My dear Senator:

I have brought to the attention of Secretary Morgenthau your letter of June 21, 1944, concerning the role of silver in the proposed International Monetary Fund. As you know, he is both the head of the American Delegation and President of the United Nations Monetary and Financial Conference.

He has informed me that the subject of silver is presently under consideration at Bretton Woods.

Sincerely,

Honorable Elmer Thomas,
United States Senate,
Washington, D. C.

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THE WHITE HOUSE
WASHINGTON

July 5, 1944.

MEMORANDUM FOR

HON. HENRY MORGENTHAU, Jr.

FOR PREPARATION OF REPLY FOR MY SIGNATURE.

F.D.R.

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ELMER THOMAS, OKLA., CHAIRMAN
JOHNSON, COLO. CHARLES L. MC NARY, OREG.
PITTMAN, NEV. HENRIK SHIPSTEAD, MINN.
DOWNEY, CALIF. JOHN THOMAS, IDAHO
MURRAY, MONT.
THOMAS, UTAH
ALBERT A. GROVER, SECRETARY

United States Senate

SPECIAL COMMITTEE ON THE
INVESTIGATION OF SILVER
ROOM 424, SENATE OFFICE BUILDING

June 21, 1944.

Dear Mr. President:

We have studied carefully the International Monetary Fund Plan that has been made public by the United States Treasury. Since whatever plan is ultimately adopted will have to be approved by the Congress, we feel it is our duty to pass on to you without delay certain conclusions we have reached pertaining to this Plan.

The Experts' Plan suffers from a basic, organic defect in that no place in it is assigned to silver. As a result, there will be an insufficiency of media for the settlement of international balances, and the use of silver as money will be undermined.

We strongly urge, therefore, that the Plan be revised forthwith so that parities for the currencies of member countries will be fixed in silver, as well as gold. By specifying fixed parities in terms of silver also, the following results would be attained:

1. The physical supply of standard money would be expanded for the enlarged needs of the postwar world.

2. The preference of a large part of the population of the world for silver money would be recognized.

3. The nations of Europe and the Far East now in the throes of wild paper money inflation could return to silver coinage on a sound basis.

4. The remonetization of gold and silver would thus be effected simultaneously and internationally.

Sincerely yours,

Elmer Thomas
Chm., Special Silver Committee
Edwin C. Johnson
Pat McCarran
Sheridan Downey

The President,
The White House.

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James Murray
Abe Murdock
Ernest W. McFarland
Alben W. Barkley
E. V. Robertson
Carl Hayden
Wm. G. McAdoo
Guy Gordon
Forest A. Cox
J. H. Scrugham
O. W. Holman
Hugh Butler
Henrik Shipstead
Dennis Chavez
Jno. Thomas
Kenneth S. Wherry
Edwin C. Johnson
Chas. W. Tobey
Carl A. Hatch
Rufus C. Holman
D. Worth Clark
E. Robertson

Mon. Mtg 204

July 8, 1944

SURVEYS OF EDITORIAL COMMENT PREPARED BY OWI

Following surveys editorial comment on Monetary Conference by U.S. newspapers outside New York City for July 4, 5, 6 and 7:

Kansas City Star (July 4) declares Conference should disclose whether U.S. and Britain are able to concede enough to make common monetary and credit arrangement possible. Declares criticism of the technicians' program reflects divergent concepts of national economy held by U.S. and Britain. Characterizes (preliminary) agreement as a compromise, saying "it is not surprising therefore, that American critics of the monetary agreement . . . protest that it goes too far as their British counterparts oppose it on the ground that it does not go far enough."

Toledo Blade (July 5) backs purposes of Conference on grounds that "any honest attempt to prevent worldwide postwar currency chaos is important." Takes stand that it is exceedingly important to fix values, related to gold, for the monies of all member countries. Calls for stable American currency as the first contribution by U.S. for stabilizing currencies in all nations.

Newark Evening News (July 6) says committee on International Economic Policy headed by Winthrop Aldrich is concerned with same objective as that sought by Monetary Conference. Adds that "obviously such agreements as may be reached at Bretton Woods for postwar monetary stabilization and for international investment security will have to be supplemented and buttressed by action upon the issues covered by the Economic Committee.

Springfield Republican (July 7) claims disunity among Anglo-Americans at Conference. Uses following summarized quotes from July bulletin of National City Bank of New York as illustrating division between Britain and U.S.!: "The currency stabilization question boils down to the 'widespread influence of the dollar-sterling relationship' and this, in turn, is mainly 'a question of agreement between the United States and Great Britain, all in all, the impression is given that the Fund is likely to serve more as a means of credit expansion than of stabilization -- in other words, an application of the principle of deficit---financing translated from the domestic to the international scene'" Edit interprets this reference to deficit-financing as "revealing the long-standing prejudice of the American financial community against Lord Keynes."

PRESS REVIEW

New York's four afternoon papers continue wide coverage to Conference. Sun uses AP story under head "Russia balks at gold share" story sub-heads Keynes reported "plea" that Britain be allowed to handle in her own way her 12 billion dollar war debt with: "wants Britain unhampered".

World Telegram AP story headlines Keynes "plea" on Britain's war debt with "Britain rejects stabilization fund proposal - Lord Keynes says England must deal with debt herself".

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Post correspondent William Player in story marked "exclusive" says fund is to be administered by "Central Executive Council." Describes "Council" as consisting of "about twelve members, presumably the Big Four and a representative group of smaller nations." Reports "Council" has been tentatively agreed upon by "Organization Committee of the proposed International Monetary funds." Player predicts development of "delicate situation" over selection of small nations for "council." Says "geography naturally will play an important part in whatever method eventually is adopted, but a compromise of some sort will have to be worked out to appease the delegates from some of the 'bad-neighbor' regions." Post columnist Samuel Grafton backs world bank plan as means to "pump the money in where it could make the most jobs fastest, and the most customers." Attacks "American conservatism" as opposing plan on grounds that "they don't want the problem solved, because sometimes you can make more quick profit out of a problem, than out of its solution."

Post Daily magazine section quotes Scripps-Howard San Francisco News as commenting as follows on Conference: "Britain is running true to form when she asks the United States to ante three and one-half billion to the 10-billion pot. ... But if some sort of international stabilization of money and trade can be brought about, the game may be worth what will obviously turn out to be a very expensive candle."

Journal American runs first of two articles by Samuel Crowther on Conference "written expressly for the Hearst Newspapers. Under head "Finance Parley Called Mistake", Crowther criticizes Conference plans as "being against the best interest of the United States . . . making for world imperialism, chaos and the degradation of the common man." Crowther states purpose of Conference was to impress U.S. voters with fact Roosevelt Administration holds future "not only of this country but of world in its hands, and therefore its tenure in office should not be disturbed." Says delegates were expected to "go through a few motions" then sign on the dotted line ... but that program is not working out." Declares Russians and Chinese delegations are present to get "very concrete concessions" and "if these demands are brought into the open, the Conference will nosedive into chaos, and an acute diplomatic crisis may result.

Crowther adds this crisis might cause the Russians to make an immediate and separate peace with Germany. It might cause the tottering Chinese Government to abdicate ... The emphasis now is on reaching an agreement rather than on what the agreement should be about.

Journal American columnist Lewis Haney criticizes Conference proposals on grounds that "foreigners" will be getting "good dollars" while American should be stuck with "pounds, pesos and the like" with "great losses" resulting to "our citizens."

Journal American financial editor, Leslie Gould, reports Keynes as advocating a scheme where "American tax payers would put up the dough and there would be no distinction as to dead beat nations and debt paying nations."

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PRESS REVIEW

Three New York morning papers -- Times - Tribune - Wall Street Journal -- continue to give wide coverage to Conference. Daily News, Mirror, PM again carry no news or comment on Conference.

Times (late city edition) kills last five paragraphs of city edition Conference story by Porter. Sections cut include reported statements by Keynes that "some other arrangements will have to be worked out for trade with the North African countries, but I don't see light on it yet." If Fund does not come into being, barter system might have to be tried by England -- British sentiment is strongly opposed to "rigid" gold standard; present scheme offers flexibility by retaining link with gold but will be adapted to changing circumstances; countries would be allowed to maintain controls to prevent flight of capital and govern capital movements if they wished.

Wall Street Journal carries short summary of Journal correspondent Bryant's story on front page. Full story run on page two under 3 column head "Russia asks stabilization fund quota equalling or exceeding that of England" Bryant says Russia's reported request is major cause of delay in fixing quotas. Says if Russian request met it may mean upping fund total beyond 8-billion. Reports some smaller countries, anticipating heavy imports after war, have made similar requests. Writes Russia wants complete freedom to fix home money value which is "contrary to the purposes of the Fund." Reports Conference will take no direct action to solve problems of "blocked exchange", but that Keynes made it clear Fund would help England in dealing with "blocked balances". Quotes Keynes as saying "it would be most serious mistake for the world to return to a fixed gold standard; if U.S. keeps selling more goods than it buys there will be no remedy for unbalanced exchanges. Wall Street Journal editorial criticizes Conference proposals on grounds original assumption that U.S. will be "the one great creditor nation" is fallacious - and "there is little knowing" how Fund and Bank may affect debtor creditor position". Editorial indicates U.S. cannot be great creditor nation because; first world - war inter-governmental debts are sunk; lend-lease is "mutual aid"; many of our foreign investments were obligations of countries now impoverished by war; government expenditures on foreign wartime bases hardly will constitute economic assets, Latin America is accumulating dollar credits instead of using them as repayment of prewar borrowing; U.S. military currencies in liberated areas must be redeemed by U.S.

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Report of the War Refugee Board
for the Week of July 3 - July 8, 1944

TEMPORARY HAVENS FOR REFUGEES IN THE UNITED STATES

Attorney General Francis Biddle has furnished for our information copies of an exchange of correspondence between his office and Senator Robert Reynolds. In a letter dated June 14 Senator Reynolds inquired "as to just what ground the President based his authority . . . permitting refugees or anyone else to enter this country outside of our quotas or in violation of our present immigration statutes."

In response, Attorney General Biddle pointed out that the 1,000 refugees to be brought to this country from Italy are not to be entered under the immigration laws and therefore do not obtain any rights to be at liberty in the United States or to remain here. A number of instances were cited to substantiate the propriety of temporarily detaining aliens in this country outside of the requirements of the immigration laws. The Attorney General's reply reiterated the fact that the particular group of persons involved are now a burden to our military forces in an active theatre of war and that military necessity requires some temporary disposition of them. It was also pointed out that as an emergency matter these persons might be permitted to enter the United States under the immigration laws by waivers of documents by the Secretary of State and, if necessary, by waiver of grounds of inadmissibility by the Attorney General. It was believed more desirable, however, the reply concluded, not to apply the immigration laws, which create various rights and privileges, but to deal with this group as with the prisoners of war and other Axis nationals who are admitted to this country temporarily and detained here outside, but not in violation of, the immigration laws.

Report from Italy

Board Representative Ackermann has reported having completed the tentative selection of 775 refugees to be evacuated to this country. It was indicated that the balance of the 1,000 persons who are to be brought here will come from the Rome area. Ackermann stated his intention of proceeding to Rome within a few days to complete the selection process already begun there, at our request, by the representative in Italy of the Intergovernmental Committee.

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COOPERATION WITH GREAT BRITAIN

Despite the statement of the British Foreign Office to the effect that it is in wholehearted agreement with the President that the escape of refugees from the Balkans to Italy must in no way be discouraged, recent action in London with respect to the confirmation of Leonard Ackermann's appointment as the Board's Special Representative in Italy indicates that other branches of the British Government are not fully conforming with this Foreign Office policy. While the Supreme Allied Commander of the Mediterranean Theatre consented late in May to the appointment of such a representative, subject only to the condition that he be attached to Allied Control Commission headquarters, the British Joint Staff Mission, acting on instructions from London, subsequently proposed several objectionable additional conditions to the appointment.

In order to avoid further delays we are cabling Ambassador Winant in London that we have consented to Ackermann's appointment despite the conditions involved. We are asking, however, that Winant take this matter up with the appropriate British authorities in order that the conditions in question may be promptly rescinded. The British are to be advised that we strongly object to the condition that Ackermann's activities in Italy must not increase the flow of refugees to such an extent as to place any additional burden on the British military authorities.

While it is intended that Ackermann will cooperate to the fullest extent with the Displaced Persons Sub-Commission and with the representative in Italy of the Intergovernmental Committee we are indicating that we likewise object to having such cooperation made a condition to his appointment if it is intended to subject or subordinate him in this way to the authority of these agencies.

Objection is also to be raised to the proposal that Ackermann's activities be strictly confined to the investigation of possible means of rescue and relief, since this limitation might well make it impossible for Ackermann to take action not inconsistent with the successful prosecution of the war, but necessary to carry out the President's mandate to the Board.

Relief through the Blockade to Cooperating Neutrals

In furtherance of our joint policy to use every available means consistent with the successful prosecution of the war to bring about the rescue of victims of Nazi oppression in

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imminent danger of death, the British have now agreed to appeal with us to the humanitarianism of various neutral European governments in behalf of these persecuted persons, in the hope that they will find it possible to liberalize to an even greater extent their policies with respect to the reception and temporary care of refugees from German-controlled Europe.

In cables to our Missions in Turkey, Sweden, Spain, Portugal, and Switzerland we have asked that assurances be conveyed to the governments of these countries to the effect that the United States and Great Britain will be glad to arrange for the provision of such additional food and other supplies as may be required to meet the added burden resulting from the temporary care of refugees, as well as funds if needed. The governments of these countries are also to be assured that the United States and Great Britain will make every effort to arrange for the onward movement to other havens of refuge of such refugees as may be received.

Similar instructions are understood to be going forward to British Missions in these various countries, calling for British support in these negotiations.

FOOD PARCELS TO UNASSIMILATED CIVILIANS

Board Representative McClelland has reported that the joint British-American approach to the International Red Cross has now been made in connection with our experimental program of transblockade relief to persons in concentration and refugee camps in enemy Europe. McClelland indicated that Intercross is now studying the matter of the distribution guarantees requested. A preliminary reply was expected within a few days.

Cooperation of Holy See Solicited

In a letter dated June 26 the Apostolic Delegate in Washington advised Under Secretary of State Stettinius that he has communicated to the Holy See the substance of this Government's message regarding the plight of Jews and other persons detained in camps in German-controlled territory because of race, religion, or political belief. Assurances were extended that the Holy See "will do everything in its power to obtain for these unfortunates a treatment similar to that accorded civilian internees." A further response is anticipated from the Holy See itself with respect to the steps we proposed to insure such treatment.

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Decision on "Christina" Food Parcels Obtained

In connection with the salvaging of food packages on board the "S.S. Christina", Ambassador Winant has advised us that the Belgian Government-in-Exile has indicated that it prefers to forward to Geneva, for ultimate allocation to Belgium war prisoners as originally planned, any supplies that can still withstand such shipment. The Belgian Foreign Office indicated its willingness to sell the balance of the salvageable materials, however, to the International Red Cross for allocation to French concentration and refugee camps.

BOARD ACTS TO OBTAIN MEDICAL PERSONNEL FOR CAMPS IN NEAR EAST

For the past two months we have received repeated warnings that there is a shortage of medical personnel for existing and contemplated refugee camps in the Near East. It has been emphasized that this shortage may seriously reduce the absorptive capacity of these camps and may accordingly prevent the movement of refugees from Italy and elsewhere. This threatened shortage has been the subject of several discussions with the United Nations Relief and Rehabilitation Administration and with Army authorities.

Because failure to meet this need might actually result in the unwillingness of the military to receive refugees in Italy, the Board conveyed word of this situation to the National Committee for Resettlement of Foreign Physicians, an American organization. This committee has been concerned with the problems of professional adjustment of the estimated 6,500 refugee physicians who have come to this country in the past decade.

It developed that the Committee, faced both with difficulties of immediate adjustment and with anticipated post-war problems of the emigre physicians, was just completing a detailed study of the composition of a group of 4,143 physicians and dentists registered with it. This study contains details as to age, sex, length of residence in the United States, citizenship status, country of last citizenship, country of graduation from medical school, fields of medicine, United States licensure, and present occupations.

The results of this study have been made available to Civil Affairs Division of the Army, a meeting between representatives of the Committee and UNRRA has been arranged, and there is reason to believe that, as a result, medical personnel will be obtained for the camps in question.

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CONDITIONS IN THE SATELLITE COUNTRIES

According to a cable from Minister Johnson, the Chief Rabbi of Sweden has been informed, by what he considers to be reliable sources, of German orders to complete the deportation to Germany of all Hungarian Jews by July 15 or thereabouts. Jewish groups in Sweden have addressed a petition to the King, asking him to appeal directly to the Hungarian Government against the carrying out of these orders. This petition is being forwarded to the King by the Swedish Foreign Office, with the recommendation that he accede to the request for intervention in the matter.

Official Report on Conditions in Hungary

In another communication from Minister Johnson there was transmitted a summarized translation of the strictly confidential memorandum furnished by the Swedish Foreign Office with respect to the condition of Jews in Hungary. The discriminatory regulations reported fall into three general categories relating to professions and occupations, to housing and financial status, and to other living conditions. It was stated that these regulations apply to all Jews regardless of whether they are Jewish or Christian by religion. (In this connection it was estimated that 35% of the Jews in Budapest are Christian.) Pressure from the clergy, however, is said to have resulted in relief being granted to Christian clergymen of the Jewish race and to certain other Christians of Jewish extraction.

