to ST. JORES on railway and along railway to BAUPTÉ. On British front local German counter-attacks south of the ODON dispersed by artillery fire.

ITALY. On right of 8th Army MATELICA occupied by armoured car patrols. East of LAKE TRASIMENO small advances made along entire front towards UMBERTIDE. Armoured car patrols worked round north of lake and made contact with troops to the west. Left Corps of 8th Army captured CORTONA and came within a few miles of MONTE SANSAVINO.

On 5th Army front French captured SIENA and advanced along their whole front.

RUSSIA. Russians report capture of MINSK ERD and street fighting in POLOTSK.

3. AIR OPERATIONS

WESTERN FRONT. 3rd. 12 Typhoons, (2 missing) attacked a transformer station in BREST Peninsula and an R.D.F. station near LE HAVRE. 63 fighters, (2 missing) attacked objectives south and east of the battle area and 193 others flew defensive patrols.

3rd/4th. 10 Mosquitoes bombed synthetic oil plants at HOMBERG and BUER. 11 flew anti-flying bomb patrols and 4 Stirlings laid sea mines. All aircraft returned safely.

ITALY. 2nd. 864 aircraft, including 200 medium bombers, attacked objectives north and central ITALY. 1 Thunderbolt missing.

4. GERMAN ACTIVITY

From 6 a.m. 2nd to 6 a.m. 3rd. 113 flying bombs launched, 16 destroyed by fighters, 23 by A.A. and 5 by balloons. Total 44.

During 24 hours ending 6 a.m. 4th 131 flying bombs launched of which 102 crossed coast.

Bretton Woods, N. H.
July 5, 1944
9:30 a.m.

FUND:
EXCHANGE RATES
QUOTAS

- Present: Judge Vinson, Acting Chairman
- Mr. White
- Miss Newcomer
- Mr. Bernstein
- Mr. Cox
- Mr. Acheson
- Mr. Brown
- Mr. Smith
- Mr. Luxford
- Mr. Collado
- Mr. Wright
- Mr. Goldenweiser
- Mr. Miller
- Mr. Wolcott
- Mr. Eccles
- Mr. Durbrow

JUDGE VINSON: The first matter that I want to present to the Delegation relates to Congressman Dewey. He is here as a member of the Select Committee of the House on Post War and Planning. He has been designated by that Committee to attend and serve the Conference. Mr. Wolcott spoke to me yesterday about his arrival and, as I understood it, the question which we will discuss is a matter of his attendance at any meetings, either the meetings of the Committees or the Commissions. He is a Congressman; he is a member of Post War and Planning Committee, and is very interested in the subject-matter being discussed here, and I, speaking for myself, feel that we should give the matter thorough consideration.

There is a question of precedent being involved, but it may very well be that his particular case could be isolated in such a way that we might not have a great deal of further issues for presentation of questions of this kind. As I understand it, it will require the action of the Steering Committee upon recommendations of our Delegation to permit his attendance at the end of the meetings. As Mr. Wolcott indicated yesterday, he thought it would be completely

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satisfactory if he might attend the Commission meetings, and thereby we keep the Committee meetings executive, and of course, he would have the right to attend the plenary sessions. Is that correct, Mr. Wolcott?

MR. WOLCOTT: Well, excepting that I don't think that I restricted the request to the Commission meetings; it was suggested that that might be all that he would want to attend, but he will talk with you later on and I don't know what took place between you and him as to the extent of his going to other meetings.

JUDGE VINSON: Well, you and Dean Acheson and I discussed the matter, and the question of Committee meetings being executive was discussed, and as I recall it, we referred to the fact that the Committee meetings here were of a similar nature to Committee meetings in the House, that the Commission meeting was similar to meetings of the whole House and of course, plenary sessions, the House itself. After we had our discussions, Congressman Dewey and I did have a conversation, and I got from him the idea that he would be completely satisfied if he were given the privilege of attending the Commission meetings. I want to say, frankly, that Congressman Dewey was very fine about it. He said he wasn't here to throw monkey-wrenches--I don't know whether he used that exact term but almost that term--that he was here to get all the information he could, that he had been interested in matters of this kind over a period of years and just didn't want to be in the attitude of an obstructionist. I think he used that term.

MR. WOLCOTT: May I say this? I had breakfast this morning with Herb Bratter who is known to all of you, I guess. He said that he had sensed a change of attitude or changing attitude on the part of many of the Republicans who had originally been against the plan; he however, excepted Charley Dewey. However, that is what I have in mind, in view of the foreign planning in the Republican Platform and the explanation of the planning by Governor Dewey in his series of articles, there is reason to hope that there will be a change of attitude. Now, I think if we encourage that, we

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are going to be in a much better position on the floor and there is no question but what Charlie Dewey carries an awful lot of water on the floor on this question. He won't make himself obnoxious at all, and if he thinks he can get the story in Commission meetings, why that is perfectly all right with me, anything that satisfies him.

MR. BROWN: Judge Vinson, I have known Charlie Dewey intimately for thirty years. I have spent the last week at his place in Normandy before the outbreak of the war as his guest. He is an absolute gentleman and a man of the strictest honor. I mean, as far as giving him documents or using unfairly anything he heard at a Commission or Committee meeting at this Conference, I think you can trust absolutely that he won't do it. Personally, I am not a politician, but other Congressmen are here as technical advisers and I would let him attend both the Commission and Committee meetings. I think he is a person who likes to feel that he is in on the know, and I think there is a reasonable chance of perhaps modifying his attitude, which I don't believe at all, by giving him the fullest impression. Some of the newspaper men told me yesterday that the press room refused to give him a copy of this agenda, which of course he can get from anybody. I don't know whether he has gotten it somewhere. I mean, if you want to put him in a position where he claims he was kept from a knowledge of what was going on, which I think would be a terrible mistake, I would refuse him access to documents that are given to the press and you will keep him out of Committee and Commission meetings where you have thirty or forty American technicians attending, even Committees to which they are not accredited.

JUDGE VINSON: I take it the action of the press group was strictly in conformity with the instructions they had been given generally. I have not heard of any requests for information of that kind that he desired.

MR. BROWN: He didn't tell me about it, some of the newspaper men said they wouldn't give him a copy of this document.

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JUDGE VINSON: Well, let's determine what to do.

MR. WHITE: Whom did he ask? Did he ask you for a copy of the document?

JUDGE VINSON: No, I never heard of it.

MR. WOLCOTT: I don't think he is at all sensitive about that, because I saw him afterwards and he said nothing at all.

MR. WHITE: Confidential document? I should think he would direct his influence toward the appropriate place, which is the Chairman.

JUDGE VINSON: I told him I would present the matter at the first meeting of the Delegation with regard to his attendance and I never heard about his desire to get documents.

MR. WOLCOTT: He was in the lobby and I have forgotten how it was now. As I left to go into the Committee meeting he was being told by whoever this was to go to the Press Relations Office and get a copy. As a matter of fact, it was after I had given him the key to my room and told him where there was a copy of it on my dresser. So there is no hard feelings at all about that. It didn't impress him enough so he never said anything more about it.

MR. BROWN: Apparently some of the newspaper men were in the press room when they declined to give him a copy.

MR. ACHESON: Mr. Chairman, I suggest that you be authorized to take this up with the Steering Committee. I would be very careful to go through the proper forms here in the Conference, because if we on our own authority, if I come into various meetings, other delegates will feel either that they have a right to feel badly about it or they can ask anybody they want to. I should think that it would be enough to apprise him of everything that is going on to be in the Commission meetings, rather than in the Committees where there is a good deal of back-and-forth talk. I think it might also be helpful if two or three of

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the technically-minded people and one or two of us would sit down--he told me last night he had a couple of ideas which he thinks would be helpful. I think we should encourage that.

MR. WHITE: Yes, he told me of one. I told him I was glad to hear it and we had already incorporated it and he told me he was glad to hear it.

JUDGE VINSON: I know that he understands fully that the Delegation, our Delegation, can't control or amend the rules. And if there is no objection, we will take the matter up with the Steering Committee and get prompt action in regard to it.

MR. WHITE: I am wondering, whether, if you are going to permit him to go into the Commissions, whether there is any strenuous objection to letting him go into the Committees, any where?

MR. LUXFORD: I don't really see the difference. I think we are holding back, when if you are going to do this you ought to go the whole way and let him see whatever he wants to.

JUDGE VINSON: As far as I am concerned, I am perfectly willing for him to see everything. As a matter of fact, I told him that I was glad he was here, that I felt certain that when he got his teeth into the plan, while I knew that he had a lot of information on the subject, that he might change his mind. I can't inform the Delegation that he said he would, but I just know that when you get acquainted--

MR. WHITE: He might withdraw his bill and say the other was better.

MR. WOLCOTT: The fact that he has introduced a bill should indicate that he is sympathetic toward some method of cooperation. So he is not going to be so antagonistic as perhaps we think, if he thinks that this is the only plan and that of course he realizes that he can't perfect it on the floor of Congress. Somebody suggested the other

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day that Charlie Dewey was going to insist that there be a Congressional plan. Well, Charlie Dewey is versed enough in the way these things are done to know that the mere passing of a bill on the floor isn't going to affect you on an international agreement. So I don't think he is very sincere about that. Somebody got him wrong on that. I think if he is let alone, given all this information, that in all probability, he is eventually, perhaps reluctantly, later on, going to go along. Well, if he does go along, it perhaps means the difference between whether the Congress acts favorably or not, as to Charlie Dewey's attitude.

JUDGE VINSON: Of course, he is in a position of being a member of the Post War and Planning Committee and officially designated by either the Chairman or the Committee to attend.

MR. WOLCOTT: I am here in a double capacity.

JUDGE VINSON: Well, without objection, we will present the matter to the Steering Committee.

Shall we take up the matter of quotas, or the matter of exchange rates?

MR. WHITE: Exchange rates, I think, is the more immediate and I think you promised Keynes to get some reply today. Am I mistaken? Maybe the discussion is fresh in our mind from last night. Maybe we can finish it up.

JUDGE VINSON: You mean night before last. What is the present situation?

MR. WHITE: As I understand it, everybody sort of fell asleep on the two problems you had submitted, one, the question as to whether the clause referring to the right to have recourse to the Fund shall be deprived on the basis of a mandatory word such as "shall" or whether it shall be "may". And I think that those who felt it shall be "shall" also felt at the end of the discussion that if it were "shall", it should be followed by a clause permitting the Fund to reinstate or resume the former status at the discretion of the Fund, so that if a country is deprived of access to the

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resources, it may be only until such time as the Fund is satisfied, either that the Fund had erred in its judgment or that the country in question had modified its procedure to reinstate it in a way you might call "full standing". That was one of the problems, as I read it.

JUDGE VINSON: What is the conclusion that the Delegation has reached on that point?

MR. ECCLES: That is a good compromise, certainly, between the two.

MR. WHITE: I think--I know Dean said it would satisfy him.

JUDGE VINSON: Mr. Brown?

MR. BROWN: I am perfectly agreeable to it. I would like to see the draft before we go to the British.

JUDGE VINSON: Miss Newcomer?

MISS NEWCOMER: All right.

JUDGE VINSON: Then without objection, it is the sense of the Delegation that that course will be followed.

MR. WHITE: Will you get the draft of that particular provision? (To Luxford)

The second problem was the broader problem as to whether or not the obligation ought to carry with it the moral quality that would be indicated by the necessity of obtaining the Fund's approval, as against the other phraseology in which the legal responsibility, as the lawyers inform us, would be the same, but in which there would not be the obligation to conform, so that if a country wanted to alter its exchange rates, and it would come to the Fund and the Fund would not concur, and the country did as it wished, it would not be regarded as a violation of their contract, but rather that they preferred to do what they thought was in their best interest and take the consequences of whatever

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they may. One of those consequences would not be a criticism that they violated an obligation. Would you say that was a correct statement of the two views?

MR. ACHESON: Yes.

MR. WHITE: The particular language would implement both views. I don't remember off-hand, but you can read it; you have it before you.

MR. LUXFORD: That is clearly the issue.

MR. BROWN: Those are practically the words; in one case, concur or object, and in the other case, approve or disapprove. Those are not the exact words but they are substantially the exact words. Is that true, Luxford?

MR. LUXFORD: That's right.

MR. ACHESON: I think after our talk with the Russians it is perfectly clear that if we are going to make any progress we are going to have to take the second one and not have the obligation of a contract.

MR. ECCLES: The Russians object, do they?

MR. ACHESON: Oh, yes, they want to go much further.

MR. WHITE: Well, they have a qualifying phrase in there which I think takes that out of this discussion.

MR. ACHESON: Not in the light of what they said afterwards. When I said who is going to decide whether a change affects international transactions, they said the country is.

MR. WHITE: I think the language could be worked out so that if the Fund doesn't agree with them that whatever consequences would follow with respect to the others would follow with respect to that. I don't know to what extent they would like that, but certainly we won't accept a thesis in which they become the judge exclusively of their actions on

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a matter of that importance. I don't know whether they would stand for it, but certainly we won't.

MR. ACHESON: I think the second alternative gives them a way--working it out.

MR. ECCLES: You certainly can't go any farther than that, in the second alternative.

MR. ACHESON: No, but I think we can work it out on that basis.

JUDGE VINSON: Mr. Luxford, state shortly just how this provision will operate.

MR. LUXFORD: The provisions contemplated in the last compromise with the British, would provide that when a country changed its rate, notwithstanding the objection of the Fund, two things might happen: First, the Fund may suspend it from access to the Fund, two, after a reasonable period of time, the Fund could eject the member. Now I think we have already decided the first item there. The text would now read, "The Fund shall suspend the member from access to the Fund for a period" and then the Fund might return them to access. The remaining question would be, and we have all agreed on that, that the Fund might eject them. Now, the difference in language that we are talking about here, as Ned Brown has said, is whether you put instead of the Fund objecting and then thereafter consequences flow, you force a country, so to speak, to break an international agreement, and that is the approval technique.

JUDGE VINSON: Anyone want to be heard before we take a position? If there is no objection, then, that will be the position of our Delegation.

MR. BROWN: That is, the concur and object technique is final as against approval or disapproval.

JUDGE VINSON: Is it concur or object?

MR. LUXFORD: That is it.

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MR. WHITE: Is that the interpretation that was the one that you were arguing for, Mr. Brown?

MR. BROWN: Yes.

JUDGE VINSON: Well then we come next to quotas. Mr. White?

MR. WHITE: I have done a little calculation.

If we give the various increases which U.K. stated they felt were essential, and if you gave the increase in the USSR that you had suggested, then we are well within the eight point five. Lower than that. I think that you had concluded, possibly before you grant Australia, you might consider the desirability of U.K. assuring that Australia lay off some of the difficulties she has been making for us, I mean, if we are going to give it, that that is the least we can expect in return. She is very troublesome on issues and gathers support and then it is difficult for small countries. It would seem that there is no trouble, much less difficult than we anticipated with all the countries except USSR and two more uncertain ones which I think will determine what the magnitude will be. I think we are underestimating the difficulty we will have with the Chinese and I think they ought to be seen next. The Chinese will want more, probably than we think they will.

JUDGE VINSON: You mean more than five, fifty?

MR. WHITE: No, more than five hundred.

MR. ECCLES: You had four fifty and you were going to increase it to five.

MR. WHITE: I think she will want more than five.

JUDGE VINSON: Of course, there you have U.K.'s position and India's position.

MR. WHITE: Yes, which will make it more difficult to keep China to five.

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JUDGE VINSON: Of course the issue there is that India wants to be on a par with China, and U.K. is inclined toward backing them up.

MR. WOLCOTT: You will have to take into consideration something for France here, if you boost India.

JUDGE VINSON: I expect he has the twenty-five million dollar figure.

MR. WHITE: France will have to have more than India and it is a twenty-five million increase and India, they want four hundred. So well put France ahead of India, which is all I think that France would ask for. And that would satisfy India. India is not making, correct me on the mistakes if I am mistaken, not making any difficulties for us. The only point she is raising of any significance is the normal balances and that will be settled without difficulty, apparently.

MR. BERNSTEIN: They are just going through the motions, really.

MR. WHITE: Yes, so if you give them the four hundred million, she will be through. And if you give France twenty-five million more, I think, I am not sure because we haven't discussed it with her, she will be satisfied there. That leaves the two major issues of China and Russia. China, we don't know.

JUDGE VINSON: Let's go to the Russian problem, and report.

MR. WHITE: Shall I report the results of the conversation?

JUDGE VINSON: Yes, Mr. White, Mr. Acheson, Mr. Wolcott and myself met with the Russians yesterday afternoon and Mr. White will state their requests.

MR. WHITE: They were very sympathetic in going about it in a very business-like way, which is to say what they wanted and we are to agree with what they wanted and then

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we will have no trouble. They stated what they wanted. Their six points: The first point was they wanted a quota slightly less than U.K. They wanted a billion, two hundred million. Upon asked whether their principle was to have less than U.K., irrespective of what U.K. had, they fudged. They said if you give U.K. a great deal they are not as concerned, that is our business. But if you give U.K. any less, then they probably will want to get more than U.K. In other words, they want around a billion two hundred if U.K. gets a billion three. Since that is what England's scheduled to get, then there is no use talking about the other alternatives. I was just trying to distill the principle so we could use it as a basis for argument. But it won't work. They want a billion, two.

Secondly, they want a deduction of the gold contribution by those countries that have suffered from occupation of the enemy and that that deduction shall go from twenty-five to fifty percent of the gold contribution, depending upon the extent of damage as judged by the Fund. The Fund would be a determinant, whether a country should be closer to twenty-five or fifty.

In that number two point, it represents a compromise from the position they took during our discussions. In the position they took during our discussions among the technicians prior to the Conference, they had insisted on a fifty percent deduction, and the technical people had said they thought they could get a twenty-five. We were very reluctant about that, because that deduction in the gold content on that basis would mean that it would have to be applied to China, France, Netherlands, and also, possibly, to U.K., because when U.K. was informed of the feeling of the American technical group that we were ready to reduce the twenty-five percent, they said they would not agree unless they also got the twenty-five percent, inasmuch as damage is not confined to physical assets, but also to financial positions, and therefore if there is going to be any deductions, she is going to be in on it just the same as the others. That is why we are very disturbed about this twenty-five percent, which, as I say, we have committed to the Russians, as far as the technicians are concerned. That doesn't mean the Delegation.

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Point three, related to where the gold should be held. They said they were agreeable to having half the gold held in the United States and agreeable to the statement that gold should be held in the four cities. That was their old position. But they have added a new wrinkle.

JUDGE VINSON: I believe they finally got down to sixty percent here and forty percent later.

MR. WHITE: No, that was fifty, forty and ten. Fifty in the United States and forty among the three major countries and the remaining ten anywhere the Fund wanted.

JUDGE VINSON: I misunderstood that.

MR. WHITE: And furthermore, that they would want about a third of the forty percent in Moscow. Now the specifications of the amounts, forty and fifteen percent, is entirely news, and needless to say, even if United States were to agree, which I think most of us would strenuously object to, the other countries would oppose them on the floor, anyhow; and I got a little the impression, I don't know whether you did, Judge, that is one of their points of bargaining.

JUDGE VINSON: All right. That is filling.

MR. WHITE: The fourth point related to the matter which Dean Acheson brought up, the question of the conditions under which a country may alter its exchange rates. They want to introduce a phrase or wording, the substance of which would be that if a change in the par value of the currency affected international transactions, that is the important phrase, "affected international transactions", then it needed the approval, and they used the word "approval", of the Fund. If, however, the change in the par value of the currency did not affect international transactions, then it did not need the approval of the Fund.

Dean asked who was to be the judge as to whether or not the change affected international transactions or not, and their reply, if I remember correctly, was that the

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country would be the judge, but of course, they said the Fund could make presentations.

JUDGE VINSON: Well now the Delegation in their action taken a few minutes ago, have given their answer to that--

MR. WHITE: Not wholly, Judge, because we think we can meet their point by the inclusion of one phrase, which is acceptable to the technicians. We would want to explain it here. The phrase would permit--

JUDGE VINSON: It seems to me it might be well for those who attend Committee Number One to keep that obligation and if there is no objection we can continue the discussions on the other subjects, but I think there has to be some resolutions by the Delegates on some of these questions.

MR. WHITE: Isn't Miss Newcomer on section one?

JUDGE VINSON: Yes.

MR. GOLDENWEISER: Will there be no delegate, then, at Committee one?

MISS NEWCOMER: Do you want me to go?

JUDGE VINSON: Well, it seems to me it is just necessary for us to resolve these problems.

MR. WHITE: I think somebody ought to be there and I think Dr. Goldenweiser ought to be there.

JUDGE VINSON: It was my fault. If you would attend Committee number one, we could contact you and submit the problems that we discussed here and if there is any desire for further meeting, we would have it. Otherwise, we would see.

(Dr. Goldenweiser and Miss Newcomer leave Conference for Committee meeting)

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MR. WHITE: Then, shall I continue with the Russians?

JUDGE VINSON: Yes.

MR. WHITE: The wording which our technicians are suggesting, which we think would not diminish the strength of our position or modify the arrangement you finally agreed upon here this morning and we think will meet with the Russians' approval-- though there will be opposition at first, we think that we can convince them that this will meet their point. I am not certain, but we think so, and that is to insert this phrase.

I will read first the phrase which I am inserting and then the whole sentence.

MR. BROWN: What page?

MR. WHITE: On page seventeen, or if you have the joint statement before you, it is Article Four, Section Two.

The sentence reads: "Member countries agree not to propose a change in the parity of their currency", now we insert the phrase "which affect their international transactions, unless they consider it appropriate to the correction of a fundamental disequilibrium. Changes shall be made only with the approval of the Fund, subject to the provisions below.

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MR. WHITE: Now about the significance of that change. It is our belief that no change in the par value of a currency, that is reflected by an alteration in the exchange rate could do anything but affect international trade. The only kind of a change which you could introduce that might have no effect or only a slight effect would be a change-- let me take the United States as an illustration. Supposing Congress decided that the gold content of the dollars should be up to forty dollars an ounce? Now, under normal circumstances that would affect our exchange rate. The exchange rate would drop. But under our laws, as you know, the Secretary of the Treasury could keep the buying and selling price for gold the same. So that, in fact, the exchange rates would not change and therefore your international transactions would not be affected. The only effect might be, not might be, but would be, and it is a rather slight effect, is that the bookkeeping arrangements that we have would cause us to increase the value of the gold holdings by twenty percent or so. In other words, we would suddenly find ourselves with a budgetary surplus of gold of a certain amount.

Now that would have some consequences in banking that would cause me to say it will be a slight change. If you take it in Russia there would be even less change. I cannot figure out what purpose it could be, and neither could the Russians. We have asked them time and time again to cite us a single illustration of what they would wish to accomplish in parities that would not affect international transactions. We can think of any number, but they all effect international transactions. They couldn't give an illustration, but you might conceive a hypothetical circumstance in which they would want to call their gold a different unit or something for domestic bookkeeping and still keep their exchange rates the same. It is possible, therefore, we don't think that the inclusion of the words "which affects their international transactions" in any way alters our position and if they want it and can accept these words, we don't feel that we have modified the statement in any significant sense.

MR. COX: Who decides the effect?

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MR. WHITE: The way we have, we would decide that. That, I think is fundamental.

MR. BERNSTEIN: Can I make a slight point where certain language is essential to safeguard the Russian position: As the language would read now, a country may not propose a change in its exchange rates unless it is essential to change the international picture. It must first be essential to correct an international problem before they can propose it. They can make a change which affects their international transactions and they can propose one which doesn't affect it.

MR. WHITE: Now I think we have the same problem and this phrase may save us an awful lot of trouble, because if this phrase isn't in here, Congress might take the position, do we understand that we can't alter the gold content of the dollar, which has always been our right, unless it is appropriate to correct a fundamental disequilibrium. If we could be able to answer, no, you could do anything you want as long as it doesn't affect international transactions, we are talking at the kind of nonsensical level, but that is the level at which those discussions take place.

MR. ECCLES: What reason would we have, Harry, to change the gold value of the dollar, if it didn't affect international transactions?

MR. WHITE: No reason. It is nonsense.

MR. ECCLES: You reduce the price of gold, that would certainly affect international transactions.

MR. WHITE: That's right, unless the Acting Secretary of Treasury kept the price the same.

MR. ECCLES: But that would mean merely absorbing the loss by Congressional appropriation to decrease it. The only purpose of decreasing it would be to decrease the amount maybe of newly-mined gold.

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MR. WHITE: I don't think you could do that, because the newly-mined gold would sell their stuff elsewhere, unless you put on an export embargo. It would make no sense. We are talking at a nonsensical level, but when you talk to some of the--well! I will start over again. This is the wrong gallery! But it is true that some are concerned that you are depriving Congress of the right to do what they want domestically, internally. Now how good an answer it is, I don't know, but it would seem to be a partial answer if you can say that this does not interfere with the power of Congress to take any steps it wishes, providing it doesn't have any affect on international transactions. If it has an affect on international transactions, then we are bound by this document.

MR. ACHESON: Harry, I think you are going to get into a lot of trouble if you do that. Can't you meet it by doing something with the language about not changing it unless it is necessary to correct a fundamental disequilibrium? And over in another session deal with it by saying that the Board of the Fund shall not object if it doesn't affect international transactions?

MR. WHITE: I don't know where the easiest place is to go in.

MR. ACHESON: You put it all in the Board and the Board has the right to make the decisions.

MR. BERNSTEIN: You need both because the statement about the change is because it is needed for international purposes.

MR. BROWN: I agree with Dr. White that as far as Russia is concerned that the complete system of straight trading and straight control--it doesn't make any difference. I think if you use this language it would be an invitation to every other country to monkey with it and get them in trouble with the Fund. I think if you wanted to be absolutely certain that this thing would be rejected by the American people, the surest way is to put it in. I think you have to meet the Russians head-on in this.

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MR. ACHESON: I yield to your judgment, but I think it is dangerous business to fool with it.

MR. WHITE: I don't agree with either of you on the public reaction to the statement that agrees not to propose a change in the part of currency which affects their international transactions, because the answer can always be, what Russia does within her borders.

MR. BROWN: If you put in an exception, excepting Soviet Russia can change the value of its currency, I agree.

MR. LUXFORD: Let me be sure I understand you. I thought all this Fund was intending to do was to affect international transactions.

MR. BROWN: But to say a country can change the par value of its currency without the consent of the Fund, where it doesn't affect international transactions, will, I think, cause a lot of countries to claim that they can change their par value and it won't affect international transactions, at least you will find that countries will be coming to the Fund with that plea. If you put that language in, then every critic of this plan will say you will find it hasn't any real teeth in it.

MR. WHITE: That can't be so. Any country that changes its exchange rate, all you have to do is to show that the changes affect the price of one commodity and affects international transactions. The only circumstance under which that can't be done is, let us take the case of England, which is merely illustrative of most of the countries. They have a statutory price of gold which has nothing to do with the actual price. Now they might see fit to change that statutory price of gold for their bookkeeping purposes. They are not likely to depreciate it but to increase it in order to have a budgetary surplus. I say likely, I don't mean likely but possibly. Now, if they do that, if there is a discrepancy between the buying and selling price of gold, and their legal valuation of the gold, there is no effect on international trade. But if a country attempts to do anything else, it is so simple to show that it affects the phrase, "international transactions" that you couldn't

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possibly get a violation of that if the Fund has to be the arbiter. So there is no question about it.

MR. COX: It seems to me that it is clearly implicit from the original statement that the change that they are batting out has to have an effect on international transactions. I think Dean's proposal, so you don't get that particular section gummed up and so you don't have any doubt as to who decides, it might be better to put it in a separate section.

MR. WHITE: Oh yes, I think it might stand out less if it is put somewhere else. I don't think the Russians care where you put it. The important thing that they are stressing is that--I don't know how much they would stick to it, but all I am saying is as far as we are concerned, we think it is a negligible point.

MR. BERNSTEIN: Seems to me there are two separate issues: As the joint statement reads the Russians couldn't even propose a change in their currency if they want to claim at the same time it has no effect on international transactions, because the requirement here is that a country shall not propose a change unless it will correct international effect. Now the first thing you have to do is to make it possible for them to propose a change whose sole purpose is internal bookkeeping. As I understand it, that is the effect of putting in the words "which affects its international transactions". Now quite apart from that is the problem, when a country does propose a change, which has no effect internationally, whether or not the Fund should have the power of concurring or objecting. That is really the second problem.

MR. COX: It seems to me the problem isn't that so much as whether or not the opinion of the particular proposing country is correct in that it does not have an effect. The Board may have a contrary opinion.

MR. BERNSTEIN: That follows in the second part. If it has no international effect, this doesn't necessarily follow.

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MR. COX: But meeting Mr. Brown's point in terms of making a lot of work for yourselves, unless you make it clear that the Board can decide that issue, then you have each of the countries--

MR. WHITE: Look at the very next sentence. Now you are going to take the approval of the new wording.

MR. BROWN: You can't just settle this kind of a question on a five minute discussion at this late date which is an absolute departure from the principles which hasn't been discussed by the technicians.

MR. WHITE: We discussed this at least twenty times. The Delegates may not.

MR. LUXFORD: This has been under full discussion for months.

MR. BROWN: Not in Atlantic City.

MR. BERNSTEIN: There is no change in principle here at all, Mr. Brown. The question is not whether the Fund shall have a power to concur or reject. The question here is whether a country can propose a change in its currency if that change will not affect its international transactions. As it stands, Russia could claim that there is no power here for it to propose a change. Now that is quite a different problem.

JUDGE VINSON: I think we had better think about this problem and pass it to the next meeting of the Delegation and go to the next one.

MR. ACHESON: One other thing so we can think about it at the same time, Judge. Does Fund equilibrium, does that mean an international?

MR. WHITE: In their balances of payment.

MR. COLLADO: But the kind of things the Russians alleged to us in February, March and April that they meant with bookkeeping. Well certainly a change in their bookkeeping

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won't correct a fundamental disequilibrium. I think Eddy has a point. If you are going to do one you must do the other. You ought to add a couple of words at the beginning and I think you ought to add a few words down in either D or 4 in the present text of the conditions under which the Fund shall not object. If you are going to do it, that's the way to do it.

JUDGE VINSON: I think it would be well to submit drafts with the language included, so that we can, those of us who are not as familiar as others, may have the matter clearly before us.

MR. WOLCOTT: You use the word fundamental synonymously with substantial?

MR. WHITE: We would rather have the fundamental for our purpose. They would rather have the weaker. We would rather take the position that if you want to change your rates, it must be not an apparent or superficial disequilibrium because it is quite possible to correct that, but it must be something basic; we think that makes it more difficult for them to change the exchange rates or makes it easier for the Fund to say the rate which you are suggesting does not correct a fundamental disequilibrium. So I think that language is what we wanted in order to make it more difficult for countries to alter their exchange rates.

MR. WOLCOTT: Is the use of the word fundamental there-- is that synonymous with substantial?

MR. WHITE: I should think it is a little more.

MR. COX: One other point for consideration. Despite the failure of the Russians to state what they have in mind there, isn't it possible for them directly or indirectly to have two currencies under their state control, one for internal and one for external?

MR. WHITE: Yes, they determine the price of their exports and the exchange rate determines the price of their imports. Therefore, they can have a completely separate price system, which no other country could have.

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MR. COX: It seems to me they must want to leave their hands free.

MR. WHITE: Yes, they want to leave their hands free but didn't give us any specifications. But it is the only country that can do that.

JUDGE VINSON: Application four.

MR. WHITE: Then we will get that ready in the way of various drafts and include in the various drafts those two paragraphs of the new language to see the exact effect of it.

MR. ECCLES: When are you going to take this up again?

JUDGE VINSON: At the next meeting.

MR. ECCLES: Can we have copies of this prior to the meeting?

JUDGE VINSON: Sure, that is the reason for asking for the draft.

MR. WHITE: Luxford?

MR. LUXFORD: We can't have it before the meeting, but we will have it today.

MR. ECCLES: Have it before tomorrow morning's meeting. We will get it tonight and look it over.

MR. BROWN: Put something in a separate clause that everybody who runs can read that it applies to nobody but Soviet Russia. It is another matter but--

JUDGE VINSON: Claim number four.

MR. WHITE: That was claim number four. Claim number five is not really a claim. They say they accept the United States' rephrasing of the clause that deals with the obligation of a country to give consideration to recommendations by the Fund. They had a previous claim which we satisfied with some change in language and the

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final change in language which was only very slight is in this statement, if you will find it. (To Luxford)

JUDGE VINSON: There is no point of difference on that?

MR. WHITE: No.

Turning to the sixth, the provisions of the Fund, of course, require that countries purchasing foreign exchange from the Fund who have gold in excess of their quota shall pay for that foreign exchange, half with gold. The Fund also has a provision that if the gold holdings of a country increase, half of that increase shall go toward the repurchase of rubles, in this case, until a certain level without complications for the point of view of discussion. The Russians repeat their claim that they will need a great many credits during the early years of reconstruction and they have to conserve their gold to make certain that they can meet their obligations. They say that USSR will or intends and will meet its obligations and they want to make certain that if anything happens to their exports and if the developments in the next few years are as they expect, which is an inability to develop large exports in Russia because of the devastation and their greater domestic needs, they want to be able to utilize their gold to meet the charges on their various credits which they hope to get. And therefore, they feel two things: one, that the newly mined gold of USSR shall not be included in the calculation of their holdings for the purpose of buying back rubles. That does not apply to gold which they acquire as a result of international trade. However, they are not going to acquire any gold as a result of international trade, because they are going to probably buy much more than they sell, so it applies to all the increases in gold which they will have.

Now, I think there are several things to be said. It is not an important matter, because if they have service charges and they send gold to meet it, then they haven't got it. There is no increase in gold holdings, so far as that point of view, I think; it can be demonstrated it doesn't matter either way to us. They want to confine this exclusion of newly-mined gold to the period of

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restoration, that is, until they restore the devastated portions of their economy. They think it might take from five to ten years. Who would determine when the period of restoration is over hasn't been determined.

The other part of their sixth claim relates to the payment of one-half of the foreign exchange in gold. Again, they use the same reasoning to justify the exclusion of any country that has suffered from invasion, until the period of restoration, so that they will not pay for exchange by one-half.

Now, in the case of Russia, that doesn't make much difference, because Russia is the one country, and the only country, that can regulate its purchases as she wishes. Therefore, if she doesn't want to pay any gold, she can increase her purchases to some extent. So that is not very important from Russia's point of view, one way or the other, I think. And it isn't very important for us. I think we could demonstrate that to her, but I think we ought to, with reluctance, except that part on the failure to pay fifty percent of the exchange with gold. The other part of the newly-mined gold during the transitional period--I don't think that--

MR. BROWN: You are talking of Russia and I agree it doesn't make much difference with Russia, but France and the Netherlands have very large amounts of gold. To give this relief to Russia--

MR. WHITE: That is the point I am coming to. You take the twenty-five percent gold contributions, the fifty percent which they are asking for won't mean a great deal in the case of Russia. One of these last points would not mean much to the Fund or to Russia, but when we use the phraseology which they want or any phraseology they could think of, it would have to apply to a lot of other countries and even U.K., possibly. U.K. could put a very strong case. She may not have suffered destruction of factories, well she certainly suffered destruction of the wherewithal to buy raw materials and so forth. So that the serious part of this thing is, not that we might not be willing to extend it to Russia, but that we are confronted with the fact if we extend it to Russia, we have to extend it to so many countries that

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you might even get the remaining countries to be peeved about it because there will be some countries excluded from this. China has a lot of foreign exchange, you see, England, France, the Netherlands, Belgium. It becomes a matter of great magnitude. So that should be taken into consideration. It seems to me that the Fund would be ahead of the game on every count, if you could get USSR to withdraw from those provisions with the exception of the newly-mined gold for the first three years, because Russia is the only one that has any newly mined gold, the only devastated country that has. If you could get the USSR to withdraw those provisions, in exchange for a substantial, larger quota, the Fund would be better off.

MR. ECCLES: That is what we discussed--an increase from eight hundred to a billion, and now they want all this other and a billion and a quarter. It seems to me that we have got to come head on here pretty quick or we are never going to get through and it seems to me that the Russians have either determined to have more than it is possible to give them, without breaking up the Conference--I don't know whether it is possible to bring the British and the Russians and ourselves together. It looks to me like with the attitude the Russians are taking that until they are willing to change their whole approach to this thing that the chance of getting together is not very bright. Now they have entirely a different interest in this matter than capitalistic countries. Their interest openly is to get this credit.

MR. WHITE: What is China's interest and Poland's interest and Greek interest?

MR. ECCLES: I was thinking of the big one.

MR. WHITE: As against U.K?

MR. ECCLES: And against France and Holland.

MR. WHITE: I think that is about all. You have named them.

MR. ECCLES: Well, some of the others, Mexico, South Africa--

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MR. WHITE: South Africa would have a favorable balance.

MR. ECCLES: You have a lot who want to come in who could do a job of stabilizing exchange, primarily. Russia and China want to get all the money they can get. Now, that of course has been the criticism of the program, that the Fund is too large, it is a lending fund and not a stabilization fund, that the provisions indicate on the face of it that that is what it is and it seems to me that if we make the concession that Russia wants, why, you destroy any possible chance of getting the Fund through in this country. It seems to me that U.K. couldn't possibly accept--

MR. WHITE: They don't care.

JUDGE VINSON: We asked the Russians to lay their total claims on the table. In the back of my head I will not be surprised if certain other claims might not appear. They indicated there were certain claims, additional claims that were minor, but we asked them to lay their total claims on the table, and we are discussing them now. At the conclusion, they wanted us to say what we would conclude or did conclude in that meeting about those claims, and they were told that we would present their claims to our Delegation and that we would reach a conclusion and then that we would put our position on the table, and it seems to me there is two points in this particular claim: what is the viewpoint of the Delegation to the newly-mined gold? I think we have to reach a conclusion and present our position and then we will see what we will see.

MR. COX: Harry, don't you need really two strings to your bow in terms of what is the central Russian position on the old gold and newly-mined gold? Because of that primary emphasis on rebuilding capital plants, and so forth, and the problem of debts, I don't see how you could completely separate this from the bank proposal in terms of what kind of notions you have as to when the credits begin to be repayable and what the terms of the repayment may be.

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MR. WHITE: I don't think they have in mind only the Bank. They seem to suggest they were going to try to get credits wherever they could. They need money, they need foreign goods as rapidly as they can get it in the next few years.

MR. COX: This is an anchor to windward for them. But in terms of the producing countries from which they can get supplies, the United States is certainly one of the principal ones. The Bank will be broadened out in terms of other sources. Now, it may well be, even though they can't give you a specific case, it seems to me it is not completely disconnected from the Three-C thing we have been talking with them, which is one minor phrase of the thing where there is a stretching out in terms of the service charges.

MR. WHITE: What do you think the limiting factor on their purchases will be?

MR. COX: In the United States?

MR. WHITE: The world over.

MR. COX: I would say the line of credit, the time when the credits begin to be repayable, their gold.

MR. WHITE: I mean their ability to pay or their ability to find the goods? Which do you think would be the factor?

MR. COX: Ability to buy.

MR. WHITE: Therefore, the fact that we would have additional gold would mean they could spend it any how. What I am getting at is that it doesn't make much difference to the Fund, because you won't get any of it. Supposing they were to buy a billion dollars worth a year without this provision, I mean fully enforced, and they had some extra gold. They are supposed to buy back their foreign exchange, but they won't have any extra gold because they will spend more as against this, if they are not conserving. I mean, it is the one country that this thing doesn't apply

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to in the next few years. That is why I said it is not important. That is why I think in their case--I think we want to concentrate on the important thing. That part is unimportant. If we are willing to exclude the newly-mined gold for three years, we are giving very little. If that is what makes them happy--

MR. COX: I think the important thing they must have in mind as a matter of fact of principle is to get comparable treatment on the old gold and newly-mined gold right across the board. In the latter provision, claim five or six may not be of great significance, but I think on claim two it is.

MR. WHITE: Claim two is about paying one-half. Well, that we think is important. But that, we are not suggesting the technicians did not suggest any concessions in that. The only concessions that we are suggesting, which doesn't mean you may not want to give others, is that on the point of view of the newly-mined gold you have to meet their proposal of an uncertain period, but during a definite period you can say that the newly-mined gold will not be considered in areas that have been devastated. I think that is one concession that might be made.

MR. COX: Would they agree if you extended the period of newly-mined gold in devastated areas to waive the one on the old gold?

MR. WHITE: They are not going to get any old gold.

MR. COX: No, but they are making the claim.

MR. WHITE: They are only applying it to newly-mined gold. We would rather not extend it to the old gold because there is only one country that mines gold that has been devastated and that is Russia. That is why we are willing to make that concession, at least that is why it is not a serious matter for us. Let's reduce the number of things they are asking to their comparable proportions, because I think there will be a tendency on our part to exaggerate except for the quota. That is an important and very

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substantial increase. But the question of the newly-mined gold we have just discussed. The question of the twenty-five percent provision -- remember, the technicians have already recognized the justice of that claim, and they ask for fifty and they are now compromising. I don't say that is the reason we should give it to them. We would like to pull that out, but if we do, they are entitled to get something in return, because that was something in the preliminary agreement. The question of where the gold should be held, I don't think we should pay any attention to. I don't know how much stress the technicians would put on it. This question of the par value, I think, can be worked out. If it can't be worked out to our satisfaction, then I think we agree to be strongly against it. Either we can work something out that is agreeable to the Delegation and we won't go beyond that and if that is not acceptable to them, I think we ought to stand on that. If it is acceptable to us, I don't think it will make any difference, because that is the only way we would accept it, because it didn't make any difference. So it comes down to two questions: one; whether they can buy foreign exchange and not pay in gold for it during the transition period. We think that would be unfortunate, because it would have to be applied to everybody and it is a bad precedent. Two, the quotas. Now those are the two things which we have to concentrate on. The quotas are far more important than the other. The third thing, the two being the twenty-five to fifty percent concession, we would very much like to get rid of that. We would very much like to have them withdraw that. The quotas is the matter before you. So there are only those two claims.

MR. BROWN: There are three, really? There is the twenty-five and fifty percent.

MR. WHITE: That is one.

MR. BROWN: I put quota two, then initial gold contributions.

MR. WHITE: And the third is the buying of the exchange.

MR. BROWN: I agree with you that the newly-mined gold can be taken care of because they are the only devastated country affected and I don't care what provisions are made.

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MR. WHITE: The reason I use two is because the reduction in their contributions of gold was something that they have a right to expect already, because there has been a concession on that. So if we expect them to withdraw from that, my point was that something would have to be given in return. That is not true of the purchase of exchange. We never agreed to that and we said we would not.

MR. BROWN: On this joint statement of principles there was nothing said about the twenty-five percent.

MR. WHITE: Oh, yes there was. The joint statement of principles was published twenty-four hours before they notified us, so it is a physical error.

MR. BROWN: That is what has been discussed.

MR. BERNSTEIN: It was in there and--

MR. WHITE: Taken out the last minute. We didn't get their cable until an hour before.

