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Bretton Woods, N. H.
July 22, 1944
9:30 a.m.

FINAL MEETING OF AMERICAN DELEGATION

- Present: Mr. Luxford
- Mr. Spence
- Mr. Sweetser
- Mr. Brown
- Miss Newcomer
- Mr. Ness
- Mr. Tobey
- Mr. Vinson
- Mr. McDermott
- Mr. Bernstein
- Mr. Kelchner
- Mr. Wolcott
- Mr. White
- Mrs. Klotz

H.M.JR: This is a rather unique experience, I think. About eleven o'clock last night I got the idea that it might be nice if the President sent a message of congratulations to the Conference on the conclusion. I don't honestly know where he is. I have a sneaking notion, but I honestly don't know where he is. Here it is nine-thirty and I already have an answer, and our message didn't leave until after midnight.

"A proposed draft of telegram to be sent to the United Nations Monetary and Financial Conference at Bretton Woods approved. F.D.R." Did you work on the message?

MR. LUXFORD: No. I was working on Commission Four.

H.M.JR: Well the main purpose, at ten o'clock, on request, the Russian Delegation and the American Delegation are having their pictures taken.

MRS. KLOTZ: I said we would let them know. Is that definitely arranged?

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H.M.JR: Fred Smith is handling it.

MR. TOBEY: I wish we had a picture of all the Delegates.

MR. McDERMOTT: Some of them are gone.

H.M.JR: I promise not to call a meeting tomorrow morning.

This is sort of the home-stretch and as Chairman of the Delegation, I really wanted to thank you each and everyone of you for the splendid work. I have never in my eleven and three-quarter years in Washington ever participated with a group, and this is not blarney, that worked so well together. I don't know of a single instance of double-crossing or anything behind the back. It has been a team. It has been the most successful group I have ever worked with, the most pleasant, and I think it has demonstrated to me that on this sort of thing it is the way we should work with Congress. There has been lots of discussion about the Executive infringing on the authority of Congress, and vice-versa, but I think I certainly am going to recommend as strongly as I know how, to the President, that he follow this method at any other similar International Conference.

In my presence Congressman Wolcott told the reporter from the Tribune that there wasn't a single episode that took place, no matter how secret, that he wasn't informed about it, and there was nothing took place here that he didn't know about, and I am sure that would have been true if you had been with me.

MR. TOBEY: I would have been glad to make that testimony.

H.M.JR: So altogether, I am going back tomorrow very happy and feeling that thanks to each and all of you, plus the technicians, that this has been a most successful experiment in democracy. That's the way I feel. That's about all.

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I would like to take a few minutes and ask for suggestions as to what we are going to do to sell this thing now that it is an accomplished fact.

MR. WOLCOTT: First, may I say, Mr. Secretary, that I think much of the harmony is due to the splendid leadership you have exhibited and the fairness with all of us. I shall leave here thinking that this is one of the greatest experiences of my life and one of the most pleasant experiences and I express my own appreciation and I think that of all the Delegates for the manner in which you have treated us and the manner in which you have conducted these meetings.

MR. TOBEY: Mr. Secretary, I would like to add to that, that I have been very much impressed with your remarkable patience and your genius in directing the Conference, and on the selling end of it, I am with you a hundred percent and I will do the best I can to carry this thing forward to success.

MR. SPENCE: I suppose it is needless to say that I am going to do everything possible to carry it out. It has been a very pleasant experience and the association with you, Mr. Secretary, has been very pleasant. And I think it has been a most remarkable Conference. I have never attended a conference before, but the good will and the cooperative spirit here has been outstanding and it certainly could not have been a more successful conference for the purpose for which it was called.

MR. WOLCOTT: If Senator Wagner had stayed here he wouldn't have gotten into the trouble he did out in Chicago. He voted for Wallace.

MR. SPENCE: I was struck last night at the deep interest the Senator and Jesse have in the Democratic Party. They were pulling for Wallace as hard as I ever pulled for a Democratic friend on a ticket.

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MR. BROWN: Every Republican here.

MR. WOLCOTT: Too many Republicans rooting for him.

MR. SPENCE: So there is a good deal of democracy in both these gentlemen.

MR. McDERMOTT: Mr. Secretary, I would like to say a word. As one who has played around with psychological warfare--this may seem a little insane and still it is not, the great upset in Germany, and I wouldn't be at all surprised if this Conference didn't contribute a good deal to it. I can't conceive how any German could get the reports that OWI has sent from here on the short wave about what was being done here and how any German could calmly look at a group of United Nations that could produce seventeen billion, six hundred million dollars. They couldn't but say, "My God, what are we up against?" and quit. I think that undoubtedly something has been done which has contributed to the upset over there.

H.M.JR: Well, certainly we didn't hurt it any. And I gather from what I have learned that the overseas broadcasting of OWI has just been pouring out, hasn't it?

MR. McDERMOTT: Pouring out and it has been excellent.

H.M.JR: Well I think we have had a demonstration, also, on how to handle the press, which has been exceptionally good, thanks to you and thanks to our people. I personally haven't talked to a single newspaperman. Several have approached me and I have said, "I am sorry I can't talk," but not a single one has sent me a message that he wasn't happy, he wasn't satisfied. I would say hello to them, and so on. I have never seen a happier crowd and I think it is a great compliment to Mr. McDermott.

MR. McDERMOTT: Thank you very much.

H.M.JR: Riding herd on them, he certainly did a good job. I think the most important thing is that they are going away sold.

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MR. SWEETSER: Mr. Secretary, I have followed conferences since the Paris Peace Conference and I have never seen a press better handled or happier. The only thing that alarms me about it is that it was so successful that I don't see how it is going to be duplicated in other conference. It will be a very high standard to follow up. You have had not only a great deal of publicity here in the immediate issuing of documents, but you have had a personal explanation from Mr. White and the other experts which has been something superb. We have a good deal of comments back from the country and on the whole, they are much more favorable than I had anticipated. There is a good deal of confusion still as to the details and lines of the Conference, but certainly the understanding, the sympathetic approaches, were very noticeable. There is not as much opposition as I would have thought. And I think that is going to pick up and improve as we go along.

H.M.JR: Just thinking out loud, I wonder if this American Delegation couldn't meet occasionally, again, and discuss from time to time in Washington how we would propose to sell this, because now that we have got it, we have got groups like this New York State group, headed by Mr. Potter who say they are going to make a study and there will be other groups. His group is State?

MR. BROWN: Yes, but I am sure Potter caused himself to be appointed Chairman of it. I have an appointment to see him at ten o'clock Monday.

H.M.JR: Would you mind before you leave for Chicago to give me a ring in Washington and give me a little report on your conversation with Mr. Potter?

MR. BROWN: Yes, I will do that. I think unless you want me to stay for your dinner, that I will go to Boston this evening and go from Boston to New York.

H.M.JR: That's all right.

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MR. VINSON: Stay with us and help us ring down the curtain, Ned.

MR. BROWN: I don't care for ceremonies when the work is over.

MR. TOBEY: No, but you're part of the entourage.

MR. WHITE: I think you will find it work to digest that dinner.

MR. TOBEY: Mr. Secretary, he has done a good job in this Conference. Why not have the suggestion put to the President as we go along step by step and effect this thing, that this be the permanent body to handle all things, from now on?

MRS. KLOTZ: It is not a bad idea.

H.M.JR: Leaving the Chairman out, he could do worse. You suit your own convenience about tonight.

MR. BROWN: It is needless to say I will do what I can to sell it to the bankers of the country.

H.M.JR: Well, I think, Ned--I was very frank with you when I invited you to come in, and I want to count on you to sell it to the bankers, because they seem to be the only people who right now are vociferous about this thing.

MR. TOBEY: And Bob Taft.

H.M.JR: I will leave Taft to you! He is your personal meat. I think you could take him apart and put him together again so you wouldn't recognize what he looks like.

But if you would just give me a ring after you have been with Potter if you want to do it openly from Potter's office, any way you want, because I know Potter.

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MR. BROWN: We have an office in New York.

H.M.JR: Then the question is, you see after our people get rested up, I mean, how much can they help and all the rest of it. But I don't think it should be just up to the Treasury to try to have to merchandise this.

MR. SWEETSER: Mr. Secretary, I was going to make a suggestion something along the lines of what you have just put forward but perhaps on a lower level; namely, general question of the press should meet fairly regularly, because I think you are going to get questions all the time--publications, documents, speeches, meetings. I am sure from our experience in OWI that we are going to get them, and there ought to be some way of centralizing that. I think the first thing we ought to do is get out all the official documents, because there is going to be a tremendous demand for them and everybody is going to want to have the text. I was talking with Frank Coe about that the other day. He says he thinks he can get them out very shortly so that we will have a clean document to give wide distribution to. Then I think we ought to have a popular pamphlet, a very simple pamphlet, which you can put around in fairly large numbers. And I think the United Nations Foreign Office will try and do something of that sort, but that would, of course, have to be checked and worked out with the experts here.

H.M.JR: Is there a United Nations Foreign Office?

MR. SWEETSER: Yes, sir, there is. That is located in New York. It is composed of nineteen of the principal United Nations, and they put out a similar pamphlet on the Food Conference and also on UNRA--short popular pamphlets.

Then we are going to be pressed all the time for experts. One of our problems at OWI is handling this request, the request that we get people who can go out and talk on specific and technical subjects; and unless you have some way of meeting that and canalizing it, it is

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apt to get very dangerously dispersed.

H.M.JR: If Mr. McDermott and you and Fred Smith would form yourselves into a committee to work this thing out--

MR. SWEETSER: What would you think of Oscar Cox and Coe?

H.M.JR: Oscar Cox in Washington is such a busy fellow that he doesn't get much time. I think Frank Coe would be all right. Of course, White should be part and parcel of it. I don't think you could keep him out if you tried. As I say, you are talking now about information. Smith and Sweetser and McDermott would form a committee of three and talk it over and decide how to organize the campaign.

MR. SMITH: One other matter is the money. Who is going to pay? Should this body make a motion that money be appropriated from some place to do it, the printing of all these things?

MR. WHITE: The printing is done. But I do think that it is necessary to have paid staff of whatever that little committee of yours decides. The money certainly can't come from public sources, but there are private organizations who, I think, could furnish enough funds to carry on. But I think it needs a permanent status.

H.M.JR: People like possibly Laura Spellman, or the Rockefeller Foundation or Carnegie Peace Foundation, I know the Carnegie people have gotten a tremendous income and they haven't been able to spend it for the last couple of years. They just haven't found things to spend it on.

MR. SWEETSER: Mr. Secretary, I don't think it is going to take money so much as thinking and planning and coordinating. The documents will be published by

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the Conference itself, I take it. We worked yesterday with this general statement of Frank Coe's. Well that is a Conference document. That would go out and be available. You would have quantities of that which you could use. If there is a general pamphlet put out by the United Nations Foreign Office, that also would be carried on their account. But what we will need is some little group who can meet from time to time and see what the questions are that are developing, what opportunities are opening up, what meetings are coming along and arranging to get experts or get articles, which could be done without great expense.

MR. VINSON: And the content of the popular document which might be called by us a Primer, is a very important thing, because it should be free from the technical discussions and just simply hit the high spots of some or many of the major items, and in non-legalistic language or non-technical language.

MR. WOLCOTT: I might suggest that perhaps the way that could be handled is for Senator Wagner to address a letter to you and in your reply to Senator Wagner you can develop this Primer and have it published as a Senate document.

H.M.JR: That is a good idea.

MR. VINSON: There might be much in that. Senator Tobey made a suggestion a number of days ago, Mr. Secretary, that I think is a very good one, and that is, after we have a couple of days' rest in Washington and the group gets back to Washington, to have occasional meetings in which the work is reviewed, sort of refresher course, and later it might be broadened to bring members of the House and Senate who are not--

H.M.JR: Would it be a proper place to call a meeting at nine o'clock at night in Washington at the Troika? Would that make you all feel at home?

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MR. WOLCOTT: The Balalaika.

MR. VINSON: I wonder whether that is the proper hour or place, but I yield to the Secretary.

MR. WOLCOTT: I think it should be a little later at the Balalaika.

H.M.JR: I don't think you people can function unless there is a Moon Room or a Hemicyle or a Cave or something, so I think we will have to have these meetings a little later at the Balalaika.

If you will accept my amendment, Judge, as to the location and the time to give it the proper atmosphere--

MR. VINSON: If it is the same atmosphere that we have had here, both that which we have breathed quite some time and the atmosphere of the Conference, I accept the amendment, because I have been working all my life and I say seriously that I don't believe that any more hard work, and any better results with a complex subject matter, was ever had, or produced, by the same number of people in the same length of time, particularly if you had experience in drafting legislation. It has been a remarkable job, Mr. Secretary.

H.M.JR: I am very happy at the remark which Mr. Brown volunteered when he said he was going to take it on himself to sell the American bankers.

MR. BROWN: I didn't give any guarantee.

H.M.JR: But I am quoting you directly, am I not, that you are taking it on? And I think that would be very useful. And then is it understood that Mr. McDermott and Mr. Sweetser and Mr. Smith will meet and confer as to how to publicize this thing? You have time, McDermott, to continue?

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MR. McDERMOTT: I am afraid not, sir. I will be glad to work with these gentlemen as a committee.

H.M.JR: As a committee?

MR. McDERMOTT: Oh, yes, I am glad to.

H.M.JR: Anybody have any suggestions?

White?

MR. WHITE: No, I think that is the way to handle it.

MR. LUXFORD: Only one suggestion and everybody already agrees with it and that is, every one here has to work just as hard as they have been working now to sell it. Our job isn't done until it is sold.

MR. BERNSTEIN: I think that perhaps after a while we should begin systematically to go through the list of organizations that might be enlisted in support of what we have done. We could do a good deal that way to rouse public interest and to get the general approval of the public for what we have done.

MR. TOBEY: Time Magazine came out this last week with a full column or column and a half about Bob Taft's attack. They always take the negative side but nothing has come in on the positive side. That is what I don't like about pressure politics.

Mr. Chairman, as a humble member of this Conference, I want to pay tribute to something that has impressed me tremendously, and that is the genius of these two men, Luxford and Bernstein. I have watched them in action and it is wonderful the work they have done here and I want to compliment them and I appreciate all they have done.

H.M.JR: Miss Newcomer, you are going to take on the women of America?

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MISS NEWCOMER: I will try to. I have worked with a good many of those national organizations. I think something can be done. I don't know how far. I will do what I can.

H.M.JR: Funds will be made available. If you want somebody assigned to you full time or something like that we think that might be arranged.

MISS NEWCOMER: I will see what can be done.

H.M.JR: If you want somebody, I think that could be arranged.

MR. TOBEY: Wouldn't the General Federation of Women's Clubs be a very potent organization?

MISS NEWCOMER: Do you know Mrs. Dickinson?

MR. TOBEY: She is a New Hampshire woman. I would be delighted to meet with you in Washington. She is in Washington. If we could sit down together sometime, perhaps.

MR. SPENCE: When the matter is submitted to Congress, the hearings could be printed from day to day and be distributed. I think that might have good effect.

H.M.JR: Speaking of continuing our conversations in Washington, I think the New Hampshire air has contributed much to the clear thinking of everybody.

MR. VINSON: I really think that is true.

H.M.JR: What do you mean you think that's true! I was very serious. You thought I was kidding? Believe me, if the United States Government had a summer capital I think it would increase the work by a hundred percent.

MR. SWEETSER: Mr. Secretary, do you see any news events that could keep the Conference alive as a news story?

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For instance, what about sending this to Congress? When do you see that happening? What I am afraid of, frankly, is it looks as though the project is going to rather fall low for quite a long period of months, that there won't be any news or any events in connection with it, and if we could see things of that sort, see a communication of Congress, and then the hearings and other things of that nature, there would be news coming all the time, apart from the explanations and propaganda.

H.M.JR: Well, we have got Members of Congress here. They would know much better than I, the proper time, but from what Mr. Wolcott said the other day, that Congress wasn't going to settle any issues for the two Presidential candidates, I question whether this very important one should go up until after Election.

MR. WHITE: Might this not be treated as a non-partisan issue?

MR. WOLCOTT: In Congress? You have been realistic up to the present moment, Harry.

MR. WHITE: I thought we would give the Republicans a break, otherwise it will be treated as a Democratic issue.

H.M.JR: The Russian Delegation is on the golf tee, wherever that is, waiting for us.

Again, my most heartfelt thanks for everything each and every one of you has done. I will be seeing you during the day, but I am going to leave early tomorrow morning.

July 22, 1944
7:00 p.m.

PRESENT: Mr. Stepanov
N. F. Chechulin
A. A. Arutiunian

(Mr. Stepanov)

INTERPRETER: Mr. Stepanov would like to tell you that he has the answer from Mr. Molotov, and the answer is that he is happy to agree to your proposition.

HM JR: Yes.

(Mr. Stepanov)

INTERPRETER: Mr. Molotov says that we will agree to increase our quota.

HM Jr: To how much?

(Mr. Stepanov)

INTERPRETER: To \$1,200,000,000.

HM Jr: Mr. Molotov agrees to that?

(Mr. Stepanov)

INTERPRETER: He said that he agrees with Mr. Morgenthau.

HM Jr: Well, you tell Mr. Molotov that I want to thank him from the bottom of my heart.

Now, I don't know what we will do, but I will have to send for Mr. Vinson and the others right away, and we will have to get busy.

(Mr. Stepanov)

INTERPRETER: Yes. Mr. Stepanov says that is all right.

HM Jr: Just so I understand - would you mind saying it once more?

(Mr. Stepanov)

INTERPRETER: Mr. Molotov gives us the right to agree to a quota of \$1,200,000,000 in the Bank. He said that he agrees with Mr. Morgenthau, and I should like to mention this, too. Mr. Molotov says that he agrees to the size of the quota because Mr. Morgenthau asked the Soviet Delegation to do it.

HM Jr: I want you to say this to Mr. Molotov. This confirms the long time respect and confidence that I have in the Union of Soviet and Socialist Republics.

(Mr. Stepanov)

INTERPRETER: Mr. Stepanov says that he will telegraph what you told him just as it was said by yourself.

HM Jr: Well, this makes me very, very happy. The Conference was almost a success and now it is a complete success.

(Mr. Stepanov)

INTERPRETER: Mr. Stepanov says to tell you that Mr. Molotov wanted to raise the quota because you asked them to and because of his high regard for you.

HM Jr: You send back my warmest appreciation to Mr. Molotov. I will get hold of Judge Vinson and will you be available the next half hour or so?

INTERPRETER: We will be in Room 317.

Charge to the account of _____ \$

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R. B. WHITE
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

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TIME FILED

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

July 22, 1944

Honorable Henry Morgenthau, Jr.
Bretton Woods, New Hampshire

As President of the United Nations Monetary and Financial Conference at Bretton Woods, please convey to the representatives of the forty-four nations gathered there my heartiest congratulations on the successful completion of their difficult task. They have prepared two further foundation stones for the structure of lasting peace and security. They have shown that the people of the United Nations can work together to plan the peace as well as fight the war. As the delegates and technicians depart for their various countries, express to them my appreciation for the efforts they have made in coming here.

Franklin D. Roosevelt

To: The President
From: The Secretary of the Treasury

Thank you very much for your generous message on the work of the Conference. I read it at the final plenary session and it was received with a great ovation.

You will also be pleased with the message I received from the Soviet Government about an hour before the plenary session. The Soviet Delegation had agreed to subscribe \$900 million to the capital stock of the proposed Bank for Reconstruction and Development. We had tried to get them to increase their subscription to \$1200 million, but they stated that they could not go above \$900 million, in view of the tragic devastation of their country and the great burden of reconstruction, to which all of the delegations unanimously agreed.

I ^{personally} privately made a special appeal to them to increase their subscription to \$1200 million. This request was made several days ago and was transmitted to Moscow. In reply I received a personal message from Molotov that the Soviet Union agrees to raise its subscription in response to our request, notwithstanding the fact that the Conference had agreed on \$900 million for their subscription, thereby demonstrating their desire to collaborate fully with the United States.

Dean Acheson has just said that this ^{was almost} ~~is~~ unbelievable, and that he regards it as a great diplomatic victory for the United States and as a matter of great political significance. The news was received at the plenary session just ended with great enthusiasm.

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You may think it helpful to make some reference to the significance of this voluntary step as important evidence of the desire of the Soviet Union to collaborate wholeheartedly with the United States in a program for the maintenance of world peace and prosperity.

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

CLOSING PLENARY SESSION

July 22, 1944 - 9:45 p.m.

1. Address by the Representative of the United Kingdom,
and motion to accept the Final Act.
2. Seconding addresses by the Representatives of:
 - (1) Union of Soviet Socialist Republics
 - (2) Canada
 - (3) France
 (Put the motion to a vote.)
3. Resolution of thanks by the Representative of Brazil.
4. Seconding of the resolution by the Representatives of:
 - (1) Norway
 - (2) Cuba
 (Put the motion to a vote.)
5. Farewell Address by the President of the Conference.
6. Star Spangled Banner.

(The Chairmen of the Delegations, or their alternates, may sign the Final Act in Room B, following the close of the Plenary Session, or from 10 a.m. to 12 noon, on Sunday, in the same Room.)

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7/22/44

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DRAFTS OF SECRETARY'S ADDRESS AT
CLOSING SESSION OF MONETARY CONFERENCE

(1)

BROTH DRAFT

19

9/22/44

I am gratified to announce that the conference at Bretton Woods has successfully completed the task before it.

It was, as we knew when we began, a difficult task, involving abstruse and complex technical problems. We came here to devise an instrumentality which would take the place of the economic evils - competitive currency devaluation and artificial barriers to trade - which preceded ~~and indeed led to~~ the present war. The old order has been ended.

The precise significance of an international monetary and financial agreement may seem somewhat mysterious to the general public. Yet at the heart of it lie the most elementary bread and butter realities of daily life. What we have done here in Bretton Woods is to devise a mechanism by which men and women everywhere can exchange, on a fair and stable basis, the goods which they produce through their labor. And we have taken the initial steps through which the nations of the world will

be able to help one another in economic development to their mutual advantage and for the enrichment of all.

From the beginning, despite the difficulties, it was certain that we were to succeed. For we could not afford to fail. And the delegates who came to this meeting from forty-four nations in all quarters of the globe were determined that understanding and agreement were to be reached. They may have differed as to method; but they were of one mind as to purpose. When one of the delegation chiefs (the head of the Russian delegation, Mr. Stepanov,) was asked one day what would happen if the conference were to conclude without an agreement, he answered in this way: "I cannot conceive of this conference not coming to a conclusion. I cannot conceive of civilized nations going into the post-war world without reaching complete and full agreement on vital economic and monetary matters."

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We now have the substance of that agreement. I believe it will be the more firm and the more enduring by reason of the very difficulties which had to be overcome. You all know that there were differences of opinion among us when the conference began. That is why the conference was held. President Roosevelt did not invite the representatives of 44 nations to Bretton Woods merely to have them raise their hands in approval of some cut-and-dried formula which had been settled in advance. On the contrary, he asked them here precisely because differences of opinion - differences as to method, which we knew we could thresh out and resolve through patience, through tolerance and through free, democratic discussion.

We embarked here upon an enterprise without precedent in history - the establishment of a firm and dynamic foundation for economic intercourse among the world's peoples. To succeed

- 4 -

in so momentous an endeavor, it has been necessary, of course, to bring varied points of view into harmony. New patterns cannot be cut from old dies. We have had to mold a ^{new} die to meet tomorrow's needs.

It is a notable fact, I think, that even the most technical arguments of this meeting were carried on in the open ~~air~~. There has been no hush-hush here at any stage. The members of the press have had full freedom and have ably reported every development to you. Both in candor to the public and in the candor of discussion among the delegates, this conference has provided a magnificent demonstration of the democratic process. I hope and believe that it has set a pattern for future international meetings.

~~Because~~ We have faced our differences of opinion frankly, ^{and} we have reached an agreement which is rooted in genuine understanding.

None of the nations represented here has altogether had its own way.

- 5 -

We have had to yield to one another not in respect to principles or essentials but in respect to methods and procedural details.

The fact that we have done so, and that we have done it in a continuing spirit of good will and mutual trust, is, I believe, one of the most hopeful and heartening portents of our times.

Here is a sign blazoned upon the horizon, written large upon the threshold of the future - a sign for men in battle, for men at work in mines and mills and in the fields, and a sign for women whose hearts have been burdened and anxious lest the cancer of war assail yet another generation - a sign that the peoples of the earth are learning how to join their hands and work in unity.

There is a curious notion that nationalism and internationalism are conflicting philosophies - that somehow or other men of different nations cannot work together without sacrificing the interests of

- 6 -

their particular nations. There has been talk of this sort - and from people who ought to know better - concerning the internationalism of the undertaking just completed at Bretton Woods. I am perfectly certain that no delegation to this conference has lost sight for a moment of the particular national interests it was sent here to represent. The American delegation which I have had the honor of leading, has at all times been conscious of its primary obligation - the protection of American interests. And the other representatives here have been, ~~in some way~~ no less loyal or devoted to the welfare of their own people.

Yet none of us has found any incompatibility between devotion to our own countries and joint action. Indeed, we have found on the contrary that the only genuine safeguard for our national interests lay in international cooperation. We have come to recognize that the wisest and most effective form of nationalism

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is internationalism - that is to say united effort for the attainment of common goals. This has been the great lesson taught by the war and is, I think, the great lesson of contemporary life - that all the peoples of the earth are inseparably linked to one another by a deep, underlying community of purpose. This community of purpose is no less real and vital in peace than in war, and cooperation is no less essential to its fulfillment.

To seek the achievement of our aims separately through the ~~planless, senseless rivalry that divided us in the past~~ or through the outright economic aggression which turned ^S neighbors into enemies would be again to invite ruin upon us all. Worse, it would be once more to start our steps irretraceably down the steep, disastrous road to war. That sort of nationalism belongs to an era that is dead. Today the only enlightened form of

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national self-interest lies in international accord. At Bretton Woods we have taken the first step toward putting this lesson into practice.

I take it as an axiom that after this war is ended no people and therefore no government of the people - will again tolerate prolonged or widespread unemployment. A revival of international trade is indispensable if full employment is to be achieved in a peaceful world and with standards of living which will permit the realization of men's reasonable hopes. What are the fundamental conditions under which commerce among the nations can once more flourish? They are not too difficult to understand. Let me try to summarize them for you very simply. First, there must be a reasonably flexible standard of international exchange to which all countries can adhere without sacrificing the freedom of action necessary to meet their internal economic problems.

This is the sole alternative to the desperate tactics of currency depreciation, excessive tariff restrictions, barter deals and sterile exchange controls by which governments vainly sought to maintain employment and living standards in the past and which culminated in the tragic worldwide depression of 1929. The international fund agreed upon at Bretton Woods meets this first condition.

Second, there must be long-term financial aid at reasonable rates to those countries whose industry and agriculture have been destroyed either by the ruthless torch of an invader or by the heroic scorched earth policy of their defenders. (And there must be aid as well to promote industry and to raise living standards among those peoples whose economic potentialities have not yet been developed. Unless these countries can be lifted to their

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The delegates at Bretton Woods have done their portion of the job. They have sat down together and have talked as friends and have perfected a plan to cope with the international monetary and financial problems which all their countries face in common. The plan upon which they have agreed must now be submitted, as you know, to the legislatures of the 44 participating nations. These, as your representatives, will pass upon what has been accomplished here. It is of no small importance to every one of you. It concerns in the last analysis the kind of job in which you are to work and the amount of money you are to find in your weekly pay envelope. More important still, it concerns the kind of world in which your children are to grow to their maturity. It concerns the opportunities which will await millions of young men when at last they can take off their uniforms and come home and roll up their sleeves and go to work.

This monetary agreement is but one step, of course, in the broad program of international action necessary for the shaping of a free future. But it is an indispensable first step and it is also a vital test of our intentions. We are at a crossroads, and we must go one way or the other. The conference at Bretton Woods has placed a signpost there - a signpost pointing down a highway broad enough for all men to walk in step and side by side. If they will set out together, there is nothing on earth that need stop them.

W. Barth

I am deeply gratified to announce that the Bretton Woods Conference has completed the task set before it.

The delegates of the forty-four nations who assembled here on July 1, have perfected and agreed upon the program, conceived by technicians nearly two years ago, to help provide economic security and prosperity for the future. A long forward stride has been taken toward lasting world peace. We have shown here that international cooperation in the establishment of an orderly, secure post-war world, is no longer just a hope.

During the nineteen days of this conference, in which narrow nationalistic interests have given way to a plan for the common good, we have proved that our nations can work together to establish a sound peace, just as we work together today to win the war. Our forty-four nations have been able to reach agreement upon one of the most ambitious and highly technical programs ever attempted on an international scale.

Warnings were sounded often during past weeks that the Bretton Woods Conference would fail because its program was too ambitious, its agenda too inclusive, its goal unattainable. The very thing which critics thought would make us fail -- human nature -- has made us succeed. All of us came to this conference not simply as diplomatic representatives of our various governments, but as human beings fully aware

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of the tragic costs of the war. Human beings in whose memories there remains a fresh image of the suffering which came with the world-wide depression -- a depression which cost the United States alone, in the two years after 1939, at least one hundred billion dollars; and cost the world a fabulous figure which never will be known. We came here with deeply etched memories of the economic aggression which reached its final fruition in this most costly war of all history. We came here knowing in our hearts that the world has been desperately maladjusted and sick. We came with the conviction that some of the causes of this sickness could and must be eliminated. We came determined to spend, in building our future, some fraction of the effort that we have used in fighting the war.

During this conference, we have established many precedents. In this we have followed the course set by our military leaders, who, early in the war, found that they could not achieve vital objectives if bound by the old rules and the old procedures. This, therefore, has not been a conference of diplomats in the old-fashioned sense, with sharp bargaining, smoke-filled rooms, and endless waiting upon the niceties of diplomatic procedure. The delegates,

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technical experts, the secretariat, representatives of the press -- all have remained one large, almost indistinguishable democratic group, dedicated to hard work and long hours. This has been truly a wartime conference.

And because the problems upon which we have been working affect every man and woman on the face of the earth, there has been no secrecy in this conference. Every possible scrap of information which might be of interest has been made available to the informational channels of the world. The representatives of news and radio systems have been part and parcel of this conference. Documents which ordinarily are held secret were turned over to them the day the conference started, and key men have kept press representatives abreast of proceedings.

These representatives have had an opportunity to know as much about the progress of the conference as any of the delegates. Every move we have made has been reflected in the press and over the radio. Information has been so full and so extensive that Reich Minister Funk felt called upon only a few days ago to assure the German people that we were not taking up matters at Bretton Woods pertaining to their internal economy. He also said that Germany would never submit to

discussing

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discussing its economic problems with the rest of the world. This is very revealing. It is an indication of the stubborn, narrow-visioned mentality in which was born the idea of the world war which we now are fighting.

A few moments ago the representatives of our forty-four nations voted to accept the document which represents the United Nations Financial and Economic Agreement. This agreement includes the establishment of a World Fund to be used for the purpose of stabilizing currencies, and a Bank for Reconstruction and Development by means of which our forty-four nations will stand shoulder to shoulder in financing the reconstruction of the war-torn world and in taking the risks involved.

The Fund and Bank, with offices situated in the United States, will be competently managed by a Board of Directors representing the participating nations. Policies will be determined by governments whose voting power reflects their financial interests in the undertaking.

The operations of both the Bank and the Fund will be clearly defined by regulations adopted at this conference. These institutions will have the power to prevent infractions

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upon the common good; but no sovereign power which specifically and rightfully belongs to a nation's own legislative body is to be usurped. The use of the Bank and the Fund by any nation will be contingent upon its willingness not to indulge in dangerous currency and economic practices.

The Fund and the Bank are two parts of a single program. The purpose of the Monetary Fund and the Bank, working together, is first, to stabilize currencies so that there may be as full and free an exchange of goods and services between countries at as high a level as possible; and second, to provide a 44-country guarantee for private loans and direct loans, to develop the production and resources of the peace-loving peoples. The simplest possible explanation of these two institutions is this: the Fund is an emergency agency set up to counteract the damaging effects in the monetary field of uncontrollable and temporary misfortunes; the Bank is a long-range lending agency designed to aid in world reconstruction and development, thereby improving world productivity, standards of living and labor conditions.