According to this report, one significant regulation exempts from the obligations imposed on Jews in Hungary all foreign citizens for whom certificates of citizenship issued by various legations have been submitted to the Alien Control Commission.

Inasmuch as these regulations have in most cases been issued without detailed instructions concerning enforcement, it was said that they are subject to very arbitrary interpretation, particularly in the provinces.

The Foreign Office memorandum stated unequivocally that the lives of the bulk of Hungarian Jews are in danger. Hungary was reported to have obtained permission from German authorities to retain 150,000 male Jews between the ages of 21 and 50 for compulsory military labor in the country's defense; the remaining 900,000 Jews are to be transferred to German territory. It was said that this transfer goes on daily in sealed freight cars holding 70 persons each, without sanitary arrangements and with only whatever food each person carries. Estimates of the number of persons already sent to Germany in this

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manner vary between 20,000 and 100,000. The purpose of this transportation, it was stated, appears to be partly to furnish labor for Germany and partly, in the case of children and the aged, to furnish hostages of a sort or protection against bombing if they are quartered near war industries.

Later Report Indicates Situation Beggars Description

Shortly after transmitting to us the substance of the Swedish Foreign Office memorandum, Minister Johnson was advised by a spokesman of the Foreign Office that information just received from Budapest concerning the treatment of Jews is so terrible "that there are no words to qualify its description." It was said that of the total number of Jews in Hungary originally, not more than 400,000 remain and these are mostly in Budapest. The others - of whom there were, conservatively, well over 600,000 - were said either to have been deported to Germany to uncertain destinations or killed.

According to evidence reaching the Swedish Foreign Office, these people are now being killed en masse, many of them by means of a gas chamber across the Hungarian frontier in Poland. Johnson's cable continues:

> "It is said by . . . [the Foreign Office spokesman] that these people of all ages, children, women and men, are transported to this isolated spot in box cars packed in like sardines and that upon arrival many are already dead. Those who have survived the trip are stripped naked, given a small square object which resembles a piece of soap and told that at the bath house they must bathe themselves. The 'bath house' does in fact look like a big bathing establishment, being a large building which has been built by the Germans. Into a large room with a total capacity of two thousand packed together closely the victims are pushed. No regard is given to sex or age and all are completely naked. When the atmosphere of the hall has been heated by this mass of bodies a fine powder is let down over the whole area by opening a contraption in the ceiling. When the heated atmosphere comes in contact with this powder a poisonous gas is formed which kills all occupants of the room. Trucks then take out the bodies, and burning follows."

At the same time the Foreign Office spokesman reported to Johnson that the proposed appeal through the King had just been sent to the Hungarian Government appealing to it

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"in Humanity's name" to do what it can to stop the massacre of defenseless persons. It was indicated that in the event the Swedish Minister at Budapest is not given an opportunity to deliver this message to Hungarian Regent Horthy himself, the message will be delivered to the Hungarian Foreign Office. It was also reported that as soon as the Government of Sweden has received confirmation of its delivery in any form, the text of the message will be publicly released.

Johnson referred again to the sincerity and ability of the newly appointed Special Attache who is soon to proceed to the Swedish Legation in Budapest.

Arrangements have already been made by Johnson and Board Representative Olsen to communicate through the Swedish Foreign Office with this Attache when he reaches Budapest. It should thus be possible for us to keep currently informed on the further developments in Hungary.

Details with respect to programs approved or contemplated by the Board in connection with the rescue and relief of refugees from Hungary have been cabled to Johnson and Olsen for transmission to the new Attache, for his information.

Unfavorable Swiss Reply Anticipated

Minister Harrison has indicated that, while no formal reply has been received from the Swiss Foreign Office in response to our proposal that Switzerland enlarge its diplomatic and consular representation in Hungary, a Foreign Office official has indicated that the reply will probably be unfavorable.

Rumania Facilitating Escape of Hungarian Jews

Harrison has also advised us of the identity of the "reliable source" through which it was learned that the Rumanian Government has issued confidential instructions to border control authorities to facilitate the admission of Jewish refugees from Hungary for transit through Rumanian territory. A message in code, received by air on June 2 from the Prime Minister in Rumania, was the basis for the information. The Rumanian delegate to the International Red Cross is said to have stated that he was able to give formal assurance, presumably for the ears of the Allies, that Jews coming from Hungary to Rumania would not only be allowed to cross the border secretly, but that their safety would be looked out for by the Rumanians. We were further advised that word received from Jewish sources in Budapest would appear to substantiate previous reports to the effect that the Rumanians are not asking things difficult for the few

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Jews who have been able to reach the Rumanian frontiers.

EVACUATIONS TO AND THROUGH TURKEY

In view of the recent report from Jerusalem with respect to the 26 Jews who presumably still remain under arrest in Bucharest, we are asking Board Representative Hirschmann in Ankara to let us know what steps have been taken in this matter. We are relaying to Hirschmann the belief of the refugee who recently arrived in Jerusalem from Rumania that intervention regarding the fate of the arrested Jews might produce results. According to this refugee, it is not out of the question that, in view of the current military situation and as a result of such intervention, the proceedings might be wholly suspended and the persons released.

Large-Scale Evacuations from Balkans Begin

Reports received from Ankara indicate that operations have now begun in connection with the project being underwritten by the American Jewish Joint Distribution Committee to the extent of $3,000,000, to evacuate some 8,000 persons from the Balkans. Small boats operating without safe-conducts are being used in these operations.

Coordinating Committee Established in Turkey

We have been advised by Board Representative Hirachmann that as the result of a conference arranged by Ambassador Steinhardt in Ankara on July 2 and attended by representatives of various interested rescue and relief organizations, an agreement was reached to form an over-all coordinating committee including all effective agencies now represented in Turkey. This committee is to be directed by Hirschmann and his assistant, Herbert Katzki.

Additional Rescue Projects Licensed

Upon our recommendation, the Treasury has issued a license to The Emergency Committee To Save the Jewish People of Europe, permitting the remittance of $5,000 to the Committee's representative in Istanbul. These funds are to be used only as authorized by Ambassador Steinhardt and/or Board Representative Hirschmann, for the rescue of threatened persons in enemy territory.

Another license has been issued, upon our recommendation, to the International Rescue and Relief Committee permitting it

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to remit $5,000 to its representative in Turkey. This license likewise provides that the funds may be utilized only as authorized by Steinhardt and/or Hirschmann in effecting rescues from enemy territory.

EVACUATION OF SPANISH REFUGEES FROM PORTUGAL TO MEXICO

A cable has now been sent by the State Department to our Embassy in Lisbon asking for certain detailed information with respect to the Spanish refugees for whom Mexican visas and U. S. transit certificates were to be made available. The State Department indicated that, upon receipt of this information, an effort will be made to process the cases within one week. If no objections are made, our Embassy in Lisbon will be authorized to grant transit certificates, provided that no objection develops on security grounds and provided the applicants first secure Mexican visas.

In case the submission of photographs is impracticable, State indicated that this requirement may be waived subject to the submission of photographs after the issuance of transit certificates and subject to the furnishing of fingerprints. Certain other requirements usually made of applicants for transit certificates were also waived by State, in view of the dangers involved in the regular application procedure for refugees who must remain in hiding until visas and transit certificates are actually in their possession.

EVACUATIONS TO AND THROUGH SWEDEN

Upon our recommendation, the Treasury has issued a license to the World Jewish Congress permitting the remittance of $10,000 to its representative from Sweden, to be used in connection with the rescue and relief of Jews in Bulgaria, Hungary, and Rumania. This license provides that the funds transmitted may be utilized only as authorized by Board Representative Olsen.

EVACUATION TO AND THROUGH SWITZERLAND

We have now worked out with the National CIO War Relief Committee and the United Nations Relief, AFL, three rescue and relief projects to be carried out from Switzerland. Special appropriations from the National War Fund have been arranged to the extent of $90,000 for the Belgian War Relief Society, $90,000 for the Queen Wilhelmena Fund, and $20,000 for the Friends of Luxembourg, and appropriate Treasury licenses covering the proposed operations have been issued to the organizations named.

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RECOGNITION OF LATIN AMERICAN PASSPORTS

We have now received by way of Naples a delayed communication from Harold Tittmann with respect to our request that the Holy See cooperate by supporting in Latin America and in Spain the steps we have taken to protect holders of Latin American passports and travel documents. It was stated that the Holy See, in response, indicated that while it does not wish to be identified as actually collaborating with any government, it would take independent, parallel action.

Continual efforts have been made by the Holy See since last December to prevent the transfer elsewhere of these internees, it was said. Since the Apostolic Delegate in Washington has been kept informed of the status of these efforts, it was suggested that we obtain directly from the Delegation details of the various approaches inspired by the Vatican, as well as the replies received.

Inquiry Made Re Spanish Action

We have cabled Ambassador Hayes in Madrid for information as to whether, subsequent to his dispatch of May 11, Spanish authorities have made any effort to protect Latin American passport holders or to secure the return of any such persons previously removed from Vittel or Compiegne.

Bolivian Reply Received

According to a communication from our Embassy in Bolivia, the Bolivian Minister of Foreign Affairs has stated that he will comply with our requests concerning the protection and proposed exchange of holders of Latin American passports. The Foreign Minister is said to have stated that he would immediately communicate with the local representative of the Bolivian protecting power in order to add Bolivian support to the representations already made by this Government and other American republics.

Clarification of Nicaraguan Action Requested

Despite the report from Managua that the Nicaraguan Foreign Office cabled the Swiss Foreign Office on April 22 asking that Switzerland as the Nicaraguan protecting power safeguard from enemy persecution persons in enemy territory holding documents issued in the name of Nicaragua, the Swiss Foreign Office on June 13 informed Minister Harrison that no such request had been received by it. In cables to Bern and to Nicaragua we have asked that the apparent contradiction be investigated. In the event that the request previously

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reported has not actually gone out, we have urged our Embassy in Nicaragua to press appropriate authorities there for an immediate dispatch of the suggested request.

REPLACEMENT OF EXPIRED U. S. VISAS

In a letter to the State Department dated July 4, we have suggested certain additional measures which may help to save the lives of a number of persons in enemy-controlled areas who hold American immigration visas expired only by lapse of time.

In a previous letter from State it had been suggested, in connection with our efforts to safeguard the lives of persons in enemy territory holding expired American visas, that the German authorities simply be informed that visas will be issued to such persons provided they are found by the American consular officer to whom they apply, to qualify under the immigration laws.

Since the German authorities, no less than ourselves, would perceive in such a statement only the truism that visas will be issued to any applicant provided he is found to qualify under the immigration laws, Mr. Pehle in his letter of July 4 proposed instead that American consular officers be authorized to issue a new immigration visa to any person to whom an American immigration visa was issued after July 1, 1941, with no more formality and no other requirements than are incidental to the issuance of a replace visa, provided, first, such person present himself to an American consular officer and is not found to have become disqualified for a visa since the date his original visa was issued, and provided, second, such person has been in territory controlled by Germany or any of its satellites continuously since December 8, 1941. It was further proposed that the German Government be informed through proper channels that this Government has so authorized its consular officers.

With respect to another category of persons previously discussed with State, namely, successful applicants for immigration visas who have been in enemy territory continuously since December 8, 1941, and whose visas were not actually issued solely because they failed to appear for them in person, it was proposed that exactly the same technique be employed.

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COOPERATION WITH THE INTERGOVERNMENTAL COMMITTEE

Our Embassy in London has forwarded to us a letter from the Director of the Intergovernmental Committee announcing a plenary session of the Committee for August 15, 1944. It was explained that this date is contingent on war conditions and that it may be necessary to postpone it owing to difficulties of communications and transportation.

This Government was requested to appoint a delegate and, if it so desires, a substitute delegate for the plenary session.

(Signed) J. W. Pehle

J. W. Pehle
Executive Director

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July 8, 1944
9:30 a.m.

CABLE FROM WAR REFUGEE BOARD TO AMBASSADOR WINANT, LONDON, ENGLAND.

Please refer to your 5104 of June 28.

The War Refugee Board notes with satisfaction that the British Foreign Office is in whole-hearted agreement with the President that the escape of refugees from the Balkans to Italy must in no way be discourgged. Recent action taken in London indicates, however, that other branches of the British Government may not be fully conforming with this Foreign Office policy.

Indicative of such non-conformance is the action taken by the British Military in interposing conditions to the appointment of the War Refugee Board's Special Representative in Italy.

Early in May at the War Refugee Board's request, the War Department sent a cable to the Supreme Allied Commander of the Mediterranean Theater stating that the Board deemed it imperative tohave a Special Representative in Italy who would investigate for the Board all possibilities which may exist in areas adjacent to Italy for the rescue and relief of minority groups in enemy occupied territory who are in imminent danger of death. Permission was requested for the Board to designate such a representative who would work closely on refugee problems with the representative of the Intergovernmental Committee on Refugees in Italy.

On May 27, the Supreme Allied Commander of the Mediterranean Theater consented to the appointment of a Special Representative of the War Refugee Board for territories adjacent to Italy subject only to the condition that the Board's Special Representative be attached to ACC headquarters. The War Refugee Board immediately agreed and proposed to designate as its Special Representative in Italy Mr. Leonard E. Ackermann, who is now attached to the staffs of both Ambassadors Murphy and Wilson as the Board's Special Representative for the Mediterranean area. The Board understood that the final designation of Ackermann by the Supreme Allied Commander in the Mediterranean Theater awaited only formal notification by the Combined Chiefs of Staff in Washington.

The War Department has now advised the Board that the British Joint Staff Mission acting on instructions from London has proposed the following additional conditions to the confirmation of Ackermann's appointment:

Regraded Unclassified

(1) Ackermann's activities in Italy must not increase the flow of refugees to such an extent as to place any additional burden on British Military Authorities.

(2) Ackermann must therefore maintain close liaison with the Displaced Persons Sub-Commission and the Intergovernmental Committee's representative.

(3) Ackermann's activities must be strictly confined to the investigation of all possibilitiesof rescue and relief of minority groups in imminent danger of death in enemy territory.

Please advise the appropriate British officials that the Board objects to the imposition of additional conditions to Ackermann's appointment, for they would seriously interfere with the War Refugee Board's program of rescuing victims of enemy oppression in imminent danger of death. Particularly objectionable is the first condition which is inconsistent not only with the view of the President (our No. 4413 of June 3), but also with the concurring view expressed by the British Foreign Office that in no way should the escape of refugees from the Balkans to Italy be discouraged.

With respect to the second condition, the Board fully intends that Ackermann will cooperate to the fullest extent with the Displaces Persons Sub-Commission and the Intergovernmental Committee representative in Italy. It objects to having such cooperation made a condition to his appointment if it is intended thereby to subject or subordinate him to the authority of those agencies.

Although the functions of the Board's Special Representative in Italy will consist primarily of investigation of all possibilities for rescue and relief of minority groups in imminent danger of death in enemy territory, the third condition is objectionable insofar as it contemplates that his activities will be Quote strictly confined Unquote to investigation. This limitation might well make it impossible for the Board's Special Representative in Italy to take action, not inconsistent with the successful prosecution of the war, necessary to carry out the President's mandate to the Board (our circular cable 634 of January 25).

In order to avoid further delays, the War Refugee Board has consented to Ackermann's appointment notwithstanding the conditions involved. However, it would be appreciated if you would take this matter up with the appropriate British authorities in order that the conditions to which objection is made are promptly rescinded.

MJMarks MSargoy/JWP: 7/7/44

Regraded Unclassified

Regraded Unclassified

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London

TO: Secretary of State, Washington

DATED: July 8, 1944

NUMBER: 5396

CONFIDENTIAL

For the attention of War Refugee Board.

We have just received from the Foreign Office a communication with further respect to the procedure to be followed in placing on exchange lists Jews now in German-controlled territory who hold Palestine certificates, as outlined in the last paragraph of Embassy's cable dated June 20, no. 4889.

It is stated by the Foreign Office that the Colonial Office has informed it that Jews holding Palestine certificates should not apply through the Colonial Office but that all applications from the general public for inclusion of people in the Palestine-German exchange should be addressed direct to the Commissioner of Migration and Statistics, Jerusalem. It is stated that if they are accepted for exchange, the High Commissioner will then forward the names to the Colonial Office, and so to the protecting poweer through the Foreign Office.

WINANT

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMCONSUL, JERUSALEM
DATED: July 5, 1944
NUMBER: 125

CONFIDENTIAL

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

QUOTE Received today your cable June 23 sure you meantime received my June 26 informing JDC accepted Schwarz Jewish Agencys project, Todays yours 23 fully discussed JDC and your desire accepted. JDC cabled Schwarz 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 am single friendly negotiator recognized JDC and I witnessed immediate response JDC my every concrete suggestion. Cable improvement developments rescue work after arrangements leadership Kaplan Schwarz Istanbul also further suggestion.

HULL
(GLW)

Regraded Unclassified

AIR MAIL

No. 704

EMBASSY OF THE
UNITED STATES OF AMERICA

Lisbon, July 8, 1944

UNRESTRICTED

Subject: Publicity Regarding Statement by Archbishop Spellman, Transmitted in Department's Telegram No. 1865, June 29th, on Hungarian Jewish Situation

The Honorable
The Secretary of State
Washington

Sir:

I have the honor to enclose a copy of a memorandum from Samuel H. Lane, Jr. regarding use made of the above statement which seems self-explanatory; also a copy of a letter from Mr. L. Sima referred to in Mr. Lane's statement together with press release issued July 1st and the Press Department's Bulletin of July 8th.