MR. LUXFORD: We said why should we put it in if we don't know whether the Russians are going along, but we had agreed to give it to the Russians if they would go along.

MR. BROWN: I am talking of its effect in this country. The whole discussion since April 21st was based on the joint statement of principles, which include the twenty-five percent. Now if you have a commitment on the expert level--

MR. WHITE: Which is not binding on the Delegation--

MR. BROWN: You also had a commitment on the eight hundred million quota. I mean it seems to me if we give them two hundred million more on the quota we ought to cut out anything for devastated countries and we ought to be adamant on the exchange proposition; about the newly-mined gold or where the gold is kept, I don't think it is important.

MR. ECCLES: What do you mean on the exchange?

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MR. BROWN: They don't want to purchase other countries' exchange with gold.

MR. WHITE: That we have stuck to so that our position won't change in that respect.

MR. BROWN: The twenty-five percent deduction, I mean, is not important in the case of Russia. It is widely important in the case of a great many other countries and all the banking discussion and newspaper discussions on this has been that the United States puts in good currency, puts in gold, the other countries put in perhaps a billion dollars worth of gold, we put in two billion seven, they put in a billion, they put in a lot of currencies. The argument is that the other currencies are not worth much more, which I don't agree with at all. I think that most of them are valuable. But if you say the United States puts in two billion, seven--

MR. WHITE: Which currency would you say isn't valuable?

MR. BROWN: I am not arguing. I am saying that that is a statement that is being made.

MR. WHITE: But I thought you said you believe most are valuable. I was just inquiring which aren't valuable.

MR. BROWN: The Greeks, and so forth.

MR. WHITE: We don't mind outsiders making those statement, but when the Delegates who know better make them--other people hear what you say and they know you know what you are talking about and it is a damaging statement.

MR. BROWN: Some of these currencies may be worth very little. I am talking about the argument on the outside.

Isn't there one thing on this Russian attitude we might bring in, that this is a Stabilization Fund and as I see it, it is a grab-bag.

MR. WHITE: No. I don't think that is an appropriate supposition. Marriner said a little on that line and Keynes said a little something along that line and I think both are of dubious validity. A Stabilization Fund is a fund to provide exchange to take care of the cyclical swings

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in the demand for foreign exchange. Those cyclical swings may be caused by harvest failures, depreciation abroad, certain break-downs of one kind or another where you are unable to export your market goods or export your goods at a price which will enable you to keep the imports you want. Great conflagrations, a great drought for example in which you ordinarily depend upon your domestic food supply to supply you and a drought comes in and forces you to buy substantial amounts of foreign goods abroad, and you have your choice of two things: either you don't buy that food abroad and the country pulls in its belt in a very serious way or you try to get credits to at least keep some of the population from low diets or starvation until such time as you can save enough to pay it off. Now, that is what a stabilization fund is for. Let's apply that to Russia and this is important because I have heard it so many times that it needs to be cleared up. Russia hasn't had a drought and she hasn't had a bad harvest and she hasn't had a depreciation abroad, but she has had devastation of a magnitude that dwarfs all of those conditions. Therefore, she is in a position in which she says, "During the first three or four of five years it is very important for us to restore our economy. Now, after we have restored our economy, then we are in a position to make enough to pay that foreign exchange off." And USSR has advantages which no other country has. She has large gold production she has tremendous productive capacity, and last and most important, she herself can determine how much she is going to sell. No capitalistic country can do that, because they have got to sell at a profit. Now, then, when USSR says, very frankly, "We are going to use this Fund to buy things because this is a time of need and this is what a stabilization fund is for and we will pay you back after five, six or seven years," I say that is a stabilization operation and no different than what happens in any other country. If U.K., for example, had suffered or would suffer in the next year, if the bombings had been a little more effective and there had been tremendous destruction of her factories, that is exactly what England would do and the only reason England says she is not going to use it but conserve it is because she doesn't need it quite that way. But the moment you

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tell U.K., "If you don't need it why don't you give India some of the funds you don't need? "Oh, no, we expect to use it before the fourth or fifth year is over."

The reason why I go into detail here is because there is a tendency completely to distort the analysis and to point a finger at USSR, because they are saying frankly what the other countries are going to do anyway. What do you think Poland and the Netherlands or France or Belgium or China are going to do? If they didn't do it, in my judgment, their financial ministers would be stupid. That is what they should do, that is what the Fund is for and the only consideration that we have to bear in mind is, can they repurchase that within the period in which we are thinking of, within the four, five, six, seven year period. If a country cannot repurchase it, then she has no business getting some of the money from here, but should get it all in thirty or forty year loans, and it is even questionable whether she should get it there. Now, then, a country can repurchase this if she uses the Funds not to buy luxuries, Packard cars or silk, but if she uses it for machinery or anything of the character which increases her productivity, that is when there is assurance she will be in a position to develop her export markets and there should be further assurances given by the fact that you slow up the rate at which she purchases, so that she can't blow the lid off and operate unwisely.

From the point of view of the ability to repurchase foreign exchange which she buys from the Fund, I put USSR on the top of the list and instead of giving her one billion dollars you could give her two billion and the Fund would operate still better and your exports would do a lot more business. That is quite a speech, but I think it is necessary in the light of the misunderstanding which is prevalent not only here but outside on what the nature of the Stabilization Fund is. I have heard it from Keynes. I had to argue that same point.

MR. ECCLES: That is an honest difference in point of view. I don't agree with you. Your speech hasn't changed my point of view a particle. It is a question of a difference of point of view.

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MR. WHITE: You give your point of view.

MR. ECCLES: You are entitled to your point of view and some of the others are entitled to theirs. I know that the Fund will operate that way, and it is a question of alternatives. The fact that in order to get these countries into an international stabilization fund you have got to recognize the Fund in this manner-- I think that is possibly true and therefore you either recognize it as possibly more than most of us would look upon a stabilization fund, that it is much longer term lending than certainly I would think of using a stabilization fund for, but under the conditions that exist in the world, the devastation that has been accomplished, I think we have got to think of it in order to get these countries in to do a job as a lending fund. But at the same time I still think that is what it is pretty largely.

MR. WHITE: I don't know where we disagree. If I detect any disagreement it is I said that it swings--

MR. ECCLES: You are stating this purely as a stabilization fund. I am saying it is what a lot of the critics say it is. But what if it is. In order to get a lot of people into the Fund--

MR. WHITE: Yes that is a realistic approach, but I would prefer to go one step further. I think the only difference between us is that I am suggesting that the time that will be occupied during the next ten or fifteen years to repurchase the Fund is a period of four, five, six, seven or eight years, whereas some people might think that a stabilization should operate on the basis of a two, three or four year period. If you examine history, take a look at the historical swings in the balances of payment of any country, you will find that one of the most obvious characteristics of those swings is that they occupy a period of sometimes seven, eight and nine years. That is the virtue of the Fund, that it is capable of recognizing what has never been recognized before, that stabilization operations are very different than financing seasonable

operations or cheap credit for a country as a result of flight movements, but stabilization operations that go to the basis of disequilibrium require a period of from any where from five to eight to ten years to carry out, and that is why the Fund has to be large.

MR. ECCLES: I was going to say, if you are going to look at it from that length of time, the Fund is not half large enough.

MR. WHITE: Well it may or may not be. Keynes thinks it is large enough. It is a difference of opinion there. You may be right. If you are, and you may well be, then what you will find is that the Fund at the end of four, five or six years will have to borrow. That is why we gave it that power. If we thought the Fund would never have to borrow there would be no sense in giving it that power. But you gave it the power to borrow because we don't know of periods we are going in to. You may have a depreciation for a longer period. It may take a little longer for the restoration, but it seems to me one of the strengths of the Fund is it has that flexibility so it can meet that situation, where in the judgment of the Fund, it is worth it.

MR. BROWN: Harry, let me just finish my statement. I don't want to make any argument.

MR. WHITE: This isn't argument but discussion.

MR. BROWN: I think if this thing is going to be regarded by American public opinion and by Congress and by bankers as a stabilization fund that in the view of these Russian's demands you have an agreement on a technical level that Russia should get eight hundred million. That was not published but you gave them an agreement to give them twenty-five percent off in gold payments which isn't important, which wasn't published, just as the eight hundred million wasn't published, but which is very important when you take the world as a whole as to the amount of gold that you are going to get; and unless you do get a good amount of gold, at least as much as the experts have figured, which is somewhere around a billion dollars, that you are going

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to hurt yourselves. The newly-mined gold, I agree with you that is in the joint statement of principles, it can be given up, but it does seem to me that if you give Russia two hundred million more than the eight hundred million that was agreed to be given at the expert level, that you are entitled to have them withdraw their twenty-five or fifty percent demand which you have got to require and redeem other countries currencies' in gold which is no hardship on them. And if you want to give them a feeling that their internal economy is not to be disturbed, then in some paragraph, not in this exchange paragraph, you have got to put some sort of a paragraph which without mentioning Soviet Russia, it is clearly understood is applying to only Soviet Russia about the exchange and the gold value of their currency without the Fund's consent. Now I think the whole Convention, this Conference is absolutely stalled by these Russian demands. I think the time has come when unless it is resolved that the Conference will fail just because it can't complete its task within the two weeks, that it is necessary for us at this time to show our teeth, something I dislike to do.

MR. WHITE: Not unless they are good teeth.

MR. BROWN: I would go to a billion dollars and tell them they have got to give up their request for their twenty-five or fifty percent and we will give them anything they want within reason on their newly-mined gold, they have got to give up as to where the gold is to be kept, and you can agree on some language which isn't going to upset the whole scheme, not in this exchange paragraph, but somewhere else. I agree it doesn't make any difference to anybody, but it has to be spelled out in words of one syllable so the people understand it. I don't want to argue this. I just want to throw my statement that unless you do adopt that stand at this Conference, and Russia accepts it, that this Conference is going to fail, and I will go further, that unless Russia accepts it within two or three days it is going to fail.

JUDGE VINSON: The purpose of this meeting was to get the American position on these demands or claims of the Russians, and I am of the opinion that we have got to make

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up our minds, and then commit them to the Russians. There is no use to shadow-box, as I see it, and we have got claim number six under discussion, divided into two parts, the question of the newly-mined gold. What is the viewpoint of the American Delegation in regard to the Russian claims relative to the newly-mined gold?

MR. ECCLES: Isn't that one of the concessions you could make for the period of three years? It isn't an important factor and you might make that and help save face as far as they are concerned.

MR. WHITE: That would be my view and I gather it is Ned's view. Dean?

MR. ACHESON: Yes.

JUDGE VINSON: What is your view?

MR. WOLCOTT: I think that is a compromise. I don't care so much about saving anybody's face. We have a face of our own to save.

MR. ECCLES: I mean, these fellows are here and I suppose they have got to get something.

MR. WOLCOTT: We had better understand and give them to understand that this Fund is going to operate more to their benefit than it is to ours, and we can get along better without this Fund than perhaps they can. I think, just as Ned says, the time has come for us to say, "Do you want it or if you don't want it we have got to get something that is going to get by our Congress or you are not going to have anything and this is the best we can do for you." I don't like to say, "Take it or leave it", but that should be our attitude, anyway.

MR. WHITE: That should be decisive.

MR. WOLCOTT: The question of compromising on newly-mined gold on the transition period, something could be worked out.

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JUDGE VINSON: We have to submit a definite proposition. Shall it be for a three-year period?

MR. COX: Haven't you got this problem? Your bargaining points in getting out this twenty-five to fifty percent, are one, the quota, two, the newly mined gold, which you may have to use three or five years. I should think--

JUDGE VINSON: I think the Delegation should make up their mind and instruct the negotiators.

MR. ECCLES: Yes, I think the question of negotiations is over. I think you have reached the point where you say this is taken up, this is the position and that is final. Let's adopt their tactics.

JUDGE VINSON: We agreed yesterday we would meet with them and get their demands.

MR. WOLCOTT: We don't want to give them the idea that we are willing to give in on all their demands, because we have some sincere objective in this Fund.

MR. WHITE: And I also agree the decisive limitation should be whether Congress--

JUDGE VINSON: But our Delegation has to determine what will be said to them.

MR. WOLCOTT: I think we should be definite and if our conferees can't put that across, they can come back and get further instructions from our Delegation. We should give them something to aim at, anyway.

MR. LUXFORD: I would like to underscore two points made by Ned Brown. I think this Conference and the way things are going suggest to me clearly that this Conference can definitely be a success on the Fund if you get Russia into line. Two, I would like to underscore the proposition that to sell this thing to the country, you have got to have Russia in the Fund and you have got to have them say, "Yes, we agree, and we are going along and play the game."

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That being so, it seems to me that the question before us right now is the biggest question that this Delegation will decide in this Conference. Are we going to get Russia in here or aren't we? This is so much more important than the rest of the quotas put together, there is no comparison. You have Britain in line, you are going to get China in line and the rest of the countries. The question is what can we do to get Russia in line. On that I would like to suggest this kind of a program for them to take it or leave it. You give them a twelve hundred million dollar quota. You give them a newly mined provision. No other concessions. Those are the only two that are really important. I don't think we should quibble with them about the twelve hundred million dollar quota. That is what we will give you and that is the end of the negotiations. I think we can go to twelve hundred million. There is good reasons on economic grounds why they should have it on that level but apart from that on a political level. It will bring success to this plan in conference.

MR. WOLCOTT: I think we should have this in mind, that we are going to be confronted with a statement on this twenty-five or twenty-five to fifty percent to devastated countries. The charge is going to be made and I can hear it being said now on the floor of Congress, we have financial devastation here in America. Whether it is justified or not we are going to be confronted with the charge that we have financial devastation.

MR. WHITE: Wholly right. I think we ought to make them pull out of that one, no matter what.

MR. ECCLES: I am impressed with the public sentiment in this country being, generally speaking I think, more sympathetic toward Russia at the moment than toward U.K. Now, if this Conference should break up and it should break up on the rocks, that U.K. versus Russia, the United States is willing to give U.K. what it wants, thirteen hundred and unwilling to give Russia more than the billion, it may be pretty difficult to explain. This Delegation may have difficulty explaining the position it took. If we force the U.K. down,

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so that it is eleven hundred and Russia a billion, that may be another story. We can make all the formulas you want as a basis of justification for certain quotas. To the psychology of the American public today, that isn't going to mean a damned thing, and I think we must consider that in playing our last trump here, what will the effect be if Russia still refuses to come in. We should be in a position, if they withdraw from the Conference, that our position be justified as being fair, and that their failure to come in is that after all they are not a capitalistic country and they didn't care very much about the Fund anyway and they were asking for unreasonable amounts and that if we conceded the Russians' point of view, why the others would withdraw, so we tried to compromise it and failed. I mean, it is just a question of where that line is.

MR. WHITE: I think you have stated the issues very clearly. How the public would react. It seems we are lend-leasing Russia, what is it?

MR. COX: Up to five billion now.

MR. WHITE: Probably be another billion or two before you are through. You are lend-leasing them that amount and how much you are going to get back on that lend-leasing, if anything, is for anybody's judgment. But you can't compare the five or six billion in lend-lease, so far as security is concerned, so far as the monetary returns, with the fact that you are going to extend them a couple of hundred million extra dollars to buy American goods, mind you, when they repurchase stuff five years from now. I have heard talks of credits being extended to Russia of any where from one billion to ten, I mean extra credits. And lending it to them for thirty or forty years, so that if we see this thing in its true perspective, what we are talking about, I don't mean to belittle it by saying only two hundred million, because my God, it is a big sum, but compared to the magnitude we are dealing with, if we can achieve any kind of political advantage out of the countries moving together at this time, and avoid the disadvantage that would follow from a withdrawal, because you may tell that story. We can dress it up, but Russia can say the only point of disagreement was

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that "she didn't want to give us almost as much as United Kingdom and United Kingdom with a population of forty million and we with a population of one hundred and eighty million fighting the war we have, she won't give us as much as England and that is what the Conference broke down on." If you look at that thing in that perspective it becomes almost ridiculous.

JUDGE VINSON: There is another angle we can't forget, even though we are here in the peaceful hills of New Hampshire. The war is still on, and I am not able--

MR. ECCLES: Russia is still at peace with Japan.

JUDGE VINSON: And I am not able to say just what the consequences would be on either front. I just don't know. I don't know that anybody would know.

MR. WHITE: It is a difficult problem.

MR. BROWN: I agree with Luxford's figure, when you go from eight hundred million to a billion, two, you are giving them a fifty percent increase. If you can settle it on a billion, I would be perfectly happy to do it.

MR. WHITE: What would happen? They wouldn't withdraw. They are probably horse-trading.

MR. BROWN: If you say billion, we will have to tell them that is our limit and go to a billion two.

MR. WHITE: But they have to give you what you want on it.

MR. LUXFORD: Billion two.

MR. BROWN: You lose all--well, it may be that Russia has a much larger population. But its need for foreign exchange, stabilization, foreign trade, compared with that of the U.K. and its colonies, and bear in mind that all the Crown Colonies are included in the U.K.'s allotment, to say that the billion is against billion two fifty or a billion

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three, that is a ridiculous sum for Russia. You are giving it to Russia for reconstruction purposes, and banking and newspaper opinions if you give Russia a billion, two, and give U.K. a billion two fifty or three, you are going to have all your newspapers, all your financial and banking sentiment, I think is going to turn it down.

MR. LUXFORD: You haven't got their support, anyway; my point is that the little guy is going to say, "This looks square to me, Russia, England, give them both in the same neighborhood." As Eccles says, you are not going to be able to go back and answer we are not going to be able to give them so much. Why not?

MR. BROWN: I leave this to the State Department.

MR. WHITE: The financiers are not going to like it, but there is nothing about this they like anyhow. If it is not this, it is that. They are against it. It is unfortunate. We would wish it were otherwise, but if any of us think that group represented by the opinions of men that we know, able men, that they are going to change their minds, because you do this, that or the other thing, I think we are being very naïve about this. Sure they are going to oppose it.

JUDGE VINSON: Coming back to the question before the Delegation and that is the newly-mined gold. Is it the understanding that the Delegation favors not accepting the Russian's request?

MR. ECCLES: I would say this, that if we are prepared to go the billion, two, I think I wouldn't give them anything.

MR. WHITE: I wouldn't give them a thing.

MR. ECCLES: If you are going to go to the billion, then I think you could concede the other. Now it is just a question of tactics, whether you want to go and say this is not for any trading, this is final, we have discussed it all morning, the Conference can't get on any further without a settlement and we have approached it on that basis, and play your last card.

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MR. WHITE: I think we are a little vulnerable if we say the Conference can't go on without it.

MR. ECCLES: Just stalled.

MR. WHITE: We will have to issue the figures, which will be for Russia eight hundred million if they don't accept it, or some other figure.

MR. ECCLES: They are all tied in one bundle. That is the point, to say to Russia that so far as we are concerned the thing is all tied in one bundle and these five or six points, certainly it is difficult for the Conference to make much progress until you settle them.

MR. WHITE: That's right. We are holding up a number of points because we want them settled.

JUDGE VINSON: We have got to make up our minds in regard to it sometime.

MR. WHITE: I don't like to be out-traded by them. I am inclined--we ought to start with a billion and let them have the newly-mined gold for three or five years. I would agree entirely with what Ned says.

JUDGE VINSON: What are the other claims, subsequent to six?

MR. WHITE: They said there were minor claims and mentioned only one.

JUDGE VINSON: I thought there was another fairly major claim.

MR. WHITE: No, I thought there was only one six. Then they mentioned a minor claim; they said the charges that we were suggesting were, within their judgment, too high, but they said they think we can get together on that. Now those charges are not a small matter. We regard them as a major matter. Now, in my judgment whatever we tell them we give, in addition to these points which have been raised, I think

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we want their support on any position we take on the interest charges. If there are going to be charges, they ought to be ours.

MR. COLLADO: The only question that I wanted to ask, because you have attended several meetings with the Russians, is that after all, two or three nights ago, whenever it was, they apparently informed Secretary Morgenthau that what they were asking was a third more than eight hundred. That of course is ten sixty-seven. Is the other one hundred and thirty-three really in compensation for these additional things or are we getting a second higher request for quotas within a day after the first request?

MR. LUXFORD: I understood that they wanted one a little bit less than Britain.

MR. BERNSTEIN: They spoke of twelve hundred million. They said what they had thought we were offering was a third more than eight hundred, but what they wanted was--

MR. WHITE: Yes, but I think Pete is right in this sense, that I don't think we would have to assume that they are not trading, and I think that you can make the strongest kind of a case you can, sure you can do a good job at that and say that it is a billion or whatever it is.

MR. BROWN: I would give them the two hundred million more in lend lease or some other way.

MR. COX: That was the question as to whether you have any other bargaining--

MR. WHITE: Use Stabilization Fund. You could make a stabilization arrangement with them, but it would be pretty torturous, because you have a Fund that is supposed to take care of that and we don't want to use the Stabilization Fund for that. You do, but you ask what could we do, that is one thing we could, but I think Secretary Morgenthau would justly turn that down.

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MR. ECCLES: Harry, let's think of it from this standpoint. Now, what is the Russian position here, if we do say that a bill is final, and they don't go along with us and they withdraw? That puts them in a pretty unfavorable position to get the consideration that they may expect through the Bank, because the Bank possibly won't be set up and they will lose the Bank, which is important to them. They also are looking for other credits, they are looking for a favorable attitude, of course, on the part of this Government, to lend lease and through particularly UNNRA on the relief and rehabilitation. And the extent to which they get from these other agencies what they like, will depend a good deal upon the maintenance of a cooperative relationship with this Government, and they would hesitate, I think, quite a while before they would withdraw, if you consider it from that standpoint.

MR. WHITE: I think we have cards in the hand.

MR. ACHESON: I think you could settle this on a billion dollars, give them the newly-mined gold and that formula that we worked out earlier on the change of exchange rates. I think there is nothing else that will settle the whole thing.

MR. WHITE: I don't mean to suggest we ought to bargain, I don't know, but I think there is enough chance that we can put that across to warrant an attempt. Of course, time is short. I don't know how you feel about the negotiating, what they will do, whether they will say, "We will consider, communicate to Moscow," in the meantime, things are stalled here, or how they will handle it. It is kind of a ticklish situation in which I really think we have the final cards, but they may not break out that way. You see, they may not turn it down that way. They will say, "We will consult with Moscow", maybe. And we sit and sweat and wait.

MR. WOLCOTT: That will give us some time to go up the mountain and play some golf.

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MR. ACHESON: I think we will tell them we just have to go ahead with this quota business.

MR. ECCLES: We will announce it and they can take it or leave it.

MR. WHITE: Oh, you mean you would announce the quota you offer?

MR. ECCLES: If that is final, why not go ahead and then Moscow, if they know it is announced, have a good deal of hesitancy about saying no.

MR. BROWN: Tell them we put forward the American alternative; this seventy-five percent for devastated countries, that ought to be withdrawn.

MR. BERNSTEIN: Mr. Chairman, I think from the Russians' point of view, the quota is important as a matter of prestige and these other things are merely trading points. In the end we would be better off if we could wipe out any exceptions to these general provisions that we have set up, any exceptions to these general provisions and make them universally applicable and go ahead and let Russia have whatever quota is necessary, because as Mr. White has emphasized the one country that you can count to bring about, a balanced payments position that will enable it to meet any obligation of repurchasing its currency, is Russia. All through the dark days of the thirties, the Russians didn't have an unbalanced international trade position. Now you can count on them, and if what they want--if they want the prestige of a large quota, let them have the prestige of a large quota and let us have a fund which in principle will work universally and work well. And that means wiping out all exceptions but giving them a quota that will cover their needs.

MR. WHITE: I keep swinging back and forth on this thing. I know we would very much like to get all these exceptions cut out. I am all for that, but this question of whether to give them a billion or twelve hundred million

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is disturbing. When I think of it in terms of the Fund, I think of the billion as being as far as we ought to go and we ought to stick to it. When I think, however, in terms of the larger issues involved, of the relations to Russia, of U.K. to us, what Russia is doing in the war and the magnitude of our lend-lease operations, the magnitude of our war expenditures, the magnitude of the credits that we are contemplating giving here and we are making, jeopardizing the success, not that I don't think she wouldn't come across, but the delays and frictions and bargains--- extending credits, giving Russia the privilege of buying two hundred million dollars worth more of goods in the United States, which she will have to buy back within a period of three, four or five years or pay very substantial rates of interest--that is the problem and as I see it in that larger aspect I swing to the other side.

JUDGE VINSON: What is the voting position if two hundred million were deducted from our quota?

MR. WHITE: It would be added to our quota. It would have to come out of the aggregate. We would have to add to our aggregate.

JUDGE VINSON: Then, the total would be eight point seven?

MR. WHITE: Between eight point five and eight point six, depending on what we can do with the other countries.

MR. COLLADO: I think on the basis of the statistics you were reading earlier, you are running your Fund up to about eight point seven or eight point eight.

MR. BROWN: On the position of the USSR with the world, it is a question for the State Department and not this Delegation to settle.

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MR. WHITE: Sure it is a question for the State Department, but that doesn't mean no one else can have an opinion on it. The reason that Dean Acheson is over in the State Department is merely that he preferred that building to ours, but he turns his hat around and he is a Treasury man.

MR. COLLADO: On this question of the quotas, I think it may seem trivial, but it may be worth a minute of running down. We want to see what we have done to the votes and we have done to the totals.

(Mr. Collado and Mr. White figure out quotas)

I make eighty-seven fifteen.

MR. WHITE: I get eighty-six hundred.

MR. COLLADO: You have to increase the United States, you know. United States is only twenty-six hundred.

MR. WHITE: Oh, yes, you are right.

MR. COLLADO: I get it--

JUDGE VINSON: Give me your figures down the line from United States.

MR. COLLADO: Twenty-six fifty, thirteen hundred, twelve hundred, five hundred and fifty, four hundred and twenty-five, four hundred, three hundred, two hundred and fifty, two hundred, that might be one hundred and seventy-five, then one hundred and fifty, one hundred and fifty for Brazil, a hundred, Czecho-Slovakia, a hundred for Poland, a hundred for Mexico, fifty for Norway and everything remains the same.

MR. WHITE: It is approximately eighty-six hundred.

MR. COLLADO: Over eighty-seven, if you get the United States to twenty-seven fifty, Harry.

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MR. ECCLES: Why wouldn't this keep it down, to cut the Russians from twelve to eleven, to cut the U.K., if you can't cut the U.K. without cutting Russia, and cut the United States. In other words, we want to maintain our relative position with the U.K. Now in order to get back to the eight million four, you cut back Russia, U.K., and ourself enough.

MR. ACHESON: Keynes makes the point that if you raise the other people and cut United States--

MR. WHITE: It will be impossible. I think your arithmetic is wrong, Pete. It is eighty-six hundred.

MR. COLLADO: You haven't added the one hundred and fifty.

MR. WHITE: Yes, I have. It is seven hundred of additions.

MR. COLLADO: Let's run through it again.

We are eighty-seven fifteen.

MR. ACHESON: Then I would take the two hundred off.

MR. WHITE: Eighty-seven fifteen.

MR. COLLADO: The last ten or fifteen depends on what you do with a lot of little things. It doesn't matter much.

MR. COX: Isn't your best bet to try to come out about eight billion five?

MR. WHITE: Yes, we use that figure. The Secretary said that he was willing to go up to nine billion.

MR. COX: But the thing that bothers me in terms of coming out with a billion on Russia, is that publicly one figure that has been mentioned all the way through is two billion, seven -fifty for the United States. Now, if you increase it half a billion, that is one thing.

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If you increase it more than that, it may be a difference of degree, the public is likely to follow in the thing stimulated by the bankers that Ned was making and that is that this is one proof that by wanting an increase in their quotas they are getting much greater benefits than the United States.

MR. WHITE: It would remain at twenty-seven fifty.

MR. BROWN: I think from the bankers' standpoint, apart from the voting, that the smaller the quota, the easier it would be of acceptance.

MR. WHITE: Smaller total quota?

MR. BROWN: No, smaller United States quota. I mean, increasing the United States quota will increase banker and financial opposition to this plan. You could get in this provision if votes of creditors countries should increase, why we would be better off.

MR. WHITE: We have that in. We have it by the Committee, I don't know whether we will get it by the Commission.

MR. LUXFORD: When we say get it by the Committee, we didn't get an extremely hostile reaction. We have a lot going along with us.

MR. BROWN: If you get the increase of the creditors--

MR. ACHESON: I should think you could get away with this with a billion dollars. Why don't we try it at four o'clock?

MR. WHITE: Try it and then--

MR. LUXFORD: I would lay them down one term and I wouldn't budge an inch.

MR. COLLADO: Let me make one other remark. We have narrowed somewhat on margins on the voting. If we stay at twenty-seven fifty, we will have twenty-seven seventy-five and the British--

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JUDGE VINSON: Do you want to take up anything that Keynes said?

MR. WHITE: No, Keynes is out of this.

JUDGE VINSON: I am talking about other items.

MR. WHITE: Other than quotas? No, there are a lot of things we have to discuss today.

MR. COLLADO: What I want to know, from Dean's report to me last night on this, I gather that Keynes didn't object to going from eight to ten if we want up about the same amount.

MR. WHITE: He doesn't care how much we go.

MR. COLLADO: Isn't he going to raise the same argument that we go from ten to twelve? We ought to increase our share, otherwise the available net between Russia and the United States will get decreased.

MR. WHITE: He will make that argument, but we don't have to pay much attention.

MR. COLLADO: Now, the other argument I would like to point out, on votes, you have narrowed the voting margin to two hundred votes.

JUDGE VINSON: We haven't reached any decision, it seems to me. I don't know.

Gentlemen, as far as I am concerned, I don't know what the attitude of the Delegation is. Maybe they don't want to have any attitude.

MR. BERNSTEIN: It seems to be a question as to whether to wipe the slate clean on all objections or the other one.

JUDGE VINSON: Of course, but the Delegation hasn't made any decision!

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MR. LUXFORD: Nobody likes to make a decision like that, but by God they have to make it!

(There was a short recess called)

JUDGE VINSON: Gentlemen, since we have taken a recess, I would inquire what, if any, attitude the Delegation has on the Russian problem.

MR. ECCLES: I can state my position, Judge. I am willing to accept either one of the two proposals, but not negotiate one and then if you don't get it over, go back and negotiate the other. I think that this Delegation has reached a position where it must take a definite stand. Time will not permit, it seems to me, any other approach. I would go along with the majority and stand on the billion and concede the point they want on the newly-mined gold, or I would do to some other figure, a billion one or a billion one fifty or a billion, two, but I think when we leave this room, one or the other ought to be final.

MR. WHITE: I don't think we ought to go over the twenty-seven fifty, on account of that is our maximum and maybe you can't do that, because it makes what--well, yes, we could do it, because it would merely make the Fund eighty-seven.

MR. ECCLES: So far as what we take, whether we take off or add on is another matter.

MR. WHITE: I think if you go above a billion at all, I think we ought to give no other concession and then go right down the line.

MR. LUXFORD: If you are going to take that line, I would say give them what they ask for on this one and then say no other concessions. This is the one that counts.

MR. WHITE: If we were able to get rid of their concessions, their requests, the Fund would save something, would have more gold which would exceed the concession you are giving them. You would have two or three hundred million dollars more gold because you wouldn't have to

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extend these various provisions and also because you could get a little from Russia itself. You see, if you eliminate those concessions, you will get somewhere around two or three hundred million dollars more gold in the Fund. That is what you would get on the credit side. So that is why I strongly favor getting rid of all the concessions. It would look a lot better and it would work better and other countries wouldn't put forth concessions which they are very apt to do. India for example, will say, "We are invaded. We were invaded in Burma".

MR. COLLADO: Harry, do you think that the opposition of Europeans would be sufficiently strong that you have to make any concessions at all to them if you take care of the British and the Russians?

MR. WHITE: No. I think you will have to make that twenty-five concession, but you will have to keep France fifty.

MR. COLLADO: I am talking about in terms of the gold.

MR. ACHESON: You will have a lot of trouble with the British on this Russian, if you go to twelve hundred.

MR. COLLADO: Remember, yesterday afternoon we got ourselves in a Special Liberated Areas Problems Committee? I would say the only way to handle that is in the transitional and initial, I mean in the arrangements for getting into the Fund. You would have to handle it all there and not in any way in the general provisions.

MR. WHITE: If you get the acquiescence of Russia, and China, I think she is given every indication, providing you satisfy her on the quota, and U.K. satisfied, I think you could take care of every other situation.

MR. LUXFORD: The Fund is a cinch.

MR. WHITE: There will be a lot of talk and pressure, but you will end up without any trouble.

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MR. COLLADO: There is another minor consideration, by upping India and Australia and some of those countries we have thrown our balances of Latin America off and getting near the point where they don't elect anybody. You still have a problem there. You can fix it but it is going to mean another fifty to a hundred million quota.

MR. WHITE: I don't know whether you want to throw this in, but there was a question of a geographical election which I thought might have some merit. They had three representatives from South America, and so forth. You can reduce that to one.

MR. COLLADO: The Latin Americans have to have one and they would be happier with two.

JUDGE VINSON: Gentlemen, when will we meet again?

MR. BROWN: What is our decision? Is it a billion?

MR. WHITE: I think this is the most important decision we have.

MR. BROWN: I think I would get it settled.

JUDGE VINSON: We only have five Delegates.

MR. WHITE: That's right. I would suggest on this issue you ought to wait for a larger Delegation.

MR. ECCLES: You have to rediscuss the whole thing again.

MR. ACHESON: Is it your judgment you could settle this with a billion and newly-mined gold?

MR. DURBROW: I do. It means too much for them to walk out.

MR. LUXFORD: When they walk out of this Conference, don't think for a minute that they can't come back tomorrow; any time you set this Fund up they know they can come back and be a member. Nobody is keeping them out. You talk

about their losing. I don't believe that. If you set up a Fund, Russia knows at any time they can get membership. So let's not talk about their giving up the Fund forever. They merely say "We walk out on the Conference. They set up the Fund and we get back in."

MR. BROWN: There would be a lot less than a billion.

MR. WHITE: They might get two billion.

MR. BROWN: Judge, I am strongly in favor of a billion and giving them all the concessions on newly-mined gold and making them withdraw everything else and no trading. I think trading is fatal.

MR. LUXFORD: I agree.

MR. COLLADO: The thing I am afraid of is that the Russians are going to trade, no matter what you do.

MR. WHITE: What do you mean by that?. If you give them a billion, two, they would trade? On what?

MR. COLLADO: Yes, on their gold.

MR. WHITE: You mean they would hold out for more?

MR. COLLADO: Sure, they will.

MR. WHITE: No problem with respect to that.

MR. COLLADO: My feeling is that on the billion, you are going to have a terrible lot of--

JUDGE VINSON: It is evident that the Delegation cannot make a decision at this time, since there are only five members of the Delegation present. So the meeting is adjourned. As far as the Chair is concerned, we will meet any time. Is four-thirty the earliest time we can meet?

MR. BROWN: Meet at two if we don't have to go to meetings.

MR. ACHESON: I have a meeting.

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JUDGE VINSON: Could you get through at three?
The Delegation will meet at three-thirty.

July 5, 1944
10:49 a.m.

Ansel
Luxford:this morning very fully of quotas.

HMJr: Yeah.

L: And this general procedure was agreed upon....

HMJr: Yeah.

L:after considerable discussion, that a committee comprising of Judge Vinson, White, Acheson and Wolcott....

HMJr: I see.

L:would be given the job of working with each of these Delegations, in your absence, to negotiate on the question of quotas.

HMJr: Good.

L: In general, this is the scheme: the United States wants to hold about a thirteen percent voting privilege over the U.K. and all of its subsidiaries.

HMJr: Thirteen percent over?

L: Yeah.

HMJr: Yeah.

L: So it will make it a good, clean difference.

HMJr: Good.

L: Beyond that the negotiators will keep in the back of their minds that they can go to eight-five.

HMJr: Good.

L: But we will start with a table that will show about eight.

HMJr: Good.

L: And then we will button-hole each one of the countries and before we talk "turkey" on the quota, we've got to know what every one of their demands are -- all of them.

HMJr: Good.

L: When we've got those down, then we begin talking and you make an adjustment on quota only when you get them to withdraw these other objections.

HMJr: Sounds good to me.

L: The -- the whole theory of it right now is to button up a good working majority for ourselves on every point that comes along.

HMJr: All right. Now, call me back at a quarter of three.

L: I'll be very glad to.

HMJr: Thank you.

L: All right, sir.

July 5, 1944
10:54 a.m.

HMJr: Hello.

Operator: The White House would like to call you back in a little while on Grace Tully.

HMJr: There's -- there's what?

Operator: They would like to call you back in a little while.

HMJr: Why?

Operator: I don't know. She just said, "Tell Mr. Morgenthau we'll call him back in a little while."

HMJr: Well, all right. If the group's in here, I'll let you know and you can ring twice. Ring twice in any case if it's Grace Tully.

Operator: All right.

HMJr: If I can't take it in here, I'll take it in the wash room.

Operator: All right. And I have your beans for you.

HMJr: Oh, yes.

Operator: Two hundred and

HMJr: Wait a minute -- wait a minute. I didn't want to....

(Remainder of conversation not recorded)

July 5, 1944
12:30 p.m.

HMJr: I think the other people think so, too.

John J.
McCloy:

Yeah. Well, I just -- I just got out of my meeting and I wondered whether you wanted me to come along.

HMJr: Well, now....

M: Or is it all over?

HMJr: No, we've worked out a new idea together.

M: Yeah.

HMJr: Which, very briefly, is this: we're going to give the President this thought, that he should get the Combined Chiefs of Staff to issue a directive to General Eisenhower that we recognize the de facto government authority, the de facto authority....

M: Yeah.

HMJr:in France.

M: Yeah.

HMJr: And that, going back to Mr. Hull's statement in April, that this de facto authority would be General de Gaulle.

M: Yeah.

HMJr: Now....

M: Does that mean recognition of the provisional government?

HMJr: No, we would -- we're going to forget that there ever was such a word.

M: Yeah.

HMJr: And use with him the thing de facto -- de facto authority.

M: Authority, yeah. Well, that's

HMJr: And forget -- forget the other -- the other thing is something the President didn't want -- and give him this so that he's got something new.

M: Yeah.

HMJr: See?

M: Well, it's -- it's the old -- the old scheme which he turned down once. Whether he'll take it again, I don't know.

HMJr: Well, since then you've got a de facto authority which is working.

M: The one that's actually on the ground.

HMJr: That's right.

M: Yeah.

HMJr: Now, then we would say from the English standpoint, we'd let them proceed as they did in the case of Belgium, that the English government would conduct these negotiations with the provisional government if they wish....

M: Yeah.

HMJr:and General Eisenhower would do it opposite this de facto authority the way he did....

M: Or the British could go along with us.

HMJr: Or they could go along with us. Now, the thing that I've been trying to do is, in my own mind, was to -- I didn't like what they gave me this morning because, frankly, I couldn't sell that to the President.

M: Yeah.

HMJr: I could sell this with your help and the help of Mr. Hull.

M: Yeah.

HMJr: If -- if you

M: Right.

HMJr: I don't know whether I've put it so that you get it because it's the result of a couple of hours, but how does it strike you?

M: Well, I don't see that, really, that there's a difference between -- a substantial difference between that and what we already urged upon him as a combined directive, and, therefore, I'm all for it.

HMJr: You say you're all for it?

M: The -- we said -- of course, the old arrangement was -- the old plan that I put up to him, which had Eisenhower's support and the Combined Chiefs of Staff's support, was that he should be -- Eisenhower should be given a directive authorizing him to deal with this Committee as the authority responsible for civil administration in Metropolitan France. That was the formula.

HMJr: Well, Jack, have you put this up to him since D-Day?

M: No, not since D-Day.

HMJr: Well, don't you think that the circumstances are -- are completely changed?

M: Well, I hope so. The -- I -- I think there's a good basis for saying that there's a change. I'm not at all sure that the President's mind has altered on it at all. He'll recognize it as an old horse, I'm afraid.

HMJr: I -- I think that we can dress it up so that he may not.

M: Well, that's the trick. I think that really is the trick.

HMJr: I think the thing should be done -- that this is something fresh, that this is something new and in a way that he can say, "Well, -now, " -- maybe that he thought of it or dreamt of this.

M: Yeah.

HMJr: And this is what he had in mind, but I want it dressed up as something in an entirely new package.

M: Well, I -- I -- I think that's -- more power to you if you can do that.

HMJr: What?

M: Now, the second -- the thing that I've got very strongly in my mind, is that you've got to emphasize in any paper that you put to him

HMJr: Yeah.

M: these reservations we're talking about.

HMJr: Reservations?

M: Reservation on the eventual French election, the reservation of military

HMJr: Well, I'm -- that wasn't discussed here this morning.

M: Yeah. If you put -- I mean, those things are the things that he clutches at, and if you put them in there, he's awfully apt to say, "Yes, that's right," and take a lot of other stuff along with it.

HMJr: Well, I'll tell that to these men here.

M: Right.

HMJr: I -- I don't know whether I -- whether that would be necessary but I'll report what you say.

M: Well, that was -- that's my suggestion.

HMJr: Now, look, we were going to meet again at four o'clock. Is that a good or bad time for you?

M: It will be all right. Four o'clock would be, I think, all right with me.

HMJr: It will be all right?

M: Yes. I think the President doesn't get back until tomorrow from what I hear.

HMJr: Well, I talked to Miss Tully and she said it was absolutely useless to send anything up to him today.

M: Right. Right.

HMJr: So....

M: That will give us a little more time.

HMJr: And I asked that a group of us could see him on this tomorrow and she said she would try to arrange it.

M: Good. Now, if I could be there at four-fifteen, would it be okay?

HMJr: Four-fifteen -- I will tell the gentlemen four-fifteen.

M: I'll be there then. Thanks very much.

HMJr: Thank you.

M: All right.

July 5, 1944
1:09 p.m.

HMJr: Hello.

Operator: Go ahead.

HMJr: Hello.

Senator
George: Henry?

HMJr: Talking. Hello, Walter?

G: This is Walter George.

HMJr: How are you?

G: Fine, thank you, sir. I wanted to ask you if you could do this: I have a very good friend and he's a very capable banker. He's heading up your bond drive down here in Georgia now, Mr. Earle Cocke.

HMJr: Earle Cocke?

G: Yeah.

HMJr: Yes.

G: And he has been with the R.F.C. in years back and now he's in banking business but he's a very able, capable man.

HMJr: Yes.

G: He asked me if it would be possible for him to go up to that Conference.

HMJr: Yes.

G: Not as a -- not as a representative.

HMJr: Yes.

G: With no official title.

HMJr: Yes.

G: But a -- probably recognized far enough so that he might sit in and listen.

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HMJr: Now, look, Walter, his name is -- what is his name again?

G: E-a-r-l-e -- Earle Cocke, C-o-c-k-e, of Atlanta.

HMJr: Of Atlanta?

G: Yes.

HMJr: What's his address?

G: The Fulton National Bank.

HMJr: What's his

G: He's the executive officer of their main branch....

HMJr: He's

G:in the city.