The Monetary Fund is not nearly as complicated a structure as the millions of words which have been written about it might lead the lay observer to believe. The appearance of complexity arises out of the technical provisions necessary to make it a practical, working institution.

The forty-four nations who have signed the Bretton Woods Agreement will invest a total of eight billion ___ dollars in

gold

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gold and currency, in the Monetary Fund. The gold, of course, already has an established international value. Much the same will be true of the currencies in the Fund. Fluctuations of currencies involved in the Fund will be compensated for. Nations will make up any deflation in the value of their currency, as measured in terms of gold, by the addition of more currency or more gold. Since gold is the measure of this Fund--since it is the yardstick used in all the Fund's transactions--then it might fairly be said that the currency of participating nations will have a constant gold value, as long as the nations remain members of the Fund. Thus, the currencies involved in the Fund will not go "good" and "bad". So long as any nation lives up to the requirements of the Fund--and there are teeth to enforce this--its currency will have a consistent, measurable value in gold.

The chief function of the Fund is to fortify a participating nation's currency when it has suffered a temporary economic disturbance which might result in devaluation of that nation's currency. For example, suppose drought came to a great wheat-producing and exporting nation after huge investments were made to plant and nurture the wheat, to maintain and equip the farmers. If that nation were dependent on its exports of wheat to get foreign exchange to buy imports for its existence, it would be forced to depress and devalue its currency unless some other form of assistance is available.

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With the Fund in operation, the nation, if in good standing, could buy foreign currency with which to carry on international trade at exactly the same rate of exchange as though no disturbance had occurred. The value of its currency thus would be upheld until such a time as the country could recover its equilibrium.

The Fund thus remedies one traditional cause of depression and national bankruptcy. It does not, however, solve the problem of reconstructing a war-torn world or reinstating war-wrecked economic systems. This is the need served by the Bank.

Upon foreign trade depends the economic health of all countries. A nation cannot prosper within its own borders, under ordinary circumstances, unless it can sell its goods to other countries, and unless it can buy the material it needs, at reasonable costs, from other countries. But foreign trade cannot be developed without international investment-- particularly after the present war of destruction.

Many of the producing nations of the world have been devastated, and cannot produce again unless goods and services are made available to them to rebuild their plants and factories. These devastated countries have insufficient money of their

own

own to purchase the goods and services so they must borrow in order to get them. Who is to lend devastated countries sufficient money to put them back on their feet? Can and will traditional private investors supply this money in the magnitudes required -- and on the extremely long-term basis that will be necessary? Most trained observers believe private investment will not be able to reach the necessary levels without some sort of governmental guarantee or assistance. It is primarily for this purpose -- for the purpose of having the United and Associated Nations underwrite private international loans -- that the Bank is planned.

If no international bank were available, then it would fall to two or three major governments to individually guarantee these huge loans. This would disturb the investment market, and eventually would wreck any attempt at balance of trade. It would throw the entire burden of risk on these few creditor countries, chiefly upon the United States of America. Under the plan for an International Bank which has been agreed upon at this conference, the investments would be guaranteed by all forty-four of our nations, and any risks which might be taken would be divided among all of them.

Certainly something must be done to revitalize foreign investments. During the past 20 or 30 years foreign investments by Americans have sometimes risen as high as a billion

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and a half a year, but, of course, they are now at an absolute standstill. Moreover, there has been practically no capital movement during the past 5 to 8 years.

The billion and a half dollars invested by Americans in other countries in a record year would, of course, fall far short of meeting the requirements of our post-war period. It would not be enough to materially aid in the reconstruction of production facilities in Europe, nor would it be enough to support the economy which will be necessary to help keep our payrolls and the payrolls of other nations at a satisfactory level.

Without ample foreign investment, the nations of the world will have inadequate capital to reconstruct their railways, their port facilities, and their power developments. They will be unable to develop their industrial systems or repair their damaged public utilities. They will be unable to reemploy their demobilized armies and war production workers. This could easily result in a slackening of world production to such an extent that a depression more vast than the last one would overtake us all.

There is another aspect to this situation: if ample foreign investment is made available to these countries, those nations now producing vast quantities of material for

war

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war will be able to maintain high production levels and full employment after the cessation of hostilities. The United States is an outstanding example. With the collapse of Germany, many of our manufacturers will face cancellations of their contracts for guns, tanks, artillery, ships and other war materials. On the other hand, Europe will need large quantities of productive equipment -- railroads, electrical equipment, machine tools and other industrial equipment. If we have worked out in advance a satisfactory arrangement for financing the manufacture and export of this needed productive equipment, our factories and industries can quickly change from war production to the production of materials for reconstruction and development. This, of course, is vital to the economy of the United States, which is destined in the postwar world greatly to influence the economy of all other nations.

I should like to point out also that war-time demands have lead to our doubling -- and sometimes more than doubling -- our output of industrial equipment. If ample international investment funds are available, this production can be kept at a high level, since in many cases the industrial equipment needed will be the same in peace as in war. A high

level

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level of equipment exports immediately after the fighting stops will make it possible for us to use much of our war production capacity for export, greatly reducing the shock of conversion, and giving our manufacturers and war workers a longer period within which to shift to normal peace-time production.

These are some of the purposes that the Bank for Reconstruction and Development will serve. It will have a capital of ten billion dollars of which 2 billion will be immediately paid in by the participating countries, in accordance with their agreed quotas. The United States, for example, will have a minimum investment of six hundred million dollars in the Bank, but will have a maximum liability or guarantee of 2 billion dollars. Since there will be a definite limitation upon the amount of the Bank's assets which may be on loan at any one time, the Bank will be prevented from lending more than one and one-half times its paid-in capital. Should there be a default, it will be shared by the forty-four nations participating in the Bank,

I should like to point out here that this Bank's investments must, on the basis of past records, be considered sound.

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During the pre-war years, when the economies of all nations were depressed, when currencies were fluctuating or being manipulated for competitive purposes, when international trust and faith were at the lowest possible level, a record was established for defaults in international investment. This all-time record reached only 20 percent.

With the establishment of the Fund and the Bank, the entire situation will be changed. Stabilized currency, the outlawing of currency manipulation, and the restoration of international confidence is likely to reduce defaults to a fraction of this all-time record. Thus we have reason to believe that the direct defaults will be well within reason.

Further, we must not overlook the fact that this Bank has a much more significant purpose than merely the lending of money and the collecting of loans. It must not be forgotten that loans made by this Bank will be used solely for the purpose of increasing production and improving the economic health of nations. In one sense, these loans will be made to increase world markets, to create new customers. As a specific example, we might cite the case of China. In the 10 years following 1927, China purchased an average of 1500 American automobiles each year. 1500 automobiles for more than 450 million people! If China were to

borrow

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borrow money from the Bank for the purpose of improving roads, improving the possibilities for automotive transportation, and if through improved productive capacity China were to become a wealthier nation, it stands to reason that the consumption of automobiles would skyrocket. All the industries in America dependent upon automobile production would likewise profit, and in time service industries in China would spring up as a result of increased use of automobiles, creating new employment and increased national income. It might be said that the Bank, by thus concentrating on productive loans, can act to accelerate domestic economies all over the world.

A few days ago, when word somehow mistakenly got around that the conference was stalled by disagreements -- a myth, I might say, which has plagued this conference from the day it started -- Mr. Stepanov, the head of the Russian delegation, was asked what would happen if we came to no agreement. He replied: "I cannot conceive of this conference not coming to a conclusion. I cannot conceive of civilized nations going into the post-war world without reaching complete and full agreement on vital economic and monetary matters."

We now have that agreement. We, as delegates representing our various countries, have done all we can do toward

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taking into the post-war world a concrete plan. The rest of the task lies with the legislative branches of our governments. The question as to whether or not we build our post-war economic security on this sound foundation therefore rests squarely with the people, who now must answer for themselves this question: Shall we plan to avoid the problems which lead to economic depression and war, or must we, through lack of constructive action, return to the old way of drifting, hoping against hope that collisions and wrecks will somehow be avoided?

#1 Draft

Smith
44

I am gratified to announce that the conference at Bretton Woods has successfully completed the task before it.

It was, as we knew when we began, a difficult task, involving abstruse and complex technical problems. The precise significance of an international monetary and financial agreement may seem somewhat mysterious to the general public. Yet at the heart of it lie the most elementary bread and butter realities of daily life. What we have done here in Bretton Woods is to devise a mechanism by which men and women everywhere can exchange, on a fair and stable basis, the goods which they produce through their labor. And we have taken steps through which the nations of the world will be able to help one another in their economic development to their mutual advantage and for the enrichment of all.

From the beginning, despite all the difficulties, it was certain that we were to succeed. For we could not afford to fail. And the delegates who came to this meeting from forty-four nations in all quarters of the globe were determined that understanding and agreement were to be reached. They may have differed as to method; but they were of one mind as to purpose. When the head of the Russian delegation, Mr. Stepanov, was asked one day what would happen if the conference were to conclude without an agreement, he answered in this way: "I cannot conceive of this conference

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not coming to a conclusion. I cannot conceive of civilized nations going into the postwar world without reaching complete and full agreement on vital economic and monetary matters."

We now have that agreement. I believe it will be the more firm and the more enduring by reason of the very difficulties which had to be overcome. You all know that there were differences of opinion among us when the conference began. That is why the conference was held. President Roosevelt did not invite the representatives of 44 nations to Bretton Woods merely to have them raise their hands in approval of some cut-and-dried formula which had been settled in advance. On the contrary, he asked them here precisely because disagreements existed -- disagreements as to method, which we knew we could thresh out and resolve through patience, through tolerance and through free, democratic discussion.

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It was not unnatural that these disagreements should have been emphasized in the news reports of the conference which have reached you. It is a notable fact, I think, that these disagreements were openly acknowledged. There has been no hush-hush at any stage of this conference. The members of the press have had full freedom here and have ably reported every development to you. What we have achieved is an open covenant openly arrived at. Both in candor to the public and in the candor of discussion among the delegates, this conference has provided a magnificent demonstration of the democratic process. I hope and believe that it has set a pattern for future international meetings.

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Because we have faced our differences of opinion frankly, we have reached an agreement which is rooted in genuine understanding. None of the nations represented here has altogether had its own way. We have had to yield to one another not in respect to principles or essentials but in respect to methods and procedural details. The fact that we have done so, and that we have done it in a continuing spirit of good will and mutual trust, is, I believe, one of the most hopeful and heartening portents of our times. Here is a sign blazoned upon the horizon, written large upon the threshold of the future -- a sign for men in battle, for men at work in mines and mills and in the fields, and a sign for women whose hearts have been burdened and anxious lest the cancer of war assail yet another generation -- a sign that the peoples of the earth are learning how to join their hands and work in unity.

There is a curious notion that nationalism and internationalism are conflicting philosophies -- that somehow or other men of different nations cannot work together without sacrificing the interests of their particular nations. There has been talk of this sort -- and from people who ought to know better -- concerning the internationalism of the undertaking just completed at Bretton Woods. I am perfectly certain that no delegation to this conference has lost sight for a moment of the particular national interests it was sent here to represent. The American delegation

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which I have had the honor of leading has at all times been conscious of its primary obligation -- to protect the welfare of American businessmen and workers and farmers. And the other representatives here have been, I assure you, no less loyal or devoted to the welfare of their own people.

But all of us have been aware that our national interests could best be safeguarded by international action. We have been animated by a conviction that the wisest and most effective form of nationalism is internationalism. This is the great lesson of contemporary life. To seek the achievement of our aims through the senseless, planless rivalry that divided us in the twenties or through the outright economic aggression which turned neighbors into enemies during the thirties would be to invite ruin upon us all. Worse, it would be to start our steps irretraceably down the steep, disastrous road to war. That is the nationalism of cavemen. It is a nationalism that leads only to the grave. If it is to be avoided, nationalism must take the more enlightened form of international cooperation. Ben Franklin, the first great American internationalist, stated this truth simply and succinctly many years ago: "If we do not all hang together," he said, "we shall all hang separately." It has taken us a long time to learn this lesson and to put it into practice. At Bretton Woods we have taken the first great stride in this direction.

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I take it as an axiom that after this war is ended no people -- and therefore no government of the people -- will again tolerate prolonged or widespread unemployment. A revival of international trade is indispensable if full employment is to be achieved in a peaceful world and with standards of living which will permit the realization of men's reasonable hopes. What are the fundamental conditions under which commerce among the nations can once more flourish? They are not too difficult to understand. Let me try to summarize them for you very simply. First, there must be a reasonably flexible standard of international exchange to which all countries can adhere without sacrificing the freedom of action necessary to meet their internal economic problems. This is the sole alternative to the desperate tactics of currency depreciation, excessive tariff restrictions, barter deals and sterile exchange controls by which governments vainly sought to maintain employment and living standards in the past and which culminated in the tragic worldwide depression of 1929. The international fund agreed upon at Bretton Woods meets this first condition.

Second, there must be long-term financial aid at reasonable rates to those countries whose industry and agriculture have been destroyed either by the ruthless torch of an invader or by the heroic scorched earth policy of their defenders. Unless these countries can be lifted

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to their feet economically, they cannot play their essential part in the exchange of goods throughout the world. In short, they must be enabled to produce and to sell if they are to be able to purchase and consume. The Bank for International Reconstruction and Development is designed to meet this need.

Objections to this Bank have been raised by a few members of the banking profession. Perhaps this was to be expected. It is true that the institution proposed by the Bretton Woods conference would in some measure limit the control which private bankers have in the past exercised over international finance. It would by no means put them out of business or in any way restrict the investment sphere in which they could engage. On the contrary, it would act as an enormously effective stabilizer and guarantor of any loans which they might make. But it would, unquestionably, require them to make their loans at lower rates of interest than they have sometimes exacted in the past. The Bank for International Reconstruction and Development would make loans only when these could not be floated through the usual private investment channels at reasonable rates. The effect would be to drive only the usurious money lenders from the temple of international finance. For my own part, I cannot look upon this outcome with any sense of dismay. It seems to me altogether right and

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proper that the ultimate control over capital should be exercised, through their governments, by the producers who need it in order to create the real substances of life. Capital, like any other commodity, must be free from monopoly control, must be available upon reasonable terms to those who will put it to use for the general welfare.

Well, we at Bretton Woods have done our portion of the job. We have sat down together and have talked as friends and have perfected a plan to cope with the international monetary and financial problems which our countries face in common. The plan upon which we have agreed must now be submitted, as you know, to the legislatures of our respective countries. They, as your representatives, will pass upon what we have accomplished. It is of no small importance to every one of you. It concerns in the last analysis the kind of job in which you are to work and the amount of money you are to find in your weekly pay envelope. More important still, it concerns the kind of world in which your children are to grow to their maturity. It concerns the opportunities which will await millions of young men when at last they can take off their uniforms and come home and roll up their sleeves and go to work.

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And the delegates who came to this meeting from forty-four nations in all quarters of the globe were determined that understanding and agreement were to be reached. They may have differed as to method; but they were of one mind as to purpose. When one of the delegation chiefs (the head of the Russian delegation, Mr. Stepanov,) was asked one day what would happen if the conference were to conclude without an agreement, he answered in this way: "I cannot conceive of this conference not coming to a conclusion. I cannot conceive of civilized nations going into the post-war world without reaching complete and full agreement on vital economic and monetary matters."

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Remember that we embarked here upon an enterprise without precedent in history - the establishment of a firm and dynamic foundation for economic intercourse among the world's peoples. To succeed in so momentous an endeavor, it has been necessary, of course, to bring varied points of view into harmony. New patterns cannot be cut from old dies. We have had to mold a die to meet tomorrow's needs.

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It was not unnatural that the minor disagreements, rather than the great underlying area of agreement among us, should have been emphasized in the news reports of the conference which have reached you. It is a notable fact, I think, that even the most technical arguments of this meeting were carried on in the open air. There has been no hush-hush here at any stage. The members of the press have had full freedom and have ably reported every development to you. What we have achieved is an open covenant openly arrived at: Both in candor to the public and in the candor of discussion among the delegates, this conference has provided a magnificent demonstration of the democratic process. I hope and believe that it has set a pattern for future international meetings.

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Because we have faced our differences of opinion frankly, we have reached an agreement which is rooted in genuine understanding. None of the nations represented here has altogether had its own way. We have had to yield to one another not in respect to principles or essentials but in respect to methods and procedural details. The fact that we have done so, and that we have done it in a continuing spirit of good will and mutual trust, is, I believe, one of the most hopeful and heartening portents of our times. Here is a sign blazoned upon the horizon, written large upon the threshold of the future - a sign for men in battle, for men at work in mines and mills and in the fields, and a sign for women whose hearts have been burdened and anxious lest the cancer of war assail yet another generation - a sign that the peoples of the earth are learning how to join their hands and work in unity.

- 6 -

There is a curious notion that nationalism and internationalism are conflicting philosophies - that somehow or other men of different nations cannot work together without sacrificing the interests of their particular nations. There has been talk of this sort - and from people who ought to know better - concerning the internationalism of the undertaking just completed at Bretton Woods. I am perfectly certain that no delegation to this conference has lost sight for a moment of the particular national interests it was sent here to represent. The American delegation which I have had the honor of leading, has at all times been conscious of its primary obligation - the protection of American interests. And the other representatives here have been, I assure you, no less loyal or devoted to the welfare of their own people.

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Yet none of us has found any incompatibility between devotion to our own countries and joint action. Indeed, we have found on the contrary that the only genuine safeguard for our national interests lay in international cooperation. We have come to recognize that the wisest and most effective form of nationalism is internationalism - that is to say united effort for the attainment of common goals. This has been the great lesson taught by the war and is, I think, the great lesson of contemporary life - that all the peoples of the earth are inseparably linked to one another by a deep, underlying community of purpose. This community of purpose is no less real and vital in peace than in war, and cooperation is no less essential to its fulfillment.

To seek the achievement of our aims separately through the planless, senseless rivalry that divided us in the past or through the outright economic aggression which turned neighbors into enemies would be again to invite ruin upon us all. Worse, it

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would be once more to start our steps irretraceably down the steep, disastrous road to war. That sort of nationalism belongs to an era that is dead. Today the only enlightened form of national self-interest lies in international accord. At Bretton Woods we have taken the first step toward putting this lesson into practice.

I take it as an axiom that after this war is ended no people - and therefore no government of the people - will again tolerate prolonged or widespread unemployment. A revival of international trade is indispensable if full employment is to be achieved in a peaceful world and with standards of living which will permit the realization of men's reasonable hopes. What are the fundamental conditions under which commerce among the nations can once more flourish? They are not too difficult to understand. Let me try to

- 9 -

summarize them for you very simply. First, there must be a reasonably flexible standard of international exchange to which all countries can adhere without sacrificing the freedom of action necessary to meet their internal economic problems. This is the sole alternative to the desperate tactics of currency depreciation, excessive tariff restrictions, barter deals and sterile exchange controls by which governments vainly sought to maintain employment and living standards in the past and which culminated in the tragic worldwide depression of 1929. The international fund agreed upon at Bretton Woods meets this first condition.

Second, there must be a long-term financial aid at reasonable rates to those countries whose industry and agriculture have been destroyed either by the ruthless torch of an invader or by the

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heroic scorched earth policy of their defenders. And there must be aid as well to promote industry and to raise living standards among those peoples whose economic potentialities have not yet been developed. Unless these countries can be lifted to their feet economically, they cannot play their essential part in the exchange of goods throughout the world. In short, they must be enabled to produce and to sell if they are to be able to purchase and consume. The Bank for International Reconstruction and Development, upon which the conference is now completing its deliberations, is designed to meet this need.

Objections to this Bank have been raised by a few members of the banking profession. Perhaps this was to be expected. It is true that the institution proposed by the Bretton Woods conference would in some measure limit the control which private bankers have in the past exercised over international finance. It would by no

means put them out of business or in any way restrict the investment sphere in which they could engage. On the contrary, it would act as an enormously effective stabilizer and guarantor of any loans which they might make. But it would, unquestionably, require them to make their loans at lower rates of interest than they have sometimes exacted in the past. The Bank for International Reconstruction and Development would make loans only when these could not be floated through the usual private investment channels at reasonable rates. The effect would be to drive only the usurious money lenders from the temple of international finance. For my own part, I cannot look upon this outcome with any sense of dismay. It seems to me altogether right and proper that the ultimate control over capital should be exercised, through their governments, by the producers who need it in order to create the real substances of life.

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Capital, like any other commodity, must be free from monopoly control, must be available upon reasonable terms to those who will put it to use for the general welfare.

The delegates at Bretton Woods have done their portion of the job. They have sat down together and have talked as friends and have perfected a plan to cope with the international monetary and financial problems which all their countries face in common.

The plan upon which they have agreed must now be submitted, as you know, to the legislatures of the 44 participating nations. These, as your representatives, will pass upon what has been accomplished here. It is of no small importance to every one of you. It concerns in the last analysis the kind of job in which you are to work and the amount of money you are to find in your weekly

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pay envelope. More important still, it concerns the kind of world in which your children are to grow to their maturity. It concerns the opportunities which will await millions of young men when at last they can take off their uniforms and come home and roll up their sleeves and go to work.

This monetary agreement is but one step, of course, in the broad program of international action necessary for the shaping of a free future. But it is an indispensable first step and it is also a vital test of our intentions. We are at a crossroads, and we must go one way or the other. The conference at Bretton Woods has placed a signpost there - a signpost pointing down a highway broad enough for all men to walk in step and side by side. If they will set out together, there is nothing on earth that need stop them.

I am gratified to announce that the conference at Bretton Woods has successfully completed the task before it.

It was, as we knew when we began, a difficult task, involving abstruse and complex technical problems. The precise significance of an international monetary and financial agreement may seem somewhat mysterious to the general public. Yet at the heart of it lie the most elementary bread and butter realities of daily life. What we have done here in Bretton Woods is to devise a mechanism by which men and women everywhere can exchange, on a fair and stable basis, the goods which they produce through their labor. And we have taken the initial steps through which the nations of the world will be able to help one another in economic development to their mutual advantage and for the enrichment of all.

From the beginning, despite the difficulties, it was certain that we were to succeed. For we could not afford to fail.

We came here to devise an instrumentality which would take the place of the economic evils - competitive currency devaluation and artificial barriers to trade - which preceded and indeed led to the present war. The old order has been ended.

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And the delegates who came to this meeting from forty-four nations in all quarters of the globe were determined that understanding and agreement were to be reached. They may have differed as to method; but they were of one mind as to purpose. When one of the delegation chiefs (the head of the Russian delegation, Mr. Stepanov,) was asked one day what would happen if the conference were to conclude without an agreement, he answered in this way: "I cannot conceive of this conference not coming to a conclusion. I cannot conceive of civilized nations going into the post-war world without reaching complete and full agreement on vital economic and monetary matters."

We now have the substance of that agreement. I believe it will be the more firm and the more enduring by reason of the very difficulties which had to be overcome. You all know that there were differences of opinion among us when the conference began.

That is why the conference was held. President Roosevelt did not invite the representatives of 44 nations to Bretton Woods merely to have them raise their hands in approval of some cut-and-dried formula which had been settled in advance. On the contrary, he asked them here precisely because differences of opinion - differences as to method, which we knew we could thresh out and resolve through patience, through tolerance and through free, democratic discussion.

~~Remember that~~ We embarked here upon an enterprise without precedent in history - the establishment of a firm and dynamic foundation for economic intercourse among the world's peoples. To succeed in so momentous an endeavor, it has been necessary, of course, to bring varied points of view into harmony. New patterns cannot be cut from old dies. We have had to mold a die to meet tomorrow's needs.

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To seek the achievement of our aims separately through the planless, senseless rivalry that divided us in the past or through the outright economic aggression which turned neighbors into enemies would be again to invite ruin upon us all. Worse, it

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Second, there must be long-term financial aid at reasonable rates to those countries whose industry and agriculture have been destroyed either by the ruthless torch of an invader or by the

- 10 -

heroic scorched earth policy of their defenders. And there must be aid as well to promote industry and to raise living standards among those peoples whose economic potentialities have not yet been developed. Unless these countries can be lifted to their feet economically, they cannot play their essential part in the exchange of goods throughout the world. In short, they must be enabled to produce and to sell if they are to be able to purchase and consume. The Bank for International Reconstruction and Development, upon which the conference is now completing its deliberations, is designed to meet this need.

Objections to this Bank have been raised by a few members of the banking profession. Perhaps this was to be expected. It is true that the institution proposed by the Bretton Woods conference would in some measure limit the control which private bankers have in the past exercised over international finance. It would by no

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investment sphere in which they could engage. On the contrary,

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Smith AFTERNOON DRAFT- 78

WITH ALL CHANGES

I am gratified to announce that the Conference at Bretton Woods has successfully completed the task before it.

It was, as we knew when we began, a difficult task, involving abstruse and complex technical problems. We came here to devise methods which would do away with the economic evils, the competitive currency devaluation and destructive impediments to trade which preceded ~~and indeed led to~~ the present war. We have succeeded in that effort.

The actual details of an international monetary and financial agreement may seem mysterious to the general public. Yet at the heart of it lie the most elementary bread and butter realities of daily life. What we have done here in Bretton Woods is to devise machinery by which men and women everywhere can exchange, on a fair and stable basis, the goods which they produce through their labor. And we have taken the initial steps through which

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the nations of the world will be able to help one another in economic development to their mutual advantage and for the enrichment of all.

Because the representatives of ~~our~~ 44 nations have faced ~~our~~ differences of opinion frankly, we have reached an agreement which is rooted in genuine understanding. None of the nations represented here has altogether had its own way. We have had to yield to one another not in respect to principles or essentials but in respect to methods and procedural details. The fact that we have done so, and that we have done it in a continuing spirit of good will and mutual trust, is, I believe, one of the hopeful and heartening portents of our times. Here is a sign blazoned upon the horizon, written large upon the threshold of the future - a sign for men in battle, for men at work in mines and mills, and in the fields, and a sign for women whose hearts have been burdened and anxious lest the cancer of war assail yet another generation - a sign that

the peoples of the earth are learning how to join hands and work in unity.

There is a curious notion that the protection of national interests and the development of international cooperation are conflicting philosophies - that somehow or other men of different nations cannot work together without sacrificing the interests of their particular nations. There has been talk of this sort - and from people who ought to know better - concerning the international cooperative nature of the undertaking just completed at Bretton Woods. I am perfectly certain that no delegation to this conference has lost sight for a moment of the particular national interests it was sent here to represent. The American delegation which I have had the honor of leading, has at all times been conscious of its primary obligation - the protection of American interests.

- 4 -

And the other representatives here have been, ~~as we have seen,~~
no less loyal or devoted to the welfare of their own people.

Yet none of us has found any incompatibility between devotion
to our own countries and joint action. Indeed, we have found on
the contrary that the only genuine safeguard for our national
interests lay in international cooperation. We have come to
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community of purpose. This community of purpose is no less

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real and vital in peace than in war, and cooperation is no less essential to its fulfillment.

To seek the achievement of our aims separately through the planless, senseless rivalry that divided us in the past or through the outright economic aggression which turned neighbors into enemies would be again to invite ruin upon us all. Worse, it would be once more to start our steps irretraceably down the steep, disastrous road to war. That sort of nationalism belongs to an era that is dead. Today the only enlightened form of national self-interest lies in international accord. At Bretton Woods we have taken practical steps toward putting this lesson into practice in the monetary and economic field.

I take it as an axiom that after this war is ended no people - and therefore no government of the people - will again tolerate prolonged and widespread unemployment. A revival of international

- 6 -

trade is indispensable if full employment is to be achieved in a peaceful world and with standards of living which will permit the realization of men's reasonable hopes.

What are the fundamental conditions under which commerce among the nations can once more flourish? They are not too difficult to understand. Let me try to summarize two major considerations for you very simply.

First, there must be a reasonably stable standard of international exchange to which all countries can adhere without sacrificing the freedom of action necessary to meet their internal economic problems.

This is the sole alternative to the desperate tactics of the past - competitive currency depreciation, excessive tariff barriers, uneconomic barter deals, multiple currency practices and unnecessary exchange restrictions - by which governments vainly sought to maintain employment, uphold living standards, and keep international balance of payments in equilibrium. In the final analysis,

these tactics only succeeded in contributing to world-wide depression and even war. The International Fund agreed upon at Bretton Woods will help remedy this situation.

Second, there must be long-term financial aid at reasonable rates to those countries whose industry and agriculture have been destroyed either by the ruthless torch of an invader or by the heroic scorched-earth policy of their defenders. This financial aid is an absolute necessity to the reconstruction of world economy. An adequate flow of foreign investments must be made available to help these countries regain their footing, and must be made available in addition to promote sound industry and increase industrial and agricultural production in those nations whose economic potentialities have not yet been developed. It is as essential for us all as it is for these nations that they play their full part in the exchange of goods, throughout the world.

In short, they must be enabled to produce and to sell if they are

to be able to purchase and consume. The Bank for International Reconstruction and Development, upon which this conference is now completing its deliberations, is designed to meet this need.

I am sure this need will be met if the opportunity for increased production and trade, which these monetary and financial proposals offer, is not frustrated by artificial and undue barriers to trade.
International collaboration must be continued into the field of trade policy to give ever increasing opportunity for all peoples to sell the products of their labor and buy the goods which they need.

Objections to the plans developed here have already been and are bound to be raised. This is due chiefly, I believe, to a misunderstanding of both the purpose and the method of the project. The institutions proposed by the Bretton Woods conference would, of course, limit the controls which private interests have exercised over international finance; but it would in no way restrict the investment sphere in which sound bankers engage. On the contrary, it would

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greatly expand this sphere by enlarging the volume of international investments and by acting as a stabilizer and guarantor of loans which private interests might make.

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It is in fact the chief purpose of the Bank to guarantee loans made by private investors through normal investment channels.

A private investor will be able to make loans to worthy governments without risk, because the risk normally assumed by the investor, will be shared by all of the nations subscribing to the Bank.

With the Bank in operation, a measure of control over capital will be exercised through their governments, by the producers who need it in order to create the real substances of life. Capital, like any other commodity, must be free from monopoly control, must be available upon reasonable terms to those who will put it to use for the general welfare.

The delegates and technical staffs at Bretton Woods have done their portion of the job. They sat down together and in a high spirit of cooperation perfected a plan to cope with the international monetary and financial problems which all their

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countries face in common. These projects must now be submitted, as is proper, to the legislatures and the people of the participating nations. They will pass upon what has been accomplished here.

The result will be of vital importance to every one in every country. It concerns in the last analysis the kind of job at which men and women the world over are to work and the amount of money they are to find in their weekly pay envelopes. More important still, it concerns the kind of world in which our children are to grow to maturity. It concerns the opportunities which will await millions of young men when at last they can take off their uniforms and come home and roll up their sleeves and go to work.

- 11 -

This monetary agreement is but one step, of course, in the broad program of international action necessary for the shaping of a free future. But it is an indispensable step and a vital test of our intentions. We are at a crossroads, and we must go one way or the other. The conference at Bretton Woods has erected a signpost - a signpost pointing down a highway broad enough for all men to walk in step and side by side. If they will set out together, there is nothing on earth that need stop them.

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SEMI-FINAL

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I am gratified to announce that the conference at Bretton Woods has successfully completed the task before it.

It was, as we knew when we began, a difficult task, involving complicated technical problems. We came here to work out methods which would do away with the economic evils - the competitive currency devaluation and destructive impediments to trade - which preceded the present war. We have succeeded in that effort.

The actual details of an international monetary and financial agreement may seem mysterious to the general public. Yet at the heart of it lie the most elementary bread and butter realities of daily life. What we have done here in Bretton Woods is to devise machinery by which men and women everywhere can freely exchange, on a fair and stable basis, the goods which they produce through their labor. And we have taken the initial steps through which the nations of the world will be able to help one another in economic development to their mutual advantage and for the enrichment of all.