This correspondence is of interest to the War Refugee Board and if the Department perceives no objection, it would be appreciated if a copy of this despatch together with the enclosures were transmitted to them.

Respectfully yours,

For the Ambassador:

Edward S. Crocker
Counselor of Embassy

Enclosures:

1. Copy of Mr. Lane's memorandum
2. Copy of letter from Mr. Sima
3. Copy of press release
4. Copy of Press Department's Bulletin

cc: Miss Chauncey (For the Sec'y), Abrahamson, Akzin, Borenstein, Cohn, DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Mann, Mannon, Marks, McCormack, Pehle, Sargoy, Standish, Weinstein, Files

RCD:sw

Regraded Unclassified

Enclosure No. 1 to despatch No. 704, dated July 8, 1944
from the Embassy at Lisbon

C
O
P
Y

Av. Rosano Garcia 6 - R/C D.
July 3

Dear Mr. Sims:

Thank you for your delightful note and for the text of Archbishop Spellman's grave declaration. I will see that it is forwarded to Budapest like the one you gave me when I had the great pleasure of meeting you. Unfortunately I don't think it will have much effect on the Nazis who are running Hungary now, for which reason I cannot but urge that both these messages should be repeated as often as possible over the radio - the only means at present to communicate with the Hungarian people.

I expect you have seen the London Times of the 29 June; it brings a story of the Hungarian - Jewish refugees who arrived last week in Lisbon.

I am equally grateful to Mr. Zielinski for having arranged our delightful meeting.

Yours sincerely,

L. Sima

Regraded Unclassified

Enclosure No. 2 to despatch No. 704, dated July 8, 1944
from the Embassy at Lisbon

MEMORANDUM

July 8, 1944

To: Dr. Dexter

FROM: Samuel H. Lams, Jr.

Archbishop Spellman's statement in regard to Hungarian oppression of Jews was sent to all newspapers on July first in the normal manner of a Press Office release (see sample copy attached). Unfortunately, the censor forbade its publication and we learned unofficially that the censor had been perturbed by the second paragraph which he felt dragged the Catholic Church into an unneutral position. I might add that the present chief censor is comparatively new in his job and seems to be very uncertain.

The same censorship applied, of course, to the release which we sent to the government radio station.

Therefore, the only publicity we were able to give the Archbishop's statement was in our own bulletin for July eighth, a copy of which is attached. The statement was used on page 3, rather than in the lead position because we had led with the same subject the preceding week.

A copy of the statement was forwarded to the Hungarian Press Attache, Dr. Ladislau Sima, and I attach a copy of his acknowledgment which is self-explanatory.

Regraded Unclassified

LFG-737
Distribution of true
reading only be special
arrangement. (SECRET W)

Lisbon

Dated July 8, 1944

Rec'd 2:06 p.m.

Secretary of State.
Washington.

2110, July 8, 11 a.m., (SECTION ONE)

THIS MESSAGE FOR PEHLE FROM MANN

During my visit to Spain the Embassy received your message should not undertake trip and suggested that I take up with the Ambassador problems which MacDonald was to have discussed.

Among other things matter of boards sending special attache for refugee problems to Spain was discussed at length. Ambassador Hayes stated that he was not convinced that there was any necessity for such a representative since refugee matters there had been ably handled by the Embassy and Blickenstaff organization. Furthermore, he mentioned that many agencies desired to have representatives in Spain and that in such cases he had to determine which should be represented on the basis of necessity and their contribution to the war effort since he could not approach Spanish for all who decided to come as attaches. It is clear to me that there is a necessity for a board representative and I gave the Ambassador my reasonsfor the appointment of such a person. However, my reasons did not convince him and he stated that he was not prepared to agree that there was such a necessity.

In our conversation I suggested Saxon as a possible representative but stated that I was not certain that he was available and that board might have other plans. I took the liberty of suggesting Saxon as an acting representative because (1) my observations indicated that he possessed the operating qualities necessary to do the job, (2) his experience in the field, (3) he is familiar with certain difficulties in North Africa which thus far have affected the Spanish evacuation program, (4) I considered it important that we have a representative in Spain immediately. Saxon is near and I could talk with him without necessitating too great delay in his arrival.

NORWEB

WSB NPL

Regraded Unclassified

NM-577
Distribution of true reading only by special arrangement. (SECRET W)

Lisbon

Dated July 8, 1944

Rec'd. 7:30 p.m.

Secretary of State
Washington

2110. July 8, 11 a.m. (SECTION TWO)

After some discussion the Ambassador stated he could not agree to accrediting him to the Spanish Government but would welcome Saxon's coming to Spain to make a thorough study of the situation not to exceed two months and if at that time Saxon could convince the Ambassador that a WRB representative in Spain could perform functions not being performed and that the performance of such served a useful purpose the Ambassador would ask to have him accredited to the Spanish Government as Attache of Embassy. If he did not convince the Ambassador he would leave at that time. While Saxon was mentioned it is my belief that the Ambassador would accept any qualified representative on the same conditions.

My lack of knowledge of present board plans makes it difficult for me to comment fully on the above proposal. However, I do emphasize the importance of a board representative going to Spain soon if one is to go there.

At present fewer refugees are entering Spain than at previous times. Some no doubt are waiting to see progress of invasion. French resistance is said to have cut rail communications with southern border. Also rescue operations do not appear as active as might be expected. It seems likely that if invasion moves slowly and Germans increase persecutions as in Hungary the Pyrenees will erupt with refugees attempting to escape. The new problems with which we may be confronted there makes it imperative in my opinion that we have a representative in the area.

Pursuant to the practice the two Embassies, copy of this being sent Madrid.

(END OF MESSAGE)

BORNEB

RR

Regraded Unclassified

July 8, 1944

DEPARTMENT OF STATE

OUTGOING TELEGRAM

DIVISION OF COMMUNICATIONS & RECORDS

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

U. S. URGENT

AMEMBASSY

MADRID

1929

In implementation of plan discussed in Department's 1915, July 6, Department is authorizing Lisbon and London to make arrangements for embarkation on Drottningholm and for necessary stay in Portugal and England of 15 individuals out of the supplemental exchange group who recently reached Irun. Please telegraph arrangements you have made for the others.

HULL
(AEC)

SWP:EJT/AEC:EMT

Regraded Unclassified

SECRET

CABLE TO MINISTER JOHNSON, STOCKHOLM FOR OLSEN

It may be of the utmost importance to future program of the Board to have available precise information concerning location of Hungarian detention centers for Jews including the place across the Hungarian frontier in Poland referred to in Section 1 of your 2412 of July 1. Using all channels available to you including Wallenberg, please secure such information and transmit it to the Board as promptly as possible.

THIS IS WRB STOCKHOLM CABLE NO. 48 .

****

July 8, 1944
12:30 p.m.

L&Lessertale 7/7/44

Regraded Unclassified

MAR-706

PLAIN
Stockholm via London
Dated July 8, 1944
Rec'd 12:45 p.m.

Secretary of State,
Washington.

2512, Eighth

Swedish politics ALLEHANDA sixth writes: Its now clear why King Gustaf appealed Horthy this very time in favour Hungarian Jews since Germans obviously preparing total deportation these people beginning July 15. Unfortunately theres reason assume both British American threats and Swedish papal appeals all in vain. Previous experiences invite no hope. Hungarian people surely as shaken as Sweden who watching events from distance. Hungarians lived quite friendly with Jewish minority but now they at Germans mercy. Latter about commit new terrible crime against humanity. Hopable that they hesitate and that rumours correct about Horthy's attempt influence German rulers. However reason fear Eden right when saying only solution is speedy allied victory but this instance it will surely be too late.

Liberal JOENKOEPINGS POSTEN sixth. Would certainly be specially gratefying if Sweden able relieve Hungary's distress. Sweden long enjoyed lively trade relations with Hungary well as good contact in cultural scientific fields. Swedish Hungarian intercourse sports athletics also particularly intimate pleasant. Sweden's name held high esteem in Hungary. Gustaf's appeal spontaneous action which surely further strengthens traditional Swedish Hungarian friendship.

German aircraft downshot near Swedish territory south Halesingborg early yesterday morning. Plane completely wrecked but unhurt pilot found be Danish refugee who stole plane Copenhagen with intention flying to England although lacking all air experience. Dane treated as civilian political refugee.

American Liberator forced landed Bulltofta airdrome Malmoe yesterday escorted by Swedish fighters. Bomber only slightly damaged but two slightly injured crew members taken to hospital.

Nasi DAGSPOSTEN seventh referring above notes indignantly German plane downshot by Swedish AA batteries whereas American bomber unmolested. Latter only very damaged and doubtless would been able return English base but "apparenly Falum again tempted crew".

DAGENS seventh

Regraded Unclassified

-2- #2512, eighth, from Stockholm via London

DAGENS Seventh reports Swede schoomer and Danish steamer recently barely escaped being hit by German artillery fire from batteries on Amager Island (off Copenhagen) while proceeding inside Swedish waters off Skanoer. Germans apparently engaged artillery practice without Swedish shipping being officially warned about dangerous areas. Germans using heavy claiber guns and theres risk stray shells might land Swedish soil across sound.

Social Democratic VAERSTMANDLANDS FOLKBLAD sixth referring recent Swedish protest Berlin (see our 2528) against two flying bombs landed Swedish soil writes Swedish press acting as marksmanship recorder for Germans when reporting just where bombs landed. Without directly supporting seemingly daring theory that Germans intentionally used Sweden as target paper admits however one must reckon also this possibility and act accordingly. Should this kind shooting recur public mustn't demand that press report precise locality where flying bombs land since such recording obviously aids Germans. DAGENS seventh quoting above asks incidently whether Berlin had replied Swedish protest which also demanded measures against repetition. It's not thanks to Germans that Swedish lives unlengs.

SVENSKA seventh reports two large Finnish steamers KARIN THRODEN and SAVONIA yesterday sequestered in Trelleborg by order chief executor following request by Alpunex Insurance Company Stockholm which has claim against two ships owners amounting over two million crowns outstanding since 1940. Steamers arrive Trelleborg for provisions after one attacked by Russian aircraft in Baltic resulting death German control officer. Assumed steamers uncalled any Swedish port since 1940 wherefore sequestration impossible until now.

Chief police Vaermland province yesterday arrested Swedish subject suspected having supplied Germany information certain Swedish defense establishments Norwegian border.

DAGENS seventh reports during Finnish social Minister Aaltonens visit Stockholm (see our 2495) agreement reached in principle with Swedish authorities for transfer Sweden 14,000 Karelian children arriving within next four weeks. Swedish Government presently considering special arrangements receiving these children who couldn't immediately expect be received private homes. Total other Finnish children sheltered Sweden now exceeding 40,000.

DAGENS seventh writes

Regraded Unclassified

-3- #2512, eighth, from Stockholm via London

DAGENS seventh writes expected heavy influx Finnish refugees near future presenting great problems which Sweden must prepare meet in time. Easiest receive own kin of Fenno-Swedish stock and admit they stand closest our heart and must be given preference. We have right draw distinction here. Regular passenger traffic probably any event being restricted aside from childrens transfer. But if panic occurs refugees will flee Sweden in small boats and once here discrimination difficult for theres no question then granting or refusing visas. What possible do however is agree beforehand on classification different categories and inform unwelcome guests in advance how they treatable. Among unwelcome guests are firstly pro-German activists Nazi elements. They threw their country into despair and they contributed breaking up Nordic collaboration and must be treated just as Norwegian and Danish quislings.

JOHNSON

WSB

Regraded Unclassified

LFG-975

PLAIN
STOCKHOLM via London
Dated July 5, 1944
Rec'd 1:10 p.m., 9th

Secretary of State,
Washington.

2527, Eighth

German military political AFTONBLADET seventh Berlin correspondent reports police officer downshot on Berlin suburban street and public being exhorted by Berlin police to help find perpetrators.

SVENSKA seventh Bern correspondent in article about Hungary states resistance to occupation power and Quisling government in Budapest increasing daily. Resistance includes masses and intellectuals. Hungarians hoping generally that Russia will soon force Germany to surrender as tien't considered that any peace can be worse than present situation. 'Tis estimated in Hungarian opposition circles in Budapest that 10% of Jewish population or over 100,000 persons already executed mostly in Slovakia Poland. Opposition quarters reckon 400,000 Jews thus far deported.

MORGONTIDNINGEN eighth Bern correspondent reports Field Marshal von Vlaskowitz is expected to retire in few days.

DAGENS eighth. Berlin states von Papen presently with his Embassy personnel at his Turkish summer residence. All stories concerning negotiations, journeys and peacefeelers by von Papen considered fables.

SVENSKA eighth. Bern correspondent reports former Hungarian Premier Kallay recently arrested near Slovakian border where he was assisting Jews cross frontier. Kallay engaged in this traffic with friend who owns large estate near border. Both arrested and taken to political prison in Budapest.

Idem Bern correspondent reports construction of refugee camps in eastern and southern Germany to receive large anticipated influx of German refugees from Poland East Prussia in near future. German quarters don't consider East Prussia immediately threatened but anticipate eastern section of

province will

Regraded Unclassified

province will become operations area and desire to remove civilians in time. Many rumors also circulating regarding evacuation of Balkans Norway. Hitler said engaged in mediating between Generals who want to hold present territory and those who wish abandon all outlying areas to conduct better defense near border. Press correspondents from Berlin indicate dramatic decisions impending in German war administration.

JOHNSON

LMS

Regraded Unclassified

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington

TO: AMLEGATION, BERN

DATED: July 8, 1944

NUMBER: 2341

CONFIDENTIAL

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

QUOTE Greatly concerned nothingdone 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 fof rescue. Please detail developments in rescue proposals of Maetrar Rabbi and Freudiger and whether Joint Distribution Committee allocated towards those proposals. Advise also if you outlined plans to McClelland.

VAAD HAHATZALA EMERGENCY COMMITTEE

ABRAHAM KALMANOWITZ UNQUOTE

THIS IS WRB CABLE TO BERN NO 70

DCR:VG:EA
7/5/44

HULL
(GLW)

Regraded Unclassified

Regraded Unclassified

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington

TO: American Legation, Bern

DATED: July 8, 1944

NUMBER: 2351

CONFIDENTIAL

A copy of MEW cable Number 2270 of July 1 to the British Minister at Bern, with reference to united approach by the Governments of Great Britain and United States to International Red Cross with the suggestion that the readyness of the Swedish Government to accept Jewish children from any portion of German-controlled Europe and an unspecified number of children from Norway and other occupied countries be communicated to the German Government by the International Red Cross, has been given to the Department.

Cooperation with you in this matter has been requested from the British Minister. The MEW cable referred to is completely subscribed to by the Department. As suggested in that telegram, we ask that you concert with the British Minister in approaching the International Red Cross.

HULL

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington

TO: AMLEGATION, BERN

DATED: July 8, 1944

NUMBER: 2354

CONFIDENTIAL

FOR THE ATTENTION OF MCCLELLAND.

The Joint Distribution Committee is prepared, with reference to the penultimate paragraph of your 4258, July 5, to make the one million dollars requested by Sally Mayer available and within a few days remittance will follow.

The foregoing message is WRB cable to Bern no. 76.

HULL

Regraded Unclassified

Regraded Unclassified

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern

TO: Secretary of State, Washington

DATED: July 8, 1944

NUMBER: 4303

SECRET

The following information is from McClelland for WRB.

1. Through underground Reich channels two reports of eye witnesses reached Switzerland recently, with regard to concentration and extermination camps of the Nazis in Eastern Upper Silesia, at Auschwitz (referred to as A hereinafter) and Birkenau (referred to as B hereinafter).

The experiences of two Slovakian Jews who were interned in the above-mentioned camps from April, 1944, when they managed to escape, and the experiences of a non-Jewish political Major who was imprisoned in the camp at A for a year and a half, are the bases for these reports, which are independent. No hearsay is given; only direct personal experiences are here reported. Since these reports have a tendency to corroborate information in fragmentary form received by various organizations and individuals in Switzerland during the past two years, particularly the composition of transports of Jewish deportees, and their dates, which came from all over Europe to the camps at A and B, there is every reason to believe that these accounts are authentic. Trustworthy people, furthermore, closely cross-questioned the two Jews (who will be referred to as "authors" hereinafter) before the compiling of this report. (Here insert text of my message of July 6, Number 4295).

14. The following names were given, among others, as being the names of individuals responsible for the acts which took place in camps A and B: Head of Gestapo Political Section, Lagerfuhrer Grabner; Commandant of B, Untersturm Fuhrer Schwarz Huber from Tyrol; Lagerkomm and Anthoess (of both camps); Camp Physician Entrest; SS-Scharfuhrer Mykleff; Oberschar Fuhrer Palitsch; Scharfuhrer Stiwets; SS-Mannkler. Also responsible for murder of many Jews in cold blood were a number of the Reich's German professional criminals interned in A and B. Among these should be listed the following: Rudio Steringer; Albert Haemmerle; Alexander Neumann; Arno Beehm; Rudi Berchert; Zimmer; and political prisoners: Alois Stahler and Alfred Klein.