HMJr: I didn't get -- I didn't get -- what bank?

G: Fulton National.

HMJr: Fulton?

G: Fulton, yes. F-u-l-t-o-n, Fulton National Bank.

HMJr: F like in Frank?

G: What's that?

HMJr: Fulton like the Fulton Steamboat?

G: Yes, that's right. Fulton County, you see. Atlanta's in Fulton County.

HMJr: Fulton National Bank.

G: Fulton National Bank, Atlanta, Georgia.

HMJr: And he is the executive officer?

G: Yes, he's -- he's Executive Vice President in charge of the branch there right up in the city.

HMJr: In the City of Atlanta?

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G: Yes, sir.

HMJr: Now, Walter, I will make every effort -- these invitations have to come through the State Department.

G: They do?

HMJr: But I will take it up with them.

G: Now, I can -- I can commend him as a very loyal man and very capable and he's been very close to the Administration.

HMJr: Yes.

G: All these years, and he's all right in all respects and he really wants to go up in that area anyway on a short vacation but he would like to be able to go in and listen if it's permissible.

HMJr: Now, is that C-o-x?

G: C-o-c-k-e.

HMJr: C -- all right. I got it.

G: C-o-c-k-e. Mr. Earle Cocke.

HMJr: Well, will you -- you give me twenty-four hours on it and I'll let you know.

G: All right, Henry. Thank you, sir.

HMJr: And I -- I'll make a real effort to do it.

G: He's heading the Georgia Bond Drive or he's doing the main part of it now.

HMJr: In -- he heads our Drive, does he?

G: Yes, he's prominent -- I think he's the head of it. He may not be the titular head but he's really handling it.

HMJr: Fine.

G: He's handling it right now.

HMJr: I'll let you know within twenty-four hours.
G: Thank you very much, Henry.
HMJr: Bye.
G: All right.
HMJr: Bye.

July 5, 1944
3:00 p.m.

GROUP

Present: Mr. Gaston
Mr. Pehle
Mr. O'Connell
Mrs. Klotz
Mr. Haas

MR. GASTON: Did Dan get a chance to speak to you before he left? They had a T.N.T. explosion in a warehouse just outside of Manchester, owned by this Jarvis Company. It did an enormous amount of damage and they are in a quandry as to whose liability it is and they asked him to come up there. He called me a little while ago and said he would have another day's work and could come down tomorrow night and if you had something urgent for him, he could come down tonight and go back tomorrow again.

H.M.JR: No, I am concentrating on this DeGaulle matter.

MR. GASTON: Yes. That is the situation. DuPont had a lot of explosives up there and it cut loose and did a tremendous amount of damage.

H.M.JR: They had two German prisoners loose up there where my plane was and they slept in the plane all night; they were rather upset about that.

MR. GASTON: We evolved a draft on the question of our recommendation on taxes and which I think is satisfactory to all of us, and I don't know what the next step is.

(Hands Secretary "Statement of Taxes")

H.M.JR: That's excellent.

MR. GASTON: It is largely the work of Mr. Blough, who wishes to remain anonymous, and Mr. Paul and Mr. O'Connell.

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H.M.JR: I think it is fine. We will keep this for my file, Mrs. Klotz, and I would suggest that Mr. Gaston transmit it to Mr. Hannegan.

MR. GASTON: Transmit a copy to Mr. Hannegan? I will do that.

H.M.JR: Mr. Gaston thinks well of it?

MR. GASTON: Yes, surely.

H.M.JR: What else have you?

MR. GASTON: I haven't anything else.

H.M.JR: What is your impression of the publicity from Bretton Woods--about Bretton Woods?

MR. GASTON: It has been rather good, so far.

MR. PEHLE: I think it has been excellent.

MR. O'CONNELL: There were two or three articles in the New York Times.

H.M.JR: Russell Porter had lunch with a Time Magazine fellow and he spoke to him and he said, "Why, that S.O.B. Told me he is nothing but a Goddamned New Dealer".

MR. PEHLE: Told me?

H.M.JR: This is Russell Porter.

MR. GASTON: I was amazed at Tobey.

MR. O'CONNELL: Everybody else was.

H.M.JR: He has gotten very emotional about this. He said he would lay down his life for it and I talked the thing over with Bob Barnett and Bob said, "Nail him publicly".

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MR. O'CONNELL: You don't think this will help him in the Republican Primary in New Hampshire, do you?

H.M.JR: He certainly isn't doing it for nothing. It is going to hurt him. They sent for his son and Smith said, "Put in some more about the green hills of New Hampshire--I want some more about the green hills." The Russians were crazy about the speech.

MR. GASTON: You mean your speech?

H.M.JR: Tobey's.

MRS. KLOTZ: He threw his hands in the air and became very dramatic.

MR. PEHLE: Sounds corny to me.

H.M.JR: I was just talking to Lux about the Russian quota, which we have now raised to a billion dollars. I said it is all right if you keep them happy. He said everytime the Russians take another city, they want to up their quota another fifty billion dollars. I said, "You ask them when they are going to take Caen".

MRS. KLOTZ: Fred Smith called and said Congressman Dewey is up there and since he is there, he thinks it is a good idea to take him into camp and take pictures with Judge Vinson and the whole group. He said we should have him on our side.

MR. GASTON: He is not a delegate, is he?

H.M.JR: You remind me when I talk to Lux-and we should get together on that. Anything else, Herbert?

MR. GASTON: No. I suppose it would not be proper to discuss an invitation to a dinner for James A. Farley.

H.M.JR: Who is to participate?

MR. GASTON: Oliver Quayle has been sending out invitations. You got one, Cy Upham got one, I got one, inviting one and all to contribute \$25.00 to a dinner in honor of James A. Farley.

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MRS. KLOTZ? And if you can't attend, they will return the ticket.

MR. GASTON: At any rate, your name will be published with those contributing. The dinner is July 10.

H.M.JR: Who is Oliver Quayle?

MR. GASTON: He is a former Farley helper who was the Treasurer of the Democratic National Committee.

H.M.JR: Wasn't he the fellow that did all those things on the advertising for the books?

MR. GASTON: Yes.

H.M.JR: Unless Mr. Gaston thinks otherwise, I will let my invitation get mislaid.

MR. GASTON: That is what is happening to mine.

H.M.JR: Mine is mislaid. All right, Mr. Gaston?

MR. GASTON: It is perfect with me.

H.M.JR: What else, Mr. Gaston?

MR. GASTON: That is all I have, Mr. Secretary.

H.M.JR: You see, you can't call anybody by name up at Bretton Woods. It is the "Delegate from Cuba", and everything. It saves a lot of trouble.

MR. GASTON: (Indicating Mr. O'Connell) The gentlemen from Saranac, is recognized.

H.M.JR: Saranac?

MR. O'CONNELL: Yes.

H.M.JR: Are you from Saranac?

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MR. O'CONNELL: Yes, it is my old home town.

H.M.JR: I must find out the name of the man who had a little flower store there many years ago.

MR. O'CONNELL: Mr. Ryan.

H.M.JR: Ryan--does your family know Patsy Ryan?

MR. O'CONNELL: Yes, he was one of the early inhabitants there. There are two matters I would like to mention. One, is our difficulty with the Dies Committee. John told you of the discussion we had with Jim Byrnes. He called me on Saturday--he had not seen the President and suggested, as an alternative, or either as an alternative or to do between now and the time we talked with the President, we sent Dies a letter in which we ask him, in view of the fact we have been receiving names of people who would not be thought of as engaging in subversive activities, we would expect them to have the apparent privilege that they get these returns. It is a perfectly proper thing to do because under the Executive Order, they are entitled to get returns for the purpose of carrying out their decisions. Our master Treasury Decision refers to returns. I am frankly sympathetic to writing such a letter. It will draw Dies out without it being an act of the President.

H.M.JR: You mean getting a vote of the Committee?

MR. O'CONNELL: It may be, I don't know. I think he can get a majority of the Committee. We have a reasonable basis for making this demand on him. He knows we have had the request for two weeks.

H.M.JR: Saranac, I accept your advice. Who signs that?

MR. O'CONNELL: You would.

H.M.JR: I will sign it. You couldn't do that while I was up in Bretton Woods, and we could get someone else to sign it.

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MR. O'CONNELL: I suggested it to Mr. Sullivan and Mr. Gaston and they thought I should get you to sign it.

H.M.JR: They did?

MR. O'CONNELL: That is what they said.

H.M.JR: What pals! What is the use of going to Bretton Woods if a few of the dirty jobs cannot be done while I am gone.

MR. GASTON: I am inclined to believe they will give us the names to keep us quiet.

MR. O'CONNELL: They have asked for twenty-five returns in the period of six years and since the last Executive Order they have asked for more.

H.M.JR: You got a quota?

MR. O'CONNELL: Huh?

H.M.JR: You got a quota, a yearly quota.

MR. PEHLE: That letter is easy to answer. In effect what you are saying is that whereas, under the law, the Dies Committee decides whether it is reasonable for that purpose, you say you want to decide.

MR. O'CONNELL: We do have some responsibility, it seems to me.

H.M.JR: If you Johns got an idea, give it, will you? The two Johns get together, will you? If you have an idea, I am perfectly willing to sign it. What else?

MR. O'CONNELL: The other thing has to do with the meeting we had last week. I haven't talked to Mr. Markham because he is out of town, he is up in Boston.

H.M.JR: No telephones between here and Boston?

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MR. O'CONNELL: There is one but I learned two things. In the first place, the Acting Head of the A.P.C. stated to a newspaper there was no intention of selling the General Aniline firm until the war is over. It is in the Wall Street Journal today. I talked to the SEC, they know nothing about it. They haven't been asked about the sale of General Aniline, if they were asked, they did not answer.

H.M.JR: Who is that, the SEC?

MR. O'CONNELL: SEC. I talked to them on Friday. They know nothing about the story at all. All we have now, it seems to me, is some investment banking firm in New York complaining because there is a rumor that Lehmann Bros. had the inside tract on the sale of General Aniline. That, plus the fact I could not get anything on the story, made me think I should ask you again before I call Jim Markham. I would like to talk to him next week, but I would not honestly think it was a smart thing to call Markham in Boston.

H.M.JR : Would you mind calling him Monday?

MR. O'CONNELL: No, I would like to.

H.M.JR: Let it go until Monday. Bell isn't here, he is up to his nose in General DeGaulle. You two decide between now and Monday how you should answer.

(Secretary hands letter to Mr. O'Connell from Mariner Eccles to the President)

MRS. KLOTZ: Does it say--does it require an answer?

H.M.JR: Yes, I believe Mrs. Klotz is right. It does not call for an answer. I want to clear it, I want to have the President see it. He doesn't want to start anything between now and election time on this thing.

MR. O'CONNELL: Would you have that in the form of a note to the President, or a note for the President to send?

H.M.JR: Direct.

-8-

MR. O'CONNELL: There is one more thing. When you were originally discussing with Herbert and John the Democratic platform, I got the impression you wanted something on the Monetary situation too. We didn't do anything on that because, as I understood it, they were writing something up there that they would send down to us.

H.M.JR: I have been straightening that thing up. I don't think it would help us one bit to have it in the Democratic platform.

MR. O'CONNELL: I think you are probably right. We got something on the general problem.

H.M.JR: Do you boys agree with me?

MR. GASTON: Yes, it is not a separate item.

H.M.JR: Now, on the other hand, we want to get something in the platform about the work of John Pehle, that is something else. I believe he has a platform.

MR. PEHLE: On the contrary. Someone came in and asked if we should get something in the platform on free ports. I asked them not to raise it. I would like the work of the War Refugee Board to be as non-partisan as possible.

H.M.JR: That is the way I feel about it, too. Are you through John?

MR. O'CONNELL: All through.

MR. PEHLE: I haven't anything I would like to say.

H.M.JR: George?

MR. HAAS: I have done some work on the war production picture. Your feeling was justified.

H.M.JR: What was my feeling?

-9-

MR. HAAS: Your feeling was the thing wasn't up to grade. Dan arranged the appointment that I had with General Clay. When they say the War Production Board sends out a schedule, all that means, at the beginning of the month they report that they think can be delivered. It has no practical relation to what is actually required. The requirements are made once a year. I assume that the War Production Board doesn't even have that figure. He had a book that he took out--

H.M.JR: This is Clay?

MR. HAAS: Clay. But he promised to send it over. It was a large book that showed all the important items, and what the requirements are and the deficit in meeting it, or if it was above, he would show it. He said it would come over today, but I haven't seen it.

I have a hunch there are very few people that really know that situation and I don't suppose the book ever gets out. I suppose a smart person could figure out the whole strategy if it got out. He said he would send it over.

H.M.JR: Anything else?

MR. HAAS: No.

H.M.JR: All right.

7/5/44

155 ✓

Draft of plank for Democratic Platform
taxes. At group meeting, HM, Jr suggested
that Mr. Gaston send a copy of it to Mr.
Hannegan.

Under the sound fiscal policy established and followed by this Administration the American people have willingly supplied, through taxes and the purchase of War Bonds, the unprecedented amounts necessary to fight the war. This fiscal policy has been a major factor in maintaining the stability of prices and restraining the growth of the public debt.

High levels of taxation will be required for the remainder of the war period. Thereafter tax rates can be reduced while protecting the public credit and maintaining a currency with stable purchasing power. A prosperous post-war economy will permit reduction of the public debt.

Post-war conditions will require a tax structure designed to promote a high level of business activity and employment, to encourage private enterprise, especially small business, to simplify still further the payment of taxes, and to extend application of the principle of taxation in accordance with ability to pay.

UNITED STATES OF AMERICA

2 PERCENT TREASURY BONDS OF 1952-54

1944
Department Circular No. 741
First Amendment

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, July 5, 1944.

Section IV, PAYMENT, of Department Circular No. 741, dated June 12, 1944, is hereby amended to read as follows:

IV. PAYMENT

1. Payment at par and accrued interest, if any, for bonds allotted hereunder must be made on or before June 26, 1944, or on later allotment; provided, however, that bonds allotted to life insurance companies, to savings institutions, and to States, municipalities, political subdivisions and similar public corporations, and agencies thereof, may be paid for, in whole or in part, at par and accrued interest, at any time or times, with payment to be completed not later than September 30, 1944. One day's accrued interest is \$0.055 per \$1,000. Any qualified depository will be permitted to make payment by credit for bonds allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its District.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

(Filed with the Division of the Federal Register, July 7, 1944)

UNITED STATES OF AMERICA

2½ PERCENT TREASURY BONDS OF 1965-70

1944
Department Circular No. 740
First Amendment

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, July 5, 1944.

Section IV, PAYMENT, of Department Circular No. 740, dated June 12, 1944, is hereby amended to read as follows:

IV. PAYMENT

1. Payment at par and accrued interest, if any, for bonds allotted hereunder must be made on or before June 26, 1944, or on later allotment; provided, however, that bonds allotted to life insurance companies, to savings institutions, and to States, municipalities, political subdivisions and similar public corporations, and agencies thereof, may be paid for, in whole or in part, at par and accrued interest, at any time or times, with payment to be completed not later than September 30, 1944. One day's accrued interest is \$0.068 per \$1,000. Any qualified depository will be permitted to make payment by credit for bonds allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its District.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

(Filed with the Division of the Federal Register, July 7, 1944)

25

July 8, 1944.

Dear Jim:

Thank you very much for your note of July 8. I appreciate what you said of the speech in New Hampshire, and I am glad that you approved of it so highly.

I thought you might be interested to know that of all the meetings at which I have spoken during the Fifth War Loan Campaign, the one held yesterday at the Philadelphia Navy Yard was the best run and the most satisfactory from the Treasury viewpoint. It was a great experience to be there on Independence Day.

With warm personal regards,

Sincerely,

(Signed) Henry

Honorable James Forrestal,
The Secretary of the Navy,
Washington, D. C.

GEF?dbs

Mrs. Forbush -

Dear Jim:

Thank you very much for your kind note of
July 2nd.

I thought you might be interested to know that of all
the meetings I have talked at during the Fifth War Loan
yesterday's at the Philadelphia Navy Yard was the best
run and the most satisfactory from the Treasury viewpoint.

Sincerely yours,

THE SECRETARY OF THE NAVY
WASHINGTON

2 July 1944

Dear Henry:

I liked your speech at the opening of
the Monetary Conference. Your concluding
paragraph ought to be pasted in many hats.

Sincerely yours,



James Forrestal

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

JUL 5 1944

My dear Cordell:

I am grateful indeed to you for your very kind note of June 29 in which you expressed your pleasure at my selection to head our delegation to the conference at Bretton Woods and generously made known your willingness to help me in every possible way.

We have already had the benefit of indispensable assistance from State Department representatives and the cooperation and encouragement we have enjoyed lead me to hope for the best results from the conference.

Since what we are attempting will form a part of a broader program being shaped under your direction, I shall naturally wish to keep in closest touch with you and to profit from your continued advice and help.

Sincerely,

(Signed) Henry

The Honorable
Cordell Hull
Secretary of State

HEG/mah

WJH



DEPARTMENT OF STATE
WASHINGTON

June 29, 1944.

My dear Henry:

I am very glad that the President has selected you as Chairman of the Delegation of this Government to the United Nations Monetary and Financial Conference to be held at Bretton Woods, New Hampshire, beginning July 1, 1944. Your position in national and world affairs, as well as your conscientious and diligent efforts in preparation for this meeting, make you the natural choice to head our Delegation.

This forthcoming Conference will be one of the most important and historic international meetings and the successful accomplishment of your mission will have far-reaching effect upon the future reconstruction and rehabilitation of the world. You can rest assured that my colleagues and I will be most happy to extend to you and the other members of the Delegation every possible assistance.

I wish you the greatest success in this difficult and responsible undertaking.

Sincerely,

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

25

July 5, 1944.

Dear Mr. Batt:

The Secretary has received your letter of June 30, together with the copy of Mr. Donald M. Nelson's regular monthly report to the President on production performance against materials and equipment commitments of the Third Russian Protocol. Thank you for bringing this current data to Mr. Morgenthau's attention.

Sincerely yours,

(Signed) H. S. Klotz

H. S. Klotz,
Private Secretary.

Mr. W. L. Batt,
War Production Board,
Washington, D. C.

GEF/dbs



WAR PRODUCTION BOARD

WASHINGTON, D. C.

June 30, 1944

IN REPLY REFER TO:

The Honorable
The Secretary of the Treasury

My dear Mr. Secretary:

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

Sincerely yours,

A handwritten signature in cursive script, appearing to read "W. L. Batt".

W. L. Batt

Attachment



WAR PRODUCTION BOARD

WASHINGTON, D. C.

June 30, 1944

IN REPLY REFER TO:

My dear Mr. President:

Attached hereto is a tabulation showing progress made during May, and during the eleven months ending May 31, 1944, towards fulfilment of Third Protocol Materials and Equipment Production Programs for the Union of Soviet Socialist Republics.

As of the end of May, the great majority of materials items had been delivered to the amount, or in excess of the amount, promised for the entire Protocol period. The status of the industrial equipment program, while not comparable to that of raw materials, is nevertheless satisfactory. If June deliveries are up to expectations, overall protocol commitments with respect to industrial equipment will be met, despite delays in the submission of orders.

Respectfully yours,

/s/

Donald M. Nelson

The President
The White House
Washington, D. C.

Attachments

STATUS OF MATERIALS AND EQUIPMENT PRODUCTION PROGRAMS UNDER THE THIRD RUSSIAN PROTOCOL AS OF JUNE 1, 1944

(MAY DELIVERY DATA SUBJECT TO REVISION)



Pro- tocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. May 1, 1944 - May 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - May 31, 1944	Percent of 3rd Prot. Program Completed as of June 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of June 1, 1944 To Complete 3rd Protocol Prod. Program	Comments
NON-FERROUS METALS									
3	Aluminum (Ingot and Fabricated)	S.T.	35,760	13,611	101,565	284	310	(65,605 Excess)	Aluminum shipments to date consist of 7,622 S.T. rod and tubing; 21,955 S.T. sheet; and 71,988 S.T. ingot including secondary.
4	Nickel								
A	Pig Nickel	S.T.	3,600	483	4,683	130	141	(1,083 Excess)	Includes shipment on U.S. account of 800 S.T. from U.K. stocks.
B	Nickel in Metal Scrap	S.T.	274	0	274	100	109	0	The 274 S.T. shown as the Third Protocol production program is the quantity selected by the U.S.S.R. out of a total of 600 S.T. originally offered.
C	Nickel in Steel and Other Non-Ferrous Products	S.T.	2,400	108	1,951	81	88	449	Contained nickel deliveries to date consist of 1,001 S.T. in steel; 485 S.T. in nichrome wire and strip; 304 S.T. in cupro-nickel strip; and 158 S.T. in various other products including pure nickel products.
5	Molybdenum	S.T.	4,000	354	4,354	109	119	(354 Excess)	
6	Copper, Electrolytic	S.T.	(121,400)	(17,735)	(114,336)	(94)	(103)	(7,064)	Electrolytic copper figures refer to copper contained in various materials requiring copper which are being supplied to the U.S.S.R. Deliveries to date include 81,229 S.T. contained in copper base alloys; 12,052 S.T. contained in copper goods and tubes; 1,282 S.T. contained in bismal; 16,149 S.T. contained in wire mill products and 3,604 S.T. in refinery shrapes. In addition to the copper program shown, the WPB has made arrangements for the supply of 16,800 S.T. of copper wire bars during the remainder of the Third Protocol period.



Protocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. May 1, 1944 - May 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - May 31, 1944	Percent of 3rd Prot. Program Completed as of June 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of June 1, 1944 To Complete 3rd Protocol Prod. Program	Comments
NON-FERROUS METALS (Continued)									
7	Copper Base Alloys	S.T.	107,520	14,877	118,910	111	121	(11,390 Excess)	
8	Magnesium	S.T.	4,032	672	4,032	100	109	0	
9	Kinc	S.T.	13,440	1,120	12,320	92	100	1,120	
11	Copper Goods and Tubes	S.T.	15,000	1,025	12,302	82	90	2,698	
29	Special Non-Ferrous Alloy Wires	S.T.	100	19	116	116	127	(16 Excess)	Deliveries to date include .4 S.T. of tungsten alloy wire; 3.0 S.T. of constantan wire; .6 S.T. of tantalum wire; 36.2 S.T. of aluminum and chromed wire; 15.9 S.T. of monel, everdur and beryllium bronze wire; 5.7 S.T. of enamelled manganin wire; 25.2 S.T. of molybdenum wire; .7 S.T. of manganin wire; 6.3 S.T. of round manganin wire; 5.3 S.T. of bare thermocouple wire; 1.2 S.T. of Kanet molybdenum wire; and 15.6 S.T. of copper magnet wire.
30	Nichrome Wire	S.T.	538	71	610	113	123	(72 Excess)	On urgent request of the U.S.S.R. the U.S. has agreed to undertake supply of 134 S.T. in addition to the amount originally offered in the Protocol. However, due to an acute shortage of chromium metal, difficulty is being encountered in scheduling this added quantity. In consequence, it will probably be necessary to carry a large part of it over into the Fourth Protocol period.
93	Cadmium	S.T.	112	0	112	100	109	0	The Third Protocol cadmium commitment was originally included in the Canadian schedule, but due to a difficult supply situation in Canada, the U.S. agreed to take this over as the 112 S.T. due in the second half of the Protocol.



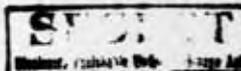
Pro- tecol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. May 1, 1944 - May 31, 1944	Made Available at Mill in U. S. A. July 1, 1943 - May 31, 1944	Percent of 3rd Prot. Program Completed as of June 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of June 1, 1944 To Complete 3rd Protocol Prod. Program	Comments
NON-FERROUS METALS (continued)									
94	Cobalt	S.T.	80.5	0	121.5	151	165	(41 Excess)	The production program shown is for the first half of the Third Protocol period. The October shipment completed the full original Protocol offer. The U.S.S.R. recently requested the increase of the Protocol offering by 78 S.T. The U.K. has agreed to supply one-half of this along with the 80.5 S.T. included in its Protocol schedule. The U.S. will supply the remainder.
Total Non-Ferrous Metals (Including Item 6 - Copper Electrolytic)		S.T.	186,856.5	32,340	261,350.5	140	152	(74,494 Excess)	
FERRO-ALLOYS									
12	Ferrosilicon	S.T.	-	0	57	-	-	-	Because of the stocks situation, Third Protocol offers to supply up to 754 S.T. of ferrosilicon and 448 S.T. of ferrochrome per month are considered inoperative.
13	Ferrochrome	S.T.	-	0	0	-	-	-	
85 A	Ferromolybdenum	S.T.	1,456	0	1,120	77	84	336	
86	Ferrovandium	S.T.	358	0	224	63	59	134	Ferromolybdenum, ferrovandium, and ferrotungsten have been scheduled in the quantities shown under the Third Protocol production program as substitutes for an equivalent tonnage of ferrosilicon and/or ferrochrome. Included in these quantities are 336 S.T. ferromolybdenum, 134 S.T. ferrovandium, and 224 S.T. ferrotungsten which are currently being approved for delivery in the second quarter, 1944
87	Ferrotungsten	S.T.	1,064	118	685	64	70	379	
Total Ferro-Alloys		S.T.	-	118	2,086	-	-	849	



Pro- tocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. May 1, 1944 - May 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - May 31, 1944	Percent of 3rd Prot. Program Completed as of June 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.*100)	Balance to be Produced as of June 1, 1944 To Complete 3rd Protocol Prod. Program	Comments
ALLOY STEEL									
16	Polished Drill Rods								
B	High Speed	S.T.	96	1	95	99	108	1	
C	Other Alloy	S.T.	45	1	45	100	109	0	
17	High Speed Tool Steel	S.T.	4,460	15	4,699	105	115	(219 Excess)	
18	Tool Steel								
B	Alloy X12	S.T.	672	9	705	105	115	(33 Excess)	
C	Alloy X12M	S.T.	672	11	675	100	109	(3 Excess)	
D	Other Alloys	S.T.	4,850	286	5,585	115	126	(735 Excess)	
19	Cold Finished Bars	S.T.	11,200	934	11,884	106	116	(684 Excess)	
20	H.R. Alloy Bars and Billets	S.T.	67,267	5,294	66,957	103	112	(1,690 Excess)	
23	Stainless Steel								
A-B	Sheets and Strip	S.T.	3,007	273	3,632	121	132	(625 Excess)	
C	Bars	S.T.	796	0	614	81	88	142	
25	Steel Wire								
A	Ball Wire	S.T.	1,344	31	1,358	101	110	(14 Excess)	
B	Alloy 232	S.T.	1,344	182	1,327	99	108	17	
C	Other Alloy	S.T.	0	0	191	-	-	(191 Excess)	
27	Steel Alloy Tubes								
A	1 1/2" Or. - 5 1/2" W.	S.T.	994	64	1,320	133	145	(326 Excess)	
B	4-5/8" Chrome	S.T.	6,625	987	9,347	109	119	(762 Excess)	
C-E	Carbon .5% Moly., Pipe Sizes	S.T.	0	0	3	-	-	(9 Excess)	
F	H.R. Ball Bearing Tubes	S.T.	5,376	1,356	6,962	130	142	(1,586 Excess)	
28	Stainless Steel Wire	S.T.	1,747	67	1,911	109	119	(164 Excess)	
29	Special Alloy Wire	S.T.	784	0	951	121	132	(167 Excess)	
	Total Alloy Steel	S.T.	113,259	9,511	120,307	106	116	(7,048 Excess)	

SECRET
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Pro- toool Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. May 1, 1944 - May 31, 1944	Made Available at Mill in U.S.A. July 1, 1944 - May 31, 1944	Percent of 3rd Prot. Program Completed as of June 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of June 1, 1944 to Complete 3rd Protocol Prod.Program	Comments
CARBON STEEL									
101-S	Nails, Accessories and Other Railway Material	S.T.	-	16,708	222,104	-	-	-	} Approximately 110,000 S.T. of carbon steel have been scheduled for delivery prior to June 30, 1944 in addition to the 345,397 S.T. originally included in the Third Protocol program.
10	Copper Clad Strip (Bimetal)	S.T.	-	1,742	10,878	-	-	-	
16A & 16A	Plain Carbon Tool Steel and Drill Rod	S.T.	-	355	7,587	-	-	-	
15D	Plain Carbon Bullet Core	S.T.	-	0	11,736	-	-	-	
24	Flaplate	S.T.	-	4,332	46,331	-	-	-	
-	Other Carbon Steel	S.T.	-	10,753	101,156	-	-	-	
	Total Carbon Steel	S.T.	345,397	33,890	399,792	116	127	(54,395 Excess)	
CHEMICALS									
36	Phenol	S.T.	-	1,957	10,218	-	-	-	} 61,600 S.T. of ethyl alcohol have been scheduled for delivery during the Third Protocol period in addi- tion to the 107,520 S.T. originally included in the Third Protocol program.
38	Ethylene Glycol	S.T.	-	0	690	-	-	-	
45	Methanol	S.T.	-	0	3,395	-	-	-	
46	Urotropine	S.T.	-	387	6,299	-	-	-	
61A1	Glycerine	S.T.	6,720	417	7,707	115	126	987	
61A3	Caustic Soda	S.T.	40,320	4,308	29,391	73	80	10,929	
36A	Ethyl Alcohol	S.T.	107,520	21,860	146,996	137	150	(39,476 Excess)	



Pro- tocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. May 1, 1944 - May 31, 1944	Made Available at Mill in U.S.A. July 1, 1943- May 31, 1944	Percent of 3rd Prot. Program Completed as of June 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of June 1, 1944 to Complete 3rd Protocol Prod. Program	Comments
<u>CHEMICALS (continued)</u>									
61A5	Aestons	S.T.	5,137	1,232	5,684	111	121	547 Excess)	
61A	Other Chemicals	S.T.	12,096	2,148	14,235	118	129	(2,139 Excess)	
	Total Chemicals	S.T.	-	32,309	224,575	-	-	-	
<u>NAVIES AND SUBMARINE CABLES</u>									
1	Marine Cable	KM.	784	235	609	78	85	175	
2	Submarine Cable	KM.	319	22	181	57	62	138	
	Total Marine and Submarine Cable	KM.	1,103	257	790	72	79	313	
<u>POWER AND RELATED CABLES</u>									
74	Insulated Cable and Wire (Copper Content)	S.T.	-	1,182	13,528	-	-	-	
74A	Bare Cable and Wire (Copper Content)	S.T.	-	644	2,428	-	-	-	
	Total Power and Related Cable	S.T.	21,000	1,826	15,956	76	83	5044	
<u>MISCELLANEOUS MATERIALS ITEMS</u>									
80	Sheet Fibre	S.T.	1,000	68	1,467	147	160	(467 Excess)	
83	Parchment Paper	S.T.	-	67	67	-	-	-	
83A1	Lithograph Map Paper	S.T.	-	60	2,685	-	-	-	
83A	Condenser Paper	S.T.	73	18	96	132	144	(23 Excess)	
83B	Cigarette Paper	S.T.	-	-	-	-	-	-	

To date no requisitions have been submitted against the 336 S.T. originally offered in the Protocol.



Protocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. May 1, 1944 - May 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - May 31, 1944	Percent of 3rd Prot. Program Completed as of June 1, 1944	Ratio of Actual Deliveries to Prot. Sched. (Prot. Sched. = 100)	Balance to be Produced as of June 1, 1944 to Complete 3rd Protocol Prod. Program	Comments
INDUSTRIAL AND RELATED EQUIPMENT									
V-1	Engines and Turbines, General Purpose	\$	5,643,412	562,251	3,746,040	66	72	1,896,772	<p>The Third Protocol Production Program shown for various categories of industrial equipment are based upon the amounts actually under contract for delivery during the Third Protocol period. It should be noted that the total of these programs considerably exceeds the total which the U.S. definitely promised to deliver before July 1, 1944. Of the types of equipment included in this group, the U.S. originally committed itself to deliver \$450,000,000. This commitment was subject to the condition, however, that requisitions would be placed sufficiently early to enable production to be scheduled during the 12 month period July 1, 1943, to June 30, 1944. In the case of a number of categories of equipment, notably rolling mills, wire drawing equipment, and equipment for blast furnaces, this condition was not met. The W.P.B., with the concurrence of the FEA, therefore agreed to the approval of requisitions for certain items which the U.S.S.R. desired under these categories only under the express understanding that delivery before July 1, 1944 would not be guaranteed or even attempted, and that the Third Protocol guaranteed commitment would be reduced by an amount corresponding to the value of the equipment involved. As this amount was approximately \$15,000,000, the effect was a reduction in the Third Protocol industrial equipment commitment from \$450,000,000 to \$432,000,000.</p>
V-2	Compressors, (Air and Gas)	\$	7,358,034	275,649	3,718,026	51	56	3,640,008	
V-3	Pumps (Liquid)	\$	8,544,835	62,599	4,527,796	53	58	4,017,039	
V-4	Crushing, Pulverizing, Screening & Mixing Machinery and Equipment	\$	4,346,498	72,009	3,824,871	89	97	461,627	
V-5	Conveyors & Conveying Systems	\$	1,100,463	25,705	471,483	43	47	628,980	
V-6	Cranes, Derricks, Hoists and Winches	\$	18,619,905	772,777	9,722,466	52	57	8,897,439	
V-7	Industrial Trucks, Tractors, Trailers, Stackers and Accessories	\$	507,372	0	469,202	92	100	38,170	
V-8	Fan and Blower Equipment Industrial	\$	3,123,166	35,244	495,211	16	17	2,627,955	
V-9	Mechanical Power Transmission Equipment	\$	7,300	0	7,300	100	109	0	
V-10	Bearings	\$	19,730,603	1,539,227	10,118,912	51	56	9,611,691	
V-11	Valves & Steam Specialties	\$	3,953,601	290,948	2,283,507	58	63	1,670,094	
V-12	Miscellaneous General Purpose Industrial Machinery & Equipment	\$	3,424,434	80,879	2,767,409	81	88	657,025	

SECRET
GROUP 1 - Excluded from automatic
 downgrading and
 declassification

Pro- to- col Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. May 1, 1944 - May 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - May 31, 1944	Percent of 3rd Prot. Program Completed as of June 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of June 1, 1944 to Complete 3rd Protocol Prod.Program
INDUSTRIAL AND RELATED EQUIPMENT (Continued)								
V-13A	Electrical Rotating Equipment Excluding Generator Sets Including Motor Generator Sets	\$	8,283,153	62,378	4,637,679	56	61	3,645,474
V-13B	Generator Sets & Plants	\$	70,068,598	5,891,910	41,472,685	59	64	28,595,973
V-14	Primary Electric Power Transmission & Distribution Equipment	\$	2,784,346	97,499	1,209,954	43	47	1,574,392
V-15	Power Conversion Equipment (Non-Rotating Rectifiers)	\$	6,680,344	585,954	4,079,738	61	67	2,600,606
V-16	Secondary Distribution Equipment & Wiring Devices	\$	581,404	32,903	343,032	59	64	238,372
V-17	Motor Starters & Controllers	\$	109,752	647	89,950	82	90	19,802
V-18	Electric Lamps	\$	14,992	0	14,992	100	109	0
V-19	Miscellaneous Electrical Equipment	\$	867,853	23,049	569,461	66	72	298,392
V-20	Food Products Machinery	\$	805,972	787	547,059	68	74	258,913
V-21	Textile Industries Machinery	\$	234,217	13,880	219,216	94	103	15,001
V-22	Pulp & Paper Industry Machinery	\$	69,362	0	63,862	92	100	5,500
V-23	Printing Trade Machinery & Equipment	\$	6,570	0	0	0	0	6,570
V-24A	Tire Plant	\$	9,524,519	161,832	9,460,086	99	108	64,433
V-24B	Rubber Working Machinery							

See preceding page for comments.

Protocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. May 1, 1944 - May 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - May 31, 1944	Percent of 3rd Prot. Program Completed as of June 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of June 1, 1944 To Complete 3rd Protocol Prod.Program	Comments
INDUSTRIAL AND RELATED EQUIPMENT (continued)									
V-25	Woodworking Machinery	\$	641,809	22,059	515,139	80	87	126,670	} See preceding page for comments.
V-26	Metal Melting & Heating Furnaces	\$	15,748,912	1,055,031	8,330,453	53	58	7,418,459	
V-27	Roasting, Sintering, Blast & Reverberatory Furnaces	\$	3,578,204	358,378	2,330,507	65	71	1,247,697	
V-28	Foundry Equipment	\$	888,286	31,818	258,092	29	32	630,194	
V-29	Special Industry Furnaces Kilns and Ovens	\$	2,676,900	0	38,408	1	1	2,638,492	
V-30A	Petroleum Refinery Plants	\$	38,248,460	1,616,231	38,248,460	100	109	0	
V-30B	Petroleum Refinery Machinery & Equipment	\$	218,238	0	185,792	85	93	32,446	
V-31	Special Machinery for the Glass Industry	\$	1,536,315	32,609	211,517	14	15	1,324,798	
V-32	Special Machinery for Chemical Industry	\$	1,527,129	6,103	505,275	33	36	1,021,854	
V-33	Gas Generating Conditioning & Other Gas Producing Apparatus	\$	11,287,596	1,324,404	5,154,957	46	50	6,132,639	
V-34A	Miscellaneous Special Industry Machines	\$	5,683,376	673,573	3,981,742	70	76	1,701,634	
V-34B	Cartridge Manufacturing Lines	\$	9,784,071	79,182	9,737,904	99	108	46,167	

SECRET
Do Not Release Without Authority

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Protocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. May 1, 1944 - May 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - May 31, 1944	Percent of 3rd Prot. Program Completed as of June 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of June 1, 1944 To Complete 3rd Protocol Prod.Program	Comments
INDUSTRIAL AND RELATED EQUIPMENT (Continued)									
V-35	Machine Tools	\$	120,000,000	5,550,000	107,472,100	90	98	12,527,900	} See preceding page for comments.
V-36	Rolling Mills & Auxiliary Equipment	\$	22,939,703	3,732,377	7,332,722	32	35	15,606,981	
V-37	Drawing Machines	\$	2,291,118	237,286	1,062,936	46	50	1,228,182	
V-38	Other Primary Metal Forming Mach. & Equipment	\$	242,808	0	242,808	100	109	0	
V-39	Secondary Metal Forming & Cutting Machinery & Equipment	\$	30,000,000	1,500,000	21,427,895	71	77	8,572,105	
V-40	Welding Machinery	\$	5,728,753	100,888	3,350,673	58	63	2,378,080	
V-41	Testing & Measuring Machines (Metalworking)	\$	2,692,196	204,607	983,668	37	40	1,708,528	
V-42	Miscellaneous Metalworking Equipment	\$	0	0	0	0	0	0	
V-43	Portable Metalworking Machines and Tools Power Driven	\$	1,682,131	127,386	1,195,440	71	78	486,691	
V-44A	Coated Carbide Cutting Tools for Machine Tools	\$	2,835,134	267,617	2,202,193	78	85	632,941	
V-44B	Cutting Tools for Machine Tools Except Coated Carbide	\$	14,441,964	1,180,597	10,303,385	71	78	4,138,579	
V-45	Cutting & Forming Tools for Metal Forming Machines	\$	12,254	0	0	0	0	12,254	
V-46	Attachments and Accessories for Machine Tools	\$	2,385,175	147,481	1,527,933	64	70	857,242	

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SECRET
Maximum Penalties Under Espionage Act

Pro- tocol Item No.	Item	Unit	3rd Protocol Production Program	Made Available At Mill in U.S.A. May 1, 1944 - May 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - May 31, 1944	Percent of 3rd Prot. Program Completed as of June 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of June 1, 1944 To Complete 3rd Protocol Prod.Program	Comments
INDUSTRIAL AND RELATED EQUIPMENT (Continued)									
V-47	Tool Room Specialties and Other Attachments and Accessories for Metal- working tools	\$	26,163	0	0	0	0	26,163	
V-48	Agricultural Machinery & Implements Except Tractors	\$	715,835	73,023	492,941	69	75	222,894	
V-49	Mining & Quarrying Machinery	\$	633,495	1,818	379,440	60	66	254,055	
V-50	Earth & Rock Boring & Drilling Machinery & Accessories	\$	4,614,826	612,622	2,334,343	51	56	2,280,483	
V-51	Well and Blast Hole Drilling Machines	\$	2,556,870	31,151	1,849,042	72	79	707,828	
V-52	Excavating & Dredging Machines	\$	7,854,126	748,694	2,580,269	33	36	5,273,857	} See preceding page for comments.
V-53	Miscellaneous Construction Equipment	\$	813,305	10,710	821,187	101	110	(7,882 Excess)	
V-54	Office Machines	\$	600	0	0	0	0	600	
V-55	Miscellaneous Machinery	\$	729,777	0	475,202	65	71	254,575	
V-56B	Teletype Apparatus	\$	1,139,605	189,843	594,950	52	57	544,655	
V-56C	Telephone & Telegraph Equipment	\$	11,706,729	916,240	8,446,499	72	79	3,260,230	
V-56D	Sound Equipment, Public Address, Recording & Reproducing	\$	249,690	752	186,879	75	82	62,811	
V-56E	Block Signal System	\$	10,958,761	944,493	5,807,145	53	58	5,151,616	

SECRET
Programs Available Only to Selected Personnel

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Pro- tool Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. May 1, 1944 - May 31, 1944	Made Available at Mill in U.S.A. July 1, 1945 - May 31, 1944	Percent of 3rd Prot. Program Completed as of June 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of June 1, 1944 To Complete 3rd Protocol Prod. Program	Comments
INDUSTRIAL AND RELATED EQUIPMENT (Continued)									
V-59A	Industrial Type Locomotives Cars & Parts	\$	1,641,086	11,200	263,934	16	17	1,377,152	} See preceding page for comments
V-59B	Mine Type Locomotives, Rail Cars and Parts	\$	120,969	21,939	98,899	82	90	22,070	
V-60	Passenger Vehicles and Parts	\$	95,130	3,832	23,206	24	26	71,924	
V-61	Air Conditioning and Refrigeration Equipment	\$	39,565	0	27,565	70	76	12,000	
V-62	Lighting Fixtures	\$	146,182	0	15,763	11	12	130,419	
V-63	Photographic Equipment	\$	361,458	3,540	302,322	84	92	59,136	
V-64	Optical, Indicating, Recording & Controlling Instruments	\$	2,822,447	243,071	1,595,408	57	62	1,227,039	
V-65	Professional & Scientific Instruments	\$	804,211	13,907	361,595	45	49	442,616	
V-66	Miscellaneous Equipment	\$	115,560	0	120,224	104	114	(4,664 Excess)	
V-67	Hand Tools, Non-Powered	\$	728,614	23,712	345,777	47	51	383,037	
V-68	Mechanics Measuring Tools	\$	2,864,440	148,884	1,484,274	52	57	1,380,166	
V-69	Power Boilers	\$	16,570,506	1,115,587	8,077,473	49	53	8,493,033	
	Total Industrial and Related Equipment Including Equipment not Committed for Delivery during the Third Protocol Period	\$	541,771,447	33,950,772	368,204,873	- 3 68	74	173,566,574	
	Total Industrial and Related Equipment Committed for Delivery during the Third Protocol Period	\$	432,000,000	33,950,772	368,204,873	85	92	63,795,127	

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SECRET
 Defense Production Act Exchange Act

Pro- to- col Item No.	Item	Unit	3rd Protocol Production Program	Made Available at Mill in U.S.A. May 1, 1944 - May 31, 1944	Made Available at Mill in U.S.A. July 1, 1943 - May 31, 1944	Percent of 3rd Prot. Program Completed as of June 1, 1944	Ratio of Actual Deliveries to Prot.Sched. (Prot.Sched.=100)	Balance to be Produced as of June 1, 1944 To Complete 3rd Protocol Prod.Program	Comments
MISCELLANEOUS EQUIPMENT ITEMS									
67A	Abrasive Grain	S.T.	4,000	296	7,703	193	211	(3,703 Excess)	
67B	Abrasive Products	\$.	4,000,000	100,107	3,766,759	94	103	231,241	
68A	Graphite Electrodes	S.T.	5,757	1,211	5,967	104	114	(210 Excess)	
68B	Other Graphite Goods	S.T.	1,691	28	759	45	49	932	
68C	Graphite Powder	S.T.	1,120	50	1,913	171	187	(793 Excess)	
78	Tires, Tubes, Other Rubber Products (Rubber Content)	S.T.	40,320	2,459	29,483	73	79	10,837	
82	Metallic Cloth and Screen	\$	1,000,000	202,290	719,452	72	79	280,548	

War Production Board
 Foreign Division
 Program Review Branch
 June 27, 1944



BRITISH AIR COMMISSION

1785 MASSACHUSETTS AVENUE
WASHINGTON, D. C.

TELEPHONE HOBART 9000

PLEASE QUOTE

REFERENCE NO.....