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- 6 -

What are the fundamental conditions under which commerce among the nations can once more flourish? ~~They are not too~~

~~difficult to understand. Let us try to summarize the major conditions which have been suggested by the various countries.~~

First, there must be a reasonably stable standard of international exchange to which all countries can adhere without sacrificing the freedom of action necessary to meet their internal economic problems.

This is the ~~only~~ alternative to the desperate tactics of the past - competitive currency depreciation, excessive tariff barriers, uneconomic barter deals, multiple currency practices and unnecessary exchange restrictions - by which governments vainly sought to maintain employment and uphold living standards. In the final analysis, these tactics only succeeded in contributing to world-wide depression and even war. The International Fund agreed upon at Bretton Woods will help remedy this situation.

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Long-term funds must be made available also to promote sound industry and increase industrial and agricultural production in nations whose economic potentialities have not yet been developed.

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They must be enabled to produce and to sell if they are to be able to purchase and consume. The Bank for International Reconstruction and Development is designed to meet this need.

Objections to this Bank have been raised by ^{some} ~~a few~~ members of ^{bankers} ~~the banking profession~~ and ^{a few} ~~some~~ economists. ~~Perhaps this was to be expected.~~ It is true that the institutions proposed by the

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The result will be of vital importance to every one in every country. In the last analysis, it will help determine whether or not people have jobs and the amount of money they are to find in their weekly pay envelopes. More important still,

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Reading copy of Secretary's address
at closing session of Monetary
Conference - July 22, 1944.

I am gratified to announce that the conference at Bretton Woods has successfully completed the task before it.

It was, as we knew when we began, a difficult task, involving complicated technical problems. We came here to work out methods which would do away with the economic evils - the competitive currency devaluation and destructive impediments to trade - which preceded the present war.

Pause

We have succeeded in that effort.

The actual details of an international monetary and financial agreement may seem mysterious to the general public. Yet at the heart of it lie the most elementary bread and butter realities of daily life.

1459
102

- 2 -

What we have done here in Bretton Woods is to devise machinery by which men and women everywhere can freely exchange, on a fair and stable basis, the goods which they produce through their labor. And we have taken the initial steps through which the nations of the world will be able to help one another in economic development to their mutual advantage and for the enrichment of all.

The representatives of the 44 nations faced differences of opinion frankly, and reached an agreement which is rooted in genuine understanding. None of the nations represented here has altogether had its own way. We have had to yield to one another not in respect to principles or essentials but in respect to methods and procedural details.

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- 3 -

The fact that we have done so, and that we have done it in a continuing spirit of good will and mutual trust, is, I believe, one of the hopeful and heartening portents of our times. Here is a sign blazoned upon the horizon, written large upon the threshold of the future - a sign for men in battle, for men at work in mines and mills, and in the fields, and a sign for women whose hearts have been burdened and anxious lest the cancer of war assail yet another generation - a sign that the peoples of the earth are learning how to join hands and work in unity.

- 4 -

There is a curious notion that the protection of national interests and the development of international cooperation are conflicting philosophies - that somehow or other men of different nations cannot work together ^{1/4} without sacrificing the interests of their particular nations. There has been talk of this sort - and from people who ought to know better - concerning the international cooperative nature of the undertaking just completed at Bretton Woods. I am perfectly certain that no delegation to this conference has lost sight for a moment of the particular national interests it was sent here to represent.

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94

- 5 -

The American delegation which I have had the honor of leading, has at all times been conscious of its primary obligation - the protection of American interests.

And the other representatives here have been no less loyal or devoted to the welfare of their own people.

Yet none of us has found any incompatibility between devotion to our own countries and joint action. Indeed, we have found on the contrary that the only genuine safeguard for our national interests lies in international cooperation. We have come to recognize that the wisest and most effective way to protect our national interests is through international cooperation - that is to say, through united effort for the attainment of common goals.

1029
116

- 6 -

This has been the great lesson taught by the war and is, I think, the great lesson of contemporary life - that the peoples of the earth are inseparably linked to one another by a deep, underlying community of purpose. This community of purpose is no less real and vital in peace than in war, and cooperation is no less essential to its fulfillment.

To seek the achievement of our aims separately through the planless, senseless rivalry that divided us in the past, or through the outright economic aggression which turned neighbors into enemies, would be to invite ruin again upon us all.

913
102
811

- 7 -

Worse, it would be once more to start our steps irretraceably down the steep, disastrous road to war. That sort of extreme nationalism belongs to an era that is dead. Today the only enlightened form of national self-interest lies in international accord. At Bretton Woods we have taken practical steps toward putting this lesson into practice in the monetary and economic field.

I take it as an axiom that after this war is ended ^{1/2} no people - and therefore no government of the people - will again tolerate prolonged and widespread unemployment. A revival of international trade is indispensable if full employment is to be achieved in a peaceful world and with standards of living which will permit the realization of men's reasonable hopes.

811
103

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Pause

What are the fundamental conditions under which commerce among the nations can once more flourish?

First, there must be a reasonably stable standard of international exchange to which all countries can adhere without sacrificing the freedom of action necessary to meet their internal economic problems.

This is the alternative to the desperate tactics of the past - competitive currency depreciation, excessive tariff barriers, uneconomic barter deals, multiple currency practices and unnecessary exchange restrictions - by which governments vainly sought to maintain employment and uphold living standards. In the final analysis, these tactics only succeeded in contributing to world-wide depression and even war.

689
101

- 9 -

The International Fund agreed upon at Bretton Woods will help remedy this situation.

Pause

Second, long-term financial aid must be made available at reasonable rates to those countries whose industry and agriculture have been destroyed by the ruthless torch of an invader or by the heroic scorched-earth policy of their defenders.

Long-term funds must be made available also to promote sound industry and increase industrial and agricultural production in nations whose economic potentialities have not yet been developed. It is essential to us all that these nations play their full part in the exchange of goods throughout the world.

587
102
485

- 10 -

They must be enabled to produce and to sell if they are to be able to purchase and consume. The Bank for International Reconstruction and Development is designed to meet this need.

Pause

Objections to this Bank have been raised by some bankers and a few economists. The institutions proposed by the Bretton Woods conference would indeed limit the control which certain private bankers have in the past exercised over international finance. It would by no means restrict the investment sphere in which bankers could engage. On the contrary, it would greatly expand this sphere by enlarging the volume of international investment and would act as an enormously effective stabilizer and guarantor of loans which they might make. $\frac{3}{4}$

485
117
368

The chief purpose of the Bank for International Reconstruction and Development is to guarantee private loans made through the usual investment channels.

It would make loans only when these could not be floated through the normal channels at reasonable rates.

The effect would be to provide capital for those who need it at lower interest rates than in the past, and to drive only the usurious money lenders from the temple of international finance. For my own part,

I cannot look upon this outcome with any sense of dismay.

Pause

Capital, like any other commodity, should be free from monopoly control, and available upon reasonable terms to those who will put it to use for the general welfare.

368
112
251

Pause

The delegates and technical staffs at Bretton Woods have completed their portion of the job. They sat down together, talked as friends and perfected plans to cope with the international monetary and financial problems which all their countries face in common. These proposals now must be submitted to the legislatures and the peoples of the participating nations. They will pass upon what has been accomplished here.

The result will be of vital importance to every one in every country. In the last analysis, it will help determine whether or not people have jobs and the amount of money they are to find in their weekly pay envelopes. More important still, it concerns the kind of world in which our children are to grow to maturity.

251
 125
 126

Incidentally, tonight we had a dramatic demonstration of
~~THESE INTENTIONS~~
~~the hopeful prospects for the future of the United Nations.~~

Tonight the Soviet Government informed me, through Mr. Stepanov, Chairman of its Delegation here in Bretton Woods, that it has authorized an increase in its subscription to the International Bank for Reconstruction and Development to one billion two hundred million dollars. This was done after a subscription of nine hundred million dollars had been agreed upon unanimously by the Conference. By this action, the Union of Soviet Socialist Republics is voluntarily taking a greatly increased responsibility for the success of this Bank in the post-war world. This is an indication of the true spirit of international cooperation demonstrated throughout this conference.

It concerns the opportunities which will await millions of young men when at last they can take off their uniforms and come home and roll up their sleeves and go to work.

Pause

This monetary agreement is but one step, of course, in the broad program of international action necessary for the shaping of a free future. But it is an indispensable step and a vital test of our intentions.

X Insert

Pause

We are at a crossroads, and we must go one way or the other. The conference at Bretton Woods has erected a signpost - a signpost pointing down a highway broad enough for all men to walk in step ^{and} side by side. If they will set out together, there is nothing on earth that need stop them.

7/23/44

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UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

Henry -

I have just talked with Mr. Hull. He sends you his warmest congratulations on a great achievement. He will issue a statement along the lines of yours. It will be too late for the Sunday papers, but will appear on Monday.

Dean



TREASURY DEPARTMENT

WASHINGTON

July 22, 1944

MEMORANDUM TO THE SECRETARY

There is attached a memorandum for your information sometime when things are not so pressing and when you would like a better knowledge of how we are trying to set up the Surplus Property Division of Treasury Procurement.

These might be termed random notes, however, I think they fairly well present what we are attempting to accomplish.

E. L. Olrich
E. L. Olrich
Assistant to the Secretary

Attachment

COMMENTS REGARDING ORGANIZATION
PERSONNEL AND LOCATION OF REGIONAL OFFICES

Organization

Central Office

At the present time the positions of Supervisor of the Procurement Division (Assistant to the Secretary) and Director of Surplus Property are both held by the same individual. It is desirable that when the proper person for the job can be found, the position of Chief Deputy Director be created and filled in order to relieve the Director of Surplus Property of many of his duties and to provide insurance that someone familiar with the responsibilities of the this position can "take over" in the Director's absence.

Mr. Clifton E. Mack continues to hold the office of Director of Procurement, this office being on the same plane as that of Director of Surplus Property.

The Director of Surplus Property will have Deputy Directors solely concerned with surplus property to him. Likewise, the Director of Procurement will have Deputy Directors reporting solely to him. In addition, one Deputy Director, concerned with budget, administrative, finance and personnel activities, will report to both the Director of Surplus Property and the Director of Procurement.

Offices for dealing with tax-supported institutions

Conversations are under way between Mr. Clayton's Office and the Council of State Governments looking to the establishment of a single, central S.W.P.A. Office in each of the forty-eight states which would deal with the various purchasing agents for the tax-supported institutions in each state.

Merchandise Division Heads

Ten broad merchandise divisions have been established within the organization, as follows:

1. Textiles and Wearing Apparel
2. Automotive
3. Furniture
4. Hardware
5. Medical and Hospital Supplies
6. Paper and Wood Products
7. Machinery

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8. Equipment
9. Electrical
10. Miscellaneous

Each of these divisions is to be headed by a commodity specialist whose duties shall be to formulate policies regarding sales methods, channels of distribution, prices, quantities to be sold, quantities to be stock-piled and so on. These men will be broad-gauged merchandisers with considerable experience in their respective fields. They will be assisted by other specialists who have had intensive experience in the marketing of some specific category of merchandise within the general field.

As an example, there is to be a commodity specialist in charge of the disposal of paper who possesses a broad knowledge of the entire industry. He may have assistants who are highly skilled in the marketing of

- a - Fine papers
- b - Coarse papers
- c - Paper products

The ten chief commodity specialists will report to a Deputy Director in charge of merchandising and sales.

Location of Regional Offices

The locations of existing Regional Offices were selected from the viewpoint of their nearness to sources of supply for goods purchased by the Procurement Division and of their proximity to federal agencies dependent upon them for supplies.

Present locations are inadequate from the point of view of surplus property disposal in that:

- (a) They cannot serve certain important markets for various types of merchandise
- (b) They are far removed from military depots where large amounts of surplus stocks are stored.

At the present time, location is not as important as it will be later because many goods are now in short supply. Customers will go to unusual extremes in order to purchase merchandise. When goods are in long supply and a buyer's

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market appears, customers will be reluctant to visit other than their usual sources of supply and our problem will become increasingly difficult.

Therefore, District Offices in charge of capable sales managers and reporting to the Regional Offices should be established in important markets as follows:

Boston Regional Office

A district office should be established in Portland, Maine.

New York Regional Office

District offices should be established in Buffalo, Philadelphia and Pittsburgh and an uptown sales office located near 34th Street and Fifth Avenue in New York City.

Washington Regional Office

Regional office should be transferred to Richmond and enlarged sales offices opened. There is no valid reason why the Washington Regional Office should be in its present location. At the present time much of its clerical work is sent to Richmond because of the inability to secure help in Washington.

Atlanta Regional Office

District offices should be opened in Jacksonville, Florida; Birmingham, Alabama; Chattanooga, Tennessee, Memphis, Tennessee.

Kansas City Regional Office

District offices should be established in St. Louis, Missouri; Omaha, Nebraska; Des Moines, Iowa.

Chicago Regional Office

District offices should be established in Detroit, Michigan; Springfield, Illinois; Milwaukee, Wisconsin; or Madison, Wisconsin; Minneapolis, and St. Paul, Minnesota; Dubuque, Iowa.

- 4 -

Fort Worth Regional Office

District offices should be opened in Houston, Galveston, and San Antonio, Texas; and New Orleans, Louisiana.

San Francisco Regional Office

~~The~~ The San Francisco region should be divided into two regions -- a Regional Office in San Francisco and a Regional Office in Los Angeles with a District Office at Phoenix, Arizona, reporting to Los Angeles.

Denver Regional Office

A district office should be opened in Salt Lake City, Utah; and Cheyenne, Wyoming.

Seattle Regional Office

A district office should be opened in Portland, Oregon; and Spokane, Washington.

Cincinnati Regional Office

A district office should be opened in Columbus, Ohio; and Indianapolis, Indiana.

Regional and District Offices physical layout

In each of the regional and district offices there should be adequate space for a comprehensive display of the various materials we offer for sale and the offices should be laid out as sales offices.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE July 22, 1944

TO Mr. D. W. Bell

FROM Mr. Glasser *K.G.*

Attached is a proposed memorandum for the President and a press release to be issued by the President, in connection with the Italian matter.

The Secretary did not feel that he needed the approval of the President to make the dollars available to the Italian Government for troop pay. However, the memorandum for the President is used merely to form the basis for the press release.

Mr. DuBois and I would like to discuss this question with you.

MEMORANDUM FOR THE PRESIDENT

As you know, we will pay currently to the Western European countries the dollar equivalent of the local currency which our troops will be spending out of their pay in such countries, it being traditional that the United States should not place the burden of the pay of its troops on friendly countries.

In the case of Italy, however, we have not been paying the Italians the dollars representing our troop pay. Instead, we have been placing these dollars in a special account in the Treasury, holding them with the thought in mind that they might eventually be turned over for the use of the Italian people.

In view of the present situation in Italy, I suggest that we now accord Italy the same arrangement we are accordin-
g the Western European countries.

I recommend, therefore, that the dollars which we have set aside in this special account representing troop pay be turned over to the Italian Government and that from now on dollars representing the pay of our troops spent in Italy be paid currently to the Italian Government.

This step is particularly significant at this time because of the need of Italy for foreign exchange with which to pay for the necessary civilian supplies for its people and to provide for the beginning of rehabilitation in liberated Italy.

The Secretary of State and the Secretary of War con-
cur in this recommendation.

WHITE HOUSE
Press Release

I have today approved the recommendation of the Secretary of the Treasury that the United States Government turn over to the Italian Government the dollars corresponding to the expenditures of our troops out of their pay and allowances in Italy and that from now on dollars representing the pay of our troops spent in Italy be paid currently to the Italian Government.*

These funds will be used for the purchase of essential civilian supplies in this country for relief and rehabilitation in liberated Italy. Thus we will be according to Italy the same arrangement as has been made with the Western European countries.

We Americans have never regarded the Italian people as our enemies. Our troops marched into Italy to free the Italian people from the Fascist hoodlums who had enslaved them for twenty-one years and from the German jailers who added the Nazi whip to the Fascist chains in using Italy as a conquered province. Our soldiers and sailors are being welcomed by the civilian population wherever they go and are being assisted at every step by Italian men and women to whom they bring the hope of a free land again.

Italians today, on both sides of the battlefield, are risking their lives to help destroy the Nazi power. Peaceful men and women and children in the Nazi-occupied areas are feeling the lash of Nazi brutality of the same kind as that meted out to the people of Poland, of Czechoslovakia, and of France. Military operations are ravaging all of Italy as the Allied Armies push steadily north towards Berlin. The Italian stake in a victory of the United Nations is the same as the stake of freedom-loving people all over the world.

* Memorandum of the Secretary of the Treasury attached.

- 2 -

Since the liberation of Rome, new leadership, representative of the organized political groups in liberated Italy which have united to reestablish a free country, has taken the reins of government. This anti-Fascist and anti-Nazi government is leading the Italian people in their support of our fight for freedom. It will need help to feed its people, to clear away some of the ruins of war, and to reestablish economic life so that the Italian people can take care of themselves.

May the day soon come when Italy will regain her rightful place in the family of nations.

(3)

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May the day soon come when Italy will regain her rightful place in the family of nations.

Report of the War Refugee Board
for the Week of July 17 - July 29

CONDITIONS IN THE RAPELLETHE COUNTRIES

Minister Harrison has forwarded to us the text of his note to the Swiss Foreign Office, including the message on behalf of this Government which the Foreign Office subsequently transmitted to the Hungarian Government. The message transmitted requested that the appropriate authorities in Hungary state their intentions with regard to the future treatment to be accorded to Jews in ghettos and concentration camps, particularly whether the Hungarian authorities contemplate the imposition of discriminatory reduction in food rations, forced deportations to Poland or elsewhere, or the adoption of other measures which, like those mentioned will be tantamount to mass execution. The message concluded with a reminder of the grave view which this Government takes concerning the persecution of Jews and other minorities and of our determination to see to it that all those who share the responsibility for such acts are dealt with in accordance with the warning issued by the President in March.

Hungarian Anti-Semitic Measures Reported Modified

Board Representative Neuleland meanwhile advised us that credible intimations have reached him to the effect that the Hungarian Government has modified its anti-Jewish standpoint. Certain concessions are said to have been made already, including an indication of the Hungarian regime's willingness to discuss with the International Red Cross the emigration of children and possible measures of relief to Jews remaining in Hungary.

This reported softening of the Hungarian attitude was confirmed in cables from Lisbon and Ankara.

Minister Harrison subsequently indicated that he had been advised by the Swiss Foreign Office that authorization has been given by the Hungarian Government for the departure from Hungary of all Jews holding entry permits for other countries, including Palestine. The Swiss Foreign Office was said to have received this information through its Legation at Budapest, which also reported that transit through occupied territories was to be permitted by the German Government.

- 2 -

The encouraging nature of these reports from abroad have led us to increase our efforts to develop some program through which there could be made available to threatened persons in Hungary the balance of Palestine certificates available, 5,000 U. S. visitors visas, additional U. S. immigration visas to persons entitled to non-quota or preference status and to persons to whom U. S. immigration visas now expired were issued after July 1, 1941, along with a comparable number of visas of the other American republics, British dominions, and neutrals.

Swiss Proposal Taking Children and Expectant Mothers

Another message from Harrison reported details of a conversation held with Mr. Pilet-Golaz of the Swiss Foreign Office. Although previous Swiss representations toward obtaining permission for children to go to Switzerland from German and German-occupied territory have thus far been unsuccessful, Mr. Pilet indicated that the Swiss are now considering proposing to the Hungarian Government that 5,000 children and expectant mothers be permitted to go to Switzerland. Should this proposal be accepted, Harrison added, the Swiss would expect aid in arranging for the evacuation of these refugees from Switzerland after the war.

With respect to the reports that deportations from Hungary include some 400,000 persons, Mr. Pilet stated that it is difficult to ascertain the exact figure, but that so far 250,000 such deportations have been indicated by reports to the Foreign Office. It was asserted that 80 percent of the Hungarians were opposed to the arrests of Jews carried out by Hungarian authorities and the Gestapo. In many instances Hungarians are said to have been punished for endeavoring to aid and protect Jews.

The concern of both the government and people of Switzerland over the fate of the Jews in Hungary was stressed by Mr. Pilet, who indicated, again in strictest confidence, that the Swiss Government is facilitating communication between interested groups in Switzerland and Jewish organizations in Hungary. The Swiss Minister in Budapest is under instructions to leave the Hungarian Government in no doubt as to the attitude of the Swiss Government and Swiss people with regard to these persecutions. Mr. Pilet indicated that a similar message had been conveyed to the Hungarian Charge d'Affaires in Bern.

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With respect to Hungarian Regent Horthy, Mr. Pilet indicated that while the Regent is said to have "washed his hands" of all responsibility, Horthy had professed to be opposed to the persecution of Jews. The conclusion was drawn by Harrison that Horthy fears being named as one of these responsible for these atrocities.

In response to our proposal that the Swiss approach the Germans on the matter of improving the treatment of un-assimilated civilian internees in Axis territory, Mr. Pilet declined on the ground that such a request would be resented and might jeopardize present efforts of the International Red Cross to furnish relief to the persecuted.

International Red Cross Appeal to Horthy

Harrison also indicated that the Swiss Foreign Office had reported having transmitted a direct appeal from President Huber of the International Red Cross to Horthy with respect to the situation in Hungary.

Messages reaching us through private sources have confirmed the sending of a "handwritten" appeal to Horthy from Interross President Huber. This letter is said to have enumerated known facts concerning the anti-Jewish persecutions and to have offered to send a special Interross mission to Hungary to be present at deportations, to assist people with medicines and food, and to exercise some control over the ultimate fate of the deportees.

The New York Times on July 19 carried an article dated Bern to the effect that, in response to President Huber's message, the International Red Cross had received assurances from Horthy that the deportation of Hungarian Jews had been suspended and that Interross might assist detained Jews and aid in the evacuation of Jewish children. Another report appearing in the Times on July 20 indicated that Interross had announced having obtained assurance from the Hungarian Government of unrestricted transit for refugees through Axis-controlled countries.

Harrison and McClelland have been asked to forward to us whatever information they can obtain with respect to these reports.

British Newspaper Reports

Ambassador Winant has reported to us the substance of various newspaper articles appearing in British papers

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regarding the proposal the Germans are reputed to have made recently to the effect that they would spare the lives of the remaining Jews in Hungary in exchange for certain war materials. All articles strongly condemned the proposal as blackmail and as a fantastic attempt to sow suspicion among the Allies.

WAR CRIMES

According to the Intergovernmental Committee representative in Italy, records had been discovered there listing the names of more than 15,000 individual refugees -- Yugoslavs who are not Jews, Jews, and other persons -- who have been in Italy at one time or another since war began, but whose present whereabouts are unknown. Other available data were said to give the names of refugees held at "free detention" places and of those held in certain camps at various times. The IGC representative suggested that notification be given Axis authorities that this information is in the possession of the Allies and that due punishment will be inflicted upon those responsible for the ill treatment or death of the persons named.

In view of the joint agreement as to our respective fields of action, the Intergovernmental Committee has referred this matter to us. Information on this score has also been sent to the British Foreign Office as of possible special interest to the War Crimes Commission.

We are asking Board Representative Ackermann, who is still in Naples, to examine the records mentioned, if possible, and to determine their usefulness either for the psychological purposes suggested or for purposes of initiating action that might result in the rescue or relief of persons whose names and whereabouts may be available.

MERCY SHIP PROPOSAL

Myron Taylor has transmitted to us the substance of another telegram sent to the IGC by its representative in Italy. This cable described the organized deportation by the Germans of Jews and other refugees from Italy to German concentration camps for the ultimate purpose of their extermination.

The IGC representative suggested that the President of the United States be approached "to intervene on behalf of these persons in German camps and possibly for this purpose utilize the Pope, if thought advisable, as intermediary." Under the proposal advanced, the Axis would be asked to deliver to a

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named port in the North Atlantic all internees, including stateless persons in particular. A mercy ship would be sent to that port to carry on a shuttle service to some nearby port in liberated Italy until all had been removed to safety. Under this proposal threats would not be used; the invitation itself would be "courteous and direct" and Germany would merely "be informed beforehand that we hold the names of the majority of those who were interned in Italy."

In a cable to London for the IGC, we are indicating our view that any approach to the Germans should indicate the willingness of the Allied Governments, with due regard for military necessities, to consider measures for the reception in Allied and neutral territory of any Jews in German-occupied territory, including but not limited to deportees from Italy. The IGC is being advised that this Government has, in fact, recently indicated to the British our willingness to join in such an approach to the Germans. We are indicating that while we are prepared to consider sympathetically any plan designed to meet the Italian problem referred to by the IGC representative, we believe it to be more feasible for the Intergovernmental Committee first to determine the practical problems involved and to discuss the matter with the British Government.

REPORTS DESCRIBE CONDITIONS IN GERMAN CONCENTRATION CAMPS

Through our Embassy in London we have now been furnished a copy of the widely publicized report prepared by the Czechoslovakian Government-in-Exile on the frightful conditions prevailing in the German concentration camps of Oswiecim and Birkenau. The first of these camps, it was stated, was originally reserved for political prisoners, and thousands of Germans, Czechoslovaks, Poles, and Russians were kept there in "protective custody." Professional criminals were subsequently added, and later, Jews from the occupied countries.

During the period from April 1942 to April 1944 between 1,500,000 and 1,750,000 Jews were said to have been put to death by gas or in some other way in these two camps. Half of these victims were said to have been Polish, the others being from Holland, Greece, France, Belgium, Germany, Yugoslavia, Czechoslovakia, Italy, Norway, Lithuania, Austria, and other countries. About 90 percent of the persons arriving in Oswiecim and Birkenau were taken directly from the trains to be put to death, it was said, while the others became inmates of the camp, performing arduous labor in the vicinity and serving as human guinea pigs in some instances.

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Death by gas was said to be reserved as the special fate of Jews taken to the two camps, the gassing of Aryans being carried out only in exceptional cases. Aryans were said to be shot with pistols on a special execution ground. The deaths of still other thousands from hard work, typhus, malaria, and other illness, and from ill treatment were described.

Another report, in sickening detail, concerning the systematic extermination of Jews and other persons in the two camps to which the Czechoslovakian report referred, was subsequently transmitted to us by Board Representative McClelland. McClelland's report was based upon the personal experiences related by two Slovakian Jews who managed to escape from these camps and upon the experiences independently related by a non-Jewish political internee who likewise escaped from Oswiecim. The names of a number of individuals responsible for these persecutions were also forwarded by McClelland.

British Editorials Call for Retribution

Retribution for such Nazi savagery was discussed recently in two British editorials, according to a communication from Ambassador Winant. The News Chronicle concluded that the only way of stopping such murders and persecutions is by letting them know that the ringleaders will not be allowed to escape. The Daily Mail declared that terms of our "code of retribution" should be hammered home to the Germans by all possible means. Lists of those to be tried, it added, should be distributed and broadcast all over Germany.

TEMPORARY HAVENS FOR REFUGEES IN THE UNITED STATES

Board Representative Ackermann has reported having completed the selection and processing of the refugees who are to be given temporary havens in this country. A total of 385 refugees were subsequently reported to have left Italy in mid-July aboard an Army transport, after medical inspection had been completed at a camp near Naples. Inoculations for typhoid, typhus, small pox, and tetanus were to be completed on ship and at Fort Ontario. The clothing, health, and general condition of these refugees were reported to range from fair to good. No cripples or serious chronic cases were said to be involved, though there may possibly be a few stretcher cases.

The Director of the Displaced Persons Sub-Commission meanwhile advised Ackermann that an additional 4,000 to 5,000 stateless refugees can be expected to be found when Florence is liberated.

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EVACUATIONS TO AND THROUGH PORTUGAL

James Mann has returned from Portugal and has brought with him a copy of the agreement which was worked out in order to eliminate conflict in the operations of various refugee organizations operating in Spain and Portugal.

COOPERATION WITH THE BRITISH

Ambassador Winant has advised us of the receipt by our Embassy there of a letter from the British Foreign Office in response to our proposal that additional transblockade supplies be permitted certain neutral countries to meet the needs of incoming refugees. The Foreign Office indicated that British representatives have now approached the five neutral governments concerned and have also been directed to act in concert with U. S. representatives in this matter.

Report from Ankara

Board Representative Hirschmann meanwhile advised us that the proposed joint approach to the Turkish Government on this score was discussed with his British colleague. Both were of the opinion that at this time, joint action of the nature suggested would not achieve the desired purpose and might in fact tend to bring about the adoption of a less liberal policy than that now being pursued by the Turks. In place of making a joint approach, Hirschmann and the British representative propose to take advantage of the first favorable opportunity to emphasize the readiness of the U. S. and British Governments to assist Turkey, whenever it may become necessary, by arranging the onward movement of refugees to other havens and by making available food and other supplies as well as funds.

EVACUATIONS TO AND THROUGH TURKEY

In another communication from Ankara Hirschmann reported to us his belief that the successful completion of the voyage of the "S. S. Kazbek" indicates that the Rumanian authorities have undergone a change of heart in their attitude toward the Jewish people in Rumania. Hirschmann stated that all reports indicate that they are being more helpful in furthering the emigration of Jews from Rumania via Turkey to Palestine.

Hirschmann also indicated that he had been informed that instructions were sent to Turkish border guards in May of this year by the Turkish authorities, calling for the admission into Turkish territory of refugees attempting to cross the border illegally from Bulgaria. These instructions were said to have been issued after written assurance had been given by the British Ambassador that Palestine immigration certificates

- 8 -

would be issued to those arriving in this way. It was said that 11 or 12 refugees who presented themselves at the Turkish border during May and early June were permitted to enter Turkey, after being detained and investigated by the police.

Hirschmann was informed by a representative of the Jewish Agency, however, that later in June seven additional persons tried unsuccessfully to cross the border. Despite efforts made in Ankara to have affirmative instructions sent to the border authorities, these refugees are said to have been sent back from the frontier. Hirschmann indicated that at the present time no persons are entering Turkey illegally by this route. The attitude of the Turkish officials in this matter seems to be that it is dangerous from the point of view of Turkish security to open the border indiscriminately because of the difficulty involved in distinguishing between genuine refugees and political agents. Hirschmann indicated his intention of pressing our request that Turkish frontier authorities permit the entry of refugees from Bulgaria.

Counselor Kelly of our Embassy there subsequently stated that in view of the assurance given as to the availability of Palestinian entrance visas for all Jewish refugees who reach Turkey, he was requesting that the Turkish Foreign Minister instruct Turkish consuls in Bulgaria, Rumania, and Hungary to issue without prior reference to Ankara individual or collective Turkish transit visas to any Jewish refugees who may apply, and also that he instruct the authorities at Turkish frontier posts to permit Jewish refugees to enter Turkey and proceed to Istanbul, irrespective of the means by which they arrive at the frontier, and even though they arrive at the frontier without Turkish visas.

"Bardaland" Claim Being Pressed

Despite the statement transmitted by Minister Johnson to the Swedish Foreign Office with respect to our intention of withholding action on the preliminary indemnity claim presented by the owners of the "Bardaland" pending submission of a final itemized claim, the Swedish Foreign Office has renewed the owners' request for a preliminary payment of some \$20,000. The owners of the "Bardaland" are said to have indicated that a full itemization cannot be made until the "Bardaland" arrives at Gothenburg toward the end of July. It was said that the total indemnity to be claimed was not likely to exceed approximately \$30,000.

EVACUATIONS TO AND THROUGH SPAIN

According to a communication from Madrid, as a result of representations made by our Embassy there, the Spanish Government has authorized the issuance of visas to 500 Jewish

- 9 -

children in Hungary whom Jewish organizations in Tangier hope to transfer to temporary refuge in Spanish Morocco. It was stated that the Spanish Legation in Budapest has been instructed to do everything possible to facilitate the travel of this group to Spain. It was also understood that the Vatican has requested papal representatives in Berlin and Budapest to use their good offices to the same end.