For whatever use the WRB considers it most effective, this report is submitted. When the facilities of the mails permit microfilm copies of the two reports in full will be sent.

HARRISON.

DCR:LCW 7/10/44

CORRECTION

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

Dated July 8, 1944

In cable from Ankara 2002 July 3, 11 a.m.

For WRB

delete serial number "2002" and insert "1202"

DIVISION OF COMMUNICATIONS AND RECORDS

CSB

Regraded Unclassified

CORRECTION

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

July 8, 1944

In cable from Ankara 2011, July 3, 11 p.m. for War Refugee Board, delete serial number "2011" and insert "1211".

DIVISION OF COMMUNICATIONS AND RECORDS.

CSB

Regraded Unclassified

CORRECTION

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

July 8, 1944

In cable from Ankara 2016 July 5, 1 p.m.

FOR WRB

Delete serial number "2016" insert "1216"

DIVISION OF COMMUNICATIONS AND RECORDS

CSB

Regraded Unclassified

CORRECTION

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

July 8, 1944

In cable from Ankara 2017, July 5, 2 p.m.

FOR WAR REFUGEE BOARD

Delete serial number "2017" insert "1217".

DIVISION OF COMMUNICATIONS AND RECORDS

CSB

Regraded Unclassified

CABLE TO ANKARA

Please deliver following to Dr. Joseph Schwartz from Moses A. Leavitt of Joint Distribution Committee:

"Understand Barlas cabled Rabbi Ehrenpreis for 5,000 pounds which request was retransmitted New York since Mesnicka Feersamlingen unable provide this sum Stop While we welcome participation Jewish groups throughout world in rescue program you should work out with Barlas coordinated approach in order eliminate confusion.

Emergency Committee to Save Jewish People requested us give Jabotinsky $200,000 for rescue project which they claim Jabotinsky has discussed with Resnick Stop We replied all projects must be approved by our representative and by WRB and thereafter submitted to us for decision Stop We have had thus far no report regarding any concrete project."

THIS IS WRB ANKARA CABLE NO. 77.

****
July 8, 1944
12:30 p.m.

WRdb 7/7/44

Regraded Unclassified

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

July 8, 1944

5 p.m.

War Refugee Board

AMEMBASSY,

ANKARA

618

The following WRB cable 76 is for Hirschmann.

On recommendation of War Refugee Board, Treasury has issued license to International Rescue and Relief Committee Inc., New York, permitting remittance of $5,000 to Leon Denenberg provided that such funds be utilized by Denenberg only as authorized by Ambassador Steinhardt and/or Ira Hirschmann.

For your guidance, the funds may be used by Denenberg 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-216 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 Denenberg through Embassy.

HULL

HULL
(GVW)

WRB:MMV:CMH
7/8/44

HE

WT

SWP

Regraded Unclassified

NCB-931
This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (RESTRICTED)

Ankara

Dated July 8, 1944

Rec'd 11:51 p.m.

Secretary of State,

Washington.

1240, July 8, 6 p.m.

The Turkish SS KAZBEK, bringing 739 Jewish refugees from Constansa, arrived at the entrance of the Bosphorus this morning. The Ministry of Foreign Affairs has already, at my request requested the Ministry of Communications and other interested Turkish Governmental AKY agencies to take all necessary measures to expedite the landing and transit of the refugees through Turkey to Palestine.

KELLEY

WMB
EDA

Regraded Unclassified

HM-527
This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (RESTRICTED)

Istanbul

Dated July 8, 1944

Rec'd. 7:41 p.m.

Secretary of State

Washington

402, July 8, 5 p.m.

FOR WAR REFUGEE BOARD, FOR LEAVITT JOINT DISTRIBUTION COMMITTEE, NEW YORK FROM JOSEPH SCHWARTZ.

Suggest you engage Samuel Fissohn, New York now although prefer he proceed North Africa before departure Mordecai Kessler.

BERRY

JT

RR

Regraded Unclassified

DEPARTMENT OF STATE

INCOMING TELEGRAM

DIVISION OF COMMUNICATIONS AND RECORDS

LL-763

RESTRICTED

PLAIN

Moscow

Dated July 8, 1944

Rec'd 4:05 p.m.

DEPARTMENT OF STATE
DIVISION OF
JUL 9 1944
COMMUNICATIONS
AND RECORDS

Secretary of State,

Washington.

2479, Eighth

Press for July 8 publishes a brief London despatch citing Reuter's Chungking correspondent to the effect that Chinese Government has opened for subscription a "United Nations Victory Loan" in the amount of five billion Chinese dollars. The chief aims of this loan are reportedly the stabilization of prices, the improvement of the financial position of the country and the removal of surplus money from circulation.

HARRIMAN

JT

Regraded Unclassified

Copy No 11

NOT TO BE RE-TRANSMITTED

SECRET OFFICE OF THE SECRETARY TREASURY DEPARTMENT

SECRET

OPTEL 228

Information received up to 10 A.M. 8th July 1944

1. NAVAL

Normandy By 6th July one million Allied troops had landed. Greater part of GRANDE RADE DE CHERBOURG has now been swept of mines, port parties have begun clearance of the docks and basins. On 7th. one of H.M. Battleships bombarded the HOULGATE-DIVESS area whence human torpedoes had been launched. More attacks on shipping by human torpedoes were made this morning.

2. MILITARY

France U.S. Forces continue to make limited progress southwards down the COTENTIN Peninsula and have gained ground in the area S.E. and S.W. of LA HAYE DU PUITS, in the FORET DE MONT CASTRE and five miles S. of CARENTAN. Further U.S. gains in area north and east of ST. JEAN DE DAYE. Nothing to report from British Sector.

Italy Poles have cleared OSIMO and made further slight advance N.W. against strong resistance, further left they reached RIVER MUSONE. Indian troops attacked MONTONE (4 miles North UMBERTIDE) but some enemy still in town. U.K. Armour repulsed 3 counter attacks in area 7 miles S.E. AREZZO. French met strong resistance 3 miles south POGGIBONSI but made slight advance. U.S. troops cleared ROSIGNANO after 2 days house to house fighting. Near the West Coast resistance appears weaker.

Russia Russians reported followingadvances yesterday. Local progress North of POLOTSK, astride railway MOLODECZNO.- VILNA to within 25 miles of latter, to point 5 miles east and 8 miles South BARANOWICZE, through PRIPET Marshes to point 35 miles east and 25 miles south of LUNINIEC.

3. AIR OPERATIONS

Western Front 7th. Fortresses and Liberators bombed visually objectives in the LEIPZIG HALLE and MADGEBURG areas droppingtotal 1,069 tons on seven aircraft factories, 107 on a ball-bearing factory, 430 on 3 synthetic oil plants, 212 on 2 airfields and 282 on other objectives with good results generally.

467 bomber command aircraft sent against troops, armour and strong points near CAEN, preliminary reports indicate very successful attack. Marauders dropped 56 tons on TOURS LA RICHE railway bridge. 725 fighters on armed reconnaissance dropped 195 tons on enemy MT and other objectives in the battle area and 177 fighters flew defensive patrols. Enemy casualties reported 139:7:40.. Ours 37 U.S. bombers, 3 Lancasters, 1 Mosquito, 12 fighters.

7th/8th. Aircraft despatched: Flying bomb supply dump near PARIS 228 (31 missing) VAIRES railway centre 128. BERLIN and synthetic oil plant BUER 39 Mosquitoes (2 missing). Bomber support, anti-flying bomb patrols etc. 204.

A fair bombing concentration achieved at supply dump and at VAIRES bombing reported very accurate.

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Bretton Woods
July 9, 1944
11:00 a.m.

DISCUSSION OF QUOTAS

Present: Mr. White
Mr. Luxford
Mr. Miller
Mr. Bernstein
Mr. Brown
Mr. Vinson
Mr. Sweetser
Mr. Eccles
Mr. Acheson
Mr. Collado
Mrs. Klotz
Mr. Wright
Mr. Ivan White
Mr. Reed
Mr. Wagner
Mr. Spence
Mrs. Morgenthau
Miss Newcomer

H.M.JR: I think we might just as well start.

Judge Vinson, is there anything you would like to report to the American Delegation?

MR. VINSON: Well, Mr. Secretary, we--

H.M.JR: May I say first - may I compliment the American Delegation on the very excellent work they have done during my absence. I am delighted at the spirit of the American Delegation - so much so I think I might even go back and help General DeGaulle - give him some of the spirit - although he is all right.

MR. VINSON: I was just going to sort of repeat what I have already reported to you, and that is that the American Delegation has been a working group. They couldn't have done more than they have done. We had meeting after meeting of the Delegation and very splendid discussions on controversial points, and everybody had their opportunity for expression of views, and we all came out one, each and every time.

As you know, the Committees have been functioning, we think, well. Many hard spots have been passed. There are a number of hard spots that yet remain to be

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levelled, but I feel certain that under your guidance they will be levelled. I feel that we are further along than I had hoped with forty-four nations and with all the interests of each nation - peculiar and unique circumstances. It is sort of hopeful that so much progress has been made. I feel somewhat happy to be under your protective wing because this crowd uses strong words in regard to me.

H.M.JR: I am sure they have all complimented you.

MR. VINSON: Oh, not at all; long meetings and lack of sleep, and working twenty-four hours a day, almost - but the Delegation has done a splendid job, and the technicians, as usual, have produced.

H.M.JR: Is there anything particular in any Committee or Commission you are responsible to, that you would like to discuss?

MR. VINSON: There is nothing, I know, that comes from Committee One, on which I am serving. I think they are marking time for the disposition of some of the issues on quotas.

Is that right, Mr.Luxford?

MR. LUXFORD: That is what I understand.

H.M.JR: Is that about all, Fred?

MR. VINSON: That is all I have.

H.M.JR: Mr. White?

MR. WHITE: Well, as the Judge has said, some of the most troublesome points have been settled with the British and with others, and there are several which are before you. Mr. Bernstein is getting two things, and he will be up in a moment. One is the charges which your Committee here discussed at considerable length and arrived at a decision, and the British are objecting and have a counter proposal, and it needs to be discussed here because we all felt it was a very important matter. So he will be back in a few minutes to bring that up.

There is another matter that the British have brought up, which likewise is important, but probably not as important, although they consider it of prime importance.

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(Mr. Miller enters the conference)

MR. WHITE: That relates to what the Fund can say to a country that in the judgment of the Fund is pursuing policies which they don't feel are conducive to the establishment of equilibrium.

Keynes thinks it would be a major error, and he says he knows his government will not accede to it if the Fund is given the authority to make recommendations to another government on matters of that character. He said, "How would your Government like it if the Fund informed your Government that the OPA wasn't doing a good job and as a result of that you had rising prices and were putting pressure on prices?"

He was giving an unreal illustration to prove his point, but his point was that the Fund ought to have no power by itself to make public reports. We think we have reached a compromise and Mr. Bernstein will come with the wording.

The compromise is that they can make any kind of an informal report at any time, but that any sort of a formal report, if it is to be published - if it is a formal report - can be made only at the request - not at the request, but with the permission of the member government. He says that will make it possible for him to tell his government that the Fund can't butt into domestic affairs, and he said, "I should think that is exactly what your country would want."

We had put a good deal of stress on the fact that the Fund had the authority to keep countries from pursuing wrong policies. We were a little reluctant to give that authority up, but they are adamant on it, and when he comes with the wording you can get the opinion of the Committee on that.

Now, on the quotas, I think it would be helpful if Pete Collado gave a report on what his people have done about all the small countries.

MR. ACHESON: We have it here. What about Guatamala?

MR. WRIGHT: Five.

MR. ACHESON: We have been over the whole twenty.

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MR. COLLADO: We didn't talk with Brazil and Mexico.

MR. WHITE: They have talked to us.

H.M.JR: Do you have a copy I can follow?

(Mr. White hands the Secretary copy of list of quotas)

MR. WHITE: We have made very few copies of this in order not to have them hanging around.

H.M.JR: Are you worried if I have one?

MR. WHITE: I was explaining why the rest of the delegates don't have one. Do you think it is all right?

H.M.JR: I find Mr. White in a very good humor this morning. He has had a very good time ribbing me. He informed me this morning that when it came to getting somebody to go on the radio, he said, "I took a leaf out of your book and ordered Mr. Bernstein to do it!"

MR. COLLADO: I think, Mr. Secretary, we can skip Brazil and Mexico, because you have talked with them and you are familiar with that.

The principal trouble lies in Cuba, Chile, and Colombia. It is very difficult. The Cubans want to be third, and by the existing statistical and other standards, they are probably correct in being third. The Chileans would like to be equal with the Cubans, and that is probably a little excessive for Chile. But the real problem is that Colombia will be satisfied with forty, but insists on being equal with Chile.

H.M.JR: May I interrupt you? On that American Republics' quotas, are you working within a framework of a maximum number of dollars and trying to reshuffle it within that framework?

MR. COLLADO: In general, yes.

H.M.JR: What is the framework?

MR. COLLADO: About half a billion dollars.

MR. WRIGHT: We cut it down a little bit.

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MR. COLLADO: We are saving a little, as you notice, on the small countries - we have saved quite a lot. We lost a bit on this Colombian situation, but if we do as is suggested here, give each of Chile and Colombia forty million, that will satisfy the Cubans, and I think it should end up by satisfying both the Chileans and the Colombians.

MR. WRIGHT: Certainly will satisfy the Colombians; the Chileans will have to be satisfied.

H.M.JR: They suggested that I see Mr.Suarez yesterday, which I did. I said, "Mr. Suarez, how much would you like?"

He said, "Seventy-eight or eighty million."

MR. WHITE: He said that was the figure on the formula.

MR. COLLADO: Are you proposing to drop them on that?

MR. WHITE: No, the Secretary left it open.

H.M.JR: I am just reporting.

MR. COLLADO: It has been Monteros, personally, who wanted this hundred million.

H.M.JR: I thought you ought to know that is all he asked for.

MR. WHITE: I don't think he knew what the Brazilians got when he asked for that.

MR. VINSON: There is a saving clause, as I recall it, in regard to increasing the figure if other countries were increased.

MR. COLLADO: The size of these quotas gets up back to the other point that I imagine we will have to mention this morning, which is this representation on the Executive Directorate. If we cut Brazil and Mexico appreciably, it is going to complicate that voting problem very much.

MR. ACHESON: We don't need to cut them.

MR. COLLADO: That is what I say, we want to keep them both for that reason.

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MR. ECCLES: What do you propose for Cuba?

MR. COLLAGO: Fifty.

MR. ECCLES: The other two forty-five?

MR. COLLADO: Yes, there is a rough logic to that. There is not too much logic to any of this.

MR. WRIGHT: Actually, the Colombian financial situation is much better than the Chilean. They have double the gold reserves and have four million more people in the country.

MR. WHITE: Chile is a risk.

MR. COLLADO: Chile is on the downward trend; Colombia is definitely on the upward trend and Cuba is sort of stationary.

(Mr. Bernstein and Mr. Ivan White enter the conference)

MR. COLLADO: You will notice the Venezuelans don't want to put up so much. Venezuela, Uruguay, and Bolivia all requested that they be a little lower than the top figures that we suggested they might wish. Bolivia was very well satisfied with ten rather than fifteen, to which we considered upping them. Uruguay was well satisfied with twenty; we had had a thought of twenty-five, at one point. Venezuela really wanted a fairly large cut from twenty to fifteen.

MR. MILLER: I am not sure they will even take fifteen. They are very hesitant about participating in this at all. I think they should be talked to today.

MR. COLLADO: Shouldn't we go on with the quota thing and come back to Venezuela, which is a special case?

MR. WHITE: I wouldn't raise that until we get through talking here.

MR. COLLADO: Now, the rest of these small countries you will recall, we had placed on the table arbitrarily at five each, although we recognized that five was much too much for some of the little ones. Well, a number of the small ones have agreed to the two and a half.

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The only trouble I can see relates to the odd figure for the Dominican Republic which, I think, is a correct figure. It shouldn't be either five or ten, but about half way in between.

MR. WHITE: They definitely wouldn't be satisfied at five.

MR. COLLADO: Also we have a very low figure for Panama, which gives some problems, but I think we have to consider that in relation to Iceland, which is also going to be a very low figure.

MR. WHITE: I think it would be a mistake to give anybody less than a million.

MR. COLLADO: My feeling would be a million dollars.

MR. WHITE: Particularly Panama, who wouldn't use it, anyhow; and Iceland is in a very excellent foreign exchange position, too.

MR. COLLADO: The only other question is three million for Nicaragua rather than two and a half.

MR. ACHESON: Well, if you have the Dominican Republic with seven and Nicaragua with three, you will come out with ten.

MR. COLLADO: That is excellent.

MR. WRIGHT: They asked for it and I think we ought to give it to them.

MR. COLLADO: We have saved you, I think, about twenty-five million.

MR. WHITE: And that is Mexico a hundred million.

MR. COLLADO: And Brazil one hundred and fifty.

MR. WHITE: So you have forty-five million extra to apply to others.

MR. WRIGHT: We have already reshuffled some of that, Harry.

MR. MILLER: Not much of it, though.

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MR. WHITE: Mr. Secretary, on this Mexican situation, what do you think you want to do on that?