With the compliments of British Air Commission
who enclose Monthly Report No.10 covering
Aircraft Flight Delivery as at June 30th, 1944.

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

July 5, 1944.

CONFIDENTIAL

NAV. NO. 2-55
MONTHLY REPORT NO. 10

LOCATIONS OF OCEANIC FLIGHT DELIVERY AIRCRAFT
(COVERING MOVEMENTS THROUGH JUNE 30, 1944)

July 4, 1944

	(1) FORTRESS (BAC-1/L)	(2) LIB. (BAC)	(3) HEDGON (BAC-1/L)	(4) VENT. (BAC)	(5) F. BOAT (BAC/L-1)	(6) VENT. (L/L)	(7) BOSS. (L/L)	(8) BALT. (L/L)	(9) B24 (L/L)	(10) B25 (L/L)	(11) B26 (L/L)	(12) TRANSP. (L/L)	TOTAL
UNITED KINGDOM	133	96	807	141	(e)478	58	256	1	348	375	8	(f)435	3136
RIDGE EAST (a)		5	95			201	24	1099	197		337	200	2118
WEST AFRICA (a)									22			3	25
AUSTRALIA					27								27
SOUTH AFRICA (a)				195		105						36	276
SINGAPORE					9								9
INDIA (a)									283			176	459
AGORES	3												3
FREXTOWN			91										91
OTY'S IN CANADA			210	68		64				41		26	445
BCAF					28	1	2	17	(e) 15				46
111 OTY									34	68			102
45 GROUP RAFTS		11	43	10	10				18				84
In route Overseas						2		10	27			4	22
Gender, Goose, Etc.				1	4		23		5		3		36
Hawaii or Bermuda (on route)					2	4		7	1			2	22
Special duty in Canada			1	1									2
Montreal	2			2	3	1	21		11	12	1	9	62
CRASHED AFTER TAKEOFF			52	19	10	8	17	40	6	9	12	7	180
In route export	5						19		1			9	34
At Modification Center	1				27	1	4		27			28	80
Special duty in U.S.		2						1					3
CRASHED IN U.S.		1	28	5		1	3	15	5	2	7	1	68
DIVERTED TO U.S.		50	21	(b)281									352
TOTAL	144	165	1348	663	(d)598	446	369	1173	988	510	371	930	7725

- (a) Including deliveries to Rabat, Asara or Takoradi for these destinations.
 (b) Including 15 returned under Req. BSC 41018 after use by U.S.A.A.F. for training, with 45 off DA-152 also under 41018 after A.A.F. training use. All 60 are included in Column 6.
 (c) Later re-allocated to Canada by H.A.C. (ATR), under Req. CA-00076.
 (d) Reduced by 21 PFM's, 22 PFM's, and 25 PR21-3B's, returned to U.S. Navy.
 (e) Including 3 Boeing 314 Flying Boats delivered in 1941 but heretofore excluded.
 (f) Including 1 Curtiss-Wright Commando delivered in 1941 but heretofore excluded.

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

Regraded Unclassified

CABLE TO JOHNSON FOR OLSEN FROM WAR REFUGEE BOARD

Treasury has issued license to World Jewish Congress permitting remittance of \$10,000 to Chief Rabbi Ehrenpreis provided that such funds will be utilized by Ehrenpreis only as authorized by you as WRB representative.

For your guidance, the World Jewish Congress desires that these funds be used for rescue and relief work for Jews in Bulgaria, Hungary, and Rumania referred to in Stockholm's WRB No. 25, Legation's No. 1966 of June 2. The necessary funds, goods and services may be acquired from persons in enemy territory against payment by any of the three methods prescribed in Section A of License No. W-2152 issued to American Relief for Norway, Inc. set forth in Department's No. 619 of April 8, 1944. Periodic reports on operations engaged in under this license should be filed with Treasury through Legation.

THIS IS WRB CABLE TO STOCKHOLM NO. 44

3:05 p.m.
July 5, 1944

FH:db 7/4/44

near the Czechoslovak Government,

LONDON, July 5, 1944.

No. 142

UNRESTRICTED

Subject: Czechoslovak Government proposal for an Allied joint condemnation of savageries perpetrated by Nazi Germany upon the Jews.

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

Sir:

1/
2/ Referring to my despatch No. 131 of June 14, 1944, Czech Series, regarding the movement of war refugees, I have the honor to transmit a copy of a note of July 4th from the Acting Czechoslovak Minister of Foreign Affairs and its enclosed report on conditions in the concentration camps of Oswiezim and Birkenau, expressing the view of the Czechoslovak Government that the Allied Governments should act jointly against the incredible savageries which continue to be perpetrated by Nazi Germany upon the Jews.

Respectfully yours,

JHB:MK
Original & hectograph
Enclosures:
1 and 2/ as stated.

Rudolf E. Schoenfeld
Charge d'Affaires ad interim

Enclosure No. 2 to despatch No. 142,
July 5, 1944, Czechoslovak Series,
Embassy, London.

No. 4951/duv/44

REPORT ON CONDITIONS IN THE CONCENTRATION CAMPS
OF OSWIECZIM AND BIRKENAU

The Czechoslovak Government has received through its representative in a neutral country an extract from the document drawn up regarding the fate of the Jews in the German camp at Birkenau. This document was drawn up at Bratislava by two Slovak Jews who had managed to escape from the camps at Oswieczim and Birkenau in April. It contains an urgent request for the Allies to be informed of the frightful conditions in these camps. The Czechoslovak Government considers it its duty to comply with this request and the following is a literal translation of the extract as received from the neutral country.

The information contained in the document has been further considerably supplemented by reports which a Polish major who escaped from Oswieczim furnished to the underground organisation in Slovakia.

OSWIECZIM and BIRKENAU

The concentration camp at Oswieczim was originally intended for political prisoners, and about 15,000 Germans, Czechoslovaks, Poles and Russians were there in "protective detention". Besides this, professional criminals were sent there and a social elements, homosexuals, Bible students, and later Jews from the occupied countries. Over the entrance is the inscription in German "Arbeit macht frei".

The Birkenau labour camp, which lies 4 km. from Oswieczim, and the agricultural work of the Harmense camps are both under the control of the governor of the Oswieczim camp. Inside Oswieczim camp are work-shops of the German armaments concerns Siemens and Krupp. The huts in the camp are in three rows covering an area of 500 x 300 metres. They are surrounded by a double fence 3 metres high charged with high tension electricity. At every 500 metres is a watch-tower 5 metres high with machine-guns and search-lights. This is the "kleine Postenkette". Another line of watch-towers runs in a circle of 2 kilometres and the work-shops are between the two rows of watch-towers.

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Birkenau camp is formed of three blocks covering an area 1,600 x 850 metres and is also surrounded by two rings of watch-towers. The outer ring is connected with the outer ring of watch-towers of Oswieczim camp and they are only separated by the railway-lines. Birkenau camp is called after the small forest of Birkenwald (in Polish Brzezinky) nearby. The local population used to call this place "Rajsko".

Working conditions at Birkenau and Oswieczim are unimaginable. Work is carried on either in the camp or in the neighbourhood. Roads are built. Reinforced concrete buildings are put up. Gravel is quarried. Houses in the neighbourhood are knocked down. New buildings are put up in the camps and in the work-shops. Work is also done in the neighbouring coal mines or in the factory for synthetic rubber. Some persons also work in the administration of the camps. Any person who does not carry out his work to the satisfaction of the overseer is flogged or beaten to death. The food is 300 grammes of bread per head every evening, or 1 litre per head of turnip soup and a little coffee. That is for the Jews. Non-Jews receive rather more. Anyone who cannot work and has a temperature of at least 38.6 degrees is sent to the "Krankenbau", the hut for the sick. The German doctor divides sick persons into two groups: curable and seriously ill. The seriously ill are disposed of by a phenol injection in the region of the heart. Among non-Jews this is done only to those who are really seriously ill, while among the Jews 80 to 90 per cent of all those ill receive it. 15,000 to 20,000 persons have already been got rid of in this way by injections. Particularly inhuman scenes took place when the sick were killed wholesale during the process of delousing when a typhus epidemic broke out. Near the "Krankenbau" is the "hygiene institute" where sterilisation and artificial insemination of the women are carried out and blood tests are made for blood transfusion. For these experiments chiefly Jews are used. Since March, 1942 enormous transports of Jews have come to Oswieczim and Birkenau. A very small number of them have been sent to the labour camp, while an average of 90 per cent of those who have come have been taken straight from the train and killed. These executions took place at the beginning in the forest of Birkenwald by gas suffocation in a special building constructed for the purpose. After

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the suffocation by gas the dead bodies were burnt. At the end of February, 1943, four new crematoria were built, two large and two small, in the camp of Birkenau itself. The crematorium contains a large hall, a gas chamber and a furnace. People are assembled in the hall which holds 2,000 and gives the impression of a swimming-bath. They have to undress and are given a piece of soap and a towel as if they were going to the baths. Then they are crowded into the gas chamber which is hermetically sealed. Several S.S. men in gas-masks then pour into the gas chamber through three openings in the ceiling a preparation of the poison gas megacyklon, which is made in Hamburg. At the end of three minutes all the persons are dead. The dead bodies are then taken away in carts to the furnace to be burnt. The furnace has nine chambers, each of them with four openings. Each opening will take three bodies at once. They are completely burnt after $1\frac{1}{2}$ hours. Thus each crematorium can burn 1,500 bodies daily. The crematoria can be recognised from outside by their lofty chimneys.

On principle only Jews are put to death by gas, this is only done to Aryans in exceptional cases. Aryans are shot with pistols on a special execution ground which lies between blocks 10 and 11 of Oswiecim camp. The first executions took place there in the summer of 1941 and reached their peak a year later when they were carried out by hundreds. Later when this aroused attention a large number of non-Jews who were condemned to death, were taken straight from the train to the execution ground and not entered on the lists of the camp. According to careful calculations during the period from April, 1942, to April, 1944, from $1\frac{1}{2}$ to $1\frac{3}{4}$ million Jews were put to death by gas or in some other way, half of these being Polish Jews, others Jews from Holland, Greece, France, Belgium, Germany, Yugoslavia, Czechoslovakia, Italy, Norway, Lithuania, Austria and Jews of various other nationalities who were brought to Oswiecim from other camps in Poland. About 90 per cent of the members of the transports arriving in Birkenau and Oswiecim were taken straight from the train to be put to death and about 10 per cent became inmates of the camp. Each of the new inmates was registered and received a number. In April, 1944, 180,000 persons in all had been registered as inmates of the camp, counting Jews and non-Jews together. Of the whole number who had arrived before there were only 34,000 in the camp at the beginning of April this year, 18,000 of them being non-Jews. (In both the sources that we have quoted this number includes the membership of both camps together.)

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The remainder had been killed by hard work, illness, especially epidemics of typhus and malaria, ill treatment, and finally "selection". Twice a week the camp doctor indicated persons destined for selection. Those selected were all gassed. In a single block of Birkenau camp the average number of deaths a week was as much as 2,000, 1,200 of these being natural deaths and 800 "selection". A special book entitled "S.B. Sonderbehandelte" is kept dealing with the "selected". Notice of the deaths of the others is sent to the supreme commander of the camp at Oranienburg. At the beginning of 1943 the "political section" (camp Gestapo) at Oswieczim received 500,000 forms for release. The governor had them all made out in the names of persons who had already been gassed and lodged them in the archives of the camp. Among the persons responsible for the savagery in both camps we must mention:

Hoess, governor of the camp, Untersturmfuehrer Schwarzhuber, director of the camp, the Tyrolese chief of the political department (Lagerfuehrer), Oberscharfuehrer Palitsch, Scharfuehrer Stiweitt, S.S.-Scharfuehrer Wykleff, S.S. Man Kler, the garrison doctor Wirt, the camp doctor Entrest.

In addition, professional criminals who have killed Jews in the camp:

Reich Germans Alexander Neumann, Albert Haemmerle, Rudi Osteringer, Rudi Berckert, Arno Boem, Eimmer and the political prisoners Alfred Kien and Alois Stahler.

- - - - -

The above is the contents of the two documents.

The persons who have managed to secure the transmission of the documents to a neutral country added

(a) the following information:

"12,000 Jews are being deported daily from the territories of Carpathian Ruthenia, Transylvania and the district of Kosice where there used to be 320,000 Jews. Those departed are sent to Oswieczim, 5,000 going by train via Slovakia daily and 7,000 via Carpathian Ruthenia."

and (b) the following suggestions:

1. The Allied Governments, especially those whose citizens are suffering in both these camps, should jointly address to the Germans and Hungarians a threat of reprisals directed at the Germans in the hands of these governments.

- 5 -

2. The crematoria in both camps, which are recognisable by their high chimneys and watch-towers, should be bombed and so should the main railway-lines connecting Slovakia and Carpathian Ruthenia with Poland which are also of military importance, (especially the bridge at Cop).

3. Public warnings to the Germans and Hungarians should be repeated.

4. The Vatican should be requested to pronounce a severe public condemnation.

-----oOo-----

HECT-824

PLAIN

London

Dated July 5, 1944

Rec'd 8:51 p.m.

Secretary of State,

Washington.

5298, Fifth.

Press generally carries news that King of Sweden has appealed to Admiral Horthy to save Hungarian Jews from persecution. Only editorial comment is in MANCHESTER GUARDIAN, which, after referring to King of Sweden's message and "strong protests" which have also been registered in United States, continues: "It is time that the Allied leaders should join in the effort to prevent the extermination of the last considerable body of Jews in Central Europe. It would be a major tragedy, President Roosevelt said on March 27, 'that innocent people who have already survived a decade of Hitler's fury should perish on the very eve of triumph over the barbarism which their persecution symbolizes'. Yet since the warning the whole nauseous apparatus of the Nuremberg Laws has been applied in Hungary, the Jews have been expropriated and segregated, and many thousands of them have been deported to Poland to extermination camps. There have been admissions from the Nazi side that this policy is not popular in Hungary. It is our duty to make it more unpopular. A stern warning by the heads of the three states, Britain, the United States and Russia, of what will happen to the persecutors is called for. We have the means, through leaflets dropped by our bombers, of reaching the Hungarian people. Why delay?"

Please make copy available to War Refugee Board.

WINANT

HBC
HDA

RA-661

PLAIN

London

Dated July 5, 1944

Rec'd 12:30 p.m.

Secretary of State
Washington

5307, fifth

FOR DEPARTMENT AND WAR REFUGEE BOARD

During question hour in House of Commons today Mr. Eden made a statement about the deportation of Jews from Hungary. The Foreign Minister said that although he had no definite information there are "strong indications from various reliable sources that the German and Hungarian authorities have already begun these barbarous deportations and that many people have been killed. There are unfortunately no signs that the repeated declarations made by the British Government in association with other United Nations of their intention to punish the instigators and perpetrators of these frightful crimes have moved the German Government and their Hungarian accomplices either to allow the departure of even a small proportion of their victims or to abate their persecution. The principal hope of terminating this tragic state of affairs must remain the speedy victory of the Allied Nations".

When asked whether his information confirmed the figures given in some quarters that in recent days 400,000 were deported, of whom 100,000 have already been killed, and whether he had any information that the Hungarian Government had recently endeavored to speed up the process of deportation so that it might be completed within the next twenty days Mr. Eden replied, "I have not heard of that. I would rather not give figures unless I can be absolutely sure, because it is bad enough, God knows, without doing that."

When asked whether or not a further appeal could be made to the Hungarian Government, Mr. Eden stated he had considered that point. He added "it is the previous record of the Hungarian Government which makes this a so much more terrible story. We shall use the BBC to bring home to the Hungarian Government the feelings of this House and nation."

RR

WINANT

VIA COURIERA-214
12:30 p.m.SECRET

AMEMBASSY,

July 5, 1944

PORT-au-PRINCE, (HAITI)

PERSONAL AND CONFIDENTIAL FOR THE INFORMATION OF THE AMBASSADOR.

The communication below is from the War Refugee Board.

The following is the substance of a message from the Legation Bern: QUOTE 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. UNQUOTE.

In view of the foregoing the urgency of prompt affirmative action with respect to the matter referred to in your A-321, June 15, 11 a.m. is apparent. Please endeavor to have the Foreign Office apprise the Haitian Minister at Bern that in view of the sympathy of the Haitian Government with the humanitarian program of leaving unquestioned the validity of documents issued in the name of the American Republics held by persons subject to enemy persecution at least until such persons reach safe havens, he should inform the appropriate Swiss authorities that Haiti recognizes the validity of passports issued in her name and held by persons in German controlled areas.

HULL

GLW

WRB:MMV:KG
7/4/44

CCA

WE

SWP

SECRET BY COURIERA-216
2:00 PMSENT BY SECRET AIRGRAM

AMEMBASSY

July 5, 1944

PORT-au-PRINCE (HAITI)

CONFIDENTIAL FOR THE OFFICER IN CHARGE

Following the promulgation by Haiti of the decree-law of May 29, 1939, a number of persons in Europe were naturalized as citizens of Haiti pursuant to its provisions. Thereafter Haiti promulgated the decree-law of February 4, 1942, which provided that persons so naturalized would lose their Haitian citizenship unless they actually came to Haiti on or before August 5, 1942. By February 4, 1942, however, the major portion of the world was at war and passenger transportation facilities between European ports and Haiti were, for all practical purposes, non-existent. Furthermore, transit had become virtually impossible between German-occupied areas and the neutral ports from which passenger vessels were still plying the Atlantic. Moreover, Haiti herself had declared war on Germany and Italy on December 12, 1941, and consequently on February 4, 1942, Haitian citizens, including those naturalized pursuant to the decree-law of May 29, 1939, located in territory under the control of Germany or Italy were deemed by such countries to be enemy nationals subject to the travel and other restrictions incident to such status. Indeed, a number of Haitian citizens, including persons naturalized as such under the decree-law of May 29, 1939, were interned by the German authorities as enemy aliens. As a consequence of the abnormal travel conditions brought about by the war, and particularly by their status vis-a-vis Germany as enemy nationals Haitian citizens located in German-controlled areas including those naturalized under the decree-law of May 29, 1939, found it impossible to make arrangements to arrive in Haiti prior to August 5, 1942. It will be perceived, therefore, that the failure of Haitian citizens located in German-controlled areas who were naturalized under the decree-law of May 29, 1939, to comply with the condition to their citizenship subsequently imposed by the decree-law of February 4, 1942, was due to no fault of their own but solely to force majeure and the intervening acts of foreign princes and other sovereignties. Indeed, a number of such persons were disabled from utilizing means of escape from German-controlled areas heretofore available to persons of their original nationality because as Haitian citizens deemed to be enemy nationals by the Germans, they were interned as such by the German authorities, or if not interned, subjected to such supervision as to

make escape

2

make escape, which in times past was possible for others, impossible. Cancelling of the Haitian citizenship of many of these people for conduct beyond their control is thus not only an additional misfortune to be suffered among many others brought on by the war, but in the case of persons of Jewish ancestry, constitutes a sentence of death. This is so because the Germans have undertaken to exterminate all Jewish citizens of the territories under their control. To this end, their properties and businesses have been confiscated and they have been herded in unsanitary camps where they receive little food and less care, and whence the survivors are transported, normally in cattle cars, to Poland to be shot, asphyxiated, or put at arduous labor without food until they die. Those Jews among the persons in Europe who were naturalized as Haitian citizens under the decree-law of May 29, 1939 were spared this fate as the German decrees did not apply to citizens of neutral countries or of countries not on the continent of Europe. Like other Haitian citizens, however, they found it impossible to comply with the condition imposed on their citizenship by the decree-law of February 4, 1942. As a consequence many of them have been removed from the internment camps or restricted liberties in which they were held as enemy nationals by the Germans and sent to concentration camps and otherwise dealt with as continental non-neutral Jews as above described. A few, however, have as yet escaped this fate, but information has been received that the Germans are now inquiring about their status as Haitian citizens. An example is Mrs. Zelman Solowiejczyk, 42 years old, and her daughter Sephora, 7 years old, of Antwerp, Belgium, whose naturalization was recorded in "Moniteur" of Port-au-Prince of December 23, 1939. According to last reports, they are still held in Antwerp pending receipt of word from Haitian authorities. There are undoubtedly many others in the same predicament.

In view of Haiti's humanitarian stand as shown by your A-286 of May 24 and otherwise, and since the persons concerned failed to comply with the condition to their Haitian citizenship subsequently imposed through no fault of their own, it is hoped that the Haitian government will take such action as may be necessary to preserve and confirm the Haitian citizenship of persons in enemy-controlled areas at least until the war is over and the danger past. To this end, please address yourself to appropriate authorities of the Haitian government, suggesting the urgency of the matter and that a prompt declaration to Germany through the protecting power that the decree-law of February 4, 1942, does not apply to persons who continuously since prior to that date have been within territory under the control of Germany or Italy, and who consequently have been unable to comply therewith, will save a number of innocent lives.

ACTING

WRB:MMV:CMH
6/9/44

CCA

HULL

Regraded Unclassified

CABLE TO AMERICAN EMBASSY, MANAGUA, NICARAGUA

Reference is made to Department's A-204 of June 10 and your A-249 of June 20. On June 13, Swiss Foreign Office informed Minister Harrison that no request has as yet been received by Switzerland from Nicaragua to safeguard persons in enemy territory holding documents issued in the name of Nicaragua from enemy persecution.

Please clear up apparent contradiction and ascertain what reply received from Switzerland. In case request has not gone out, kindly represent to Nicaraguan authorities the special importance attached by this government to the humanitarian task of saving the people concerned and press for an immediate despatch of the suggested request.

July 5, 1944
10:45 a.m.

Bakzin:ar 7/4/44

LFG-876

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

Jerusalem

Dated July 5, 1944

Rec'd 11:48 p.m.

Secretary of State,
Washington.
92, July 5, 6 p.m.

Benzvi Chairman of Vaadleumi requests following
message be transmitted to Rabbi Wise New York through
War Refugee Board.

"Following latest reports from Hungary, France
imperative you call upon Allied Nations make supreme
effort rescue remnants. We especially emphasize that
Allied Nations should consent to grant refugees right
of entry all territories under their administration
and on this basis request neutral countries to permit
transit refugees and Swiss Government to instruct
its Embassies occupied countries give every Jew
document certifying he has entry permit to Allied
territory. Despatch delegation all representatives
Jewry to president and strengthen delegation's pleas
by processions Jews Christians large cities. Do all
in your power these terrible fateful moments".

PINKERTON

FS BB

CABLE TO AMERICAN CONSULATE GENERAL, JERUSALEM, PALESTINE

The War Refugee Board requests that you deliver the following message
to David Remez, 115 Allenby Street, Tel Aviv, Palestine:

QUOTE Received today your cable June 23 sure you meantime received my June 26 informing JDC accepted Shwars Jewish Agency's project. Today's yours 23 fully discussed JDC and your desire accepted. JDC cabled Shwars more power and four times more financial possibilities as cabled June 26. Because your accusation JDC delays and postponement received JDC with astonishment agreed ask you cable me immediately facts postponements delays JDC responsibility because neither JDC nor Goldman myself know facts. Remember because Goldman busy Jewish Congress Zionist Labour Movement unrepresented JDC an single friendly negotiator recognized JDC and I witnessed immediate response JDC my every concrete suggestion. Cable improvement developments rescue work after arrangements leadership Kaplan Shwars Istanbul also further suggestion.

ISRAEL MERMINSKI UNQUOTE

July 5, 1944
10:45 a.m.

Bakinsiar 7/3/44

AIRMAIL

No. 690

**EMBASSY OF THE
UNITED STATES OF AMERICA**

Lisbon, July 5, 1944

UNRESTRICTED

**Subject: Report on Distribution of Resolution
Passed by the House Foreign Affairs
Committee on Oppression of Minority Groups**

**The Honorable
The Secretary of State
Washington**

Sir:

Referring to the Department's circular unnumbered telegram of June 28th transmitting resolution passed by House Foreign Affairs Committee on oppression of minority groups, I have the honor to report the following.

Thanks to the excellent cooperation of the Press Attache of this Embassy the full text of the resolution was sent to all Portuguese newspapers on June 29th and appeared in the following newspapers June 30th. Clippings are enclosed.

**A Vos
Diario da Manhã
Diario Popular**

The full text was also sent to the Program Director of Emissora Nacional and was broadcast in full on the main news program at 9 P.M. on June 29th and at 1 P. M. on June 30th

The resolution was also used as the leading article in the Press Office's weekly illustrated bulletin which is distributed to a mailing list of 20,000. A copy of the bulletin is enclosed.

In addition, the text was given personally to the former Hungarian Press Attache, Dr. Ladislav Sima. Dr. Sima belongs to that Hungarian group which has refused allegiance to the new

Budapest government and its present representative in Lisbon, but he assured a representative of this Embassy that he would see to it that the text was brought to the attention of all Hungarian officials here.

Further, another officer of this Embassy, in addition to the Press Attache, who contacted Dr. Sina, undertook to see to it that the text got through to the present Hungarian representatives here.

Up to the time of writing this despatch all the clippings are not in and there may be articles in other newspapers which have not yet been seen. If they come to the attention of the Embassy, they will be sent on in due course. The War Refugee Board is interested in this matter and if the Department perceives no objection it is requested that a copy of this despatch together with the enclosures be sent them.

Respectfully yours,

For the Ambassador:

/s/ Edward S. Crocker,

Edward S. Crocker,
Counselor of Embassy

Enclosures:

1. Clippings from A Vos, Diario da Manhã, and Diario Popular.
2. Press Office's weekly bulletin.

RCD:jaw

Lisbon, July 5, 1944

RESTRICTED

Subject: Provision of Supplies by War Refugee
Board for Refugees in Portugal

The Honorable
The Secretary of State
Washington

Sir:

I have the honor to report to the Department certain information that has come to this Embassy through the British Embassy in Lisbon regarding the provision of supplies for the consumption of refugees in Portugal, which, it is suggested, are to be made by the War Refugee Board.

Sometime ago the British Embassy reported that they had received word from London to the effect that the War Refugee Board contemplated sending certain supplies to Portugal to be used for the provisioning of refugees here and more particularly to encourage the Portuguese to receive additional refugees. The British Embassy inquired if this Embassy had any information on this point to which the reply was negative. The British then asked London for further instructions. From the information we received it was apparent that the British authorities concerned had given their consent.

In a recent weekly bulletin, published by the War Refugee Board, covering news of its activities for the week of June 5th to 10th, on Page 5 there is an item Relief through the Blockade to Cooperating Neutrals which apparently refers to this matter. This only arrived a day or two ago and is the only information which this Embassy has received.

The British Embassy received recently a note from London in which the Foreign Office expressed its concern over the possible incursion into Portugal and Spain of large numbers of refugees from France following the development of a second front. The Foreign Office suggested that plans should be made by both the British and American authorities to meet such a possible contingency. In this connection it was suggested that Portugal be supplied with food and medical supplies by the War Refugee Board, if the information which the British have, and the validity of which is at least indicated in the bulletin referred to, is correct.

Of course no one knows whether there will be such an influx of refugees but if it should occur, it might well be that considerable amounts of food and medical supplies over

and.....

-3- No. 694, from Lisbon, July 8, 1964

200

and above those obtainable in the peninsula will be necessary and for this purpose, having such supplies available would be exceedingly useful. Both the British and American authorities agreed that such supplies should be shipped to this Embassy and their distribution should be made by the Embassy under the direction of the representative of the War Refugee Board.

In case the influx does not materialize, these supplies, which would be United States Government property, could then be turned over to the UNRRA or some other agency for use in relieving distress in the liberated areas. The representative of the War Refugee Board, who was present at this conference with the British, agreed to transmit this proposal to the Department with the request that if no objection be perceived, it be transmitted by them to the War Refugee Board for their comments and for such action as they care to take.

Respectfully yours,

For the Ambassador:

Edward S. Crocker
Counselor of Embassy

BOD:ew

MEMO
Distribution of true
reading only by special
arrangement, (SECRET W)

July 5, 1944

4 p.m.

AMEMBASSY,

LISBON.

1907

Requested by War Refugee Board that a paraphrase of
its following 46 be delivered to Elijahu Dobkin, Tivoli
Hotel, Lisbon:

QUOTE Astonished my June 20 unanswered. JDC accepted
principal Jewagencys program received from Shwars. Cable
me immediately 510 West 112 maximum certificates you can
allocate next months monthly Spain Portugal refugees which
categories acceptable defacto if dejure British instruct-
ions unchanged. Your confidential information this para-
graph may give new prospects my negotiations JDC.
Israel Moreminski **UNQUOTE**

HULL
(GLW)

WRB:MMV:OMH
7/5/44

WE

S/CR

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

July 5, 1944
9 p.m.

AMEMBASSY,
LISBON
1925

The following WRB cable No. 50 is for Dexter:

QUOTE It is stated by Magda Bychowsky, refugee, just arrived from Hungary in the company of Mr. Sampaile Garrido, Portuguese Minister to Hungary, that Mr. and Mrs. Vilmos 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. UNQUOTE

This is for your information and such action as you may deem appropriate. Please report on any action taken. In any event, it would appear that this message affords an opportunity for you to call upon Mr. Garrido when he arrives in Portugal, and, while inquiring into the particular circumstances of Vilmos Gabor and wife, to take occasion generally to ascertain his views of problem of persecuted people in Hungary and of available methods of being of assistance to them.

Would appreciate response to paragraph marked three of Department's 1479, WRB's 31, of May 25.

Please expedite the inquiries requested by Amlegation Stockholm in its 12 of June 30, repeating to War Refugee Board your response thereto. Factors known to Board make it important that Board and Olsen, Board representative Stockholm, have the benefit of such information as people in question can give.

HULL
(GLW)

WRB:MMV:OMH WE S/CR SE NO

DMH - 654
Distribution of true
reading only by special
arrangement. (SECRET W)

Lisbon

Dated July 5, 1944

Rec'd 12:08 p.m.

Secretary of State
Washington

2075, July 5, 10 a.m.

Joint Distribution Committee has not sent any money into enemy territory under license W-2154; \$10,000 intact. Jewish Labor Committee license W-2177, Unitarian Service Committee license W-2167, no funds received or sent. This WEB referring to Department's 1887 (WEB 44) July 1. World Jewish Congress planned send equivalent French francs of \$650 to France but found it impossible. All their expenditures therefore made in Spain and Portugal.

NORWEB

EJH

LMS

DMH-655
Distribution of true reading
only by special arrangement
(SECRET W)

Lisbon

Dated July 5, 1944

Rec'd 12:56 p.m.

Secretary of State,

Washington

2076, July 5, noon

WRB 92

Reference Department's 1865.

Publication and broadcasting Portugal Archbishop

Spellman statement June 29 stopped by censor.

Indirect Hungarian approaches successfully made.

NORWEB

WTD

MRM

LFG-901
Distribution of true
reading only by special
arrangement. (SECRET W)

Madrid

Dated July 5, 1944

Rec'd 6 a.m., 6th

Secretary of State,
Washington.

2341, July 5, 4 p.m.

James Mann of the War Refugee Board has spent several days in Spain talking with interested persons in Madrid and Barcelona concerning refugee problems.

With reference to Department's 1810 June 24, midnight, we have discussed the question of the Board's sending a representative to Spain who would be accredited to the Spanish Government as Attache of the Embassy. As the Department is aware refugee problems in the past have been adequately handled by the Blickenstaff organization and the Embassy and I am not yet convinced that there is work in the refugee field which is not being done and which would justify the assignment of an Attache on refugee problems. Mann has, however, suggested the appointment of James Saxon in such a capacity and while I am not prepared at this time to agree as to the necessity of such an appointment I should welcome Saxon's coming to Spain to make a thorough study of refugee matters with the understanding that if at the end of such study which should not take more than two months at most he is able to outline to me the functions which he could perform if he were attached to the Embassy staff and if I am convinced that such would serve a useful purpose I will request the Spanish Government to recognize him as an Attache. Mann is leaving for Lisbon on July 6 and has requested that the Board notify him there of any decision taken by it in this matter and I should appreciate the Department's advising me as soon as possible whether Saxon is coming to Spain on the basis outlined above.

I feel that Mann's visit to Spain has been the occasion for a mutually profitable exchange of views and that it will prove to be helpful in connection with any operations which may be contemplated in the future.

FS RB

HAYES

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
DATE: July 5, 1944
NUMBER: 2457

CONFIDENTIAL

Reference is made herewith to Legation's July 3 telegram No. 2444.

This is to inform you that this morning at 9:37 the BIRGER JARL docked safely bringing 8 Jewish refugees, 4 Italians, 35 Britishers, 4 Belgians and 38 Americans, in addition to Gullion, Eric Lindahl and John von der Lieth. Telegram which follows will furnish names of Americans.

JOHNSON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
DATED: July 5, 1944
NUMBER: 2466

CONFIDENTIAL

We urgently request sum of \$20,000 for expenses covered by message of June 30, midnight, Number 1301, from the Department.

One. We also request instructions concerning maximum monthly payments to evacuees while in Sweden, as it is apparent the provisions of Foreign Service serial 109 do not cover Sweden.

JOHNSON

KD-3

PLAIN

Stockholm via London

Dated July 5, 1944

Rec'd 2:06 p.m., 6th

Secretary of State
Washington

2472, Fifth

Swedish politics

SVENSKA fifth hails King Gustaf's appeal to Horthy (see our 2449) with genuine satisfaction saying action follows tradition of Sweden's intervention behalf Norwegian-Danish Jews and Norwegian students. 800,000 Jewish lives Hungary now at stake. To prevent repetition of horrors which overcame Jews all other German controlled countries King now addressed himself Horthy who still regarded Hungary's chief of state. Faced with deliberate crimes coldbloodedly planned against defenseless innocent people all neutrality ceases exist. Swedish people warmly approve this active humaneness regarding it honor for Sweden and King that he speaking in Humanity's name.

TIDNINGEN fifth: King's personal appeal behalf Hungarian Jews worthy of monarch who really has right speak in Humanity's name. On rare occasions when Sweden's King made personal statements appeals in international matters world has listened with all respect due more his high personal prestige than his position. When he now openly addresses himself directly to another chief of state urging protection persecuted, maltreated, mortally threatened minority in latter's country this is remarkable action which surely never taken had King not been convinced terrible fate threatening these people. Horrible fate suffered by millions Jews under Nazi regime and occupation will shake world to its very foundation perhaps more than anything else when full truth of what actually happened becomes known one day. What's known already sufficient for declaring that no more crying injustice ever committed than this annihilation innocent people merely because they belonged certain race, religion. He hailed with relief and gratitude Swedish Government's protest against action against Danish Jews and its offer shelter them Sweden. Its with same gratitude we hail King's initiative favouring Hungarian Jews. He is speaking in name humanity but also particularly inname Swedish people. Impossible say whether initiative having desired effect. Hungarian regent who surely condemns brutal policy against Jews has powers restricted by those now ruling Hungary. But moral impression on Gustaf's appeal unremoveable.

UPSALA NYA

-2- #2472, Fifth, from Stockholm via London

UPSALA NYA TIDNING fifth, referring Finnish situation observed Germany for time being controls all outer members of north having also drawn closer to center from east. Swedes mustnt shut eyes to fact that now only Baltic separates us from Germans and that Aland Islands form bridge across Baltic. Holder strategical Aland barrier able shut opening Bothnian Gulf as he likes. Repeatedly stressed in Swedish defense surveys both official and others that Aland turnable into pistol against Sweden's heart and therefore natural desire in Nordic speculations that Aland jointly defended and strategically employed by Sweden and Finland together. Sweden's interest in Aland unonly defensive. Islands inhabitants Swedish and still speak our language and have strong feeling for mother country. Only too natural that idea to neutralize Aland again acute. An Aland servitude once existed guaranteed by all great powers surrounding north. If this servitude renewable would be most natural for Sweden exercise control of islands.

HANDELSTIDNINGEN fourth reveals Finland could have counted on grain shipments from Sweden if she made peace with Russia. Finland been long dependent on continuous food imports from Germany but not generally known here that Swedish Government long ago made promises whereby Finland feel dependent German benevolence for safeguarding supply. Had Finland made peace with Russia and communications southward severed adequate grain shipments could be expected from Sweden. On this point Finns needn't have taken Ribbentrop's threats too seriously. This fact rememberable when judging "coup D'etat" in Helsinki.

Responding demand by youth towns of four leading political parties Royal Social Board handling alien and refugee affairs declares has no objection abandoning system imprisoning all German deserters arriving Sweden placing them instead in camps whence upon individual examination they pleaseable and given workers open market.

DAGENS fifth expects Sweden soon confronted new refugee problem aside from anticipated influx Finnish refugees only gradual increase formerly Hitler loyal Germans now seeking escape effects of feared third Reich collapse. These people not ordinary political refugees although like claim such status. They were Nazis long as Nazism prospered but now want leave train. They suddenly begun admire Swedish culture recalling they have Swedish friends who might help. But Swedish authorities

have every

-3- #2472, fith, from Stockholm via London.

have every reason critically examine these cases without listening to pathetic stories. Whether Germans want cut loose from beloved fatherland or want come here from Finland, Norway, Denmark where they played more less obscure role they must be treated without sentimentality. Shelter we able provide here must be reserved better people.

Swedish steamer DANA (see our 2449) still detained by Germans Copenhagen and crew of three still under arrest without Swedish authorities yet advised of reason. According Malmo rumours ship engaged carrying personal effects from Copenhagen belonging Danish refugees Sweden but since Swedish train ferry long time been carrying carloads similar effects Copenhagen to Malmo without German protest DANA affair remains mystery.

Commercial Counsellor Harry Eriksson Swedish Legation Washington appointed Swedish Minister Pretoria.

Swedish national debt rose from 2670 million crowns end 1939 to 9970 million July 1, 1944. Only half per cent of debt in foreign hands.

JOHNSON

WSB

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMLEGATION, STOCKHOLM
 TO: Secretary of State, Washington
 DATED: July 5, 1944
 NUMBER: 2475

CONFIDENTIAL

Reference is made herewith to the Legation's telegrams of July 5, 1944, nos. 2457 and 2466.

On the 4th of July the American nationals listed below were evacuated from Finland and this morning they arrived in Stockholm: William Simonson, Herbert Robert Jensen, Daeva Margaretha Lindroos, Klara Helena Mellin, Marc Eller, Kaj Emil Jensen, Karen Marie Mellin, Charles Robert Jensen, John Nestor Lane, Lea Eloni Lane, Anna Lydia Lane, Karl Johan Berg, Saga Margareta Berg, Bengt Magnus Berg, Matthews Gottlund, Oddoxholm Krevz Hansen, Synove Hedvig Frisk, Arno Antaio Adlivankin, Aili Anttila (Mickelson) Adlivankin, Birgitta Adlivankin, Gertrud Marion Wilkman, John Scott, Tynnema Riisaari, Aeleen Marie Erickson, Allan William Kurki, Alfred Hendrickson, Sirkkaanneli Tirinen, Eimililja Matilda Saarida Shtirinen, Lilja Tirinen, Irene Erickson, Charles Stenbacka, Emil Yannkurki, Boraymond Alfred Hendrickson, Johannes Werner Stolpe, Monica Gullichsen, Charles Runar Stenbacka, Otto Henry, Gustav Schmidt, Eino Johannes Panttilla. We understand that there is no question as to the American citizenship status of these persons but a careful check is being made of the records to determine whether the Legation is to pay all of them under the authority of the Department's telegram of June 27, 1944, no. 1264, or whether some are to be included among the group of refugees for whom maintenance has been guaranteed by War Refugee Board (see Department's telegram of June 30, 1944, no. 1301, paragraph three). We are forwarding by despatch such identifying data regarding these persons as the Legation has obtained thus far.

Pending receipt of the Department's instructions as to allowances to be granted, the Legation is making small advances to a number of evacuees who are entirely without funds other than Finnish marks which cannot be exchanged here.

JOHNSON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
DATE: July 5, 1944
NUMBER: 2480

SECRET

The following message has been repeated to London as my July 5 telegram No. 658.

It is reported that the Stockholm refugee office of the Norwegian Legation, the so-called Semb and Skonteret, has resigned in a body.

The official representative in Stockholm of the Norwegian home front and head of refugee office, Judge Harald Gram, is said to have submitted a letter to Norwegian Minister Bull presenting his resignation from post of chief of Semb and Skonteret on June 30. The fact that there was bad blood between Gram and Bull had been known to this Legation for some months. At one time last winter Gram had in fact submitted his resignation to Bull but the Minister had dissuaded him from carrying it through. It was when Bull accused Gram of inciting home front opinion against him as a person of Nazi leanings that the present trouble came to a head. July 31 is the date when Gram's resignation is to become effective. Resignations have also been tendered by his entire staff which is in sympathy with its chief. The ability of Minister Bull to recruit persons qualified to continue the work of the refugee office seems problematical.

It is an unfortunate time for an imbroglio of this sort since Semb and Skonteret enjoyed the confidence of the home front and its contacts in Norway were exceptionally good. In addition this office was source at /of 2/ black market Norwegian crowns for financing activities of home front. Whether or not under Minister Bull the Norwegian Legation will be able to dissuade Gram and his followers from their intention of resigning or to resuscitate refugee office remains to be seen. These threats of resignation from Gram should be taken with a grain of salt as he is an old politician and particularly so since he is a genuine patriot and would not wish to sabotage his own colleagues of the home front.