Proposal To Close Camp Lyautey Opposed

Through Ambassador Winant and Sir Herbert Emerson of the IGC we were advised of a suggestion made by the IGC representative in Algiers that Camp Lyautey, which now holds 600 persons, be closed. In the opinion of the IGC representative, as a result of the improving international situation no more large contingents of refugees are to be expected. The costly maintenance of an organization designed to care for 8,000 persons is therefore, he felt, not justified. The IGC representative further asserted that the local management of the camp had recommended closing it and transferring the 600 inmates to existing camps in Egypt and Palestine and to other countries willing to receive them.

The IGC replied that the question of the future of the camp is one primarily for the U. S. and British Governments in consultation with French authorities. While the IGC had no instructions to give, it stated its feeling that any decision to close the camp now would be premature.

We are indicating to Winant our full agreement with the IGC position. Such a suggestion is, in fact, difficult to understand, in view of the necessity for caring for increasing numbers of refugees escaping from enemy territory and in view of recent decisions to expand at once existing refugee facilities in the Middle East and to open new camps in French North Africa, Tripolitania, and at Fort Ontario in this country.

EVACUATIONS TO AND THROUGH SWITZERLAND

Board Representative McClelland has advised us that a census has now been completed of refugee children presently in Switzerland for whom overseas emigration is considered desirable after the war, including those arriving both before and since January 1, 1944. It was stated that the organizations to whom the children have been entrusted have begun a careful selection of children based on the various countries of destination. McClelland indicated that within two months, these organizations are expected to start presenting children to our consulates for the special U. S. immigration visas that have been authorized. It was

- 10 -

estimated that the total number, however, would not exceed 500. McClelland added that, unfortunately, owing to other circumstances, the availability of these visas has encouraged only slightly the arrival of more children from France.

In another communication from Bern we were advised that some 505 refugee children entered Switzerland from France between January 1 and June 7. The number would have been considerably greater, it was thought, had it not been for the upset conditions in areas along the Franco-Swiss border, especially the disruption of all regular transportation in France.

Discussions Continue Re Cuban Acceptance of Child Refugees

Ambassador Braden has asked us to supply detailed information as to the procedure which would be followed in making available for the support of some 1,000 refugee children the funds which the American Jewish Joint Distribution Committee has agreed to supply, should the Cuban Government agree to their entry. Braden added that, despite continuing discussions with Cabinet officials and with the President of Cuba, he has not yet been able to obtain a definite acceptance of the proposal.

Evacuation of Norwegians to Sweden

In response to our recent request for a report as to the total amount, in the dollar equivalent, of free currency, if any, sent into enemy territory during the period ending June 1 under the Treasury license authorizing such expenditures, if necessary, in accomplishing certain evacuations from Norway to Sweden, Johnson and Olsen promptly indicated that virtually no free exchange had been made available to Norway.

On the basis of a more detailed report subsequently filed with Johnson and Olsen covering activities in Norway, we were advised that of the \$50,000 originally received, approximately 100,000 Swedish kroner were used to purchase 328,000 Norwegian kroner. This Norwegian currency was said to have been purchased locally from Norwegian refugees who had brought the currency to Sweden, and it was stressed that there could be no possible benefit to the enemy from these transactions. Of this Norwegian currency, approximately 50,000 kroner have been sent back to Norway through the underground for relief purposes, including the support of families of persons in concentration camps.

As a result of these operations, substantial numbers of Norwegians have been enabled to escape to Sweden. It was reported that during June about 850 Norwegians made such escapes, despite a severe tightening of border controls.

- 11 -

During July Norwegian refugees are said to be arriving in Sweden at the rate of approximately 65 a day.

Some 10,000 youths who failed to respond to the Nazi labor mobilization are reported to be hiding in the forests in the vicinity of Oslo. Funds supplied by American Relief for Norway are likewise assisting in maintaining these youths. Other expenditures include the purchase in Sweden of food, clothing, and shoes for severe hardship cases in Norway.

RECOGNITION OF LATIN AMERICAN PASSPORTS

Minister Harrison has reported that, in response to our request that Switzerland obtain detailed information concerning the treatment of Jews in Hungary and as to the fate of Jews holding Latin American documentation in particular, the Swiss Foreign Office stated that since Switzerland is charged only with the protection of Uruguayan and Chilean interests in Hungary, it is unable to obtain the detailed information requested except as regards Jews holding documents issued in the name of these two republics.

The Swiss Legation at Budapest has indicated that thus far Hungarian authorities appear disposed to accord exceptional treatment to such foreign nationals under Swiss protection. It was stated that the obligation to wear the Jewish star and to declare property had thus been dispensed with, insofar as these persons were concerned, and reductions in food rations had also been avoided. In the opinion of the Swiss Legation, all Jews able to demonstrate foreign nationality would be spared anti-Semitic action on the basis of requests from their protecting power.

Exchange Plans Being Made

The State Department has now advised our Embassy in Madrid that definite indications have been received through trusted channels that the German Government is now disposed to cooperate in effecting exchanges on Spanish territory of German nationals from South America against refugees from German-controlled territory. It is proposed to send the refugees involved to Camp Lysouty. The State Department has suggested that our representatives in Madrid investigate the possibility of making arrangements at Madrid and Algiers, with Spanish and French authorities and with the military, whereby special treatment might be given refugees included in official exchanges whose bona fides may possibly be less open to question than those of refugees appearing on Spanish territory as a result of their own efforts. While several alternatives were suggested, State indicated that it is not particularly interested in the actual means devised, but is more concerned that this

- 12 -

Government's program to rescue threatened persons shall not be imperiled by any lack of material arrangements in Spanish territory for their reception and prompt onward transportation.

Representations Made to Brazilian Government

We have been advised by our Embassy in Brazil that representations have been made to the Brazilian Government urging concrete action on the part of Brazil in line with the exchange standards resolution adopted by the Emergency Advisory Committee for Political Defense at Montevideo. In these representations emphasis was placed upon the attitude expressed last year by Dr. Aranha to the effect that it might be a good thing for Brazil to get rid of a large number of Germans there.

Report from El Salvador

From El Salvador we have been advised of the text of a note sent by the Salvadoran Foreign Minister to the Emergency Advisory Committee. In this note it was stated that there are only a few Salvadorans in German territory. Outside of Germany there were said to be five Salvadorans who should be repatriated. The Salvadoran note promised that direct negotiations would be begun with respect to the repatriation of these Salvadorans.

Cuban Action Promised

As a result of further representations by Ambassador Braden, the Cuban Minister of State has now agreed to supplement Cuba's original representations concerning the return of deportees to Camp Vittel, by directing the Cuban Embassy in Madrid to request that the protecting power inform the German Government that Cuba will not permit the validity of any of its passports to be questioned by the Germans. It was also indicated that the Cuban Government now agrees to consider as exchange material all holders of documents issued in Cuba's name, although the right is reserved to refuse admission to such passport holders as Cuba may later prefer to exclude.

We have communicated to our Embassy in Madrid the substance of Braden's communication, along with a request that efforts be made to speed the Cuban representations.

Since some confusion exists as to whether the Cuban representations should be made through Spain as Germany's protecting power in Cuba, or through Switzerland as Cuba's protecting power, clarification has been requested.

Haiti Agrees To Act

We have been advised by our Embassy in Haiti that the Haitian Government has likewise agreed to issue instructions

- 13 -

to its Legation at Bern to inform the German Government through Swiss authorities that Haiti recognizes the validity of all its passports held by persons in enemy or enemy-occupied territory until an examination of each case shall have been made. This applies to those persons who were unable to comply with the Decree-law of February 1942, as well as to those persons holding documents whose validity is open to doubt. While this decision has yet to be confirmed in writing and will require the approval of the Haitian Council of Ministers, no difficulties were anticipated.

It was emphasized that Haiti's action on this score is purely a humanitarian measure, and that Haiti likewise reserves the right to refuse to admit any such persons subsequently held to be undesirable as immigrants.

NEW RELIEF PROPOSALS RECEIVED

Board Representative McClelland has relayed to us the substance of a memorandum submitted by the International Red Cross on certain critical clothing requirements of civilian prisoners in German concentration camps. To date, InterCross has not undertaken to send clothing to such civilian prisoners and therefore has no information based on practical experience with this type of relief. The possibility of such clothing distributions was to be investigated more fully by InterCross, and a further report is expected.

Polish Relief

Johnson and Olsen have explored with a relief group in Sweden the nature of its activities in Poland, as well as facilities for expanding the scope of its operations. At the present time, this organization is said to be receiving urgent requests from Poland for substantial additional amounts of clothing for children, as well as for basic foodstuffs and vitamins. We were advised that funds to meet these requirements in full are lacking, and that immediate use could be made of \$25,000. The Polish Legation in Stockholm has spoken highly of the effectiveness of this organization's activities and has expressed the strong hope that American financial assistance can be obtained.

COOPERATION WITH THE INTERGOVERNMENTAL COMMITTEE

The Intergovernmental Committee has now agreed to assume certain credit obligations for previously scheduled European rescue and relief activities. Arrangements have been made in this connection whereby the JDC is to act as an agent of the IGC.

(Signed) J. W. Pehle

J. W. Pehle
Executive Director

AIRGRAM

AMERICAN EMBASSY

SAN JOSE, COSTA RICA

JULY 22, 1944

REC'D: JULY 25, 8 am

CONFIDENTIAL

SECSTATE

WASHINGTON

Ao 460 July 22 1944

Reference Embassy's Airgram A-390, June 16, 10 a.m. concerning the possibility of Costa Rica's receiving refugee children.

The Embassy and the Costa Rican Government have received several requests for information as to whether or not children would be coming to Costa Rica and it would be appreciated if an answer to the airgram under reference could be expedited.

TRUEBLOOD

848
LDW/vw

CABLE TO AMBASSADOR WINANT, LONDON, FOR SIR HERBERT EMERSON FROM THE DEPARTMENT AND WAR REFUGEE BOARD.

Myron Taylor has transmitted to the Department the substance of a telegram dated July 15th sent to the Inter-Governmental Committee, London, by Sir Clifford Heathcote-Smith.

The cable in question as understood by us describes the organized deportation by the Germans of Jews and other refugees from Italy to concentration camps with the ultimate purpose of their extermination. This shocking action of the Nazis in Italy is typical of the murderous extermination campaign which has been carried out in all occupied territory and which today is being executed on a large scale in Hungary.

This Government has in recent months made clear to the world, that it is prepared, in cooperation with other sympathetic governments, to find havens of refuge for all victims of this persecution who are able to leave German occupied territory. This policy of our Government was enunciated by President Roosevelt in his statement of March 24th as well as in his recent message to Congress announcing the bringing of 1,000 refugees to this country.

The situation described in the cable in question appears to be another aspect of the general problem and, while it is quite possible that many of the deportees from Italy have already been executed, this Government will cooperate in any way with the British Government and other Governments in facilitating any feasible plan of action. Heathcote-Smith's suggestion apparently would involve an approach to the German Government asking them to release refugees deported from Italy and to deliver such refugees to allied authorities at a North Atlantic port whence they would be returned to Italy or taken to temporary havens of refuge elsewhere.

It is our view that any approach to the Germans should indicate the willingness of the allied governments, with due regard to military necessities, to consider measures for the reception in allied and neutral territory of any Jews in German occupied territory, and should not be limited to deportees from Italy. This Government has recently advised the British Government of its willingness to join in such an approach to the German Government. However, we are prepared to consider sympathetically any plan designed to meet the Italian problem referred to by Heathcote-Smith. In the circumstances it would appear most feasible for the Inter-Governmental Committee to determine the practical problems involved and discuss the matter with the British Government.

- 2 -

We would appreciate being informed of further developments in this matter.

It will be appreciated if Emerson will make available to Ambassador Winant the cable from Heathcote-Smith in order that Winant may be fully informed.

Repeated to Myron Taylor, Vatican City.

3:20 p.m.
July 22, 1944

JBF:AA:MJM:ro
7/22/44

SECRET VIA COURIER

A-237

9:00 A.M.

July 22, 1944

AMEMBASSY,

PORT-au-PRINCE

The following is from the War Refugee Board.

Please convey to the Minister for Foreign Affairs the deep appreciation of this Government for Haiti's attitude and contemplated action as indicated in your A-369 of July 12. It is assumed that Haitian authorities are aware of the urgency of the situation and will act as promptly as possible. It is also assumed that the examination of documents issued in Haiti's name, referred to in your A-360, means examination by Haiti and that this point will be made clear in the instructions to the Haitian Legation at Bern.

HULL
glw

WRB:MMV:OMH
7/20/44

CCA

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Madrid
TO: Secretary of State, Washington
DATED: July 22, 1944
NUMBER: 2562

SECRET

With reference to Department's message of July 17, No. 2003, five members of Fleurima family departed from Madrid for Lisbon for embarkation on DROTNINGHOLM this evening via rail.

Rather than as outlined in final paragraph of Embassy's No. 2396 of July 10, all expenditures for necessary personal expenses, rail transportation and subsistence for family from July 1 to date will be charged to authorization contained in Department's message of July 6, No. 1914, in view of Department's cable Number 2003 of July 17. In line with Department's Number 1814 of June 26, promissory note covering those advances has been executed.

BUTTERWORTH

DCR:GPW

7-25-44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington

TO: American Legation, Bern

DATED: July 22, 1944

NUMBER: 2510

SECRET

FOR McCLELLAND FROM WAR REFUGEE BOARD.

New York Times of July 19 carries article datelined Bern to effect that Intercross has received Horthy assurances that deportation of Hungarian Jews is suspended, that Intercross may assist detained Jews and collaborate in the evacuation of Jewish children. Please advise the Board promptly of the accuracy of this report and of any pertinent information in connection therewith. Subsequent cable will discuss points contained your 4599 of July 18.

THIS IS WRB BERN CABLE NO. 89.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN LEGATION, BERN
TO: Secretary of State, Washington
DATED: July 22, 1944
NUMBER: 4692

SECRET

See messages 2440 and 2438 from the Department of the seventeenth of July.

It is made possible by the refugee status both Antoine Erier and Hubert Clement in Switzerland for them to receive openly and officially Swiss franc equal to \$20,000 from friends of Luxembourg and \$90,000 from Wilhelmina fund. For remittance to Erier and Clement, who seem to be recommendable and capable disbursing agents, these funds can be transmitted confidentially through Legation.

This message is from McClelland for WRB.

HARRISON

DCR:MLG

7-24-44

MAE-991
Distribution of true
reading only by special
arrangement. (SECRET-W)

Ankara

Dated July 22, 1944

Rec'd 10:50 p.m.

Secretary of State,

Washington.

1343, July 22, 2 p.m.

FOR PEHLE WRB FROM HIRSCHMANN

Ankara No. 104

FOR YOUR INFORMATION, There is now in active operation an organized underground movement for transportation of refugees across the border from Hungary into Rumania. No figures regarding the actual number who have crossed into Rumania by this method are available for obvious reasons, but we are reliably informed that 600 to 700 refugees from Hungary are now in Budapest, including Polish refugees who had fled from Poland via Slovakia to Hungary during the past 12 to 18 months. In addition, refugees from Hungary estimated to number 700 to 800 are now hiding in frontier towns, mainly Arad and Turdu, 15 to 20 miles within the Rumanian border. A small number of the Jewish refugees arrived on their own initiative from Koloshwar, most of the remainder having proceeded from Budapest with the assistance of the organization above referred to.

After the arrival of these refugees in Rumania, Baron von Killinger, German Minister to Rumania, brought pressure to bear on the Rumanian Government to enact a decree to the effect that anyone escaping across the Rumanian border would be executed by the Rumanians forthwith. This decree was enacted and actually published in Rumania. It has also appeared in the press in Istanbul.

KELLEY

DU

MEM

FEM-981
Distribution of ture
reading only by special
arrangement. (SECRET-W)

Ankara

Dated July 22, 1944

Rec'd 1:03 p.m.

Secretary of State,
Washington.

1343, July 22, 5 p.m.

We are informed that the Rumanian Government has not enforced the decree but is requesting the Jewish organizations in Rumania to arrange for the evacuation of the refugees from Hungary at the earliest possible moment. I have urged the branch of the organization of the Jewish agency charged with sea transportation of refugees from the Balkans to arrange that the refugees from Hungary be given priority if possible.

The Rumanian Government is reported not to be interfering at the present time with the escape of refugees from Hungary into Rumania in the manner referred to above. From my observations here, this escape route, while fraught with dangers, offers at the moment the best means of evacuation of appreciable numbers of refugees from Hungary. The requisites for the utilization of this route are: One, carefully chosen personnel; two, tacit acquiescence of Rumanians, and three funds for the documentation, feeding and clothing of the refugees and the subsidizing of "agents".

The WEB will undoubtedly desire to encourage the acceleration of this movement. While funds are apparently now available for the enterprise in its present scope we are urging that it be expanded without delay, in such event additional funds may be necessary on short notice. While we have made no commitments for funds relating to the above, it may be desirable and necessary in due course to do so. For this purpose, I shall be able to draw on the 2000 sovereigns placed at my disposal in Ankara.

KELLEY

WMB HTM

FROM: AMERICAN EMBASSY, ANKARA
TO: Secretary of State, Washington
DATED: July 22, 1944
NUMBER: 1344 (Ankara No. 105)

SECRET

This message is from Hirschmann for Pehle, WRB.

Concerning the refugee movement to Istanbul from Bulgaria by sea and rail developments of a promising nature are under way. This is for your information.

The memorandum's contents which were prepared by me have been transmitted through an intermediary in the confidence of the highest officials of Bulgaria, to Balabanoff, the Minister to Turkey from Bulgaria, who with the Bulgarian officials in Sofia has discussed the subject. I asked in this memorandum that the authorities of Bulgaria give authorization and facilitation without delay to movement of refugees through or from Bulgaria to Turkey by rail of not less than 500 individuals weekly; to give authorization and assistance without hinderance to the movement of refugees by ship from the ports of Bulgaria; and to issue an ordinance stating that all persecution and repressive steps directed against Jews and minorities will cease at once and Jews will be accorded treatment like that of other citizens of Bulgaria. An interview with me has been requested by Balabanoff in regard to my requests since his return to Ankara. Plans are being made through the International Red Cross for this conference at the earliest possible time. Reliable information has been received by me that the Government of Bulgaria is ready to reverse its previous policy and facilitate the movement of the refugees within the limitations imposed by the chaotic transportation and technical facilities of Bulgaria.

With regard to this two Bulgarian ships in Burgas, the PIRIN capable of carrying 400 passengers and the VITA, 350 passengers, have been trying for some time to acquire permission to proceed to Istanbul from the Turk and Bulgarian officials. Attempt is being made by us to effect the departure of these vessels at once and to make plans for other ships to make similar trips. Furthermore, we are attempting to arrange for the transportation of an appreciable number of refugees to Turkey by railroad. Of additional measures and progress you will be informed.

KELLY

DCR:MLG
7-25-44

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF ¹⁵¹
COMMUNICATIONS
AND RECORDS

HMK-698

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

Canberra

Dated July 22, 1944

Rec'd 4:07 a.m.

*3 copies to
Dr White's
Office
7/22/44*

Secretary of State,
Washington.

US URGENT

NIACT 85, July 22, 2 p.m.



Minister for External Affairs has just informed me that on assurances given Department's telegram number 83, July 20, 5 p.m., he had obtained Cabinet's assent to instruct Australian delegate to sign final act of the United Nations Monetary and Financial Conference. Such an instruction he said had been sent.

As regards resolution adopting the articles of agreement of the fund and the bank Evatt states that it was the opinion of Cabinet that matter had gone as far as it should among officials. I understood him to mean by this that before accepting resolution matter would have to be thoroughly canvassed by Australian Cabinet.

I gather that Evatt met some opposition even to signing of final act because of impression created by a broadcast attributed to Morgenthau who is said to have adopted the attitude that 44 countries participating in the conference had agreed to and accepted the results of the conference.

HTM

JOHNSON

DEPARTMENT
OF
STATE

NCB-944

INCOMING
TELEGRAM

152
DIVISION OF
COMMUNICATIONS
AND RECORDS

PLAIN

London

Dated July 22, 1944.

Rec'd 8:56 p.m.

Secretary of State,
Washington.

5817, Twenty-second.

FOR SECRETARIES OF STATE AND TREASURY

The following is a review of London press comment of
July 22 on the Bretton Woods Conference.

The TIMES correspondent, writing from Washington,
reports that "it is a fair assumption that the various
delegations will submit the documents to their govern-
ments without recommendations for adoption, but merely,
in the words of Lord Keynes as 'the most acceptable'
instrument they could frame."

He mentions the following issues which lay behind
the conferences work: the reconciliation of national
and international aims; the conflicts between the interests
of industrial and agricultural countries and between
advanced and retarded areas and devastated lands. He
also mentions the one "closed economy" whose presence
prevented the question of private versus public enterprise
from arising "though it did not discernibly exert the
centripetal pull which some had expected."

This



-2-#5817, Twenty-second from London.

This correspondent then raises a question which he asserts only the operation of the schemes can decide, namely, whether the managers will be left free to use expert knowledge and experience or would serve "Ambassadorily."

He further reports that the submittal of the bank and fund to Congress will have to wait till January 1945 and even then approval is unlikely for several months, and concludes "it seems inconceivable that this programme will, at its inception, do more than to leave American tariffs where they are with promise of reduction and of freer trade as the levels of domestic employment permit. No government should do less, but equally no government would dare to disregard the American's ingrained fear of imports by doing more until the future looks brighter than it does."

The FINANCIAL NEWS headlines its report "money fund agreed: Russians wish to cooperate" and starts by stating that agreement followed Lord Keynes' appeal for unity made to countries which had registered objections to their quotas. This paper reports that only France and Russia moved their objections to be ratified in the minutes. It also reports the Australian delegation's refusal to sign the bank document and that "observers believe that the Australians are not satisfied with the quota allotted to them

-3-#5817, Twenty-second from London.

to them (200) and have declared that they will not sign unless they have special instructions from their Government."

Russia is reputed to have accepted a compromise on its bank quota so that the Quota Committee may now complete its recommendations. Mention is also made of Mr. Stephanov's long speech on Russia's desire to cooperate with the United Nations on monetary and financial matters.

The resolutions on silver of commission O 3 are quoted and observers are said to have suggested that a further conference in Mexico City may be held to discuss the silver problem.

The modified Norwegian resolution on the liquidation of the BIS is quoted. The legal difficulties confronting Britain and Holland in severing relations with BIS before the end of the war are mentioned.

The FINANCIAL TIMES Bretton Woods correspondent reports that the Plenary Session adopted the report of the Fund Committee, but took a "blanket exception" to the report. It is stated this simply means that it is left to the respective governments to make the final decisions.

Regarding special reservations the article adds, "some countries took special exceptions, including
Britain

-4-#5817, Twenty-second from London.

Britain, whose reservation underlined her desire to maintain London's position as the traditional world financial centre, although the conference had decided that the fund should be located in the country with the largest "—that is, the United States."

The reservations by Russia and France as to gold contributions, and the latter's quota, are mentioned, as well as India's reservation regarding sterling balances. It is stated that reservations of several countries including China, Greece and Egypt, were withdrawn as result of Lord Keynes' plea.

The article reports that the Australian delegates do not seem to be satisfied with their quota and may delay signing the final documents pending special instructions from their government.

With reference to the World Bank, the article states that the Russians have agreed to a compromise contribution to the bank.

The article quotes the three resolutions accepted by Commission (THREE?) and mentions the possible Mexican Silver Conference and the broadening of the functions of the Interallied Committee in London on acts of dispossession.

The financial editor of the MANCHESTER GUARDIAN points out that substantial agreement has been reached on the fund and the bank and devotes the rest of his

-5-#5817, Twenty-second from London.

remarks to the location of their headquarters, "a point that has been much discussed in London." He observes that "presumably the central offices of the fund will be in the same place, as the two bodies have to work closely together. Whether the choice will fall on New York is still unknown. It is observed here that New York has long tried to develop a large money market and capital market in competition with London. To a certain extent the efforts have succeeded, but it cannot be seriously said that New York was ever regarded as the world's banking centre or that it was at any time prepared to assume the responsibilities which go with such a position. Now the distinction may be conferred upon the American finance capital from outside. It would not please the bankers, because the World Bank will be a government affair; it would certainly add prestige to the New York loan market."

Oscar Hobson, financial editor of the NEWS CHRONICLE, discusses the subject of Axis looting which has been considered by the conference. Hobson points out the difficulties involved in restitution and states that the Allied powers "must not shrink from applying economic sanctions after the war to neutral countries that refuse to cooperate in this task of restituting stolen property."

The FINANCIAL NEWS for July 21 reports the appointment of the following members of a committee of the

-6-#5817, Twenty-second from London.

New York State Bankers Association; Messrs George Whitney, William C. Potter, Gordon S. Rentschler, Percy H. Johnston, D. S. Inglehart and Charles Dieffendorf. The purpose of the committee is "to study the results of the Bretton Woods Conference and submit a report to bankers, commerce, industry and the general public." The article adds "it is hoped that the findings may actually be the answer to the question 'what plans will American bankers agree to question.'" The article reports that the Committee promises "a completely fresh approach without regard to prejudices that may now exist in banking and elsewhere."

WINANT

HTM

Forget
158

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
TO: Secretary of State, Washington
DATED: July 22, 1944
NUMBER: 5822

SECRET

ATTENTION OF THE SECRETARIES OF STATE AND TREASURY.

Undoubtedly you are acquainted with Lord Beaverbrook and his approach towards world economic problems also. Notwithstanding, I thought I might pass on to you a few remarks on Beaverbrook's attitude toward the monetary conference, in view of his presence at this time in Washington.

The DAILY EXPRESS, which has the largest circulation of all British dailies, the EVENING STANDARD, and the SUNDAY EXPRESS are controlled by Beaverbrook. Ever since the publication of the British white paper these newspapers have been quite consistently antagonistic toward the fund, although the character of this antagonism has not been analyzed specifically. A summarization of this antagonism might be as follows: (1) opposition to the status accorded gold in the fund proposal and perhaps more broadly to the limitations which the fund might place on the pursuit of an independent monetary policy by Britain and (2) a strong impartiality for Empire preference and fear what the implications of the fund may be for the future of the sterling bloc and for the commercial policy of the Empire.

Viewed

-2 -

Viewed from the economic standpoint, Beaverbrook's strong advocacy of the elimination of government controls and full return to private enterprise, of home production of food by support of home agriculture and of no return to the gold standard, the foregoing is consistent with his reputation as an "Empire isolationist."

In portraying the fund as a return to the gold standard in the sense in which Beaverbrook visualizes that term, it may be that the opportunity will present itself for you to have a talk with Beaverbrook and to persuade him of his misconception. If you can persuade Beaverbrook that the fund will not mean the economic fragmentation of the Empire, I am also sure that it would be of value. May I also extend to you my congratulations on the success of the conference at Bretton Woods.

WINANT

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Embassy, Moscow
TO: The Secretary of State, Washington
DATE: July 22, 1944
NUMBER: 2705

SECRET

The following message is from Mr. Harriman to Mr. Morgenthau.

I have been formally advised in a letter from Vyshinski that the delegates of the U.S.S.R. were authorized to deal with the questions at issue at the conference at Bretton Woods as was reported in my message of July 17, number 2622. If I could be advised of the results of the negotiations with them it would be helpful. Please accept my congratulations on the conference's splendid outcome. Best regards to you.

HARRIMAN

DCR:MPL
7/22/44

BJR - 747

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

Chungking via Navy

Dated July 22, 1944

Rec'd 10:49 a.m.

Secretary of State,
Washington.

DEPARTMENT OF STATE

JUL 26 1944

DIVISION OF
COMMUNICATIONS & RECORDS

1269, July 22, 10 a.m.

SECRETARY OF TREASURY FROM FRIEDMAN

K.K. Kwok of Central Bank has requested me to
urge expediting of gold shipments. Available supplies
sufficient to continue sales only until about August
15. Net sales at present about 4,000 oz. per day.
Selling price is now CN 17,500 per oz. Kwok says
that one shipment (presumably usual amount of equiva-
lent of United States dollars one million) if it
arrived before August 15, would be sufficient to
allow continuation of sales and to assure market
of Central Bank's ability to meet demand for gold.
Kwok says that discontinuation of gold sales would
further stimulate rise in commodity prices.

I understand that Hsi Te-Mou is raising this
matter with Treasury.

GAUSS

EH:WMB

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTEL No. 238

Information received up to 10 a.m., 22nd July, 1944.

1. NAVAL

NORMANDY. 21st. Strong north-easterly winds stopped unloading and convoy sailings from PORTSMOUTH and the THAMES. On 19th/20th about 100 German aircraft were minelaying off NORMANDY landing area. On 20th one of H.M. Destroyers was sunk by mine or torpedoed. A U.S. tug was sunk by fire from ALDERNEY shore batteries. On 20th/21st MTB's sank two trawlers and probably another off Dutch Coast. On 21st/22nd one of H.M. Destroyers damaged an Elbing Class Destroyer in company with three E-boats off CAP D' ANTIFER.

2. MILITARY

NORMANDY. Heavy rain for the last 24 hours has considerably restricted movement. On 20th Canadian troops captured ST. ANDRE and ST. MARTIN, south of CAEN. Strong German armoured counter-attacks have since been repulsed.

ITALY. Polish troops have advanced to within 2 miles of the River MISA. Italian troops have captured villages 6 miles northwest and 8 miles southwest of JESI and U.K. patrols have reached SASSOFERRATO. U.K. troops have advanced between one and two miles north of AREZZO, LATERINA and MONTEVARCHI and South Africans have gone forward about same distance north of MONTE SAN MICHELE. U.S. troops have cleared the area between LEGHORN and PISA to within 2 miles of latter.

RUSSIA. Russians have captured OSTROV, are closing in on BREST LITOVSK from northeast and southeast and have crossed BUG on 40 miles front, cutting road and railway between BREST LITOVSK and CHELM. They have advanced further in LNOW Sector and west of TARNOPOL.

3. AIR OPERATIONS

WESTERN FRONT. 20th/21st. Tonnages: COURTRAI 1,642, BATTROP 515, and HOMBERG 730. Preliminary interpretation photographs HOMBERG show very heavy damage throughout entire synthetic oil plant.

21st. U.S. heavy bombers dropped total 455 tons on aircraft works REGENSBURG, OBERPFAFFENHOFEN and NEUABING (MUNICH), and 350 on ball bearing works SCHWEINFURT (results good to excellent) and EBELSBACH; 1,309 tons were dropped on other objectives including MUNICH and SAARBRUCKEN. German casualties 18, 2, 11. Ours 31 bombers, 11 fighters missing. 7 Mosquitoes and 1 Beau-fighter cooperating with Naval forces off BREST destroyed 6 German bombers. Offensive operations of A.E.A.F. severely restricted by weather.

21st/22nd. 84 Bomber Command aircraft despatched including 38 Mosquitoes to BERLIN; 1 aircraft missing. 43 Beau-fighters attacked a 26-ship convoy off HELIGOLAND. Preliminary reports state one large ship blew up, 2 others and 3 escort vessels left on fire and many others damaged.

ITALY. 20th. Thunderbolts destroyed 2 bridges and damaged 2 more in PADUA area.

CZECHOSLOVAKIA. 21st. U.S. heavy bombers from Mediterranean dropped 300 tons on synthetic oil refinery BRUX near PRAGUE.

4. GERMAN ACTIVITY

During 24 hours ending 6 a.m., 22nd, 204 flying bombs plotted, including 18 from direction of Dutch Islands.

Regraded Unclassified

163

Read by Mr. Gaston and Mr. Glasser on 7/24/44.

Read by Mr. D. W. Bell on 7/25/44.

July 24, 1944
1:05 p.m.

HMJr: Hello.

Operator: Now, they find he has gone to lunch and will be back about two-thirty.

HMJr: Well, I'll talk to him then.

Operator: All right.

3:18 p.m.

Operator: Here you are.

HMJr: Hello.

Ed
Brown: Hello. Mr. Morgenthau, this is Ned Brown. I'm sorry to say that when I got here -- that Will Potter had gone to the hospital....

HMJr: Oh.

B:with phlebitis Saturday night.