H.M.JR: As I understand, there has been a Committee appointed during my absence, hasn't there? You are on it, Dean, and Harry and Fred Vinson. Is that right?

MR. ACHESON: On quotas?

H.M.JR: I would like recommendations from this Committee to the Delegation as a whole. I think that is a reasonable request. If you have this Committee, let's have a recommendation from this Committee to the Delegation as a whole.

MR. VINSON: I think that in regard to Mexico, the discussion--

H.M.JR: May I interrupt you? As an ex-Congressman, everybody is here but the Congressional Delegation--

MR. WHITE: I am not sure that they know.

MR. BROWN: Nobody gave out any notice of this Delegation meeting at all.

MR. VINSON: They knew about it, or at least I think Reed and Spence and Wolcott knew. I think they knew about it because we discussed, I think, matters that might come up.

MR. ECCLES: The way I found out about it, Ned Brown told me. I don't know where he found out.

MR. BROWN: I happened to hear a rumor next door and came out and asked the girl in the outer office if there had been a meeting.

H.M.JR: From now on I will see that Mrs. Klotz notifies you all. She will take that on from now on, and if anybody wants to ask, she will be here.

MR. VINSON: There has been some discussion about Brazil's quota being a hundred million.

MR. ACHESON: Brazil or Mexico?

MR. VINSON: Brazil, a hundred million. But it was increased to one hundred and fifty million, and it was

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thought that the Mexican quota should be in proper relationship with the Brazilian quota, and that it should be a hundred million.

Of course, we had in mind the voting strength of the Latin Americans.

H.M.JR: Is this Committee on quotas in agreement on this?

MR. ACHESON: Yes, I think we are all agreed that it ought to be one hundred and fifty and a hundred.

MR. COLLADO: It is very important, I think, Mr. Secretary, that Brazil be up there with the Union of South Africa, at least, because we don't have any American Republic.

MR. WHITE: Brazil has already been informed that it is one hundred and fifty million; there is no need discussing that.

H.MJR: As I understand it, this Committee recommends one hundred and fifty for Brazil and a hundred for Mexico. Is that right?

MR. VINSON: That is right.

H.M.JR: Now the rest of the Delegates - Ned, how do you feel ?

MR. BROWN: I have absolutely no knowledge of the relative importance of the South American countries. I don't feel I am competent to speak on the quota question, except in your absence I said that when you give very large quotas when there is no need of it for immediate exchange stability, that they intend to use it as investment and it gets a larger Fund and will exhaust the dollars more rapidly. That applies to Russia and China, particularly; but also to countries like these.

H.M.JR: On this particular question?

H.M.JR: I have no opinion.

H.M.JR: Marriner?

MR. ECCLES: I feel a good deal like Ned does. I have no knowledge as to what the relative quotas should

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be. It is based on, as I understand it, roughly - on a formula, with some exceptions for political reasons. The aggregate quota of the Latin Americans should necessarily be sufficiently large, in order to give them representation, and I think that has been accomplished here.

Speaking of quotas, generally, you possibly know we had quite a discussion on the Russians in particular - a good deal less on the Chinese and others. I was particularly interested in the Russian quota and the Chinese quota for the same reason that Mr. Brown was, because they really wanted the quota to be able to borrow more money.

H.M.JR: Hearing no objections, it is the opinion of the American Delegation that we should recommend Brazil's quota for one hundred and fifty and Mexico one hundred. Does anybody object?

(No reply)

That is unanimous.

Now what do we proceed to next, Mr. Collado?

MR. COLLADO: That really completes the American Republics.

If this table is generally acceptable, and I gather it is - what we have done--

H.M.JR: Do you mind going over it? You were giving the pros and cons and you didn't leave it very clear.

MR. VINSON: I think I would like to make this statement, Mr. Secretary. You asked a very pertinent question a moment ago in regard to - was a certain quota for a certain country within the framework. That is exactly what it is. We had as a basis the British recommendations when the quota was eight billion dollars. We had our quotas for all the countries when the top limit was eight billion dollars. The British came out in even figures - eight billion; we came out with seven billion nine hundred and five million. Then the Russian question was raised, and the Chinese quota, and the Indian situation, along with the Netherlands and Australia, and we had conferences with the British and reported that to the Delegation. Then we had a top of eight and three-quarters billion, and the quotas that we are discussing are in the framework of the eight and three-quarters billion figure.

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That gives U.S. twenty-seven fifty, U.K. thirteen, which is satisfactory to them, and we have the Russian figure of one billion two hundred million, or nine hundred million, as the case may be.

The British use the figure of four hundred and fifty million for China on the eight billion quota basis. Our figure was four hundred and fifty million for China on an eight billion basis. The Delegation had all these tables, including the tables that total eight and three-quarters billion, and it was our thought that five hundred and fifty million dollars will be agreed upon for China, and China has been so notified.

Brazil, which was upped twenty-five million from the figures that we used on the eight billion dollar quota basis - was upped to one hundred and fifty million.

So it really leaves the question of France, which we understood was to be fifth, having four hundred and twenty-five million, and India having four hundred million, an increase of seventy-five million dollars.

Now, the Netherlands was cut twenty-five million dollars from our original figures - cut to two hundred and fifty million; Australia was upped fifty million.

Now, with that statement we come to the Latin Americans, and as I understand it, this table that is submitted this morning, in the main, follows the agreement of the Delegation. Chile had been determined to be fifty million, but it is suggested that it be a compromise or a reduction to forty-five?

MR. COLLADO: That is right.

MR. VINSON: And Colombia increased from twenty-five to forty-five?

MR. COLLADO: I would like to point out that we recalculated Colombia and concluded that our twenty-five was too low, anyway, so it wasn't as big an increase as it may sound.

MR. VINSON: Peru's figure stands?

MR. COLLADO: That stands.

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MR. VINSON: Venezuela wants a lesser quota - a reduction from twenty-five to fifteen.

MR. COLLADO: And that is a minimal statement. They may not want any.

MR. WRIGHT: They say they will take some, in that memorandum. They don't want much.

MR. VINSON: We had discussed Uruguay being reduced from twenty-five to twenty, and that is what they want.

MR. WRIGHT: But they observe that that is subject to their government's confirmation. I explained that everything was subject to that. He says he has no authority to commit them.

MR. VINSON: And Bolivia has a reduction of five million. We contemplated fifteen.

MR. COLLADO: We had them at ten for awhile. We moved it to fifteen and we are back to ten.

MR. VINSON: Then you had fourteen other countries that we had lumped off at five million apiece, and it was recognized and discussed that it would not reach seventy million dollars and we were expecting to take part of that seventy million dollars and use it elsewhere to meet certain requests.

(Mr. Reed, Mr. Spence, and Mr. Wagner enter the conference)

H.M.JR: Fred, I think for the benefit of the Congressional Delegation you had better do this once more, to make sure. Do you mind?

MR. WAGNER: Mr. Chairman, we weren't notified.

MR. SPENCE: I didn't know anything about the meeting.

H.M.JR: I am sorry.

MR. WAGNER: I am not complaining, just informing you.

H.M.JR: From now on I have asked Mrs. Klotz to be in charge of notifying you people of meetings and anything in which I am involved. So I think you will get

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good service starting this morning. I don't know what went wrong.

I think if Judge Vinson would take time to run over this once more--

MR. VINSON: We are just discussing quotas and we were discussing particularly some minor changes in the table of quotas that totals eight and three-quarters million dollars.

The changes that are suggested are in the Latin American countries. You may remember that in Chile we used the figure fifty million dollars and it may be compromised at forty-five million. Colombia will be increased, if this recommendation is accepted, to forty-five million. Peru remains the same. Venezuela wants a reduction of at least ten million dollars, from twenty-five to fifteen. Uruguay is on the typewritten list at twenty-five, but we had thought that it could be reduced to twenty, and twenty is the figure that Uruguay desires.

Bolivia is in the table at fifteen and Bolivia wants that reduced - I think they may want ten. Then, as you will remember, fourteen other countries, Latin American countries, were included at the figure of seventy million or an average of five million per country, and you will recall that we were told that that probably would be more than they would desire.

Now, contacts have been made with all of the Latin American countries. Brazil and Mexico have been informed relative to their quota. Brazil is happy to have the quota of one hundred and fifty million; Mexico, in response to the Secretary's request, said, "Well, the figures that have been discussed of seventy-eight or eighty million, that figure will be acceptable, but if the Fund is larger, and there are increases elsewhere" - and I think probably they had in mind Brazil, on account of prestige - "we would be happy to have either an increase, or if a decrease was necessary, take a decrease." They just placed themselves in the Chairman's and the American Delegation's hands in that respect.

But, as we all discussed, it was thought that the relationship between Brazil and Mexico should be maintained - one hundred and fifty million to Brazil and one hundred million to Mexico. If you added up what the fourteen other countries total as a result of the conservation in the smaller Latin American countries, Mr. Collado--

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MR. COLLADO: The total, including Mexico and Brazil, is just four hundred and ninety-eight million - just under half.

MR. VINSON: In regard to the smaller Latin Americans, what does that total?

MR. COLLADO: There are only ten, and four of those are not Latin American, Iceland, Liberia, Ethiopia, and Luxembourg. The grand total of all the countries is four hundred and ninety-eight million. That means that for the seventeen countries other than Brazil and Mexico the total is two hundred and forty-eight million.

MR. VINSON: What I am trying to get at, I want to take the total item of seventy million dollars from the fourteen countries and find out just what amount--

MR. COLLADO: What we saved? Well, I will have to recalculate. I calculated it on all Latin America from this table, and we saved sixteen million on all Latin America.

MR. VINSON: That really satisfies me.

MR. COLLADO: We have the twenty million dollar kitty that is in this figure, too, so we have that to play with as well as the sixteen.

MR. WRIGHT: And also if the Colombians and Chileans are recalcitrant we had the other to play with and we could go up if we had to.

(Miss Newcomer enters the conference)

MR. VINSON: If there is no objection from the group of the Delegation that has been working with the quotas, I would suggest that we tentatively accept the table that is submitted this morning that relates to the Latin American countries. I think that is within the framework.

H.M.JR: I am sorry, Miss Newcomer, there was this mixup, but it won't happen again after today. I think the people were asked. My apologies to you.

MR. SPENCE: I think this was in the bulletin, this meeting, but it wasn't very definitely stated what it was.

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H.M.JR: We will work out a way by which you will get ample notice, and we will have a boy scout around to escort you here.

Senator Wagner, is there any question you would like to ask on this?

MR. WAGNER: No, not on that.

H.M.JR: Mr. Spence?

MR. SPENCE: Why is it that some of the smaller nations wanted a reduction? I thought that all of them wanted an increase in their quota.

MR. WHITE: It is because of their gold position, Mr. Spence - gold and exchange position. It makes it too expensive for them.

MR. COLLADO: The net result, Mr. Secretary, is that we have perhaps fifty million dollars of quota if we take into allowance something on Iceland, Liberia, and those countries which I think will also want reductions from the arbitrary five. We have approximately fifty million dollars of quota to play with.

MR. WHITE: I have added this four times and there must be something wrong because I get one hundred and forty million dollars over the quota for the whole world total.

MR. WRIGHT: We are under on our Latin American countries.

MR. VINSON: I don't see how you possibly could be. The way I look at it, Chile and Colombia wash out. Right?

MR. WRIGHT: Not from your old figure.

MR. COLLADO: Judge, have you run down the list? You save five on Chile and you lose twenty on Colombia; that is a net of fifteen, plus.

MR. VINSON: Venezuela ten minus--

MR. COLLADO: That brings you to five plus - Uruguay is five - you are even.

MR. VINSON: Bolivia you save five--

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MR. COLLADO: From then on you are saving a bit. We have saved sixteen, we figure, on Latin America from the written totals.

MR. WRIGHT: We are under our half billion, anyway.

MR. COLLADO: Mr. White, have you increased the Netherlands in your calculation?

MR. WHITE: Reduced it, and I have added this five times! If you will add the whole total over - oh, it is five hundred million including Brazil and Mexico.

MR. COLLADO: Four hundred and ninety-eight.

MR. WHITE: I am very sorry. I had that separated. I counted them twice. Yes, that changes the picture. That means you are ten under the total.

MR. COLLADO: I have now got the total quota for Latin America as four hundred and ninety-nine if we arbitrarily put down the Dominican Republic at seven and a half.

MR. WHITE: Eleven million dollars under the total of eight and three-quarters billion, without allowing for any increases?

MR. COLLADO: Then we have to play the twenty million catch-all - the difference between seven-thirty on this table and seven-fifty.

MR. WHITE: You have twenty more than that?

MR. COLLADO: This table adds up to eight, seven, three, nought. We arbitrarily said it would be eight, seven, five, nought. That is gravy. Then we have sixteen from Latin America, which is thirty-six. I figure you have four from Iceland, because we have them at five and they certainly won't want more than one. That makes forty. Then you have those other three countries, Luxembourg, Liberia, and Ethiopia; I have no idea what they should be.

MR. WHITE: I don't understand. Is it sixteen from Latin America which would be reduced from four hundred and ninety-seven?

MR. COLLADO: This typed table shows five hundred and fifteen; we have reduced them to four hundred and ninety-nine.

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MR. WHITE: I am counting all the Latin American countries at four hundred and ninety-nine. What can you reduce from that - what are the reductions?

MR. ACHESON: You don't reduce anything from the four hundred and ninety-nine; that is Latin America.

MR. COLLADO: Four hundred and ninety-nine is nineteen Latin American republics. This typed table that we have worked from in the past shows Latin America at five fifteen, so the difference is sixteen, there.

MR. WHITE: I used the five hundred million figure to include all except those enumerated, so if you will take a couple of minutes off and total the whole thing--

MR. COLLADO: I just did. The total that we have added now, against the eighty-three fifty - our total comes out to be just thirty-six below that - eighty-three fourteen.

MR. WHITE: And what do you have to add to that?

MR. COLLADO: Nothing, but we save a little more, because we have twenty of the quota divided among four little countries - Iceland, Liberia, Luxembourg, and Ethiopia. That is too much for those four countries.

MR. WHITE: Let me ask the question in another way. It is necessary to go into the more important quotations. Make all the savings that you can - that you think are likely - and add the whole grand total and let us know what it is.

MR. COLLADO: We have eighty-seven fourteen as the grand total of all these major countries, the way they are typed on this table, plus all of Latin America and Iceland at one.

Now, you have got three doubtful countries - Ethiopia, Luxembourg, and Liberia--

MR. WHITE: ...which you have given five each.

MR. COLLADO: Then you have forty-five to play with.

MR. WHITE: Now, that is the next question I would like to raise, Mr. Secretary. You have forty-five million

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dollars left to make up to the eight and three-quarters billion maximum quota which the Committee set as a ceiling. These are the three countries that are claimants. We alloted two hundred and fifty to the Netherlands. They are going to make a very strong fight for three hundred. That is fifty more. I think that from the tradition in history and in view of the caliber of the country, we ought to up that to two hundred and seventy-five, if there is any to spare. I think that would be a good thing to do because they do play a role in international finance that is out of proportion to any kind of data that you could get.

So I would like to suggest for your consideration, Mr. Secretary, taking twenty-five of that forty and reserving it for the Netherlands.

The other country that is going to be troublesome is Poland. Poland has a hundred and wants fifty more - will probably settle for ten.

H.M.JR: One thing at a time.

Is the additional twenty-five, if it is agreeable to the people, for the Netherlands, available?

MR. WHITE: We have forty-five available to play with.

MR. WRIGHT: I wouldn't commit it all yet.

MR. VINSON: I think anything that should be done in that regard ought to be thoroughly understood as tentative, because you may have other--

H.M.JR: Again, is this Committee on quotas in agreement as to the twenty-five additional?

MR. WHITE: We haven't discussed it. Maybe we had better discuss it and report back to you.

H.M.JR: I would like to have an agreement among the Committee and have them report back. I think it is a more orderly way to proceed.

MR. VINSON: All right.

H.M.JR: Why don't you come back with a report on revised quotas - on the whole quota picture?

MR. VINSON: All right, sir.

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H.M.JR: Is that time enough?

MR. WHITE: We had wanted you to see two of those countries, Czechoslovakia and the Netherlands, this afternoon, but they can wait for tomorrow morning.

H.M.JR: What I was thinking, I would like to meet with you people every morning, now what time - let's fix the time now. What time would the American Delegation like to meet in the morning?

MR. BROWN: It depends on when they set committee meetings on the Fund and the Bank. It is impossible to be here and there at the same time.

MR. VINSON: Commission One meets in the morning.

MR. WHITE: I think at ten o'clock. It may not be too late to push it up to ten-thirty. I don't know whether the bulletin is out yet or not.

H.M.JR: Is nine o'clock too early?

MR. ACHESON: No, that is all right.

MR. WHITE: I am waiting for somebody to make a motion - I will amend it.

H.M.JR: Let's state it, without giving White a chance, that until further notice we meet every morning at nine o'clock. And then may I ask that at nine o'clock tomorrow morning there be a report from the Committee on quotas? Is that pushing you too hard?

MR. VINSON: Not at all.

H.M.JR: One of the things on the agenda for tomorrow, the first thing, will be a report from the Committee on quotas.

MR. ACHESON: I think we could do it probably this afternoon so you could see those countries. I shouldn't think it would take fifteen minutes.

H.M.JR: It means getting the Delegation together, unless you feel it is slowing everything up.