JOHNSON

MAE-789
Distribution of true
reading only by special
arrangement. (SECRET W)

Stockholm

Dated July 5, 1944

Rec'd 7:13 p.m.

Secretary of State,
Washington.
2481, July 5, midnight

This is our No. 46 FOR WAR REFUGEE BOARD in
reply to their WRB No. 40 (Department's 1319 of July
1 midnight).

Trammael has made virtually no free exchange
available to Norway. Not more than 1000 Swedish
kronor have been made available to certain Norwegians
on Swedish border who can make purchases in Sweden.
Otherwise funds placed at disposal of Trammael have
been used to purchase Norwegian kroner from acceptable
local holders, or to purchase Swedish foodstuffs
which are smuggled across border. Trammael will supply
more detailed report early part of next week and states
things are going well. Many Norwegians particularly
young men have been brought into Sweden.

JOHNSON

RR

WSB

CABLE TO BERN

To Harrison for McClelland from War Refugee Board.

Please deliver the following message to Noel Field,
12 Rue de Vieux College, Geneva, from Edward Cahill of the
Unitarian Service Committee:

"Cabling 2,000 dollars gift Russian Children's Welfare
Society for relief children of Russian extraction in France
Please remit either in food supplies or money or both consulting
International Red Cross to Doctor Nicholas Dolgopoleff
2 rue Orphelines Pau Basse Pyrenees Stop if unavailable
first choice to Natalie Nedoshivine second Mrs. Dolgopoleff
Stop Also consult Lowrie especially regarding manner
transmitting relief Russian children Southern France if all
three above unavailable Stop Received your request remit funds
regularly total all sources not exceeding 60,000 francs monthly
Stop Cabled you June fifth 800 dollars Bryan account.

THIS IS WRB CABLE TO BERN NO. 72

July 5, 1944
11:00 a.m.

CABLE TO MINISTER HARRISON AND MCCLELLAND, BERN, SWITZERLAND

Reference is made to your 3871 of June 17 part 6. Amembassy Managua reports that on April 22 Nicaraguan Foreign Office despatched the following telegram to Swiss Foreign Office:

QUOTE I request Your Excellency to address himself to the German Government asking that international conventions covering prisoners of war be applied to all internees in concentration camps who are the bearers of Nicaraguan passports. Accept, etc.
UNQUOTE

Please clear up apparent contradiction and advise of precise situation with regard to Nicaragua.

THIS IS WRB CABLE TO BERN NO. 71

July 5, 1944
10:45 a.m.

BAkzin:ar 7/4/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern.
TO: Department of State, Washington
DATED: July 5, 1944
NUMBER: 4257

CONFIDENTIAL

The following communication is from McClelland for WEB.

A message in code, received by air on June 2 from the Prime Minister of Rumania, was the basis for the information given in Paragraph 2 of our message of June 17, Number 3867.

Statement was made by the Rumanian delegate to ICRC, Seneriu, that he was able to give formal assurance (it is presumed for the ears of the Allies) that Jews coming from Hungary into Rumania would not only be allowed to cross the border secretly but that their safety would be looked out for by the Rumanians.

The fact that the few Jews who are able to reach the frontier of Rumania do not seem to find the Rumanians making things difficult for them is born out by word received from Jewish sources in Budapest.

The above is with reference to message from the Department on June 29, Number 2206.

HARRISON

DCR:LCW 7/6/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN LEGATION, BERN
TO: SECRETARY OF STATE, WASHINGTON
DATED: JULY 5, 1944
NUMBER: 4260

CONFIDENTIAL

Reference is made herewith to my messages of June 16, no. 3843, and of June 26, no. 4066.

According to a cable from the Swiss Legation, Budapest, it is advised by Foreign Office note dated July 4, that this Legation's note of June 13 was delivered to the Hungarian Foreign Office on June 27.

HARRISON

CABLE TO AMBASSADOR STEINHARDT AND IRA HIRSCHMANN, ANKARA,
FROM WAR REFUGEE BOARD

On recommendation of War Refugee Board, Treasury has issued license to Emergency Committee, New York, permitting remittance of \$5,000 to Eri Jabotinsky provided that such funds be utilized by Jabotinsky only as authorized by Ambassador Steinhardt and/or Hirschmann.

For your guidance, the funds may be used by Jabotinsky in order to arrange for the rescue of persons in enemy territory whose lives are in imminent danger and to sustain and safeguard the lives of such persons pending evacuation to places of safety. The necessary funds, goods or services from persons in enemy territory may be acquired against payment by any of the three methods which are prescribed under Section (A) of License No. W-2166 issued to the Union of Orthodox Rabbis and set forth in Department's cable dated April 8, 1944, No. 311.

Periodic reports should be filed by Jabotinsky through Embassy.

THIS IS WRB CABLE TO ANKARA NO. 74

July 5, 1944

10:45 a.m.

FH:db 7/4/44

CABLE TO ANKARA

Please deliver the following message to Ambassador Steinhardt, Ankara, for Robert F. Kelley, Foreign Service Officer, from J. W. Fehle.

Of the \$160,000 transferred to your account in the Banque Centrale de la Republique de Turquie, Ankara, by cable on April 11, 1944, please transfer \$10,000 to Ira A. Hirschmann for his use in connection with War Refugee Board operations. Also transfer \$50,000 to Mr. Iver C. Olsen, War Refugee Board Special Attache, United States Embassy, Stockholm, Sweden. Please confirm both transfers by cable.

THIS IS WRB CABLE TO ANKARA NO. 75

July 5, 1944
3:40p.m.

WStewart:pdk 7/5/44

MMS
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arrangement. (SECRET W)

July 5, 1944

8 p.m.

AMEMBASSY, ANKARA.

610

The following WRB cable 73 is for Hirschmann from
Pehle:

We are transferrington thousand dollars to your for
use at your discretion in furthering the program of the
War Refugee Board. These funds are not subject to usual
government disbursement procedure and you will be re-
sponsible to me alone for their expenditure. You should,
however, keep careful record of expenditure and obtain
receipts WHere possible.

HULL
(GLW)

WRB:MMV:KG
7/5/44

NE

SWP

S/CR

FEM-107
Distribution of true
reading only by special
arrangement. (SECRET W)

Ankara

Dated July 5, 1944

Rec'd 7:40 p.m., 6th

Secretary of State,

Washington

1216
2016, July 5, 1 p.m.

FOR THE WRB FROM GHIRSCHMANN ANKARA. No. 85.

Please deliver following message to Moses

Leavitt, American Jewish Joint Distribution Committee,
New York, from Joseph Schwartz.

Your message regarding \$800,000 received. Remit
immediately 500,000 Swiss francs to Salymer to be
spent upon instructions from Lisbon. Total cost 3000
passengers to be embarked on five ships now Constanza
two million Swiss francs plus 260,000 Turk pounds.
Therefore prepare remit additional 1500,000 Swiss
francs Salymer instructions as above. Will advise
later concerning remittance Turk pounds. No further
appropriations necessary at this time except for past
voyages MILKA and MARITZA and rail transportation Istanbul
Haifa concerning which already advised you and about which
will send more detailed figures later.

KELLEY

WSB EB

BJR-47
 This telegram must be
 paraphrased before being
 communicated to anyone
 other than a Government
 Agency. (RESTRICTED)

Ankara

Dated July 5, 1944

Rec'd 4:59 p.m., 6th

Secretary of State,
 Washington.
~~2014~~, July 5, 2 p.m.
 1217

FOR WAR REFUGEE BOARD FROM HIRSCHMANN, ANKARA
 NUMBER 86.

For your information a luncheon conference was arranged at the invitation of Ambassador Steinhardt on July 2 to consider and coordinate plans for the expansion of the work of rescuing refugees from the Balkans. Among those present were Ambassador Laurence A. Steinhardt, Counselor Robert F. Kelley, Ira A. Hirschmann, special representative of the War Refugee Board, and his assistant Herbert Katakki; and the following representatives of organizations engaged in refugee rescue work: Joseph Schwartz and Reuben Resnik, American Joint Distribution Committee; Dr. Judah Magnes and Harry Viteles, Middle East Advisory Committee of the American Joint Distribution Committee; Chaim Barlas, Jewish Agency; Jacob Griffell, Agudath Israel, Vaad Haasalah, and other orthodox groups; Zevschind, Histadruth; and David Schweitzer, Hicem.

It was agreed among the organizations that overlapping and duplication of effort now exists and that greater results will be obtained by coordinated efforts. Ambassador Steinhardt pointed out the unfavorable reaction he had received from Turkish high officials to counteract confusion resulting from numerous individual organizations approaching these officials frequently with similar or conflicting projects; also the difficulties placed in the path of the representatives of the United States Government in dealing effectively with the Turkish Government as a result of these conflicts.

An agreement was reached to form an over-all coordinating committee including all effective agencies now represented in Turkey. The committee is to be directed by Ira Hirschmann, War Refugee Board representative and his assistant Herbert Katakki.

It was understood that all efforts of individual organizations, especially those related to chartering of

ships would

-2-

ships, would be pooled into a single coordinated effort in which all effective agencies would be afforded an opportunity to participate.

We are sure that you will take advantage of Ambassador Steinhardt's imminent return to Washington to learn from him at first hand and in detail the current situation existing in Turkey with regard to the refugee movement.

When the above mentioned committee is formed in Istanbul and operating, we will keep you informed of its program and developments.

KELLEY

JJM:EEC

GEM-78
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special arrangement.
(SECRET W)

Ankara

Dated July 5, 1944

Rec'd 5:56 p.m., 6th

Secretary of State
Washington
2018, July 5, 3 p.m.
FOR WAR REFUGEE BOARD FROM HIRSCHMANN
Ankara No. 87.

Reference is made to your 64, June 29. Preliminary investigations here have disclosed the following information with regard to the cessation of movement of refugees from Constanza to Istanbul in May and June.

The sinking of the MARITZA occasioned the withdrawal on the part of the Bulgarian authorities of permission to release ships for refugee purposes. The Bulgarians fear the loss of additional small ships and the Germans alleged that they required the tonnage for military purposes. Steps were taken thereafter to secure small Turkish ships engaged in transporting merchandise from Istanbul to Varna, Bulgaria, under agreement between the Turkish and German Governments, since the Turk Government does not wish to use the big ships in foreign waters. The Jewish agency informs us that it has arranged for four Turkish and one Greek ship to transport refugees on their return voyages from Constanza to Istanbul. The ships now ready for sailing at Constanza and the approximate number of passengers they can transport are: SS KAZBEK 450, MAFKURA 150, BILBIL 350, MARINA 350, and the Greeks SS MYRNA 1200 passengers. There is reason to hope that should the above mentioned five ships, the first of whose departure is expected daily, successfully conclude their voyages, they will be followed by these or other ships of similar type and under similar circumstances. Katski and I are working with representatives of the Jewish Agency and the Joint Distribution Committee to break the deadlock which is delaying the departure of these ships. Upon their arrival at the port of Istanbul we have the assurance of Ambassador Steinhardt that as a result of his personal agreement with Cevadacikalin, Secretary General of the Ministry of Foreign Affairs, there will be no difficulty in permitting the ships to disembark in Istanbul their passengers without proper papers and in arranging for their transportation through Turkey to Palestine.

Another factor leading to the delay of the above-

-2- #2018, July 5, 3 p.m., from Ankara.

mentioned ship movement is the reorganization of the Rumanian Government control if its operations connected with this so-called illegal transportation. We are informed that the Rumanian Government has established an inter-ministerial committee for immigration which included representatives of several government departments as well as one Jewish representative, Zissu who is reported to be a close friend of Micael Antonescu and a rich man. People leaving Rumania must be in possession of exit permits and the formation of this new committee interrupted arrangements which had been made for securing such permits. An interim period was evidently necessary to arrange for these new connections. The Rumanians are reported to have decided to permit children and adults over 45 to leave the country and it is reported that the Germans have accepted their plan. Many of these refugees have come to Rumania illegally from Poland and some are now arriving from Hungary.

An appreciable number of the 2600 refugees above-mentioned will be children who were released from Transnistria as a result of the efforts of the War Refugee Board in March 1944.

The information contained in your 64 has been conveyed to Schwartz in Ankara. Ambassador Steinhardt and I recommend that the program outlined in your 64 be undertaken with concurrent participation in the responsibility by the WRB since from our explorations to date the type of proposals mentioned therein seems to be only immediate means for rescuing appreciable numbers of refugees from the Balkans.

The above will be elaborated upon fully in a report which will be sent to you in due course.

KELLEY

EDA
RR

SECRETOPTEL No. 219

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

1. NAVAL

A swept channel from NEEDLES to CHERBOURG established 2nd. On 3rd/4th M.T.B.'s torpedoed and sank 2 small ships off ST. MALO. An enemy minesweeper also sunk by M.T.B.'s off Dutch coast. Last night two of H.M. Destroyers attacked 2 trawlers and 2 landing craft off BRITTANY, 2 of the enemy ships damaged. M.T.B.'s sank 2 E-boats and damaged a third north of LE HAVRE. One of H.M. Submarines shelled oil cisterns at SIBOLA, N.E. SUMATRA on 27th and took 16 Javanese and Sumatran prisoners.

2. MILITARY

FRANCE. By midday 4th U.S. troops in spite of determined opposition were 2 miles west and 1 mile east of LA HAYE DU PUIITS. They also advanced a mile on a 5-mile front astride the main road from CARENTAN to PERRIERS and were within 7 miles of the latter.

U.K. and Canadian troops advanced eastwards on a 4 - mile front towards CAEN. By midday 4th they had penetrated against strong German resistance to a uniform depth of 2 miles, Canadians capturing CARPIQUET and U.K. troops VERNON.

ITALY. Steady progress along entire front. In the centre U.K. troops were within 5 miles S.W. of AREZZO by noon 4th.

RUSSIA. Russians have taken POLOTSK and reached a railway junction 66 miles S.W. of that town. West of MINSK they have advanced up to 10 miles and further south have captured KLETSK.

BURMA. Our troops have captured UKHRUL and in the north our levies have occupied FORT HARRISON 30 miles east of MYIT-KYINA.

3. AIR OPERATIONS

WESTERN FRONT. 4th. 323 bomber command aircraft dropped 1093 tons on 3 flying bomb supply sites in Northern France, 2 attacks well concentrated, the other site bombed with unobserved results. U.S. heavy bombers (1 missing) dropped 474 tons in blind bombing attacks on 7 airfields in Northern France. Aircraft of A.E.A.F. attacked road and rail communications, defended localities, fuel dumps, etc., behind the battle area during the day. 85 locomotives, 481 wagons, 80 motor vehicles, 30 barges and 24 A.A. towers were destroyed or damaged. Enemy casualties in the air 24, 4, 18. Allied 12 missing. 2 Mosquitoes severely damaged a 3,500 ton ship off the Frisian Islands.

4th/5th. 672 aircraft despatched: Flying bomb supply dump north of Paris 247 (13 missing); ORLEANS railway centre 156 (3 missing); VILLENEUVE ST. GEORGE'S Railway Centre 131 (11 missing); BUER Synthetic Oil Plant 36 Mosquitoes; bomber support, etc. 91; sea-mining 11. The 3 main targets were identified visually and at PARIS and ORLEANS well concentrated attacks were delivered. Fair concentration finally achieved VILLENEUVE.

RUMANIA AND YUGOSLAVIA. 3rd. 609 U.S. heavy bombers bombed oil installations, locomotive works and a railway bridge at or near BUCHAREST 895 tons; railway centres near URNUL SEERIN 439, and an oil storage plant BELGRADE 62. Enemy casualties 14, 1, 3. Ours - 12 bombers, 2 fighters missing. Previous night Liberators laid 60 mines in the Danube.

4th. 268 U.S. heavy bombers bombed an oil refinery at BRASOV 348 tons, and railways POPESTI 246. Enemy casualties 17, 1, 1. Ours - 2 bombers, 2 fighters missing.

4. GERMAN ACTIVITY

From 6 a.m. 3rd to 6 a.m. 4th. 132 flying bombs launched, 41 destroyed by fighters and 1 by balloons. Total 42. During 24 hours ended 6 a.m. 5th, 142 flying bombs launched of which 100 crossed coast.

Regraded Unclassified

July 6, 1944
9:41 a.m.

HMJr: Hello. Hello.

General
Watson: Hello there.

HMJr: H.M., Jr.

W: Yes, sir. Look here, the President is still over there having breakfast with Harry Hopkins and Anna. He isn't going to be ready for that ten o'clock

HMJr: He's not?

W: No, I'd -- I'd wait until I can get word to you

HMJr: All right.

W: about the hour.

HMJr: Right.

W: Don't you think so? That will keep you from sitting around here an hour or two.

HMJr: That's right. Are you going to let the others know?

W: Huh?

HMJr: Are you going to let the others know?

W: I thought maybe you'd have your secretary -- she knows just who they are.

HMJr: Yeah.

W: Just tell her to hold them in waiting until they get word.

HMJr: All right. Hopkins is back?

W: He's back. I don't know whether he's back for work or not. He's back, yes.

HMJr: I see.

- 2 -

W: All right.

HMJr: And I can let the others know.

W: I believe so. Don't you? Because he's over there now.

HMJr: Right. I'll see if I can catch them.

W: Now -- well, just tell them it's going to be deferred a few minutes.

HMJr: All right.

W: They can come on over here and wait if you want to.

HMJr: I think I'd better let them come over.

W: Let them come on over here and wait.

HMJr: The Pentagon Building is a long way.

W: Let them come and wait and you just hold -- hold your horses.

HMJr: I'll hold my horses.

W: Good. All right.

July 6, 1944
10:00 a.m.

Operator: They are putting him on. He hasn't come on the phone yet.

HMJr: Hello.

Operator: Mr. Luxford.

Ansel
Luxford: Good morning, Mr. Secretary.

HMJr: Hello, Lux?

L: Yes. How are you?

HMJr: I'm all right. How are you?

L: Good.

HMJr: Lux, the most important thing I have to tell you is that -- to keep in mind we don't want this thing to be put to Congress until after election.

L: Not to Congress until after -- all right.

HMJr: And that comes from where I take my orders.

L: I got it.

HMJr: What?

L: I got it.

HMJr: I don't know whether you agree or not but anyway, it's

L: I -- I -- really, I do. I think this thing may turn on this election.

HMJr: What?

L: I think this whole thing may turn on this election.

HMJr: Well, this came very emphatically. See?

L: Yep.

HMJr: Also, from the same source, he's hopeful that we can find out how much gold the Russians have.

- 2 -

L: Doesn't he know?

HMJr: He tried -- he tried and couldn't get it.

L: We made a maneuver yesterday to find out and we got neatly foxed.

HMJr: Well, he tried himself.

L: Yeah.

HMJr: At Teheran.

L: Yeah.

HMJr: And got nowhere.

L: We made a try for that yesterday and it was a very slick try, Mr. Secretary, but we got foxed.

HMJr: Well....

L: They're not going to be putting out.

HMJr: What?

L: They're not going to put out.

HMJr: Try again.

L: All right, we will.

HMJr: Now, today's New York Times -- I don't know what Harry said, but what they quoted him as saying was that they didn't think we could get together and there'd have to be another Monetary Conference. It read awfully badly.

L: Yeah.

HMJr: Now, I don't know what he said, but I want you to repeat that both to Harry and to Fred Smith. You see?

L: Yeah.

HMJr: After all, if you're getting people together and you've been going about three days and you say, "Well, we can't get together. We'll have to have another Conference."

L: Yeah.

HMJr: That's no way to get them together. I don't know whether he said it or not but that's what the Times said he said.

L: I would doubt that he said it.

HMJr: Well, look into it, will you?

L: Sure enough.

HMJr: What?

L: I will. You bet.

HMJr: And you might tell Vinson that I -- Vinson and Harry and....

L: Smith.

HMJr:White, that I was disturbed by this.

L: Yep.

HMJr: Because the way to get people together is say you're going to lock them in a room and they've got to agree. See?

L: Yep. Of course, I think there may be one tactic if we're willing to do a little bit of this moving around here, and that is that if these countries got an idea that we were desperate for an agreement here, they'd likely make their demands far higher, but if we

HMJr: Well, no -- no, there's always a happy medium on those things, Lux.

L: Yeah, I agree.

HMJr: I -- for instance, late last night I heard the -- if I understood the radio right -- what the radio said -- well, the Bretton Woods Conference is a failure.

L: Yeah.

HMJr: I mean -- you see

- 4 -

L: I got it -- we've got to watch that.

HMJr: I mean, you can tell them news, but you don't have to tell them everything. Now, the thing -- I don't know -- it's a matter of record -- did he say, well, we couldn't get together on the first thing and that we'd have to have another conference.

L: Yeah.

HMJr: Now, if he did say that, that's very bad tactics.

L: Yeah.

HMJr: He doesn't, on the other hand, have to say, "We've got to get together in the next twenty-four hours."

L: Yeah. I got it.

HMJr: See?

L: Yep.

HMJr: Now, just a minute. It's the White House phone. Just a moment.

L: All right.

(Pause)

HMJr: Just a minute.

L: You bet.

(Pause)

HMJr: Hello.

L: Yes, sir.

HMJr: I've got to hang up. The President sent for me.

L: Okay.

July 6, 1944
2:53 p.m.

HMJr: Hello.

General
Hilldring: Mr. Secretary, this is Hilldring.

HMJr: General, I just wanted you to know that the original I sent, simply with my card but no communication, to Admiral Leahy.

H: Yes, sir.

HMJr: The only communication to it is just simply my official card.

H: Yes, sir.

HMJr: And the rest, I take it, I can look to you.

H: Yes, sir.

HMJr: Is that right?

H: On -- that is, to proceed from this point with getting the details prepared?

HMJr: That's right.

H: That's right. We've already started, Mr. Secretary.

HMJr: And explaining the whole thing to Admiral Leahy.

H: Oh, I see. Yes, sir. Yes, sir.

HMJr: I look to you to explain it to Admiral Leahy.

H: Yes, sir.

HMJr: And also look to you to see it through the Combined Chiefs of Staff.

H: That's right, Mr. Secretary. You can charge me with that. I accept that responsibility.

HMJr: May I?

H: Yes, sir.

HMJr: Now

H: As is -- as we always do in these cases, you understand, Mr. Secretary, we work closely with your people.

HMJr: I understand.

H: Now, with Glasser who has taken over in -- uh -- from Taylor.

HMJr: Yes. Well, Bell will be here.

H: Yes, sir.

HMJr: And we have a leased wire to Bretton Woods.

H: Yes, sir.

HMJr: But Mr. Bell will carry on and if he thinks I should be brought in touch, he will, but it's at the point where I didn't want to just leave it now and have it sort of floating around.

H: No, sir. You -- you can charge me with -- with doing -- taking these next steps of getting these drafts ready, Mr. Secretary.

HMJr: Fine.

H: We've already started on it.

HMJr: Fine.

H: And we will, in their preparation, keep in close touch with the Treasury, of course.

HMJr: Right.

H: And I wanted to speak our gratitude, Mr. Secretary.

HMJr: Well, I had lots of good help.

H: Well, sir, that was an historic occasion this morning.

HMJr: I think so. And looking back on it, the part that seems to me that -- which is outside of my bailiwick, but evidently, I think that part of the trouble was somebody evidently had raised the question of the President's authority to send a directive to Eisenhower.

H: Yes, sir.

HMJr: I think that was disturbing him.

H: Yes, sir.

HMJr: What do you think?

H: I think it was. I think it was. This is the first time I've heard the President, personally, on this thing, Mr. Secretary, but I think you're entirely right.

HMJr: And then when I said, "Well, let's -- why not do it both ways? What harm is that?"

H: Yes, sir.

HMJr: Otherwise, if anybody had started to argue with him about it, we'd have gotten nowhere.

H: Oh, that's right, sir. If we'd have pursued that point any farther, why, we'd have been skating out on our

HMJr: If we'd have said, "Well, Mr. President, it's got to go through"

H: Yes, sir.

HMJr: " Combined Chiefs of Staff," we would have been skating out on our

H: That's right, sir.

HMJr: Yeah.

H: Yeah, we would not have walked out.

HMJr: No.

H: (Laughs)

HMJr: No.

H: All right, Mr. Secretary.

HMJr: Okay.

- 4 -

H: Thank you very much, -sir.

HMJr: Right.

H: Good bye.

July 6, 1944
3:14 p.m.

Operator: Go ahead.

HMJr: Hello.

Fred
Vinson: Hello, Henry.

HMJr: I've asked for you a couple of times but I had no luck.

V: Well, I called last night....

HMJr: Yes.

V: after you

HMJr: Gone to bed.

V: Well, you'd just got through talking with Harry.

HMJr: Oh.

V: And before I was -- the -- sleep got me. We will hope to have our last meeting on quotas by this afternoon at five o'clock.

HMJr: Yeah.

V: That's a pretty hot subject.

HMJr: I see.

V: Have you got any views on it?

HMJr: No, because I seem to get out of touch awfully quickly when I've got good men like you on the spot -- I don't like to butt in.

V: Well, did Harry tell you today the result -- last night, the result of the conference with the Russians?

HMJr: Well, I -- I -- I've talked to him and Lux -- I gathered -- I think I -- no, not Harry -- Luxford told me that they settled on one billion.

V: No, we haven't settled on one.

HMJr: Well, no, then Harry didn't mention a thing to me.

V: They want one, two.

HMJr: No, that -- that's the first I've heard that.

V: Yeah, they want one, two, and the thing we've got to resolve is if it is one, two, then they give up the other things, all of them.

HMJr: Yeah.

V: And if it's one, they give up everything except one thing.

HMJr: I see. Well, the only way I feel is this -- hello?

V: Yes.

HMJr: They're doing such a magnificent job in the war....

V: We -- we feel exactly the same way, Henry.

HMJr:that I've got a weak spot for them.

V: We feel the same way.

HMJr: Somebody -- one of the boys that was talking to me said that Lord Keynes said that every time they win a battle they want fifty million dollars more.

V: Well, it's worth it.

HMJr: So I told him to ask Lord Keynes what were the English doing about Caen.

V: I think it's worth fifty million.

HMJr: It seems so to me. No

V: We had our meeting of the delegation in regard to Charlie Dewey.

HMJr: Oh, yes.

V: He's up here.

HMJr: Yeah.

V: And he has a letter from the Select Committee....

HMJr: Yeah.

V: on post-war planning.

HMJr: Yeah.

V: And the Delegation thought that it would be the best thing to do to let him attend the Committee meetings and the Commission meetings

HMJr: Yeah.

V: just as a guest.

HMJr: Yeah.

V: So we convened the Steering Committee a few minutes ago and appointed a sub-committee with U.K. and Russia and you on the sub-committee.

HMJr: Yeah.

V: And he's been extended the invitation to the floor.

HMJr: I see. To Dewey?

V: Yes. Just as our guest.

HMJr: Well, that's very nice.

V: And I was with him this morning and he -- I don't know how much profit we will get out of it, but I think we could get hurt much from the other way.

HMJr: Well, the U.P. carried a story a little while ago quoting Dewey, not too friendly.

V: Yep.

HMJr: And -- but I suppose there isn't much else you can do.

V: Well, if he were not given that right, being appointed by the Select Committee on Post-war Planning....

HMJr: Yeah.

V: he could raise hell, you know, about it.

HMJr: I know.

V: I think it's better to do it this way.

HMJr: I'm glad you did. Now, look, Fred, I sent word up there through, I think, Luxford....

V: Yeah.

HMJr: that I had this message from Walter George about a banker by the name of Cocke.

V: Yes, that telegram went out last night.

HMJr: Did it?

V: Yes, sir.

HMJr: Inviting him?

V: Yes, sir.

HMJr: Oh.

V: Luxford showed it to me and told me about it. I said, "Go ahead and send it."

HMJr: And that's gone?

V: And that's gone. Kelchner told me it had gone.

HMJr: Because nobody told me.

V: He -- he is invited as a guest.

HMJr: That's all right. I didn't see how we could turn down Walter George and this fellow Cocke is the -- he's done -- he's the principal banker in charge of our War Bond Drive in Atlanta and has done a very good job.

V: Well, we try to do what you tell us to do.

HMJr: Well, don't you think that when Walter George asks like that

V: Why, there's no question about it.

HMJr: Yeah.

V: Yeah, we've got to live after this thing's over.

HMJr: That's right.

V: (Laughs)

HMJr: Now, what else?

V: Well, we had a conference with Lord Keynes yesterday afternoon.

HMJr: Yeah.

V: And he's backing off of the --"up-ing" the Russian quota.

HMJr: Yeah.

V: But I believe we'll come out with a decision this afternoon.

HMJr: Good.

V: I don't know. We've had two meetings on it since you left. We've got the exchange -- change and exchange rate, I think, pretty well worked out.

HMJr: Fine.

V: And if we could get quotas out of the way, why, we'd be going to town.

HMJr: Fine. Well, now, I'm planning to get up there in time for lunch Saturday.

V: Well, that's fine. I'll be glad to see you.

HMJr: And then

V: Gladder than I ever was!

HMJr: (Laughs) And I expect to stay there until it's over.

V: Well, that's fine.

HMJr: We've had -- strictly for you and only for you -- we had a most successful meeting with the President about General de Gaulle.

V: Well, that's good.

HMJr: And the State and War wouldn't present it. They were afraid to. They've been turned down too many times, so they appointed me as spokesman and as a -- we got a very constructive program approved by the President.

V: Well, that's fine.

HMJr: So I feel that my trip down here has been worthwhile.

V: Well, that's -- that's good work, Henry.

HMJr: I mean, we've worked out something in the three Departments and gave it to him this morning. They wouldn't present it to him. They said they'd been turned down too often and Hull wouldn't even come, and he sent Dunn. So I -- they let me present it and he took it and liked it. So I feel that my coming down -- now, the rest

V: Well, that was a good job.

HMJr: Today and tomorrow I've got to be on reception committees and wine and dine De Gaulle and then I've done my part. I'm coming up and I'll stay there until the Conference is over.

V: Well, I'll be looking forward to seeing you.

HMJr: And I can't tell you how much I appreciate your carrying on during my absence.

V: Well, we're doing the best we can but we need you.

HMJr: Well, it's nice to have you say so. I don't know whether you do but it's nice to hear it.

V: Well, we'll be looking for you.

HMJr: Thank you.

V: Good bye.

July 6, 1944
3:24 p.m.

Operator: Go ahead.

HMJr: Hello. Hello.

Ted
Gamble: Hello, Mr. Secretary.

HMJr: Theodore.

G: Yes, sir.

HMJr: Mr. Bell is sitting here with me. You're on the loud speaker.

G: Yes.

HMJr: I think that Bell's got a point that we ought to announce the closing tonight in order to give the people a couple of days notice....

G: Yes.

HMJr: to get in the last day's subscriptions.

G: Yes.

HMJr: And if it's agreeable to you, I'll let Mr. Bell get -- prepare a memorandum announcing the closing as of midnight Saturday.

G: Yes.

HMJr: Except....

G: I have no objection to that.

HMJr: Well, then I'll tell him to go ahead.

G: All right. Are you going to make any comments in connection with it?

HMJr: Bell says, "No", just a straight closing and I will tell him to get it over to your office so you can send it to your forty-eight chairmen.

G: Fine.

- 2 -

HMJr: He'll send it over to your office. You might tell them to be looking

G: Yes, I'll be talking to them in a few minutes.

HMJr: And they can relay that to the forty-eight chairmen.

G: Yes.

HMJr: How's that?

G: You don't think you ought -- that you might not want to make a comment to the effect that the goal is in sight?

HMJr: Bell thinks not. He says you made one last night.

G: No.

HMJr: He says you made -- (Speaks aside).

Dan Bell: Didn't you predict last night or yesterday morning that the goal was in sight, that you were going to make the Series -- uh -- individual quota?

G: No.

B: Yeah.

G: No.

B: Huh?

G: No, we haven't made any such statement as that.

B: Oh, surely you did.

G: Beg pardon?

B: It came out of your office.

G: No, we haven't made that kind of statement.

B: (Laughs)

G: We haven't made any statement that the individual goal was in sight.

- B: Well, I'll bet you I can show it to you. It came over my desk yesterday morning, that Theodore Gamble says that the six billion dollar goal is going to be made. Well, this is just a formal closing. It seems to me that all we ought to do is keep it rather formal so it's just to let people know that the end of the campaign is right on us.
- G: Well, I just thought because it was so near the end, that any comment the Secretary made -- they might think it was funny if he didn't make some comment to the effect that the goal was in sight. That was the only thing I thought. If you read a statement today, two days before the close of the drive, that the drive is going to close without any comment that we're going over the top....
- B: Uh huh.
- G: it might give rise to some question whether we're going over the top or not. That was the only thought I had on it.
- B: Uh huh.
- G: But I don't feel so strongly on it that I
- B: Well, I don't either. I don't either. I just thought that it may be best to let the figures speak for itself -- speak for themselves. Well, do you think we ought to do it or are you just thinking out loud?
- G: No, I'm thinking out loud. I had no -- I had no objection to it. My only -- the only thought I've had about it at all was that if we made any statement -- if the Secretary made any statement about the close of the drive at this late hour -- in other words, if he had made it a week before the end of the drive, I'd feel a little different about it -- but making it on the sixth of July that the drive is going to close on the eighth, I think that the -- anyone reading the story would expect a comment on the goal.
- B: Well, this is the usual procedure. You're only two days late. Normally we would have done it on Wednesday and you asked to hold it up to see if you couldn't go over the top.

G: Yes.

B: And it's just a formal notice of closing. That's all. Now, I don't know. I'm not a judge as to whether you ought to make some comment on the goal.

G: Yeah.

B: My first impulse was not to make it but then you say you don't feel strongly; I don't feel strongly the other way either.

G: No, I don't either. I just was really thinking out loud on it.

B: Why don't you talk to your people over there and let me know? Maybe they -- the Secretary says he'll leave it to the two of us.

G: I beg pardon?

B: The Secretary says he'll leave it to the two of us.

G: Okay.

B: You talk to your people and see how they feel about it. Will you?

G: Yes.

B: Okay.

G: All right.

B: All right, Ted.

G: Right.

July 6, 1944
3:48 p.m.

Senator
Walter
George: Hello.

HMJr: Hello. Walter George?

G: Yes.

HMJr: Henry Morgenthau.

G: Yes, Henry. How are you?

HMJr: Fine. Walter, a telegram has been sent to Mr. Cocke inviting him to come up to Bretton Woods.

G: Fine, Henry. I deeply appreciate it.

HMJr: I just thought I'd tell you that.

G: Well, very fine. You'll find him a very fine man and

HMJr: Yeah.

G: I'm glad he's going up.

HMJr: Well, I am too and you can let him know.

G: All right. Thank you very much.

HMJr: Supposedly a telegram has gone. I don't know whether he's gotten it yet or not.

G: All right. Thank you very much, Henry.

HMJr: Good bye.

G: Good bye.

Bretton Woods, N.H.
 July 6, 1944
 5:00 p.m.

FUND - RUSSIAN QUOTA

Present: Mr. White	Mr. Vinson, Presiding
Mr. Pearson	Mr. Wagner
Mr. Jessup	Mr. Spence
Mr. Smith	Mr. Somers
Mr. Bernstein	Mr. Brown
Mr. Maffry	Mr. Acheson
Mr. Angell	Mr. Luxford
Mr. Sweetser	Mr. Ness
Dr. Goldenweiser	Mr. Coe
Miss Newcomer	Mr. Cox
Mr. Miller	Mr. Reed
Mr. Eccles	Mr. Collado
Mr. Durbrow	Mr. Wright

MR. WHITE: Four of the top men were there and they said they understood the quotas were being discussed and they wanted to know what the circumstances were. They reminded me of the understanding they had. I said the technicians had had the understanding that China would be fourth. I said nothing had happened to alter the view of the technical people.

I said, "It is now going before the Delegation, but so far as the technical people are concerned, they stand on their understanding."

They were very thankful and said, "That is all we want to know. Anything we can do for you--" I said, "You are doing fine."

Oh, they did raise one question. They have got wind of the discussions of France and India. I think they were afraid they might be mosied out of fourth place, and they wanted to know about France. I said that as far as I knew, the Delegation had not yet taken that matter up. But that is all they asked, and they seemed very pleased.

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MR. BERNSTEIN: Mr. White, next time they ask what they can do, we might tell them they can give some support in Committee Two. They haven't opened their mouths once in all the sessions of the Committee, and we have had a number of proposals in which this Delegation is extremely interested.

MR. WHITE: Yes, I think they would be glad to. They think they are helping out most by keeping quiet. I will certainly see Chang and tell him that we can get together on that. I am sure they will do something.

(The attached copy of Alternative A is distributed)

MR. WHITE: I was under the impression that that was going to be changed.

MR. BERNSTEIN: It is. You have to look at the double sheet which provides for the exchange rates.

MR. WHITE: These are all tentative drafts?

MR. LUXFORD: No, one is the suspension withdrawal - the one-page one.

MR. WHITE: Why did you put that in two places? With the intention of taking it out?

MR. LUXFORD: No, sir, there is a technical necessity for it because in Section 2 you say, "A member shall not propose a change in the par value of the currency, except to correct a fundamental disequilibrium."

By definition, this is one of the cases which would not involve a fundamental disequilibrium, and therefore you have to authorize a change in rate even though it may not involve that.

MR. WHITE: Well, I should think it is highlighted there. As Ned Brown says, you treat it better on the next page in Section 5. Can't it be worked in some other way - "...shall not propose a change except to"--

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MR. LUXFORD: That is not one to correct the fundamental disequilibrium.

MR. WHITE: I know, but I don't know why it couldn't be left out there. Supposing they proposed a change which they said didn't affect it. What would the law be on it, in view of Section 5, where the Fund concurs in a proposed change under that situation?

Aren't you being over-meticulous in saying that we know that this change of yours that you are proposing may not be to change a fundamental disequilibrium, but you don't have the authority to propose such a change? Is that necessary?

MR. LUXFORD: It may be technically necessary, but if they think it is important here to satisfy the Russians. They think it is necessary to satisfy the Russians.

MR. WHITE: Oh, yes, but I think they would never miss it if you took it out of this first place and explained it to them. What do you think, Dean?

MR. ACHESON: Where is it in the second place?

MR. WHITE: At the top of Page 2. It would never be missed.

MR. BROWN: It would be much better if it could be left out of the first place.

MR. LUXFORD: There is a technical defect in it.

MR. ACHESON: I would leave it out on Page 1.

MR. LUXFORD: I don't care.

MR. WHITE: Don't you think they are legally protected?

MR. ACHESON: Yes.

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MR. WHITE: I think Brown's point on that is right.

MR. BERNSTEIN: They can always argue it must obviously be a fundamental disequilibrium internally.

MR. WHITE: It isn't even necessary to do that. You can say that of course you can do it if it doesn't affect international transactions. Is there no question in the lawyers' minds here that this means that the Fund determines whether or not the proposed change - as written, it would seem to be quite clear. Isn't it?

MR. BERNSTEIN: We are satisfied.

MR. ANGELL: Are you cutting some out of Section 2?

MR. BERNSTEIN: It is underlined.

MR. WHITE: The one thing that disturbs me a little here - I don't know whether we gave it any discussion or whether it has just cropped up, but we say in Section 6 - or Judge, do you want to discuss this?

MR. VINSON: It doesn't make any difference.

MR. WHITE: There is one phrase on the second from the last line on Page 2 - third from the last - "without its prior approval." Now, haven't we taken the position that any use of the resources requires approval, if only in a tacit sense?

Therefore there is a little change in emphasis, to be certain, but I thought that we had agreed that the members shall be ineligible to use the resources of the Fund, and if after expiration of a reasonable period of time the matter can be subject to provisions of Article VIII - presumably you can restore them. You are now putting in that you can't use it unless you have approval. Could they ever use it without approval?

MR. LUXFORD: In the sense that it is used here, it requires a Fund vote to permit them.

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(Mr. Eccles enters the conference)

MR. COX: Wouldn't it be clearer if you said, "unless the Fund otherwise determined"?

MR. LUXFORD: That is all right. That is the intent. I don't like the "unless."

MR. COX: "The Fund otherwise determines."

MR. ACHESON: In other words, it can be restored. I think that is right.

On the bottom of Page 2, I think where you say, "Moreover, the Fund shall not reject a proposed change," don't you think, "shall not object to a proposed change" would be better?

MR. WHITE: In line with the general other language, yes.

MR. LUXFORD: I didn't make any serious effort to draw this in final form, but rather just to get the substance of it.

MR. VINSON: Is there any discussion of this draft by anyone present?

MR. LUXFORD: I would only mention, Judge, that this will now have to go back to the British for approval as to form and perhaps for substance in view of that "which will affect its international transactions," which they have not previously agreed to. We will have to take this draft up with them and get their concurrence.

MR. BROWN: I understand just that underlined, "which will affect its international transactions," in Section 2, is to be dropped out there and the only reference to that is to be in Section 5?

MR. LUXFORD: That is right.

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MR. WHITE: It might help to remember that in discussions with the British on that proposal which took a slightly different form, but much the same, the British said they see absolutely no sense in that, and we replied that that was somewhat our view, but that the Russians were insisting on it. This was prior to the issuance of the Joint Statement.

At that time they didn't seem to object to it, they merely said they didn't see any sense in it even from the Russian point of view. So if they still take the same position, that they don't see any sense in it, then they won't have any trouble leaving it in.

MR. LUXFORD: As a tactical matter, would it not be better to delete "is required to correct a fundamental disequilibrium," when it is distributed? Otherwise you are giving away something to the Russians before you have made a deal.

MR. WHITE: If they once see it in there you will never get them to take it out.

MR. LUXFORD: That is what I say. Let's take it out here, now.

MR. VINSON: I thought we had agreed on that.

MR. LUXFORD: On Page 2 you do have it in there.

MR. WHITE: Oh, take that out?

MR. LUXFORD: Take it out now and we will put it in when we make the deal with the Russians. But there is no need of giving it to them now.

MR. WHITE: Except we already had agreed we would meet it last September.

MR. BROWN: They agreed to take eight hundred million, too.

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MR. WHITE: Yes, that is true.

MR. BROWN: I would say that you have got to show the typewritten one to the English, or if it said, "will not affect the international transactions of the member involved" - when you mimeograph it, I would leave it out, but clear it with the English so if you get agreement with the Russians you can put that word in.

MR. WHITE: I think it would be a mistake to leave it out. We are getting petty. We have said it was in there.

MR. ACHESON: It will highlight it.

MR. LUXFORD: It will highlight it later, and I don't think we want it.

MR. WHITE: It is not of much moment. It wouldn't be decisive at all in the bargaining.

MR. VINSON: Any further discussion on this item? If not, we will go to quotas.

(Mr. Durbrow enters the conference)

MR. VINSON: Following the conference this morning, we have a new table which adds the U.S.S.R. quota to a billion, two, China five-fifty, France upped twenty-five to four twenty-five, India from three twenty-five to four hundred, Netherlands dropped twenty-five, Australia upped fifty, Poland upped twenty-five, Norway dropped ten, and the other countries remain the same.