HMJr: Oh.

B: However, I had a meeting with Gene Stetson, who is chairman of the board of the Guaranty, and Lynn Conway, who is -- rejoices in the title of vice president of the executive committee, but has really got more authority, and George Whitney of Morgan and Company and have spent all morning and recently a couple of hours more with them. This idea of this committee which originated with Potter and of which Potter was chairman, was to get a group together who were not in any way committed for or against the plans.

HMJr: Yes.

B: Presumably it might include the heads of banks and technicians that have been against the plan.

HMJr: Yeah.

B: And they told me that while they couldn't commit themselves in advance, they wanted to make an objective study of it and they approached it with the idea of making a favorable recommendation if they could, and

HMJr: Well, that sounds good.

B: which is all very much to the good.

HMJr: Yeah.

B: Now, I don't know what the outcome will be in case of -- if they -- Sloan Colt, who is president of the Bankers and George Whitney and Orsey Johnson and Bill Potter

HMJr: Yes.

B: who is chairman, have all accepted -- on the committee.

HMJr: Yes.

B: Gordon Rentschler of the City Bank is out of town.

HMJr: Yes.

B: And I don't know whether he'll accept or not. I haven't been able to get in touch with him. Aldrich has declined to serve on their committee, although he was asked.

HMJr: He declined to serve?

B: Yeah. Well, you know his general attitude towards....

HMJr: Yeah.

B:anything that comes from the Democratic Administration, so I think it's just as well that he did.

HMJr: Yeah, I think so, too.

B: Now, they've put on a fellow named Iglehart from Grace and Company....

HMJr: Yes.

B: that they say that while he's been opposed to the plan, that he's a man who's intellectually honest....

HMJr: Yes.

B:and they thought it was just -- he's very anti-British.

HMJr: He's what?

B: He's anti-British.

HMJr: Oh.

B: But you know Grace. I mean they're virtually on the west coast of South America.

HMJr: Yeah.

B: And -- but they've put him on deliberately on the old Lincoln principle that they'd rather have a person on the inside "pissing" out than on the outside "pissing" in.

HMJr: Yeah.

B: I think it's -- I don't know what the outcome will be but I'm sure they're going to try and make a study and the previous position -- if they can, to find in favor of the plan. I happen to be now -- I ran into Leon Fraser in the street -- in the first New York.

HMJr: Yes.

B: Who just called back and I'm speaking from there, but I'm

HMJr: I see.

B: They left me alone in a director's room. I

HMJr: Any comments on my radio talk?

B: No. I didn't hear any comment on that.

HMJr: Yeah.

B: But I'm sure that both George Whitney, who is president of Morgan, and Will Potter

HMJr: Yes.

B: they both believe in international cooperation and they both realize the -- the great seriousness of rejecting this plan as part of the general movement towards it.

HMJr: Yeah.

B: And I think that -- I'm sorry that -- Will sent his -- Potter sent his apologies to me but he pulled his Achilles tendon and as the result of a masseur or something, he's got a blood clot in his leg

HMJr: Oh - oh.

B: and phlebitis, and he's very wise to go to the hospital

HMJr: Yeah.

B: and have it hung up, but he's apt to be out of circulation for two or three weeks.

HMJr: Yeah.

B: In the meantime his officers from the Guaranty are carrying on.

HMJr: Yeah. Well, of course, this is just for your ears. Will Potter is worth ten of Stetson.

B: Yeah. Well, I know Potter intimately. I've known him for thirty years....

HMJr: I don't know whether you agree

B: to be

HMJr: I don't know whether you agree with me or not.

B: I do entirely.

HMJr: Yeah.

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B: And Will Potter carries more weight in the New York banking community than any other three men put together.

HMJr: Now, what I would appreciate -- if you would keep in touch with me personally as we go along on this.

B: All right. I'll call you up from Chicago. I want to get a few days' rest. I've been at this thing day and night....

HMJr: Well....

B:since the first of June.

HMJr: I know.

B: I wanted to call you up and I told these New York bankers as soon as -- Sloan Colt is out of town until next -- two weeks.

HMJr: Yeah.

B: He's one of those who agreed to go along with the bankers. Gordon Rentschler won't be back here for another week.

HMJr: Yeah.

B: I don't know whether he'll go along or not. Although, I rather think he will. He -- I told him I'd come back and sit down and talk with him if he wanted to and

B: Well, I'm ever so much obliged. I'm sorry I missed you on Saturday when you called.

B: Oh, that's all right. I just wanted to come in to pay my respects before I left and I knew you were tied up and I just didn't want you to think I'd run away without trying to say, "Goodbye", at any rate.

HMJr: What did you think of our Russian friends at the end there?

B: Well, I think they were damn smart. I'm rather sorry that he did it.

HMJr: (Laughs)

B: I think it would have been easier to have cut down their drafts on the bank if they hadn't

HMJr: Yeah.

B: Politically, I think it's all to the good.

HMJr: Yeah.

B: It makes the people feel that we've won a diplomatic victory and I'm awfully glad that we accepted them at nine hundred million. If we'd ever have put them in at twelve hundred when they said nine hundred was the limit, why

HMJr: Yeah.

B: they'd never -- they would have, I think, backed out of the whole thing. I think it was a very, very happy outcome.

HMJr: Fine. Well, ever so much obliged for the tremendous time and thought that you put into the thing.

B: Well, thank you very much.

HMJr: Ever so much obliged.

B: You bet you.

HMJr: And I'll be looking forward to seeing you soon. .

B: All right.

HMJr: Thank you.

B: Bye.

July 24, 1944
3:15 p.m.

GROUP

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

H.M.JR: John, if you have nothing better to do, will you pick me up at eight-thirty tomorrow morning?

MR. SULLIVAN: Yes, sir. I would just as soon wait until then!

H.M.JR: You want me to send for you?

MR. SULLIVAN: No, I have a car.

H.M.JR: I would like to get the gossip from Chicago.

MR. SULLIVAN: We better make it earlier than that.

H.M.JR: Can't do it in half an hour?

MR. SULLIVAN: Yes, we can.

H.M.JR: Dan?

MR. D.W. BELL: Mr. Henry Laughlin, who is Chairman of the United War Fund of Boston, wrote you on the thirteenth and asked for a conference. I acknowledged it in your absence and said that you wouldn't be back until this week,

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and I thought you probably would take some time off after that and probably couldn't see him. I asked him in case you were not able to see him, would he discuss his problems with Ted Gamble and me.

(Secretary holds telephone conversation with Mr. Ned Brown)

H.M.JR: The gist of that conversation was that Brown had been in New York. Potter has gone to the hospital with phlebitis and he will be out of the running on this committee to study this thing we did at Bretton Woods. He says their attitude is that they want to go at it with the hope that they can make a favorable report, and he seems to think J. P. Morgan will be for it.

MR. D.W. BELL: Is Potter on that?

H.M.JR: He is head of the committee. He says he is glad Aldrich refused to go on the committee, because they only want people without a preconceived notion who would study it objectively. Therefore he was glad Aldrich refused to go on. But he said the impression up there was that they were going to study it objectively with the hope they could be favorable.

Brown says Potter is going to be all right. He said he thought what the Russians had done was dammed smart!

MR. D.W. BELL: I don't think you need see Laughlin. He wants to try and find out whether or not the Boston War Fund can run concurrently with the Sixth War Loan. Ted and I will talk to him.

H.M.JR: Sure.

MR. D.W. BELL: Mr. Stettinius wrote you on the seventeenth and wants a Treasury man designated to work with the State Department in connection with the Interdepartmental Editorial Board to pass upon reports going to the United States field missions and on current

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economic operations. I take it you would want either White or somebody from White's office on that.

H.M.JR: Somebody from White's office.

MR. D.W. BELL: They meet at least twice a month to go over the reports.

H.M.JR: Somebody like Ness?

MR. GLASSER: Or perhaps Hoffman.

MR. D.W. BELL: Mr. Glasser, the boys have written up a memorandum for the President on the use of those funds for Italy. You remember we discussed that before you went away and also got up at the same time a proposed press release to come out of the White House to take the place of the suggested report to Congress? I think you had better take this and read it. You might want to discuss with us tomorrow sometime this French situation and you might do this at the same time.

H.M.JR: I tell you what we could do. I am going to see Mr. Hull tomorrow at eleven. I ought to be back by eleven-thirty. Should I see you about the French before I see Mr. Hull?

MR. D.W. BELL: Not necessarily.

H.M.JR: Why don't I put you down for eleven-thirty and you can ask Fitz when I get back.

MR. D.W. BELL: Then, if you have time to read this you might want to discuss that at the same time.

H.M.JR: I will. Is that about all?

MR. D.W. BELL: Mr. Glasser and I have to be at the War Department at four o'clock.

H.M.JR: All right.

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MR. GLASSER: May I raise one point in connection with reparations? I got back to the office and found a request from the State Department that we assign someone to work with State and FEA on the problem of reparations, detailed study they are making of reparations. Is there any objection to our participating on a technical level?

H.M.JR: As a matter of fact, we were thinking of bringing in this economist from Agriculture on that particular thing.

MR. OLRICH: Silvermaster.

H.M.JR: Yes, we were thinking of bringing him in to do just that. Do you have Silvermaster?

MR. OLRICH: Yes, sir.

H.M.JR: Do you like him?

MR. OLRICH: Yes, sir.

H.M.JR: Want to get rid of him?

MR. OLRICH: No, sir.

H.M.JR: This, most likely, is a very old story, one of Harry White's, about the Oklahoma Indian who wanted to educate his son so he could learn really good English. He got ahold of this Oxford professor. So he said, "What can you do for my son?" "I can only do one thing", he said, "teach him English provided you give him to me for one year and he will just have to live with me for one year." So the father said, "All right". At the end of one year he came around to call on the Oxford professor. He knocked on the door and the Oxford professor came out and said, "How".

MR. OLRICH: Mr. Secretary, you have the idea I don't want to release him, though.

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H.M.JR: All right.

You are talking about wanting Silvermaster. The answer is "How". No. There is a letter here, also, which came in from Taylor of London which you fellows ought to get together on. There is a commission of five going to France, all Treasury people, to work on currency. I gave it to White or somebody. Is Taylor asking for somebody? He asked whether he couldn't have DuBois.

MR. D.W. BELL: We didn't see that.

H.M.JR: I think I gave it to you to bring up in Washington; (speaking to Charlie Bell) it is a letter or cable from Taylor asking that we send somebody over. Of course while I was up there Luxford said that if anybody had any ideas on DuBois to forget it, because while he didn't put it like this, he hoped he would be free to spend most of his time selling Bretton Woods to the country and that DuBois could step into his shoes so he would be free to devote himself from now until the time it goes through Congress, which I would like Luxford to do. I mean, I would like Luxford to be in a position where he could devote most of his time to selling, now we have gone through this terrific uphill pull to get it. You are not playing poker with me, are you?

MR. O'CONNELL: No, just listening.

H.M.JR: Anyway, Dan, all of this I am throwing at you, because I am not going to be around very much for the next couple of weeks. Think it over, but I very much want Luxford to be in a position where he can devote most of his time. Pehle is overstaffed, anyway.

MR. D.W. BELL: We can't spare many more people to go abroad.

H.M.JR: But I mean as far as DuBois is concerned. They have to do a lot of drafting.

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MR. D.W. BELL: He has been working with Harold and me on this French thing.

H.M.JR: Continue doing that so Luxford can be free to devote himself to merchandising what we have done at Bretton Woods. Somebody has to do that besides White.

MR. D.W. BELL: I think we are going to lose another good man, Tom Lynch.

H.M.JR: Where is he going?

MR. D.W. BELL: He is being offered a position with the Aeronautical Chamber of Commerce as their counsel. They are building up their organizations here for post-war work.

H.M.JR: Of course what I think we ought to do-- somebody prepared me a list of a dozen men that White has lost to the Army and Navy. I think we ought to pick one of those men and send him to Taylor and let him go to France.

MR. PEHLE: Southard is one of the best.

MR. GLASSER: Southard is Chief Finance Officer for Southern France operations, so he isn't available.

H.M.JR: But I think, Dan, if you don't mind, it is throwing so much at you, but if you would get ahold of this thing and talk with White and the rest of them, I would not let this thing wait around too long, because the English won't wait. I see they are putting an Englishman in charge of AMG. Did you give me that list?

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

H.M.JR: Charles Bell can dig up a list of a dozen people that left White for the Army and Navy who would be delighted to be sent to France on a mission like that. It is a swell job, if you could find the letter.

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MRS. KLOTZ: All right.

H.M.JR: It is on a thin sheet of paper. It came up from here. I would look over that list and I would pull in two or three of those fellows and have them on hand and let them freshen up on Treasury matters and then when these things come in, you could throw them out. It is a darned sight better working in France than sitting at a desk here. Herbert?

MR. GASTON: I could give you some more developments on the FBI matter sometime when you want to listen to them.

H.M.JR: I haven't been angry in three weeks.

MR. GASTON: I have had them for sometime but I thought I wouldn't annoy you. There is nothing very urgent about it.

H.M.JR: I was amused by that report that Cliff Mack sent me up on this case of Schraffts, where our undercover man saw the FBI fellow coming in and threw him out. Was it you who sent me that?

MR. OLRICH: Yes.

H.M.JR: When the FBI man got on the scene, they threw him out.

(Mrs. McHugh hands Secretary letter from Mr. Taylor requesting Treasury personnel)

MR. GASTON: I don't think you have heard the rest of that. This man O'Rourke came in and didn't identify himself and asked for Kenyon and went away again. Murphy of the Intelligence Unit, to whom our man Coyle who was in Kenyon's office reported, called up the FBI and asked if Mr. O'Rourke was in and identified himself. Then the FBI man asked the District Attorney how we knew that O'Rourke was an FBI man. Coyle explained he was a fine strapping young fellow, and what else could he be but an FBI man, not being in the Army.

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H.M.JR: You ought to let Gissie Patterson have a hundred pictures of the FBI men. I didn't see her editorial but I saw the comments in Times Magazine.

MR. SULLIVAN: She has another article today refuting Mr. Hull's statement.

H.M.JR: If you gave them four thousand FBI men she could fill a Sunday edition full of them. That's very funny.

MR. GASTON: We had another case that you might not mind hearing about.

The FBI worked on the fellow and the Revenue Agent tried to get him. They filled the office of the taxpayer up with three or four FBI men that scared him off. Then they tried to get the District Attorney to give him a warrant and they had nothing but the taxpayer's unsupported statement that he had been asked to pay a bribe and the District Attorney wouldn't give a warrant. In the meantime another taxpayer had made a complaint to the Intelligence Unit and the Intelligence Unit laid a trap for the fellow and got him and got his confession. The same man. They didn't know the FBI had worked on the case.

H.M.JR: As long as you keep it in a light mood it is all right. When you need me, let me know. I never did read the report on Secret Service.

MR. GASTON: Then there is that other political case, the El Paso Collectorship.

H.M.JR: Well, at a dinner for General DeGaulle-- have I told you about my conversation with the Senator from Texas?

MR. GASTON: Connally?

H.M.JR: Yes. It made pleasant conversation. I said, "Well I hope that you are pleased that we held up the appointment of the Collector for El Paso pending your

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decision", and in a voice that you could hear from the Carlton, certainly to the Mayflower, he said, "I want to know who this fellow Hannegan is. Who the hell does he think he is! What are they going to do, run the United States Senate?" Well I said, "He happens to be Chairman of the National Democratic Party". "Who brought him in there is what I want to know. They tell me it was Roosevelt". Well I said, "And so what". "Well, it is about time that he found he is an upstart from Missouri and can't run the United States Senate", and he went on and DeGaulle looked around. So finally I had to and said, "Well I don't know how you feel, Senator, but I think Mr. Hannegan is a very fine fellow". He shakes his head, and oh my God, it was something! That is the last I have heard of him.

MR. GASTON: I suggested somebody rather than we decide which State is to get that position.

MR. SULLIVAN: I had breakfast with Tom on the way out and he never mentioned it.

H.M.JR: Believe me, he mentioned it. DeGaulle certainly got a lesson in American politics there, if he could understand it.

MR. GASTON: There is nothing going to happen until Congress gets back, anyway. But that office is in bad shape down there. We can't very well reorganize it until we get a good collector.

H.M.JR: Mr. Olrich?

MR. OLRICH: The Army has appointed a full-time liaison man between Treasury, Procurement and the Army and surplus is beginning to move in our direction, sellable surplus, and our inventory now has reached fifty million dollars. We are selling inventories at the rate of better than three million dollars a week.

H.M.JR: That's about the same as before.

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MR. OLRICH: Yes.

H.M.JR: But you are getting more material.

MR. OLRICH: We are getting more and we are moving it.

H.M.JR: Will you and Charles Bell want to see me between now and Thursday noon?

MR. OLRICH: I would like to make it today or tomorrow because I have to go to Chicago tomorrow night.

H.M.JR: Three o'clock tomorrow. Charles Bell and Orlich.

MR. OLRICH: If there is any chance of making it in the morning, I would like it, because I have an opportunity to visit with Harold Stassen on his return from the South Pacific at three o'clock tomorrow.

H.M.JR: Ten o'clock?

MR. OLRICH: Yes, sir.

H.M.JR: Anything else?

MR. OLRICH: No, sir.

H.M.JR: Any of these appointments I am making in the next few days you can sit in on. You are invited.

MR. D.W. BELL: You think I had better sit in on this one?

H.M.JR: Yes, because he is making some fairly important decisions I think you ought to know about.

Herbert?

MR. GASTON: I don't have anything more.

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MR. O'CONNELL: In connection with the discussion a few moments ago on personnel. Do I understand from what you said to Dan that your interest in the personnel in my office has been assigned to Dan, for the moment at least?

H.M.JR: No, Dan is Acting Secretary.

MR. O'CONNELL: I know.

H.M.JR: I am not going to be around here enough to sit down and talk these things out.

MR. O'CONNELL: Well, I haven't heard anything in the last three or four weeks about what was happening to personnel in my office, except as Dan told me of your talk with him on the phone with DuBois. I would like to be as clear as I could as to who I was to look to to see what to do about people who work for me.

H.M.JR: When I am here, myself. When I am not here, Bell.

MR. O'CONNELL: When you are here, would it be all right for me to ask that you deal with me about matters involving my personnel?

H.M.JR: Yes, but I don't consider myself here these few days. But I would be very glad to sit down with you and Bell, because I just sort of feel I am a transient here.

MR. O'CONNELL: I don't think I have probably made myself very clear, but I would like to talk to you about the General Counsel's personnel when you are here some day this week.

H.M.JR: I will give you three o'clock tomorrow. I am a transient here for the next couple of days. I will be away again for sometime, and therefore I was just doing it this way to make things easy for myself.

MR. O'CONNELL: Surely.

H.M.JR: Cheer up, Joe.

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MR. O'CONNELL: I will wait until three o'clock tomorrow afternoon.

H.M.JR: Don't take things too seriously.

MR. O'CONNELL: I will still wait until three o'clock tomorrow afternoon.

H.M.JR: But I would like Bell in on that.

MR. O'CONNELL: Perfectly all right with me.

H.M.JR: I couldn't work any harder than I have with this thing coming on top of a war loan. It is about all I could swing so I would try once a day to talk with Bell and that is about the only person I did talk to, though I did have to transmit a lot of messages to a lot of people through Bell. I think that is good organization, anyway. So don't have your feelings hurt.

MR. O'CONNELL: I am not talking about that. I will still reserve it until three o'clock tomorrow.

H.M.JR: Anything else?

MR. O'CONNELL: These are small matters. Do you remember a couple of weeks ago you sent a letter to Congressman Dies in connection with the tax returns he had asked for? We are still the winner, so far as I know, in that we have never had an answer from Congressman Dies and that is about the most desirable result we could have hoped for. It is nearly three weeks now and at least we puzzled him, which I think was the result we wished to reach. I sent you a memorandum on my discussion with Mr. Markham which you may not have had a chance to read in connection with the sale of the APC property. I think at your convenience you might read the memorandum. The conference wasn't entirely satisfactory, but at least they have made known definite deals with respect to private sales of APC property, except a tentative deal on American products. General Aniline--no deal yet and they are still exploring the question of selling them competitively, but the cards are a little

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stacked again competitive sales, I believe. I couldn't prove that. I have given a copy to McConnell and there are some avenues he may be able to explore and a little later we can tell you more about them. That's all.

H.M.JR: Glasser?

MR. GLASSER: I have nothing.

H.M.JR: Glasser, on the recommendation of White, I am very glad to give you this.

(Secretary hands Mr. Glasser promotion letter)

MR. GLASSER: Thank you.

H.M.JR: You have earned it.

George?

MR. HAAS: You probably noticed if you looked at those figures, that the E Bond quota is slightly below the beam and if it is made it will be right on the nose. Everything else is up.

H.M.JR: I hope it isn't Durante's nose!

MR. GASTON: It looks a bit sticky.

MR. HAAS: The other thing is that you have a very big total, but the bank financing problem when the returns are in, is probably in excess of eight and a half billion.

H.M.JR: Indirect?

MR. HAAS: Yes. That is the switching and the bank loans for Government securities. You are not completely surprised at that, because we had to get a large figure in the total.

H.M.JR: Don't say that, George!

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MR. HAAS: This is all within the room.

MR. GASTON: George, it will be less than all the columnists have announced anyway. So what difference does it make?

MR. HAAS: I am just telling Mr. Secretary we did a lot of figuring.

H.M.JR: I haven't read except one column and somebody told me about that; this fellow wrote and said that Senator Wagner sent down six suits every day to be pressed and I sent only one every three days.

As a matter of fact, I don't think there was a tailor up there, was there?

MRS. KLOTZ: No.

H.M.JR: I want to say in my whole experience in Government, I never worked with a group who worked so well together as the American Delegation. I never had so much satisfaction in the complete team play on the part of the American Delegation. Not once any double-crossing or any side remarks to the press and that goes for the Republican Congressman and Senator as well as the Democrats. There was no interference from Washington of any kind. The State Department played ball a hundred percent.

I had to call the President once, because the State Department was worried about having the Fund located in America. The President said by all means.

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And I had to call Mr. Hull once because the State Department people were worried about what we were doing about the BIS. Mr. Hull backed me up on that a hundred percent.

So I only had to ask the President once and Hull once and there was no message of any kind out of Washington to us. I don't think I will ever have that experience again, as long as I am in Government, and that is the American Delegation with the other Delegation. It was as really a fine spirit as I have ever seen.

I have never been to a conference before, but the spirit was wonderful and I think it is very good for post war. Certainly we set a pattern, which is something for the rest of these conferences, and if the peace conference would take this as a model--this may sound immodest, but we worked out a way of working with Congress which was just perfect.

A man like Congressman Wolcott told the New York Tribune reporter in my presence, there wasn't a single thing happened at this conference that the American Delegation participated in that he did not know about.

He said, "I don't care how secret, there was nothing I didn't know about or have a part in," so it was a very unique experience and I don't think the rest of my life will I ever have another one like it.

1/a

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MR. HAAS: On war loan drives.

H.M.JR: You sounded political for a minute or two, George.

MR. HAAS: No, this isn't political. I don't think on the next drive you can safely commit yourself so far in advance as to the quota or timing of it. I am just mentioning it here now, because--

H.M.JR: Well, Bell knows my schedule. There are only two people who know--Bell and Mrs. Klotz; if you people want anything, you will have to talk with Bell.

MR. HAAS: We have discussed it.

H.M.JR: I am here until Thursday afternoon. If anybody wants to see me, I am available.

MR. D. W. BELL: I don't think we can discuss that for some time.

MR. HAAS: Unless you are liable to say something to the press--that's the only reason I am saying it now.

MR. D. W. BELL: May Harold and I be excused?

H.M.JR: Yes. I am sorry.

(Mr. D. W. Bell and Mr. Glasser leave conference)

MR. HAAS: The only other thing I have is that while you were away Dan sent over to the Budget Bureau - they requested him to advise revenue estimates for this report they are supposed to issue August 1. For the next fiscal year it is around something in excess of forty-five billions for tax and other receipts.

H.M.JR: Which will make a deficit of what?

MR. HAAS: I don't know, because I don't have their revised expenditure.

H.M.JR: I'd like to know what the deficit looks like.

MR. HAAS: I don't think they have it all together yet.

H.M.JR: Also, I'd like to know what the forty-five billion means, because somebody said that the thing was going to be about fifty percent--or we'd get about fifty percent, rather.

MR. O'CONNELL: You will. The receipts are above the estimates.

H.M.JR: Somebody wrote an editorial--I guess it was in Time Magazine--to show how wrong I was in everything that I had asked for. I had asked for fifty percent; the wrong was that I was going to get fifty percent, but I wasn't getting it from Congress, so therefore I was all wrong.

MR. HAAS: These other figures aren't available.

MR. PEHLE: Things have eased up very considerably.

H.M.JR: Come closer; I can't see you or hear you.

MR. PEHLE: The situation in Hungary which was so bad has changed very considerably in the last ten days. Whether it will last that way, we are not sure; but we are doing everything that can be done to keep it that way. Why they changed, of course, you will never know; but we were putting a lot of pressure on them and all the neutrals were and the Vatican was. And in addition to that, the Russian advances are obviously going to make an impression sooner or later. But they have come around a great deal, and the Roumanian situation is much better, too. As a matter of fact, about ten days ago a boat came out of Roumania with over seven hundred people on it. There hadn't been anything out for some time. So things are looking up very substantially.

H.M.JR: Did you see what Mark Clark did in his statement on that broadcast from the synagogue in Rome?

MR. PEHLE: Yes, I did.

H.M.JR: Will you send that in to Mrs. Klotz? That was a wonderful thing. It was the first broadcast from

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Rome. It really was a wonderful thing.

MR. GASTON: Was that in the papers or was it private?

H.M.JR: I read it in this morning's Times.

MR. PEHLE: It was on the national hook-up, too.

H.M.JR: But things have let up?

MR. PEHLE: Very considerably.

H.M.JR: That is fine. You can let a couple of lawyers go back to Joe!

MR. PEHLE: I haven't anything else.

H.M.JR: I can't make Joe smile.

I see that Mr. Ruml--and not General Rommel--has again got a plan.

MR. GASTON: He has the Treasury's 1936 plan, I think!

MR. O'CONNELL: Just about!

MR. HAAS: Not all of it, Herbert.

MR. BLOUGH: On that post-war tax front, we are continuing to work very amicably with Mr. Stam. I am not promising that will remain the case forever, but it has continued so thus far. We are starting tomorrow to have a series of conferences with outside groups like the one Mr. Ruml represents to talk about their post-war tax proposals.

We have a good understanding with Mr. Stam that there will be no publicity from the Government on those meetings; what the private people will do we can't control, but we can control pretty well what we do. It may be you will be asked about them, but it is part of a plan that we are going ahead with--the Twin Cities group tomorrow, Committee for Economic Development Friday, Mr. Ruml's group on August 2, and so forth. That will continue

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throughout the month of August.

We are also continuing to work with the other groups in the Executive branch, including Ben Cohen and representatives from Budget, Federal Reserve, and Judge Vinson's office. I think that while there is no very great tangible progress to report to date, things are going quite well and we will have some material for the committee probably a week from Wednesday, when we get some figures from Budget.

On another matter, if the situation is beginning to arise where people can be gotten out of the Army, I have a man thirty-seven years old in the Army whom I'd like very much to have--if the situation should open up along that line.

H.M.JR: Mr. Bell is listening.

MR. C. S. BELL: That is Ecker-Racz that Mr. Blough wants. The Army has spent a lot of money training him.

MR. O'CONNELL: He is in Italy, isn't he?

MR. BLOUGH: No, he is in England, and it is my understanding that the Army would not object to his being put on inactive service.

H.M.JR: Well, it is a little bit different from what I was talking about--people sitting at desks here in Washington going to France.

MR. BLOUGH: That is quite right. I don't know how long he will be in England.

H.M.JR: It is another thing to bring a fellow from England or France back to sit at a desk here.

MR. BLOUGH: I quite agree. If he isn't going to become a desk-sitter, I don't want him back.

MR. C. S. BELL: That works all right with the non-commissioned personnel; but with the commissioned personnel it is a little demoralizing now to start pulling them out. The war isn't over.

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H.M.JR: Like this Lt. Commander in the Navy, Southard, who has been assigned to us now for two years in Navy uniform.

MR. C. S. BELL: This fellow is on the other side.

H.M.JR: I won't go along on that.

MR. BLOUGH: Well, I wanted to take it up with you.

H.M.JR: That is Lend Lease in Reverse! If I can pull a couple of people off desk jobs here in Washington and send them over to France, that is something else.

MR. BLOUGH: Well, if the situation changes so he is no longer in England, I'll bring the matter up again.

H.M.JR: Okay.

Is Paul working with you?

MR. BLOUGH: He is working with us on an informal basis. Mr. Bell felt - and I think he is right - that Mr. Paul ought not to attend these meetings which Mr. Stam attends, because Mr. Stam will get the idea there has been no change in the Treasury set-up.

H.M.JR: Which Mr. Bell?

MR. BLOUGH: Mr. Daniel Bell.

But I have talked to Mr. Paul about once a week in the last month. We are continuing to work with him.

H.M.JR: Is Mr. Sullivan kept posted?

MR. BLOUGH: Mr. Sullivan has been posted on developments - perhaps not enough.

MR. SULLIVAN: I have attended a few of the meetings.

H.M.JR: He ought to be, and so should the Commissioner of Internal Revenue.

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MR. BLOUGH. Yes.

H.M.JR: This isn't exactly in your line, but you are the only economist here.

MR. HAAS: Thanks for the promotion!

H.M.JR: I think of you as a statistician.

MR. HAAS: I think I qualify at both ends.

H.M.JR: Anyway, no offense was meant.

MR. HAAS: Not at all. I'm just thanking you for the promotion.

H.M.JR: Can you get me this book by Mrydal? (Hands Mr. Blough clipping from PM of July 25, 1944)

MR. BLOUGH: I don't think there is anything else from my sector. I think things are going quite well.

H.M.JR: John?

MR. SULLIVAN: The Legion wants me to give a war bond talk at the National Convention, September 20. They had the National Executive Committee meeting here a couple of months ago, and I spoke there. They had the speech reprinted and sent throughout the country. They seemed to think it did some good.

H.M.JR: Good. I'd go.

MR. SULLIVAN: The Smaller Business Association of New England called this morning. They are quite a crowd. Last month they got eleven hundred people out to a dinner in Boston to hear Senator Murray and Maury Maverick, and they are having a hundred of their leaders in on August 23 or 24.

H.M.JR: Where is this?

MR. SULLIVAN: In Boston - to get some advice on post-war taxes. It seemed to me with all these meetings that

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Roy spoke about and all of this interest in this particular problem, that it might be a good time for somebody to lay down some general principles that might clarify the situation a little bit. I think perhaps if Roy felt like going, that might be a better spot for him than for me.

H.M.JR: I still would like Gaston to sort of be the guiding spirit on where people go to speak. If you don't mind talking with him, we'll leave it to Herbert.

MR. SULLIVAN: Certainly.

MR. GASTON: All right.

H.M.JR: Isn't that the set-up?

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

MR. SULLIVAN: I sent you a memorandum on Vivian Kellems and her brother. They are now up to date on the payment of their taxes. The back years have been paid up, and the current year in each instance is just a little bit more than fifty percent paid.

H.M.JR: Whatever happened to that Macy case where they wanted to pay for Ruml's campaign in the last tax thing?

MR. SULLIVAN: I don't recall.

H.M.JR: Will you look it up? They took it off as an expense for the financing of Ruml.

MR. SULLIVAN: I'll take a look at it.

H.M.JR: I don't want to give you any ideas, now, Olrich!

All right, John?

MR. SULLIVAN: I'd like to reconsider your offer to send the car out, because I have been riding down with Herb.

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(The Secretary arranges transportation for Mr. Sullivan)

Charles?

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

MR. O'CONNELL: Did you read that Bob Hinckley had been appointed Director of Contract Termination under this legislation?

H.M.JR: Yes. Is that good?