MR. ACHESON: I think it is important to get these quotas out. We have been fooling around with them an awfully long time, now.

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MR. WHITE: They know it is being discussed. They feel uneasy that they are not being asked and there is a good deal of back-stage gossip, and so forth.

MR. VINSON: But there can't be a final report submitted until we know what the figures are in regard to the Latin American countries.

MR. COLLADO: At that point, Judge, I feel quite strongly that at least one Delegate will have to see each of the Latinos and I think, particularly, the Chileans and Colombians. We can go so far, but it is not quite fitting--

MR. WHITE: I thought Dean would do that.

H.M.JR: I don't know if there is a Chairman of this Committee on quotas, but when would you people be ready to report back to the American Delegation?

MR. VINSON: We ought to be able to make some kind of a report in the morning.

MR. ACHESON: All right.

H.M.JR: I am here for only one purpose, for work; so any time any of you people want to say, between now and nine o'clock tomorrow morning if the Committee on quotas wants to see me, I am available.

MR. WHITE: I don't like to be fussy about this, but tomorrow morning is the Commission meeting. Some of their attitudes at the Commission, I think, may be influenced by the fact they haven't heard their quota and they don't know what it is about, and if we could get to see those three countries this afternoon instead of tomorrow morning it would help in the discussions tomorrow, I think.

H.M.JR: I can see those three countries if you people can make up your minds.

MR. ACHESON: I should think we can make up our minds here and now that the Netherlands ought to get two hundred and seventy-five.

MR. WRIGHT: That will still leave you twenty to play with.

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MR. ACHESON: If you see them that will be a big step ahead.

MR. BROWN: The only question is - I fully agree that the Netherlands ought to get twenty-five. I think you are hastening the chances of the dollars becoming a scarce currency, the more you give to countries like Poland.

MR. ACHESON: I wouldn't give Poland any more.

H.M.JR: Let's do it this way, provided that there is enough money to go around and we can come back again, does anybody object to giving the Netherlands the two hundred and seventy-five?

(No reply)

Then it is two hundred and seventy-five for the Netherlands - which means I can see the Netherlands?

MR. ACHESON: Yes, sir.

MR. WHITE: And the Czechoslovakians, because we have agreed on that.

H.M.JR: Why don't you stay behind and we will fix up whom I am going to see between four and five today. Harry, if you and Luxford will stay behind--

MR. WHITE : All right.

There is one more doubtful country and that is the last one you have to consider here now.

H.M.JR: Have you notified any country that I am to see them?

MR. WHITE: No. Czechoslovakia thought you would be able to see them.

H.M.JR: Let's say the Netherlands at four-fifteen.

MRS. KLOTZ: Czechoslovakia?

H.M.JR: Don't go so fast.

MR. WHITE: The Czechoslovakians will be fifteen minutes later.

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Now, the doubtful one is Poland and I gather there appears to be some agreement that she ought not to get more than a hundred, though she will ask for more. That leaves twenty.

H.M.JR: Poland has now a hundred?

MR. WHITE: A hundred.

H.M.JR: Does anybody think that Poland should get more or less than a hundred?

MR. WAGNER: If anything, I would say a little more, and certainly no less.

MR. ACHESON: Well, we raised Poland from seventy-five.

MR. WHITE: But her figure on the formula was over a hundred - a hundred and five, it was. She is making claim that she is going to have to completely reestablish her monetary system starting from scratch, and so forth. I am not questioning how valid her claim is. So she thinks she ought to get something more.

The only reluctance one might have is in giving her less than what she already knows has been the applied quota, although there is room for doubt on the figures. So you might want to allow yourself ten million dollars leeway in case she presses very hard, although obviously she will accept a hundred. There is no question about that.

MR. LUXFORD: What was the figure that her quota calculated - about one, five?

MR. WHITE: Yes.

MR. LUXFORD: Why don't we offer her one, five? That was her quota.

MR. WHITE: Make it round numbers.

MR. COLLADO: From sixty on, you have nice round numbers, if that means anything.

MR. VINSON: In regard to the sixty figure, what to you have for Jugoslavia?

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MR. COLLADO: We have left it at sixty. There was some talk of putting them down to fifty.

MR. VINSON: It was suggested that Jugoslavia go down ten and Greece be increased ten.

MR. WHITE: When you think of the fight Jugoslavia has put up, the British felt they ought to get more, and it seems to me that is one country we ought to stretch ourselves on.

MR. VINSON: The British suggest reducing Jugoslavia ten and increasing Greece ten.

MR. WHITE: Yes, because Keynes says Varvaressos is such a lovely chap, he would like to do something for him.

H.M.JR: Just one minute. We have fixed the Netherlands. Senator Wagner raised the point on Jugoslavia.

Now, is Poland to stay at a hundred or not to stay at a hundred? What is your pleasure, please?

MR. ACHESON: I am making a suggestion, sir, and that is that you try to get them to take a hundred. If there is a tremendous difficulty about it, we can give them a hundred and ten.

MR. COLLADO: I would like to suggest, though, that you give them that increase after you have finished, rather than at the outset, because--

H.M.JR: Well, now, you have heard Mr. Acheson's suggestion that we start out and try to get Poland to accept a hundred, keeping a little kitty in our pocket. Is that right?

MR. ACHESON: Yes.

H.M.JR: Is that agreeable, that we make a serious effort to get Poland to accept a hundred? Does anybody object to that?

MR. VINSON: I would just put up this as a caveat, that we ought to be certain that we have got the ten. With the Latin American countries, we just don't know exactly what that figure is going to be.

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MR. ACHESON: I think you can be certain that there will be what these figures show.

MR. WHITE: But you don't have to give them the ten until the last minute.

MR. COLLADO: I would wait until the last round.

H.M.JR: But I agree with Judge Vinson; we should have the ten in our vest pocket.

MR. WRIGHT: You are liable to encounter temperament somewhere.

H.M.JR: Make sure you have got the ten.

What is after Poland? Am I going too fast for anybody?

(No reply)

I can't see Marriner. I don't know whether he is asleep or not. Are you awake?

MR. ECCLES: Completely.

H.M.JR: I can't tell whether you are with us. If you would just wave a hand occasionally--

MR. ECCLES: If I was against you, I would say something. The fact that I said nothing meant that I was in agreement.

H.M.JR: All right. I just wanted to make sure.

What is the next country?

MR. WHITE: There is presumably ten million, maybe, to play with; in case there is ten million, whom shall it go to? France is very desirous of having fifty million more.

H.M.JR: You can't give it to anybody if we just agreed we would hold it.

MR. WHITE: No, there was twenty million. I say only if it is left after everybody else is definitely cleared. There is a question as to whom that ten million should go.

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I think it might be desirable to give it to France so she would have four hundred and thirty-five.

H.M.JR: May I report to the Delegation this? I was at several official meetings at which General de Gaulle was present and the thing there seems to be going very well. I thought the President would get a French kiss on both cheeks at any moment. It was going at that rate. If we want to make a timely gesture, as of right now for the short run, I think it would be very useful. But the President and Mr. Hull and the rest of us seemed to feel that the thing was going extremely well. If there is something to making a gesture on the short run, I think France would be a good place to make it.

MR. COLLADO: Mr. Secretary, why don't we give them anything that is left over; there might be anywhere from ten to twenty-five left over.

H.M.JR: What does the Delegation think?

MR. VINSON: I would just like to ask one question. What is the figure in regard to Cuba?

MR. COLLADO: The Cuban one is all right; it is Chile and Colombia that may cost us as much as ten - not any more.

MR. ACHESON: I don't think it will.

MR. COLLADO: I think it is a question of one or two of the Delegates seeing the Chileans - not the Colombians, they are no problem, but the Chileans.

H.M.JR: Now you have heard the suggestion about France, that they get what is left in the kitty if there is anything left. Is that agreeable to the Delegation?

(No reply)

All right, I take it it is agreeable.

Now what other question?

MR. WHITE: That assumes, which we have been assuming, that Belgium will be satisfied with what is allocated - two hundred - and Czechoslovakia with one hundred, which I think is true. So that doesn't seem to leave any more problems.

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There is only one that seems to be out of line and that is the Union of South Africa which is given one hundred and fifty, but she is a country with probably a favorable balance of payment, so we would just as soon give her a lot.

So other than that it would seem that everyone is settled or can be settled with the exception of the U.S.S.R.

MR. ECCLES: Does the Union of South Africa want that much?

MR. WHITE: They may not, according to Keynes. That is his figure. I don't know to what extent he has had conversations, but they may not want that much. That is all.

H.M.JR: I would like this Committee on quotas to be with me at four o'clock, from then on when we see these people, because they know and they can help me. It will only last from four to five. Mr. Acheson, isn't it?

MR. WHITE: Judge Vinson and Representative Wolcott.

H.M.JR: Would you tell Mr. Wolcott, please?

MRS. KLOTZ: Yes.

H.M.JR: Collado, could you prepare Mr. Wolcott before that meeting so he knows what has happened?

MR. COLLADO: I suggest that we make the table up again. This has gotten dogeared from little changes.

H.M.JR: Will you take that on, and would you mind also being responsible to deliver them here at four o'clock?

MR. COLLADO: I will try.

H.M.JR: (To Mrs. Klotz) You, also?

MRS. KLOTZ: I will call.

H.M.JR: Luxford, when your press conference is over, would you join us, please?

MR. LUXFORD: Glad to.

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H.M.JR: Then we could report back at nine o'clock what happened between four and five.

MR. COLLADO: May I ask, Mr. Secretary, if it will be possible for at least part of this Committee to meet with both the Chileans and the Venezuelans? I think if the miscellaneous Latin Americans - they need to be seen first, particularly the Chileans.

H.M.JR: Now we have the Iranians at four. Whom did we say we would see at four-fifteen?

MRS. KLOTZ: The Netherlands - the Czechoslovakians at four-thirty.

H.M.JR: And who else would you like?

MR. COLLADO: The Chileans, I think, are next in line. They are the once who are giving us a little trouble.

H.M.JR: The Chileans at four-forty-five.

MR. WRIGHT: May I recommend on the Chileans, stand firm on the forty-five and don't let them try to budge you.

H.M.JR: Is that enough?

MR. ACHESON: Yes.

MR. COLLADO: I think Venezuela ought to be next.

MR. WHITE: But I don't think the Secretary should see Venezuela until we talk to them.

MR. WRIGHT: They have some points of substance about multiple rates.

H.M.JR: You feel you want to see them first?

MR. WHITE: Yes, we need several more conversations.

H.M.JR: Now what?

MR. WHITE: The next problem is the charges. If Mr. Bernstein will take the ball about his conversations with the British--

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H.M.JR: Is there anybody not perfectly happy on what we have done so far on quotas?

MR. WAGNER: I am perfectly happy, but I don't know what the latest is on the Russians.

H.M.JR: Would somebody report?

MR. WAGNER: If I am the only one, I don't want to - I just wondered.

MR. VINSON: Russia hasn't made any statements as to which of the alternatives she will accept.

MR. WHITE: She said it would take two or three days, two at the earliest, and possibly three, before she could get a cable back from Moscow.

MR. VINSON: Monday, specifically.

MR. LUXFORD: Mr. Secretary, I noticed an article in the Herald Tribune yesterday that clearly indicated, in my opinion, that there had been a leak on the Russian compromise.

MR. VINSON: They knew all about it within a hour after we adjourned.

MR. LUXFORD: Clearly indicated they knew the terms of the Russian compromise.

H.M.JR: Well, you can't expect to give the press the run of the hotel and not have leaks.

MR. WHITE: It may not be serious. It depends on what happens.

H.M.JR: Well, now, has anybody else any questions on quotas before we proceed?

MR. SPENCE: When you have used up the kitty, does that mean the proposition to Poland is final now? They wanted an addition. Where could you get it?

MR. COLLADO: I would suggest they get the next to the last crack at the kitty, and the French the very last.

MR. BROWN: Are the Poles ahead of the French?

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MR. COLLADO: I thought our idea was that you would try and convince the Poles that a hundred is appropriate. If that is not feasible, after we have gone all around the other countries, if the kitty has, let's say, twenty-five in it, we give ten to the Poles and then the French get the very last balance.

MR. WHITE: If there is only ten left, the Poles get ten.

H.M.JR: I think, gentlemen, you had better leave that kitty business fairly fluid because somebody from the South American republics might be wholly unhappy and five million, two million might make them happy.

MR. COLLADO: That is right. You have to have your last one-tenth of one percent to bargain with. That is all we are talking about. Thirty or forty out of eighty-seven hundred.

MR. SPENCE: Hasn't the kitty been entirely used up now, according to the figures?

H.M.JR: No, I think there are twenty or twenty-five million dollars in the kitty.

MR. WRIGHT: Twenty million.

H.M.JR: The kitty is worth twenty million dollars.

MR. COLLADO: Do you think the Iranians will want the full ten?

MR. WHITE: Yes, I think they will want it. It is unfortunate, but we have to give it to them. I mean, it is unfortunate we have to give them ten, because they are a very bad risk.

H.M.JR: From the standpoint of international politics, Dean, are the Iranian people very important?

MR. ACHESON: I think so.

H.M.JR: They are still the gateway down there?

MR. ACHESON: Yes.

MR. WHITE: Giving them more than that is almost

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an outright gift. The State Department is talking about giving them more than that as a subsidy every year.

H.M.JR: Don't let's get into that! Is it all right to proceed now?

MR. WAGNER: I just want to ask Dean one question on the Netherlands situation. We have talked a good deal about the colonies in the Pacific. They have a right to become free if they want to. Will this quota interfere with that?

MR. ACHESON: No, I don't think so.

MR. WHITE: It won't help it. I mean, they just aren't going to be free, that is all.

MR. WAGNER: Well, I don't think we ought to put ourselves in a position of preventing it, if they want it.

MR. WHITE: If the colonies want it?

MR. WAGNER: Yes, that is what we have been saying all through, that if they want their own government they can vote for it and decide it that way.

MR. WHITE: It does treat them as one unit and takes the colonies' needs in. If you want to treat the Netherlands, and not consider the colonies as part of her, in which case two hundred and seventy-five is much too much for the Netherlands, because it is her colonies that take a big slice.

MR. WAGNER: I am thinking in a large political way and not the monetary way. I don't think that the American Delegation ought to attempt to do anything which would have the effect of keeping the people of those colonies from becoming free providing they want to.

MR. WHITE: I don't think there is anything in this--

MR. ACHESON: I don't think this prejudice is the question.

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MR. WAGNER: Harry thought it was.

MR. ACHESON: Well, if you tried to split it up now--

MR. WHITE: You would raise a--

MR. ACHESON: ...an incredible row.

MR. WAGNER: What kind of a row?

MR. WRIGHT: You would raise a political row with every one of the countries' colonies.

MR. WHITE: I think maybe the Senator thinks it is the kind of row you would like to start.

MR. WAGNER: No, I don't want to start anything, but supposing it is done this way, will they row then?

MR. ACHESON: No.

MR. ECCLES: You might figure that giving them two hundred and seventy-five, which is the amount that they would be entitled to, including their colonies, that it was implicit then that this American Delegation was favorable to them continuing the status quo.

MR. VINSON: Wouldn't that same question be present if you gave them two hundred and fifty?

MR. ECCLES: That is present with the French and it is present with every other one, and of course you can't raise that now.

MR. ACHESON: You can't get into it at all.

MR. ECCLES: Because the Belgians, the French, even the British - the quota is based upon the colonial empire of these countries to the extent that these colonies become free, it changes the picture, and certainly it should be understood that in agreeing to these quotas for these countries with colonies that it is implied that we are agreeing, by reason of agreeing to these quotas that we are agreeing to the maintainance of the status quo.

MR. LUXFORD: Isn't there the opposite implication that you are giving the quota to a country plus its

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territories; that if there is any break-off of a territory, part of that quota must go to that country? That should be our approach to it.

MR. ACHESON: That is implicit.

MR. WHITE: Why don't you do that with England, then, and India?

MR. ACHESON: This thing will go on until Christmas.

MR. ECCLES: I am not proposing you open it.

MR. VINSON: I don't think there is any more problem at two hundred and seventy-five than there is at two hundred and fifty.

MR. WHITE: Only that Netherlands is insisting--

MR. WAGNER: I am the devil's advocate, now, because I am so strong for freedom - stronger than some other people, maybe - and at Teheran it was decided that these countries shall have their freedom if they want it. It is up to the colonies to decide it. Now, are we doing something in here to say to them, "We are holding you down"?

MR. WHITE: I think it is implicit that we recognize the fact that the colonies are part of the Netherlands, because one of the arguments that the Netherlands is advancing for an increase is the fact that these colonies have a lot of trade.

Now, if you recognize that argument, and treat with the Netherlands, it seems to me it is a sort of condonement, as Marriner says, but I don't see any alternative unless you want to raise the issue.

MR. COLLADO: We recognized that when we invited the Netherlands to come to the Conference and didn't invite the Netherlands Indies.

MR. WHITE: They are anticipating this difficulty and in order to make it appear as much as possible as though they are moving in the direction of independence, they are doing everything that is nominal. Actually, of course, I don't think they are doing anything, but they are making the appearance of a separate colony to forestall that demand to put Netherlands Indies more in the class of a Dominion.

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MR. VINSON: But the fact remains that they are not here as representatives, officially - the Netherlands Indies.