With these increases you reach the aggregate of eight billion seven hundred and thirty million as against the aggregate in the table discussed this morning of seven billion nine hundred and five million.

It should be stated, of course, that there were some two hundred million that would have been added to that table studied this morning for Russia, and one hundred

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and fifty million to the United States, making a total of eight billion two hundred and fifty-five million, if my arithmetic is right.

MR. BROWN: In the discussion this morning I thought the majority of those present favored a billion. I don't know what the majority of the members of the Committee here think.

(Mr. Collado enters the conference)

MR. WHITE: Well, I think the alternatives might be explained, Judge.

MR. VINSON: All right, Mr. White.

MR. WHITE: If I understood the tenure of the discussion this morning--

MR. VINSON: But before you start, as far as I am concerned I wouldn't know what the majority of the five who were here at one time, and six another, thought, because some of them in the discussion talked about alternatives, about a billion two, period, and a billion plus the newly-mined gold.

MR. WHITE: There wasn't much more than that, Judge. As I understood it there were two suggestions that emerged from the discussion this morning. They boiled down to these two, after much discussion this morning and yesterday. One was that the Russians be accorded a billion two hundred million as their quota, but that if that to be accorded as their quota, they, on their part, would withdraw from all other claims.

In other words, there would be no reduction in the proportion of gold contribution of occupied countries, and there would be repurchase of exchange using one half gold, and the question of a three-year gold mining adjustment was stated, but I think that also was to go by the Board.

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There was to be a clean slate, one billion, two, and they were to withdraw from all the other claims, even though some of them had been tentatively agreed upon; that the according of that one billion, two, would make it possible for the Fund to obtain from two to possibly two hundred and fifty million dollars of gold from other countries because concessions that would otherwise be granted to Russia would not have to be extended to other countries - China, U.K. and occupied countries - if no concession was granted to Russia.

So that was one point; namely, that one billion two should be accorded, and Russia should withdraw her claims on all other matters except possibly this question that we were discussing this morning about affecting international trade. That wasn't involved in our discussions.

The second alternative was that Russia be accorded only one billion dollars and that there should be a concession made on the newly mined gold so that newly-mined gold, for the purposes of the provisions, would not be included in her gold holdings over a period of, I think, three, four, or five years; and that she should also be asked to withdraw the provision of giving her a reduction of twenty-five percent in the gold holdings, and the provision requiring her to pay half for gold.

In other words, the difference which exists between the two alternatives simmers down to this. In one case Russia gets a billion dollars and some concession on the newly-mined gold, and in the other case she gets a billion, two, with no concession on the newly mined gold.

Is that about as the rest of you saw it?

MR. BROWN: I think the view of some of us was that on the newly-mined gold we would be willing to give her much more than three or four years if she wanted it.

MR. WHITE: You mean that you might extend that to a longer period?

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MR. WAGNER: I am sort of ignorant on these things. Out of the billion, two hundred million, how much gold does Russia put into the Fund?

MR. WHITE: Under the provision which exists, she has a choice of putting in either one-fourth of her quota, which would be three hundred million dollars in gold, or ten percent of her holdings, whichever is less. She would take the smaller one.

Now, we don't know how much gold she has, but we have judgments based on previous estimates, and what else we know about the gold movements, and we guess that her gold holdings are in the neighborhood of a billion and a half dollars. Now, we may be half a billion off, either way.

If it is a billion and a half dollars, she will take the alternative of ten percent so that she will be giving one hundred and fifty million dollars' worth of gold instead of any larger figure.

If she gets the concession which she has asked for of a reduction of twenty-five percent in the gold, then she would have one hundred and fifty million dollars less twenty-five percent.

MR. BROWN: And she has asked for fifty?

MR. WHITE: She has asked for fifty. She gets sixty-two and a half, but the technicians had agreed last fall to make it twenty-five. But the trouble is that if we give Russia that concession, since it is phrased in terms of invaded countries, it would have to apply to all other invaded countries, which means China, France, Holland, Belgium, and so forth. And what is worse, from our point of view, it would also raise a difficulty with England, because England has insisted that if that privilege is accorded Russia, it will have to be accorded her, because although she hasn't suffered very much physical damage, she has suffered very serious damage in her international financial

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position. She doesn't have the foreign exchange resources that she had before the war, and that should be taken into account.

In other words, in giving her a billion or a billion, two, whichever way you figure, you are getting something substantial for the Fund in return. You are getting more gold from the rest of the countries.

MR. BROWN: The point is, Senator Wagner, that the original agreement was she would get eight hundred million.

MR. WAGNER: Yes, I remember that.

MR. VINSON: It should be called to the attention of the Delegates that the new total is eight billion seven hundred and thirty million.

MR. BROWN: If it is a billion, two.

MR. VINSON: And the other increases are included.

MR. BROWN: It would be eight billion, five, then.

MR. WAGNER: What countries get part of this seven hundred and thirty-two million? Have you got it down there? There is an increase, isn't there, of seven hundred and thirty-two million? How is that distributed?

MR. VINSON: An increase of eight hundred and twenty-five million.

MR. WAGNER: Is that the entire?

MR. VINSON: That is the increase over and above the table that the U.S. has been using. The United States gets one hundred and fifty million, Russia four hundred million, China one hundred million, France twenty-five million, India seventy five million, Australia fifty million, Brazil twenty-five million, Poland twenty-five million, Chile ten million; and there are reductions to two countries, the Netherlands twenty-five, and Norway ten.

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I believe that is correct.

DR. GOLDENWEISER: Now does it affect their voting rights - the U.S. compared with the United Kingdom?

MR. VINSON: With the new table with the increases, U.S. has an increased voting power of one hundred and fifty, or if it is twenty-six and a quarter, it is twenty-seven and three-quarters, or one and a half.

The British Commonwealth has an increase of one and a quarter. But the proportion of the U.S. is less. It is twenty-seven and three-quarters to ninety-eight point three; whereas before it was twenty-six and a quarter to nine.

MR. WHITE: Judge, do you think it might be fair to mention that the table you are comparing it with was a table we deliberately made low for bargaining purposes? We expected to go above it. We thought it would be better to start low on many of these countries.

MR. SPENCE: Are other nations insisting their quotas be increased?

MR. WHITE: I think you will find that many of them will, but they are small magnitudes. Some may be a little large. For example, Poland came to see me - several of them - to present a plea that they should get a larger quota. They don't know what they are going to get but they said somebody mentioned the amount of one hundred and thirteen million. They heard it from the English.

I think what they had reference to is there was a figure of one hundred and three million, based on a formula. But we had never had any specific discussions with them. So they also made a strong plea for a larger quota, because they said their monetary system will have to start anew. They are in a different situation than most of the other countries and they need an additional amount to help stabilize a new monetary system.

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I suggested to them that they put the matter in a memorandum so that I could turn it over - submit it to the Chairman of this Delegation. So they probably will not be satisfied - certainly won't be satisfied with the seventy-five. They may be satisfied with the hundred which we have upped them to, although I am sure they are going to ask for more.

MR. SPENCE: Won't these increases induce other nations to apply for increases?

MR. WHITE: I doubt it. The Russian increase I don't think will, though it may. China will unquestionably want more than the four hundred and fifty, which we expected. But I think she will be satisfied with the five-fifty, though she will try to get six hundred. And, of course, the larger quotas that she can point to will give her a stronger argument, but nothing you couldn't meet.

I don't think you will have any difficulty with any of the countries except Australia, who will make an awful fuss trying to get two hundred million instead of one hundred and seventy-five million - I think, is down there - and India. At least that is my judgment, but I will get the views of some of the other men who have talked this thing over.

MR. VINSON: Yesterday afternoon, as I recall it, Lord Keynes indicated that he thought one hundred and seventy-five--

MR. WHITE: He thought he could satisfy them with it, but--

MR. COLLADO: This table indicates two hundred, Harry.

MR. WHITE: But he thought he might be able to reduce that twenty-five.

MR. SPENCE: If you granted to Russia four hundred million, they would all want to get in.

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MR. WHITE: Most of the countries do not know what the Russian quota was. They may guess. The figure used by the press, I noticed, and by the U.S. Chamber of Commerce - I don't know where they got it - was a billion dollars.

MR. VINSON: When was that used?

MR. WHITE: It is in a published pamphlet which has been sent to everybody. It is one of these pamphlets - there are three.

MR. VINSON: Sometime ago?

MR. WHITE: Printed and distributed within a month or two.

MR. VINSON: I got mine about two weeks ago.

MR. WAGNER: From the Chamber of Commerce?

MR. WHITE: Yes. They selected various comments in order to give the people a fair idea of what was said on both sides. One elephant, one rabbit--

MR. WAGNER: Can I ask another question? How does the vote of the U.S. compare with the vote of the British Commonwealth?

MR. BERNSTEIN: It is about twenty-seven seventy-five to twenty-five hundred, Mr. Chairman?

MR. VINSON: Twenty-seven seventy-five to twenty-five fifty here, and that is the same on the British list. And on the table that we have been considering it is twenty-six twenty-five and twenty-four twenty-five. In other words, on this new table we have twenty-five more votes.

MR. WHITE: Twenty-five more than the British? You mean twenty-five more than the difference.

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MR. ACHESON: The U.S. has twenty-seven seventy-five votes against twenty-five fifty for the whole of the British Empire.

MR. WAGNER: That includes India and all these other countries together?

MR. ACHESON: Yes.

MR. WHITE: U.K. alone has thirteen twenty-five.

MR. WAGNER: We are still up ahead of them?

MR. WHITE: With thirteen twenty-five, we have a little more than twice as much as U.K., and two hundred and something above all the British Empire.

MR. LUXFORD: Would it help any if I mention at this point that I talked to Canada today and they are certainly not thinking in terms of voting with the British Empire. They are trying to find creditor countries like themselves to vote with. Their whole theory was one of voting with the U.S.

MR. WHITE: In other words, the inclusion of Canada is votes in the pocket. It may be doubtful--

MR. VINSON: Latin America has nine hundred and ninety votes, as against nine hundred and fifty-five on the other table that we have been considering.

MR. COLLAGO: Judge, that tends to be a rather low proportion for nineteen countries. I don't think there is very much you can do about it, but it is unfortunate.

MR. VINSON: How does this table fit into the picture of having a member from Latin America on the Board?

MR. COLLADO: Assuming that they were able to vote as a bloc, which I think is a fair assumption, and not able to make any trades with any of the non-Latin American countries, they would get one member of the Directorate,

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which consists, now, of eleven people, which may be quite proper in view of their economic importance. They will feel that nineteen countries out of forty-four, to get one member out of eleven isn't entirely accurate. They would like two.

MR. WRIGHT: They would like three. I am just saying what they are plugging; they are plugging three.

MR. VINSON: Just purely on votes, it figures out a little less than one.

MR. COLLADO: They will get one under the formula that has been prepared.

MR. WHITE: Which is designed just to take care of that.

MR. VINSON: But certainly being that close, they would be entitled to one.

MR. SPENCE: The voting power is not in exact ratio with the quota.

MR. WHITE: Not quite, because we are giving the small countries something to start with to give them a little more representation than they otherwise would have, but we would ordinarily like to give them more power, but it will reduce ours.

MR. SPENCE: How does ours compare with Great Britain?

MR. WHITE: I think the Judge mentioned we will have twenty-seven seventy-five votes as against thirteen twenty-five for United Kingdom, and twenty-five fifty for the whole of the British Empire.

MR. BROWN: In other words, Great Britain will have about fifty percent of our voting power, and the British Empire as a whole would have somewhere around ninety percent.

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MR. SPENCE: It runs along pretty much in ratio to the quotas.

MR. WHITE: Pretty much on the large ones, particularly. It is only in the small countries where they have an advantage. We start them off with something.

MR. WRIGHT: You mentioned this geographical formula this morning.

MR. WHITE: They have mentioned it several times. It arose from Cuba. Cuba says that they are suggesting it only to help us. They thought by suggesting that they would force England to withdraw from her position, but England has already withdrawn from her position and has accepted ours, which favors the small countries. Am I correct in that?

MR. LUXFORD: That is quite right.

MR. BERNSTEIN: The Latin Americans would have about twenty-one percent of the votes that remain after the permanent seats of the Executive Directors are filled. They need sixteen percent to elect one Director. That would leave them five percent over - not enough to do much trading for a second seat, but occasionally they might get a second seat on a bargain.

MR. WRIGHT: Wouldn't it be a good political bargain for us to make up the difference?

MR. WHITE: We can't do that.

MR. WAGNER: Unless you increase their quota.

MR. SPENCE: How could they bargain for a second seat?

MR. WHITE: They can vote with their surplus votes. They have five votes. They can throw them with one country and another. But it isn't enough to even do very much, but they might get something.

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MR. BERNSTEIN: If they had one hundred and seventy-five more votes they could string a good bargain because they would have a majority of what is left over, and they could squeeze one out quite often.

MR. WHITE: In order to give them one hundred and seventy-five more votes they would have to have an impossible amount more.

MR. COLLADO: They couldn't afford to buy that much more quota. They just couldn't do it. You could give them twenty-five or, conceivably, fifty, but you couldn't go beyond that.

MR. VINSON: Mr. Acheson?

MR. ACHESON: I think, Mr. Chairman, that there are two points of view on this. I can express one of them and I know what the other one will be. I think it is a toss-up, which is right on this thing. It seems to me that it is going to be dangerous to get the total quotas as high as eighty-seven billion. We have talked about eight billion and we now turn up with eighty-seven. That leaves a billion, three hundred and seventy million left for all the rest of the world, former enemy countries and neutrals, unless you increase the Fund beyond ten billion.

Furthermore, I don't believe that it is necessary - and this is a guess - to give the Russians as much as a billion, two hundred million to settle with them. Maybe it is, but my guess would be that you don't have to. I think if you don't have to, and do, you are going to create other difficulties with other countries.

I would like to suggest that we get the total quotas slightly under eight billion, five, and that we do that by having the Russians have one billion, and taking twenty-five off the Dutch and the Australians. Then you will come just under eight billion, five.

MR. BROWN: I expressed myself this morning. I think from the viewpoint of the Stabilization Fund, it will make

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it much more difficult to sell it if you give Russia more than a billion, which I think it stretching it.

I would be willing to leave the thing in the last analysis to the judgment of the State Department. By the State Department, I don't mean Dean Acheson alone. But it involves a whole series of questions affecting the international relations of the country on which I can't pass. But if he is in favor of a billion, I would certainly be strongly in his favor.

MR. ACHESON: I don't claim any special knowledge.

MR. WHITE: What do you mean, to the State Department but not Dean Acheson? Would you go back to Secretary Hull and discuss the matter with him?

MR. BROWN: You are giving here, obviously, both Russia and China, in my opinion, quotas beyond the needs of the Stabilization Fund, and I realize that it is necessary to do it on account of the international situation. I don't want to argue the question, but I just expressed my own opinion, that if the State Department says it is necessary, I think it is. But how far it is necessary to go with them, I don't know.

MR. WHITE: You feel that the political considerations would be decisive.

MR. BROWN: But apart from political considerations. I feel a billion is more than adequate.

MR. WHITE: I think that is a reasonable position.

DR. GOLDENWEISER: May I ask, in case you decide to give the Russians a billion, then that would be flat; then we would still expect them to give up their other claims?

MR. BROWN: Except the gold.

DR. GOLDENWEISER: But not their deduction in contribution?

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MR. ACHESON: No.

MR. WAGNER: Dean was suggesting a billion a hundred million.

MR. ACHESON: No, a flat billion. If you do that, that will get you down to eighty-five thirty. Now, I should think we would want to get under eighty-five, and I think the Australians don't need their extra twenty-five, and I don't think the Dutch do, in order to get them in.

MR. WAGNER: What is the virtue of five against seven?

MR. ACHESON: Well, the whole talk has been of a total Fund that was ten billion - eight billion at this time - reserving two billion for all the neutrals, and all the former enemy countries when they come in. That has been talked about a great deal. I should suppose that the Secretary of the Treasury stated that quite at length before the Congress, and it has been stated in newspaper articles. If we come out now with a very great increase over that, which merely comes about by giving everybody everything they have asked for, it is going to make criticism. Therefore I wouldn't do it.

If somebody showed me that you absolutely had to do this - to put this thing through - that would be all right, but I am not convinced that you have to. Therefore, if you have the eight billion four, it is a reasonable increase for negotiating purposes. It leaves a reasonable margin for the other countries when they come in.

MR. WAGNER: Has anybody conferred with the Russians at all?

MR. WHITE: The Judge, Dean Acheson, and Mr. Wolcott, and myself went there, and the Judge can tell you very briefly - you remember, they went up to find out what they wanted, and the report on that the Judge can tell you.

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MR. ACHESON: The history of the thing is that first of all the Treasury technicians thought that they and the Russians talked about eight hundred million. Then that first night when we were sitting here and they asked Secretary Morgenthau to go up, they talked about a misunderstanding, and what they had talked about was something like a billion.

MR. WHITE: A third more than eight hundred million.

MR. ACHESON: Then the Secretary went back again and said we would support some increase in their amount, and they then began talking about one billion, two hundred million - just less than the British.

Then the next step was their statement to Mr. White that if they reduced the British, then they still wanted the billion two hundred million. So I think they have been steadily climbing up, and this has a lot of horse trading in it.

MR. VINSON: Yes, sir, we had a conference with them and asked them to give us a statement of their claims, and they listed six.

MR. WHITE: Six major and some minor.

MR. VINSON: Two of those six went out. It really boiled down to about three, quotas and the newly-mined gold and a deduction in their payments.

MR. WHITE: And the others they asked for, but--

MR. VINSON: The other was a change in the exchange rate which we all think probably has been worked out.

MR. WHITE: And the consideration which you think has been worked out, and the location of the gold, which we think we won't listen to.

MR. VINSON: Yes, they want to have part of it, about fifteen percent, in Moscow.

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MR. WHITE: They expressed the view that they thought Moscow was a pretty safe place for gold.

MR. WAGNER: I never talked to the Russians, so I wouldn't know, but what I have in mind is we must not fail in this Conference. If the matter of a hundred million or so is going to be a difference between failing and succeeding, I, for one, would give it. That is why I asked the attitude.

MR. WHITE: I would be wholly in sympathy, and would like to approach it the way Dean and Brown have stated it, as offering them a billion and asking for those concessions, because I think there is a little bit of horse trading going on.

But what troubles me is that, if they hold out and they cable to Moscow, and Moscow just waits - they can come along at any time - it is going to just throw a monkey wrench in the machinery. I think they are horse trading, but look at what we are jeopardizing if they are not, because they can make a case. I think they can make a better sounding case to the public, or possibly to some of the Delegates. They take the position that they regard themselves as a major country by any total measuring stick which includes all the important factors, and that they are almost as important as England - if not a good deal more.

They feel that any calculation, any formula which takes into consideration factors which are pertinent, would show them to be entitled to a participation of at least what England has. But they realize that England has to be second and so they say they will take a little less. Whether that represents a change in mind over what it was earlier - I suspect it does - though they claim that it is a misunderstanding - maybe it is - but at any rate, they are basing their desire to have a billion, two, on the grounds that from an economic point of view, from their economic potentialities, from the fact that they are a rapidly expanding economy and expect to play a major roll in international monetary and economic affairs - and

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would like to - that this one hundred and seventy or one hundred and ninety million people, whatever they have, is entitled to much less than the United Kingdom, they question. They say there are a lot of other factors. They say they are expecting to play a major role in all kinds of international organizations. I suppose they are implying military and peace. They feel that their participation in this international monetary affair ought to reflect that part.

Then when they take the question of the reduction they make a big plea for the fact that they have tremendous devastation, and that they expect that they will have credits, large credits, and they say they always want to meet their credits when they come due. And in order to assure them they will have something due, they want to get some deduction in the gold contribution because they say that during the next few years they cannot get dollars or other currencies because they are not in a position to export anything until they restore their factories, and so forth.

So, if one takes the larger point of view, from the public looking at it, is Russia entitled to almost as much as the United Kingdom - that presents a little different picture.

However, I suspect they are horse trading, and I kind of think they might be satisfied with a billion, but I am not sure.

MR. VINSON: What do you think about the amount of the aggregate, Harry - the eighty-seven thirty?

MR. WHITE: The Secretary said he thought that would be all right. In the first place, we have talked about eighty-five. In the papers we have referred to it as eight, but eight and a half billion was the figure we had used. In fact, I think it appears in some of our earlier publications, the eight and a half billion. Whether the public would feel that the difference between eight, four, and eight, seven is significant, I rather doubt.

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After all, we must remember what we are doing is not giving them anything, just permitting them to buy more goods and buy more exchange, which they expect to repurchase. I don't know - I don't think it would make any difference to the public.

The one thing that does disturb me is I think they are horse trading and getting the better of us.

MR. LUXFORD: In analyzing this horse trading, though, Harry, I think we have to recognize we are dealing with good horse traders. They know just as much as we do about what their chips are. They know what the public in this country would think if you had a Fund without Russia in it. They are going to play it and you can't blame them in too many respects if they do. They analyze where we stand in this Conference. "e stand - if we can get Russia on the line this Conference is a success; Russia knows that, too. They know we are getting along with U.K. and China. The only thing that remains for this Conference to be a success is Russia. They know that as well as we do.

Now, beyond that, let's analyze what happens if you do get agreement here, except for Russia. With her own American public, they know as well as we do that that Conference would not be a success, and if you tried to take this thing to Congress without having Russia in it, you are not going to get the same reaction by any means that you would get if you get Russia in there.

I cannot see why, if we want to take chances on horse trading - we all know that this Conference right now is bogged down because you can't come to an agreement with Russia on quotas. If you want to sit around here for a month, maybe you can horse trade them into a billion, but who wants to take that chance?

MR. ECCLES: Judge, it occurs to me there may be some compromise between the billion and the billion, two; that we might consider, inasmuch as the Russians are interested in this from a standpoint of prestige, that is, their relationship as a participant in the Fund with that of

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the United Kingdom, and we want to hold the Fund down to eight, five, give the Russians a billion, one, take fifty off of U.K. and fifty off of U.S. and you have the same result.

In other words, give them the billion and then we add another hundred million by taking fifty off and we stay within the limits of the eight and a half. The relationship of Russia and U.K. is not quite as good, but it is very substantially improved over the billion. Adding a billion onto one and taking fifty off of the other they are one hundred and fifty million closer to the U.K. than otherwise, and you still stay within your eight and a half million - if that is important.

MR. SPENCE: Do they agree to forego all their other claims?

MR. WHITE: No, but that is the only condition. I gather there is general agreement on that, that that one billion, or whatever you offer her, would be an exchange for her withdrawing from all these claims they have made that we haven't already worked out, with the exception of the newly-mined gold, if it is only a billion. If it were a billion two hundred million, then you would expect her to withdraw everything.

And, of course, from her point of view, having already been accorded twenty-five percent by the technicians, and rallying all kinds of support already around the Conference - which is easy enough to do, because the other countries are the same - she is certain of the twenty-five percent deduction. I don't think she feels we would withdraw from our arrangement, though it was made on the basis of eight hundred million, or withdraw in the face of all the support that she is apt to get. So she has to calculate that contribution that she would otherwise have to make, and the fact that we are going to ask her to pay for half the exchange with gold. But I think there is agreement among us that whatever we give her, that she will have to withdraw from the claims. But you are asking her for something, and she is asking us.

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MR. VINSON: With a billion, one, what was your idea about the newly-mined gold, Marriner?

MR. ECCLES: Well, you might concede that.

MR. DURBROW: For two reasons; first of all, as Mr. White explained this morning, it is going to be difficult to find out exactly how much newly-mined gold she has. It isn't like South Africa where you can tell pretty well. I don't see why you shouldn't concede that if it is a point of tying it up.

MR. WHITE: That second point, she repeated it again yesterday, that she will inform the Fund at the proper time of her gold holdings and her gold production.

Now, there is no reason to assume that she will act in other than good faith, any more than any other countries. You can't do that, obviously. You may think so in the recesses of your mind.

MR. DURBROW: I mean in the past. Of course, they make that clear now it is a different point.

MR. WHITE: She has stated she will give that information.

MR. DURBROW: Your eight hundred million dollars - wasn't that pretty well blown up to even reach eight hundred million?

MR. WHITE: No, seven hundred and twenty-three was the amount which she would get on her formula, and that formula was based on trade in 1937 and '38.

MR. VINSON: And estimates on certain other factors.

MR. WHITE: which are rather dubious. In other words, we gave her a national income, standard of living, one-fourth that of England - of all the Russian people. Sure it is less, but whether it is one-fourth is a very different matter.

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So she can make a good case, then, on a formula basis, that she is eight hundred million. In addition to that, Russia has right along from the first time she came here, said that this formula does not reflect the position that Russia has in the world, either from an economic or any other standpoint. China has taken that same position, of course, and we have made allowance for both.

In order to meet that point we raised it from seven twenty-three to eight hundred, and came up against what she claims is a misunderstanding.

But, as I say, if it were a question of horse trading, I think we are being out-horse traded. But when you look at what we are talking about - as I said this morning, and as a number of us pointed out, you are lend-leasing her five billion dollars. We have got expenditures of eight billion dollars a month on war, and all she is going to do with this money is spend it in the U.S. and repay it. We are thinking of extending credits of very large amounts.

When you get off and look at this thing from a long distance, it almost begins to seem as though we are childish in relation to other things that are being done.

MR. LUXFORD: And in relation to the importance of having this Conference succeed from a war point of view.

MR. ECCLES: Haven't you got a good basis for trading with Russia on a basis of one billion, one? In other words, you can say to Russia that we had not intended to go beyond eight billion. That is the published figure. "Now we have reconsidered the whole question and have decided that the top limit is eight and a half billion. In the eight billion figure we figured you eight hundred million - that is what we had in our mind. Now we have to make certain concessions to some of the other countries. Now we are willing to take fifty off of ours, and we are asking U.K. to do likewise, in order to give you this extra hundred million dollars and enable us to stay within the eight and a half billion." It seems to me that that might be

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even better than to go out and say that we were going to eight billion, but now we are going to meet their whole requirement here of four hundred million, and in order to do that, and meet the requirements of the others, brought about by that increase, we have got to go up to eight billion, seven.

MR. WHITE: I think what you said makes sense to me. The only trouble - you fellows will be equally able to judge - is the extent to which you can get U.K. to go along. She was very obdurate about taking off twenty-five million from hers and giving it to Australia. Now, whether she will accept fifty million, to give it to U.S.S.R., who, to put it mildly, is no buddy of hers in this, I don't know. But I like the other business.

MR. ACHESON: I shouldn't think they would.

MR. WHITE: I doubt it. I don't know how far you could push them, but we have a lot more things to get from England in the way of small things. But this idea of eleven hundred million--

MR. ECCLES: It makes them realize we are just stretching to beat the band because we have to stay within the top ceiling of eight and a half, and we are stretching to try to scrape up a little more, and the best we can do is that. They would appreciate it more.

MR. LUXFORD: I don't think Russia understands all these reasons.

MR. WHITE: No, because some of them are special.

MR. ECCLES: I think she understands a lot better than we give her credit for. Our position, as you say, is ten billion, and it leaves a billion and a half for the rest of the world. Eight billion has been what was published and generally accepted. You have told her eight hundred million is what you have figured. So it seems to me that what you have done is reconsidered the whole matter and added another five hundred million, which leaves a billion and a half for the rest of the world.

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MR. ANGELL: How tight is that feeling of ten billion?

MR. WHITE: It isn't tight, but as Lord Keynes pointed out, what we really had in mind was eight and a half billion. We were to leave a billion and a half for all the countries. At two billion they would have a fourth of what all the forty-four countries, including all the major countries, would have. That is preposterous. So even a billion and a half is more than they need, so you wouldn't have to go above ten billion.

MR. VINCENT: And it should be stated that there are conversations going around here in the Conference that the two billion - the spread between the eight and the ten - for the enemy countries and the neutrals is too generous.

MR. WHITE: It is.

MR. VINSON: Particularly in respect to enemy countries.

MR. ANGELL: The requirement of the neutrals might come in fairly soon, but the enemy countries, not for several years.

MR. WHITE: Even the requirement for the neutrals won't begin to approach that. It would be, at the most, the five neutrals - Spain, Sweden, Portugal, Turkey, Switzerland - as much as eight hundred million?

MR. BERNSTEIN: Not near that high - four hundred million.

MR. WHITE: There is no question but what the ten billion figure we estimated - we arrived at this by taking the round number figure and then we said we would make the allotment of the forty-four countries eight and a half billion. We said that would make a billion and a half more and leave us something to play with in case we had to dip into that. The allotment we originally made was on the basis of eight and a half billion. Then when we were going to publish the document we told the British we would like to use the round figure, because we said in

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the original document it should not be less than that. If we use a precise figure like eight billion, five hundred million, then, we said, the public will feel that we have a frozen list of quotas already, which we really didn't have. We said, "Let's round out the figure and that will give us something to play with."

MR. ANGELL: The ten billion need not be regarded as a necessary prevention to the expansion of the eight billion?

MR. WHITE: No, no, you couldn't make a case that the ceiling is eight and a half billion.

MR. SPENCE: I don't know - I think political considerations would govern this somewhat. I wouldn't want to drive them out.

MR. ECCLES: Wouldn't it be fair to hear, Judge, the political considerations on the other side? We have heard all of them on one side. I think, it seems to me there is another side that Russia is going to take into account. Russia can ill afford to have this Conference break up. It means possibly more to Russia than most any other country, not excluding ourselves and even the British. This, to Russia, is a loan of a billion dollars, or a billion, two. That is what she sees. True, she intends to pay it off at such time as she can sell enough goods in excess of what she imports. When that will be, we don't know.

The general attitude of the critics of the Fund has been that this is not a Stabilization Fund, but a lending Fund, and that Russia more or less admits that the thing she is interested in is getting the largest possible quota because it enables her to get the largest amount of foreign exchange to buy goods.

Now, when you take this in consideration, that the success of the Conference means a billion, one, or a billion, two, and she can't afford to forego even a billion; and if you take this in consideration with the Bank, which

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she is much or possibly more interested in - the long-term credit - certainly if the stabilization program breaks up, you are not going to go through with the Bank program - so that she is going to be interested in the success of the Conference in order to get the Bank, even if she only gets a billion dollars in addition to that.

She is extremely interested in getting relief and rehabilitation, and she might feel that she would jeopardize it if she were arbitrary and stood out against the U.S. in this. She wants a favorable reception when it comes to presenting her need for relief and rehabilitation. She is still getting Lend-Lease, and that is another factor in the picture.

I merely wanted to throw that on the other side as an indication that she isn't going to leave this Conference lightly.

MR. WHITE: I agree with you.

MR. SPENCE: These are her figures, aren't they? These are the only figures she has given you?

MR. WHITE: Yes, she said she wanted a little less than Britain. She said she wants a billion two, and these other claims.

MR. SPENCE: Do you think she really expects that?

MR. WHITE: No, I think she is horse trading, but the only difficulty about it is that delay is very troublesome for us, because we haven't many days and they can delay very easily, and they can afford to delay more than we can. But even that, it seems to me, we could very easily take.

But when you see this whole business of negotiating and horse trading, and it is a hundred million dollars additional credit against the fact that we are sending her every month a half billion dollars' worth of goods thereon, and you are going to extend her credit, I am afraid we

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are losing our perspective and the thing might be to say if she wants a billion, two, all right. All you are extending is the right to buy American goods to the extent of an additional fifty or a hundred million dollars. It may even be worthwhile to indicate that. It is a small sum compared to the magnitudes that the very same people in this room were talking about in two other connections. It is no secret that there is a credit arrangement being arranged right now with Russia on potential Lend-Lease, amounting to a very substantial sum. For us to swallow the camel and balk at the gnats, when it is so important to get this thing off the ground fast, that is what troubles me.

But I do think we are horse trading.

MR. BROWN: I think she is jeopardizing that potential Lend-Lease money.

MR. WHITE: Not by what she does here. She is fighting a war and nobody here is going to forget it. You are not giving her Lend-Lease money out of the goodness of your heart, but because she is fighting and winning the war that is costing us eight billion dollars a month.

MR. COX: There are two considerations. One is the time of getting agreement with the Russians so that you can move on with other things in the Conference promptly; and the second is, if you take into consideration the negotiation factor, you don't know what the instructions are that the Russian Delegates have.

It would seem to me that the most practical possible solution would be to give the four negotiators enough leeway to decide which it would be. The billion and the newly-mined gold is the first proposition; two, the Eccles plan; and three, up to the billion, two.

Now, if they have instructions to concede - which they may or may not have - when you put it up to them they will either say, "No soap; we got a cable back from Moscow," or, "That looks like it makes a little bit of sense."

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If they have to cable back to Moscow, if they think the American position is pretty firm, probably they will say, "We think we ought to take it, or at least get another hundred million more on the quota."

But in point of time, I don't think you can get one particular solution, at least you can't be sure of it in terms of the Russians evaluating this very complex business of whether they stay in the Conference or don't stay in. That is as tough a decision for them as for us. If they are horse trading they will try to get as much as they can in terms of their other interests that are satisfied by staying in the Fund.

MR. VINSON: But we are told that the trade can't be made that way.

MR. WHITE: You mean it has to go in with the final proposal?

MR. VINSON: Yes. And if the negotiators have one billion, two, or one billion, one, plus the newly-mined gold - one billion, plus - they would say no to anything up to their proposal.

Now, the point is--

MR. COX: But the practical thing is - I don't agree with the basic assumption, because if you say one billion, two, all the other claims are out, and they may very well turn around and say, "We have no authority; we have to cable back to Moscow."

MR. VINSON: All right, let them cable.

MR. ECCLES: We decided this morning, I think, that the best way to handle the Russians in bringing this thing to a conclusion was to decide on what our final deal was and give it to them and say that this is final. That is what they do.

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MR. COX: Now, but you are banking on the assumption they may very well decide the billion and the newly-mined gold is final. But suppose they cable over and say absolutely no to that, or the billion, two. Then what do you do?

MR. WHITE: We stood adamant on the claims of what they wanted before we got this joint statement, and days passed - cables passed - we got their acquiescence.

Senator Wagner, you were there five minutes before the announcement. They held it up until the very last minute.

MR. SPENCE: How final was their decision? Did they say they didn't want to negotiate any further?

MR. WHITE: We stopped and said they were either in or out, and we were going to announce it to the Senate and the world that they were out. That is what brought them around. I think we could do the same thing.

I agree with the boys who think they are horse trading, and I am pretty sure we could get it, but only after so much delay that the press reports about trouble which are already beginning to seep out, will do more damage to the Fund, and everybody will say that Russia held a pistol to our heads, or we held a pistol to hers. You do more to damage in the public mind the unity and the cooperation which does exist here than anything else. And for what?

MR. BROWN: You have got as much delay with the billion as the billion, two, on your basis.

MR. WHITE: Do you think so? A billion two is what they have asked for.

MR. VINSON: Senator Wagner?

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MR. WAGNER: I have listened to it all. I wouldn't want to see anything happen to this Conference, and I recognize what Russia has been through. They have certainly been a great aid to America; I suppose one might say they almost saved us. And I should say the difference between a hundred million is pretty small when compared to those considerations.

I don't know - if they are horse trading, that is one thing. We have done a lot of that in Congress, here. But if they are not, and are apt to walk out, or give a statement to the press, we would be in danger and I think the whole Conference would be in danger.

Do you?

MR. BROWN: We could give the statement to the press of how much we have offered them above.

MR. WHITE: Now, how would it look? The statement which would leak out is that Russia is asking for a billion two hundred million because England has a billion three hundred million, and all the United States wants to give her is a billion one hundred million, and is willing to have Russia drop out because of that one hundred million.

I say the whole Monetary Conference must be peanuts if you are willing to abandon a project because you are not willing to let Russia buy an additional hundred million dollars' worth of goods on credit.

MR. VINSON: Miss Newcomer?

MISS NEWCOMER: I am inclined to think that if you can save any time on this one billion two hundred million, it is worth it. You still take a chance that they refuse, but they might accept.

MR. SOMERS: I am not so much impressed by the fear of Russia backing out of this thing. If there is any way we could simply say to her, "Here, this is the best we can do; we are going ahead with our program. Accept it when you will, and we hope you will do it quickly."

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I would stand on that policy.

MR. VINSON: With what figure?

MR. SOMERS: One billion dollars, with the surrender of the other concessions.

At the same time, remember this--

MR. VINSON: You mean with their surrendering the concessions?

MR. SOMERS: That is right. At the same time, the difference is not so great in the final analysis. I think we met some few weeks before this Conference in the Speaker's office, at which time I told the Secretary in my opinion that if he could reach an understanding with Russia he would be achieving more than an understanding with all the other nations combined, and I see nothing that has changed my attitude since then.

This two hundred million is not such a terrific factor, but like Harry, I feel they are holding us up. I just don't like it, and if there is any way of putting a definite proposition to them and saying that we are going ahead with this Conference, with or without them, I would do that.

MR. BROWN: Could I suggest you call on Dr. Goldenweiser? He is one of the few people in the room who speaks Russian.

MR. VINSON: I wanted to ask Congressman Reed for an expression of his views.

MR. REED: It just seems to me that there must be a unity of feeling here, and I don't think, personally, that Russia is going to back out of this Conference and let the Conference go to blazes, even for a matter of one hundred million, any more than we want them to do it for that amount. It just seems to me at the present time - while time, I know, is marching on, and all that - it seems to me, at the present time, that I wouldn't want to see

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us surrender entirely to them, or give in to every concession. I don't think it is necessary right now.

MR. VINSON: Dr. Goldenweiser?

DR. GOLDENWEISER: I haven't any very final opinions about this because it is a matter of figures. I agree with Harry that the figures involved are peanuts compared with what is at stake.

I haven't any particular reluctance to being out-traded by Russia, because I think they are entitled to a little out-trading. We know all the circumstances.

I don't like to side-step, so I would say my best judgment is that we ought to decide right here in this room now to give them that billion, two, and let them recede from their other concessions, because those other concessions create difficulties in other fields, and if they recede from those concessions, the Fund gains by that recession. And then stand firm - absolutely firm.

MR. VINSON: What are the figures in regard to the fifty percent angle? I think that might be interesting to the Delegation.

MR. WHITE: Fifty percent is the maximum, Judge. They say that the country with the most destruction would get fifty.

MR. VINSON: That means Russia.

MR. WHITE: Well, you want to use a billion dollar figure.

MR. VINSON: Take a billion dollars, that is right.

MR. WHITE: We are almost certain that they will use the ten percent figure, but we are guessing at her gold holdings at a billion and a half. Ten percent would be one hundred and fifty million dollars. If she gets fifty percent off of that, it is seventy-five million dollars.

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If she gets fifty off of that, you will have an awfully hard time stopping China from getting forty-five percent.

MR. VINSON: I understand that we are not receding in any degree from our position in regard to that, regardless of the amount that is submitted to Russia.

MR. BROWN: If you give in to Russia on that--

MR. VINSON: Oh, yes, our position is definite, as I understand it, that the Delegation does not accede to that proposal.

MR. WHITE: That is right. In other words, the Fund gains an advantage of some three or four hundred million dollars if by offering a billion, two, she withdraws from her other concessions.

MR. LUXFORD: In other words, while we may be horse-traded out of a couple of hundred million here, we will make it up by getting somebody else in a horse trade.

MR. WHITE: Are you suggesting we would descend to horse trading?

MR. LUXFORD: I hope so.

MR. VINSON: At the beginning of the conference I made every effort to get in contact with Congressman Wolcott - twice, at least, while the conference has been going on we have tried to contact him, and the last information I had there were five boy scouts on his trail. I wish he were here.

MR. DURBROW: They are looking for him right now, sir.

MR. WHITE: You made a statement, Judge; you said that trading is out of the picture. Do you feel it is impossible to try a billion dollars and see where we get? Do you think that is impossible or unwise? I would like to reopen that question.

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MR. VINSON: I have just been told by those whom I understand to be expert in the knowledge of the Russian mind that it was a question of submitting the final proposition. I have no personal views about it.

DR. GOLDENWEISER: On that, Judge, maybe my knowledge of the Russians may be of some importance, although I haven't been in touch with Russia for many years. I think, from what I have gathered, that it is much better tactics with them, not only for this Conference, but for all the future conferences and all the other relations you are going to have, if they don't think that this country does horse trading.

I think they think it is not a dignified procedure for a country of our importance to make a proposition and bargain and raise it a little bit. I think that chicken will come to roost all over the map.

MR. VINSON: We were told that, as I understood it, by the Delegation yesterday. Dean Acheson, Harry White, Jesse Wolcott, and myself had the conference with the Russians. We told them that we wanted their final claims, and when we got through they said, "Well, what do you say to this?"

We told them, of course, that we would have to bring those claims before the Delegation and that we would report to them and lay it on the table. Harry had used the term "lay it on the table" and I closed the conference by saying that we would come back with our position stated and lay it on the table.

And the discussions led us to think that we were to get their final position and that we would state our final position. But so far as I am personally concerned, I am not familiar enough with the Russian psychology or trading mind to state, but I have heard no one who has been associated with them but what has said we should make the final statement.

Is that right?

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MR. ACHESON: I think so.

MR. DURBROW: That is right.

MR. LUXFORD: Only do it on the basis of our experience.

MR. WHITE: Particularly since we don't want any trading on those concessions - we don't want to argue with each one of those concessions.

MR. LUXFORD: The decision you are up against right now is what is your final offer, and what do you want to do next week?

MR. WHITE: I agree they won't walk out. I am convinced of what Congressman Reed said. This Conference means as much to them as it does to us. I think the amount they can get means more to them than it does to us. What I am troubled about is that by their delay we can't go forward, because everybody will be asking and it will leak out in the press that we can't go forward with the quotas. The voting is made difficult, and these few days delay, in view of what we have got to cover, will introduce a sour note throughout the world. That is what disturbs me. I don't think they will walk out on us.

MR. LUXFORD: They will hitch at every point in these meetings. If you get Russian support it is worth more with the others. If they are hostile to you it hurts you.

MR. BROWN: There is one other thing which we very clearly ought to take up and make them give up, and that is their support of the French accumulative right of access to the fund.

MR. WHITE: Yes, that is a good point, because the French had agreed to withdraw. They may pick it up.

MR. BROWN: They have, and they are for it.

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MR. WHITE: More than that, I think we ought to go down the line, just to make sure there aren't any, what they call, "minor adjustments" reopening the whole thing. I think what we ought to do is sit down with their technicians and go over every single provision and say, "This is what we want support on; what is the position you are going to take on that?" and so forth, so that after you get through, whatever you offer them, that when we are through with them there are no problems.

They may not support us in public for reasons of policy, but so far as their votes are concerned, we want to know where they stand, and we will tell them where we stand. I think that is important.

MR. BROWN: That is a very important point.

MR. WHITE: So there are a number of points along the line we will want to ask their support on. You take this interest charge business; they suggested that that is a little large, but they said, "We think we can get together." I want to know what they mean by getting together.

I think if the larger policy is set, whatever it be, whether they agree or whatever you offer them, I think that ought to be made clear that we ought to be able to sit down and go through the provisions with them until the technicians are able to say to you, "We are satisfied that they are supporting us on everything we wanted to be supported on and they are not opposing us on anything important."