MR. O'CONNELL: Yes. They had the Hancock-Baruch Termination Board last Saturday. Tom Lynch and I went over. It was sort of a last meeting and a meeting to welcome Bob Hinckley and offer to be of any service to him that they could be. There is a little period now when we haven't anybody doing what the Contract Termination Board was doing, because Hinckley's name has not been confirmed by the Senate, since the Senate hasn't been in town to confirm it, and the Department of Justice has expressed some doubt as to whether or not a recess appointment can be made effective while Congress is in adjournment between sessions.

In any event, Hinckley is neither fish nor fowl at the moment, as far as having a clear legal charter. But he is going ahead and making preparations to build up a small organization to do the job. As far as we can tell, I think he is a good appointment. Justice is a little leery about him.

H.M.JR: All right. Thank you all.

July 24, 1944
4:24 p.m.

HMJr: Hello.

Operator: Mr. Murray is in Pittsburgh and the operator said that Miss Daugherty has gone for the day. No one answers in his office at all.

HMJr: Miss Daugherty?

Operator: That's his secretary.

HMJr: Oh. What's the name of his General Counsel over there?

Operator: The General Counsel? Wait, I'll see.

(Pause)

Operator: That's Mr. Lee Pressman.

HMJr: Yes.

Operator: But he is still out of town. Do you want anyone in his office?

HMJr: Was there nobody in Mr. Murray's office?

Operator: No one in Mr. Murray's office at all -- they don't answer.

HMJr: Was there any -- I mean, nobody in the whole C.I.O. office?

Operator: Well, she can give me someone in Mr. Pressman's office, but Mr. Pressman isn't there.

HMJr: Well, give me somebody in Mr. Pressman's office.

Operator: All right.

(Conversation with Mr. Pressman's office was not recorded.)

July 24, 1944
4:50 p.m.

HMJr: Hello.

Operator: Ready?

HMJr: Yeah.

Operator: Go ahead.

HMJr: Hello.

Arthur
Sulzberger: Hello, Henry.

HMJr: How are you?

S: How are you? You ought to be exhausted or are you all refreshed from the nice northern air?

HMJr: Well, I'm refreshed except when I read the editorials of the New York Times about the Conference.

S: Yeah. They haven't seen eye to eye.

HMJr: No, and if you don't mind my saying so, I don't think that they're very intelligent.

S: Well, I -- I don't know whether they are or not.

HMJr: Well, I -- I don't know why you're calling me but I -- I wouldn't have

S: I'm calling you on a totally different matter.

HMJr: Well, I wouldn't have called you but

S: Yeah.

HMJr: but if I may get this off my chest, Arthur....

S: Yeah.

HMJr: It looks to me that even before we started, that the editorial board of the New York Times was out to torpedo this Conference.

S: Well

HMJr: And

S: I think that's the wrong expression....

HMJr: Well, that's the way I

S: to use about conferences, but we didn't do that. (Laughs)

HMJr: Well, I mean, it looks as though they were just out deliberately to do it and -- uh -- now, your reporting from up there was excellent.

S: Good.

HMJr: Your two men up there did a swell job.

S: Good.

HMJr: And I think if you would take the time to talk to them when they come back, it would give you maybe a little bit different

S: Uh huh.

HMJr: viewpoint than whatever your editorial board is doing.

S: All right.

HMJr: But

S: I shall do so, Henry, because I, naturally, have read the editorials but it's over my head.

HMJr: Well....

S: And I don't know anything about it.

HMJr: Well, if you

S: I don't profess to.

HMJr: Well, I -- I -- I -- I don't know your one man. I do know Crider, but they were there and they know what's going on. I do wish you'd send for them.

S: I shall do so.

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HMJr: And if they could -- because I've felt that the fact that the Times was so determined against us has been very harmful to us.

S: Yes.

HMJr: And this isn't anything that -- I mean, it isn't -- I mean, it's bigger than the Treasury. It's bigger than the Democratic Party and everything else.

S: Oh, well, it wasn't political.

HMJr: Yes.

S: Look, I'll tell you what I'm calling you about.

HMJr: Yes.

S: Chauncey Waddell is Charles Evans Hughes' son-in-law.

HMJr: Yes.

S: He just called me.

HMJr: Yes.

S: He says that he has both friends and clients among the Hungarian Jewish group in this country.

HMJr: Yes.

S: And there is a problem in connection with the rescue of some of them.

HMJr: Yes.

S: And he asked me if I would call you....

HMJr: Yes.

S: to facilitate his getting in touch with you about it. It's a decision, he says, which is going to come up for you on Wednesday morning and consequently there being so little time, I told him I would phone you....

HMJr: Yes.

S: and ask you if it would be all right for him to phone you directly.

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HMJr: Well

S: I know nothing about it except Chauncey. I do know him.

HMJr: Well, would you mind -- because a phone call is so unsatisfactory -- couldn't he either write or telegraph me?

S: I'll ask him to either write or telegraph.

HMJr: Would you?

S: Right.

HMJr: Because I -- I don't like to do these things on the phone.

S: Uh huh.

HMJr: But if he would either send me an air-mail, special delivery letter which I'd get very promptly....

S: Right.

HMJr: or a telegram.

S: Okay, Henry.

HMJr: Right.

S: And, as I say, I know nothing about it. I'm merely perfectly certain that he's a man of good heart and good faith.

HMJr: But have a look at this other thing.

S: I will.

HMJr: Thank you.

S: Right.

HMJr: Bye.

July 23, 1944 - 2:00 A.M.

TO HARRIMAN

At the Monetary Conference, the Soviet Delegation Chairman announced last night that the Soviet Government had agreed to increase its subscription to the International Bank for Reconstruction and Development to \$1,200,000,000 from the \$900,000,000 originally agreed upon. (In this matter the proposal of the American Government for subscriptions to the International Bank was agreed to.) The quota granted to the Soviet Union under the Stabilization Fund Agreement was thereby equalled. (Apparently the information you received from Vyshinsky, as reported in your 2705, July 22nd, 11:00 A.M. was the basis for taking this action.)

An appropriate press statement, which is quoted in the Department's immediately preceding telegram, was issued by Secretary Morgenthau.

You are requested to convey the gratitude of the United States Government to Molotov or other appropriate Soviet official for the Soviet Government's statesmanlike decision in this matter.

Hull

(State Dept. also sent another cable to Harriman quoting the full text of Secretary Morgenthau's address at the closing Plenary Session of the Monetary Conference.)

July 24, 1944

Dear Alan:

I again want to thank you for having come to Bretton Woods and for having been of such great assistance to me in the preparation of my closing address at the final plenary session.

Upon your return from your vacation you will find a slight token of my warm regard for you and I hope that you will accept it in that spirit.

Yours sincerely,

(Signed) Henry Morgenthau, Jr.

Mr. Alan Barth,
1306 30th Street, N. W.,
Washington, D. C.

JUL 24 1944

Dear Cordell:

I wish to thank you for your cooperation in permitting Mr. John G. Vincent, Chief of your Division of Chinese Affairs, to come to Bretton Woods to participate in the negotiations with Dr. Kung for the settlement of our Army's financial obligations for its expenditures in China. Mr. Vincent has been most helpful and constructive. As you know, he accompanied Vice President Wallace on his recent trip to China, and was thus in a position to give us the up to the minute background relevant for our purposes.

Sincerely yours,

(Signed) Henry

The Honorable
The Secretary of State
Washington, D. C.

S.A. SA:mv 7/17/44



THE SECRETARY OF STATE
WASHINGTON

July 26, 1944

Dear Henry:

I have your letter of July twenty-fourth telling me of the assistance that Mr. John C. Vincent rendered you in connection with the negotiations on our Army's financial obligations for the expenditures in China. It is a pleasure to me to know that Mr. Vincent was of help to you.

Sincerely yours,

A handwritten signature in cursive script, reading "Cordell Hull". The signature is written in dark ink and is positioned below the typed name.

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.

JUL 24 1944

Dear Fiorello:

Thank you for your telegram of July 20, expressing your interest in having the Bank for Reconstruction and Development located in New York.

Although the Articles agreed upon at the Conference place the Bank's principal office "in the territory of the member holding the greatest number of shares", which is the United States, neither the Conference nor its committees will determine the specific location within the United States. The latter determination will be made by the Bank's Board of Governors, after the various governments sign and put into effect the Bank agreement.

I am sure, however, that in any deliberations as to the proper location of an institution of this type, New York will be given serious and full consideration.

Sincerely,

(Signed) Henry Morgenthau, Jr.

Honorable Fiorello H. LaGuardia,

The Mayor of New York.

WLU/jm
7/22/44

HJW

WLU

Air Mail

*written on Monetary
Conf. statement*

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

12. 2. 46

Fiorella

The Honorable Frank H. LaGuardia
 Mayor
 New York ~~City~~, N.Y.

Thank you for your telegram of July 20, expressing your interest in having the Bank for Reconstruction and Development located in New York.

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UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE

The various governments sign ^(and put into effect) the Bank agreement. ~~and the Bank before is not~~

I am sure, however, that in any deliberations as to the proper location of an institution of this type, New York will be given serious and full consideration.

V T G

Secy of Treas

205

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WESTERN UNION

1301

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A. N. WILLIAMS
PRESIDENT

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121
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Williamson

HONORABLE HENRY MORGENTHAU JR=

WORLD MONETARY CONFERENCE BRETTON WOODS NHAMP=

IT IS NATURAL THAT I BELIEVE NEW YORK CITY IS THE LOGICAL LOCATION FOR THE WORLD BANK I AM SURE I NEED NOT PRESENT ANY ARGUMENTS YOU ON THIS POINT WHAT CAN I DO TO PROVIDE INFORMATION CONCERNING FACILITIES CONVENIENCES AND DESIRABILITY OF NEW YORK CITY TO THE COTTNFERDNCE OR TO THE MEMBERS OF THE COMMITTEE WHO WILL MAKE THE DICISION=

F H LAGUARDIA MEYOR

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

JUL 24 1944

Dear Mr. Fulton:

Now that the success of the Fifth War Loan Drive is assured, I want to take this opportunity of thanking you and the entire outdoor advertising industry for the splendid part played in the Drive by this great merchandising medium. At the same time, I want to enlist further help in our plans for the Sixth War Loan Drive.

It is hoped to instill in the American public as never before an awareness of the extreme importance of continued War Bond buying by sparking the Sixth War Loan Drive with reproductions of a \$100 War Bond on all outdoor panels throughout the country. Your cooperation in this gigantic undertaking is earnestly requested.

It is my hope--indeed my conviction--that this program will find an eager response among operators and advertisers everywhere, and that the impact of so universal and unprecedented a display will go far toward making the Sixth War Loan Drive one of the most successful in the annals of War Finance.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. K. H. Fulton
Director of War Activities
Outdoor Advertising Association
of America, Inc.
60 East 42nd Street
New York, New York

RWC:deb

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

CONFIDENTIAL

DATE July 24, 1944

TO Secretary Morgenthau
FROM Mr. Haas
Subject: The Business Situation,
Week ending July 22, 1944.

Summary

Stock market: Increasing signs of Axis weakness touched off a sharp decline in stock prices last week, as investors showed renewed signs of apprehension over reconversion problems and possible cut-backs in war production. At the close on Saturday industrial stock prices were 3 percent lower than a week earlier. In contrast, industrial stock prices in London last week moved steadily higher to the best levels since January 1937.

Commodity prices: Due largely to the favorable war news, commodity futures have shown noticeable weakness during the past two weeks. The spot markets, however, have moved irregularly, with the BLS index of 28 basic commodities showing practically no change. Declines in cash grain and cotton prices have been offset by advances in the prices of hogs, steers, and rosin.

Industrial production: Industrial output showed a further slight decline in June, and the FRB seasonally-adjusted index of production declined to 235 from 237 in the previous month. Industrial production continues to be hampered by the manpower shortage, with factory employment in June showing a further slight decline.

Reconversion: After some delay, the WPB is proceeding with the partial reconversion program originally outlined in June. Under the program a series of orders issued at varying dates up to August 15 will serve as a basis for a limited reconversion of industry to civilian goods production.

Crop prospects: Crop prospects, based on July 1 conditions, indicate a total production this year equal to the large production of last year, although the individual crops will vary considerably from those of 1943. Further improvement in the record wheat crop occurred last month, with the total crop now estimated at 1,128 million bushels, almost 300 million larger than the 1943 crop.

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- 2 -

Stock prices decline on signs of Axis weakness

Evidence of internal unrest in Germany, together with the attempted assassination of Hitler and the downfall of the Tojo cabinet in Japan, have served to focus the attention of financial circles on the possibility of an early peace. As a consequence, investors and stock traders are showing renewed concern over the problems of reconversion and cut-backs in war production, and earlier strength in the stock market has given way to weakening tendencies. After moving up to a new high since 1940 in the previous week, industrial stock prices turned downward last week, with the Dow-Jones average showing a net loss of nearly 5 points (over 3 percent) for the period. Railroad and utility stock prices also declined, and trading volume increased near the end of the week as selling became heavier.

Industrial stock prices rise to new high in London

In contrast to the unsettlement in the New York market, industrial stock prices in London continued to forge ahead last week, and at the end of the period stood at the highest level since January 1937. (See Chart 1.) Despite the fact that industrial stock prices in London on the eve of the invasion were at relatively high levels in relation to New York prices, they have since shown a further gain of 5 percent as compared with a rise of only 3 percent in New York.

Undoubtedly the dominant factor behind the London advance has been the favorable tenor of the war news. Specific evidence of mounting hopes for the early defeat of Germany is seen in the recent rapid rise in German bond prices in London. Thus the price of German 5's of 1924 has more than doubled since the invasion of France began. (See Chart 2.)

War developments depress commodity futures

While war developments have had a greater effect on the New York stock market, commodity futures have also shown weakness. The Dow-Jones futures index, after a noticeable rise engendered by the Price Stabilization Extension Act in the latter part of June and early July, has declined 2 percent in the last 10 days. (See Chart 3.) December cotton futures dropped 4 percent in that period while December futures of wheat, oats, and rye have shown declines ranging

- 3 -

from 2 to 7 percent. In addition to the war developments, the delay by the OPA in the issuance of revised price ceilings for major cotton textiles has tended to depress cotton futures.

The spot markets have moved irregularly during the past two weeks. Moody's spot index has declined slightly, but the BLS index of 28 basic commodities has shown practically no change. (See Chart 4.) Declines in cotton and grain prices were offset by advances in the prices of hogs, steers, and rosin. While cash wheat prices were off 3 percent in the past two weeks under the pressure of heavy marketings from this year's record wheat crop, the recent increase in the Government loan rate, together with CCC open-market buying, has tended to support the markets. Due in part to a shortage of labor for unloading wheat, many markets have instituted permit systems to regulate the flow of new wheat to market. Hog marketings are declining seasonally and prices have moved up 2.5 percent in the past two weeks.

The BLS general index of wholesale prices declined 0.2 percent in the week ended July 8, and held unchanged in the following week. The index now stands at 103.9 percent of the 1926 average, which is 1 percent higher than a year ago and is 38.5 percent above the pre-war August 1939 average. Lower prices for apples, oranges, and onions were largely responsible for the most recent decline in the index.

Industrial production slightly lower in June

Industrial activity showed a further slight decline in June, and the FRB seasonally-adjusted index of production dropped to 235 from 237 in the previous month. This was the fourth consecutive decline in the adjusted index, which had reached 247 at the peak last fall. The dominant factors in the decline in June were decreased production of steel and nonferrous metals. The transportation equipment and machinery industries, heavily engaged in munitions output, both showed declines, although the decrease in the machinery group was inconsequential. Output of minerals increased moderately last month, but the gain was due entirely to seasonal factors. Likewise a slight increase in nondurable goods production was attributable to seasonal influences.

- 4 -

Manpower shortages hampers production

An outstanding factor in the recent decline in industrial production has been the manpower shortage. The WMC earlier this month estimated that industries essential to the supply of the armed forces were confronted with a shortage of 200,000 workers. The decrease in manufacturing output in June was accompanied by a further drop of 49,000 in the number of factory workers employed. (See Chart 5.) This decline, however, was considerably less than the average monthly decline in the preceding 6 months. Moreover, employment in the nondurable goods industries actually showed a moderate increase, thus registering the first expansion since August 1943.

Further declines occurred last month in employment in the shipbuilding and aircraft industries. In addition to others, the steel industry continues to be hampered by the manpower shortage. In this connection the president of the U. S. Steel Corporation recently estimated that the industry needed 50,000 additional workers, and attributed a lag in steel production almost entirely to a lack of manpower. After reaching 100 percent of capacity in the last week in April, steel operations showed a gradual decline to a recent low of 94.3 percent of capacity in the Independence Day holiday week. Steel production subsequently has shown some improvement, however, with operations last week scheduled at 97.2 percent of capacity. Moreover, it should be noted that despite a lag in production near the end of the period, steel ingot production in the first half of 1944 set a new high record of 45,062,000 net tons. This was 1,176,000 net tons (about 3 percent) more than in the corresponding period of 1943.

Gain in electric power production narrows

Accentuated by cut-backs in aluminum production which involves heavy power consumption, electric power production thus far in 1944 has reflected the downward trend in industrial production. While power production has run consistently above year-earlier levels, gains have narrowed considerably since earlier in the year. In sharp contrast to a gain of 15.6 percent in the first week in 1944, by the last week in June the margin over 1943 levels was cut to 5.3 percent. This was followed in the first week in July by the sharpest week-to-week drop in power output since the Edison Electric Institute began compiling figures. As a result, the gain over last year's levels dropped to 0.5 percent. A rebound in the week ended July 15 however widened the gain to 4.6 percent. (See Chart 6.)

- 5 -

The sharp drop in power output in the first week of this month reflected widespread shut-downs of industrial plants as a result of the Independence Day holiday. The severest decline occurred in the New England area, where power consumption in some cities is reported to have dropped 50 percent. The strongest showing was made by the Pacific Coast area, which reported an increase of 15 percent over 1943 levels, largely as a result of heavy power demands for aluminum production and farm irrigation.

WPB proceeding with limited reconversion program

With the rapid pace of war developments raising the possibility of an early collapse of the Axis, increasing interest is certain to be centered on reconversion plans. Although reported opposition from the armed services and the WMC resulted in some delay in putting the program into effect, the WPB has proceeded with the partial reconversion program originally outlined in June. According to plans announced earlier this month, four separate orders issued at varying dates up to August 15 will serve in the aggregate as a basis for the limited reconversion of industry to civilian goods production.

One order providing for the lifting of some of the restrictions on the use of aluminum and magnesium, and another allowing the fabrication of models for experimental purposes, already have been issued. Under the program these are to be followed by another on July 29 permitting the placing of unrated orders for machine tools and equipment. Finally, on August 15 an order is to be issued allowing manufacturers with manpower and facilities not needed in the war program to proceed with civilian goods manufacture upon approval of WPB field offices.

1944 crop production expected to equal 1943

Aggregate crop production in 1944 is expected to be about the same as last year, but production of individual crops will vary considerably from that of 1943, according to the July 1 crop report of the Department of Agriculture. Crop prospects improved west of the Mississippi during June, but east of the Mississippi scanty rainfall and high temperatures, which have continued into July, have generally caused a decline in prospects. Recent showers, however, have brought relief to some eastern drought areas.

- 6 -

Further improvement in the bumper wheat crop occurred last month, and total wheat production is now forecast at 1,128 million bushels, or 93 million greater than that indicated on June 1. The indicated wheat crop, by far the largest on record, is almost 300 million bushels larger than the 1943 crop. (See Table 1.) The first official forecast of corn production this year indicates a very large crop of 2,980 million bushels, although nearly 100 million below that of last year. The 1944 crops of oats, barley, rye, and hay are expected to show no substantial change from those of last year.

Due largely to reduced acreages, considerably smaller production of certain "war crops" is forecast. As compared with 1943 the flaxseed crop may be 50 percent less and the dry bean and sweet potato crops 8 and 9 percent smaller, respectively. The Irish potato crop will be large, but substantially less than last year's crop.

Fruit production this year will be of record or near-record proportions, with a citrus fruit crop possibly equal to or greater than the record 1943-44 crop, and aggregate production of the major deciduous fruits 18 percent larger than in 1943. The third largest peach crop on record is in prospect, while the indicated commercial apple crop is 37 percent larger than that of last year.

WFA announces food releases for May and June

The release of more than \$15 million worth of food for civilian use from Government-owned stocks during May and June was announced by the WFA recently. Shell eggs were by far the most important item sold, amounting to 1,300,000 cases valued at \$11,400,000, but appreciable quantities of sugar, canned vegetables, dried fruit, and rice were also released.

These sales by the WFA represent a continuation of the policy of eliminating excessive surpluses and avoiding spoilage. It was indicated that a careful check is kept of inventories in relation to requirements of Government war agencies, but that changes in war plans, location of food stocks, type of package, and other factors, sometimes warrant releasing foods to civilians. Moreover, some stocks that have been built up as the result of price-support programs, as in the case of eggs, are released to civilians when the market will absorb them.

- 7 -

Established trade channels are used in releasing food stocks, and the original packer is usually given the first chance to buy back the product. A sales plan is worked out for each lot of food released, with consideration given to deficit areas, and to the location of the product. The formulation of such sales policies by the WFA will undoubtedly be important in the orderly disposal of Government food stocks after the war.

Farm real estate values continue rise

Farm real estate values have continued to rise markedly, with the BAE index of estimated value per acre up 3 points to 117 (1912-14=100) in the four months ending July 1. While this rise is considerably less than the 9 point advance registered during the preceding four months, farm real estate values normally show less change during the April-July period, when the number of sales is usually reduced. The farm real estate index rose less rapidly in the spring of 1943 than in the preceding winter. Since the sharp rise in farm real estate values got under way in 1941 the index has risen almost 38 percent and is now at the highest level since 1928. The index, however, is still far below the peak of 170 reached in 1920. (See Chart 7.)

Factors which have tended to moderate the danger inherent in the rapid rise in farm land values have been the large proportion of cash purchases and the large down payments made on credit-financed property. In the first quarter of this year 51 percent of the sales were for cash, and the down payments on mortgaged property averaged 42 percent of the value as compared with 39 percent in 1943. Nevertheless, due to the rapid rise in farm real estate prices, heavier mortgages were placed and the debt per acre increased. Considerable speculation in farm lands was apparent during the first quarter of this year, with over 10 percent of the sales in 80 selected counties throughout the country involving property held two years or less.

Urban real estate prices rising

Although reliable and comprehensive figures are not available on the changes in urban real estate values, evidence continues to accumulate that prices of urban homes have been advancing sharply in recent years. Commissioner Fahey of the Federal Home Loan Bank

- 8 -

Administration stated recently that in his judgment prices of houses had risen at least 25 to 30 percent since 1940. Numerous cases had come to his attention of sales prices up 40 and 50 percent above reasonable prices at the beginning of 1941.

The total amount of new loans for home purchases by savings and loan associations rose substantially in 1943, and in the first five months of 1944 was 49 percent greater than in the corresponding period of last year. While the rise in mortgage lending for home purchases may have been due to various causes, the increase in prices of homes was undoubtedly an important factor. The rise in urban home values has been particularly noticeable in war-boom centers, where many war workers have been forced to buy homes in order to find living accommodations.

Table 1

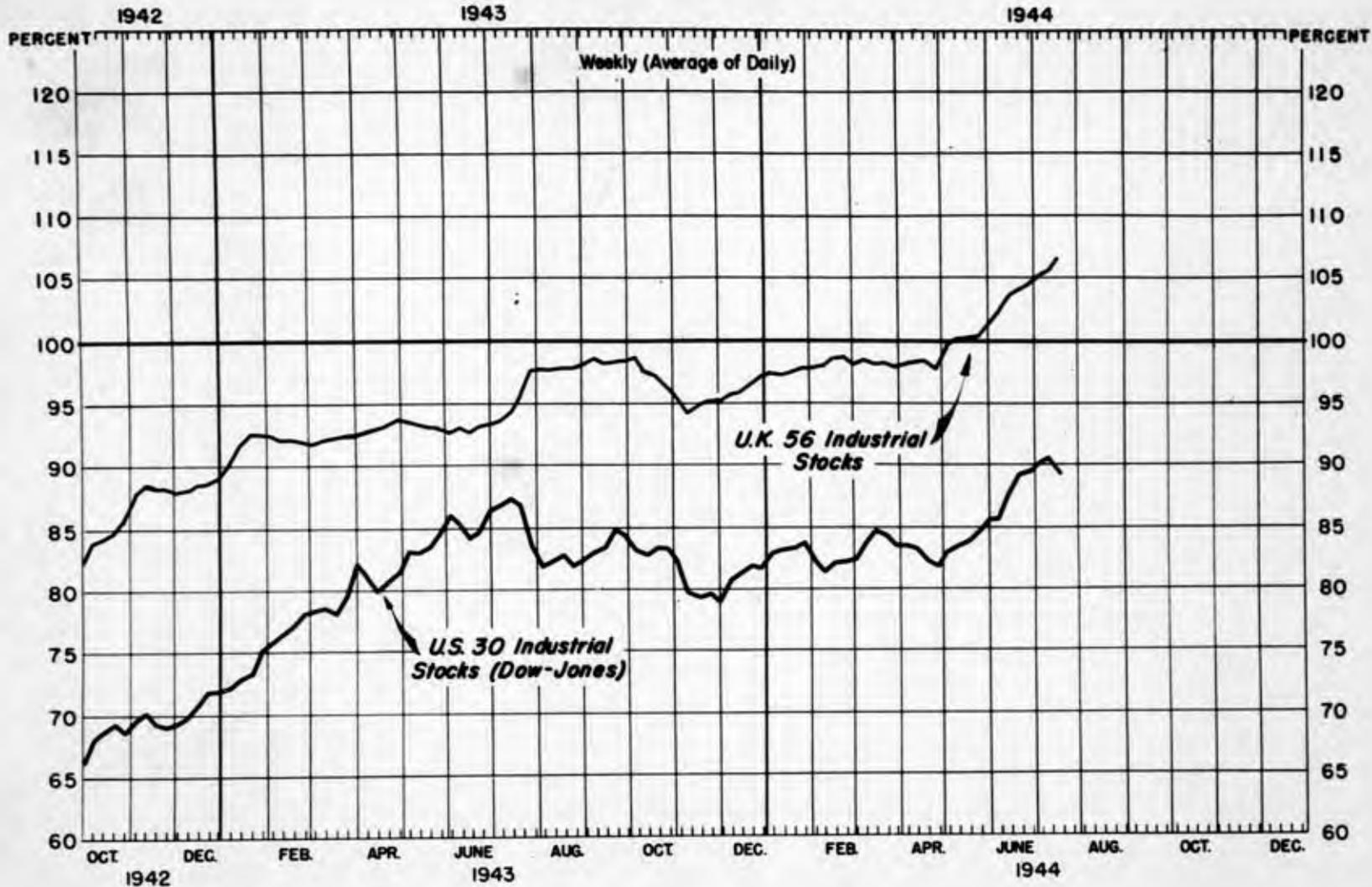
Production of selected crops

(In thousands of bushels, except where otherwise noted)

	Average 1933-42	1943	Indicated July 1, 1944
Wheat	760,199	836,298	1,127,822
Corn	2,369,384	3,076,159	2,980,136
Oats	1,028,280	1,143,867	1,183,236
Barley	256,350	322,187	301,811
Rye	40,446	30,781	29,362
Flaxseed	17,180	52,008	26,541
Beans dry (100 lb. bags)	15,133	21,123	19,358
Potatoes	362,912	464,656	399,116
Sweet potatoes	67,182	72,572	66,393
Sugar beets (tons)	10,094	6,522	7,227
Apples (commercial crop)	122,378	89,050	122,268
Peaches	57,618	42,180	69,201
Pears	28,559	24,585	27,733

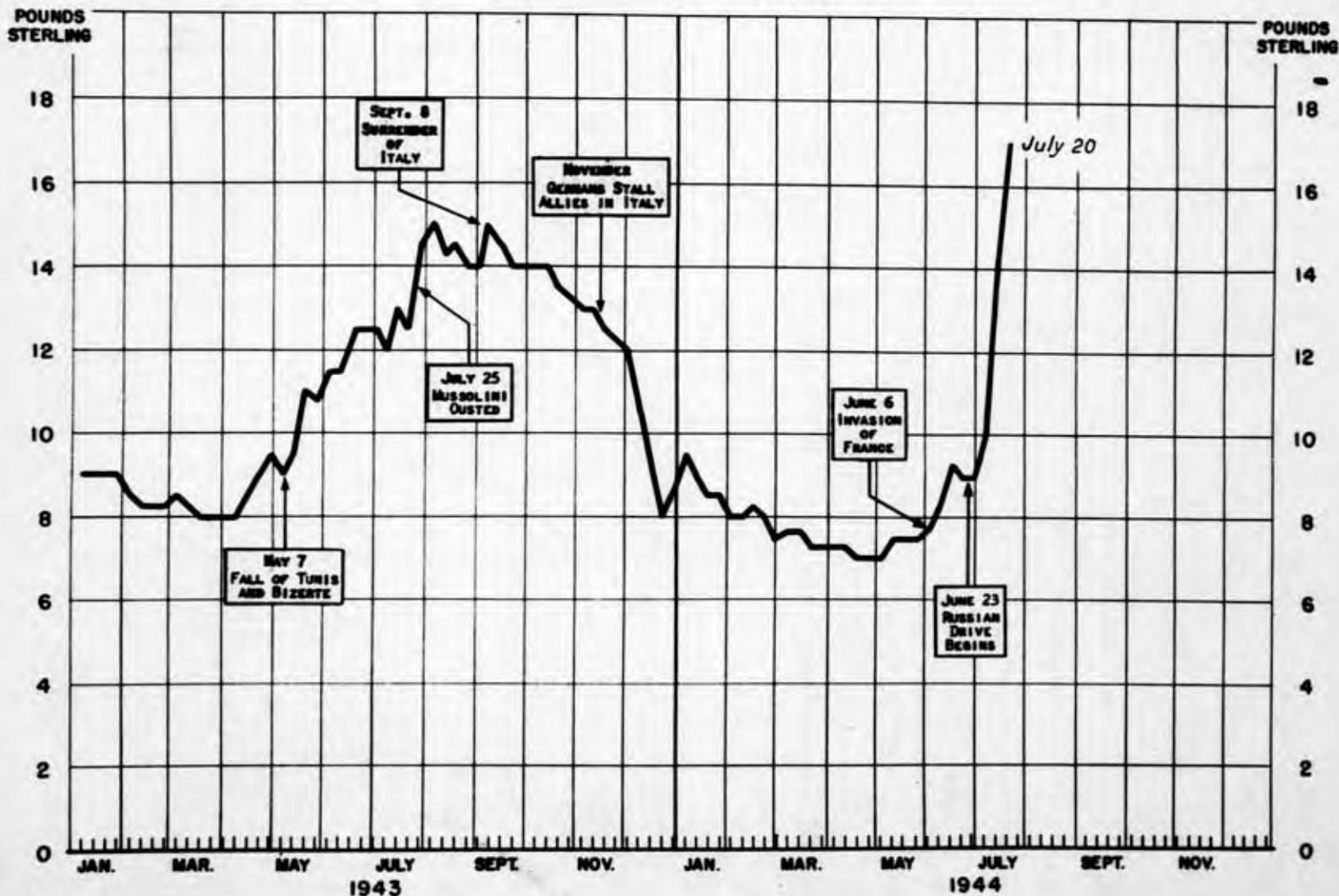
Source: Department of Agriculture.