MR. WHITE: Iongh is here but I don't think he was officially invited.

MR. COLLADO: The invitation was sent to the Queen of the Netherlands.

MR. WAGNER: I am not deciding this on technical grounds. I am just, in my own mind, trying to decide it on a much wider scale. I don't want our country to get into the position of, in one breath saying, "You colonies can have freedom if you want it; if you don't, wonderful. We will stick, whichever you want to do," and then put a little knife right into them behind their backs. That is perhaps - I didn't mean it that way, but inferentially we might be doing that. I have just raised the question. I am not sure about it at all.

We have more profound believers in democracy here, maybe, than I am, but it just sounded that way to me.

MR. WHITE: I think the Queen of the Netherlands would be very disturbed if you did anything.

MR. WAGNER: The Queen? She is a Queen, but she is not my Queen. I am for America.

H.M.JR: It sounds like a song.

MR. WAGNER: I suppose if I had dinner with her a few times, I might come over to her side, I don't know. (Laughter)

H.M.JR: I think Senator Wagner has raised a very important question. My own feeling is that this is something that is going to have to be settled at the peace table, and I think just as long as we are sure that we are not closing any door - that is the point that I understand you want to make, Senator - is that right? You just don't want to close any door?

MR. WAGNER: Yes.

H.M.JR: I don't believe we are closing any door here to the ultimate disposition of the colonies of the Netherlands or any other colonies. I don't see how we are.

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MR. LUXFORD: Is the Senator suggesting that maybe it might be a good idea to consider that in this document we expressly provide that whenever any particular country is divided into two separate sovereignties that at that point there shall be an equitable adjustment of the quota?

MR. WHITE: I think that would be a very excellent thing.

MR. LUXFORD: So there will never be any reflection of U.S. pressure on these.

H.M.JR: It would be very pleasing to me to see that.

MR. ACHESON: I think that would just raise hell. I think it is a terrible thing. You have all this Russian business - we are talking about dividing these sixteen republics - you will just have days of confusion if you do that.

MR.WHITE: The Russian thing isn't involved.

MR. ACHESON: It will be. All sorts of things will be involved.

MR. WHITE: They are not going to have that problem. It is a problem of the Dutch East Indies, French Indo China, and possibly--

MR. VINSON: What is Poland?

MR. WHITE: It has no colonies.

MR. VINSON: I am not talking about colonies, but about territory.

MR. ACHESON: That is another one that is coming up.

MR. VINSON: I think it would be shooting into a hornets' nest.

MR. WHITE: Or a rat's nest.

MR. WAGNER: I would like to understand these things. I am not as bright as you fellows.

H.M.JR: You are bright enough!

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MR. VINSON: Well, we have a quota here of a hundred million dollars for Poland. Now, what are the boundary lines?

MR. WHITE: What difference does that make?

MR. VINSON: A lot.

MR. WHITE: Why?

MR. VINSON: If you had a provision such as Luxford suggested, if you had divided up a country or colonies, why then you make an equitable distribution of the quota.

MR. LUXFORD: Not if it goes to another member of the Fund. It would only be where you divided an entity such as Poland into two parts.

MR. VINSON: Then you would give an incentive, possibly, to a country for a larger division in order to have a larger quota, not necessarily for it, but they would therefore get a larger quota.

MR. WAGNER: You are conservative, I can see that.

MR. VINSON: No, I am not. I will put my record up to any persons present in regard to my standing as a man and as a public official, as being a so-called liberal, but it seems to me that if we throw into this Conference the future disposition of colonies, we would really be stirring up a hornets' nest.

MR. ECCLES: The opposition to this program is saying that this is premature - premature because it is based upon a pre-war world so far as colonies are concerned, or territories are concerned; therefore, you can't make these quotas, based upon what the post-war world might be.

There is a little truth in that, apparently, that this discussion brings out - that we are basing the quotas upon an assumption that the pre-war colonial empire might continue to prevail.

I would certainly not want to approve these quotas to these countries with colonial empires and have any such assumption prevail, because I feel a good deal like

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Senator Wagner does, that we can't go back to a status quo ante here.

H.M.JR: I didn't get that.

MR. ECCLES: A pre-war status - the status quo of the colonial empire, I think, without getting into a good deal of political difficulty, and I wouldn't want it to be implicit that the approval of these empire quotas meant in any way an approval of an empire's pre-war status.

MR. VINSON: I agree with you thoroughly in respect to your last statement, but can we here in Bretton Woods determine what the status will be post-war?

MR. WHITE: No, but--

MR. VINSON: And in respect to the quotas, how are you going to divide it up?

MR. WHITE: Here is the country saying that because of her colonies she needs a quota of three hundred million dollars. You accept that after an examination, and then you say, "However, since a part of this, according to your own statement, is allocated to you because of the colonies, should at any time you see fit to give that colony further independence, then - or should they attain further independence - then it is only reasonable to allocate to the colony some portion of the quota to take with it."

By doing that I don't think you are in any way confusing the issue or making it difficult to put acres here, because I can't understand the Netherlands taking the position that her colonies will never be free and even if they are free, she isn't going to give up some of it, since she is asking for some for her colonies.

But what you do do, and that is why it appeals to me, you make it clear that this Fund is taking no policical sides whatsoever; it is not endorsing the colonies, It has a certain amount of money and it is providing for any contingencies; if the Dutch East Indies never get their independence, then treat the Netherlands as a whole; if the do, then you take off a part.

MR. BROWN: May I make an observation? I think you are giving an exaggerated importance to this question.

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Take the case of the United Kingdom. On the basis of their foreign trade alone, its quota for a Stabilization Fund is small compared to what you have given Russia and China. I mean, if you took every Crown Colony off of England, and certainly the ones that are likely to get some measure of independence are Burma and the Strait Settlements - perhaps Ceylon - there is no chance of their colonies in Africa having reached a degree of political development - the English quota would still, on a strictly commercial basis, be not too large.

So I think that, practically speaking, you are not burdening up the Fund in the case of the United Kingdom.

I should think that in the case of France, comparing - what is it? - a four hundred and twenty-five million dollar quota - with a hundred that you are giving Poland - or a hundred and ten - if you take France, Algiers, which is part of metropolitan France, hasn't the slightest chance of independence - and the probability that Morocco and Tunis are in - that the French quota is small. So I don't think there is the slightest need of defending in public or anywhere else considering the question of the United Kingdom or France.

The one problem that you have left is the Dutch problem. because the Dutch quota, if the Netherlands East Indies , separated, would be too large. There is no question about that. But so far as the United Kingdom and France is concerned, you are giving for political reasons unusually large quotas in relation to their trade to Russia and China and Southeastern European countries.

It seems to me that, Senator Wagner, without discussing the difference of liberalism or conservatism in outlook, that you won't have any criticism that you can't meet without any trouble in the case of the United Kingdom and France.

That leaves the question of the Netherlands where, I think, the question is perhaps a real one. I don't know whether Dean Acheson agrees with me--

MR. ACHESON: I agree entirely with you. You also have the Belgian question.

MR. BROWN: On the Congo. But the question of the

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Belgian Congo having reached a state of economic educational development where it is a serious question of setting up a separate government, is pretty slight.

MR. WHITE: I think it is all true, but I wonder whether it is in point.

MR. ACHESON: That is tremendously in point, Harry. I don't think this prejudice is any adjustment you are going to make in the future. What you are going to do is open up a question which you will get into and begin talking about; it will raise doubts and worries in everybody's mind. It is terribly complicated.

MR. WHITE: The question you raise is that merely in the event any colony of this country should become independent, that the portion she would obtain would be lopped off the mother country, which would seem to indicate that the Fund is taking care of that global quota, and in no way saying they will or won't be independent.

Although I think Ned is quite right in his analysis of the justification of the arithmetical amounts, the reason I don't think it is in point is because the real question is not that, but whether, by treating these countries as units - as Senator Wagner has raised the question - you are not allowing for, or taking care of, possible contingencies, and it would seem, if not closing the door, at least you are giving it a little shove.

MR. LUXFORD: More than that, Harry, since the country cannot have its quota changed ever, without its explicit approval, it means the Netherlands will say, "Fine, we will break off from the Netherlands East Indies, but they have to have a new quota and nobody can change it."

MR. ECCLES: I think what is more important is not whether or not France or the Netherlands or Britain surrender some portion of the present quota to a colony that gets its independence; I think the more important thing is that it should in no way be implied that the United States Delegation is in any way recognizing postwar political situations which may develop at the peace table; in approving an empire quota, that it in no way gives any approval in the maintenance of a status quo.

H.M.JR: I think the point that Senator Wagner raised was this, if I understand correctly, and if not I wish he would set me right, is that he doesn't want

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to feel that this Monetary Conference, if it comes to a successful conclusion, in any way precludes, subsequently, the possibility that one of these colonies can go free. I mean, if it is going to make it more difficult. Is that right?

MR. WAGNER: In a general way, that is the idea, yes.

H.M.JR: I mean - using the Netherlands East Indies as an example, they have forty or sixty million people; if the Netherlands East Indies decided that they should be given a status quo somewhat similar to the Philippines, that what we do here makes it more difficult to give them their independence.

MR. WAGNER: At Teheran, if you will remember, they stated definitely - the four big shots, who are swell, and I am with them a thousand percent - they stated that if any of these colonies want freedom, they are entitled to it.

Incidentally, I haven't talked this over with anybody but the gentlemen who have discussed it. It has been in my mind, but I wasn't sure I would say anything about it, even. But if there is a mistake made, I don't want to be responsible for it if it should be regarded as a mistake eventually - if it should be attacked.

I don't want anything to happen by the American Delegation which would, while not precluding, make it much more difficult for a people, if they do want freedom, to be free. That is all there was in my point.

I may be entirely mistaken. I certainly am not a prima donna about these things. When I am wrong, I will give in. I just felt that I was right.

MR. ACHESON: It is not going to make it any more difficult, and it can't make it any more difficult. It won't make it any more difficult if you do not have a Fund at all. If you do have a split-off of one of these colonies, then you have got to work it out. Even if you don't, the whole thing is only a matter of a hundred million dollars. If you have a billion and a quarter to do that sort of thing--

MR. WAGNER: What other colonies are you thinking of now?

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MR. ACHESON: The only ones to which there is any practical importance are the Dutch and Belgians.

MR. WHITE: And French Indo China.

MR. ACHESON: Oh, no. Suppose they all become independent; why is it going to be any more difficult for them to become independent?

MR. WHITE: It isn't. It becomes different because you can't find the money. It is because here is a document of first-rank importance which doesn't take cognizance, publicly, of that fact.

MR. ACHESON: That, I think, is a different matter, and I think it would be very, very serious to undertake in this Monetary Conference - to get into that question. That is a question which the President and Churchill have been working on for a long time. You are just going to get into a hornets' nest.

MR. WHITE: All we want to do is keep the Fund neutral. You don't know what they will decide. All you are saying is--

H.M.JR: I didn't get what Senator Wagner said in answer to Dean.

MR. WAGNER: Dean mentioned about the President having an interest in this question. I said I would like to get the President's views. Of course, if his views are very definite on this question, I certainly wouldn't raise it.

MR. ACHESON: But you are getting into it in an unnecessary way. It won't come up; nobody will bother about it at all unless we raise it.

MR. LUXFORD: Why don't we test this out? The Dutch are coming in here this afternoon to talk to you about the quota. Why don't you just size up their reaction to this kind of proposal?

MR. WHITE: You say nobody raised it. Senator Wagner raised it.

H.M.JR: Now, wait a minute. Mr. Acheson is here for two purposes; one as a Delegate, and one to advise the Delegation on foreign affairs. That is the way I interpret it.

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MR. WAGNER: I defer to him on those questions, too - always did.

H.M.JR: Now, before I take it up, if the Delegation feels they want to take it up, then I would like to have something written out. I would like Mr. Acheson, if the Delegation wants it, to consult with Mr. Hull - and as many - does he or doesn't he want us to do it here? Do you see? I don't want to go off half-cocked on this thing.

I can see the dangers. But if we are going to put something in along the lines that Luxford said, I would like to see it written out - I would like the American Delegation to see it written out. I would like, if that is the pleasure of the American Delegation that they would like to consider this. But before we do something like that - I can see the dangers of it, and I would like Mr. Acheson to refer it back to Mr. Hull. I would like Mr. Hull's advice - whether he would like the American Delegation to take such a clause up with the whole Conference.

MR. WAGNER: Mr. Chairman, may I say this, in conclusion? If it is the view of the Delegates that this ought not to be brought up, I am certainly not going to be stubborn about it, or anything of that kind. I have expressed my views and it is up to the majority to decide it. I am a Democrat, still. If the majority wishes it the other way, I will shut up.

H.M.JR: The way I would like to proceed is this. If we are to bring in a clause on subsequent split-ups - this isn't legalistic language, but if there is to be such a clause submitted first to the American Delegation and then if the American Delegation wants such a clause, but before we do anything further than that, I would like Mr. Acheson to have time to refer it to Mr. Hull for his advice to the American Delegation.

MR. WAGNER: Fine.

H.M.JR: Would that be agreeable to you, Dean?

MR. ACHESON: It would be absolutely essential, but I just know what Mr. Hull's answer is going to be. I would be delighted to call him and ask him, but he would be most upset.

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MR. VINSON: Might I make this suggestion, that before the language would be submitted to the American Delegation, that it be submitted to the State Department. I think any conversation that we have in regard to the matter is of some portent, and I certainly think that any discussion with the Netherlands in regard to their quota has real portent. I may be entirely wrong, but I certainly will string along with the Delegation in whatever action they take. But I think it is so important that if the statement is made in this document that discusses the question of division, or the future status of colonies, that you might as well write finis to the end of the Conference.

H.M.JR: What I was thinking of is this: Senator Wagner has raised the question; Mr. Luxford said if we were going to do the thing it would be a question of some sort of a clause in the agreement. I said I would like to see the clause. I would like to do it this way: Let Mr. Luxford or some of the people write such a clause out, then I would like that clause referred to the Quota Committee. Do you see? They may decide at that level not to go any further.

If, on the other hand, the Quota Committee wants to go further, then before the Quota Committee even refers that clause to the American Delegation, I think that Mr. Acheson should have the opportunity to ask Mr. Hull's advice. If Mr. Hull says,"All right, submit it to the American Delegation," fine.

If, on the other hand, Mr. Hull feels it is a mistake, I am sure the American Delegation would be willing to drop it. Is that all right?

MR. WAGNER: I certainly would. May I suggest, too, further - this is one of those things, and I am sorry I brought it up. But I think we ought to be very careful not to say a word to the press about this thing, because they just love a little split, or a ittle controversy of this kind.

H.M.JR: May I go further than that? May I ask that all of these who are in this room at no time discuss with the press anything that takes place in these meetings of the American Delegation. I don't know how emphatic I can be, but the things that take place in this room I most earnestly request that they not be discussed with anybody outside of this room. It is an earnest request.

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MR. SPENCE: Shortly after the last meeting a reporter met me and he had all the facts about the Russian situation, and he asked me if it was correct. I said I knew nothing about it, that I wasn't on any committee that handles that. I don't know where he got it.

H.M.JR: I make an earnest plea that the discussions which take place in this room be not discussed with anybody other than people who are in the room at the time.

As I understand it, Senator Wagner raised the question and Mr. Luxford will draft something, it will be referred to the Quota Committee for such action as they see fit. If they think it should be referred to the American Delegation, before doing so, I would like Mr. Hull's advice. If Mr. Hull says it is all right to refer it to the American Delegation, all right; if Mr. Hull says no, it will be dropped.

Does anybody object to that procedure?

(No reply)

Mr. Reed, have you any objections?

MR. REED: No.

H.M.JR: Is that all right with you, Senator?

MR. WAGNER: Certainly.

H.M.JR: All right with you, Dean?

MR. ACHESON: Yes, sir.

MR. WAGNER: I am essentially for unity.

H.M.JR: All right. But again I make an earnest plea that no discussion in this room be discussed outside of this room.

MRS. KLOTZ: Mr. Morgenthau, Mr. Wolcott is out here. Who is going to bring him up to date?

H.M.JR: I asked Mr. Luxford.

H.M.JR: Is there any other question before we leave this quota matter?

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All right, Bernstein, you have the floor. Make the best use of it.

MR. BERNSTEIN: Thank you, sir. Mr. Secretary, at a previous meeting of the U.S. Delegation--

H.M.JR: May I also say I hope this meeting will stop in fifteen minutes, for the benefit of everybody.

MR. ACHESON: We have something important in the voting on the Executive Committee this morning.

MR. WHITE: I think the Executive Committee could be answered more briefly. I wondered whether you couldn't raise that first and what time is left, take the other, so you will at least have one settled. It may not take so long to explain this.

H.M.JR: Can you explain it, Dean?

MR. ACHESON: Yes, sir.

H.M.JR: Do you mind, Mr. Bernstein?

MR. BERNSTEIN: No, sir.

MR. ACHESON: The controversy which has been raging in the last thirty-six hours about elections to the Executive Committee has been precipitated by the Latin Americans who, not knowing their quotas and not being sure what was going to happen, were fearful that they would only have one representative on a Committee of eleven.

If the Commitee is eleven, they want two. They therefore introduced a system of voting for members of the Executive Committee which would insure two members from Latin America, and that precipitated difficulties on the side of the Europeans who resisted that.