MR. SPENCE: They haven't definitely said they would release their other claims if you give them the billion, two.

MR. WHITE: No. We have asked them.

MR. WAGNER: You are going to be definite on that?

MR. WHITE: Oh, yes, that is why I say - they answer that rather smartly; they said, "We don't know what you are going to ask for."

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I mentioned the fact, I said, "Well, our proposals are in Alternative A in the draft."

They said, "Oh, no, Mr. Dean Acheson just today introduced a new proposal. How do we know what he will propose tomorrow?"

They said those were the total claims and they said there were a couple of minor ones. They only mentioned one. I think we want to know all of them before we finally make commitments; otherwise you are in a position where you have to argue over everything.

They may show the right spirit after that and go whole hog; they may not.

MR. LUXFORD: I sense that if you make a deal with them they will stick by you.

MR. ACHESON: Better do it in a memorandum, if you make any deal.

MR. WHITE: I think so. I don't know what kind of a form it will take, but it has to be in writing. It will be an interesting piece of paper.

MR. WAGNER: What is the consensus from your point of view, Mr. Chairman?

MR. VINSON: There are four, seemingly, on the one billion two hundred million position; there are two on one billion, plus the newly-mined gold; and Governor Eccles--

MR. ECCLES: I just threw that in as an alternative. I stated my position this morning that I would go with the consensus of opinion here, that I didn't feel strongly enough - I think I preferred the billion with the concession with reference to the newly-mined gold.

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However, if it would help get the Conference on immediately, and if it would exclude every other concession that they want, and we would get their support, I would be willing to go on that basis..

MR. VINSON: To one point two?

MR. ECCLES: There is not enough difference in the thing, it seems to me, to vote against or for one against the other proposition.

MR. VINSON: It is the view of the majority of the Delegation that, as I understand it, we submit our final position as being one billion two hundred million dollars and no more.

DR. GOLDENWEISER: How about the newly-mined gold, then?

MR. VINSON: That is out.

MR. SPENCE: They relinquish all their claims. That was the proposition you submitted to them, wasn't it?

MR. WHITE: We just heard their proposal.

MR. VINSON: We didn't submit any proposition.

MR. SPENCE: I see, yes.

MR. ACHESON: I am afraid you won't get all these things waived.

MR. WHITE: Then I think we ought to stand on that. As I say, everybody fears we are being out-traded, and I think we are, but there shouldn't be any reservation in anybody's mind that we will give them any concession after that.

MR. ECCLES: I think it should be final and we should announce the quotas and go on with the Conference.

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MR. WAGNER: I suppose we ought to be cautioned not to say anything to the press about this.

MR. WHITE: Would it be reasonable to request that before you see them - do you plan to see them tomorrow morning? - that we get in touch with Secretary Morgenthau? I know he left it to you, but what do you think? You make the decision.

He left this message for you which I repeated. I am stating it again. He said that there were two things important in his mind. One was that we should maintain a substantially higher vote for ourselves and the British Empire. He said that is important enough to go almost to several hundred million beyond the eighty-five and a half.

The second point he made was that it was very important to have Russia come along. And he left it with the Delegation, in your charge. So I don't think we do have to go back. But if you feel that you can wait until tomorrow morning before seeing the Russians and telling them, I would appreciate it.

MR. BROWN: Do you plan, Dr. White, to tell Keynes about this before you talk to the Russians?

MR. WHITE: Use your judgment. I don't think it is necessary, because you are not asking England to reduce her quota. We are adding it on, and we have already mentioned it to her. I don't remember now what the outcome of that discussion with him was.

MR. ACHESON: We were talking about something less than a billion. I think you should mention it.

MR. WHITE: I think you should, probably, because I think we have carried him, right along.

MR. ACHESON: What I foresee about this is that they will thank you very much for the billion two hundred million and say that they can't give you any answer on the others, and they will not accept the others, and they will go ahead. Then you are faced with what you are going to announce.

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I think if you are going ahead trying to settle on the billion, two, and they don't sign up, I think you have to say you are going to announce the billion tomorrow.

MR. WHITE: Yes, I don't know what you would announce but I certainly think there ought to be no more playing around with them, or talking.

I do think the Russians don't sneeze without cabling home to Moscow, from our experience. Now, I think that if you offer them the one point two, but ask for the other concession to be withdrawn, I don't know what they will say at the Conference - it doesn't matter - but I am sure they will end up with saying they need to consider that and they will cable Moscow. So I don't think, under the circumstances, you will get a yes cable the same night. You might consider the question of a day, but you are certainly not going to get a yes answer at the time.

It depends on how the Judge puts it forth. If he puts it forth in sufficiently definite terms, and there is no further discussion on it, there is a take it or leave it basis, and let them cable to Moscow, and give them to understand there is going to be no further discussion, they may come around.

MR. VINSON: I would like to have the instruction of the Delegates as to the manner in which it should be presented - whether it should be presented as the final word of this country.

MR. SPENCE: It wouldn't be poor diplomatic practice to present it in writing and have them answer it in English, would it?

MR. BERNSTEIN: It would be possible to say to the Russians that you want to discuss this quota question with them on the basis of withdrawing all the provisions they are talking about. If they say they are willing to discuss the quota on that basis, then you can proceed with naming a figure. But there is no use talking on the quota, you might tell them, until we are sure they are willing to withdraw that.

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MR. WHITE: If they are satisfied with the quota; otherwise they wouldn't discuss it. They will say, "Well, we don't know; it depends on what your quota is."

MR. BERNSTEIN: Once they say they would be satisfied with the quota you can proceed on the basis of discussing the quota.

MR. VINSON: I believe that is a little optimistic. I have been with them now three different times for several hours, and I believe that is just a trifle optimistic, Bernie.

MR. WHITE: I think so.

MR. WAGNER: Don't you think what you might suggest is that you had some difficulty with the Conference to get that agreement?

MR. WHITE: With the Delegates.

MR. WAGNER: I mean our Delegation. "Here is the best that can be done. If that isn't satisfactory, there is no need of our talking any further."

MR. VINSON: I will obey instructions.

MR. WAGNER: You would do that better than I would.

MR. VINSON: I will obey instructions.

MR. DURBROW: Explain to them why these other concessions don't work out satisfactorily all around the Board. Explain why we ask them to withdraw those things.

MR. SPENCE: How do you get along with the Russian language, Fred?

MR. VINSON: We have several words in common, one is when Mr. Stepanov says "O.K." and when he says "cable"! We have several words in common. But they are keen chaps and versed in negotiation, which is probably the diplomatic word for "trading."

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MR. ACHESON: The great position of weakness you get into is telling them twelve hundred is all right if they withdraw these things; then if they don't, what do you do?

MR. WHITE: Then you withdraw the twelve hundred. You make it clear that the reason why you are giving twelve hundred is because they are withdrawing these concessions. That is what you are buying, in a sense.

When you don't allow yourself any trading, it is a little difficult, because that means you give your final position at once. But if you look at it from their point of view, they will not tell you what they are going to withdraw, any more than you would tell them. What they will come back with, I don't know.

If you ask them - "Would you withdraw all your claims if we give you a satisfactory quota?" - they don't answer those questions. It is just like trying to get some information out of them and not getting to first base.

MR. LUXFORD: What if you had an alternative? "You can have the twelve hundred million and none of these strings" - or if you want to talk otherwise - "It is eight hundred million plus the gold."

MR. WHITE: That is an approach.

MR. VINSON: Well, we said we would help them, that we would associate ourselves with them in their efforts to secure a larger quota than eight hundred million.

MR. LUXFORD: From the Conference.

MR. VINSON: That is right. Well, now, we can't back up from that.

MR. BERNSTEIN: You will have to start with nine.

MR. VINSON: We will have to start with a larger sum than eight hundred million; eight-fifty or nine.

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But that was a memorandum submitted to them by the Secretary, to which we all agreed, that we would associate ourselves with them to get an increase in their quota. So we can't start at eight.

MR. COX: No, but you have a fairly good view on either the billion, two, or the billion and the newly mined gold.

MR. VINSON: Then we haven't made one proposition. Now then, we are horse trading.

MR. COX: Take your choice. Give them either one. This way, what do you do the next move if they turn the billion, two, down? Do you give them one, or eight hundred million?

MR. VINSON: It has to be more than eight hundred million..

MR. WHITE: What if you did present the memorandum - everything that went along with the one billion, two, and say, "This is final" - and you can make it effective, I am sure - and they will take that and they will give you an answer the next day.

Now, let us suppose, as Dean thinks possible, and certainly is possible, they may come back and begin arguing, not about the quota, but begin arguing about these concessions, as to whether or not they should concede them. Couldn't you take the position that we are not going to discuss them?

MR. VINSON: There might be something in Oscar's suggestion as to an alternative, that they would have the option to take either one, that this was the final position. There might be something in that.

MR. COLLADO: I wonder if I might make a suggestion? I searched out last night our minutes of all those meetings all spring. It occurs to me that you could write down on a piece of paper the maximum that the technicians indicated they would recommend, item for item.

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And I notice on one date we indicated a willingness to consider ten percent of the votes rather than of the quota. Ten percent of the votes gets you out of the difficulty of this memorandum of Secretary Morgenthau's a couple of nights ago, because ten percent of the votes gets you up in the neighborhood of nine hundred rather than eight hundred.

You just write that down and say, "This is what we talked about before we came to this Conference. Now, we would be prepared to go twelve hundred if you knock out everything else."

If they say they wouldn't, you revert to the nine hundred and go on with your trading.

MR. WHITE: Except I wouldn't like to raise that question of votes again, not after that long discussion we had with the question of the quotas:

MR. VINSON: And the question of a misunderstanding - we both agreed that there was reasonable grounds for their misunderstanding.

MR. WHITE: We hope!

MR. VINSON: I believe that puts it in a short sentence.

MR. DURBROW: The misunderstanding would be just up to over a billion dollars.

DR. GOLDENWEISER: Ten sixty-six.

MR. VINSON: Shall the matter be submitted to them in one proposal, or the alternative proposal for them to accept either one, according to their desires?

MR. ECCLES: I move you submit it to them in one proposal in writing, and that you do not discuss or negotiate any change from that proposal, unless they want to go back, at their own suggestion, to the billion dollars. They may come back to that, but so far as that quota is concerned, that is one proposal.

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MR. WHITE: I think it should be made clear that that additional figure is in recognition--

MR. ACHESON: I think you can treat that proposal as carrying out Secretary Morgenthau's statement the other night. That is helping them.

MR. VINSON: No question about that. The only point was the eight hundred million.

MR. ACHESON: I think you can say that if we can't agree on this we will have to go back to the position we held before all of these talks, and go ahead with the Conference and slug it out the best way we can.

MR. WHITE: That is right.

MR. ECCLES: That is right.

MR. WHITE: Under those circumstances, if they are that kind of animal, I think we would all enjoy slugging it out. We won't enjoy it compared to the other, but rather than just giving in to being pushed around by getting the billion, two, and other concessions, I would be inclined to say the devil with them.

But if they have the proper spirit, in which they want to show themselves as trying to have this a successful Conference and in perfect accord, they cannot in any sense, in their own minds and hearts, deny we are being very generous in this, and if we are being very generous in this, then there ought to be some reciprocation in the way of spirit. If there is, fine; if there isn't, well, I will be glad to know it.

MR. VINSON: Mr. Eccles has presented a motion. Is there any discussion on it?

MR. ECCLES: I would like to add to that the suggestion that Dean made, that this is the proper proposal, it is final, and if they don't accept that we go right back

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to where we were the other night.

MR. WAGNER: Final and unequivocal.

MR. ACHESON: Somebody better get up that memorandum of all the points.

MR. VINSON: Is there any objection to that procedure?
(General agreement)

MR. VINSON: The motion is carried.

We will sleep on this and see the British tomorrow morning.

JUL 6 1944

MEMORANDUM FOR THE PRESIDENT:

I have read the letter Marriner Eccles sent you suggesting the desirability of "streamlining" the three Federal banking agencies. You may wish to send him the attached draft of reply, putting the matter off for the time being.

H. M. J.

Attachment

JJO'G/kfa

*JJO'G**Sent via S. S. Agent
7/6/44 5:25 p.m.*

Dear Marriner:

Although I appreciate the force of the point made in the recent report of Senator George's Postwar Committee with respect to the desirability of eliminating overlapping functions in government, I do not think this is a good time to be thinking of "streamlining" the Federal banking agencies.

Let's put it on the shelf for the rest of this year, at least.

Sincerely yours,

Hon. Marriner S. Eccles
Chairman, Board of Governors
Federal Reserve System
Washington, D. C.

JJO'C:igb

JJO'C
meub

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THE WHITE HOUSE
WASHINGTON

JULY 1, 1944.

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY:

TO READ AND RETURN TO ME.

F.D.R.

RECORDED
2 17 2 11 1944



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE CHAIRMAN

June 29, 1944.

My dear Mr. President:

Possibly streamlining the Federal banking agencies may be politically feasible after all. Anyway, I am taking the liberty of calling your attention to the following quotation from the report submitted to the Senate on June 12, 1944, by Senator George on behalf of the Special Committee on Postwar Economic Policy and Planning:

"(16) OVERLAPPING FUNCTIONS OF GOVERNMENT: - A careful study should be made of all the governmental bureaus and departments with a view to the elimination of those which do not perform a real and vital function and of the overlapping functions of others. Whatever steps are necessary should be taken to coordinate and unify the activities of all the departments, to be certain they do not pull in different directions."

If that doesn't exactly fit the three-headed banking set-up, I cannot imagine what language would.

Respectfully yours,

M. S. Eccles,
Chairman.

The President,
The White House.

Copy of in and out for Secy. to take to
Mrs. Morgenthau ✓

Given to Mrs M^{rs} Hughes 7/6/44

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July 6, 1944

Dear Dick:

Thanks for your very friendly note of June 29th. Having traveled around the country during five successive War Bond Drives, I appreciate both the good and bad points of a volunteer organization. Therefore, I can understand that there must have been an honest mix-up of the plans in Poughkeepsie. My only hope is that my coming was of some use to you in the Hudson Valley. Once the program got under way, I think it was an extremely worth while one, and I am very glad that I was able to take part in it.

Hoping that Mrs. Morgenthau and I will have the pleasure of seeing you and your wife at our home soon, I remain

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. Richmond F. Meyer,
Chairman,
Treasury Department War Finance Committee,
Box 1216,
Poughkeepsie, New York.

25

July 1, 1944.

Dear Mr. Meyer:

Your letter of June 29 reached this office during the Secretary's absence from the city.

Mr. Morgenthau will be away for several days, but I shall be glad to present your letter to him as soon as he returns, and meanwhile, I know he would wish me to thank you for writing him as you did.

Sincerely yours,

(Signed) H. S. Klotz

H. S. Klotz,
Private Secretary.

Mr. Richmond F. Meyer,
Chairman, War Finance Committee,
District 6,
Box 1216,
Poughkeepsie, New York.

XP/dbs



OFFICE OF STATE CHAIRMAN
Box 1216

TREASURY DEPARTMENT
WAR FINANCE COMMITTEE
District 6
Poughkeepsie, New York



June 29, 1944

Honorable Henry Morgenthau, Jr., Secretary
United States Treasury Department
Washington, D. C.

Dear Mr. Secretary:

Again many thanks for taking the leading part at the Bond Rally in Poughkeepsie last Tuesday evening. The committee joins me in this expression. Your presence and the message you brought were the high spots in the program.

In your usual gracious manner you kindly put me at ease when I apologized over my tardiness, but I do want you to know that I deeply regret my discourtesy.

To find myself not only ill informed but also misinformed about details of the Rally was cause of concern,--and embarrassment,--to me. Next time I'll "butt in" on local arrangements a little deeper, even at the risk of slightly upsetting our policy of preserving local autonomy.

My kindest wishes to you and to Mrs. Morgenthau.

Respectfully yours,

Rich Meyer
Richmond F. Meyer
Chairman

RFM:JR

July 6, 1944

Dear Admiral Draemel:

I wish to thank you for all the courtesies extended me during my very enjoyable visit to the Philadelphia Navy Yard, July 4th.

During the Fifth War Loan Drive it has been my privilege to visit numerous meetings and to take part in several War Bond programs. I should like to compliment you on the excellence of all arrangements in connection with your successful affair at Philadelphia. It was one of the best handled programs that I have ever witnessed.

May I compliment you too, on the splendid work that you and your associates have been carrying on in the interest of our War Finance effort.

Sincerely,

(Signed) H. Morgenthau, Jr.

Rear Admiral Milo F. Draemel,
The Commandant,
The Philadelphia Navy Yard,
Philadelphia, Pennsylvania.

TRG:ecb



25

July 6, 1944.

Dear Alan:

Now that I am back in Washington, I want to take the opportunity to express my very warm thanks for the great assistance you have given me recently.

The assignments you handled were difficult ones, in view of the importance of the events for which they were prepared. Your thought and your ability combined to produce splendid material, and while I hated to ask you to give the time to it, because of your many responsibilities, I am sure you feel as I do, that it was well worth while.

Thank you again both for your cooperation and for the work you did.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Alan Barth,
The Washington Post,
Washington, D. C.

GEF/abc



THE SECRETARY OF THE TREASURY
WASHINGTON

July 6, 1944

Dear Alan:

I want to take this opportunity to thank you for your very great assistance to me, through the several important assignments which you recently handled. I am sure that you understand, that because of the importance of the events, the time spent was indeed worth while and I do appreciate the thought and the work which resulted in such a good product.

Cordially yours,

Mr. Alan Barth,
The Washington Post,
Washington, D. C.



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July 6, 1944.

Dear Eugene:

Alan Barth has recently done such splendid work for me that I want to express to you my appreciation of his help, and my thanks also for your courtesy in permitting him to give me this time.

His fine mind and his great ability as a writer combined to be of the greatest possible assistance in several important projects. Certainly you are to be complimented for having him on your staff.

As I know how busy he is, and how shorthanded all newspapers are today, I am especially appreciative of your making him available, and of his willing and effective help.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Eugene Meyer,
Publisher, The Washington Post,
Washington, D. C.

GMJ/a s



THE SECRETARY OF THE TREASURY
WASHINGTON

July 6, 1944

Dear Eugene:

I want to acknowledge to you the splendid work that Alan Barth has recently done for me.

His fine mind and good writing combined to give me great assistance in several important projects. Certainly you can be complimented for having him on your staff. Knowing how busy he is and how shorthanded all newspapers are today, makes his availability more appreciated.

Cordially,

Mr. Eugene Meyer,
Publisher,
The Washington Post,
Washington, D. C.



JUL 6 1944

My dear Mr. Dies:

Your letter of June 20, 1944 to the Commissioner of Internal Revenue enclosed a list of individuals whose income tax returns the Special Committee on Un-American Activities desires to inspect pursuant to Executive Order No. 9444, issued May 25, 1944.

This request includes the returns of a large number of generally well known persons, none of whom would normally be regarded as at all apt to be engaged in the type of activity usually thought of as subversive or Un-American.

Under the circumstances the Department believes that before further action is taken on the request the present record should be supplemented by a statement from the Committee indicating in each case the basis for the apparent belief that inspection of the returns in question is necessary to carry out the provisions of the House Resolution under which your Committee operates.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable Martin Dies
House of Representatives
Washington, D. C.

Seventy-Sixth Congress
MARTIN DIER, TEX., CHAIRMAN
JOE STUBBS, ALA.
WESLEY COCHRAN, TENN.
NORM M. COSTELLO, CALIF.
FRANK P. BISHOP, PA.
FANNELL THOMAS, N. J.
JAMES E. HUNDT, S. DAK.
FRED S. HUNDT, S. L.

ROBERT E. STRIFLING, CHIEF INVESTIGATOR
DR. A. B. MATTHEWS, RESEARCH DIRECTOR

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
SPECIAL COMMITTEE ON
UN-AMERICAN ACTIVITIES
WASHINGTON, D. C.

June 20, 1944.



Mr. Joseph D. Nunan, Jr.,
Commissioner of Internal Revenue,
Washington, D. C.

Dear Mr. Nunan:

Pursuant to the terms of Treasury Decision 5200, approved December 9, 1942, and amended May 25, 1944, the Special Committee on un-American Activities desires to inspect the income, excess-profits, declared value excess-profits, and capital stock tax returns of the individuals listed on the attached list.

Sincerely yours,



Martin Dier
Chairman.

encl.

*Returns for years 1936-1943
encl.*



DO NOT RECALL FROM AGENT

Green 36-42
JUN 20 1944

G. Wilhelm Kunze
Phila. and N.J.

Caroline Meade (Caroline & Adam Kunze)
N.J.

Gerald L.K. Smith
Detroit & Louisiana

Gerald Winrod
Wichita, Kansas

William Dudley Pelley
N.C.

Earnest K. Lindley ✓
Wash, D.C.

Betty G. Lindley ✓
Wash, D.C. & Erwinna, Pa.

Joseph P. Lash
N.Y.C.

Frank Kingdon
East Orange, N.J. & Riverside Drive, N.Y.C.

Rex Stout
N.Y. Districts 14, 3, and 2 ✓

Melvin Douglas
L.A., Calif. & Wash, D.C. ✓

Helen Cahagan
L. A., Calif. & Wash, D.C. ✓

Clifton Fadiman
Brooklyn, N.Y.
Districts 2 & 3, N.Y.C. ✓



Lionel Stander
Los Angeles, Calif.

Gloria Stuart
Los Angeles, Calif.

Gale Sondergaard
Los Angeles, Calif.

Budd Schulberg
Los Angeles, Calif.

Dalton Trumbo
Los Angeles, Calif.

Irving Pichel
Los Angeles, Calif.

John Bright
Los Angeles, Calif.

Rockwell Kent ✓
Ausable, N.Y.

Walter Winchell ✓
New York

Drew Pearson ✓
Wash, D.C.

Creekmore Fath ✓
Texas and Wash, D.C.

Reid Robinson
Denver, Col.

Agnes Birkhead
Kansas City and N.Y.

Robert Marshall
1936-1939, N.Y.C.

Joseph P. Kamp
N.Y. Districts 2 & 3

Wilbur V. Keegan
N.J. and N.Y.



INCOME TAX RETURNS HERETOFORE REQUESTED
AND OBTAINED BY DIES COMMITTEE

6/7/39 J. E. Campbell
Owensboro, Ky.

Dudley T. Gilbert
New York City

6/21/39 William Dudley Pelley
Ashville, N. C.

7/10/39 George Van Horn Moseley
Atlanta, Ga.

Fritz Kuhn
New York City

William Browder
New York City

Earl Browder
New York City

William Weiner
New York City

Sol Hillkowitz and his wife, Hermine Hillkowitz
San Diego, Calif.

8/1/39 William Dudley Pelley*
Address might be New York, Baltimore, or Ashville

8/10/39 George Sylvester Vierëck
New York City

9/18/39 Scott Ferris
Oklahoma City, Okla.

Preston McGoodwin
Washington, D. C.

9/21/39 Two Corporations:
Commercial Ingredients, Inc.
Industrial Developments, Inc.

Joseph Z. Dalinda
551 Fifth Ave.
New York City

* Duplication

- 9/1/42 - T. Edward O'Connell, alias Timothy O'Keefe
no address
- 12/14/42- William Corcoran, Sr.,
Baltimore, Md.
- A. E. O. Munsell,
Baltimore, Md.
- Robert Marshall Estate,
New York
- *12/30/42- Henry R. Luce
- Arthur J. Goldsmith
New York
- Corliss Lamont
- Margaret Irish Lamont
- John C. Metcalfe,
Silver Spring, Md.
- Frank J. Prince,
Washington, D.C.
- 12/28/42- Gardner Jackson,
Chevy Chase, Md.
- 12/31/42- Marshall Field, 3d
- 6/5/44 - Leon M. Burkhead,
Kansas City, Mo. (Friends of Democracy)
- Sanford Griffith, Huntington, Long Island
- Fred V. Field,
New York City,
- Joseph R. Brodsky,
New York City

*This request was for all years for which they had authority.

6/5/44 - Harry Bridges,
cont'd San Francisco.

Earl Browder,
Yonkers, New York

John Howard Lawson,
Los Angeles

Max Yergan,
New York City

Abram Aaron Heller,
New York City

Joseph Curran,
New York City

Clifford Odets,
Los Angeles

Herbert Biberman,
Los Angeles

John Garfield,
Los Angeles

Sidney Hillman,
New York City

Orson Welles,
Los Angeles

Donald Ogden Stewart,
Los Angeles

Nathan Witt,
Washington, D.C.

Michael Quill,
New York City

Alvah Bessie,
Los Angeles

6/5/44 - Albert Maltz,
cont'd Los Angeles

Paul Robeson,
New York City

6/12/44- Helen R. Bryan,
New York City

Edith M. Howard,
Connecticut

William A. Norman,
Newark

George Marshall,
New York City

Arthur A. Derounian,
New York City

Alfred W. Hirsch,
Milwaukee
Robert W. Dunn,
New York City

Frazier W. McCann,
New York City

Abram J. Isserman,
Newark, N.J.

A. Clayton Powell, Jr.,
New York City

Leveretts Gleason,
Chappaqua, New York

Alfred E. Kahn,
Katonah, New York

Lement Harris,
Chappaqua, New York

William Gropper. Crotten, N. Y.

Edith C. Field, New York City

JUL 6 1944

My dear Mr. Chairman:

Reference is made to your letter of June 12, 1944, requesting my comments, suggestions and approval of a proposed report on Government corporations and to the second Committee print of such report which I received on June 26th.

The report has been reviewed and I do not think that its publication at this time will serve any particularly useful purpose. The report contains a number of statements and comments with which I am not in agreement. In particular, I am not in agreement with the recommendation that the Comptroller General of the United States be made the Auditor and Comptroller, ex officio, of each and every Government corporation.

You will recall that I submitted to the Senate on February 10, 1940, in compliance with the provisions of Senate Resolution No. 150, 76th Congress, a comprehensive report relating to the financial condition and operations of specified corporations and agencies of the Government. In that report a number of recommendations were included, having in view the strengthening of congressional and executive control over governmental corporations. Among such recommendations was one which suggested that provision be made for periodic external post-audits of each corporation's financial accounts and records by or under the direction of the Comptroller General of the United States at the corporation's place of business and as nearly as practicable in accordance with recognized accounting practices. It was also recommended that the Comptroller General be authorized to employ public accountants for such purposes to such extent as he may deem necessary and that the Comptroller General be required to furnish the Secretary of the Treasury with a copy of each audit report in order that the Secretary might make the necessary financial review of corporate operations.

You may desire to give further consideration to incorporating in the proposed Committee report additional recommendations along the lines of those included in my report to the Senate on February 10, 1940 in connection with Senate Resolution No. 150.

- 2 -

If the Committee desires to issue the report in the present form, I will interpose no objection but I shall be glad if you will indicate therein that I am not in agreement with the second recommendation.

Very truly yours,

(Signed) H. MORGENTHAU, JR.

Secretary of the Treasury

Honorable Harry F. Byrd
Chairman, Committee on Reduction of
Nonessential Federal Expenditures
Congress of the United States
Washington, D. C.

JUL 6 1944

Dear Eleanor:

We have had a report from New York in the case of Laurence C. Tommasi, a Customs guard, who wrote to you on June 13 complaining of his failure to receive promotion to the position of Customs inspector. You sent his letter to me on June 19, suggesting that an investigation be made. Collector Durning reports that Mr. Tommasi failed to qualify for promotion to this position and adds: "In the interest of good administration I would not feel justified in recommending Mr. Tommasi for the responsible position of inspector of customs."

In the office of the Collector of Customs at New York candidates for promotion are interviewed and examined by a committee of career employees. The Collector enclosed a memorandum from the chairman of that committee reporting that Guard Tommasi was examined and interviewed by the committee for promotion to the position of temporary Customs inspector and that he received a rating of 65%, which is below the passing grade, in the written examination.

I note that in his letter to you Mr. Tommasi says: "This isn't the first time that I was refused the appointment." Our records show that the Civil Service Commission reported that Mr. Tommasi was one of four candidates who failed to pass a non-competitive examination for the position of Customs inspector held in July, 1941, his rating having been 60.1099.

I regret that under the circumstances it does not seem possible at this time and on the basis of his present record to promote Mr. Tommasi to the position he seeks. I am returning his letter.

Affectionately,

(Signed) Henry

Mrs. Franklin D. Roosevelt

The White House

RLP: 7-1-44
HEG/mah 7-5-44

By messenger (Mann) 7/6
11:45 a.m.

JUL 6 1944

Dear Eleanor:

We have had a report from New York in the case of Laurence C. Tommasi, a Customs guard, who wrote to you on June 13 complaining of his failure to receive promotion to the position of Customs inspector. You sent his letter to me on June 19, suggesting that an investigation be made. Collector Durning reports that Mr. Tommasi failed to qualify for promotion to this position and adds: "In the interest of good administration I would not feel justified in recommending Mr. Tommasi for the responsible position of inspector of customs."

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Mrs. Franklin D. Roosevelt

The White House

RLP: 7-1-44
HEG/mah 7-5-44

By messenger (Mann) 7/6
11:45a.

Regraded Unclassified

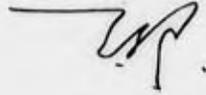
THE WHITE HOUSE
WASHINGTON

June 19, 1944

Dear Henry:

Will you have this case investigated?

Affectionately,

A handwritten signature in dark ink, appearing to be 'W.P.' or similar initials, written in a cursive style.

JUN 14 1944

1742-71st St
Brooklyn, N. Y.
June 13, 1944

Mrs. Franklyn D. Roosevelt,
White House,
Washington,
D. C.

Dear Mrs. Roosevelt:

You may not remember me personally, but I'm sure that you remember the time and place that we met. It was in Melbourne Australia, I was a patient in the 4th General Hospital. You made an eloquent speech in the garden of the hospital and I was wheeled out on the balcony to hear you. After, you visited the various wards in the hospital and you smiled at me when you passed my bed. Of course I understand that you can't possibly remember all the boys you visited but you said something that day that I can't forget and that was how the service men would be treated when they returned to the land they were fighting for.

I've been discharged from the Navy Seabees with a service connected disability. I came home and was given my old job back again for which I was very thankful. I am at present working as a Customs Guard in the Port of N. Y. I have worked as a guard since Feb. 1, 1938.

(over)

Within the past week or so, fifty one men of the
Guards Division have been appointed Inspectors of
Customs. I was not one of them. Many of those men
have only a temporary status. I have a permanent
civil service status. Some of the men have less than
one year's experience, I have over six years. Yet
they were appointed over me. My record is good and
I've tried my best on the job because I'm married
and have responsibilities. I tried to find out why
I wasn't appointed and all the answers I got were evasive.
I wasn't even given the courtesy to see the men who
selected the candidates. I know and I can prove that
I am fully qualified to carry on the duties of the Inspectors.
This isn't the first time that I was refused the
appointment.

You must forgive me Mrs Roosevelt if this
letter sounds bitter, but I know you can understand
my feeling having to suffer all my life with the
injury I received and then not given the consideration
that was promised me and ten million others.

I am appealing to you not only as the First Lady but
because of the way you spoke to us in the hospital
in Melbourne to see if anything can be done for me.

my business address is,
54 Stone Street
New York

Respectfully yours
Laurence G. Tommasi
1742-71st Street
Brooklyn,
New York.

D
C
O
P
YFEDERAL RESERVE BANK
of New York

July 6, 1944

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

I am enclosing our compilation for the week ended June 28, 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,

(Signed) L. W. Knoke

L. W. Knoke,
Vice President.

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

Enc.

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

Week Ended June 28, 1944.

Strictly
Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)					BANK OF FRANCE				Net Incr. (g) or Decr. (g) in \$ Funds (d)	Total Debits (e)	Total Credits (e)	Net. Incr. (g) or Decr. (-) in \$ Funds (d)
	DEBITS				CREDITS			Other Credits (c)					
	Total Debits	Gov't Expendi- tures (a)	Transfers to Official Canadian Account	Other Debits	Total Credits	Proceeds of Sales of Gold	Securities (b) (Official)		Transfers from Official Australian Account				
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)	+ 299.0
War period through December, 1940	2,782.3	1,425.6	20.9	1,335.8	2,793.1	2,109.5	108.0	14.5	561.1	+ 10.8	878.3	1,098.1	+ 220.1
Second year of war (h)	2,203.0	1,792.2	3.4	407.4	2,189.8	1,193.7	274.0	16.7	705.4	- 13.2	38.9	8.8	- 30.1
Third year of war (i)	1,235.6	904.8	7.7	223.1	1,361.5	21.8	5.5	57.4	1,276.8	+ 125.9	18.5	4.4	- 14.1
Fourth year of war (j)	764.0	312.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 308.3	10.3	1.0	+ 2.3
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	28.4	8.1	88.2	164.7	-	-	37.0	127.7	+ 39.6	-	-	-
June													
July													
August													
Week Ended													
June 7, 1944	59.0	5.6	-	53.4	14.6	-	-	9.0	5.6	- 44.4	-	-	-
June 14, 1944	13.5	4.4	-	9.1	12.1	-	-	-	12.1	- 1.4	-	-	-
June 21, 1944	10.2	7.8	-	2.4	56.1	-	-	12.0	44.1	+ 45.9	-	-	-
June 28, 1944	9.2	1.6	-	7.6	10.3(k)	-	-	6.0	4.3(k)	+ 1.1	-	-	-

See attached sheet for footnotes.

Average Weekly Expenditures Since Outbreak of War

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) 21.2 million

- [REDACTED]
- (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 \$ 2.5 million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports.

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

Week Ended June 28, 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	Transfers from Official British A/C	For Own A/C	For French A/C	Other Credits	Net Incr. (+) or Decr. (-) in \$ Funds (e)	Total Debits	Transfers to Official British A/C	Others Debits	Total Credits	Proceeds of Gold Sales	Other Credits
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	118.5	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	86.3	-	8.1	-	78.2	- 67.9	42.6	37.0	5.6	39.6	-	39.6	- 3.0
June																
July																
August																
Week Ended																
June 7, 1944	6.4	-	6.4	26.3	-	-	-	26.3	+ 19.9	10.5	9.0	1.5	0.4	-	0.4	- 10.1
June 14, 1944	7.4	-	7.4	11.3	-	-	-	11.3	+ 3.9	1.6	-	1.6	16.1	-	16.1	+ 14.5
June 21, 1944	3.5	-	3.5	13.1	-	-	-	12.1	+ 8.6	12.0	12.0	-	5.3	-	5.3	- 6.7
June 28, 1944	25.9 (f)	0.1	25.8 (h)	10.6 (f)	-	-	-	10.6 (g)	- 15.3	6.3	6.0	0.3	-	-	-	- 6.3

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 28, 1944.) 16.5 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 \$ 6.9 million deposited by War Supplies, Ltd. and \$ 1.5 million received from New York account of Canadian Chartered Bank.
(h) Includes \$9.1 million paid to New York agencies of Canadian banks for account of Canadian National Railway Co.

Regraded Unclassified

MEMORANDUM FOR THE PRESIDENT

*OK in principle
Let me see the
agreement first
FJP*

We should like to suggest to you a fresh approach to the French situation.

FJP

This new approach would be to deal with the French Committee as the "Civil Authority", "Administrative Authority", "De Facto Authority", or "French Authority" and to reach agreements on civil affairs administration along the lines of those reached with Belgium, the Netherlands and Norway. Those agreements, reconciled in the Combined Chiefs of Staff, were signed on behalf of the United States by General Eisenhower as U. S. Theatre Commander and on behalf of Great Britain by the British Foreign Secretary.

The agreements with the French Authority would be based on the following principles:

(1) The agreements should be essentially practical and temporary pending the selection of a French Government by the free choice of the French people. The agreed arrangements would be based on the acceptance of the French Committee as the authority which should assume leadership and responsibility for the administration of civil affairs during the period of liberation. However, the continuing status of the Committee must be based upon the support which it has of the majority of Frenchmen who are fighting for the defeat of Germany and the liberation of France. The agreements would be designed to avoid prejudicing the right of the French people to choose their own government and would be so drawn as to avoid any expression of preference or political support for the Committee.

(2) The agreements must be such as will give the Supreme Commander the full authority he needs for the unimpeded conduct of military operations.

(3) With respect to currency the French Committee would become the issuing authority for the supplemental franc currency, with appropriate safeguards so as not to prejudice in any way our military operations.

If this meets with your approval, the matter will be referred to the Combined Chiefs of Staff to take the necessary action.

JL *Shab* *CH*

File -

*Copy to Mr. D. Bell
7/7/44*

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Mission, Algiers
TO: Secretary of State, Washington
DATED: July 6, 1944
NUMBER: 2286

329

SECRET

Saxon sends the following, personal for Morgenthau.

1. It is suggested by me that you discuss with Chapin and Herve Alphand the implementation of the United Nations' declaration and the contemplated status of the French Blocus in France.

2. The development of a just and thorough going program for the de-Nazification of France along lines which are consistent with the principles of the United Nations' declaration should be the immediate objective. That the French be ready to put such a program into effect as soon as possible in liberated parts of France is equally important.

3. As yet no representative of Blocus has been sent to London or to liberated parts of France. It appears to me that the French should be urged to send Blocus representative chosen by Weil to London and to liberated parts of France at once, if consistent with our policy. ^{ff.} Also you should urge the French to set up Blocus as an independent commissariat or agency. It is shown by experience that unless given independent status, Blocus is not able to function effectively. The fact that Blocus has not been effective under the Commissaire of Production Giacobbi, you already know.

LAWTON

AIRGRAM

From: Algiers

Date: July 6, 1944, 6:15 p.m.

Rec'd: July 14, 1944 8 am

RESTRICTED

Secretary of State

Washington, D. C.

A-208 July 6, 6:15 p.m. From MURPHY.

I am informed that the Red Cross in London recently received a telegram from the Yugoslav Red Cross delegate in Geneva stating that according to a Red Cross mixed commission there was a critical food and clothing situation at Crnagera in Yugoslavia, where 200,000 people were reported to be threatened with famine and 70,000 refugees in the towns were said to be without means of support. The British Foreign Office to whom the Red Cross referred this message, immediately asked the British representative at Bari for his observations on the accuracy of the report in question. The British representative has now informed his government that according to an officer who had just arrived in Bari from Montenegro the threat of famine in the area in question is not immediate providing the existing supply of food by air is maintained. He added that owing to the lack of rain this last spring the harvest is likely to be poor and that unless further measures can be taken next winter the civilian population will suffer. The British officer in the area has been instructed to comment on the figures set forth in the telegram from the Yugoslav Red Cross delegate.

LAWTON

814.2

OO:mcm

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

July 6, 1944

4 pm

AMEMBASSY,
LONDON

5326

Thank Foreign Office for offer contained in your 5075, June 27, 6 p.m., and state that group in question is now at Irun.

Department has decided in view of report in Madrid's recent report repeated to you to accept the British offer provisionally accepted in its 4795, June 17. It would appreciate it if British Embassy Madrid were asked to coordinate with American Embassy Madrid movements of British and American groups to Lisbon.

United States Government will be glad to reimburse the British Government for expenses incurred for carriage of group on Drottningholm, but requests that itemization be given for such expenses in form facilitating subsequent settlement of accounts with other American republics whose nationals are included in the group.

Onward transportation of group from Great Britain to the United States should be arranged by Embassy with military authorities.

War Department being given a paraphrase of this telegram.

HULL

SWPLAEC:BB

BC

FA

CODE ROOM: Please repeat to Madrid. #1915

ORIGINAL TEXT OF TELEGRAM SENT

332

FROM: Secretary of State, Washington
TO: American Embassy, London
DATED: July 6, 1944
NUMBER: 5344

CONFIDENTIAL

The War Refugee Board requests that you deliver the following message to Dr. H. Baren, 55 New Cavendish Street, London W.1, England:

QUOTE Understand you informed of important resolution adopted by Emergency Advisory Committee for Political Defense of the American Republics and transmitted to the governments of these Republics on May 31. This resolution endorses the position taken by the United States Government that persons belonging to persecuted groups in enemy territory holding documents issued in the name of certain American Republics must be treated by the enemy as nationals of such countries for all purposes. By the terms of this resolution, all such persons would be considered eligible for exchange.

Since Palestine certificates authorize the admission of holders thereof to territory under the control of the British Government, the War Refugee Board has always considered that the exchange of Palestine certificate holders for enemy nationals is a matter that can be handled by the British Government more correctly, and therefore with more probability of success, than the United States.

Kindly advise us urgently of steps taken by you.

LEON KUBOWITZKI

WORLD JEWISH CONGRESS UNQUOTE

HULL

London

Dated July 6, 1944

Rec'd 10:15 p.m.

Secretary of State,
Washington.

6355, Sixth

FOR DEPARTMENT AND WAR REFUGEE BOARD

Embassy's 5298, fifth

Mr. Eden's statement in Parliament yesterday concerning fate of Hungarian Jews is theme of editorials in three London papers. Avowing that Foreign Secretary's remarks left no doubt that this group is marked for extermination and that massacres have already begun, TIMES says: "With the complicity and indeed the support of the traitor government which was set up in March to ensure the subservience of the once proud Magyar's to German military, economic and political domination scores of thousands of Jews are being deported to those so-called concentration camps in Poland which are in fact slaughterhouses." Editorial goes on to say that Hungarian Jews--constituting largest single Jewish community in Europe--had until German occupation in March been relatively well treated and that intermarriage between Jews and non-Jews had been widespread. This circumstance, it declares, adds to disgust excited by measures Hungarian Government is carrying out, as without its active participation, Gestapo would have lacked information necessary for planning and capacity for execution of these mass murders. It continues: "neither the representations of the Pope nor the recent appeal addressed by the King of Sweden to the Hungarian Regent have moved these obedient instruments of German savagery; nor is it to be supposed that men who have eagerly accepted office from the exploiters of their country will recoil from the destruction of multitudes of their fellow citizens. Mr. Eden has expressed the 'loathing' with which their action and attitude have undoubtedly filled this country, and if, as he promised, the BBC loses no chance of bringing this detestation home to the Hungarian Government and people, fear, at a time when their protectors face catastrophe on every front, may still be effective where appeals to humanity have failed".

DAILY TELEGRAPH

8-65855, Sixth, from London

DAILY TELEGRAPH believes that only hope of stopping butchery of Jews in Hungary and elsewhere under German domination lies in speedy victory of Allied nations.