INDUSTRIAL STOCK PRICES IN U.S. AND U.K. August 1936 = 100

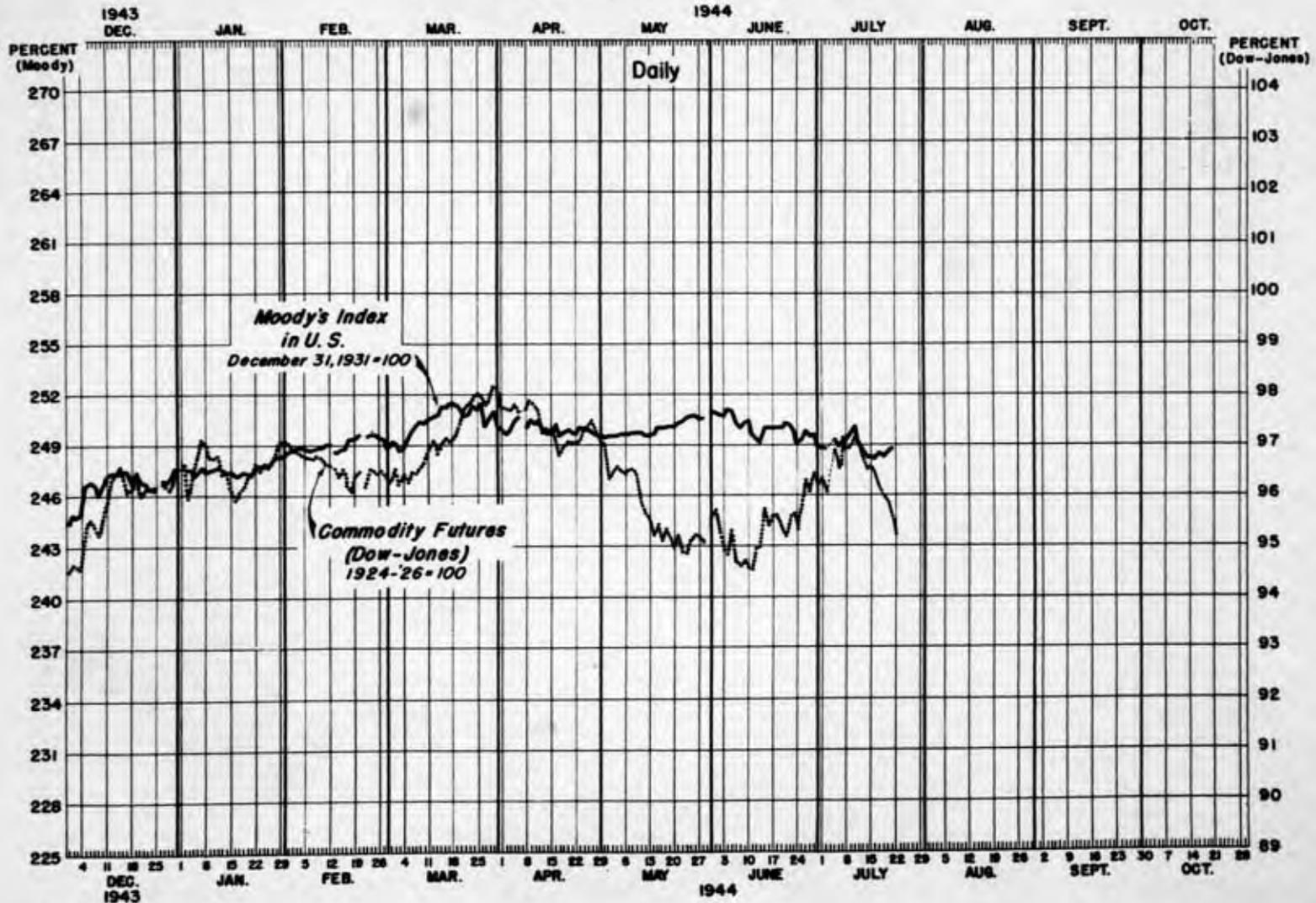


PRICE OF GERMAN 5s 1924 AT LONDON

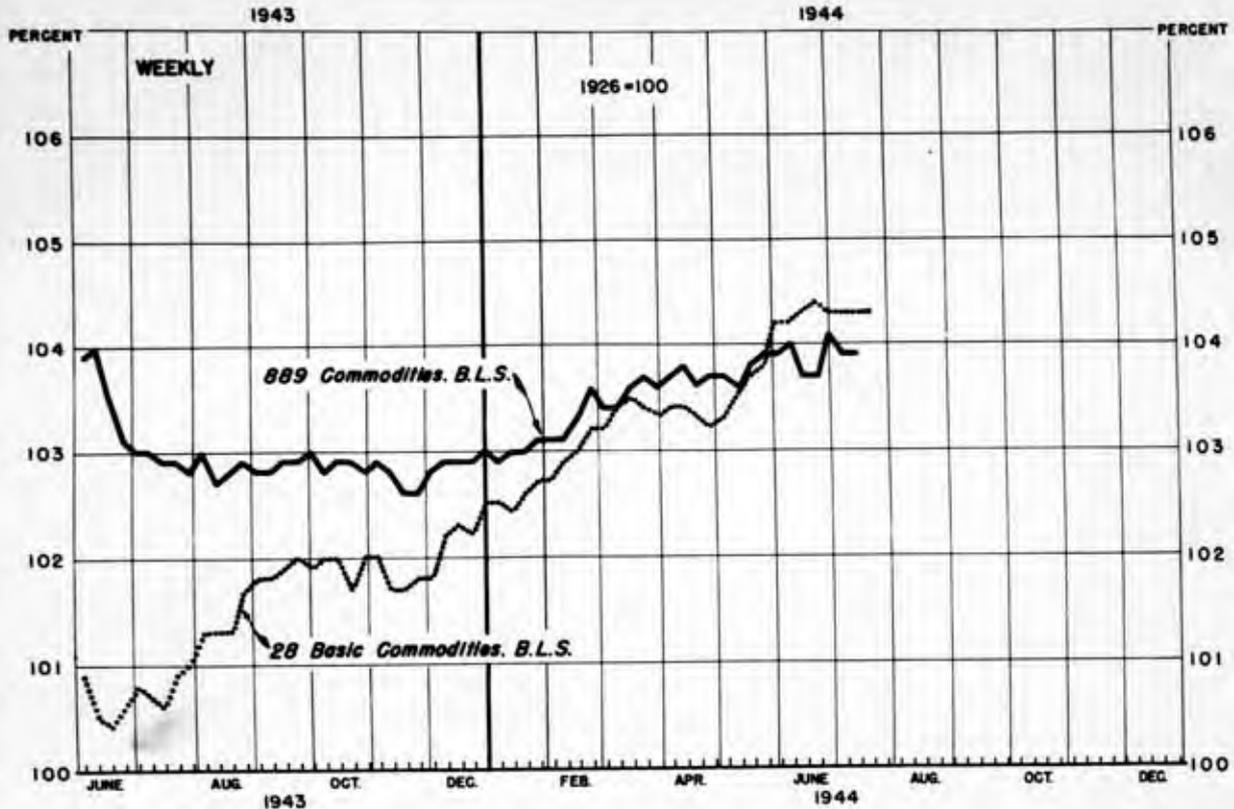
Thursday Quotations, January 1943 to Date



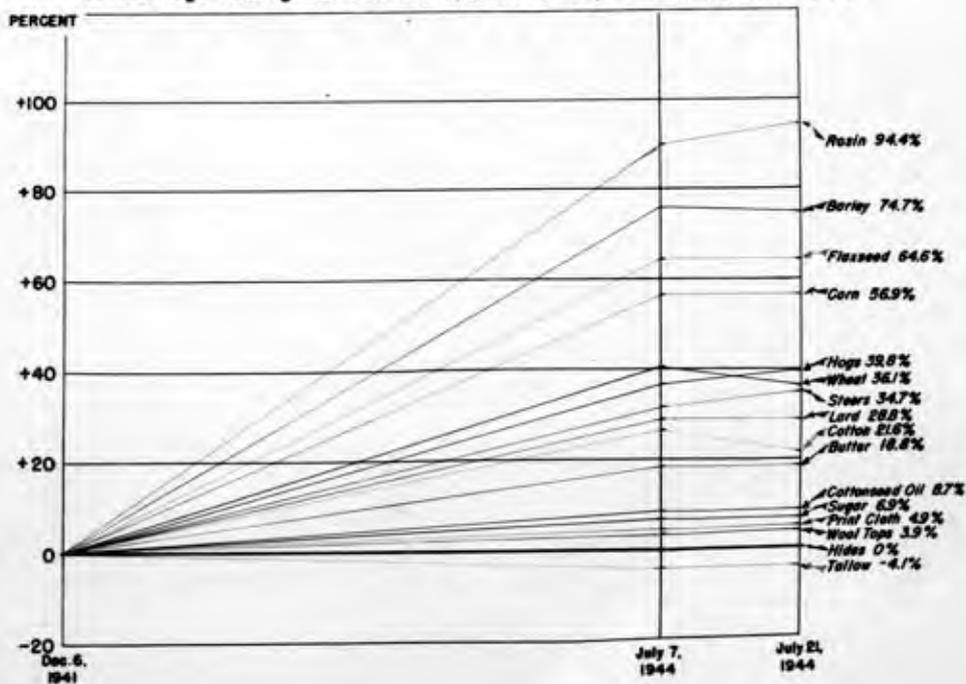
COMMODITY PRICE INDEXES IN U.S.



WHOLESALE COMMODITY PRICES



SELECTED BASIC COMMODITIES
Percentage Change December 6, 1941 to July 7 and July 21, 1944



219

FACTORY EMPLOYMENT AND OUTPUT

1939 = 100, Unadjusted

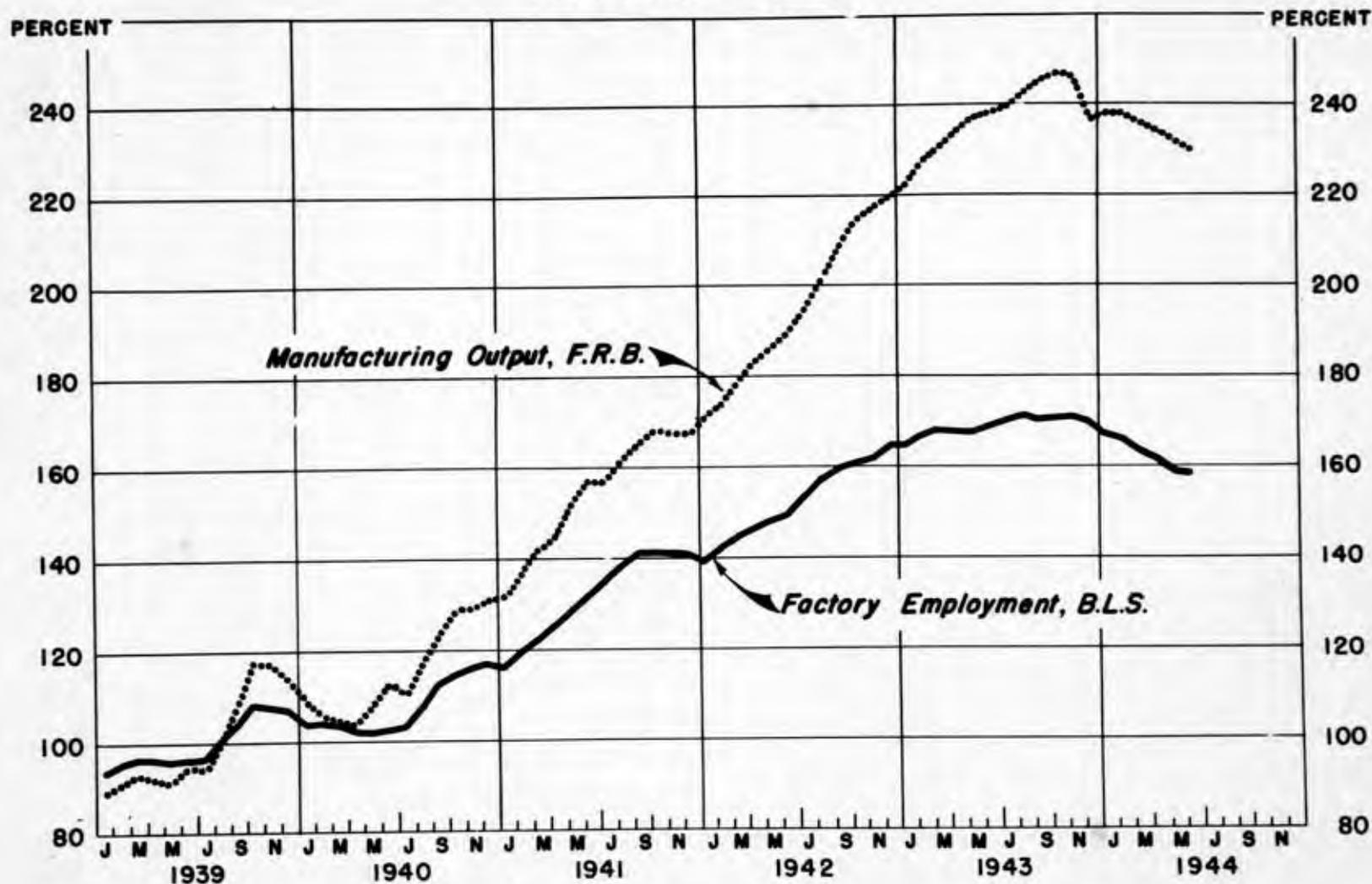
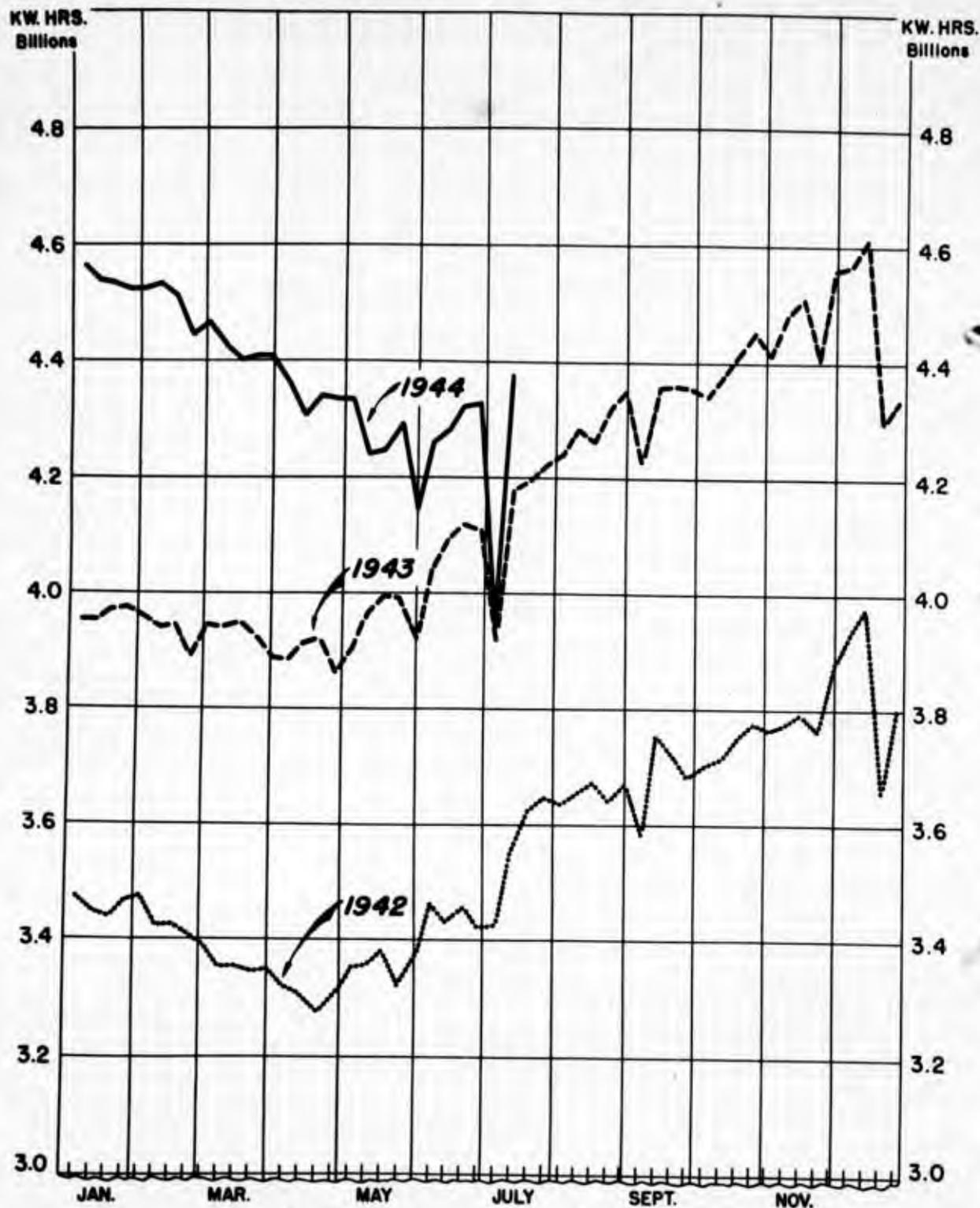


Chart 5 220

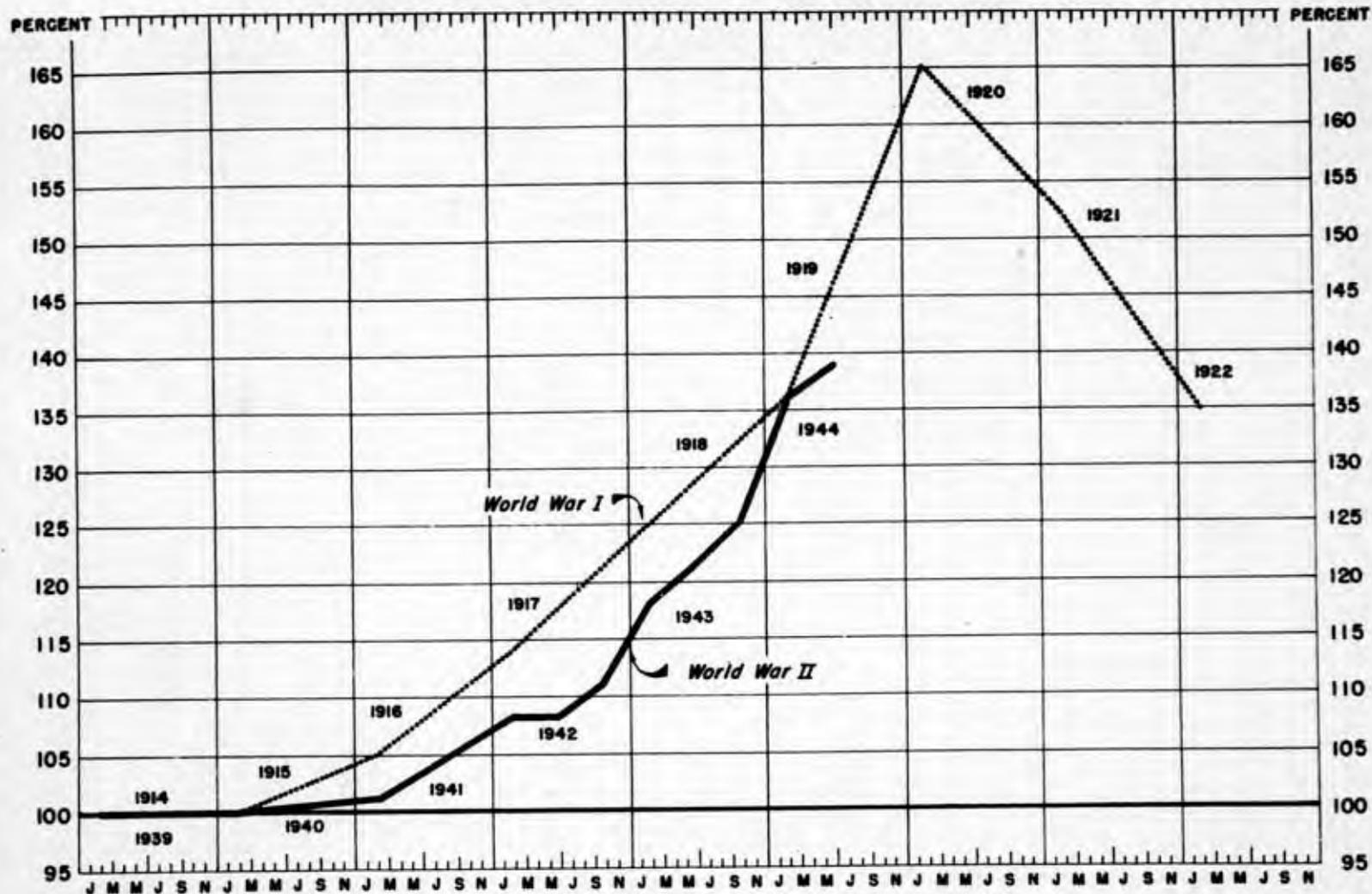
ELECTRIC POWER PRODUCTION



Source: Edison Electric Institute and New York Times

FARM REAL ESTATE VALUES IN TWO WORLD WARS

World War I, 1914=100; World War II, 1939=100





TREASURY DEPARTMENT

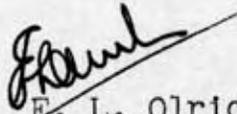
WASHINGTON 25

July 24, 1944



MEMORANDUM TO THE SECRETARY

I am enclosing a memorandum from Mr. Clifton E. Mack, Director of Procurement Division, which compares the last Lend-Lease budget for the fourteen months' period, beginning May 1, 1943, through June 30, 1944 with the actual requirements.


E. L. Olrich
Assistant to the Secretary

Enclosure



C
O
P
Y

TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON 25



OFFICE OF THE DIRECTOR

July 22, 1944

MEMORANDUM TO MR. ERNEST L. OLRICH,
ASSISTANT TO THE SECRETARY:

Our last Lend-Lease budget was on the basis of the fourteen months' period from May 1, 1943, through June 30, 1944. The total requirements for procurement through Lend-Lease estimated by the foreign missions for budgetary purposes was \$2,424,800,000. The actual requirements submitted were far less than the original estimates, totaling but \$1,395,800,000 or 57.6 percent.

The attached chart shows the budget estimates for the United Kingdom, Russia, China, and all other countries on the basis of one-fourteenth of the total for each month against which monthly purchases are shown.

The actual purchases against requisitions submitted by the foreign countries under the Lend-Lease program for purchase through the Procurement Division were in the proportions of the original budget estimates as summarized below:

United Kingdom	48.5%
Soviet Government	79.4%
China	24.4%
All other countries	49.8%

A large part of the reduction from the original requirements is due to the much smaller steel programs which has represented a large dollar volume; and also, close screening by FEA and WPB has helped to reduce the amount.

(s) Clifton E. Mack

Attachment: Comparison of Purchases and Budget Estimates. Clifton E. Mack
Director of Procurement

PROCUREMENT DIVISION - LEASE ACTIVITY
COMPARISON OF PURCHASES AND BUDGET ESTIMATES
(MILLIONS OF DOLLARS)

SECRET

	TOTAL			UNITED KINGDOM			RUSSIA			CHINA			ALL OTHERS		
	Budget Estimate (14 Mo.)	Purchases	Per Cent	Budget Estimate (14 Mo.)	Purchases	Per Cent	Budget Estimate (14 Mo.)	Purchases	Per Cent	Budget Estimate (14 Mo.)	Purchases	Per Cent	Budget Estimate (14 Mo.)	Purchases	Per Cent
	\$	\$	%	\$	\$	%	\$	\$	%	\$	\$	%	\$	\$	%
May	173.2	134.4	77.6	87.6	60.7	69.3	54.7	65.1	119.0	6.3	1.5 CR.	23.8 CR.	24.6	10.1	41.0
June	173.2	169.2	97.7	87.6	59.9	68.3	54.7	112.8	206.2	6.3	.3	4.7	24.6	3.8 CR.	15.4 CR.
Sub Total	346.2	303.6	87.6	175.2	120.6	68.8	109.4	177.9	162.6	12.6	1.2 CR.	9.6 CR.	49.2	6.3	12.8
July	173.2	121.4	70.0	87.6	55.8	63.8	54.7	60.1	109.8	6.3	1.8 CR.	26.5 CR.	24.6	7.3	29.6
August	173.2	111.9	64.6	87.6	27.5	32.5	54.7	73.0	133.4	6.3	1.8 CR.	28.5 CR.	24.6	13.2	53.6
September	173.2	48.1	27.8	87.6	26.8	31.7	54.7	8.7	15.9	6.3	6.4	101.6	24.6	6.2	25.2
October	173.2	100.2	57.8	87.6	58.6	66.8	54.7	24.1	44.0	6.3	.3	4.7	24.6	17.2	69.9
November	173.2	53.3	30.8	87.6	20.8	23.8	54.7	23.7	43.3	6.3	.5	7.9	24.6	8.3	33.7
December	173.2	62.1	35.8	87.6	23.9	27.3	54.7	26.6	28.6	6.3	.1	1.6	24.6	11.5	46.7
January	173.2	134.1	77.4	87.6	60.3	68.8	54.7	53.5	97.8	6.3	.1	1.6	24.6	20.2	82.1
February	173.2	79.3	45.8	87.6	43.9	50.1	54.7	24.2	44.2	6.3	.9	3.1	24.6	11.0	44.7
March	173.2	98.7	56.9	87.6	47.7	54.4	54.7	34.9	63.8	6.3	.4	6.3	24.6	15.7	63.8
April	173.2	102.1	58.9	87.6	39.2	44.7	54.7	33.7	61.6	6.3	16.4	260.3	24.6	12.8	52.0
May	173.2	93.3	53.9	87.6	39.6	45.2	54.7	30.2	55.4	6.3	2.1	33.3	24.6	21.4	86.9
June	173.2	87.7	50.6	87.6	29.8	34.0	54.7	37.5	68.5	6.3	.2 CR.	3.1 CR.	24.6	20.6	83.7
Sub Total	2078.4	1092.2	52.5	1061.2	473.9	45.1	656.4	430.2	65.5	75.6	22.7	30.0	295.2	165.4	56.0
Grand Total	2424.8	1395.8	57.6	1226.4	594.5	48.5	765.8	608.1	79.4	88.2	21.5	24.4	344.4	171.7	49.8

July 1944

The New York Times.

JUL 24 1944

CLARK HAILS PROMISE OF JEWISH BROADCAST

Lieut. Gen. Mark W. Clark, in a message marking the first Jewish broadcast from territory liberated by the United Nations, yesterday termed the broadcast "the promise of what the United Nations will bring to a liberated world."

His message was read yesterday over Station WEAJ and the NBC network on the special broadcast from the Synagogue of Rome. Chief Rabbi Israel Zolli of Rome, who conducted the service, described the Allied soldiers who had freed Rome as "the expression of the ideal of liberty and justice for which European Jews have suffered." Capt. Aaron Paperman, Jewish chaplain attached to the Fifth Army, also spoke.

General Clark, in his message, read by Captain Paperman, said:

"This is a proud day for the Fifth Army, for the Jewish people and for the free world. For us who are fighting this bitter struggle, today's services represent the fruit of what we are fighting for, the promise of what the United Nations will bring to a liberated world.

"Under the Fascist and Nazi reign of terror, the Jews in Italy were humbled and beaten, driven into hiding, forbidden to worship according to their beliefs and traditions. Rome little more than a month ago was a city under the heel of a ruthless foreign master and enemy of liberty.

"Today—liberated by the Fifth Army—Rome is a free city, and her people are free to worship as they choose. Freedom of religion, perhaps the greatest of the freedoms, has been restored to the Eternal City. The world has cause to be thankful."

CABLE TO AMBASSADOR MURPHY, ALGIERS, AND FOR ACKERMANN, BARI

We would appreciate clarification of information received in Cable Number BX14273 of July 18 from CG Allied Force Hq., Advance Command Post, Caserta, Italy. The cable accounts for 544 family members and 255 unattached persons. We desire to know the status of the remaining 186 persons comprising the group. Are they orphans? Also how many males and females over 45 are in total group?

THIS IS WRB CABLE TO ALGIERS NO. 38

12:10 p.m.
July 24, 1944

ALaughlin:JWP:1hh 7/24/44

UNRESTRICTED**FROM****ALGIERS****Date: July 24, 1944****Rec'd: July 31, 1 pm****Secretary of State,
Washington.****A-224, July 24, 2:30 p.m.**

It has now been ascertained through the office of G-2 (G.I) Section, Allied Force Headquarters that Yves Levy DELPORTE and Pierre Levy DELPORTE, subject of the Department's telegram relayed to this Mission by Madrid, are now in the French Armed Forces and that their addresses are as follows:

**Yves Levy Delperte,
S^oD.E. (Artillerie),
S.P. 84.102**

**Pierre Levy Delperte,
S^oD.E. - 801^o Chars,
S.P. 84.102**

CHAPIN

**Copy to American Embassy, Madrid
File No. 310
SJD/mh**

CABLE TO AMBASSADOR MURPHY, ALGIERS, AND FOR ACKERMANN, BARI

Please deliver the following message to Mr. B. Ralph Stauber
from Dillon Myer, War Relocation Authority:

"Have Gruber arrange for preparation brief factual biographies of about 15 selected refugees. This information, mimeographed if possible, should be ready when boat docks. Also arrange for persons selected to be available at time of landing for possible press interviews. Line up necessary interpreters. Representatives from WRA Washington office will be on hand to arrange press contacts.

THIS IS WRB CABLE TO ALGIERS NO. 37

12:10 p.m.
July 24, 1944

ALaughlin:mm 7/22/44

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

Please deliver the following message to Sir Herbert Emerson:

QUOTE Refer to your message of July 20. War Refugee Board is delighted with promptness and nature of IGO's decision. In both its direct and indirect results, the operation will make a significant contribution to the alleviation of distress and to the saving of lives. We are particularly appreciative of the generosity shown in scope and flexibility of the plan. UNQUOTE.

5:00 p.m.
July 24, 1944

A. Abrahamson: ccs 7/24/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
 TO: American Embassy, London
 DATED: July 24, 1944
 NUMBER: 5791

CONFIDENTIAL

FROM THE WAR REFUGEE BOARD FOR SIR HERBERT EMERSON

Myron Taylor has transmitted to the Department the substance of a telegram dated July 15th sent to the Inter-Governmental Committee, London, by Sir Clifford Heathcote-Smith.

The cable in question as understood by us describes the organized deportation by the Germans of Jews and other refugees from Italy to concentration camps with the ultimate purpose of their extermination. This shocking action of the Nazis in Italy is typical of the murderous extermination campaign which has been carried out in all occupied territory and which today is being executed on a large scale in Hungary.

This Government has in recent months made clear to the world, that it is prepared, in cooperation with other sympathetic governments, to find havens of refuge for all victims of this persecution who are able to leave German occupied territory. This policy of our Government was enunciated by President Roosevelt in his statement of March 24th as well as in his recent message to Congress announcing the bringing of 1,000 refugees to this country.

The situation described in the cable in question appears to be another aspect of the general problem and, while it is quite possible that many of the deportees from Italy have already been executed, this Government will cooperate in any way with the British Government and other governments in facilitating any feasible plan of action. Heathcote-Smith's suggestion apparently would involve an approach to the German Government asking them to release refugees deported from Italy and to deliver such refugees to allied authorities at a North Atlantic port whence they would be returned to Italy or taken to temporary havens of refuge elsewhere.

It is our view that any approach to the Germans should indicate the willingness of the allied governments, with due regard to military necessities, to consider measures for the reception in allied and neutral territory of any Jews in German occupied territory, and should not be limited to deportees from Italy. This Government has recently advised the British Government of its willingness to join in such an approach to the German Government. However, we are prepared to consider sympathetically any

plan designed

-2- #5791, To London, July 24, 1944

Plan designed to meet the Italian problem referred to by Heathcote-Smith. In the circumstances it would appear most feasible for the Inter-Governmental Committee to determine the practical problems involved and discuss the matter with the British Government.

We would appreciate being informed of further developments in this matter.

It will be appreciated if Emerson will make available to Ambassador Winant the cable from Heathcote-Smith in order that Winant may be fully informed.

Repeated to Myron Taylor, Vatican City as Department's No. 16.

HULL

Miss

AIRGRAM

FROM

Managua

Dated July 24, 1944.

Rec'd July 29, 8 a.m.

SECRET

Secretary of State,
Washington

A-303, July 25, 10:30 a.m.