A special committee was appointed. They are debating back and forth. Machado of Cuba has been taking the lead in this. He has been getting more and more enthusiastic.

H.M.JR: Which Machado is this?

MR. ACHESON: Not the ex-President; this is a young man who is going to be the next Finance Minister under the new administration.

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H.M.JR: All right. Isn't the ex-President alive?

MR. MILLER: No relation.

MR. COLLADO: I think the ex-President died, didn't he?

H.M.JR: I hope an honest death.

MR. ACHESON: Before a meeting which they called at nine o'clock last night, Eady of the British Delegation got hold of me and said he thought this was developing into a great crisis, and what was going to be done about it.

In the meantime, I should add that the British threw into the general turmoil an apple of discord of a fine nature by suggesting there be fifteen on the Committee, and holding out hopes of three to Latin America, which immediately gave the Cuban the idea he would be the third, so he was plowing around in there.

So Eady said, "This is a great mess. What should be done?"

I took a chance on the thing and said that we were absolutely firm on the fact that the Latin Americans had to have two, there just couldn't be any more argument about that fact, and we thought increasing it to fifteen was just going to make it absurd and it wouldn't work at all, and therefore the thing to do was to wind it up with two out of eleven.

He said that we could do that if we bulled it through - we could do that - but that was going to make a great deal of pain and anguish on the part of some of the Europeans; if we would increase it to twelve it could be settled in twenty minutes.

I said I would report that to this meeting and suggest that that be done.

H.M.JR: To twelve?

MR. ACHESON: To two out of twelve. Now, after he talked with me, got hold of me and he was in a state of great confusion. He wanted to know whether we were in favor of one or two of the Latin Americans.

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I told him we were in favor of two for them, and we are supporting them to the hilt on that, and that we thought the fifteen committee was absurd and, generally, the eleven seemed right.

Now, I suggest if we could get approval in this Committee, we should settle the problem quickly. It is growing to quite serious proportions. It will be a major row. Therefore, if the American Delegation would approve a committee of twelve with absolute guarantee in the voting that the Latin Americans have two, I think we can solve this thing in an hour.

MR. WHITE: May I add some further information which has come to me on that which will help the Delegation decide?

The chief of the French Delegation came to me and said that he represents the bloc of Dutch, Belgians and French, that they asked him to - he is very reluctant to, in any way, go counter to the Americans, and he is pleading for the twelve. He said he will promise to deliver the Belgians and the Netherlands on twelve, and give the Latin Americans two. So apparently if you make a decision of twelve, you will have the majority of the countries with you.

He said that if they didn't get twelve, Netherlands and Belgium might consider the possibility of assurances that they could rotate, but he said that it would be extremely difficult to settle unless they get twelve. He said he thought, with twelve, the problem could be solved.

MR. WAGNER: Mr. Chairman, I am on that Committee, although I wasn't asked about it.

H.M.JR: What do you mean, you weren't asked?

MR. WAGNER: On this very Committee that dealt with this question.

H.M.JR: You mean I didn't ask you?

MR. WAGNER: Nobody has asked me, and I am not complaining about it. I just wanted to ask Mr. Luxford how you handle two to Latin America with proportional representation?

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MR. LUXFORD: The technique would be to allow those two to be elected by proportional representation. You would use the same technique we have specified for the six, except that you would say that the two Latin American seats are elected on the basis of proportionate representation within the Latin American countries. It would protect them just as fully as the other technique. All that it does is insure that we will always have two Latin American countries on the Board.

MR. WAGNER: I see.

MR. WHITE: Senator, may I explain how that happened? There was a subcommittee appointed of the Committee.

MR. WAGNER: Again, I am not complaining.

MR. WHITE: I want to explain that. They met suddenly and we didn't know about it, and somebody came in to tell me there was no American Deletage there at present, so I went around looking. I couldn't find anybody and first I went in and then I was called away by the Secretary and I saw Luxford in the hall and I said, "You had better go and find somebody." Then Luxford was called by the Secretary.

Mr. Bernstein was in the meeting. The reason you were not there was you had no advance notice about the subcommittee meeting.

H.M.JR: Is that satisfactory?

MR. WAGNER: I am not complaining. Don't misunderstand me. But I was anxious to find out how you could get two of the South American countries under proportionate representation.

MR. LUXFORD: They are quite agreeable to it. I would like to say that I think this is extremely important that we do give Latin America two representatives on that Board, because from our own point of view, I think the American public would like to see them fully protected in their rights on the Board, and this will insure that.

MR. WAGNER: Will the Cubans be satisfied?

MR. WHITE: Oh, yes. They told us they were just fighting for three. You could win on eleven if you wanted

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to go to the mat, because we have the votes, but you may not want to.

MR. ECCLES: I may be somewhat ignorant with reference to this. With twelve people, does it mean that seven would be a majority?

MR. LUXFORD: If I could answer that - the fact that you put two Latin American countries on the Board will not alter their vote in any sense. They will still vote on the basis of their quota strength. So they do not gain anything in voting; all they gain is a right to be heard on any issue.

MR. WAGNER: Of course, you did arrange for the right to be heard, anyway, whether they had a Director or not.

MR. LUXFORD: That is right.

MR. WHITE: It gives a little more prestige.

MR. WRIGHT: They had rather be heard by one of their own people.

MR. COLLADO: Mr. Secretary, you have nineteen countries, and they want to have a few people show up at this thing. They are going to have a dreadful problem within their own organization, anyhow, in picking two out of nineteen to go. It is purely that.

H.M.JR: Now, Mr. Acheson, do you mind once more stating the proposal so that everybody understands it, please?

MR. ACHESON: The proposal was that the Executive Committee should be increased from eleven to twelve and that suitable provisions would be written into the election machinery so that the Latin Americans would be guaranteed that they would be able to elect two.

MR. WAGNER: I think they call them Executive Directors, don't they? The Latin Americans want that term.

H.M.JR: Now, does anybody else want to discuss this? Do you vote here?

MR. VINSON: Without objection, generally.

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H.M.JR: Does anybody object to the proposal as stated by Mr. Acheson?

(No reply)

Then it has the approval of the American Delegation.

Now, where do we go from here, Dean?

MR. WHITE: Senator Wagner, I think.

MR. WAGNER: Luxford really is in charge.

MR. WHITE: Senator Wagner is the American Delegate who is in charge.

MR. WAGNER: Yes, I am.

H.M.JR: Then, Senator Wagner, would you handle it from here on?

MR. WAGNER: Yes, with Mr. Luxford, who is very helpful.

MR. LUXFORD: We will take care of it, Mr.Secretary.

H.M.JR: Is that all right with everybody? As I understand it, it is presented at the appropriate meeting by Senator Wagner.

MR. WAGNER: Yes. I think we meet tomorrow.

MR. LUXFORD: That is right. They probably will want to meet in subcommittee. We will notify them that we have agreed to it and they will work out the provision.

MR. WAGNER: I think you ought to get the Cuban Delegate to propose the compromise, don't you think so?

MR. LUXFORD: I think they probably will. They will report back to the main Committee that this compromise has been worked out and everyone will accept it.

MR. WRIGHT: I do agree it is very important to let the Cubans take the credit.

MR. LUXFORD: Don't worry, he deserves it!

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H.M.JR: I take it that you will handle it for the American Delegation?

MR. WAGNER: Yes, with Mr. Luxford. He is the technical fellow and he is good, too, I will say that.

H.M.JR: All right. Now, whoever thought of it, I compliment them on the very happy solution.

MR. LUXFORD: This is Dean's solution.

H.M.JR: I compliment Dean.

MR. ACHESON: I got pulled out of a dinner party last night.

H.M.JR: Now, what you have been trying to get Bernstein to say, is this something that must be done today?

MR. WHITE: No, I am afraid it will take too long, don't you think, Morris, in view of the discussion which took place before? I am afraid that if we get onto this subject we won't get anywhere in ten minutes.

May I make a suggestion in respect to this? If Judge Vinson could call a preliminary meeting, because we may argue this thing for an hour, and then after there is either a consensus, or something, then it could come up in less time if he wants to do that tomorrow morning.

H.M.JR: I would like to meet myself with the American Delegation at nine. If Judge Vinson wants to call them together at seven, I have no objection!

MR. WHITE: I withdraw my suggestion, Mr. Secretary!

H.M.JR: Do you want to see them before?

MR. VINSON: No.

MR. WHITE: Could you appoint a small subcommittee of three or four, for example - Marriner is very interested in this and Ned is very interested in this--

H.M.JR: What is the question? I don't think they know what it is.

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MR. WHITE: The question is on the height of the charges which shall be put upon purchasing or exchange in order to discourage nations from putting it on.

MR. BROWN: I think Wolcott is much interested in this, too.

H.M.JR: I was trying to think - I am asking this Quota Committee to be with me from four to five, but they could maybe meet after that.

Who, besides Mr. Brown, Mr. Eccles, and Mr.Wolcott is interested in this subject?

MR. BROWN: Everybody ought to be interested in it.

H.M.JR: I mean the preliminary. Would anybody else like to be on?

Mr. Spence and Mr. Reed, would you go on this Committee?

MR. SPENCE: I will be glad to.

H.M.JR: Marriner, I will make you Chairman of this subcommittee.

MR. ECCLES: Well, this comes in Ned's - he is the leader - Committee Two and Commission One is where this comes up. He has been handling it and I think he should continue to handle it.

MR. BROWN: It doesn't make any difference for the purpose of this subcommittee, Marriner.

H.M.JR: Anyway, don't you gentlemen want to agree now as to the hour, you would like to meet with Mr. Bernstein? Do you want to set an hour?

MR. ECCLES: I would like to meet at either two o'clock or this evening.

H.M.JR: I just want to announce that I have seen "A Sailor and Two Girls" and I recommend it highly.

MR. BROWN: I thing you should meet at two or two-thirty. What time is it now?

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MR. ECCLES: It is one.

MR. BROWN: I think it is holding up the Russians to a certain extent, and the English. I mean, it is holding up the whole work of the Committee.

H.M.JR: Will you set the time?

MR. BROWN: Can we have the use of this room at two?

MR. WHITE: There are two committee rooms downstairs.

H.M.JR: Tell him where they are.

MRS. KLOTZ: Right in front of the auditorium.

MR. BROWN: Suppose we meet at the desk downstairs at White's office at two o'clock and we will get that room nearby.

MR. BERNSTEIN: If you could give us two-thirty, we can get Gardner, too.

H.M.JR: Two-thirty, Mr. Brown?

MR. BROWN: Yes.

H.M.JR: Mr. Brown, Mr. Spence, Mr. Reed, Mr.Eccles - should we try to get Mr. Wolcott in that?

MR. BERNSTEIN: Yes, sir, he is on Committee Two, Mr. Secretary, that deals with this problem.

H.M.JR: Mr. Bernstein, will you take it on to get Mr. Wolcott there?

MR. BERNSTEIN: Yes, sir.

H.M.JR: Then the Quota Committee will meet with me here at four, please, and the American Delegation here at nine tomorrow morning.

MR. WHITE: Does the fact that you had this discussion on the colonies make any difference in your seeing the Netherlands? Do you want to postpone the Netherlands until tomorrow?

H.M.JR: No, I don't think so.

Thank you all.

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RA-999
Distribution of true reading only by special arrangement. (SECRET W)

Stockholm

Dated July 9, 1944

Rec'd 4:50 p.m.

Secretary of State
Washington

2538, July 9, 11 a.m.

In connection with the general transportation problem involved in evacuation operations from the Balkans the following may be of interest. During the past week Mr. Aurel Theodoru, director of Service Maritime Roumaine (a government enterprise) has been in Stockholm. (This is our 48 for War Refugee Board in response to their no. 3622, 10 p.m.) According to him the Rumanian Government is extremely anxious to sell two of its vessels, SS TRANSYLVANIA and SS BESSARABIA, presently tied up at Istanbul. These he said are virtually new combined passenger and cargo vessels of 6500 tons with sleeping accomodations for 550 each. On short trips the vessels he added could accommodate over 2000 persons each. Apparently the Rumanians are very anxious to sell these vessels for a variety of reasons and have mentioned a preliminary figure of twelve million kronor for both vessels. The alleged original cost of each was twelve million and under present costs are allegedly valued at thirty five million kronor. Theodoru has suggested that the vessels be purchased for refugee evacuation from Constanza. If the boats are purchased by the International Red Cross or the Swedish Red Cross the Rumanians, he asserted, would guarantee safe conduct and would further guarantee, as a condition of sale of the vessels, to obtain German safe conduct. Theodoru seems convinced that the Rumanians could obtain full assurances of such safe conduct. Theodoru also proposes that the purchase price of the vessels be deposited in Sweden with a guarantee that the funds be available for purchase of goods for delivery in Rumania after the war. These goods it is proposed can be held blocked in Sweden in the name of the group or organization purchasing or chartering the vessels. It is stated that the vessels are in first class condition and available for immediate use.

Whether the

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-2- 2538, July 9, 11 a.m. from Stockholm

Whether the proposal is desirable from our point of view could, it would seem, only be determined on information not available here, such as whether the vessels are tied up at Istanbul for the duration, whether their operation by Rumanians would be harmful to us, whether the vessels are necessary to us, etc. Accordingly the Legation in reporting the above is not (repeat not) in position to make recommendation.

JOHNSON

WSB:BB

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Ankara

Dated July 9, 1944

Rec'd 8:40 p.m.

EOC-19
This telegram must be paraphrased before being communicated to anyone other than a Government agency. (RESTRICTED)

Secretary of State,

Washington.

MOST IMMEDIATE

1246, July 9, 1 p.m.

FOR WAR REFUGEE BOARD FROM HIRSCHMANN

Ankara number 90

The Turkish SS KAZBEK which departed on July 6, from Constanza for Istanbul with 739 refugees including 251 children arrived in Istanbul Saterday evening July 8. I informed Mr. Kelley in Ankara of the impending arrival of the vessel and he in turn informed the Turkish Foreign Office.

When the KAZBEK successfully concludes her voyage, you will be immediately informed.

KELLEY

LMS

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NOT TO BE RE-TRANSMITTED

COPY NO. 11

SECRET

OPTEL No. 223

Information received up to 10 a.m., 9th July, 1944.

1. NAVAL

NORMANDY. 5 midget submarines sunk yesterday and 4 prisoners taken. 9 more possibly sunk and 12 others attacked by aircraft with unknown results. A Polish Cruiser torpedoed and beached, one H.M. Minesweeper and 3 motor torpedo boats sunk and one damaged. 4 motor torpedo boats attacked enemy force of one Corvette and about 7 E/R boats off LE HAVRE - the Corvette and a motor torpedo boat sustained minor damage. 2 Sunderlands and a Liberator sank a U-boat southwest of USHANT yesterday morning. 37 prisoners taken by escort vessels.

2. MILITARY

FRANCE. U.S. troops have captured ST. JEAN DE DAYE and advanced about 2 miles beyond to southwest. Following heavy air bombardment on German strong points and troops north of CAEN, U.K., Canadian attack launched at 4:20 a.m. 8th. By noon the outskirts east and west of town had been reached though big pockets of Germans remain north of town. Attack continuing successfully.

ITALY. Near VOLTERRA U.S. troops have advanced about 2 miles: elsewhere little progress against strong resistance.

RUSSIA. Russians are fighting in streets in VILNA and have cut railway 30 miles northeast of the town. West of MINSK they are 2o miles east of LIDA and further south have captured BARONWICZE and made further progress into Pripet Marshes. East of MINSK extermination of surrounded Germans continues satisfactorily.

3. AIR OPERATIONS

WESTERN FRONT. 7th/8th. Tonnages dropped: Flying bomb supply dump near PARIS 1120, VAIRES railway centre 560.

8th. Over 3,000 offensive and escort sorties flown. In addition to armed reconnaissance and fighter patrols over battle area. 130 tons dropped on military objectives around CAEN and 200 tons on communications. Power station COMBURG, north of RENNES, destroyed, railways in RENNES and LAVAL areas cut at many points and other results generally good. Fortresses and Liberators bombed 5 airfields - 275 tons, 11 flying bomb launching sites - 255, and railway objectives - 460. Enemy casualties in the air and on the ground 28, 1, 26. Ours 11 bombers and 7 fighters. Beaufighters attacked enemy convoy off FRISIAN ISLANDS obtaining four torpedo hits on merchant ships. One escort vessel blew up and three were left on fire.

GERMANY AND AUSTRIA. 6th/7th. 42 Allied aircraft (13 missing) dropped 73 tons on airfield near VIENNA.

7th. 460 Fortresses and Liberators (18 missing) bombed synthetic oil plants at BLECHHAMER - 810 tons and ODERTAL - 200, 55 and 75 miles southeast BRESLAU respectively. Enemy casualties 51, 11, 8. Ours - 3 escorting fighters missing.

YUGOSLAVIA. 7th. Liberators (6 missing) dropped 200 tons on railway centre and airfield ZAGREB and 45 tons on an industrial plant 60 miles southeast BELGRADE.

4. GERMAN ACTIVITY

From 6 a.m. 7th to 6 a.m. 8th. Flying bombs launched 126, destroyed by fighters 62, A/A/ 11, total 73. During 24 hours ended 6 a.m. 9th, 81 flying bombs launched of which 58 crossed the coast.

Regraded Unclassified