DAILY HERALD editorial links Hungarian disregard of British protests with policy toward Spain and Argentina. It expresses grave doubt that Mr. Eden's words will have any effect on Hungarian Government which "has been well aware throughout the war and for years before the war how British public opinion feels on this matter." Declaring that British indignation has produced no result, editorial continues: "Even today, when German military might is reeling, when Allied victory is sure, the Hungarian satellite statement show no more regard for British wrath than they showed in the early days of the war, the days of Nazi triumph." Asking why this is and what is to be done about it, TELEGRAPH states: "Before we suggest an answer, let us examine the case of another evil Government, that of Argentina. On June 10 Colonel Peron, the Argentine War Minister, made a speech in which he talked of war in South America as inevitable. He said that Argentina, in preparation, must 'organize a structure of total war'. Who is Colonel Peron to use these words? Who and what are the members of the Argentine Government, on whose behalf he was presumably speaking? There are the strongest reasons for believing that they are the tools of a militaristic, pro-Axis, anti-Democratic clique. Are we to beat down Germany and Japan only to find ourselves involved in another war at the command of Colonel Peron? Is this present period of blood and toil, tears and sweat, to be merely an installment of the price we must pay for reentering the boon of peace in some millennial Age? That is alarming in the case of Argentina, as in the case of Hungary, is that these petty tyrants dare at such an hour to defy the manifest will of the United Nations. It is painfully obvious that, although they are well aware that the Axis is fast losing the war, they do not take seriously the prospect of a postwar system in which aggressive nationalism will be an impossible policy. The Hungarian Fascists continue their attacks against the Jews because they are not convinced that they will suffer for these crimes or that the Allied victory will extinguish Fascism. They have read no doubt Mr. Churchill's words in championship of General Franco, and his declaration that the war has become 'less ideological in character.' Very naturally they draw comfort from such pronouncements. They decide that they can risk indulging for a little

longer the

longer the sadistic tastes which they share with the Nazis who are still their masters. If France can get away with it, thinks Horthy, why shouldn't I go thinking, he consigns another trainload of Jews to Poland. As for Colonel Peron, he no doubt has noted the long delay of the Allies in announcing a postwar system of military. He imagines that for a long time after this particular world war the nations which have borne its brunt will be arguing about the best ways and means of preventing another. He thinks that in the meantime he will be able to cast a Hitleresque spell over South America--simultaneously menacing his neighbors, pretending to seek the friendship of the greater powers and stifling the voice of democratic protest in his own country. No doubt he looks forward with full confidence to the day when a British Prime Minister will ask the press not to draw rude caricatures of Colonel Peron." Asserting that a revision of United Nations policy towards Argentina is foreshadowed in recall of British and United States Ambassadors, editorial concludes: "We appeal for something more. We appeal for a declaration of United Nations policy which will make it clear that Fascist tyranny and aggressive ambitions have not the slightest hope of survival in any country. We appeal for the announcement of decisions--not merely for aspirations--which will paralyze these minor intriguers and adventurers before they become a major menace. We suggest that the news from Hungary and Argentina is an urgent warning to the United Nations that they must proclaim far more clearly their determination to implement as to the war the principles for which they are fighting. It is a warning that they should work faster on the job of planning a system of military security and economic development which will bring contentment to the world and destruction to all who plot against peace."

WT MART

END

BT

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Consulate General, Jerusalem
DATED: July 6, 1944
NUMBER: 124

CONFIDENTIAL

The War Refugee Board requests that you deliver the following message to Dr. Itzhak Gruenbaum, Jewish Agency for Palestine, Jerusalem:

QUOTE Understand you informed of important resolution adopted by Emergency Advisory Committee for Political Defense of the American Republics and transmitted to the governments of these Republics on May 31. This resolution endorses the position taken by the United States Government that persons belonging to persecuted groups in enemy territory holding documents issued in the name of certain American Republics must be treated by the enemy as nationals of such countries for all purposes. By the terms of this resolution, all such persons would be considered eligible for exchange.

Since Palestine certificates authorize the admission of holders thereof to territory under the control of the British Government, the War Refugee Board has always considered that the exchange of Palestine certificate holders for enemy nationals is a matter that can be handled by the British Government more correctly, and therefore with more probability of success, than the United States.

Kindly advise us urgently of steps taken by you.

LEON KUBOWITZKI
WORLD JEWISH CONGRESS UNQUOTE
HULL

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

July 6, 1944

8 p.m.

AMEMBASSY,

LISBON

1933

The War Refugee Board requests as its no. 48 that de-
lévery be made by Dexter pf paraphrase of the following message to
Elishu Dobkin, Lisbon:

QUOTE. In answer your inquiry of June 15 suggest you
consult Dexter and ask him to inquire of McClelland the
state of Swiss negotiations re release children. Please
keep us informed.

World Jewish Congress

Leon Kubowitzki UNQUOTE

HULL
(GLW)

WEB:MMV:OME
7/5/44

VE

S/CR

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Lisbon
TO: Secretary of State, Washington
DATED: July 6, 1944
NUMBERED: 2088

CONFIDENTIAL

Pilpel sends this JDC 25 for Leavitt; War Refugee Board
no. 93.

\$300,000 July budget should be remitted to Saly Mayer.
Also \$25,000 for Shanghai. Referring further to JDC 25 (?),
Mayer confirms receiving five-sixths Juhs grant; one-sixth
being withheld by the Swiss Government.

NORWEB

DCR:VAG 7/10/44

~~TOP~~
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arrangement. (SECRET W)

July 6, 1944

4 p.m.

AMLEGATION.

STOCKHOLM

1342

To Olsen as War Refugee Board no. 43.

The Board requests that you deliver the following message to Rabbi Wilhelm Wolbe, 11 Olofsgotten Strasse, Stockholm:

QUOTE Advise disposition \$10,000 cabled to you. Also whether information available re rabbis religious leaders Lithuania. At our request State Department cabled list of Lithuanian religious leaders. Make extreme attempt rescue them. Cabled Bezalel Keesten Hapoel Hamizrachi \$1500 for rescue children from Finland money to be utilized only for this purpose. Contact and cable. Vaad Mahatsala Emergency Committee, Abraham Kalmanewitz UNQUOTE.

HULL
(GLW)

WEB:MMV:EG
7/5/44

HOE

SWP

S/CR

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

July 6, 1944

8 p.m.

AMLEGATION,

STOCKHOLM

1348

The following is WEB cable 37.

Please refer to your 2316 of June 26 concerning the re-opening of the Bardaland safe-conduct question.

The Board feels strongly that all possibilities for obtaining a German safe-conduct should be exhausted, as human lives hang in the balance. Therefore, it would be much appreciated if the Swedish Government would take the action suggested in our 1213 of June 16.

Please convey the Board's appreciation for Beheman's understanding and cooperative attitude.

HULL
(GHS)

WEB; MMV; OME
7/6/44

NON

S/CR

NE

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arrangement. (SECRET W)

July 6, 1944

9:00 p. m.

AMLEGATION,
STOCKHOLM.

1349

The following War Refugee Board cable No. 42 is for Johnson and Olsen.

For your information and guidance as well as Wallenberg's in your discretion there is herewith repeated to you the substance of a message sent by the Board to Amlegation Bern: QUOTE In view of consistent neutral press reports carrying Berlin and Budapest datelines and other information to the effect that the eight hundred thousand Jews in Hungary are being segregated in ghettos and concentrated in camps, there seems little doubt that the pattern heretofore set in Poland and repeated elsewhere is again being followed. In an effort to develop means to forestall the effectuation of the ultimate ends of such program, that is mass-executions either before or after deportation, consideration has been given to the advisability of requesting the Swiss Government to address an inquiry on behalf of this Government to appropriate authorities in Hungary asking them to state their intentions with respect to the future treatment to be accorded to Jews in ghettos and concentration camps and specifically whether they contemplate forced deportations to Poland or elsewhere or the imposition of discriminatory reductions in food rations, or the adoption other measures which like those mentioned will be tantamount to mass-execution. At the same time, the Swiss Government would be requested to remind the same authorities of the grave view that this Government takes with respect to the persecution of Jews and other minorities and of the determination of this Government to see to it that all those who share the responsibility for such acts are dealt with in accordance with the President's statement of March 24, 1944. Also at the same time the fact of this Government's request of the Swiss Government and the nature thereof would be given the widest possible publicity in Hungary through broadcasts in the Hungarian language and such other means as may be practicable UNQUOTE.

The reply received is in substance as follows: QUOTE A note requesting transmission of inquiry to Hungarian Government, as suggested, has been delivered to the Swiss foreign Office. This note requests an indication of the intentions of Hungary as regards further treatment of Jews with special reference to forced deportations, discriminatory reductions of food rations or adoption of similar measures that amount to mass execution and reminding them of the grave view which the United States

takes regarding

-2- #1349, July 6, 9 p.m., to Stockholm.

takes regarding persecution of Jews and other minorities and the United States' determination to punish those sharing the responsibility in accordance with the March 24 warning by the President.

The Foreign Office has accepted the note as presented and will transmit verbatim as annex to the note to the authorities of Hungary. It has been agreed by the Swiss to report the date of the delivery of the note.

It is recommended that the foregoing be given no publicity pending receipt of information of delivery of the note by the Swiss to the Hungarians and that no mention of Swiss intermediary be made should publicity then appear to be advisable UNQUOTE.

Board expects verbatim text of note and date of Swiss action momentarily. You will be kept advised so that Wallenberg may be in a position at your discretion to note and report any reaction and take advantage thereof if circumstances favorable.

HULL
(GLW)

WRB:MMV:KG
7/4/44

S/CR

NOE

SE

WE

RROC-458

PLAIN
 Stockholm via London
 Dated July 6, 1944
 Rec'd 6:28 p.m., 7th

Secretary of State,

Washington.

2493, Sixth.

Swedish politics DAGENS 6th learns from Sweden's Zionist leader Dr. Hugo Valentin that King's appeal to Horthy (see our 2472) obviously made after it ascertained Germans preparing deportations all Hungarian Jews commencing July 15th. According Valentin Hitler declared already before occupying Hungary he would allow no compromise regarding Hungarian Jews. Nazis also claimed Germany unable defend southeast Europe long as million Jews remained Hungary. Valentin finds reason for extreme pessimism concerning fate Hungarian Jews. There is no question deportation or persecution but sheer mass murder.

SVENSKA 6th reports from Bern that Gustaf's appeal attracted widest attention Hungary where free press immediately published Swedish action stressing Horthy and Cabinet now made responsible to whole world for outrages in Hungary. 300,000 Jews already deported but 400,000 still remain Hungary and now slight hope these saveable. Horthy already discussed matter with Cabinet and with German representatives but negotiations result not yet known.

Stockholm press 6th carries Reuter account yesterday's Commons' debate London on Hungarian Jews and American Swedish interventions their behalf. Anthony Eden's statement quoted.

MORGONBLADET 5th characterizing Gustaf's initiative act of true humanity appealing everybody unaffected with hatred. Perhaps appeal may not have immediate effect but nevertheless of great value showing Swedish King feels deeply for suffering Jews and openly protests against barbaric annihilation campaign conducted against them for year.

AFTONBLADET 5th much terror already committed against Hungarian Jews on whom intruding tormentors clamped down immediately country occupied. Impossible judge result King's appeal but he's spoken in name humanity placing his exceptionally great moral authority on scales. This surely must mean something.

ALLREANDA 5th perhaps King's words interpretable not onlyas.....

only as appeal but as warning "don't increase your debt"

AFTONTIDNINGEN 5th observes Horthy at least formally still Hungary's Regent although nothing heard of him since Germans came into power. His influence thus could not be great but Gustaf's telegram perhaps doing some good as open protest from neutral monarch against German methods. There been many speculations what could be meaning behind Jew massacres. Hitler and followers themselves hardly believe theories they employ for propaganda. Most Jews mass murdered in Europe been poor powerless people unrepresenting any military obstacle to German expansion. Morbid spectacle probably unexplainable completely without resorting psychiatric methods. On top much else Nazism implied also terrifying outburst sadism. Third Reich's ascetic leader probably experiences voluptuousness when ordering mass murders and when reading reports how orders outcarried.

VESTMANLANDS LANS TIDNING 5th believes Gustaf's action must be based knowledge beyond what's generally known about Hungarian situation. Swedish King would not resort measure this nature without very strong reasons for appealing in name humanity. Perhaps belief venturable that he chose moment for action on assumption German hold on Hungary has loosened to degree where need not be misinterpreted as irony when King appeals to "influence" of Hungarian Regent. King definitely supported by overwhelming majority his people in this good enterprise.

AFTONBLADET 5th published Malme report that its openly alleged Copenhagen Swedish Government intervened with German authorities which partly responsible for German compliance Danish terms for ending general strike. Swedish Foreign Office informs AFTONBLADET, however, these rumors completely unfounded and no Swedish intervention made. Similar rumor published HANDELSTIDNINGEN 5th saying Swedish Minister Copenhagen more or less on own accord mediated between Danes, Germans. This likewise emphatically denied by Foreign Office in today's morning's papers.

Having undertaken protect Finnish interests in America Sweden now protective power for twenty nations.

Board Information announces intention publish comprehensive review Swedish foreign policy during war Professor Edvard Thermanius compiling work.

In answering Gallup Poll question "Do you believe that any party will make appreciable gains in fall elections....."

elections? 25% believe Communists will gain, 13 believe Social Democrats will, 5% other parties, 21 believe status quo while 37% undecided. Result secondary question showed 60% regard possible substantial Communist gain detrimental to Swedish interests, 7 considering such gain advantageous, 11 that it immaterial while 22% undecided. Fact that 7% favored substantial Communist gain indicating that if elections held now Communists would actually gain over 1942 elections when they polled 6% of votes. Interesting features of poll also that among those voting Social Democratic 1942 4% now regard increased Communist representation desirable and 13% indifferent to such development.

German born Swedish subject Otto Oskar Erich Hols arrested Stockholm charges espionage tried first time yesterday. Apparently prisoner entertained hopes becoming some sort Swedish Goebels. He testified he, 1941, on own initiative sought activate German propaganda in Stockholm which he had found "almost nonexistent". On his suggestion German propaganda showroom opened on city's main thoroughfare Kungsgatan. He planned form Swedish company principally with German capital for continued propaganda activities and visited Berlin to see Goebels in matter but only allowed see one latter's subordinates. His notion was prospective propaganda company be headed by either Commander Widom who part owner Karl DAGSPÖSTEN or Major Ernest Killander but neither these two aware of scheme which finally broke down since Germans obviously thought project too expensive. Court hearings thereafter continued in Camera.

ROHMSON

XDA
VMB

BJE - 106
Distribution of true
reading only by special
arrangement. (SECRET W)

Stockholm
Dated July 6, 1944
Rec'd 7:43 p.m.

Secretary of State,
Washington.

2503, July 6, 6 p.m.

Swedish King's personal appeal to Admiral Horthy on treatment of Hungarian Jews has been given extremely strong and prominent support in Swedish newspapers. Our no. 47 for War Refugee Board. SVENSKA DAGBLADET states that all neutrality ceases to exist in the face of these deliberate and cold blooded crimes against defenseless and innocent people. Stockholm TIMNINGEN states that the terrible fate suffered by millions of Jews under Nazi regime will shake the world to its very foundations perhaps more than anything else when the full truth of what actually happened becomes known. It adds that no more crying injustice has ever been committed than this annihilation of innocent people on racial and religious grounds.

JOHNSON

REC:WMB

KD-305
 Distribution of true
 reading only by special
 arrangement. (SECRET W)

Stockholm

Dated July 6, 1944

Rec'd 9:45 a.m., 7th

Secretary of State
 Washington

2499, July 6, 10 p.m. (SECTION ONE)

THIS IS FOR WEB FROM GULLION.

The fact that out of 92 persons arriving in evacuation ship BIRGER JARL from Helsinki only one member of Finnish Jewish community was present requires explanation. It is my belief that Jewish community failed (a) to take proper steps quickly enough to inform probable passengers or (b) that it failed to make it clear that refugees of community could avail themselves of Stockholm maintenance subsidy offered by Board or (c) that intercommunity or intracommunity dissensions imposed last minute obstacle.

Legation at Helsinki for some months acted in interests of community and tried to facilitate in every way possible Jewish travel to Stockholm. 106 Jewish refugees were enabled to leave in May and June and Jewish community expressed its appreciation formally to Legation. Some days before BIRGER JARL sailing was definitely arranged Mr. Wainstein, head of Jewish community, was notified that it was hoped that members of this group could take advantage of any facilities for evacuation which might become available. A few days later I told him that it was hoped that a substantial number from a list of 57 Jewish refugees would be able to sail. Largely through the efforts of the Legations at Stockholm and Helsinki Finnish exit visas and Swedish visas had been arranged for this list in advance. Mr. Wainstein, was instructed when notifying his people to observe the restrictions on publicity which Department had laid down in its telegram 1274, June 28, 7 p.m. to Stockholm in view of delicate negotiations involved in arranging evacuation with Finnish authorities. Mr. Wainstein was also told that he should be prepared to give names of some passengers and any additional names by Sunday July 2.

Thus the community had notification of the sailing as early as any other national group and, indeed, in view of its more precarious position Legation had been particularly active in arranging for Jewish travel. On July 2 Mr. Wainstein presented to me a list of some 60 additional names which had not yet been visaed by

Finns or Swedes,

-2- #2499, July 6, 10 p.m., from Stockholm

Finns or Swedes, but unfortunately he was unable to tell me then or on Monday, July 3 what persons in his community would make voyage, although Americans and other protected nationals were able to give me names sufficiently early in advance of sailing. Mr. Wainstein assured me only that 25 persons in all from both lists would be prepared to travel.

Swedish Legation at Helsinki did not wish to visa the passenger lists until they had all been passed by state police. Despite prodding the police did not complete their check until late Monday afternoon, July 3, and the Swedes did not consider there was time enough left them to visa Mr. Wainstein's second list. Nevertheless, I obtained from Swedish Legation assurance that if new individuals from second list should appear I might take risk of embarking them and arguing their case with Swedish immigration authorities in Stockholm. This I was prepared to do and I hoped the passenger list would finally include some 35 members of community.

JOHNSON

JT
WTD

BJR - 122
Distribution of true
reading only by special
arrangement. (SECRET W)

Stockholm

Dated July 6, 1944

Rec'd 9:30 p.m.

Secretary of State,
Washington.

2499, July 6, 10 p.m. (SECTION TWO)

Nevertheless when special train left Helsinki station at 10 o'clock July 4 only one member of community had appeared although a representative of that community was on hand. Mr. Wainstein, who has previously been very effective in promoting community's welfare considered even the number of 35 very disappointing and could not explain the slow response of his colleagues. It is true that the whole evacuation was a last minute effort and that it was difficult for individuals to make final plans but the community has as much notification as other colonies who seem to have been more alert. One good which has been accomplished is that Finns have given verbal assurance that any member of community is free to leave Finland and I understand that subsequent to our representations substantial numbers of community are now leaving in very near future in regular sailings of Swedish vessels as long as this route is open. Forty are due to arrive within a week.

Olson wishes to add that in his experience the Jewish community of Stockholm has been strangely apathetic about initiating appropriate steps to bring to Stockholm any further Jewish refugees especially stateless ones beyond the 106 who arrived in May. They have only approached Foreign Office after strong prodding on his part. This attitude on part of local community may have discouraged Helsinki group.

(END MESSAGE)

JOHNSON

WSB:RR

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMLEGATION, BERN
DATED: July 6, 1944
NUMBER: 2315

CONFIDENTIAL

TO MINISTER HARRISON AND MCCLELLAND, BERN, SWITZERLAND.

The War Refugee Board requests that you deliver the following message to Dr. Gerhart Riegner and Dr. Richard Lichtheim, 37 Quai Wilson, Geneva:

QUOTE Understand you informed of important resolution adopted by Emergency Advisory Committee for Political Defense of the American Republics and transmitted to the governments of these Republics on May 31. This resolution endorses the position taken by the United States Government that persons belonging to persecuted groups in enemy territory holding documents issued in the name of certain American Republics must be treated by the enemy as nationals of such countries for all purposes. By the terms of this resolution, all such persons would be considered eligible for exchange.

Since Palestine certificates authorize the admission of holders thereof to territory under the control of the British Government, the War Refugee Board has always considered that the exchange of Palestine certificate holders for enemy nationals is a matter that can be handled by the British Government more correctly, and therefore with more probability of success, than the United States.

Kindly advise us urgently of steps taken by you.

LEON KUBOWITZKI
WORLD JEWISH CONGRESS

UNQUOTE

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: July 6, 1944
NUMBER: 2316

CONFIDENTIAL

Reference is made to your 3871 of June 17 part 6. Ambassy Managua reports that on April 22 Nicaraguan Foreign Office despatched the following telegram to Swiss Foreign Office:

QUOTE I request Your Excellency to address himself to the German Government asking that international conventions covering prisoners of war be applied to all internees in concentration camps who are the bearers of Nicaraguan passports. Accept, etc. UNQUOTE

Please clear up apparent contradiction and advise of precise situation with regard to Nicaragua.

THIS IS WRB CABLE TO BERN NO. 71.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: July 6, 1944
NUMBER: 2317

CONFIDENTIAL

Please deliver the following message signed Frank Kingdon, to Rene Berthelet, Wasserstrasse 14, Zurich, from the International Rescue and Relief Committee:

QUOTE Cable immediately Leon Denenberg American Consulate Istanbul our representative working on rescue from Hungary Roumania Bulgaria and establish contact. Still awaiting reply to our 26 and subsequent case cables. Transmitted 5000 service social. Sending some amount middle July. Ask Ferriere send all possible assistance via Interpress to Large Caballero Camp Oranienburg. UNQUOTE

THIS IS WRB CABLE TO BERN NO. 67.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: SECRETARY OF STATE, WASHINGTON
TO: AMLEGATION, BERN
DATED: JULY 6, 1944
NUMBER: 2318

CONFIDENTIAL

TO MINISTER HARRISON AND MCCLELLAND, BERN SWITZERLAND.

The War Refugee Board requests that you deliver the following message to Rabbi Zwi Taubes, Zurich, Switzerland, from Dr. Stephen Wise, 1834 Broadway, New York:

QUOTE Matter brought to attention War Refugee Board. If reference is to Jews holders Salvadorian passports, effort being made to persuade Salvador to designate a protecting power. If reference to another matter please explain.

STEPHEN S. WISE
WORLD JEWISH CONGRESS

UNQUOTE

THIS IS WRB CABLE TO BERN NO. 69

HULL

BJR-265

PLAIN
BERN
Dated July 6, 1944
Rec'd 11:59 p.m.

Secretary of State,
Washington.
4295, Sixth

Two. The two camps apparently straddle main railroad line from Dziedszitz to Chrzanow about two kilometers to southwest of Oswiecim (German name Auschwitz). Camp of A is located between Sola River and railroad line while camp of B lies about two kilometers northwest of railroad and slightly south of village of Brzesinka. Their southern limit is village of Rajsko. Each camp is encircled by outer chain of 50 to 60 watchtowers at radius of two kilometers. These circles of towers almost touch at one point with only railroad line running between. Two camps thus about four kms. apart. Inner compound of A is 500 by 300 meters and consists of three rows of barracks surrounded by double fence carrying charged wires with five meter high watchtowers at 150 meter intervals between fences. Between compound and outer circle are clustered to north three factory buildings of Deutsches Aufreustu Gswerke, Krupp and Siemens; to west staff building.

Compound of B is 1600 by 850 meters. Northeast end of camp is distinguished by high smokestacks of four crematoria. To northwest is small birch forest called Birkenwald while two one-half kilometers to west a farm camp called Harmense.

For geographical orientation see 1,200,000 scale map of Upper Silesia plebiscite zone.

Three. A was originally solely a concentration camp and in April 1942 housed about 15,000 political prisoners mainly Poles with a few Germans and Russians including criminals anti-socials, homosexuals and members of Bibelforscher religious sect; also Jews from all occupied countries. Over entrance gate are inscribed words Arbeit Macht Frei.

B primarily used for Jews was constructed by 12,000 Russian war prisoners brought there as punitive measure during December 1941. By May 1942 all but few hundred had died from exposure and undernourishment. Authors state that there bodies which had been shallowly

buried by

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buried by thousands had to be later exhumed and burned due to frightful odor they spread. When authors arrived there were about 2,000 men in B.

Four. Treatment and working conditions in A and B are vicious. On arrival all possessions and clothing are confiscated, heads shaved to make escape more difficult and camp number tattooed, in case of Jews during 1942, on left side of chest and after beginning of 1943 for all prisoners on left forearm. Ragged and filthy Russian uniforms and wooden shoes are distributed. In B each block or barrack 30 by 10 by 5 meters high houses 400 to 500 internees in cell-like rooms too cramped to permit either standing or lying down. Food for Jews consists of tepid ersatz coffee in morning one liter soup generally turnip at noon and 300 grams bad bread at night. Non-Jews receive more. Working hours are in summer from 5 to 12 and 13 to 18, in winter from 7 to 15 without interruption, men are worked outdoors irrespective of weather or season working conditions for Jews are calculated to bring them to state of collapse within two weeks. They are beaten or shot for slightest slowness awkwardness or infraction, heavy physical labor is demanded road construction gravel pit cement work house demolishing or work in various factories particularly the Buna synthetic rubber plant near B. When working outside second circle of watchtowers each group generally assigned 10 by 10 meter area anyone accidentally overstepping line or falling out of march column returning from work is shot for attempting to escape. Any internee who actually tries to escape if caught alive is publicly hung before whole camp; if only body is brought back it is placed at entrance gate of camp with sign reading Hier Bin Ich.

Authors report mortality among group of 1,000 Slovakian Jews which arrived in mid-April 1942 at 30 to 40 per day three weeks after arrival only 150 were alive. Similar transport of 300 naturalized French Jews from Paris which arrived early in April 1942 were all dead within month.

Five. Those too weak to work are placed in ill-famed block 7 in B the so-called Krankenbau here an operation called selektion is practiced consisting

of sorting

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of sorting out by camp doctor each Monday and Thursday of worst cases who are then transported in trucks to the Birkenwald where they are gassed in a special barrack; bodies being burned afterwards. In block 7 about 800 died by selection and 1200 of so-called natural death each week, death certificates for latter category are regularly drawn up and sent to Oranienburg. Authors worked in block 7 Krankenbau between May 1942 and January 1943 and from direct observation estimate total such deaths during this period at 5,000.

Six. According to Polish Major Krankenbau in A in March 1942 consisted of blocks 28, 20, and 21 later three other blocks 19, 9 and 10 composing so-called hygienic institut were attached to it. In latter various medical experiments were performed; sterilization by X-rays artificial insemination, blood transfusions using male and female prisoners from camp. One example: out of family transport of 4000 Jews from Theresienstadt which arrived on September 7, 1943, all were gassed in Birkenwald on March 7, 1944, except 11 pairs of twins delivered to this hygienic institut.

No one was admitted to Krankenbau in A unless he had a fever of at least 38.6 centigrade. Patients were divided into two groups Jews and non-Jews. 80 to 90% of former were killed outright by fenoln injections in heart region many Jews voluntarily submitted to this rather than Birkenwald to be gassed.

In a great many political prisoners were regularly executed by shooting against wall in court between blocks 10 and 11. This reached high point in May 1942 when two or three times weekly at morning appel 40 to 60 men were separated out and commit suicide on high tension wires non-Jews were divided into curables and those whose recovery would take several weeks latter if still ailing after months along with many political prisoners condemned to death were killed by fenoln injections. To further make room for new patients German doctor checked over everyone in Krankenbau once a month and drew up list of 200 to 400 who were killed by same method those destined for the Spritze (as it was called in camp jargon) were sent naked from block 28 to block 20 where operation was performed early in 1942 by SS man Kler shoemaker by profession. For services rendered to Fuehrer Kler was promoted to Oberscharfuehrer given extra rations and Iron Cross. Later when Kler's nerves began to fail him he was assisted by a Pole named Panszczyk (prisoner No. 607) from Cracow still later this killing done by another

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He named Jerzy Szykowski No. 15490 who volunteered. He is said to have died in summer of 1943.

Deleusing as anti-typhus measure was also frequently used by German doctor as pretext to weed out additional ill and weak for execution. Any Jew suspected of typhus was automatically sent to await execution in cells of block 11.

Seven. Jews who were brought to A toward end of 1941 were for most part Polish political prisoners and killed by various methods as such. Not until spring of 1942 were transports of Jews en masse sent to B (constructed principally for them) to be exterminated on purely racial grounds.

First large Jewish transport to arrive in A March 1942 consisted of 7,000 Slovakian girls. By spring of 1944 only 400 of them were still alive in B they had been numbered from 100 to 8000. Men on other hand were numbered at time of arrival of authors from roughly 27,500 on. Only those admitted to camp received numbers, no number was used twice except in case of Russians POWs who were always numbered from 1 to 12,000. By April of 1944 when authors escaped number series for men had reached 174,000. Approximately 146,500 persons had entered camps of A and B effective of B when authors left was about 34,000 composed of 16,000 Jews and 1800 Aryans. 13,000 of this total were women and 4500 Gypsies; remains of group of 1600, who died off very quickly.

Effective of A in spring of 1944 is not given.

Of 146,500 persons who had entered camps during authors stay some 2000 were Aryans mainly Polish political prisoners plus group of 700 Czechs and 200 French Communists, among latter was Theres, brother and Leon Blum younger brother who was tortured and gassed.

Eight. As first large transports of Jews began to arrive in spring of 1942 process was to admit about 10% of more ablebodied men and 5% of women into B. This selection was made by Gestapo political commission at unloading of trains. Balance including elderly people, women with small children, those ill or otherwise unsuited for work and abandoned children were taken directly to Birkenwald in trucks and gassed. At first the bodies were thrown into immense graves but in fall of 1942 they were exhumed and burned (with gasoline) in great piles in the

open.....

-5- #4295, Sixth, from Bern.

open fields a burning pit was then instituted the ashes from it were always sifted and spread far and wide.

Nine. Authors were in regular contact with Jewish work group called the Sonderkommando charged with emptying gas barrack and burying corpses so they were in position to obtain reasonably accurate information as to numbers exterminated. They could also control those admitted to camp who received numbers. A large part of their report consists of frightful statistical record of vast number of Jews destroyed while they in B a few examples should be given.

From July 1 to September 15, 1942 huge family transports of Jews from France, Belgium and Holland constantly arrived. At one point in July 15,800 (numbered 49,000 to 64,800) were admitted to camp. This represented barely 10% of convoys set that over 100,000 were gassed, a few weeks later 9,000 were admitted to B (numbered 71,000 to 80,000) with estimate of those directly gassed set at 65 to 70,000 persons. With number 80,000 systematic annihilation of Polish ghettos began. During December 1942 and January 1943 transports arrived daily with Jews from Mljava, Nakow, Zichenow, Lensa, Grodno, Bialostek and Krakau. Only 5,000 of them ever entered B. At least 90 to 100,000 were destroyed authors speak of Sonderkommando working day and night in two twelve hour shifts. About 400 Jews murdered daily. In middle of January three transports of 2000 persons each arrived from Theresienstadt, their baggage was labelled CU GR and R. From these 6000 only 600 men and 300 women entered camp. During whole months of February 1943 an average of two convoys daily arrived with Polish Dutch and French Jews. The number who perished was around 90,000.

Ten. At end February 1943 four newly constructed crematoria and gassing units were put into operation in B two larger and two smaller the larger type consisted of vast central hall flanked on one side by furnace room and on other by long narrow gas chamber. About 2000 persons at once were crowded into central hall which was camouflaged to resemble bathing establishment made to undress given piece of soap and towel and then herded down a short stairway into adjoining lower gas chamber this is hermetically closed and SS men wearing gasmasks mount to rood and shake down into room from three openings in ceiling a powdered cyanide preparation labelled cykloz manu-

factured....

-6- #4295 Sixth, from Bern

factured in Hamburg. Within a few minutes everyone in gas chamber is dead, latter is aired and Senderkommande proceeds with gruesome work of transporting bodies on small flat cars running along track passing under central hall to furnace room here there are nine ovens each with four openings with high smokestack rising in middle each opening can incinerate three normal bodies within one one-half hours. Daily capacity of larger crematoria is 3000 of two smaller about 1000 each, total for all four units is some 6000 daily.

At this time gas barrack and burning pit in Birkenwald were abandoned all traces being completely obliterated. It should be recalled in this respect that two similar extermination camps in Poland were functioning a few months ago Malkini Treblinka near Bialostek and Belsec near Bug. It is confirmed that Belsec was completely eradicated early this year, the same is said concerning Treblinka doubtless Nazis plan to destroy A and B when they have served their terrible purpose. This desire to cover up their tracks from posterity is further emphasized by arrival early in 1943 of 500,000 liberation forms which were carefully filled out with data on those gassed and filled in archives.

Further illustrative of this preoccupation is postcard episode early in September 1943, a family transport of 4000 souls from Theresienstadt arrived in B. This transport was officially designated as SB-Sonderbehandlung-Czech Jews with six months quarantine. On March 1, 1944, these people were forced to write postcards to relatives in foreign countries dated March 23 to 25 stating they were in good health and asking for packages, on March 7, 3791 persons from this group were gassed the balance mostly old people (with exception of 11 pairs twins already mentioned) having died during quarantine. Several of these cards were received in Switzerland.

Eleven. For inauguration of new crematoria in B at beginning of March 1943 8,000 Jews from Krakau were destroyed. For this occasion prominent civilians and high army officers arrived from Berlin and declared themselves satisfied with performance after having elbowed one another to use peephole looking into gas chamber.

Twelve. Mid-March 1943 45,000 Jews from Saloniki arrived, 10,000 entered camp (numbered 109,000 to 119,000) the rest outside few women went into the crematoria...

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crematoria the 10,000 in camp died rapidly from malaria, typhus, mistreatment and injections so that when authors left B not a single Greek Jew was alive.

During December 1943 more large transports of Dutch, French and Belgian Jews arrived including for first time Italian Jews from Fiume, Trieste and Rome. 5,000 men entered camps (numbers 160,000 to 165,000) at least 30,000 persons were gassed (so these extraordinary figures continue.)

Thirteen. Authors set number of Jews gassed and burned in B between April 1942 and April 1944 at from 1.5 to 1.75 million about half of them Poles the others (in thousands followed by country of origin) 150 France, 100 Holland, 60 Germany, 50 Lithuania, 50 Belgium, 50 Yugoslavia, Italy and Norway, together 30, Slovakia, 30; Bohemia, Moravia and Austria together 300 from various camps for foreign Jews in Poland.

HARRISON

WSB

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN LEGATION, BERN
TO: Secretary of State, Washington
DATED: July 6, 1944
NUMBER: 4297

CONFIDENTIAL

McClelland sends the following for WRB.

With reference to Department's cable of June 13, Number 2023, regardless of availability of overseas emigration visas, Swiss authorities have always allowed entry of refugee children (in principle, girls to 18, boys to 16) from France.

The belief that assurance a group of refugee children would not stay in Switzerland when the war is over would encourage the Swiss to admit additional adult refugees motivated our suggestion, contained in Legation's message of May 16, Number 3107, to the effect that our United States immigration visas be made accessible to all eligible refugee children in Switzerland at this time, rather than limiting visas to those who have entered country since January 1.

Around 505 refugee children under 16 years have entered Switzerland from France without parents between January 1 and June 7. The upset conditions in Haute Savoie and Jura areas along Franco-Swiss border, and especially the disorganization of all regular transportation in France, are responsible for the smallness of this number. These conditions make it most difficult to bring children up to the border and to an increasing extent, they will probably continue to do so. The rate at which children arrive is primarily decided by these two factors.

HARRISON

DCR/GPW 7-10-44

BJR-88
This telegram must be
paraphrased before being
communicated to anyone
other than a Government
Agency. (RESTRICTED)

Bern
Dated July 6, 1944
Rec'd 6:02 p.m.

Secretary of State,
Washington.
4298, July 6, 6 p.m.

FOR WRB FROM MCCLELLAND

Department's 1721, March 17.

There are at the present about 1,250 civilian Yugoslav refugees in Switzerland composed roughly of 640 men, 460 women, 35 children under 6 years and 115 children between 6 and 16 years. Of 1250 about (*) men are in work camps, 400 men, women, and children under 6 in internee homes, 115 children between 6 and 16 placed in children's homes or private families, 20 men in agriculture, 25 women in household service, 30 students liberated, the balance living outside of camps or internee homes.

There are approximately 1900 military internees of whom 540 are officers. Such internees are supported principally by the Swiss Federal Commissariat for Internment and Hospitalization partly by the Yugoslav Legation particularly certain officers.

The "Verband Schweitzerischer Juedischer Fluchtling Shilfen" in Zurich has about 370 men, 360 women and 130 children registered with it Jewish. "Verband" supplies pocket money to such refugees in reception camps (6 francs per person per month) clothing when possible and pays for camp leaves (about 20 francs for 3 days). In addition to this "Verband" spends about 9000 francs monthly support a number of worthy liberated cases young people in Zionist Youth Home and about 10 students.

The "Schweitzerhilfe Werkfuer Emigranten Kinder" in Zurich cares for about 105 children of whom 60 are placed in children's home 40 with foster families and 5 with their parents. Those placed in homes cost this committee about 100 francs per child per month.

The Swiss Red Cross contributes about a third of these costs.

Among the

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Among the military internees there are about 100 university students roughly 60 of whom have been liberated and supported by Yugoslav Legation. Legation could not liberate balance for lack of funds.

Among Yugoslav civilian refugees there are also about 100 university students of whom 10 have been liberated and are supported by "Verband" 10 by European student relief fund in Geneva 10 from independent sources. There are further about 30 high school students for whom nothing is being done. 75% of all such students are Jewish. It costs about 250 francs per month for a student's living and study expenses.

If United Yugoslav Relief Fund can send funds they would be most welcome by the three organizations mentioned and could be used to good advantage particularly by student fund for liberation of additional students and by children's committee. Swiss Government would have no objection to the sending of such funds.

HARRISON

EDA:BB

(*) apparent omission

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATE: July 6, 1944
NUMBER: 4304

CONFIDENTIAL

McClelland sends following message for attention of War Refugee Board.

Reference is made herein to the Department's June 28 telegram No. 2198.

On July 4 in concert with our British colleagues a joint approach was made to ICRC. The substance of MEWS telegrams ARFAR 2197 and 2198 (dated June 24) were communicated orally by our British colleagues to ICRC which is at present time studying matter of distribution guarantees requested and inside of a few days will submit a preliminary reply.

The foregoing has been repeated to London for the information of our Embassy there and has been sent in reference to June 27 telegram 187 from London.

HARRISON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate General, Istanbul
TO: Secretary of State, Washington
DATED: July 6, 1944
NUMBER: 395

CONFIDENTIAL

Following message is for Leavitt, WRB, from Joseph Schwartz.

Your cable was received by Resnik and he will give Hirschmall full cooperation. At the present time efforts are being made to coordinate the various agencies' activities. The Ambassador and Hirschmann met to discuss this subject. Full information as to progress made will be forwarded to you.

BERRY.

ORIGINAL TEXT OF TELEGRAM SENT

FROM: SECRETARY OF STATE, WASHINGTON
TO: AMCONSULATE GENERAL, ISTANBUL
DATED: July 6, 1944
NUMBER: 315

CONFIDENTIAL

The War Refugee Board requests that you deliver the following message to Mr. Leon P. Denenberg:

QUOTE Received your interesting report of June 19. Eagerly awaiting further details. Certainly approve man for Hungary if feasible. List follows of endangered political Hungarians. Transmitted your message Pat to which he replies, "Zionist Organization of America cabled Barlas representing Jewish agency Istanbul our first list containing 168 names Hungarian Jewish notables for certificates additional list of 600 more will follow. Please take care facilitate exit. Have provided relief refugees Shanghai through Polish Embassy. However inform future possibilities and contacts. Working concerning your request names Rumanian Jews. Advice will follow. Use list of Barlas in case other rescue facilities. Cable all data available situation Polish Jews regards." Cabled Bertholet contact you Istanbul. You cable us names most endangered people claiming possession Western Hemisphere nationality.

INTERNATIONAL RESCUE AND RELIEF COMMITTEE.

SHEBA STRUNSKY. UNQUOTE

HULL

SECRETOPTEL No. 220

Information received up to 10 a.m., 6th July, 1944.

1. NAVAL

Early 5th MTB'S sank an enemy trawler and damaged another as well as a landing craft off Dutch coast; one MTB lost. One of H.M. trawlers was sunk N.E. of BARFLEUR; three officers, 37 ratings missing.

On 5th one of H.M. Destroyers and one of H.M. Frigates sank a U-boat N.E. of BARFLEUR and another of H.M. Destroyers made a promising attack 40 miles S. of WORTHING. U.S. Escort Carrier sank a U-boat S. of NEWFOUNDLAND and took prisoners.

2. MILITARY

FRANCE. U.S. Forces have captured LA HAYE DUPUITS after heavy fighting and MONTGARDON, two miles S.W. of it. Further East they have penetrated into FORET DE MONTE CASTRE and made some progress on the high ground which is strongly held by the enemy. Heavy fighting has taken place for possession of CARPIQUET airfield. The village itself is strongly held by Canadians who have destroyed several German tanks and repulsed powerful counter attacks.

ITALY. Poles are still fighting for OSIMO, Army advance continues and has now reached outskirts UMBERTIDE and is four miles S.W. of AREZZO and less than ten miles S. of MONTEVARCHI. French are pressing forward in close contact with the enemy and are now six miles S. of POGGIBONSI. U.S. Forces still meeting stubborn resistance, especially near the coast; particularly bitter house to house fighting in ROSIGNANO. Numerous German counter attacks beaten off and advances made.

3. AIR OPERATIONS

WESTERN FRONT. 4th/5th. Tonnages dropped: Flying bomb supply dump near PARIS 1,180; railway centres ORLEANS 575, and VILLENEUVE ST. GEORGES 555.

5th. Fortresses and Liberators bombed four airfields in the Low Countries 240 tons, and three flying bomb supply dumps N. of PARIS - 300 tons. Fighters attacked transport over a wide area of France. Escorted medium bombers (8 aircraft missing) attacked communications, fuel dumps, etc. - 310 tons and 130 rockets. Enemy casualties 13, 0, 2. Ours - 14 aircraft missing. Off Dutch Coast Coastal Command Beaufighters (1 missing) in low level dawn attack hit with torpedoes a large heavily escorted ship and a minesweeper. Over 20 rocket hits on escort vessels.

5th/6th. 646 Bomber Command aircraft despatched: two large sites and two flying bomb sites - 389 (4 missing); DIJON railway centre - 154; minelaying - 6; Mosquitoes (2 missing) to BUER - 35; DUREN Steel Works - 10 and other operations - 52. Clear weather and good concentrations reported on all major targets; large explosion and much black smoke reported BUER.

FRANCE. On 5th 74 Fortresses returning with 3 squadrons Mustangs from RUSSIA via ITALY dropped 155 tons BEZIERS Railway centre and landed in ENGLAND. Withdrawal cover provided by 185 other fighters from this country. Enemy casualties - 19, 1, 9. Ours - 3 fighters missing. Italian-based Fortresses and Liberators bombed railway centres MONTEPELLIER and BEZIERS - 405 and 163 tons, and TOULON U-boat dry dock - 511 tons. Enemy casualties 3, 6, 0. Ours 7 bombers missing.

4. GERMAN ACTIVITY

From 6 a.m. 4th to 6 a.m. 5th. Flying bombs launched 142, destroyed by fighters 60, by A.A. 16, by balloons 5, total 81. During 24 hours ended 6 a.m. 6th 149 flying bombs launched of which 99 crossed coast.