Department's airgram no. A-233, July 7, 11:20 a.m.,
and Embassy's airgram A-298, July 21, 10:30 a.m.

The Tropical Radio Telegraph Company has informed the Nicaraguan Foreign Office that its telegram to the Swiss Foreign Office dated April 22, 1944, was delivered in Bern on April 23, 1944.

It would appear that the Swiss Foreign Office was in error when it informed Minister Harrison that no request had been received from Nicaragua to safeguard from enemy persecution persons bearing Nicaraguan passports.

In any event, it is presumed that the Swiss Foreign Office has now received the additional request contained in the Nicaraguan Foreign Office telegram of July 19.

STEWART

802.1
HDF/SP

AIR MAIL

No. 764

**EMBASSY OF THE
UNITED STATES OF AMERICA**

Lisbon, July 24, 1944

RESTRICTED**Subject: Treatment of Jews and Anti-Nazis in Dutch and
Polish Prison Camps****The Honorable
The Secretary of State
Washington**

Sir:

I have the honor to transmit herewith a memorandum for the War Refugee Board covering statements given here by four American citizens recently evacuated from German camps regarding treatment of anti-Nazis and Jews in German prison camps in Holland Poland. It is assumed that the information will be of interest to the War Refugee Board, and if the Department perceives no objection, it is requested that copies of the memorandum be transmitted to the Board.

Respectfully yours,

For the Ambassador:

/s/ Edward S. Crocker

Edward S. Crocker,
Counselor of Embassy

Enclosure:

Memorandum for War Refugee Board.

RCD:ew

EMBASSY OF THE

UNITED STATES OF AMERICA

MEMORANDUM

TO: John W. Fehle, Executive Director, War Refugee Board
FROM: R. G. Baxter, Attache

Subject: Report of Treatment of Anti-Nazi and Jewish
Refugees in Camps in Holland and Poland.

Among the American citizens who are presently being evacuated through Lisbon to the United States are four women who have seen with their own eyes the treatment of opponents of the Nazi regime and Jews in Holland and Poland. It seemed advisable to obtain immediately a statement of their experience for the benefit of the Board as it was thought that by the time they reached the United States they might have forgotten some of the details. They were therefore interviewed and the following is a summary of their statements.

However, before recording their statements, this Embassy would suggest that they be interviewed when they arrive in the United States and that, if it is at all possible, their statements be made use of in order to inform the American people of just exactly the type of cruelty we are now fighting.

The first to be interviewed was Mrs. Ida Johnson, United States passport No. 109, issued in Rotterdam, whose American address is 6468 East 128th Street, New York City, care of Marriet Hill. I saw Mrs. Johnson and her two young daughters, Marilyn and Jacqueline, together. Mrs. Johnson is the wife of a colored pianist who was evacuated in March. For some fifteen years she and her children have been living in Holland.

Before the American entry into the war, the Johnson family was not molested but in December, 1941, Mr. Johnson was taken to a prison camp and has not been seen by his wife since. He is now in America. Mrs. Johnson and the girls were not interfered with until the summer of 1942. Then the Germans insisted that they would take the older girl, who was over 16, to Germany. Mrs. Johnson, who is a very aggressive and intelligent colored woman, put up a vigorous fight, saying that she would not allow her elder daughter to be separated from her and her younger daughter. Due to the intervention of a Dutch official, whose daughter was a schoolmate of the younger Johnson girl, Mrs. Johnson's plea was finally accepted and on September 30, 1942, the mother and the two daughters were sent to the concentration camp at Amersfoort, near Utrecht. As American citizens they were not treated too badly but Mrs. Johnson, who was in the camp from the 30th of September to the 10th of November, reports that in the same camp there were several thousand of Dutch Jews, also a considerable number of Dutch Christians, who were treated very badly indeed. She and her daughters saw numerous

cases of extreme brutality. Men were used as laborers and were mixed with heavy boots by the German guards if they did not walk fast enough. She and her daughters saw one old man, apparently 60 years of age, who was knocked down and then deliberately kicked to death. They also saw a man hit in the face with a brick until his face was badly crushed. Fifteen men were shot while trying to escape. The food given in the camp to both the Jewish and the anti-Nazi Dutch was so inadequate that most of the prisoners appeared starved. Their skin turned yellow. Mrs. Johnson and the other American prisoners were given somewhat better food and the anti-Nazi prisoners, Dutch and Jews used to fight over the garbage that came from their section of the camp.

Following their confinement in Amersfoort, the Johnsons were taken to the prison at Oorhuizen. They were kept at Oorhuizen with 42 people in one very small room. Thence they were transported to Loebenstein, a prison for American and British, where they had no complaint to make at all. There were no refugees or anti-Nazis in this prison.

Mrs. Johnson reported that before going to Amersfoort their home in the Hague was near a Jewish Synagogue on a night after night she saw the Dutch Nazis beating up the Jews. If Christians intervened, as many of them did, they were also badly maltreated.

The surname interviewed was Fanny Plinder, American passport No. 893,535, issued at Washington the fifteenth of December, 1928. The address of Miss Plinder, who is Jewish, is 1661 Langfellow Avenue, The Bronx, New York.

Miss Plinder went to Poland in 1938 to visit her mother who was living in the city of Radom. She was taken seriously ill in May, 1939 and was unable to leave before the war broke out.

She herself was badly maltreated and beaten and imprisoned in Poland. She was put in a prison cell with 94 women, all Jewish. These women were given 20 minutes exercise each day and made to "run like horses." The guards stood near them as they ran and beat them with heavy whips if they did not run fast enough. When the woman came in from exercising, many of them were covered with blood. She herself was badly beaten more than once. She claims the prisons were full of filth and lice and day after day they heard the sounds of the beating by the Gestapo. Many of the women as well as the men died from the treatment they received in the prisons and many others committed suicide.

She was then taken to a prison in Berlin, Alexanderplatz, which had been previously a criminal prison, and in one small cell 39 women were confined, all political prisoners or Jews. If the guards happened to feel like it, they would take out the prisoners to special cells which were covered with broken glass and either make the prisoners dance on the broken glass or roll around on it. If they survived this ordeal, they would then come back to the ordinary cell, streaming with blood. She herself was told that she would be hanged but this was only a threat. After some weeks in the prison at Alexanderplatz, she was

transported to Liebenau, as an American, where she also claims the treatment was satisfactory.

Miss Flinder had been living with her mother and stepfather and several younger half-brothers and sisters in Radayn. She was separated from them when she was sent to prison and has not seen or heard of them since. She was informed that they were sent to a ghetto in another city and she hopes that they died. Otherwise, they would still be living in torture.

She claims that young Jewish girls were raped and then tortured by the Gestapo. She says that she herself has seen bodies of young girls thrown into streets after this experience. They were treated so badly they were streaming with blood and many of them were viciously mutilated. She also claims that the first question that was asked when the Gestapo entered a Jewish home was "Have you any young women here?", and these women were used to satisfy the passions of the Gestapo guards before they were killed or taken to prison. She tells the story of a cousin of her mother to whom this sort of thing happened and tells of the searching of her stepfather's house for her young half-sister.

Both Mrs. Johnson and Miss Flinder seemed to me to be obviously telling the truth, although it is difficult to understand how any individuals could be as cruel as they reported the Gestapo and the German guards to have been. Miss Flinder reported that the Polish Christians were very friendly to the Jews and did everything they could for them although any Christian aiding a Jew subjected himself to the same penalties as the Jews received.

Neither Miss Flinder nor Mrs. Johnson could give names of their torturers although they said the leaders were always officials and men of the Gestapo. In the case of Mrs. Johnson, many of the torturers were Dutch Nazis although Mrs. Johnson claims that the great majority of the Dutch people were hostile to the Nazi regime.

The important thing in regard to these stories is that they are first-hand evidence of people who actually saw with their own eyes what was happening in parts of occupied Europe. It seems very much worth while that when these individuals arrive in the United States, they be seen and their stories be taken down in detail. Mrs. Johnson's stories are particularly valuable as she is obviously not Jewish. All four women are apparently very badly affected by the experiences which they have had. The nervous strain which they have undergone has left its marks on them.

Robert C. Dexter

Liebau, July 24, 1944

RD:ew

CABLE TO NORWEB, LISBON, FROM WAR REFUGEE BOARD.

Please deliver the following message to Robert Pilpel, c/o American Embassy, from M. A. Leavitt, Joint Distribution Committee:

QUOTE We cabled Saly Mayer through Bern Legation: INNERQUOTE For three months period, July 1 to September 30, you are authorized to arrange local borrowing for relief purposes as follows: Rumania \$300,000, Hungary \$300,000, France \$300,000, Northern Italy \$30,000, total for three months \$930,000. STOP Please arrange to keep separate accounts of transactions undertaken under these authorizations which represent total authorizations for these countries and supersede previous authorizations given you. STOP Transactions already entered into in July should be included in the overall total. STOP From time to time we suggest you advise us through Bern Legation amounts for which transactions consummated and countries concerned. STOP Please note these authorizations relate exclusively to local borrowing against eventual repayment by us in sterling or dollars and we would appreciate being kept advised extent sterling and dollar obligations made. STOP In addition we have available for time grant for local borrowing in Hungary sum of \$20,000. STOP If transaction made for this special sum please keep separate account this item. STOP Assume International Red Cross will continue their cooperation in arranging details of local borrowing. STOP Please advise us by September 1 whether you believe foregoing rate of authorizations should be continued for last quarter of year, or whether they should be increased or decreased, if possible giving us some supporting data for your recommendation. STOP Copy this cable being repeated to Joint Distribution Committee, Lisbon, END INNERQUOTE. For your confidential information we cabled Herbert Emerson that in view heavy demands on us for rescue requirements we requested consideration by Intergovernmental Committee to assume our borrowing obligations for last six months this year as follows: Rumania \$40,000 monthly, Hungary \$25,000, France \$100,000, Northern Italy \$10,000, total for six months \$1,050,000. STOP We also suggested view of conditions Rumania Hungary, this authorization be substantially increased. STOP In reply Intergovernmental Committee generously approved authorizations given in our cable Saly Mayer, STOP Important you do not (repeat not) disclose to Saly Mayer these authorizations are for account Intergovernmental Committee. STOP Urgent however that you stress necessity Saly keep separate accounting and documentation, copies of which we hope Saly can send through pouch to us. STOP Advise Saly that as heretofore we assume same measure of aid will be given to all persons regardless of religion who suffer as result of religious or political discrimination. STOP No (repeat no) publicity whatever should be issued regarding these increased authorizations. UNQUOTE

5:00 p.m.
July 24, 1944

LC - 102
Distribution of
true reading by
special arrangement
(SECRET W)

Lisbon

Dated July 24, 1944

Rec'd 10:48 a.m.

Secretary of State,

Washington.

2273, July 24, 1 p.m.

I believe and Dexter concurs any approach along the lines suggested Department's 2057 WRB 52 July 21 might endanger lives of hostages and is in other ways unwise. This is especially true in view of recent developments in Hungary which may solve the problem without risks delivery your message involves. WRB 110. Embassy is therefore not (repeat not) delivering Whitman's message nor is Dexter conferring with individuals mentioned in 2057. They are not in Lisbon but in small town of Curia 100 miles north.

NORWEB

WSB ER

LL-153
Distribution of
true reading only by
special arrangement.
(SECRET W)

Lisbon

Dated July 24, 1944

Rec'd 3 p.m.

Secretary of State,

Washington.

2275, July 24, 3 p.m.

THIS WRB 111.

Portuguese police increasingly active in apprehending and returning Spanish Republican refugees. REDEPTELS 1819 and 1820, June 24 and 2007, July 17. Urge that Mexican Minister be advised by his Foreign Office to grant visas promptly on arrival; also to intervene with Portuguese for exit permits after visas secured. Otherwise situation may be catastrophic.

NORWEB

RB
MRM

NOO-248

PLAIN

Lisbon

Dated July 24, 1944

Rec'd 8:02 p.m.

Secretary of State,**Washington.****2284, July 24, 7 p.m.****FROM E DORRIS TO JAMES MANN WEB 112.**

Returned yesterday from Spain where all parties reached complete agreement. Committee here held first meeting yesterday cordial spirit. Spanish authorities on British Ambassador's request gave favorable reply regarding 1500 transit visas. Intend proceed next week short visit Palestine afterwards to United States. Kindly intervene United States Consulate Cairo for air passage priority from Cairo to United States. Regards.

NORWEB

MSV

BJR - 518
Distribution of true
reading only by special
arrangement. (SECRET W)

Madrid

Dated July 24, 1944

Rec'd 5:52 p.m. 25th.

Secretary of State,
Washington.

2567, July 24, 5 p.m.

The LONDON DAILY TELEGRAPH of July 19 contained a British United Press report from Bern asserting that assurances have been given by Horthy to the International Red Cross that no more Jews would be deported from Hungary to Poland and that Jewish children would be permitted to evacuate to countries willing to receive them.

I brought this report, though unconfirmed, to the attention of the undersecretary of the Foreign Office and took advantage of this opportunity to reenforce the Embassy's previous requests that the Spanish Government do everything in its power to facilitate exodus of such persons to temporary haven of Spanish territory pending their evacuation to further destinations to be arranged by American and British Governments. Embassy's 2479, of July 15.

Embassy is also supporting British Embassy's request for Spanish visas for fifteen hundred Jews in Hungary and Germany to whom Palestine entry permits have been or will be issued.

BUTTERWORTH

BB:WSB

CABLE TO HARRISON, BERN, FOR MCCLELLAND FROM WAR REFUGEE BOARD.

Please deliver following message to Saly Mayer from M.A. Leavitt, Joint Distribution Committee:

QUOTE For three months period, July 1 to September 30, you are authorized to arrange local borrowing for relief purposes as follows: Rumania \$300,000, Hungary \$300,000, France \$300,000, Northern Italy \$30,000, total for three months \$930,000. STOP Please arrange to keep separate accounts of transactions undertaken under these authorizations which represent total authorizations for these countries and supersede previous authorizations given you. STOP Transactions already entered into in July should be included in the overall total. STOP From time to time we suggest you advise us through Bern Legation amounts for which transactions consummated and countries concerned. STOP Please note these authorizations relate exclusively to local borrowing against eventual repayment by us in sterling or dollars and we would appreciate being kept advised extent sterling and dollar obligations made. STOP In addition we have available for time grant for local borrowing in Hungary sum of \$20,000. STOP If transaction made for this special sum please keep separate account this item. STOP Assume International Red Cross will continue their cooperation in arranging details of local borrowing. STOP Please advise us by September 1 whether you believe foregoing rate of authorizations should be continued for last quarter of year, or whether they should be increased or decreased, if possible giving us some supporting data for your recommendation. STOP Copy this cable being repeated to Joint Distribution Committee, Lisbon. UNQUOTE

THIS IS WRB CABLE TO BERN. NO. 90

5:00 p.m.
July 24, 1944

PARAPHRASE OF TELEGRAM SENT

244

FROM: Secretary of State, Washington
TO: AMLEGATION, Bern
DATED: June 24, 1944, midnight
NUMBER: 2161

SECRET

Via air mail the Legation is being sent by the Department a copy and translation of the May 19, 1944 memorandum from Guatemala Foreign Office under cover of the despatch 1144, May 23, 1944 from the Embassy at Guatemala.

Below is the text of the translation of the memorandum in paraphrase.

Due note has been taken by the Secretariat for Foreign Affairs of the Republic of Guatemala of the Honorable US Embassy's courteous memorandum, dated yesterday, concerning the orders which the Department of State issued for the immediate protection of all individuals who have documentation as nationals of the US, or who claim such nationality, pending investigations results to be conducted in the case of each individual.

The understanding is that such protection is extended to such persons who find their lives endangered in enemy-occupied territory.

The honorable Embassy is courteously requested by the Government of Guatemala to lend its valuable intervention in transmitting to the Swiss Government a like declaration on behalf of the Government of Guatemala, in the sense that to all individuals who find themselves in enemy-occupied territory and who own Guatemalan papers or claim the right to Guatemalan nationality there be granted the immunities, privileges, the rights, and the most complete protection enjoyed by Guatemalans of duly proved nationality.

Prompted by lofty humanitarian sentiments the Guatemalan Governments asks this protection for claimed Guatemalans, but reserves the right of investigation of each particular case and the right of rejection at a later time of individuals whose nationality cannot be proved conclusively.

No economic help of any kind is involved nor is the right of the interested individuals to be admitted to the national territory of Guatemala, until such time as their nationality shall have been duly proved involved in the protection which is herein requested in favor of such individuals.

To the Honorable Embassy of the United States the Secretariat for Foreign Affairs expresses its appreciation of the cooperation of the former in the execution of this negotiation.

Will you advise the Foreign Office of the gist of the above message.

DCR:EMS 8-5-44

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATE: July 24, 1944
NUMBER: 4728

CONFIDENTIAL

Reference is made herewith to the Department's June 24 telegram No. 2149.

The report contained in Swiss Foreign Office note dated July 20 concerning Drancy which was visited by representative of Swiss Consulate Paris unofficially, is transmitted in my cable No. 4730 dated today. According to the Foreign Office, Swiss Legation in Berlin has been instructed to ascertain whether American Jews are detained in Drancy as report does not mention the nationality of internee.

Foregoing message is for attention American interests —
France.

HARRISON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMLEGATION, Bern
 TO: Secretary of State, Washington
 DATED: July 24, 1944
 NUMBER: 4729

SECRET

This message is from McClelland for WRB and concerns Department's 2377, July 11.

Although Swiss entry visas were secured over two years ago and on June 2, 1944 were renewed Gideon Richter and his wife have not yet arrived in Switzerland. The report is that their boy is in Ankara now.

It may be that the German plane angle is a confusion resulting from the arrival in Zurich on the twenty-fifth of June from Stuttgart in a Swiss airplane of ten members of the families of Chorin and Weiss; Dr. Margaretha, wife and two children, Otto Henrich; Borbelye, wife and three children. False Swiss visas were possessed by these people who, as part of a ransom plan involving 54 members of these families, has been sent there by the Gestapo. At approximately the same date about 38 of these were deported to Lisbon in two German planes. It is reported from a reliable source that a portion of the price was a 25 year lease to the German Goering Werke of the Weiss industries especially metallurgical, and that in addition several million Swiss francs were paid although there is no confirmation of this last. In Vienna there remained as hostages Hans Muetner, Baron Alfons Weiss, George S. Kornfeld, wife and children.

From a reliable source it is stated that the Jewish Director of akwseeauva, IU, one Wilhelm Bielitz, organized the departure of these persons and is now trying to come here himself. Should he arrive in Switzerland I make an attempt to see him. In the meantime I suggest that Bielitz be contacted by the neutral attache which Department's 2276 mentioned.

The case of Chorin and Weiss is the most outstanding example of the current ransoming in Hungary of rich Jewish persons. It is reputed that the prices are over 100,000 Swiss francs per individual. Recently in Switzerland one or two intermediaries have turned up to negotiate such cases. The only individual which Department's 1946, June 6 and 2142, June 23 mentioned who after investigation of all those named turned out to have any useful channels through Kurt Grimm contacted one of these intermediaries on the thirteenth of July who departed for Vienna that evening to be in Budapest approximately the twenty-third of July. Around August 3 he should return to Switzerland with practical data.

- 2 -

It appears that according to indications which ICRC received on the eighteenth of July from the Hungarian Legation in Bern and earlier from a special ICRC delegate who around July 6 took President Huber's letter to Horthy, the Hungarian Cabinet met the thirteenth of July and agreed seemingly in spite of storm of protests and public indignation in Allied and neutral nations (not to mention Allied military successes and effect of bombardments Budapest) to consider permitting: the Jews remaining in Hungary to be given relief from ICRC; and supervision of emigration of children and adults to Palestine and of children up to ten years of age other places. According to the same source after the Minister of Sweden's interview with Horthy on the fifth of July all deportations have ceased from Hungary.

HARRISON

MAE-304

PLAIN

Bern

Dated July 24, 1944

Rec'd 9:33 p.m.

Secretary of State,
Washington.

4730, Twenty-fourth

Internees well quartered have many hot and cold showers. Well heated last winter. Food appears abundant and good clothing and tailor shops available. Due favorable sanitary conditions health internees generally excellent. Ill receive free treatment modern dentist office with two chairs open each day treatment free. Notwithstanding favorable conditions internees live under constant threat deportation which influences morale.

HARRISON

HTM

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATE: July 24, 1944
NUMBER: 4748

SECRET

McClellan sends the following for War Refugee Board.

Reference is made herewith to the Department's July 1 telegram No. 2241.

Given below is a preliminary answer to the cable under reference covering the period ending June 1, 1944.

A. The following amounts of free currency (dollar equivalents in pound/figures) has been sent into: Poland 3,000, Slovakia 105,000, Italy 9,400, Hungary 135,000 and Rumania 17,000, by the Joint Distribution Committee license W-2106.

B. None by Jewish Labor Committee license W-2126.

C. None by American Committee for Christian Refugees license W-2150.

D. None by Jewish Congress license Y-2115.

HARRISON

LCH: ERR
7/25/44

JUL 24 1944

TO Mr. Warren
FROM Mr. Pehle

Reference is made to Cable No. 1075, June 15, 1944, from Ankara to the Department of State. The War Refugee Board herewith supports the recommendation of Ambassador Steinhardt and urges that the Department of State request the British to instruct U.K.C.C., Istanbul, as suggested by the J.B.C. Representative in Turkey.

5100 p.m.
July 24, 1944

FHodel:ms 7/24/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Consul, Istanbul
DATED: July 24, 1944
NUMBER: 385

CONFIDENTIAL

Please deliver following message to Dr. Joseph Schwartz from M. A. Leavitt, American Jewish Joint Distribution Committee:

QUOTE Due difficulties in working out lira clearance we applied for license remit 5,000,000 lira which hopeful will be issued near future. Meanwhile please instruct Central Bank cable us total amount advanced also number of persons to whom advances made. UNQUOTE

HULL

MAB-272

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

Ankara

Dated July 24, 1944

Rec'd 8:59 p.m.

Secretary of State
Washington

155Z, July 24, 1944, 2 p.m.

FOR WRB FROM BARLAS FOR LEON DUBOWITZKI WORLD JEWISH
CONGRESS NEW YORK:

In reply to your telegram received July 11. The number of Jews deported from Bulgaria was 14,000. Deportation took place a year ago. The number of Jews remained is 15,000 families i.e. 45,000 persons who are dispersed in various towns and villages, the greatest centers being Plovdiv 8,000 persons, Rousse 5,000 Shoumen 3,500, Pleven 4,000, Dustendil, Dapnitsa, Pazardjik Vidin 3,000 each. The number of Jews who immigrated to Palestine during January, June 1944 was: January 32, February 55, March 131, April 17, May 46, June 127, total 408. All received transit visas on basis Jewish Agency certificates. The crossing of the land border without visas is practically impossible. Albert Tomano left for Palestine 3 months ago.

KELLEY

DU

MRM

MAE-221

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

Ankara

Dated July 24, 1944

Rec'd 5:49 p.m.

Secretary of State,

Washington.

1353, July 24, 3 p.m.

FOR WRB

FOLLOWING FROM JOSEPH SCHWARTZ FOR LEAVITT JOINT DISTRIBUTION COMMITTEE NEW YORK CITY.

Have examined carefully all figures and accounts in connection with our Palestine relief grant and I am convinced this must be continued through this critical period. Blum and Filderman urge this which makes it of utmost importance. Suggest you remit June and July grants. We are following developments in the situation very closely. After careful consideration of the entire situation must ask you to disregard our previous cable suggesting discontinuance and accept above recommendations.

KELLEY

RB

MRM

FBM-255
This telegram must be
paraphrased before being
communicated to anyone
other than a Government
Agency. (RESTRICTED)

Ankara

Dated July 24, 1944

Rec'd 8:29 p.m.

Secretary of State,

Washington.

1354, July 24, 4:00 p.m.

FOR WRB

Following from Joseph Schwartz for Leavitt,
Joint Distribution Committee, New York City:

In connection with food shipments through the
International Red Cross, I suggest that you withdraw
credit in favor of Reuben Resnik at Turkiyeis Bankasi
and open instead credit at Melantse Bankuni Istanbul
for Gilbert Simond, International Red Cross delegate,
Turkey. Please confirm.

KELLEY

EEC JJM

KEM-220

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

Ankara

Dated July 24, 1944

Rec'd 5:52 p.m.

Secretary of State,

Washington.

1355, July 24, 5 p.m.

FOR WAR REFUGEE BOARD.

Following from Joseph Schwartz for Leavitt Joint Distribution Committee, New York City:

In order to permit us to pay future land transportation for refugees to the Syrian border and maintenance of refugees in Istanbul and en route and for other purposes in conjunction with the rescue program, please ask the Chase Bank, New York City, to establish a revocable credit of \$100,000 at Holantse Bankuni Istanbul and ask Chase Bank to cable Istanbul "We credit your account \$100,000 hold disposal Reuben B. Resnik payable in installments as desired". This should be revolving fund maintained at \$100,000 until you hear otherwise from us.

KELLEY

WMB WFS

BJR - 654

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

Ankara

Dated July 24, 1944

Rec'd 11:22 p.m. 25th

Secretary of State,
Washington.

1356, July 24, 6 p.m.

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

I received a letter from Josef Blum Budapest dated June 13 in which he advises concerning the situation in Hungary. Approximately 400,000 (400,000) Jews had been deported as of that date and further transports were in preparation. Many of those able to work have been sent to Waldsee near Ludwigshafen from which place thousands of postcards have been received. Upper Hungary, sub-Carpathian, Transylvania and Southern Hungary are already Judenrein. Jews are not permitted to live in towns of less than 10,000 (10,000) population and in cities over that number they are confined to ghettos from which they are sent to concentration points for deportation. Thus far the Jews of Budapest had not yet been subjected to deportation.

A concentration camp has been established for those unfit for labor to which the first 30,000 consisting of children, women sick and old people are being sent to be kept there until they can be sent to or through Spain. For the care of these 30,000 they ask for \$5,000 (\$5,000) as a one time grant to be deposited with Saly Mayer at the disposal of Philip von Freudiger, a member of the Central Jewish Committee, other members of which are Dr. Reszoe Kastner Julius Link, Joel Brand and Josef Blum. In addition, they request a monthly budget of \$360,000 for this purpose. I would ask you to undertake all possible steps in order to make available at least the \$500,000 which they request for all emergency operations and requirements. They have great hopes that some might still be saved via Spain where they estimate 5,000 to 6,000 might be sent weekly. They suggest further that, if Spain cannot accommodate the approximately 30,000 to 50,000 who might be able to leave within a reasonable time refuge should be found for them in North Africa. They look upon Spain as the only possible avenue of escape since the

Germans

-2- #1356, July 24, 6 p.m., from Ankara.

Germans refused to consider the possibility of sending people via Turkey.

Messages received from Switzerland today as well as information from other sources including the Papal Nuncio in Istanbul indicate that Palestine certificate holders may be permitted to leave, also that children up to 10 years of age may be permitted to depart under the auspices of the International Red Cross if a haven is found for them. Further that the people in concentration camps may receive food and supplies from the outside provided these are sent through the International Red Cross. There is also an indication from several sources that a number of Hungarian Jews, the figure varying from 1,200 to 1,700, have either already left or are prepared to leave Hungary en route to Spain.

In connection with all these matters I am leaving for Lisbon at once.

MELLEY

RR:WSB

NOT TO BE RETRANSMITTED~~SECRET~~O.T.P.OPTEL NO. 239

Information received up to 10 A.M. 23rd July, 1944.

1. NAVAL

Normandy. Yesterday bad weather continued to delay sailing of convoys and unloading. Last night a British Destroyer, a British Frigate and Motor Torpedo Boats damaged three R-boats between Fecamp and Cap D'Antifer. The Destroyer was hit by a shell from shore.

2. MILITARY

Normandy. Small U.S. local advance north of Periers. Strong German attack in Esquay area British front 21st/22nd recaptured village.

Italy. Little change along entire front. U.S. troops are endeavouring to clear Germans from area south of Arno.

Russia. Street fighting in Pskov and considerable Russian gains South West of Ostrov. Russians have reached Panevezys North East of Kovno and further South have captured Kholm. In Tarnopol area they are within 30 miles North East of Stanislavov.

3. AIR OPERATIONS

Western Front. 22nd. Lancasters dropped about 135 tons on three flying bomb launching sites; one attack well concentrated other two unobserved. Off Dutch Coast Beaufighters - one missing, sank an armed trawler and left another on fire.

Italy. 21st. Escorted heavy bombers dropped 60 tons Mestre railway centre with good coverage. Objectives behind the battle area were attacked by 320 Medium Bombers and Fighters. Enemy casualties 12:4:6, ours three missing.

Czechoslovakia. 21st. Brux. Now reported 712 tons dropped; 11 heavy Bombers missing.

4. HOME SECURITY

German activity. During 24 hours ending 6 A.M. 23rd 158 Flying Bombs plotted.

NOT TO BE RE-TRANSMITTED

COPY NO. 11

SECRET

OPTEL No. 240

Information received up to 10 a.m., 24th July, 1944.

1. NAVAL

One of H.M. Destroyers struck a mine this morning off NORMANDY. On 17th/18th Allied coastal forces met an enemy convoy off YUGOSLAVIA and sank an E-boat and an I-boat and damaged two lighters. On 20th/21st Allied patrol craft attacked two F-lighters in Gulf of Genoa sinking one and setting fire to the other.

2. MILITARY

NORMANDY. Southeast of CAEN 2nd Army troops have captured MALTOT and eliminated salient north of the village. Canadians cleared ETAVAUX area and surrounding woods. On Eastern flank we have occupied EMIEVILLE and made small advance. In U.S. Sector severe fighting reported in area SEVES 2 1/2 miles north of PERIERS, otherwise no change.

ITALY. CITTA DI CASTELLO captured in sharp action and 90 Germans killed SAN GIOVANNI and TAVERNELLE also taken, and our leading troops now about 6 miles and 8 miles north of MONTEVARCHI and POGGI-BONSI respectively. U.S. troops have cleared area between LEGHORN and PISA and along ARNO from mouth to 25 miles inland. They have captured MINIATO.

RUSSIA. Russians have captured PSKOV and have cut railway REZEKNE-DVINSK. They report street fighting in LUBLIN and west of RAWA HUSKA they have reached the river SAN. Germans surrounded BRODY area now eliminated, 30,000 killed and 15,000 captured including two Major Generals, one killed, one captured.

3. AIR OPERATIONS

WESTERN FRONT. 23rd. U.S. heavy bombers (1 missing) bombed four airfields in FRANCE - 473 tons, through cloud. Lancasters and Mosquitoes bombed two launching sites DIEPPE area - 203 tons, also through clouds. Bombers (3 missing) and fighter bombers of A.E.A.F. dropped 448 tons on railway, etc., northern FRANCE, most with unobserved results. 156 fighters (5 missing) on offensive reconnaissance battle area destroyed over 100 railway wagons.

23rd/24th. 1,161 aircraft despatched - KIEL 629 (4 missing) DONGES oil storage depot near ST. NAZAIRE - 119; two launching sites DIEPPE area - 116 (1 missing); BERLIN 27 diversionary sweeps; bomber support and other operations - 270 (1 missing). KIEL was attacked through cloud but bombing is considered to have been concentrated around the aiming point. At DONGES and in DIEPPE area weather was clear and good concentrations reported.

BALKANS. 22nd. Escorted U.S. heavy bombers dropped 1,008 tons on PLOESTI oil refineries. Enemy casualties 5, 1, 0. Ours - 26 bombers, 1 fighter missing. 118 fighters attacked airfields northeast of BUCHAREST and flew on to RUSSIA.

ITALY. 22nd. 456 light and fighter bombers (1 missing) attacked communications, etc., in Northern ITALY. Several bridges in the SAVONA and BERGAMO areas destroyed or damaged.

ALBANIA. 23rd. Liberators dropped 105 tons on BERAT Oil Refinery.

4. GERMAN ACTIVITY

During 24 hours ending 6 a.m., 24th, 93 flying bombs plotted.